



Regions, restructuring and knowledge intensive industries

The vinnvinn project in Göteborg, Sweden

*Ola Bergström, School of Business, Economics and Law,
Göteborg University, Sweden*
*Andreas Diedrich, School of Business, Economics and Law,
Göteborg University, Sweden*

EXECUTIVE SUMMARY

The regional effects of restructuring are a well known. When companies with a dominant position within a geographical area close down, the region may suffer important economic disadvantage. Labour markets collapse and there is an over supply of labour. Most often such restructuring has been concerned with the closure of mature or declining industries and sectors such as steel mines, shipping, textile and car manufacturing. However, the growing and emerging industries such IT sectors are also becoming more vulnerable to restructuring. This poses important challenges for regional governments.

One problem is that the institutional structures, such as the employment protection legislation, the public employment services, the unemployment insurance systems, are designed to care for the needs of the traditional industries. Support programs are designed to create a safety net for unemployed workers and training programs are provided to low skilled workers to prepare them for new jobs. However, such programs are often not well adapted to the needs of the high skilled workers of the knowledge economy. When workers are well educated there is limited need for further training. This capacity, together with their assumed professional autonomy, also means that they are more mobile and willing to take jobs in other regions. This is a threat for long-term economic growth in regions. Thus, regional actors need to develop policies and structures to maintain stability and growth. In particular, there is an interest of regional governments to make sure that high skilled workers stay in the region.

The VinnVinn project in Göteborg, Sweden, is an example of an effort to create collaboration between several local actors to support redundant highly skilled workers to transfer into new jobs in the region, while at the same time stimulating economic growth and development. The analysis in this case study focuses on how local actors, such as the public employment services, regional authorities, non-profit outplacement agencies and employers co-operated to establish rules and conditions, to support redundant high-skilled workers to find new jobs in the region.

Monitoring Innovative Restructuring in Europe

MIRE est soutenu par le Fonds social européen, Art. 6 – Actions innovatrices
Les informations contenues dans cette publication n'engagent pas la Commission européenne





UNION EUROPÉENNE
Fonds social européen
Article 6 Actions innovatrices



Monitoring Innovative Restructuring in Europe

Regions, Restructuring and Knowledge intensive industries:

- The case of the VinnVinn project in Göteborg, Sweden

11th of September 2006

Authors:

Ola Bergström and Andreas Diedrich

School of Business, Economics and Law, Göteborg University
IMIT, Institute for Management of Innovation and Technology

IMIT-report.

Table of Contents

INTRODUCTION	3
THE GÖTEBORG REGION	5
METHOD	7
THE VINNVINN PROJECT	7
MEETING THE LOCAL PUBLIC EMPLOYMENT SERVICES	8
THE COLLABORATIVE GROUP	9
THE NEED FOR A SHARED UNDERSTANDING	11
WHAT CAN THE PUBLIC EMPLOYMENT SERVICES DO?	14
RESOLVING MISUNDERSTANDINGS	15
WHAT CAN THE JOB SECURITY COUNCIL, TRR OFFER?.....	19
A COMMON REGULATIVE FRAMEWORK	23
CREATING AN OFFER FOR RECEIVING ORGANISATIONS	25
COMING TOGETHER: JOB FAIRS	27
RESULTS	30
DISCUSSION AND CONCLUSION	31
REFERENCES	35

Introduction

The regional effects of restructuring are a well known. When companies with a dominant position within a geographical area close down, the region may suffer important economic disadvantage. Labour markets collapse and there is an over supply of labour. Most often such restructuring has been concerned with the closure of mature or declining industries and sectors such as steel mines, shipping, textile and car manufacturing. However, the growing and emerging industries such IT sectors are also becoming more vulnerable to restructuring. The development of knowledge intensive industries is connected to the basic transformations in the structure of economic activity. The engine of much of the dynamics of economic activity and the source of much of the growth of added economic value can be attributed to knowledge (Stehr, 1994). This poses important challenges for regional governments. Some regions are catching up in terms of industrial upgrading; they are successful in attracting foreign direct investment, while other regions are locked in low-skill areas, with low shares of well-educated people (Employment in Europe, 2004).

One related trend is the transfer of competencies for active labour market policies and even for the public employment services, from the central government to regional governments, tailoring the responsibilities to be transferred to the needs expressed by each of the regional governments (Arzeni, 1999). In some countries such decentralisation is combined with a greater role for social partners in the design and implementation of employment policies. In many countries, local partnerships are used as a co-ordinator for both policies designed by governments and services offered by community groups and non-profit organisations. Activities to combat unemployment, social exclusion and poverty are increasingly being set up by enterprises in the voluntary

sector, helping with the start-up of enterprises, providing social services to the local community and reaching the long-term unemployed who have lost contact with the public employment services and are no longer involved in job hunting (Arzeni, 1999). Such local partnerships are today actively promoted by the European Commission as part of its strategy for employment.

One problem is that the institutional structures, such as the employment protection legislation, the public employment services, the unemployment insurance systems, are designed to care for the needs of the traditional industries. Support programs are designed to create a safety net for unemployed workers and training programs are provided to low skilled workers to prepare them for new jobs.

However, such programs are often not well adapted to the needs of the high skilled workers of the knowledge economy. When workers are well educated there is limited need for further training. This capacity, together with their assumed professional autonomy, also means that they are more mobile and willing to take jobs in other regions. This is a threat for long-term economic growth in regions. Thus, from a regional perspective, restructuring of high tech industries pose a different problem compared to restructuring of traditional industries. Regional actors need to develop policies and structures to maintain stability and growth. In particular, there is an interest of regional governments to make sure that high skilled workers stay in the region.

The VinnVinn project in Göteborg, Sweden, is an example of an effort to create collaboration between several local actors to support redundant workers to transfer into new jobs in the region, while at the same time stimulating economic growth and development. The main activity of the project was to set up, so called, company presentations, a form of market place where growing IT-companies with a need for labour, could present their job offers to redundant IT-workers. In these meetings redundant workers had an opportunity to present themselves and employers could hire workers, subsidised by the public employment service.

The analysis in this case study focuses on how local actors, such as the public employment services, regional authorities, non-profit outplacement

agencies and employers co-operated to establish rules and conditions, to support redundant high-skilled workers to find new jobs in the region.

The paper is outlined as follows. First, we will describe the context of the Göteborg region. Second we will describe the methods used to analyse the development of the VinnVinn project. We then go on to describe and analyse how the VinnVinn project was established and how controversies between the collaborating actors were resolved. In the last section we discuss our conclusions regarding the role of regional governments in restructuring of knowledge intensive industries.

The Göteborg Region

The setting in which this drama takes place is the region around Göteborg in the western part of Sweden. Regional actors had since the final demise of the shipbuilding industry in the 1970s focused on re-directing the industrial structure of the city of Göteborg from dependence on a number of large industrial employers, such as Volvo and SKF, to more emphasis on knowledge intensive industries, such as biotechnology and software engineering. In order to do this a number of industry networks or clusters had been identified and to stimulate growth and development, these networks were coordinated by a municipality-based organisation Business Region Göteborg (BRG) and the Region of West Sweden. In the following we will focus on the activities of BRG. BRG is an organisation owned by several collaborating municipalities in the Göteborg region. The purpose of BRG is to support growth in the region by providing a good investment climate and by developing networks of growing companies. There were several organized networks, incubators, innovation clusters, start-ups and science parks in the region. Each network had a focus on a particular technological area, for example IT-development or Biotechnology. The networks were based on the idea of triple helix, a buzzword for co-operation between industry, the public sector and universities.

The regional efforts for industrial re-direction had its roots in the, so-called, shipyard crisis that hit the Göteborg region in the 1970s. In the 1960s there were three large shipyards in the Göteborg harbour, constituting the most important employer and driver for the economic development in the region (Jörnmark, 2005). In 1975 the shipyards employed 25 % of the Göteborg labour force (Lennartsson, 1984). The oil crisis and the growing competition from Asian economies implied that the Göteborg shipyards were closed one after the other. By the end of 1990s these industrial sites had been redeveloped. The purpose was to change the structure of the Göteborg economy in the direction towards the knowledge intensive industries of the future. A new IT-university was built in the harbour area on the northern side of the river and new offices for the growing IT-sector were constructed. Ericsson AB, which was growing at an unexpected pace due to the IT-boom in the late 1990s, moved their Göteborg offices to the new development site and several other companies followed. A new city emerged and local politicians as well as industry representatives shared a vision of a promising future for the Göteborg region. Thus, when several employers in the IT-sector announced to lay off workers, this was a threat to the visions of the region that had been developed for over two decades. It was believed that the investments in regional restructuring, physical as well as human, was going to be lost.

Such fears were not only a matter for regional actors it was also a concern on the national level. National politicians expressed a fear of losing high skilled workers. Many believed that the mobile and flexible high skilled workers would move to other countries and endanger future economic development in Sweden. The government announced that it was willing to contribute resources to support initiatives aimed at halting the flight of IT-workers from the country. Government resources were designated to a national research and development foundation, Vinnova, which had the purpose of financing projects for economic and technical development, in particular projects that were based on collaboration between universities, public authorities and industry, the so called triple helix model.

Method

This case study is based on interviews with representatives of the organisations involved in the VinnVinn project. In total 6 interviews were made with representatives from the Public Employment Services, the Job Security Council TRR, Business Region Gothenburg (BRG) and Ericsson AB. Interviews were semi-structured and lasted around an hour. Questions were asked around the respondents' personal involvement in the VinnVinn project, the different conditions of the project and how the collaboration between the different actors was facilitated. The interviews were transcribed, coded and analysed by researchers. The analysis was made through what is generally called triangulation, the process of comparing statements on a common object, in this case the VinnVinn project. The purpose of triangulation is to reveal the different interests and perspectives that different parties may have on a common object. Particular attention was paid to how interlocutors talk about the project, emphasising different aspects or features. This procedure is useful in trying to understand how the project and its activities contributed to combine the different perspectives of actors. It should be noted, however, that at this point no interviews have been made with the participants of the project, i.e. redundant workers and what may be called receiving organisations, i.e. companies employing redundant workers. Interviews have only been made with the collaborating actors. Further research on the experience of participants in the VinnVinn project may be made at a later stage.

The VinnVinn project

In the 2001 Ericsson AB announced notice of redundancy on a large scale, affecting primarily the research and development sites in the Stockholm region. However, more redundancies in other parts of the country were to be announced. In the light of these developments, in May 2002, representatives from Ericsson in Göteborg went to Stockholm to try to influence the government to provide resources to stimulate economic activity in the region.

Then Ericsson started some sort of action here in Göteborg. And that action was to have some people to go up and try to meet Ulrika Messing [minister of regional affairs] in order to make sure that a part of this money, that she had talked about, would go to Göteborg to do this. And How they succeeded, I don't know, but anyhow, the money went to Vinnova, all this money, then Vinnova would distribute this money. (TRR representative, 060124)

Ericsson representatives returned to Göteborg and started writing a proposal to finance what was later called the VinnVinn project. An important restriction was made. The resources provided by the Vinnova foundation would not be used to support the transfer of workers to new jobs. Instead, they would be used to coordinate and establish collaboration among local actors. The collaborating actors in turn would contribute with their own resources, skills and time. Thus, a process of bringing local actors together was initiated.

Meeting the local public employment services

In the fall 2002 Ericsson announced notice of redundancies of around 200 workers at their Göteborg site. A meeting between representatives of Ericsson and the public employment services took place. Since Ericsson was regarded as an important employer in the Göteborg region and because of the relatively large numbers of redundant workers, the public employment service sent a relatively large group of people including representatives from the county labour market board and the particular PES-unit for technical workers.

I was there if there was a large notice of redundancy. If there was a really large notice then Kenneth Härder pulled out and he did in this case. It was a way to have a look what it was all about, what could we do? What is reasonable? How much will it be? Are you announcing redundancies to scare off trade unions or what are you doing? So the first meeting was more about getting information and then of course what can we do when they lay off so many workers? [PES representative, 060124]

Ericsson had previous experience of collaboration with the public employment services in Stockholm. In the fall 2001 the Ericsson re-employment unit in Stockholm had cooperated with the University of Stockholm and the local Public Employment Service to train redundant engineers to be transferred into new jobs as teachers.¹

¹ The university's education department had identified a need for teachers in natural sciences in the Stockholm area and the dismissed academics at Ericsson were regarded as well suited

When Ericsson announced notice of redundancies in Göteborg they expected similar training programs to be set up there. However, it turned out that these expectations could not be met. The reason was that there was no identifiable demand for teachers among schools in Göteborg. Thus, it would not make much sense to set up training programs to transform redundant engineers to teachers. Instead other possible solutions were discussed to support the redundant workers to find new jobs as soon as possible.

The collaborative group

From the point of view of the public employment service, it was regarded as important to do something as soon as possible, before redundant workers would get into unemployment. This required the collaboration of several actors, including trade unions and the TRR. TRR is a Job Security Council based on a collective agreement between social partners in the white-collar sector, with the purpose to support workers who are victims of restructuring.² According to TRR representatives the common procedure when large companies announce redundancies was to set up a collaborative group (samrådsgrupp). A collaborative group normally consists of representatives of the employer who is making workers redundant, their trade union representatives, the job security council (TRR) and the public employment services.

for the job – after receiving some training, that is. The University suggested a program as part of which dismissed engineers could be offered an intensive course in pedagogy. In cooperation with the local labour market board, the public employment service and the Stockholm Municipality the necessary resources to pay for the training program were mobilized. A deal was struck with Ericsson, the company accepting to put in half of the cost of the program for each individual while the conglomerate of public bodies supplied the rest. The program was put in place and administrators and outplacement coaches started to search for dismissed workers who had the right educational background to enter the program. Around 40 people applied to the program and 13 people were accepted. A half year later 10 of them were ready to take on a new career as teachers.

² There are several job security councils in the Swedish labour market. Which council an employer and employee fall under is dependent on which collective agreement and which employers association they are affiliated with. At Trygghetrådet TRR (*Job Security Council TRR*) the contractual partners are Svenskt Näringsliv (*The Confederation of Swedish Enterprise*) and PTK (Federation of Salaried Employees in Industry and Services). It covers 32 000 companies and 700 000 employees in the private sector.

The collaborative group sits down to discuss what can be done to support workers to find new jobs and identify key issues to be resolved.

The representative from the public employment service noted, however, that the trade unions were not represented in the collaborative group. This was in contrast to what the PES was used to. The PES tried to influence Ericsson representatives to include the trade unions, but this was not successful.

But what was a little bit remarkable was that we had meetings, but the trade unions were not represented in these meetings. They [Ericsson] had meetings with the trade unions before they met us, which I thought was somewhat remarkable. I was not used to that. I was rather used to having all parties represented in the meetings, so that all could hear and say what they wanted. But they had put it up in this way and it was something that we could not do anything about. The public employment service should be driver of these redundancy dialogues. We have a role there to drive it. But it was not possible to influence that. [PES representative, 060124]

The idea was to transfer redundant workers into new jobs in the region. However, as time passed there were more redundancies announced among other IT-companies in the region, those who would be the natural receivers of redundant workers from Ericsson.

It was in this period when there were an awful lot of redundancies in the IT-sector. There were dismissals all over the place. There were redundancies in the large IT-consultancy firms and there were redundancies at Ericsson. There were also redundancies in the large companies who had IT-departments. So there were redundancies all over the place. There were an overwhelming number of people who were made redundant. (TRR representative, 060124)

This scale of redundancies in the region necessitated further efforts to be made. It was not only a notice of redundancy in one company, it was a whole sector that was affected and it was a sector that was regarded as important for the future development of the region.

Even if Ericsson was doing badly, other companies were doing well. And then more companies were drawn in. We had an awful lot of redundancies here for a while. Somewhere on this trip with these meetings the idea was born to make this connection to what they call triple helix, to connect businesses, universities and public authorities. [PES representative, 060124]

The notion of the large scale of redundancies made the different regional actors willing to do something special. Efforts to set up a project with financial resources from the national research and development foundation Vinnova were made.

The need for a shared understanding

In the initial stages the ideas of how to support redundant workers were based on rather traditional understandings of what it means to be made redundant. From the point of view of the dismissed workers the main problem is to find a new job with reasonable salaries and good working conditions. Most often redundant workers are not used to looking for jobs. Often they had been working for a long time in the same company and did not have updated CVs. Going into a replacement program often means that they are pacified and loose motivation when their job search activities are not successful. It was therefore regarded as important to offer them activities that would make them active and involved, while at the same time provide enough security.

However, since the workers affected by the redundancies were primarily highly skilled engineers there were some additional considerations to make. Due to the extensive redundancies in the region it was difficult to find relevant jobs for the affected group. Most employers who would be interested in such competencies did not have the financial resources available to hire new workers. The question was whether the actors involved in the project could provide financial support to reduce the labour costs of small growing companies?

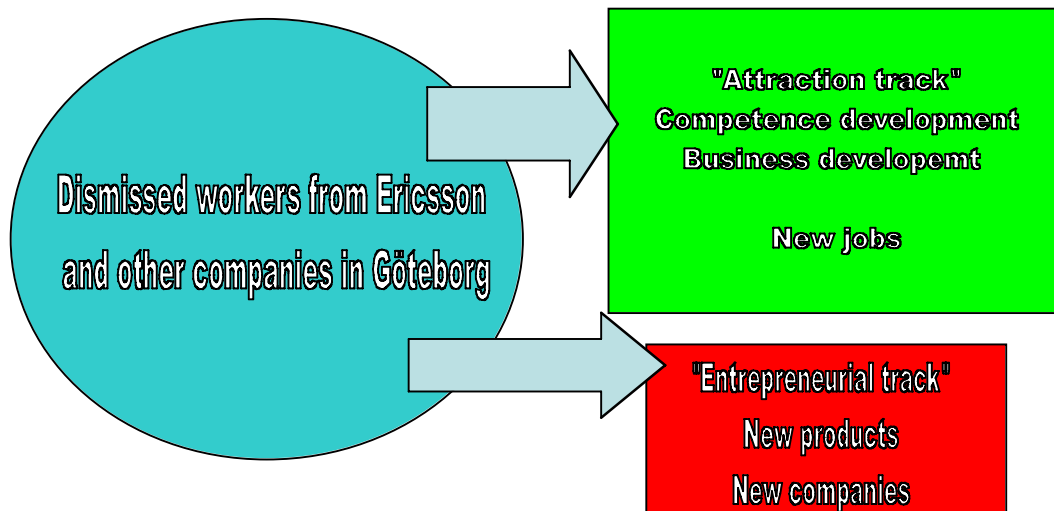
Since the main purpose of the project was to mobilize several actors in the process of transferring dismissed workers to new jobs, the collaborative group acknowledged the need to understand the situation and interests of each involved actor. Four different kinds of actors were identified: dismissed workers, supporting actors, receiving organizations and delivering actors, i.e. actors subject to restructuring. The need for mutual understanding of the different actors was emphasized in the project plan.

In this project there are several actors involved, which creates a complexity important to understand to act in relation to. In order to create a successful matching processes between the individual and the receiving organisation there is a need to understand the situation and driving forces of the involved actors. There is a need for competence

and experience of supporting activities closely connected to the individual. In this project it is also central to find a way for clusters and the regional innovation systems to take an active part in finding solutions that create commitment and enhance collaboration in the long term, a system and environment for sustainable development. The success of the project is built on the active collaboration of the different actors based on their own contribution and involvement. In the way the actors are structured we also see a clear connection to the shared understanding, which serves as a basis for the whole project, namely: the individual perspective, the business perspective and the growth perspective. [The VinnVinn project plan, (translated by author)]

Thus, several actors were identified as relevant for supporting redundant workers to find new jobs in the region. In order to coordinate their respective activities and roles an advisory board was set up, consisting of representatives from each actor. Furthermore, a project group taking care of the day-to-day activities of the project was formed, consisting of representatives from each involved actor. A former Ericsson employee, who had an extensive contact network with actors in the region, managed the project group.

The purpose of the project was to match qualified “competence” with systems and organisations regarded as having the potential to create long-term competitive growth. The project was divided in two main tracks, the “attraction track” and the “entrepreneurial track”. The purpose of the attraction track was to enhance the attractiveness of redundant workers for other employers through concrete activities and extended networks. The entrepreneurial track focused on individuals who were interested in creating and running their own businesses.



Source: VinnVinn presentation material.

In order to be able to establish these main tracks it was stated that there was a need for some initiating activities to create the right conditions. Three main activities were identified: the coordination of the various ongoing activities and programs in the region, the creation of a common regulative framework to provide support for redundant workers and the creation of an offer to receiving organisations. Since the project affected and involved a large number of individuals and organisations it was regarded as necessary to communicate intensively during the project period. There were several problems and controversies to be resolved.

What can the public employment services do?

At the outset Ericsson representatives were very sceptical towards the contribution of the public employment services. Ericsson representatives had previous experience of working together with the public employment services in Stockholm.³ Based on this experience, the public employment services were seen as bureaucratic and too much pinned down by political priorities, instead of being open to employers' needs. As one of the Ericsson representatives recalled with a hint of sarcasm:

[T]hey [*the public employment services*] get their directives directly from the politicians who say: "ok, now we are going to focus our efforts on the younger generation, on unemployed youths", and on that count we didn't have any, for example. Or, they say, "now we're going to focus on older immigrants", or, "now we're focusing on blue-eyed 28 year-old men" or something like that. That's almost what they said. And during one year they could get one or two directives on what they had to focus their activities on, so that can't really lead to any sensible results. One doesn't have time to do anything. So, they just try to keep up with the politicians and in the end nothing gets done, and everybody suffers. [Ericsson representative, 050701]

From the point of view of Ericsson representatives, the public employment services were not considered adept enough and adequately adapted to dealing with the needs of companies and the practices that had developed among companies that have to dismiss employees. The public employment services were described as "ineffective" by the employer representatives and as "inexperienced" when it came to taking care of academics and other highly educated people. As the majority of people dismissed from Ericsson were engineers with substantial educational backgrounds, the public employment services were overwhelmed. Symbolic of the experiences that the Ericsson

³ In Stockholm, Ericsson representatives had contacted their regional offices early on in the program. Ericsson, at that stage, cooperated with the County Labour Boards in the various counties affected by dismissals. Collaborative groups were established including representatives from the employer, the public employment services, the County Labour Board, the municipality and the Social Insurance Office. The idea, of establishing these collaborative groups, was to "minimise the damage" caused by the dismissals, especially when it came to quickly finding new employment opportunities for the dismissed employees. The role of the public employment services was perceived as crucial in this respect, because the expectation was that they know best where, in which sector of the labour market, these opportunities might exist. Which sector is experiencing a lack of workers? And where are certain competencies possibly needed in the future? If these competencies do not exist today, the idea was that the public employment services could offer vocational training to the dismissed individuals in order to make them fit for the new challenges within a reasonable period of time. However, these expectations were not met.

representatives had with the public employment services in this respect, were that the forms provided by the public agency in some cases they did not make provisions for “civilingenjör” (Master of engineering) to be filled in under “Occupational Background”.

The public employment services were in other words seen by the Ericsson representatives as an ineffective, bureaucratic organization; inflexible due to constant political and ideological interference and anachronistic because of their lack of understanding for “modern” practices of workforce restructuring.

Resolving misunderstandings

From the point of view of the public employment services this criticism was based on a misunderstanding of the role and regulations of the public employment services. Indeed, the public employment service has historically had an important role in Swedish active labour market policy. It was not only initiated as a way to mitigate the negative consequences of restructuring of the economy, it was also given a role to support such processes. For example, in the 1970s the state took an active role in trying to save the shipyards in Göteborg. The historical role of the PES still created expectations of active involvement in restructuring processes. However, during the 1990s the role of the public employment services (PES) in restructuring processes had been reduced to collect statistics of notice of redundancies. When an organization decides to reduce their workforce they are required to notify the county labour board (Länsarbetsnämnden) at least 30 days in advance.⁴ This obligation applies to collective redundancies involving roughly ten percent of the workforce.

When they report a notice of redundancy to us it is a signal that someone will be laid off and then we should make contact with the company. Then the company decides if they want to cooperate with us or not. And some companies decide not to do that, because they say when the notice is announced that “we have already resolved this for these guys or girls”, others say that “we will use the job security council or we will use

⁴ The notification must, according to the Employment Promotion Act (1974) include relevant information regarding the number of redundant workers, the cause of redundancy, and at a later stage also the names of those to be dismissed and the consultations entered into.

Manpower, or some other actor. "So we don't need you", they say. And then we cannot squeeze us in there. But most companies nevertheless thought it was good that we came out, that we could tell them about what the state could do and some other things. Sometimes we are involved all the way through a notice of redundancy. In some companies we assigned special counsellors for a long time and in other cases we were only there to inform and then we had telephone contact or e-mail contact with the job seekers. So it varies from that we did not get in to the company to that we almost were working in the company. [PES representative, 060124]

The role of the PES varies from case to case. However, most often the local public employment service cannot do anything particular to support workers who are made redundant by their employer. The role of the public employment service is merely to provide information services to the redundant workers; most often through an internet based information system. One of the reasons for the reduced role of the PES is that the redundant workers are most often taken care of through the services of job security councils or other agencies. It is not until the redundant worker has failed to find a job through other measures that the individual becomes a matter for the public employment service. Maybe most importantly, the public employment service has a role to administer unemployment benefits, but such benefits are also provided by the A-kassa. Thus, the role of the public employment services is limited to taking care of workers who are already unemployed, not necessarily related to the actual process of restructuring in the organisation.⁵

However, employer representatives (and also other actors) thought that it was possible to provide redundant workers unemployment benefits (A-kassa) while they were placed on a temporary apprenticeship with new employers. According to the PES representatives, the different actors in the collaborative group lived in different worlds and had a distorted view of the role of the state. PES representatives felt that they had to inform actors about the rules and regulations of the PES.

There was a guy from Chalmers, he thought that we could go in and buy the services of their growing firms. They wanted to have €2000 a month or something like that. I said that we couldn't do more than 500. So they lived in another world than we did. So we had some confrontations there. I know that I gave the whole project group a lecture

⁵ It should be noted that this focus on taking care of the long-term unemployed has been a concern in public debates. It has been argued that by focussing on the long-term unemployed and not those who are about to be unemployed the public employment services contribute to worsen the unemployment problem, rather than solving it.

about how the labour market board operates and the different regulations. So it was somewhat straightened up, because there were some expectations on us, that we had an endless amount of money to scoop out. But I of course thought, which I have always thought, that there is also a responsibility for the employer and the trade unions. You cannot just unburden ones trouble on the state. We had such discussions in this project. But it was straightened up quite fast I think. [PES representative, 060124]

The PES was, indeed, bound by its rules and political priorities. Redundant workers are not the target group of the activities of public employment services. It is not until the redundant worker has failed to find a job through other measures that the individual becomes a matter for the public employment service.

The activities of the PES are primarily designed to care for particularly vulnerable groups who are already unemployed or suffer long-term unemployment. This policy limited the possibility for the PES to do get involved in supporting high skilled workers.

The public employment service had a large number of job seekers who were long term unemployed, and were rather poorly qualified. These people had rather high education and they had had a job. And also according to some simple definition were rather self-going people, that is well educated people in their careers, good ages, and so on. Of course there was a discussion at the PES about how much resources and time we should put on this group in relation to the other groups, since the resources are not infinite, rather limited. [PES representative, 060124]

Ericsson representatives put pressure on the public employment service. It was argued that their rules were not adjusted to these kinds of conditions. Normally, the PES would provide support to unemployed workers, but the redundant workers at Ericsson were not yet unemployed. Since they were covered by severance payments from their former employer they would therefore not be covered by the unemployment benefits administered by the public employment services.

On the other hand, the Ericsson representatives stressed that they would not provide severance payments or finance other activities for the redundant workers unless it was clear that it would lead to a new job. Since the idea was to transfer workers to start ups it was regarded as a risky investment. Therefore, the question was whether it was possible for the public employment services to change or modify their rules.

But when the PES representatives informed the other actors in the collaborative group a new possibility came up. The PES representatives acknowledged that there was an established form of support called *arbetspraktik* (lit. Work practice), which could be used to support individuals in their process of finding a job.

There is something called work practice, which is regulated in fact sheets that you can find at ams.se. If you go in there you can find all our activities. You only have to pull them out. There are great fact sheets. And I went through all of this for them, because they believed that the unemployment insurance.... They had no understanding of what was the money of the unemployment insurance. They believed that it was the unemployment insurance that administrated the money for work practice. So they wondered why the unemployment insurance was not part of this. And the public employment service; "why don't you pay anything?" Yes, there were many such simple misunderstandings, which made it a little bit difficult sometimes. [PES representative, 060124]

Since this form of support was designed for the long-term unemployed, the problem for the PES was to give priority to this group of workers (with higher skills), which comparatively had a relatively good position in the labour market and greater opportunities to find jobs.

We are somewhat tied by the fact that our resources are limited. The resources should be directed to the most difficult cases in the labour market. For example if you come out to the public employment service in Angered [an area with high unemployment] where you have 80% non-Nordic population and say that now we will put €1 million on the engineers at Ericsson. That is no high ball! The other thing is that our activities are most often conditioned on that you should be unemployed for a certain time period. The state governs that. [PES representative, 060124]

Thus, the local representatives of the PES faced a problem. Should they redirect their resources from the long-term unemployed to the less vulnerable IT workers in the region? Since it was a rather massive redundancy problem in the region and due to the importance of establishing trust, the PES decided to do it.

So if I remember right, what the PES promised, it was not any large-scale actions in terms of money. And there were neither a great need for training and such things. So this was a group of highly competent people, most of them were. They also had work experience, even if some of them had not worked for so long, because it was the inexperienced that had to go first. What we could offer was information about simple things like how to start your own business and such things and try to match them to other jobs. You know a labour market is always nuanced. There are always new jobs even if companies lay off. There is a continuous movement. In all there were no grand promises, rather it was a way to come in at an early stage, to be able to find jobs to these people. [PES representative, 060124]

However, PES representatives stressed that they didn't change their rules, but rather "softened their edges".

We did not side step the regulations really. We can't do that. We can't take away the regulations. However, we can be a little softer on the edges, which meant that we placed resources for this group, even if it was in conflict with other groups. Since this was a large notice of redundancy and it affected a lot of people, we needed to be a part of it. Furthermore, it is my personal opinion, that if we leave a company that make so many people redundant on their own, we wouldn't be trustworthy in the next discussion. [PES representative, 060124]

To do something for the highly skilled redundant workers was regarded as a way to resolve the image problem of the PES. There was also some pressure on the management of the PES to do something.

When a company announce redundancies, that's when we should be there. We should be there also when they recruit, but it is extremely important that we are with them when they have problems so they can see that... above all that the individuals see that the society are with them. Otherwise the PES get an image problem, which we already have, but ... and then the fact that it is a large company affects the management here. It is hard to stand up against the pressure. But that was not the decisive thing, rather that we have an opportunity to get into a process. [PES representative, 060124]

This meant that the PES took upon itself a larger task than it would normally do. The PES decided to put in resources to support the high-skilled workers while they were placed on apprenticeships at the growing firms.

What can the job security council, TRR offer?

The TRR is based on collective agreements that are intended to give employees who have lost their job due to work shortages support in their efforts to find new employment. They do so by being actively involved in the work with restructuring, which can be initiated either when the notice of redundancy is given, or in some cases even prior to that. The agreement under certain circumstances even makes provision for a financial compensation as complement to the general unemployment benefits exceeding the so-called *A-kassataket* (the maximum amount of unemployment benefits a person is entitled to) administered by the PES and the unemployment benefit fund. Should a person find a new, though lower paid, job, the Job Security Agreement makes provisions for the payment of the difference over a limited period.

These activities are financed through fees from the companies concerned that are calculated and expressed as a percentage of the sum of salaries and wages.

The support offered by TRR can take on a variety of forms. Normally, some form of initial activities, such as counselling or advisory seminars are followed, if necessary, by further measures in the form of education, personal development activities, support in finding new employment or support during activities aimed at starting a new business. The TRR has a relatively autonomous position in relation to the local social partners and do not function as an authority. The level of contributions can be decided upon either when the restructuring agreement is signed or other occasions, such as, for example, in connection with negotiations on the possible scope for wage and salary increases.⁶

The ideology of TRR is to focus on the individual and his or her qualifications on the labour market. The individual's own responsibility for the process is highlighted, partly as a motivational factor and partly because of the assumption that only decisions made by the individual himself/herself stand a chance of leading to success even from a longer term perspective. This means that the support provided is based on when and how the dismissed persons are ready enough to go on. The TRR argues that they take into account the heterogeneous variety of difficult situations many of the dismissed individuals find themselves in.

This means that the process to find a new job is allowed to take as much time as is needed depending on the needs of each and every individual person. The process is often initiated by focusing efforts on the reactions to the dismissals. According to TRR representatives experiences has shown that a good termination of the old employment situation complemented by an understanding for, or at least an acceptance of the reasons for the dismissal are a key motivating factor in the subsequent process. Ambiguous messages

⁶ The fee for the Job Security Council TRR is currently 0,3 % of the sum of wages and salaries for companies affiliated via their employers' association. For the separately affiliated employers this fee increases to 0,7 %.

and information leading the dismissed individuals to believe that they will in the end retain their current jobs have the opposite effect.

During the initial stages of the transfer process advice is given to the redundant persons and their competencies are mapped. Some of these individuals are able to immediately start looking for new employment opportunities while the majority of persons need to somehow improve their abilities to search for a new job effectively. The TRR does not, however, always prescribe solutions intended to get the dismissed into new job opportunities in the shortest possible time. According to TRR it is more important to find stable solutions that will result in the clients not turning to the councils for help again in the all too near future.⁷

Ericsson representatives had raised concern and disappointment with the support provided by the job security council TRR. In previous restructuring programs in 2001 Ericsson chose not to use TRR even though the company had already paid for the council's services. The reason for not using TRR was that the organization was regarded as old-fashioned, "as a relic of the labour market policies of the 1970s", as one Ericsson HR-representative put it, and their capacity to handle large numbers of people was understood as limited.

The Ericsson representatives in fact expressed their criticism towards the whole system of job security councils and the Swedish labour market policy. The councils were not regarded as providing satisfactory support when it came to the efforts of finding new employment opportunities for former employees, and the fees they had to pay TRR were described as a waste of resources:

Why should we pay 0,3% of the total wages every year for this [TRR]...when we in any case do not get anything in return? If we as a company instead take on the responsibility ourselves of supporting our employees in this process, we should be allowed to get out of this [funding TRR]. (Ericsson representative, 050630:3)

⁷ The TRR does not remove clients from their database who have begun to work in temporary employment conditions or on jobs that are considered as unstable. These candidates are only removed once a longer-term solution has been found. Such solutions could be: a new permanent secure position has been found, the client has started his or her own business, he or she has entered retirement, the client has commenced a long-term education program or he or she chooses to be removed from the council's database.

The Ericsson representatives described their own efforts as much more successful when compared to the efforts normally undertaken by the job security councils. Especially TRR's lack of capacity, the Ericsson representatives argued, implied that the council could not guarantee sufficient support for each individual. According to Ericsson representatives it took TRR too long to help workers find new jobs compared to other private suppliers of outplacement services. TRR's philosophy was premised on the idea that the people taking part in the council's programs were responsible for their own wellbeing. In other words, if they had a problem they could contact TRR, but TRR did not actively and regularly approach the participants in order to find out about these problems *before* it was too late. The experience at Ericsson had been that a more proactive approach was needed, as the dismissed individuals were at times too proud or too ill to take up these problems with their coaches. It was in these situations that the coaches had a key role to play in identifying problematic cases before it was too late.

This was regarded as particularly important for Ericsson since they pay for the salary of the job seeker during the period of dismissal. If the time from the point at which notice is given to the point at which the dismissed person find new employment can be reduced the employer saves considerable amounts of money. TRR, however, was described as lacking the capacity to keep track of the individuals going through their re-employment activities. The outplacement agencies in contrast were described as having a much closer contact with the participants. As one Ericsson representative explained:

Antenn keeps track of what their participants do every single day and their coaches meet with them twice a week. Empower knows what they do every week, and evaluate and grade the participants' performances. The coaches also meet once a week and discuss their participants together. [Ericsson representative, 050701]

The closer control of participants provided by competing outplacement agencies was regarded as important, since it was believed that this allowed them to notify the employer well in advance if something was wrong and to be able to apply additional measures if they were needed. Even if TRR was able to identify problems among the participants, they did not report these however since it was not part of their responsibility as negotiated and agreed upon in

the central collective agreement which constitutes the directives for the operations of the job security council. From Ericsson's point of view, however, reporting problems that participants in the program might be encountering simply meant taking responsibility for their employees' wellbeing.

Another issue that distinguished TRR from other outplacement agencies, in the eyes of the Ericsson representatives, was the councils view with respect to the kind of jobs the participants were expected to get as a result of the programs:

It's not healthy to be unemployed, so the shorter the time of unemployment, the better it must be for the individual. And therefore, we feel that it is more humane to get people out into new jobs as quickly as possible. Maybe this is not the most perfect job, but it is a job. Once you have employment you can then search for something else to do from there if you wish to do so. But, this is not the way that TRR sees it. They believed instead "no, it has to be the right job". Maybe, I don't agree with that looking at the situation on the labour market in Sweden today. I think that it is better for ones' self image to have a job, maybe not the ultimate job, but at least I have managed to get out of here. [Ericsson representative, 050701]

The fact that Ericsson regarded TRR as unable of identifying and taking care of individuals, resulted in TRR being regarded as incapable of playing the role identified as relevant by Ericsson for taking part as a supplier in the program. Thus, while this experience was based on Ericsson's activities in Stockholm, from the point of view of TRR in Göteborg, it was important to be able to demonstrate action in order to change their image in relation to Ericsson.

A common regulative framework

One of the most difficult and maybe most important tasks of the collaborating actors was to clarify the formal rules and conditions for individuals to be involved in the program. It was also regarded as important to clarify under what conditions individuals could leave the program. The idea was to set up a formal agreement between the involved actors.

The discussions in the collaboration group circled around two major solutions to provide transfer of the redundant workers into new jobs. The first question was whether it was possible to release redundant workers to take

employment in a small company while they were covered by severance payments by Ericsson. The idea was to provide the receiving organisations with an incentive to employ workers with reduced labour costs.

The second question was whether it was possible for redundant workers to start up new businesses based on projects that they had been working on at Ericsson.

Many of these people who had been working at Ericsson had been working on small projects, which Ericsson had up to now had been regarded as valuable and had invested a lot of money in. But then they realized that they did not get any pay off on them. Then we discussed if these people could drive these projects in other companies or by starting their own companies. Were they allowed to bring their idea? [PES representative, 060124]

However, Ericsson representatives were hesitant to both of these solutions, as the PES representative noted:

When these two questions came up, then according to my opinion there was a dead stop at Ericsson. They hauled and pulled for a long time. We didn't get anywhere. We got no answers. [PES representative, 060124]

Disappointed, the PES realised that Ericsson did not accept these solutions.

So what happened was that the whole idea with the VinnVinn project, to take them as soon as they were made redundant and try to shuffle them out in the market, it partly broke down, because there were no decision from Ericsson. So when it finally started, most of them were in the phase of almost falling out. They were almost about to be unemployed. When we sketched the VinnVinn, then we did not have, if I remember right, so much money for apprenticeships, because then we did not count on that it should cost that much for apprenticeships. The idea was that they should go on apprenticeships in the new company while they had their severance payment from Ericsson. The idea was that they should not pass the public employment services to get a new job. [PES representative, 060124]

There were several reasons why Ericsson did not accept the two suggestions. Ericsson had an interest in securing transfer of dismissed workers into new jobs. Ericsson dismissed workers were offered severance payments and activities for a period of 12 months, but if the dismissed workers found a new job they lost the severance payment. Thus, there was an interest to transfer workers as soon as possible. As soon as they started a new job Ericsson would cancel their payments. This practice was regarded as a problem from the point of view of other actors such as TRR.

They had a package for all redundant workers and it was a really strong condition all the time that no one could do anything else than look for a job. And when they got a new job, they should call up Ericsson and say that "now I've got a new job", and then

Ericsson would cancel the severance payment. But no one did that. And then Ericsson loosened up this condition, since we signalled quite strongly the resistance of going into apprenticeships through the VinnVinn, because they lost their severance payments. [TRR representative, 060124]

Thus, in the end they found an agreement on a framework for the redundant workers. The PES provided redundant workers with the necessary resources to support their wages while they were placed on work practice in growing firms. The next problem was to make sure that there were growing firms ready to employ these redundant workers.

Creating an offer for receiving organisations

Another important actor identified in the project was the so-called receiving organizations. The problem for these organizations, it was argued, was that they had difficulties to find skilled workers who were willing to take on the risk of working for a company that had an uncertain future. Of course these companies also, due to the uncertainty in their situation, did not have the resources to employ workers permanently. The project plan stated that there were several companies struggling with low profitability. The new start up firms focus too much on short-term action rather than long-term development and growth. Therefore, it was seen as important to create an environment that would support long-term growth and sustainability and to establish contacts with potential employers and provide resources that would allow them to use high-skilled workers for some time, without having to pay for their wages.

However, even if these contacts were established other problems were identified. Employers may engage in opportunistic behaviour and only employ workers because of the subsidies and not because they experience a serious need. Furthermore, employers interested in hiring redundant IT-workers were not regarded as having the time and capacity to assess the skills, competencies and motivation of these workers.

The solution to this problem was the initiatives of Business Region Gothenburg (BRG), a regional organisation set up to support growth and development in the region. In line with the strategy to re-direct the industrial

structure of the region BRG had made efforts to stimulate several networks, incubators, innovation clusters, start-ups and science parks in the region.

One of the most important networking initiatives was the so-called Tillväxt 2000 (lit. Growth 2000). The purpose of this network was to provide support to small and medium sized companies in the region. This network consisted of 1000 small and medium sized companies. The network provided recruitment services through the public employment service, as well as competence development, training and a number of other development activities.

The idea was to use the networks as a basis for establishing contacts with the receiving organisations. This was an important reason for support organizations like TRR to enter the collaboration project. This would provide a good channel for placing redundant workers, not only from Ericsson, but also from other employers.

The reason why we decided to get involved in the VinnVinn project was that our problem is that we don't have a delivery channel. To collaborate with BRG and the PES, the new thing in this constellation was BRG and they had contacts with a large number of growth companies with a need for competence. Then I saw this opportunity for us to create a market place for our competent clients and that was what we wanted to contribute to. [TRR representative, 060124]

Similar problems were identified at the public employment services. The public employment services normally did not have well-established contacts with employers who would employ high-skilled dismissed workers. They only had the resources to provide job seekers with information about available vacancies. To get involved in collaboration with employers in the region was therefore regarded as important, since it provided a possibility to state an example. By doing something when employers have problems, the PES would show their trustworthiness even in good times. Thus, the availability of networks was regarded as an opportunity for the supporting organisations to establish contacts with employers.

An important aspect of the Tillväxt 2000 network was that there was an already established procedure for evaluating the economic sustainability of the companies in the network. The purpose of this evaluation was to identify problems and potential for growth. This procedure was regarded as an opportunity to solve the problem of assessing the seriousness and durability

of the receiving organisations. The importance of such assessments was stressed by the supporting organizations.

If you let a job seeking person come into a serious company, which has a good profitability and so on, then the quality of the apprenticeship increases. There are too many companies that apply because it is a way to do something with the general financial crisis in the company. This is the advantage by doing these substance evaluations in the beginning. Then we knew that if our clients (the job seekers) are placed on a company and received some remuneration from the PES and then maybe AGE from us, and then we knew that it was a serious company. And then we know that the chance for continuity is greater. [TRR representative, 060124]

All companies that received job seeking redundant workers were assessed to make sure that they were not opportunistic fortune hunters. Start-ups without economic stability were not welcome. Furthermore, it may be noted, that the membership in the network Tillväxt 2000 also implied that the BRG had some form of social control. There would be an interest among the receiving organizations to act in a serious way; otherwise they would damage their reputation in the network.

Coming together: Job fairs

When the controversies and misunderstandings of the different actors were resolved the structure of the project emerged. The involved actors had a distinct and well-defined role to play, in accordance with their interests and conditions. On the one hand, the TRR provided counselling services to redundant workers to prepare them for a new career. They also made an evaluation of the redundant workers to assess whether they had the right competence and interest to take part in the activities of the VinnVinn project. The PES provided financial support to those individuals who found an employer who were willing to receive them. The BRG, on the other hand, identified employers who were willing to recruit redundant workers and ensured that they had a relatively stable economic situation.

While the main purpose of the project was to transfer redundant workers to new business ventures, the problem was how to do this in a way that would stimulate encounters between the redundant workers and the potential

employers without forcing them on each other. The co-operation with the university brought in new ideas of how to do this.

Then we saw a possibility here that we can get a direct contact with the companies, similar to that of job fairs, which they have both at Chalmers School of Technology and the School of Business, Economics and Law. It was basically the same idea. This was what really drove the VinnVinn project, I think. [TRR representative, 060124]

The idea of “job fairs”, previously used in the universities to create contact between university students and employers, was translated into the context of helping redundant workers to find new jobs and was called company presentations. The idea of “job fairs” implied that a number of companies, which had a need to hire workers were invited to a one-day seminar at the Lindholmen science park. A program was set up and the company representatives would give a short presentation of their business, their future plans and their need to hire workers. After the presentation the participants of the VinnVinn project would get a chance to a short interview. The interviews were limited to 5 minutes and were planned in advance.

A short presentation of the company is sent out and then participants apply. Then they can come and present themselves. And if you are a little smart, then you can see if that was an interesting company and slip in even if it is not exactly your profile. [TRR counsellor, 060124]

The role of the project coordinators was to organise these job fairs. The job fairs were regarded as a way for the both parties to get a chance to meet face-to-face. The advantage for the point of view of the companies was that they were spared the trouble of going through a large number of CVs. Instead, by meeting job seekers face to face they could easily find out if the candidates are really interested in the job. If there was further interest the parties could agree upon a more formal recruitment interview.

Then they call the most interesting candidates to a traditional recruitment interview. They select whom they want, either through a career placement or a job. So what we do here is to create meetings between people, and thereby it is easier to see if there is a match. [TRR counsellor, 060124]

An important feature of these meetings was that the employers knew that the people coming to these meetings had particular skills and were interested in jobs of this kind. This would reduce the amount of work the employer would put through to select among all potential candidates. Furthermore, the job

seekers were given an opportunity to get a sense of what the new job was all about.

The possibility of facilitating meetings between job applicants and employers was regarded as a unique feature of the VinnVinn project. It provided an opportunity to reduce the distance between job applicants and potential employers.

What I think is interesting with the VinnVinn project, is that it unusual that you get so close to a potential employer. ... Most often you don't have an opportunity to come that close to an employer. All participants get an opportunity to meet them. And this is a unique situation. Otherwise you apply for a job, and then the employer is miles away, both literally and geographically. [TRR counsellor, 060124]

The role of TRR was to make sure that the job applicants were prepared for the interviews. Among other things counsellors helped them to update their CVs to allow them to present themselves in a better way than before, not only with regards to their experiences and formal skills, but also when it came to their ideas about what they wanted to do.

For us as counsellors, it is important to make sure that the individual is dressed up, in a way that they are capable at presenting themselves in these five minutes, both what you can and what you want. It should be simple and clear. You should be able to present your self in a good way. A nice CV and it should also be well-prepared and attractive, and then "Tschopp", you hand it over. It is also important that your make an impression. [TRR counsellor, 060124]

However, the job fairs were not open to all job seekers. They were limited to participants of the VinnVinn project only. The qualification "to be a part of the project" also meant to have the right to get support from the public employment service. This meant that the receiving organisations knew that the people they were going to meet at these events were selected based on the specific qualifications relevant for them and that they were equipped with the conditions granted by the project, i.e. if they would employ somebody out of this group of individuals it would be possible to hire them with reduced labour costs during the first 6 months (this was later reduced to 4 months).

The company presentations were combined with a number of other activities. The representatives of BRG made sure that information about other job-fairs, events and job offers were available for the participants in the project. Maybe most importantly, representatives of BRG argued that the company

presentations had an impact on how the redundant workers looked upon themselves. Instead of looking upon themselves as victims of job loss and a problem for society, the company presentations gave them an opportunity to look upon themselves as valuable and attractive.

Results

The outcome of the VinnVinn project was regarded as a success. In June 2006 537 redundant workers had been involved in the project. Around 250 of them had found stable jobs and around 100 had been placed on temporary jobs in small businesses in the region. Redundant workers came from 246 different companies and 160 different companies had employed workers. Maybe most importantly, the collaboration established through the project had stabilised and developed into a permanent institution. Still organised as a project without a large budget for administration, the different actors emphasized the importance of keeping the administration of the project simple and keep up the collaborative spirit.

The collaborating actors explained the success by the efforts of some of the people involved in the project. In particular the skills and commitment of the BRG project coordinator and the counsellors of the PES and TRR. Some of the representatives of the different collaborating actors emphasized the importance of solving the practical problems of redundancies without leaning of abstract models of collaboration. Other actors referred to the general tradition of collaboration in the Göteborg region. Maybe most interestingly, Ericsson representatives noted that the PES in Göteborg was a good example of how the PES could support companies in times of severe crisis. In other cities and regions where Ericsson had made redundancies such collaboration was non-existent. Whether this is a proof of the particular collaborative spirit of people in Göteborg, we could only speculate about. What we could say, however, is that the size of the city (around 690 000 inhabitants) and the rather concentrated industrial structure means that all involved actors have a chance to

know each other and it is easier to develop a commitment towards a shared understanding of the situation.

Discussion and conclusion

The purpose of this study was to illustrate how private and public actors collaborate to create a market place for redundant workers in a regional context. When large companies in a region are faced with economic restructuring smaller companies risk coming in the same situation. The result is a major drop in the economic activity in the region. This problem is even more aggravated when restructuring takes place in the higher levels of the economic activity, i.e. companies with high skill requirements, product development and advanced technology. Since knowledge intensive sectors with export potential are the drivers of other economic activities in the region local governments have an interest in securing a stable and durable economic development. However, local governments have limited capacity to do something about it. The instruments and resources available to support workers in their efforts to find new jobs in the region are distributed among several different actors, with different governance structures, e.g. public employment services, job security councils and private outplacement agencies. Furthermore, the public employment services is governed by national labour market policies and priorities, which does not necessarily give priority to regional problems and are primarily oriented to resolve the traditional forms of restructuring, i.e. the downsizing of mature industries.

Most often attention is paid to the redundant workers themselves. Efforts are made to find ways of providing security and a safety net, to buffer them from unemployment. On the other hand, as this case study illustrates, there is also a role to play for regional governments to stimulate new businesses to facilitate stable growth in the region.

To illustrate the problems associated with restructuring of knowledge intensive industries on a regional level, we have described the development of the VinnVinn project in Göteborg. We believe, however, that the case will

prove helpful in analyzing the collaboration among actors in other regional contexts and in other countries. The case study provides examples of how rules and institutional frameworks are adapted to facilitate transactions in the local market place. Maybe most importantly, the case illustrates the conditions and problems for regional governments when it comes to develop policies aimed at dealing with restructuring of knowledge intensive industries.

In the Swedish context, restructuring of knowledge intensive industries provides conditions that are difficult to overcome for several reasons.

First, the Swedish employment protection legislation⁸ tends to create incentives for employers to dismiss younger workers with the skills and competencies relevant for future development.

Second, when restructuring is concerned with high skilled workers and other groups with an advantageous position in the labour market, it is difficult for the PES to get involved. Political priorities, e.g. a focus on the long-term unemployed or disadvantaged groups, provide difficulties for the PES to give priority to the more advantaged groups. However, not to get involved at all would further exacerbate the negative image of the PES in the labour market. There is a risk that employers would lose trust and confidence in the PES when they are about to hire again. These problems seem even more important to overcome in the local context, where local representatives meet each other more often.

Third, regional and national governments may provide support for existing industries to mediate the effects of restructuring in the regional labour market. However, EU legislation condemns such initiatives, claiming that publicly financed industrial support lead to unfair competition.

Fourth, regional governments may also apply a strategy to stimulate economic growth, e.g. to support entrepreneurship and research and development activities in universities. However, there are problems in providing the

⁸ The Swedish employment protection legislation (LAS) is based on the seniority principle (last in first out), which means that older workers are given better protection than younger workers.

necessary financial resources and risk capital for such investments, in particular in regions, which are not close to the centre of capital markets.

These problems seem to be relevant not only in a Swedish regional context, but also in the context of other regions in Europe. Thus, from the regional perspective to get involved in the process of restructuring is only possible under certain conditions. There are several factors influencing the functioning of regional labour markets, which are not easily controlled by regional governments. In particular, from a national perspective, it is difficult to implement the same measures in all local labour markets, taking into account the different characteristics of the local labour markets and the structure of industries. Presumably, regional governments need to balance on the thin line between supporting companies going through restructuring while at the same time stimulate the creation of new businesses. On the other hand, there is a balance to strike between advantaged groups and disadvantaged groups in order to avoid social exclusion. Our somewhat ironic conclusion is that restructuring of knowledge intensive industries may not only contribute to making certain forms of national labour market policy instruments superfluous it also undermines such actions.

Thus, the restructuring in knowledge intensive industries provides labour market policy analysts, policy makers and other labour market actors with important challenges. On the one hand, regional governments need to keep a balance between the demand for and the supply of labour. On the other hand, policy makers must consider how to balance the long-term benefits of supporting knowledge intensive industries in the region with the short-term cost that it creates. The challenge for policy makers is to clearly identify the problems in the labour market, the role it wants to take in the labour market and what measures to take in order to take this role.

The expansion knowledge intensive industries in European economies are a relatively recent phenomenon. It requires a new set of policies and collaboration between local actors. Policy makers, as well as labour market analysts, are not used to thinking about labour market policy in terms of collaboration. This is a policy field where several parties have difficulties to change the tra-

ditional recipes and institutional structures. As Boyer (2002) notes, national policies and subsidies are often more active in supporting mature and declining industries than in sunrise and emerging industries. New dilemmas and inequalities may emerge from this new phase of development. Should really regional governments give priority to the advantaged groups in contrast to the unfortunate groups of individuals who are unemployed? And to what extent can new businesses be trusted to take on the responsibility and stable enough to employ the redundant workers groups without taking advantage of the subsidies or support they get from public sources? Thus, the restructuring of knowledge intensive industries implies that local actors in collaboration perform some aspects of labour market policy. The question is probably not whether regional governments should have a role to play or not, but rather how regional governments could stimulate collaboration between local actors, both public and private, to ensure stable economic growth? This case study serves as one example of how such collaboration was organized in a medium sized city in the Swedish context.

Acknowledgements

This report was made possible by the EU financed project Monitoring innovative restructuring in Europe (MIRE). The MIRE project is financed by the European Social Fund, Article 6 Innovative Actions. We also gratefully acknowledge the Swedish research council (Vetenskapsrådet) and Malmstensfonden whose financial support made this text possible.

References

- Arzeni, S. (1999) Adapting our Institutions and Policies to the Changing Environment, in: *Decentralising Employment Policy, New Trends and Challenges*, Paris, OECD.
- Buyer, R. (2002) Institutional reforms for growth, employment and social cohesion: elements of a European and national agenda, in: Maria João Rodrigues (ed.) *The new knowledge economy in Europe, A strategy for international competitiveness and social cohesion*, Cheltenham, Edward Elgar.
- Employment in Europe (2004) European Foundation of living and working conditions, Dublin.
- Jörnmark, J. (2005) *Göteborgs globalisering*, Göteborg, Göteborgs Stadsmuseum.
- Lennartsson, B. (1984) *Sorti med garanti, En studie av Projekt 80 i Göteborg*, Stockholm, EFA Arbetsmarknadsdepartementet.
- Stehr, N. (1994) *Knowledge Societies*, London, Sage Publications Ltd.