



***"Restructuring Processes in Three Major  
Sectors and Regions in Portugal"***


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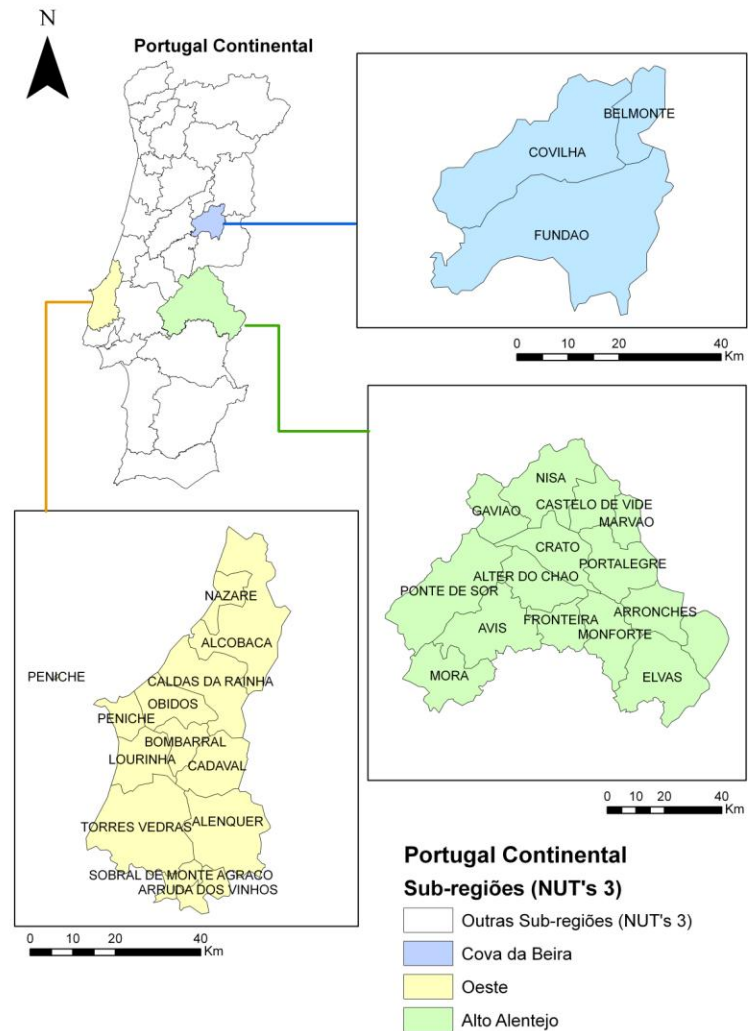


## OBJECTIVES OF THE STUDY

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- ⇒ **Identification of the main socio-economic characteristics** on three portuguese sub-regions with different sectoral and territorial profiles (Cova da Beira, Norte Alentejo and Oeste).
- ⇒ **Diagnosis of the economic dynamics**, with a special emphasis on investment strategies, innovation, employment and human resources qualifications.
- ⇒ **Analysis of the educational and training supply and its relevance to the firms.**
- ⇒ **Analysis of the territorial impact of the economic restructuring**, mainly on the dimensions of entrepreneurship, qualifications and employment.
- ⇒ **Design of a methodological instrument to monitor and follow-up restructuring processes.**

# LOCALISATION OF THE CASE STUDIES





## MAIN ECONOMIC FEATURES OF THE THREE SECTORS

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**The three cases of restructuring – textiles and clothing in Cova da Beira, ceramics in the Oeste and agro-food in Norte Alentejo – are very different but have common features:**

- in the two former cases, restructuring of these export-oriented sectors is linked to the need to respond to increased competition and globalisation, whereas the restructuring in the agro-food corresponds more to the emergence and modernization of a domestic-oriented sector.
- the dimension of the productive fabric is also different, being largely constituted by medium to large enterprises in the textile and in the ceramics sectors and by small to medium-sized firms in the agro-food sector.



## MAIN ECONOMIC FEATURES OF THE THREE SECTORS

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- both textiles and ceramics have shed jobs on a large-scale – behaving as old industrial regions in the process of transition -, whereas the opposite is happening on which concerns the agro-food industry in Norte Alentejo.
- all three sectors are dominated by companies that remain under national ownership.
- despite the reduction in employment which has occurred almost continuously over the past 15 years, the TCI and the ceramics sectors remain important sources of income and jobs on their regions.



## MAIN ECONOMIC FEATURES OF THE THREE SECTORS

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- Some critical cross-sectoral bottlenecks of the enterprise models:
  - the academic, professional and age profile of both employees and employers.
  - the learning and innovations gaps.
  - the networking and cooperation difficulties.
- On the agro-food the small firm size militates against stronger work representation, whereas on the other two sectors, especially on the textile sector, the union is strong and organized but clearly there was no anticipative process to assist workers.



## OVERALL ECONOMIC AND TERRITORIAL IMPACT

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- Industrial concentration grew and is relatively high, with a few large enterprises dominating the industries and being able to operate on a global scale.
- The policy focus seems to have been more on sustaining these traditional sectors and on seeking to improve the competitiveness of the companies involved than on diversifying the local economy into other areas of activity.
- Partly as a result, jobs have not been generated in other sectors on the scale required to employ those losing their jobs in traditional industries. There has been a steadily increase of long term unemployment.

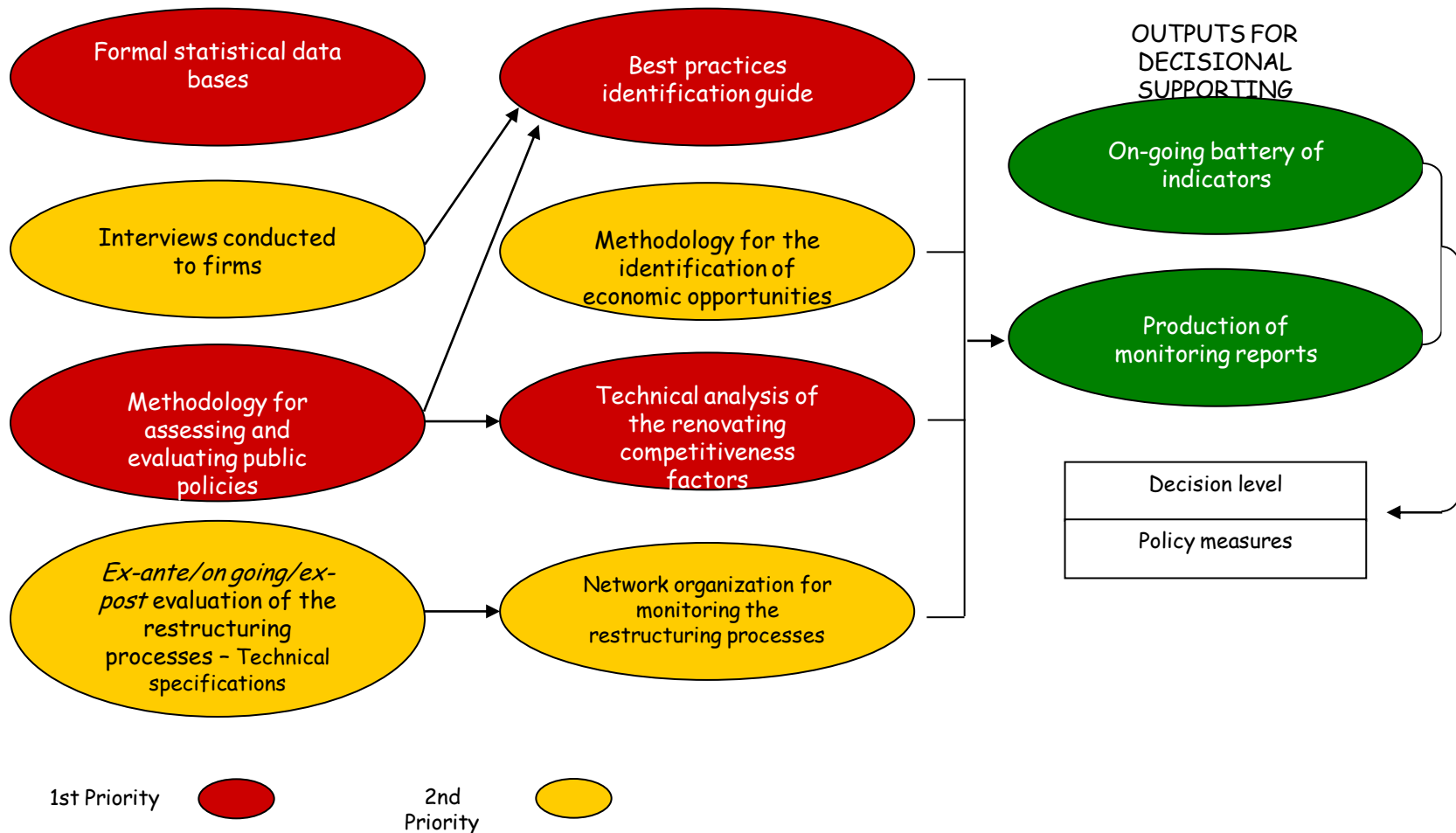


## OVERALL ECONOMIC AND TERRITORIAL IMPACT

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- Restructuring goes hand-in-hand with a rise in insecurity and precariousness - the danger of downgrading of working conditions is real.
- Various programmes were developed to socially cushion redundancies and/or reallocate workers to other sectors through adaptation training, wage subsidies or early retirement.
- The shedding of job, moreover, has not obviated the need for further restructuring. Indeed, the intensification of competition has increased the pressure on Portuguese producers who have traditionally relied on labour costs - some have begun instead to seek out higher value-added options.

# COMPREHENSIVE DIAGRAM OF RESTRUCTURING PROCESSES MONITORING



## POLICY IMPLICATIONS - GUIDELINES

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**These restructuring processes seem, anyway, to indicate that there has been clearly initiated a shift/new trajectory:**

- from a remedial to an anticipative perspective.
- from the safeguarding of jobs in a narrow sense to the diversification of alternative economic futures and the promotion of activities and companies.
- from the separate management of specialised instruments to the integrated management of cross-cutting mechanisms, linking the efforts of the public and private sectors.



## POLICY IMPLICATIONS – GUIDELINES

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- from traditional government policy to policy governance network.
- from a sectoral to a territorial based model, focusing on the development of a coordination entity and conducive to more transversal/horizontal policies at regional level.
- from a conjunctural to a strategic vision, taking into consideration either the short-term actions and the long-term priorities.
- from interventionist to enabling policies.
- from an underestimation to the need to adopt proportionate governing and accompanying devices.



## POLICY IMPLICATIONS – AREAS OF DISCUSSION

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- How should support for declining industries be balanced against support for diversification of activity and growth of new sectors?
- What weight should be attached to supporting the sectors in question in relation to pursuing wider economic objectives?
- If territories constitute a laboratory in the area of multi-actor restructuring management, what can effectively be done to open up the way to more transversal/horizontal policies at regional level?



## POLICY IMPLICATIONS – AREAS OF DISCUSSION

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- Would it be helpful to move towards a systemic view of restructuring with the concept of regional innovation system as a basic policy framework?
- Which are the critical steps in order to move from a labour management perspective to a labour empowerment approach?
- How can social partners be involved in order to see their expertise mobilised to improve the managerial capacity at local/regional level?