Case study

Labour market change

BNP - case study

ERM report 2020: Restructuring across borders

This case study was carried out for a European Restructuring Monitor project on transnational restructuring (2019-20).

Report: [ERM report 2020: Restructuring across borders]

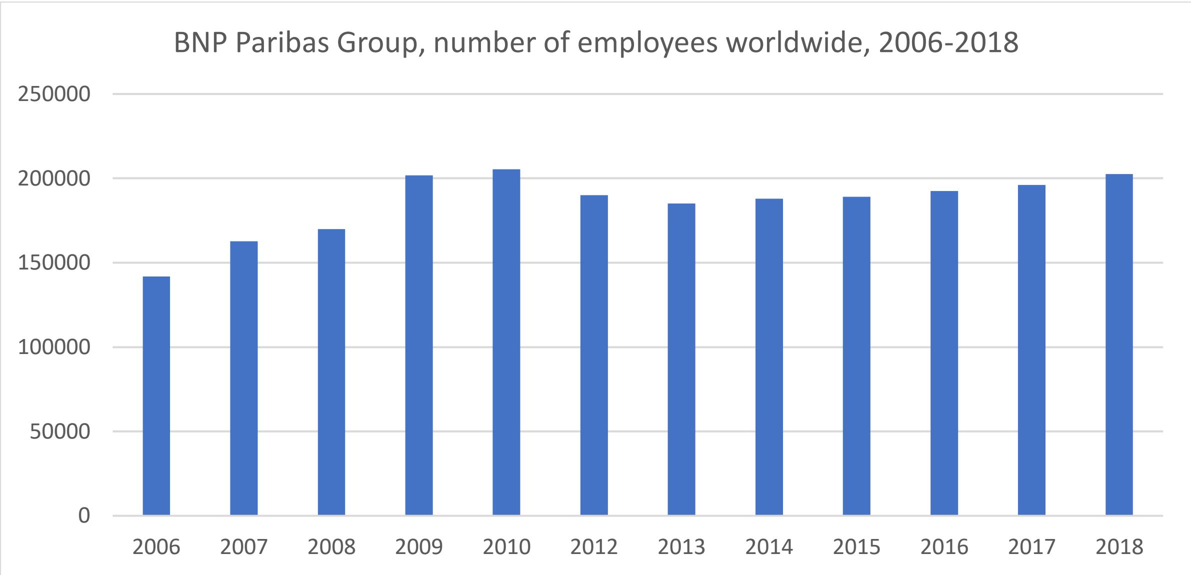
BNP Paribas securities services: Relocation from France to Portugal

Introduction

BNP Paribas securities services (BP2S) is part of the BNP Paribas Group, which provides banking and financial services. The group is headquartered in Paris, France. BP2S's activity consists of holding and administering financial securities on behalf of pension funds, asset managers or banks. In 2018, BP2S held 10.7 trillion dollars' (€9.6 trillion) worth of assets under custody, $2.7 trillion (€2.4 trillion) under administration and conducted 94.5 million transactions[1]. The company administered close to 10,500 different funds worldwide.

Employment trends at BNP Paribas and BP2S

Employment at the BNP Paribas Group grew steadily in the years leading up to the financial and economic crisis and indeed continued to grow until 2010. It subsequently declined briefly and then resumed an upward trajectory from 2016.



Source: Annual Reports, BNP Paribas Group (2011 report inaccessible)

BP2S employed nearly 14,000 workers globally in 2018. This is an increase by 2,000 employees since 2016. Around 72% of this workforce were located in Europe, 25% in the Asia Pacific Region and 3% in the Americas[2].

[1] BNP Paribas Securities Services in Numbers; https://securities.bnpparibas.com/files/live/sites/web/files/medias/documents/brochure/broch_glance_2019-04-14.pdf

[2] BNP Paribas Securities Services CSR Report 2016-2017; http://bnp-paribas.publispeak.com/ss-csr-2016-2017-highlights/?pageno=1

Relocation from France to Portugal

In France, the company employed 2,590 workers in 2016. This declined to 2,560 in 2017, but had increased again to 2,730 in 2018.

BP2S' scheduled job cuts in France were initially part of the company's strategic plan 2016-2018. These cuts were implemented through the natural attrition (not replacing workers retiring or leaving the company). The overall number of employees at the company in France continued to grow over the same period (primarily through recruitment for back office functions). The job cuts announced in 2019, which amount to a 20% reduction in employment at the company in France (around 500 workers) are still subject to an information and consultation process and final data on the number of job reductions is therefore not yet available. They are part of a cost cutting effort on the part of the group in an increasingly competitive global environment for financial services.

According to management representatives, the operation of company sites in other countries has been part of a business continuity plan since 2006 which aimed to ensure that sufficient staff and resources are available at alternate sites. Decisions on such restructuring are taken at the level of company headquarters for strategic planning purposes and are implemented at the local level. Sites in Portugal have particularly been developed further since 2008. By 2013, the company had 1,454 employees in Portugal. This had increased to 4,931 in 2018. As a global organisation, the company argues that it is important for its employees to be distributed throughout different countries to serve its customers. Portugal is attractive not only because of the market for its products, but also because of its high share of graduates which can be employed cost effectively. In Portugal, there are approximately an additional 1,000 employees who service only local clients. This part of the business is unaffected by relocation of activity from France.

As part of the group's strategic 'Plan 2020', the aim is to have over 40% of its IT back office and securities services working in shared services platforms by 2020. In IT and back office services, the percentage of shared service provision increased from 24% in 2015 to 41% in 2018. In the securities sector, this rate increased from 30% in 2015 to 43% in 2018. This trend serves to explain the increase of the workforce share in Portugal where BNP Paribas has decided to develop its shared services platforms. The increase in activities in these shared service centres in Portugal has been gradual since 2008, with skilled staff (most educated at a tertiary level) recruited locally.

It is expected that relocations will help to increase the company's competitiveness avoiding job reductions in other services. However, it is unclear whether this goal has been achieved. Furthermore, the trade union SNB CFE-CGC reports that social data published by the management of BNP Paribas in France shows that over the last two years, absenteeism among managerial staff has increased by 22%, which they argue demonstrates an impact of the push towards greater competitiveness on working conditions.

In Portugal, local regulations regarding wages and terms and conditions are applied. This is supplemented with a number of benefits BNP Paribas makes available to its staff globally (e.g. health insurance, etc.). In addition, a company level collective agreement exists applying to all of the company's workers in Portugal, which exceeds the requirements set in national legislation. However, according to worker representatives, terms and conditions of staff at BP2S in Portugal are not as favourable as in France, with a number of benefits not being offered (e.g. free access to the canteen, libraries, cinema tickets, sports facilities). In addition, working time in Portugal is 5 hours longer per week than in France. Portuguese EWC representatives have recently raised this issue in the EWC, seeking to achieve greater harmonisation in this area.

The company did not benefit from specific subsidies to expand its activities in Portugal, but was able to draw on support, for instance through the professional national internship programme (open to companies more generally). Worker representatives criticised the use of such internship programmes as providing for 'cheap labour' (particularly during the Troika period). It is argued that at the time 80% of staff consisted of such trainees – an issue which was then raised by the works council.

Some initial training for workers is provided in France, but this used to be significantly more widespread in the past. Now the majority of training is provided locally in Portugal as the size of the business has grown.

Employee representation at BNP Paribas and BP2S

An EWC is in place at BNP Paribas (no specific EWC agreement exists for BP2S), including representatives from the French Group Works Council as well as the (3) representatives from the national works council in Portugal. However, the constitutive agreement (initially signed in 1996 and amended in 2003, 2008 and 2010) does not provide for consultation and therefore the EWC is only informed about transnational issues impacting employment, such as relocation of activities from a Member State to another. Such information is usually provided when the decision is made public and at the subsequent plenary meeting. An extraordinary meeting can be organised if the next plenary meeting is not to be held for a significant period of time. According to Portuguese EWC representatives, information flow to the EWC is weak and representatives are often not informed, even when the law (and the agreement) requires it.

The general practice in the BNP Paribas group is to start the information and consultation process at the national level before informing the EWC (no priority is given for the EWC to be informed). This process is not under dispute.

BP2S has a Works Council in France and this body has been informed and consulted three times between 2016 and 2018, in accordance with national legislation.

In Portugal, the National Trade Union of Bank Workers (Sindicato Nacional dos Quadros e Técnicos Bancários – SNQTB), the Trade Union of Southern and Islander Bank Workers (Sindicato dos Bancários do Sul e Ilhas – SBSI) and the Trade Union of Financial Activity Workers (Sindicato dos Trabalhadores da Atividade Financeira – SinTAF) are represented at BNP. However, works council members are considered to be of greater relevance and trade unions do not play a significant role in the BNP Paribas Group companies in Portugal.

Consultation process linked to the relocation of jobs to Portugal

As indicated above, national information and consultation bodies in decisions, including those linked to the relocation of sites or activities. The specific role is then largely to mitigate the social consequences of a decision (rather than to influence the decision itself). However, in this case, job reductions have been implemented through national attrition. As a result, no specific consultation processes were undertaken.

On 8 March 2019, the group BNP Paribas concluded a group level collective agreement on the provisional management of employment and career paths (Accord sur la gestion des emplois et parcours professionnels au sein du groupe BNP Paribas en France – GPEC). This agreement contains a chapter dedicated to the launch of voluntary redundancy schemes ("plans de départ volontaire") and collective conventional termination of contract ("rupture conventionnelle collective") (chapter 8) and a chapter (No. 2) on the management of internal and external mobility. Both chapters contain a wide range of tools and provisions to avoid forced dismissals and to support employees in relation to their reemployment within the group or on the wider labour market.