

ARTICLE 7

How Employer-Sponsored Protections Can Aid a Successful Energy Transition

There's a perceived gap between what employees' need for the transition and what they're getting from their employers. But the gap can be bridged, as some instances demonstrate.

KEY TAKEAWAYS

- A majority of workers say their employer hasn't provided enough information about the impact of the transition from traditional energy industries to renewables.
- Addressing worker uncertainty about where help will come from is an opportunity for employers to boost employee loyalty.



Fear of the future: Workers' concerns amidst the energy transition

Many workers are concerned about what the energy transition means for them and their communities. While a vast majority of people believe the energy transition will have an impact on their industry and community, only about half think that this impact will be a positive one.

According to Gallagher's research, around 70% of employees say that their employer hasn't communicated the potential impact of the energy transition on employees' future employment. And workers identify hurdles that will need to be overcome in order to consider alternative job prospects.

Eighty-six percentage of respondents cited financial concerns and/or a lack of job opportunities as their main barriers to reskilling, according to the Workforce Attitudes to the Net Zero Transition 2024 research. And only 39% felt it was likely that they would receive social and financial protection from their employer as part of the move to clean energy. This is particularly marked in North America, where 50% of employees regarded it as unlikely that they would receive employer assistance.



86%

CITED FINANCIAL CONCERNS AS THE
MAIN BARRIER TO RESKILLING.

45%

FEEL THERE IS A LACK OF FINANCIAL
AND SOCIAL PROTECTION SOLUTIONS.

Who bears the responsibility for workers' protection?

It's clear that many people are worried about what's to come and what they should do about it. But it's less clear where any help will come from.

Three-fifths of employees believe that government bears the primary responsibility for providing social and financial protection to workers who may be affected as a result of the clean energy transition, while 40% say it's their employer's responsibility.

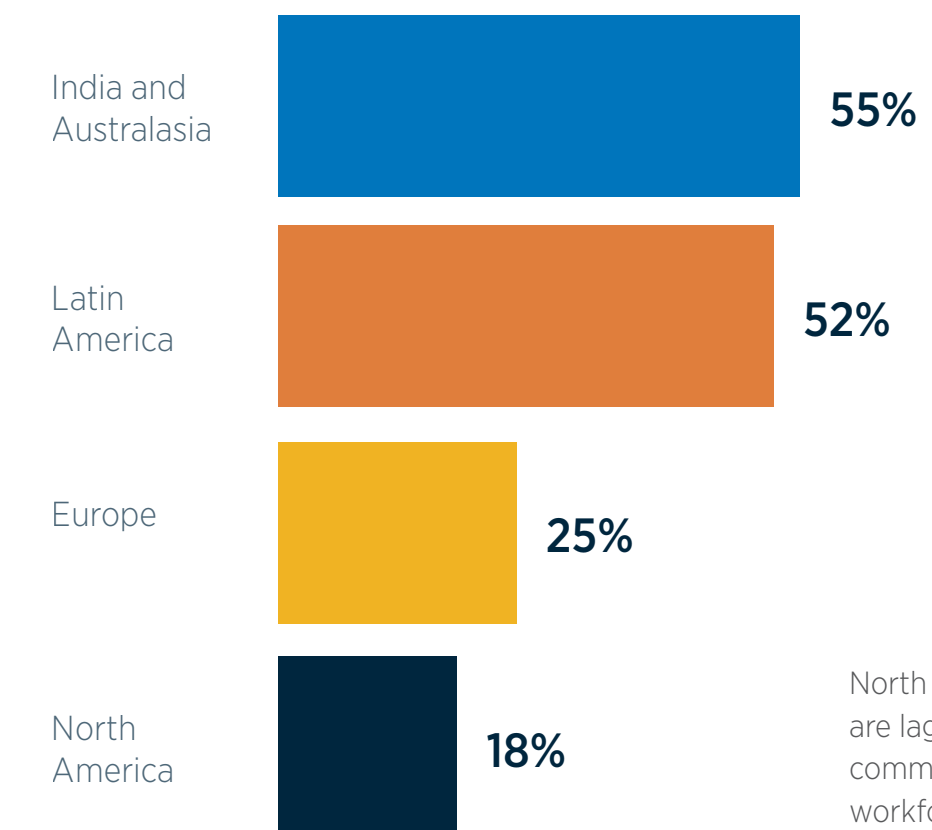
Governments, by providing protections such as healthcare, retirement, and employment benefits, can proactively support workers and their communities as they adjust to the loss of jobs in heavy-emitting "smokestack industries," such as shipbuilding, steel, and coal.

As our research indicates, such backstops are deemed essential by those on the frontlines. Respondents told us that financial concerns and a lack of employment opportunities were their biggest barriers to reskilling.

However, there's a disparity between workers' views on what financial support should be made available to support the transition of jobs and their real-world expectations.

More than half of employees think it's unlikely they'll receive social and financial protection from the government during the transition. Fewer still — just 45% — expect to receive any form of financial safety net from their employer.

EMPLOYERS INDICATING THE NEED TO RESKILL FOR THE ENERGY TRANSITION





66%
OF WORKERS WOULD FEEL MORE
POSITIVE TOWARD THEIR EMPLOYERS IF
RESKILLING SUPPORT WAS OFFERED.

An opportunity to foster loyalty?

But this lack of protection is a missed opportunity. Our research suggests that employers that offer reskilling and social protection solutions for workers impacted by the transition would benefit from a boosted sense of loyalty among their employees.

This finding is particularly true in India and Brazil, where 66% and 56% of workers said they would feel more positive towards their employers if they offered support in reskilling for jobs in the green economy.

However, respondents think that employers are falling short when it comes to providing guidance, support, and communication on this important subject, with almost seven in 10 workers claiming that their employer hasn't communicated the potential impact of the energy transition on employees' future employment.

Social measures for a smooth workforce shift

Employers in sectors exposed to transition-related job losses have a range of social protection measures at their disposal, including:

- Reskilling and training programs such as vocational training, education grants, and on-the-job training.
- Job placement and employment services like job matching, career counseling, and networking opportunities.
- Financial assistance through severance packages, unemployment benefits, and temporary income support.
- Employment subsidies, relocation assistance, and early retirement incentives.
- **Health and wellbeing support**, including healthcare benefits and mental health services, and support for self-employment.
- Effective ongoing engagement and communication to ensure employees are well-informed and included in the transition process.

These kinds of measures could be brought together under a coherent workforce transition plan designed to mitigate social and labor impacts, with planning ideally beginning well before labor layoffs actually occur. Employers in sectors most exposed to the energy transition might want to be thinking about what mechanisms may be needed today to futureproof their workforce for tomorrow.

“Although renewable energy is the way forward, there is a timing issue between closing a factory and having alternatives in place in the renewable and care sectors,” says Bert de Wel, Climate Policy Officer, International Trade Union Confederation. “This can lead to social issues. Therefore, social protection systems can act as a backstop for orderly transitions. Countries should begin implementing these systems now.”

