



# EWC case studies

## Boehringer Ingelheim GmbH

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The case studies was not submitted to the standard Foundation editorial process.

It is available in electronic format only.

# Overview of company and EWC

## The company

The company was founded in 1885 at Ingelheim am Rhein where the corporate headquarters is still located today. The Boehringer Ingelheim group is now one of the world's top 20 pharmaceutical companies.

Boehringer Ingelheim's core business is in researching, developing, manufacturing and marketing pharmaceutical products. Up to 20 % of sales revenues are invested in research and development and medicine each year.

The primary focus is on human pharmaceuticals, including self-medication, as well as industrial chemicals and biopharmaceuticals. In addition, there is a diverse and growing portfolio of animal health products. (Boehringer Ingelheim in a day)

Table 1 shows a constant increase in the total revenues and in the return of sale between the year 1993 and 2002.

Table 1: *Development of total revenues and return of sales from 1993 - 2002*

Year	Total revenues in million €	Return on sales in %
2002	7 580	7,1
2001	6 694	6,0
2000	6 188	6,1
1999	5 086	6,3
1998	4 474	5,1
1997	4 201	5,0
1996	3 623	4,6
1995	3 287	4,2
1994	3 191	4,0
1993	2 913	1,5

Source: *Boehringer Ingelheim, Unternehmensbericht 2002*

At the end of the year 2002, the group had 31 843 employees working in more than 60 nations worldwide. The number of employees worldwide increased considerably between 1998 and 2002 (Table 2).

Table 2: *Number of employees worldwide*

Year	Number of employees
2002	31 843
2001	27 980
2000	27 325
1999	26 448
1998	25 927
1997	24 860
1996	24 074
1995	23 277
1994	23 640
1993	24 170

Source: *Boehringer Ingelheim, Unternehmensbericht 2002*

Within Europe the number of employees increased from 15,119 in the year 2001 to 16,171 in the year 2002. Around 50.8 % of the employees worked in Europe at the end of the year 2002. (Table 3) The majority of employees works in Germany (around 9 000)

Table 3: *Number of employees according to regions*

<b>Region</b>	<b>2002</b>	<b>2001</b>
Europe	16 171	15 119
Americas	9 586	9 250
Asia, Australia, Africa	6 086	3 611
Total	31 843	27 980

Source: <http://www.boehringer-ingenelheim.com>

In the year 2002 more than 16 % of the employees are engaged in research and development and medicine. (Table 4) According to company information up to 20 % of sales revenues each year are invested in R & D.

Table 4: *Number of employees by function*

<b>Function</b>	<b>2002</b>	<b>2001</b>
Production	10 259	9 053
Administration	4 986	4 472
Marketing and Sales	10 870	9 135
Research and Development	5 205	4 828
Apprentices	523	492
Total	31 843	27 980

Source: *Boehringer Ingelheim, Unternehmensbericht 2002*

The German MR described Boehringer Ingelheim as one of the few pharmaceutical companies in Germany involved in research. In average the group creates 5 new workplaces daily in the companies around the world and in the year 2004 the number will be even higher. In a German subsidiary huge investment took place and about 100 new workplaces had been created.

## **Agreement**

The agreement on the 'European Social Forum' is an Art. 13 agreement. It had been signed on 25. June 1996. The original agreement has only been slightly adapted to changes in the group.

The agreement is quite encompassing and precise at the same time.

In the preamble, the target of the agreement is described as to establish a European Forum for transnational information on the European level. The European Forum shall also contribute to a 'constructive dialogue on issues of common interest'.

The agreement defines both ‘consultation’ and ‘information’:

- Consultation ‘encompasses oral and/or written exchange of views and a dialogue of questions and answers between the (central or local) management and the employee representatives, that are members of the European Forum, with regard to all information’.
- Information ‘encompasses the oral and written exchange of data and oral explanations on this data’.

## EWC

The EWC at Boehringer is called ‘European Forum’. In the text the term ‘EWC’ will be used. The EWC is a joint management-employee body.

The EWC has 31 members. 23 members are employee representatives and 8 members are employers’ representatives. The number of EWC members is related to size of the workforce in the countries.

The key of allocation is:

- 1 representative for each country up to 500 employees
- 2 representatives for each country with more than 500 employees
- 3 representatives for each country with more than 1500 employees
- 4 representatives for each country with more than 3500 employees
- 5 representatives for each country with more than 6000 employees.

Table1: *Seat repartition on the EWC*

Countries	Employee representatives	Management representatives
		Deputy Chair: Personal director group Secretary: Head A Personnel International
Germany	5	1
Spain	2	1
Italy	2	1
France	2	1
Austria	2	1
UK	2	1
Belgium	1	
Greece	1	
Sweden	1	
Denmark	1	
The Netherlands	1	
Ireland	1	
Norway	1	
Portugal	1	
Total	23	8

The personnel directors of the larger countries are members of the EWC.

Proportion of female and male EWC members on the employee side almost mirrors the proportion in the workforce. The EWC is chaired by a woman. She is a representative from an Austrian subsidiary.

Among all of the management representatives there is no female member.

No Eastern European country is represented in the EWC.

The group activity can be divided into two businesses: chemical and pharmaceutical. The representation at the forum does not proportionally reflect this subdivision as there are just three representatives of the chemists: an Italian, a Spaniard and a German according to the Italian ER insider.

### **Methodology**

This case study is based on interviews with 8 interviewees of the company, company material, and literature on the company.

The interviews were conducted with:

Parent company:

- 1 insider employee representative (ER)
- 1 outsider employee representative
- 1 insider management representatives (MR)

On the side of the employee representatives an interview took place with the chair of the EWC. She is the head of the Austrian works council

Subsidiary in the Italy

- 1 insider employee representative
- 1 outsider employee representative
- 1 insider management representative
- 1 outsider management representative

The interviews in the subsidiary in the Italy have been carried out by the Italian team in the project.

A strong influence on the establishment of the EWC comes from the sectoral level. In the chemical industry a social partner agreement of EWC had been concluded before the EWC directive came into force. A further influence are most likely the cooperative industrial relations in the chemical industry.

The chair of the EWC explained the establishment of a joint management - employee body of the EWC with the culture in the company in which it is normal that management and employees communicate a lot with each other in particular on issues concerning the employees. There is always the attempt to find joint solutions. This is not always possible but it is the approach. This corresponds with the evolved culture at Boehringer Ingelheim.

The industrial relations cultures in the company are cooperative. This differs of course according to the countries as the approaches towards industrial relations differ considerably. But all in all, there is balanced way of dealing with each other across the countries.

The German MR insider describes the industrial relations at Boehringer Ingelheim in Germany as excellent. The industrial relations are co-operative. The employment relations are also very good in other companies in the group around the world.

The perspective of the group and of personnel management is global not European.

The industrial relations in countries beyond Europe are oriented towards the company' culture.

According to the German management representative there is no competition between the locations. The companies in the group normally work for one country.

Boehringer Ingelheim is a privately held company.

The Italian ER insider reckons that the industrial relations tradition in the group is based on cooperation, without however sometimes excluding an approach marked by conflict. At the national level meetings are organised between the workers' representatives and the company on different issues depending on the needs of the moment.

The Italian managerial representative reckons that the industrial relations tradition is highly collaborative.

## The operation of the EWC

### Establishment of the EWC

There had already been well-functioning structures of employee representation and co-determination.

The initiative to establish the EWC had been taken by the management in the corporate centre. In anticipation of the need to establish an EWC the company decided to achieve an agreement tailored to the culture in the group.

The Italian MR insider emphasised that the initiative started from the company that wanted to bring forward the enforcement of the directive in order to spread a climate of trust among the workers. The constitutive agreement has not yet been renewed, according to the management representative.

The chair of the EWC stressed a further underlying influence. Besides the anticipation of the coming into force of the directive the positive experiences with works councils and co-determination had an impact.

The five larger countries Germany, France, Italy, Spain and Austria have been involved in the negotiations of the EWC.

Italian ER insider took part in the setting up phase of the European Forum. Together with him in the setting up phase there were also representatives from France, Germany, Austria and Spain. In representation of Italy he also presented the Milan delegate. During the set-up phase the company suggested regulations divided by article and asked the worker representations to analyse and discuss each and every article.

The Italian ER insider has taken part in the set-up phase of the EWC as representative elected inside the works committee. At the time of the renewal of the mandate the interviewee was reconfirmed by the works assembly. Only the territorial structures, and not the national ones, of the union have been informed about who takes part in the EWC.

The German ER insider described that the agreement had been controversial as it did not meet the expectations of the German work council members. His predecessor as head of the work council begged the members of the work council to accept the EWC agreement and to consider it as a start as more could not be achieved.

The Italian ER insider has taken part in the EWC since 1996, when it was established. The Italian workers' representation is currently made up of a delegate for each plant: two for the Femca-Cgil, coming from the sites of Bergamo and Milan, and one for Filcea-Cisl, from Florence. But as Italy has the right to two seats of the European committee, the delegates have decided to start up a rotation of the posts so as to guarantee a temporal cycle of three years and the participation of all three of the workers' representatives.

The management had been informed about the negotiations and the agreement achieved.

### Resources of the EWC

The EEC is well equipped with resources to fulfil the task. There is no separate budget for the EWC. The budget is granted according to necessity.

The company takes all the costs of the EWC. However, the German ER insider emphasises that it would be more agreeable to have a separate budget like the German works councils have it.

There is no EWC specific full-time release from work. The EWC members on the employee side normally have a leading function in employee representation and take advantage of the already existing infrastructure and have all the resources and organisational support to fulfil the tasks.

There is a clear regulation that the countries take the travelling costs of the EWC members. The EWCs members that do not already have a full-time release form work for other functions of employee representation are released from for the meetings.

The country where the meeting takes place carries the costs for the meetings. These costs are high due to the required interpretation. At the moment, there are considerations to establish some kind of budget, in order to make it possible to meeting in the smaller countries that are not able to carry the costs of an EWC meeting.

The meetings always take place with interpretation. This is required as in particular employee representatives from Southern European countries need interpretation although normally, conferences and meetings within the group do not take place with interpretation.

If EWC member - normally, this is the chair of the EWC - want to have access to one of the companies they inform the group personnel director/deputy chair of the EWC.

External experts have been invited to present papers on certain issues such as retirement provision or other issues of social policy.

E-mail and internet access are provided. All the members of the Forum have email except for the Spanish representative who, owing to the nature of his work, does not have the chance to access the internet during his working hours. In the period between one meeting and the next, the delegates communicate with each other mainly by email, adopting English as the common language.

Regarding training measures in the context of the task of the EWC members the employee representatives can have such measure if they are required. There are no specific measures provided by the company itself. If objective reasons are given for the participation in training measures outside the company this will be paid for.

The company recommends language course all the time in order to save costs for interpretation (around € 30 000 each time).

The use of this offers is different. However, the group personnel director does not see a problem in the fact that the EWC members rotate as long as these employees stay in the company the knowledge of languages is always useful.

The Italian ER insiders judges the regulations in regard to the hours allocation to be very general. The interviewee nevertheless states that the company has shown itself to be willing to grant further time for training and the fulfilment of the functions expedited specifically by the Forum delegate. At the same time it is believed that the company invests little time to the job of sensitising the workers on the issues of the European Forum.

### **Secretariat of the EWC**

Secretary of the EWC is the personnel director for international personnel management in the corporate centre. He organises all the work required in the context of the meetings like writing and sending invitations or taking the minutes by two members of the personnel department. The correspondence of the EWC is also managed by the secretary.

### **EWC meetings**

The meetings take place annually in different locations across Europe.

Initially, the EWC meetings were always held in Germany. For the last three meetings, however, there has been a rotation among the countries called to host the EWC meetings. The meetings takes place at different locations each year and are combined with a company visit.

Meetings take place once a year. Normally, the meetings takes several days.

Normally, there is a pre-meeting of the employees. If this is seen as required the management representatives meet parallel. Then there is the plenary meeting.

Employee side post-meetings do not take place.

The German management representatives stresses that the EWC meetings and the preparation are quite time-consuming for the management representatives and the board members present. The participation of board members differs according to the issues on the agenda. Also management representatives from divisions beyond personnel management take part form time to time. These report about certain issues.

The Italian MR insider takes part in all the Forum meetings as management representative. Each country in which the group has an important presence is represented on the management side by the Human Resources manager. Moreover, for the German parent company there are a further three management figures who occupy the role of Vice-Chairman, Secretary and Secretary's assistant in the Forum. Moreover, at times some management representatives are invited to take part and to bring their relevant experience on specific subjects.

The first day of the meeting is dedicated to a meeting of the workers' representatives without the presence of the management in which the same union delegates integrate the agenda and exchange their experiences of the different industrial relations. Parallel to the pre-meetings of the employees there is the preliminary meeting of the managerial representations.

### **Working language**

Working language is English. At the meeting interpretation in four languages (Spanish, Italian, French and German) takes place. The delegates of a number of countries like the Scandinavian countries, the Netherlands or Belgium do not need interpretation. Written documentation is distributed in English. The countries are responsible for the translation of such documents if required.

Interpretations is also guaranteed at the Select committee meetings.

### **Breakouts**

Breakouts take place from time to time. There are always two meeting rooms provided.

These breakouts did not take place in a confrontal atmosphere. These are more a space to discuss issues in details only among the employee representatives.

### **Extraordinary meetings**

Extraordinary meetings take place in the case of relocation

There had been on extraordinary meeting of the EWC in a plenary session on the possible sell-off of a company division. This decision concerned more than two countries. The management consulted the EWC.

### **Agendas of the meetings**

In general, the chair and the deputy chair discuss the agenda under consideration of proposals and request of the members. Either the chair nor the deputy chair can the decide alone. There has to be agreement on the issues. Up to now there had never been any conflicts.

There have never been any disagreement or conflicts regarding the issues on the agenda between management and employee side.

The agenda is discussed in advance between the chair and the deputy chair considering proposals from the wider EWC. One part of the agenda is 'Open Forum' for open questions. These are collected in advance. Sometimes there are issues that have to be clarified at the meetings.

In general, issues for the meetings are proposed from both side. There are a number of standard issues.

Depending on the issues seen as important and interesting for the next meeting responsible persons of the company are invited as presenters to the EWC meeting.

Beyond this there are always reports by management representatives on the situation of the company, strategies, perspectives, personnel development, core areas of growth of the company, direction of R & D, new technologies etc..

The issues on the agenda cover everything that is interesting and important on the transnational level within Europe: situation and perspectives of the group, competition in the market and position of Boehringer Ingelheim, personnel development etc.

Other specific issues dealt with are OHS, company pensions etc. This covers discussion on how the different situation and regulation in the countries. The endeavour is to develop solutions on the basis of the best practices taking account of the feasibility in the different countries.

At the last meeting the issue of pensions was on the agenda. A working group had been established.

With regard to the differing systems of social security within Europe, the German management representative does not see any perspective to find standards for regulations on such issues in the companies across the countries for the next fifteen years or so.

Pay and working time have been discussed with regard to the differences between the countries but this discussion had no further outcome.

The German management representatives stresses that pay and working time are no issues of the EWC. These are regulated nationally.

The information given is very encompassing and far beyond what is required by law.

The German management representative emphasises that from the management side much time is invested in the preparation of the information.

According to the German ER insider a new issue dealt with the EWC is the world-wide implementation of the SAP system. This is a big issue. Each country is of the opinion to have the best system. Therefore there is some kind of rejection and a questioning of the harmonisation started by the corporate centre. A further reservation is that as soon as the system is standardised the corporate centre has a more direct access.

The issues dealt with inside the Forum, according to the opinion of the Italian manager, are not strictly of an international character but the management tolerates the fact that each country, above all Italy and Spain, and partly Germany, bring forward their own national claims.'

The Italian representatives give the following description. During the second day the management presents the company situation in its economic, financial, employment and strategic (restructuring, reorganisation) sense. Most of the second day is dedicated to the company presentation and a small part to the debate. The workers' representative reckons the information to be satisfactory, exhaustive and sufficiently fast. The management representative says he has always been summoned by the central Management before every Forum meeting.

### **Agreements, declarations etc.**

Agreements have not been negotiated beyond the regulation of the operation of the EWC itself.

There had been negotiations once on an extension of the meetings from two to three days. In this case the EWC entrusted the chair to the negotiate with the management side.

Joint texts had been achieved in the case of extra-ordinary meetings. The result are joint statements.

### **Experts**

External experts are invited as presenters on specific issues like for example pensions.

The Italian ER insider explains that the agreement provides for the participation of the outside unionists as experts. In the practical translation the actual presence of the external unionists is not very frequent. In the set-up phase the unionists, including some members of the European federations, did not intervene directly but performed a role as external consultants.

In Italy, the external union has a marginal role both at company level and in the Forum.

In the set-up phase the union Femca (ex-Flerica-Cisl chemicals), at territory level, organised several courses and seminars, even if not very in-depth, on the EWC issue.

### **Minutes of the EWC meetings**

The minutes are prepared by the secretary. They are jointly agreed by the chair and the deputy chair. Then they are distributed to all members with the opportunity to agree to the minutes or request certain modifications.

### **Select committee**

Select committee only meets if required not regularly. Members of the select committee are the chair, the deputy chair and three members from the employee side that are elected and one management representative delegated by the corporate centre.

Currently, Spain, UK, and Italy have a seat in the select committee.

Minutes are taken of the meetings of the select committee. All members of the EWC have access to these minutes.

Working language of the select committee is English.

### **Working groups**

There are project groups from time to time. Currently, there is a working group on company pensions.

### **Communication into the committees of employee representation, management, and workforce**

The communication of the activities and results of the EWC takes place in the countries.

The chair observed an increasing interest of the workforce.

In Germany, the workforce is kept informed about the activities of the EWC at the meetings of the workforce.

The chair of the EWC took also part in one of the meetings of the local works council.

The minutes are distributed to the EWC members and the local management. However, most of the issue should be known by the members of the management except issues that arise newly at the meetings. The management is informed about all the issues of the situation and development of the group. And the management representatives taking part in the meeting inform in their companies about special issues dealt with at the EWC meetings.

In Italy, the workers' representative calls a factory assembly upon returning from the Forum to inform all the workers on which issues have been dealt with in the European claims. All the workers' representatives receive the minutes of the meeting but then this is not distributed to all of the workers. There is also a company magazine but it only reports the dates of the appointments if the Forum without illustrating which issues are being dealt with.

The Italian management representative holds a meeting with the various Italian management leaders and distributes his/her report in the meeting in order to let them know the issues analysed at the European Forum.

## **Interactions**

### **Interactions between employee reps. and central/corporate management**

None of the interviewees reported about controversies or conflicts at the EWC meetings.

The German ER states that a broad information takes place. If questions are put to the EWC the information will be given independent of the issue. Within Germany, the work councils are used to get any information they ask for anyway and the works council is informed very early in advance.

The employee representatives portray the communication as very open at Boehringer Ingelheim. All in all, the employee representatives are informed in an early stage about considerations, strategies and decisions.

The German MR thinks it is important to inform properly about the current economic situation of the group, the perspectives, new projects and potential impacts of these project. He emphasises that it is crucial to established a deeper understanding of the processes in the company.

His main interest for the benefit of the company is to have well informed employee representatives.

*These are 'multipliers'. On the one side for getting across the message about the targets that the company has and the plans and to carry over some of the enthusiasm that is required to achieve targets and that is certainly conveyed the speakers at the meeting. (Translation: AW)*

Further on, at the meetings the socialising is very interesting. The employee representatives get a lot of impressions during the company visits always combined with the meetings.

It is important to have a forum and to meet people from different countries in the group and to listen to their matters. This is an important factor both in the formal meeting, in the Open Forum, or in informal talks. Such formal discussions and informal talks give a lot of hints and this is the main outcome. However, there are a number of national of cross-national forums in the companies in which the management meets with employees.

Regarding the structure of the European Forum as a joint management-employee body the management representative emphasises that he cannot really imagine how this could work in another way and does not see a sense in another committee. He emphasises that the company historically always had good employee relations. He is in the company since 1982 and never experienced a real conflict.

The position of the German ER insider with regard to the EWC as joint management-employee body is tat at the moment the EWC is a committee purely for information. As long as the EWC has only this function it makes sense to have the management in the EWC to provide the required information.

In one case in which a decision concerned more than two countries the management summoned an extra-ordinary meeting of the EWC and consulted the EWC on the issue. Regarding the point of time of this consultation the German MR described than the objectives have been clear to the management. After the consultation of the EWC the final decision had been made. As the position of the employee representatives coincided the question if the management rethought the decision is irrelevant.

The chair explained not the fact that this part of the company would be sold had been discussed. This was a strategic decision supported by the employee representatives but the way of dealing with this sale was not in the sense of the employee representatives. This concerned the course of sales and the way to find a buyer who guaranteed good conditions for the employees concerned etc.. As the situation of the sale of a part of the company is always a difficult and insecure situation for the employees concerned of this decisions and on the other hand it is difficult during sales negotiations to the inform the public the employee representatives in the EWC demanded a timeframe for the information independent of the state of the negotiations.

The management kept to this agreement. The chair emphasises that Boehringer Ingelheim is special and the could be related to the fact that the company is not quoted at the stock exchange and this is an advantage. There is also a strong

binding of the family of the owners to the employees working in the company. It is not the 'heaven of earth' but it is a different climate.

The management representative emphasised that the management got underway several activities in Germany as for example the 'Location development forum'. In this forum employee representatives are involved. The management finds it important to hear and considered the views of the employee representatives. This functions very good.

In the case of a relocation of the oncological research from the location Biberach (in the South of Germany) to the location Vienna the European Forum had been informed before. (German ER insider)

There had also been worldwide project on research. In this case the EWC had also been informed.

It is natural that there are conflicts between the employee representatives in the case of relocations.

It has never been possible to achieve an alteration of decisions on relocation or sale.

Extra-ordinary meetings took place in the case of the sale of the Backmittel GmbH or in the case of the relocation of research.

The question if the information is given timely is always difficult. If the decision is taken and then information given there is no real chance of influence. The influence concerns more the way such decisions are realised with regard to the interests of workforce.

### **Interaction between employee reps., the EWC and the national subsidiary**

The chair explained that in the beginning it was an interesting experience to observe the cultural differences in communication and negotiations.

*In Austria, maybe even more in Germany one talks more general and leave interpretation in negotiations. Consciously. In Southern European countries certain issues have to be crossed off. There is no scope. It must be fixed as precise as possible.*

*And we had to learn in the beginning to deal with each other and to come to trust. In the beginning, I would say, there was great caution.*

The involvement of the trade unions differs between the countries. This had also been an issue of findings its place for the European Forum. It is a continues process and the EWC managed to find a working base.

It was possible to establish trust and in the meantime it is absolutely possible to the write the results of the discussion down in a more general way. The minutes became more general.

Over the years and the processes of operation some kind of European orientation developed on the employees side. However, a works council in a country has different task than the EWC. Her experience is that the EWC member tend to see their countries first. There is both a European and a national perspective and approach.

The chair visits the locations in the countries across Europe in order to learn more about their situations, views and problems. It is not the task of the EWC to intervene in national issue. The outcome for the chairs is to find out about

common issues across the countries and place such issues on the agenda and discuss the differences and joint features etc.. Issues relevant in all countries are an issue for 'Europe' and 'Europe' has taken over a certain function.

Additionally, in visiting the companies and talking with the employee and management representatives helps to clarify and define the role and the function of the EWC and to emphasise the European perspective.

All in all, she thinks that the EWC made a considerable step forward.

Often there are request and question from countries to learn more about the way how other countries deal with certain issues and these are discussed at the EWC. The chair has a strong function of coordination.

Contacts between the EWC members and national employee representations beyond the EWC meetings take place in particular between Germany and Austria. With the other countries e-mail and telephone contact takes place from time to time. Normally, EWC member get in direct touch with the chair.

The chair emphasises that it is remarkable that the EWC has a strong continuity despite of the changing members in a number of countries. New members often state that they feel welcomed and integrated very soon.

The learning process on the side of the employee representatives are fundamental to develop a clear position towards the management.

The German ER insider thinks that the other members of the EWC see the Germans in the dominant position as this is the largest unit within the EWC. Therefore it is required to be a bit reserved and not too much in the foreground. It is important to give the members from the other countries the feeling that their the problems are also taken serious.

The core problem of interaction on the employee side is still the language.

There are no conflicts between the representatives from different countries. Tension occur within some of the countries. due to trade union competition. This has also an impact on fluctuation within the EWC in particular in France. In Italy, there is an agreement. One representative is a constant member. The second seat is shared between two locations. These representatives rotate.

The German management representative sees potential tensions between representatives from different countries more as a lack of understanding for the situation in the other countries.

The view of the Italian employee representative differs from the Austrian and German description. There are some differences in the union approach that reflect the different industrial relations cultures, such as the insistent request for improvement, by the Latin unions, and the conviction, on the part of the Anglo-Saxon unions, that an important step has been accomplished.

The Italian manager has noticed that the European Forum's activity has brought to the overcoming of the initial divergences in industrial relations.

The Italian workers' representative (insider) suggests setting up a working subgroup that will focus on the chemical business. Moreover, it is requested that the Italian representation should rise from 2 to 3. In years past this proposal had already been put forward and subsequently rejected by the company. The Italian delegate believes it is necessary to create

a figure of worker representation exclusively dealing with international issues. There is also mention of the proposal put forward by the workers' representatives concerning the hypothesis of organising some theme-based meetings, a kind of tele-conference updated day by day. The workers' representative would like to give the EWC bargaining powers. Greater involvement of the outside union is requested.

The interviewed manager would like there to be greater training on the different industrial relations systems and if there were a European legislation system he would be willing to attribute bargaining powers to the EWC as well.

The German ER insider considers the coordination activities of the chair of the EWC as very important. The contacts and exchange established on the basis of the travelling activities are very important. This could not be realised on the basis of e-mail communication. It is crucial to be in personal contact.

The German ER emphasises that potential competition between the location is not openly discussed in the EWC or between the employee representatives. It is natural for any work council or employee representative to see the own location in the foreground.

### **Within management**

The group has a global personnel strategy. There are world wide guidelines on personnel management. The consideration of these guidelines developed in the corporate centre is checked. The corporate centre has clear idea about what should be achieved under consideration of national frameworks and feasibility.

The German management representative illustrated that for foreign colleagues it is difficult to understand that the cooperation with the German works councils functions very well.

The interviewees see that the process of centralisation of personnel management is in progress, but the activity of the Forum did not have an impact.

According to the management Italian representative the organisational structure of the Human Resources area, articulated on three different tiers (Corporation, Division, Country Manager), is heading towards a process of centralisation. In any case the manager interviewed thinks it would be inappropriate and premature to have a homogenous group approach on issues regarding the Human Resources area, such as Health and Safety, as a result of legislation that is still too inhomogeneous.

The international contacts have not increased as compared with the period prior to the constitution of the Forum in that it is now common practice for the Directors of Human Resources of the 9 most important plants at world level to meet 4 times a year at a International Human Resource Committee Meeting. (Italian MR insider)

### **Insider/Outsider interaction in the parent company**

The employee representative outsider in the parent company is well informed about the activities of the EWC. The head of the works council who is an EWC member reports to the work council after each meeting.

Several times EWC members have been in the location Ingelheim. Once the entire European Forum had been in Ingelheim and those works council members that have a good command of English or French had the opportunity to talk with the EWC members. This had been very interesting. This offers the chance of exchange and to establish contacts.

The tasks of the different committees of employee representation are clear-cut.

The ER outsider has the opportunity to direct questions to the EWC. The head of the works councils ask what the interests are and what questions are seen to be interesting for the EWC.

The chair of the EWC took part in several local works councils meetings and she always tries to find out about the interest of the local works council.

### **Insider/Outsider interaction in the subsidiary**

The Italian MR outsider been informed through the ordinary management meetings of the setting up of the EWC although he did not hold in those days, 1998, the position of managing director. The interviewee has not attended any specific courses on the EWC issue.

He knows about who takes part in the EWC meetings, both the people taking part as management representatives and those taking on behalf of the workers.

According to the interviewee, the minutes of the meetings is distributed to the Managing Directors of the group and to the various Personnel Directors. Besides the minutes the very same management actors receive a copy of the agenda and the questions that the workers' representatives intend to pose during the meeting.

The Management representative, together with the Personnel Directors, has the chance to view the outline of the agenda and suggest changes or additions to it. Usually the managing director is also contacted before every meeting so that he can provide his impressions and evaluations as to the company trend.

The information that the management representative receives through the management channels at national as well as international level are reputed to be sufficient, and for this reason he does not think that the EWC provides added value in terms of information.

In the last three years the EWC has contributed to "opening the frontiers" of the group both from the point of view of the management class and, above all, from that of the workers' representation. It has this allowed for the understanding of the problems and the issues of discussion concerning the other group situations.

The Italian ER outsider had been informed about the EWC constitution. He has never taken part in any training meetings on the issue of the EWC. He complains about the scarce participation in international matters on the part of all the workers and above all by the workers' representatives. This lack of information is placed within an industrial relations climate defined by the interviewee as being based on 'bitter conflict'.

He knows the workers' representative of his plant who takes part in the EWC, but he does not know what issues are dealt with within the European body.

He does not receive the minutes of the meeting and actually complains about the little information emerging about the issues dealt with at the EWC. The plant delegate chairing the EWC does not provide information either formally or informally about the EWC contents. The lack of information is also a factor present in the other two Italian plants. The lack of communication between the workers' representatives is mainly attributed to personal reasons and thus is not put down to membership of different trade union bodies.

Once he had been asked informally by an EWC delegate to put forward some proposals to take to the EWC table. He is nevertheless afraid that his suggestions had no influence on the meeting's agenda and on the unfolding of the EWC

discussion. In general, the workers are not involved in the activities of the EWC, neither at the proposal stage nor in the distribution of the information.

The Italian ER outsider assumes that the majority of the Italian workers do not know of the existence of the EWC.

# 4

## Outcomes and Impacts

### Employees

The German ER insider describes that the acceptance of employee representation has always been high. However, within the last ten years the involvement of the employee representations in all company decisions had increased. The management establishes contact with the employee representatives.

This tendency is transnational. One objective is to transport the company philosophy into the subsidiaries. The EWC members are seen as 'multipliers'.

At the moment there is a strong axis Germany - Austria. This can be related to the structures of employee representation that are very similar. There is a joint position on the strategies of the EWC. The target is to achieve real negotiations on the European level one day. The current project on pensions can be one step in this development.

There had been attempts to establish a similar relationship with the French employee representative for example. This turned out to be quite difficult as the members change all the time and this hinders to establish personal relationships.

The main disadvantage of the EWC is that it is only a committee for information. The employee representative cannot exercise influence.

The main advantage is to learn more about the regulations in other countries. The transparency increased. Local managers are aware that the employee representatives are good informed. They can no longer give incorrect information.

According to the German ER outsider a central experience from the reports of the head of the works council represented in the EWC is that the German system is a quite good system.

The Italian ER insider emphasizes

*The international contact is useful in order to have an international vision of the group issues.*

The EWC is evaluated positively by the Italian ER insider in the light of a gradual and progressive improvement in the living condition of the workers. It is nevertheless hoped that the functions of the EWC will be extended, to the extent of being involved in the decision-making phase and not just functional and consultative.

The opinion of the Italian ER outsider is that the EWC only has a cosmetic role but no real impact. So far the EWC has mainly performed a 'window-display' role for the company. In the last few years the awareness of belonging to an international group has grown.

He suggests improving the flow of information and increasing the international communication between the workers, and between the workers and the employers. He reckons it is necessary to have a better investment in training courses, especially language training, but for the moment the company has always said no to his requests.

He hopes that the EWC will also have a bargaining function, and in that case he would like to take an active part in the institute's activities.

## Management

The EWC does not slow down company decisions. This is also underlined by the Italian management representative

*The Forum has not slowed down the decision-making process.*

The view of the German management representative is that most of the EWC members have some functions in the company and they have an incredible interest that the company operates economically. They have an interest in the development of the company and the safeguarding of jobs.

The Italian management representative (insider) believes that the EWC does not interpret an important role and does not have much weight on the central Management decision-making phase.

The European Forum does not have any impact on personnel management within Europe. The same policies of personnel management would take place without EWC. (German MR)

The main advantage of the EWC is the opportunity to discuss issues directly with employee representatives on the European level. He emphasises the significance of ‘multipliers’ into the subsidiaries as a very positive impact. This allows to communicate an issue in a better way.

*On the other hand you get hints from members during coffee breaks etc. regarding issues one should pay attention to.*

Communication and exchange of views is seen as very crucial and one of the advantages of the EWC.

The management representative does not see any disadvantages except the time required.

Business processes did not become more international due to the existence and work of the EWC. This is independent.

Maybe it triggers more questions like ‘What do pension systems look like in other countries?’

The impact on employee representation differs between Germany with works councils and co-determination and the situation in other countries. For example the employee representatives in the UK now receive information from board members that they normally can only read in newspapers. The German management representative assumes that the employee representatives from the different countries learn from each other.

The Italian management representative reckons it is premature to extend the competences of the EWC in one direction of the EWC as the legislative national legislative and organisational specificities do not make the pathway a viable one.

The level of information is satisfactory and denotes an excellent level of transparency. The EWC has been successful in regard to the contents of the agreement but the manager is nevertheless aware that the unions demand more from this body of representation. The management representative does not believe that the EWC has in some way influenced the strategic choice of the national management.

The EWC is a useful and positive experience in that it offers the chance for a construction comparison on European issues and it also provides an instrument for sensitising workers and management towards a European vision that is by now essential in order to continue to be competitive in a constantly changing market.

The EWC has not enhanced the contacts in the management area in that each international situation, by virtue of its corporate nature, is characterised by a framework of relations that crosses over the national boundaries. It is nevertheless believed that after the founding of the EWC the international relations between the workers have grown.

The tendency to homogenise at European level the human resource policies depends exclusively on the natural evolution of the company culture and not on the EWC. Even the collaborative approach for industrial relations derives from a corporate style of which the EWC is the cause and the consequence.

The Italian manager thinks that the candidate countries, once they have officially joined the Union, can participate with their representatives at the meetings of the Forum. He sees favourably the development of the productive situations in Eastern Europe, above all in Poland, but this does not necessarily mean a strategic shift towards those countries, especially after the huge investments made in the plants in Western Europe.

The German ER insiders does not see an impact of the EWC on transnational management structures. These processes are independent of the EWC.

He assumes an increase in centralisation but this development is independent of the existence of the EWC.

## **Examples of innovation or good practice**

The flow of communication is two way i.e. from the EWC to the national level and from the national level into the EWC. The chair plays an important role in this process of embodiment of the EWC. Her communicative skills and her approach of finding out about the national views and problems, bringing these on the agenda of the meetings and at the same time define more clearly the role and the function of the EWC to national representatives.

The management offers this space to the chair of the European Forum. It fits in the management approach of communicating the perspective of the corporate centre and also considering the specific perspective, views, problems on the national level.

## **Potential of the EWC**

The EWC at Boehringer Ingelheim plays an important role in cross-country communication. It is an improvement for employment relations and cross-national management.

## **Problems**

In particular, the outcome of the interviews with the German representatives, differ a bit in the description and the use of the term consultation.

The management representative explicitly a process of consultation of the EWC and taking into account the employees perspectives into the final decision. As the views on the side of the management and the side of the employee representatives were concurrent there was on further impact on the decision itself.

The chair also uses the term 'consultation' for the process of debate, whereas the German insider and outsider representatives describe this as information on final decisions of the management.

**Dr. Anni Weiler, ArbeitsWelt - Working World (AWWW) Research and Consultation**

# Interviewees

## Parent company

### Management insider

Personnel director for the group  
Deputy chair of the EWC  
in the group since 1982

He had not been involved in the establishment of the EWC as he was in another position in the group in that period.

### Employees representative insider

Chair of the EWC  
Head of the works council in Austria for 18 years  
in the group for 34 years  
She had been involved in the EWC from the beginning of negotiations / preliminary discussions

### Employees representative insider

Head of the local works council in the location Ingelheim  
Head of the company works council  
Head of the group works council  
Member of the European Forum  
in the company since 1979, member of the local works council since 1984, released from work since 1991

### Employees representative outsider

Deputy head of the local works council in the location Ingelheim  
in the company since 1980  
Union workplace representative since 1987  
Works councils since 1998, released from work  
Member in several committees of the works council

## Subsidiary in Italy:

### Management insider

Human resources director  
in the group for thirteen years

### Management outsider

Managing director of the group in Italy since January 2000  
in the group for 24 years

### Employees representative insider

Workers' Representative - Femca Cisl, on the EWC  
in the company since 1983  
He is works committee representative for Femca-Cisl of the plant in Bergamo. Furthermore, he has taken part in the Provincial Directive of the Femca (ex-Flerica) until 1999

### Employees representative outsider

in the company for 14 years  
workers' representative - RSU-CGIL  
activities in the provincial directorship of the Filcea (Chemical workers)-CGIL

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