

US Department of Labor Adjustment Model

[This document summarizes the United States Department of Labor's integrated approach for workers, enterprises and communities impacted by economic restructuring, which has been applied in a number of countries in Central and Eastern Europe]

GOAL OF THE MODEL

The goals of the integrated US Department Of Labor (USDOL) Adjustment Model are:

- To help workers, enterprises and communities impacted by economic restructuring develop
- To reduce the economic and social costs of adjustment
- To preserve and create jobs, and
- To facilitate the successful transition to a market economy

COMPONENTS OF THE ADJUSTMENT MODEL

The USDOL Adjustment model comprises the following four components:

1. **Rapid Response Worker Adjustment Component (RRWAC)** plans, organizes and facilitates the transition of workers to new jobs.
2. **Community Economic Renewal Component (CERC)** stimulates local economy development efforts and generates new jobs in the communities impacted by enterprises restructuring.
3. **Enterprise Competitiveness Component (ECC)** strengthens surviving enterprises and preserves jobs.
4. **Financial Resources Component** - fund the first three components.

EXPERIENCE

Experience gained during the early 1990s by USDOL experts who worked in Central and Eastern Europe to support employees and communities impacted by economic restructuring demonstrated that active employment measures are much more successful when they are directly linked with carefully designed community economical renewal and enterprise adjustment components, and led to the creation of a model with these components. The financial resources component is added to these three.

The USDOL Adjustment Model was first used in Hungary and is now efficiently being implemented in Romania, Bulgaria, Poland, and Macedonia.

RAPID RESPONSE WORKER ADJUSTMENT COMPONENT (RR)

Rapid Response is designed to facilitate workers' adjustment in the restructured enterprises and it is carried out by industrial adjustment specialists together with company management, worker representatives and community leaders. It consists in evaluating the employees' needs, the development of strategies, planning and providing adjustment services and mobilizing the necessary resources and the service providers to help the transition of large groups of workers to new employment as quickly as possible.

Labor-Management Adjustment Committees (LMAC) are a tool that can play a significant role in facilitating worker adjustment in restructuring enterprises. They include worker representatives and have the role of conducting surveys to determine worker needs, planning and organizing "in-plant" services, arranging for the delivery of pre- and post-layoff employment and training services to workers being displaced.

COMMUNITY ECONOMIC RENEWAL COMPONENT (CER)

This component is aimed at building community partnerships to improve the business environment, strengthen the local economy and create jobs for displaced workers. It also helps in rebuilding the economic foundation and increases citizen participation in local economic development efforts.

LRP Regional Representatives help organize a broad-based citizen task force to conduct an economic assessment and planning effort for the community. Business and community leaders are invited to participate in a structured economic renewal program designed specifically to strengthen their local economies and create more jobs. Four one-day workshops are conducted over a four-month period to help residents learn the principles of local economic development, assess their community's needs, write a strategic plan, develop projects and begin implementing them.

TYPES OF OUTCOME EXPERIENCED

As a result of the Local Economic Development process, communities have experienced outcomes such as:

- New approaches for community-based LED strategies
- Creation of efficient public/private partnerships
- Increased number of newly-created jobs
- Implementation of public works and LED related projects
- Increased number of SMEs receiving support services
- Increased number of start-up businesses created by entrepreneurs
- Newly trained and qualified workers
- Increased number of retained jobs in enterprises.

ENTERPRISE COMPETITIVENESS COMPONENT (ECC)

ECC helps in building labor-management and employer-vocational training center-job service partnerships to strengthen the competitiveness of business enterprises to preserve and create jobs.

IR specialists invite the management and labor leaders in restructuring and other enterprises are invited to participate in "Training for partnership" and "Interest-based Problem-solving" workshops and other activities to help them learn how to work together more effectively. IR specialists then help employers and workers in starting in-plant productivity improvement and cost saving projects. IR specialists also cooperate with employers and training-retraining centers to develop "Quick Start" training projects to provide specific upgrade or skill training for existing workers or unemployed workers who will be hired to meet the needs of the business.

FINANCIAL RESOURCES

As with any integrated approach of complex program involving the private and public sectors, a financial resources component must be the core element. Financial resources to support such efforts should be sought from a variety of sources, including: international donors, public administration, local government budgets, NGOs. Each country is different in terms of locating and accessing these resources to implement the project.

Relevant governmental agencies create proper mechanisms to distribute financial resources in time and properly from a fiscal point of view to:

- the program management unit, so that it can plan, organize and provide adjustment services, and
- public agencies (for instance job centers, training-retraining centers) and contractors (NGOs and other service providers), so that they can offer assistance in finding jobs, vocational counseling, training-retraining programs and other reintegration services.

Further information:

United States Department of Labor, International Labor Affairs Bureau
200 Constitution Ave., N.W., Washington D.C. 20210