The impact of gas and electricity market liberalisation on employment

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Electricity sector employment
1995-2004

Gas sector employment

Decline between 2001 – 2004 in 20 study countries

• 12-13%
• From 174,000 to 151,000 employees
Reasons for the decline

The effect of liberalisation

- Direct effect on the reduction of jobs in the sector; strongest reductions in liberalised markets.
- Increasing the pace of change in the sector

One of the key factors to the decline – BUT still only one factor among many
Other factors

• Technological developments
  – Electricity sector in particular through CCGT stations
  – Meter reading (decline up to five-fold)
• Privatisation
• Commercialisation
• Regime change in the Eastern European Member States
• Energy supply and demand
• Wider economic, labour, energy and environmental policies
Other factors

• Effect of outsourcing (6%-35%)
  – 6-8% in the Nordic countries (SW, FI)
  – Around 15% in DE
  – Over 30% in NL, IT, CZ, HU and SL
  – Offshoring UK → India

QUALITITATIVE

– Core areas (maintenance & construction of network grids)
– Non-core areas (low skilled, back-office functions, security)
– Implications on H&S, working conditions and collective bargaining coverage
Liberalised electricity markets, ’95-’04
Non-liberalised electricity markets
Employment losses

• Workforce becoming increasingly highly educated and skilled; most losses taken place among low skilled workers

• In relative and substantive terms most losses have taken place among male rather than female workforce

• Age groups affected by liberalisation
  – Older workers
  – Graduates (economics vs technical)
Employment losses

• Area of activity
  – Greatest losses in maintenance and distribution fields
  – Production (*technological change*)
  – Transmission (stable)
New demand for employment

- Brokerage and trading
- Business development and marketing
- Project management
- Product development
- Legal personnel
- Consultancy
- Renewables
Impact on the quality of working life

• Increase in workload and stress
• Feelings of insecurity
• Away from ‘jobs-for-life’
• Mixed views on the implications for
  – H&S
  – Training
  – Job satisfaction
  – Personal development
Key findings in relation to restructuring

- Social responsibility of companies in the face of restructuring
  - Macro-economic situation of the country (tight/slack labour market)
  - Profile and size of the company
  - Characteristics and role of the gas and electricity industry in the region/country.
  - Role and power of social partners, social dialogue
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Good practice in corporate restructuring

- Thorough consideration of alternatives to job losses
- Early anticipation and planning
- Looking after welfare of workers affected by restructuring
- Implementation
- Importance of monitoring change