



# European works councils in practice



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European Foundation for the Improvement of Living and Working Conditions

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Cataloguing data can be found at the end of this publication

Luxembourg: Office for Official Publications of the European Communities, 2004

ISBN 92-897-0903-0

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Printed in Denmark

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# Foreword

The establishment of European works councils (EWCs) is an important development for industrial relations at European level. European legislation now underpins the need for procedures and a corporate forum for informing and consulting employees in Community-scale undertakings.

Both practices and experiences vary widely, however, between different EWCs, and individual company backgrounds, cultures and industrial relations policies play a key role in influencing procedures. Limitations are apparent, often due to lack of resources, inadequate communication, national differences, or conflict of interest among the participants.

The Foundation's report, based on a comprehensive case study project, focuses on these issues, looking at the internal functioning of European works councils. It examines the relationships between the various actors, both management and employee representatives, and between players both within and outside the EWCs.

The report warns that even where the information and consultation process works well, it seldom includes employees in critical corporate decision-making. Nonetheless, the benefits of EWCs appear to be clear. They are seen as key to better performance of multinational companies at a time of increasing internationalisation and globalisation.

We trust this report will provide a useful contribution to the debate on the role of EWCs in industrial relations today, particularly in the new Member States.

Willy Buschak  
Acting Director



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# Introduction

The emergence of European works councils (EWCs) following the adoption of Directive 94/45/EC is a key development in the industrial relations system at European level. Research carried out by the European Foundation for the Improvement of Living and Working Conditions over the last decade has focused on analysing the negotiations leading to the establishment of the EWCs, and on the agreements achieved (Carley and Marginson, 2000; Carley, 2001; Marginson et al, 1998).

This report is the result of a comprehensive research project commissioned by the Foundation that set out to throw light on the internal dynamics of the operation and functioning of EWCs.

The research looked at the operation of EWCs with headquarters located in the following Member States: France, Germany, Italy, Sweden and the UK. In-depth interviews took place with representatives of both management and the workforce in the parent company and in a subsidiary located in one of the five other countries. They provided insights into the experiences regarding the functioning of EWCs in enterprises and their effects on industrial relations and human resource management.

The purpose of the research was to assess how EWCs actually function internally and to capture the experiences of EWCs in practice. The focus is on the interactions and relationships between the various actors in the companies both on the management and employee representative sides. These include the following interactions:

- between management and employee representatives;
- on the employee side;
- within management;
- between insiders and outsiders.

The report also attempts to throw light on the network of relationships and interactions between the players inside and outside the EWCs, both in the home country and in the subsidiaries.

The report is based on analysis of a series of detailed case studies on the functioning of EWCs carried out by five national research teams (see Appendix 1 for a list of the authors of the company case studies).



Preparations for this research project began with a pilot study which was carried out in 2001 in four business sectors: the metal industry, financial services, the food and drink industry, and pharmaceuticals. The pilot study focused on EWCs with a designated head office (for the purpose of the Directive) in four EU Member States: France, Germany, Sweden, and United Kingdom.

The aim of the pilot study was to test and evaluate the proposed research design, the accompanying conceptual framework and research instruments. Following the assessment of the conceptual framework and interview schedules through the pilot study, these were amended for the case studies in the main project. One key change in the research design was the extension of the study to a fifth country: Italy. The five countries involved in the research project were chosen in order to reflect the key industrial relations clusters in Europe.

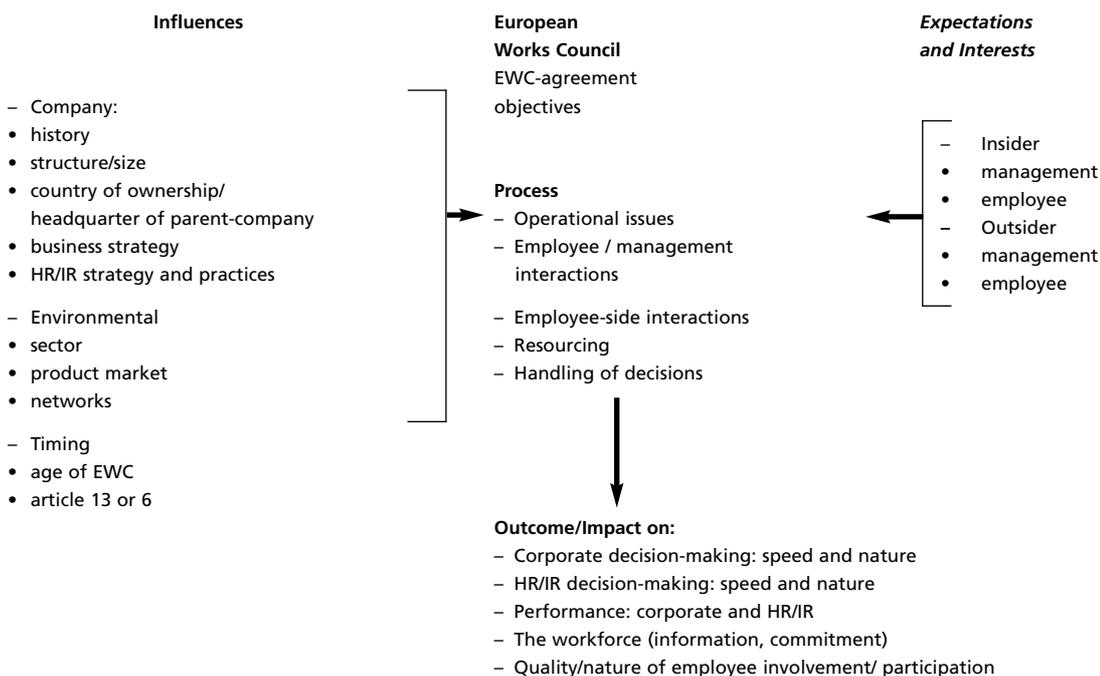
In all, 41 case studies were carried out, four case studies in the pilot phase in four countries, and 37 case studies in the core project phase in five countries.

## Conceptual framework and research approach

The case studies were based on a common conceptual framework and interview guidelines. They were intended to provide an overview of the company and the EWC, and to discuss: influences on employees and management; the functioning of the EWC (based on the interactions among and between the various actors); the outcome and impacts of the way the EWC functions; issues related to innovation and good practice; the potential of the EWC; and problems identified in the functioning of the EWC.

The initial concept of the research approach is illustrated in Figure 1.

**Figure 1 Initial research concept**



## Criteria for selecting the case studies

Initial criteria laid down for the selection of the EWCs were:

- the sectoral coverage;
- the size of the company in terms of workforce;
- the degree of 'multi-nationality' of the company (operating in at least three Member States);
- the age of the EWC (at least three years old);
- a mix of Article 6 and Article 13 agreements.

The possibility for interpreting the data and making generalisations on the basis of the sample of company case studies in the project is limited. Although the number of case studies offers a solid basis for analysis and conclusions on the research objective, a certain selection bias has to be considered.

The first consideration that has to be taken into account is the low compliance rate of multinational companies under the Directive. Of all multinational companies affected by Directives 94/95/EC and 97/74/EC only around one-third have established an EWC (Kerckhofs, 2002). The research design and selection criteria in the project further limited the number of enterprises to be included.

Difficulties relating to access affected the choice of companies for the case studies. A number of companies identified in a pre-selection phase and other companies chosen later declined to participate in the project. The envisaged link with the subsidiaries in the selected countries added to the difficulties.

This has implications for the data, interpretation, conclusions, and in a wider sense for the evidence of the research results. The research and analysis is based on the success stories and 'good' cases.

In terms of contacting companies, three approaches were taken. The contacts identified were the central management, key employee representatives and trade unions. In Italy, only companies that were unionised could be accessed.

In Sweden and in Italy in particular, the low number of EWCs made it difficult to adhere to the initial sectoral concept. In France and in the UK, EWCs from other sectors beyond the core sectors chosen (metal industry, financial services, food and drink, and pharmaceuticals) were included. Only six case studies were carried out in the UK, and seven in Sweden, due to access problems.

The attempt to reflect all company sizes in the sample was unsuccessful. Smaller companies with an established EWC are under-represented.

The other three initial selection criteria, i.e. 'multinationality', number of years the EWCs have been in existence, and a mix of Article 6 and Article 13 are reflected in the final sample of case studies.

The final selection of the subsidiaries involved in the research project was a result of choices by the companies that agreed to participate. In the majority of case studies, the importance of a subsidiary in terms of employment and the restricted number of countries led to the final decisions. In a few case studies, employee representatives maintained that there were 'political reasons' for management's selection of a subsidiary, and stressed their view that management attempted to exclude certain subsidiaries affected by disputes.

The research teams in the selected countries carried out the interviews in parent companies in their national context. The interviews in the subsidiaries were carried out by the teams in the relevant countries. The subsidiary reports were integrated in the report on the parent companies by those researchers responsible for the main case study.

### **Conceptual issues**

Another limitation to the initial research design concerns the insider–outsider approach for conceptual and for practical research reasons. The distinction between 'insiders' and 'outsiders' on the employee representatives' side is clear. They are delegates in the EWC or they are not.

In contrast, there is a fundamental need for a further precise clarification of the insider–outsider concept with regard to management representation on the EWCs. There are two main types of management involvement in relation to the formal establishment of the EWCs. In EWCs established as joint employee–management committees, management representatives are naturally members of the EWC; in EWCs established as employee-side committees, management representatives are logically not EWC members. A classification of management representatives as 'insiders' or 'outsiders' along the formal structure of the establishment of the EWC – closely aligned to the national implementation of the Directive – does not therefore capture transnational developments of the processes or reflect the practices and social reality in the companies. In line with such a distinction, only management representatives in joint committees would be considered as insiders. In that case, most of the German, Swedish and Italian case studies would have been excluded as per definition there would not be 'insider' management representatives, and related interviews could not have been carried out. This would mean that any aspect of the intensity and quality of the interactions would have been lost. Therefore, for the purpose of the case studies and this analysis, management insiders are understood to be those actually involved in the activities of the EWCs, and who are key persons of reference for the employee representatives.

A further conceptual problem of the insider–outsider approach with regard to the classification of the management representative is management representation in EWC select committees. Not all joint employee–management EWCs incorporate select committees comprising employee and management representatives – many are employee-side select committees. On the one hand, joint employee–management working groups or committees dealing with specific issues were established in numerous employee-side EWCs. On the other hand, management representatives in some employee-side EWCs take part in select committee meetings.

Furthermore, it proved to be especially difficult to apply the insider–outsider concept on the management side in the subsidiaries. In a number of case studies, either CEOs or HR directors are involved in the EWCs, and are therefore 'outsiders' in terms of the project's methodology. On the

other hand, they are 'insiders' since they have the responsibility for industrial relations and HR issues in subsidiaries. Despite the limitations to the application of the research approach, this situation can be considered as a first research result because it provides an insight of the significance attached by the companies to the operation of EWCs.

Similar conceptual problems arise in the case of the trade union experts. Regardless of the degree of actual involvement in the activities of the EWCs, a formal distinction along the lines of whether or not the members are full members classifies them as 'insiders' or 'outsiders'. Thus, trade union experts who are present at all EWC and select committee meetings, regularly consult the EWC or even run the office are in fact 'outsiders' in formal terms.

Besides the conceptual approach, the fact that, in a number of case studies, particularly in the subsidiaries, only insiders from the management and employees' side have been interviewed, limits the analysis and the research outcome regarding the role of the outsiders. Furthermore, in a number of case studies, the insider-outsider dimension was clearly worked out.

The core focus of the analysis of the sample of case studies is on the operation and functioning of the EWCs.

The analytical framework had to be further developed for the analysis. The framework looks at actors, interactions, and specific factors of influence while the outcome dimension is less developed. The framework puts less weight on the particular strength of the influencing factors, specific combination of influencing factors and on the question of what is really influenced by these interactions and factors. This analysis report, based on the case studies, places more emphasis on the outcome, i.e. on information, consultation, employee involvement, corporate decision making, or other important impacts that EWCs have in the companies, and processes that had been triggered by the existence and further development of the EWCs.

The initial intention of achieving a (practical) brief typology of EWCs ran counter firstly to the complexity of the multi-dimensional research framework and secondly to the wide variety and diversity of practices, interaction, and outcomes. In order to record the wealth of experiences described in the case study reports, the ambition to build simple classifications at the expense of giving an actual picture had to be abandoned.

# Analysis of the company case studies

# 2

## Overview of the case studies

Case studies of 41 groups of companies in five EU Member States, France, Germany, Italy, Sweden, and the United Kingdom are included in this report (see Table A1 in Appendix 2). The majority of these case studies are based on agreements according to Article 13 of the Council Directive 94/45/EC. Fifteen EWCs are based on Article 6 agreements. Five of the French and four of the Italian case studies are EWCs established in accordance with Article 6, in contrast to only one of the German case studies.

The 41 case studies cover a range of sectors beyond the initial concept. The final sectoral coverage shows an imbalance. The pharmaceutical/chemical industry and the metal industry account for more than one-third of the EWCs involved in the research project.

One company is owned outright (**IKEA**) and another one predominantly by a Foundation (**Bosch**). Two companies are US companies and have established an EWC based on German law (**Kraft Foods**) and on Italian law (**Whirlpool**).

The data regarding the workforce distinguish between the size of the workforce in a global perspective, in Europe in a geographical sense, in the EU15 and in the home country (see Table A1). EU15 refers to the 15 EU countries prior to May 2004.

In terms of employment, the Italian company **Marazzi** is the smallest company with a total of around 4,300 employees and **DaimlerChrysler** the largest with 370,000 employees. In general, smaller companies are under-represented in the analysis.

In the majority of the companies for which data on employment in the home countries had been provided, the workforce accounts for less than 50% of the global workforce. In particular, only a minority of the workforce in the Swedish companies is located in the home country.

In some companies, the workforce outside the home country is spread over the EU15 countries or over Europe including eastern European and other non-EU countries. Others are truly international and operate worldwide. In the case of **Generali**, 34% of the workforce is located in Germany compared to 17% in Italy, the home country.

Group structures and strategies towards restructuring, expansion or downsizing of the groups of companies are central factors for the functioning and development of EWCs. Tables A2 and A3 give an overview of key features of the companies – as far as they are described – in the case studies. Two factors are striking. The majority of companies have a more global than European focus and operate worldwide (see Table A2). Even more remarkable is the observation that most of the companies' expansion was based on often massive acquisitions (Table A3). Only in the case of **Boehringer Ingelheim** was an increase of the workforce based on job creation reported.

Growth through acquisition took place throughout the 1990s. Some companies describe a consolidation of this process of expansion and internationalisation at the end of the 1990s. A further dominant feature of the case studies is group restructuring.

In some companies, a considerable increase in production and in the number of employees took place outside the home country as, for example, in the case of **Volkswagen**, **Merloni**, and **Bosch**. In these cases, the number of employees worldwide increased significantly, whereas the number of employees in the home country remained at more or less the same level as it was at the beginning of the 1990s.

Relocation, divesting, or company closures are less of a factor, and often a component in expansion and internationalisation strategies. Recently, seven of the companies reduced their workforce or announced that they would do so. Competition for production and investment within the group is emphasised as a crucial factor for the development of the role of the EWCs in the cases of **Bosch**, **Elektrolux**, **Kraft Foods**, **Merloni**, and **Volkswagen**.

The restriction regarding the 'selection' of case studies due to the access problem (see previous chapter) and the focus on the 'good' cases in the companies that have established an EWC can explain why comparably few substantial conflicts are described.

### Procedural issues

#### Establishment of EWCS

The analysis of the establishment of the EWCs in the case studies gives a very diverse picture. This ranges from 'pioneering' EWCs (Kerckhofs, 2002) like **Volkswagen** or **Bayer** to initial management endeavours to establish a minimal version of an EWC without UK representation as in the case of **British Airways**. Space does not permit a description of all the different processes and influence. Therefore, only a few key features will be highlighted to illustrate the processes.

#### *'Pioneering' EWCs*

In some cases, the EWCs can look back to previous experiences with transnational employee representation. At the Swedish **SKF**, a world council had been set up in 1974. The parties at SKF saw it as a natural step to build on the experiences of the SKF world council when the EWC was established.

The **Bayer** European Forum was set up in 1991, based on a written agreement between the company works council and Bayer AG's central management. The agreement covered the large Bayer production companies in Belgium, England, France, Italy, and Spain, as well as Bayer AG, the parent company at that time. In October 1994, the original agreement was replaced by an agreement between the group works council and the central management of the Bayer Group.

At **Volkswagen**, the European Volkswagen Group works council was founded in 1990. The EWC was established without a contract and based on rules of procedure. The approach was to build the EWC predominantly on elected company employee representatives. The EWC is still based on a mechanism of representation that takes account of both the size of the quantity of the workforce and the relevant strength of the trade unions. There is no fixed scheme of distribution of delegates based on the number of employees either in the rules of procedure or in the later EWC agreement. The attempt was not to introduce a rigid voting system: consensus was the aim. The works council agreement was concluded in 1992, before the EWC Directive came into force, and continues the existing procedures. In 1999, an agreement on the world works council was concluded. The world

works council is organised along the same lines as the EWC, the only difference being geography. The WWC includes all countries/locations beyond Europe.

#### *Trade union involvement*

All of the case studies show that trade union representatives were involved in the setting up the EWCs. Trade union participation in this process was strongest in Italy but weaker in Germany where the existing company industrial relations strongly influenced the processes.

Trade union participation in the process was either predominantly concentrated on the national unions with support from the European sectoral federation; a joint approach by trade unions from two or more countries; or in some cases strongly influenced by a trade union federation from a country other than the home country.

In several case studies, the role of trade union representatives, in particular from the European federations, is to smooth out national and linguistic differences between the employee representatives from the different countries. The European trade union experts contributed by going beyond the national context and establishing visions of cross-country employee representation. In some cases, the trade unionists did not intervene directly but were involved in the processes as external consultants.

Trade unions played a major role in the Italian companies. For example, in the cases of **ENI** or **Merloni**, the trade unions were signatories along with management. No company level representation bodies were involved.

In the case of **RIVA**, the special negotiations delegation was made up of external unionists belonging to the three Italian national unions and the German union IG Metall. The German IG Metall proved to be a mediator, precipitating a constructive dialogue with the company.

In the case of **Whirlpool**, the Italian and the German delegates together with their respective metalworking unions took the initiative for the establishment of a European committee. As well as the Italian trade union delegates, the subsequent agreement was also signed by German, French and Swedish delegates.

The EWC at **SKF** was set up in collaboration with the International Metal Workers Federation (IMF), and only IMF-affiliated unions were allowed to participate. Officials from IMF and from the Swedish Metal Workers Union were active in the establishment of the council and still attend all meetings. In contrast to this, management at **IKEA** stressed the need for treating the EWC as an internal company matter of concern only to employee representatives from within the company and strived to minimise external influences. The process of setting up an EWC at **IKEA** took a relatively long time.

At **Südzucker**, the agreement was developed jointly between the head of the company works council, a trade union representative and the management. A trade union representative signed the EWC agreement on behalf of the EAL/IUL. The chair of the EWC described the problems of involving employee representatives from other countries. A meeting took place at Frankfurt Airport with the intention of bringing together the employee representatives from different countries and

subsidiaries. However, not all invited participants showed up. In particular, in subsidiaries outside Germany, inter-union tensions and rivalries hindered participation. For example, for Belgium, a representative did not attend because a representative from a rival trade union was also invited.

In the process of establishing the EWC at **Atlas Copco**, the trade unions from Sweden, Germany, and Belgium were mainly involved. Delegates from the other countries had been invited but did not attend the meetings.

In the case of **Air France**, the social complexity of the company and the need to involve all the French union organisations in the process were seen as the main reasons why the EWC was only initiated in 1997.

In the setting up of the EWC at **Kraft Foods**, the driving forces were the international and European organisations of food trades unions (IUL/EAL) and the German union NGG, in conjunction with the Kraft company works council. The trade unions regarded the Kraft group as an important initial case for establishing a voluntary EWC due to the company's importance in the sector.

In a number of cases, the initiative to establish an EWC came from employee representatives from other countries. At the German **Bosch** company, for example, the initiative to establish an EWC came from French employee representatives.

### *Management initiatives*

A common argument from the management side for establishing a European works council based on Article 13 was to shape such a committee in accordance with the industrial relations cultures and structures in the companies.

In none of the cases was management opposition to an EWC reported, although achieving an agreement was a difficult process marked by a hesitant approach on the part of management. Employee representatives of these companies emphasise that the deadline for achieving a voluntary agreement considerably speeded up the process. Imminent legislation helped the breakthrough in establishing an EWC in many cases.

At **Boehringer Ingelheim**, the initiative to establish the EWC was taken by management in the corporate headquarters. In anticipation of the need to establish an EWC, the company decided to achieve an agreement tailored to the culture of the group. The chair of the EWC stressed a further underlying influence. Besides the imminence of the Directive, the positive experiences of works councils and co-determination had an impact. The five larger countries Germany, France, Italy, Spain, and Austria were involved in the EWC negotiations. The agreement proved to be controversial on the side of the German employee representatives as it did not entirely meet the expectations of the German works council members.

In the cases of **British American Tobacco** and of the **BOC Group**, management was keen to develop an EWC as early as possible, using the flexibility provided by Article 13 to establish a body which related to its particular needs and circumstances.

In the **BOC** case study, an announcement on the formation of the EWC in the company newsletter (March 1996) is cited:

‘The company believes that the voluntary creation of such a forum, tailored to reflect the interests of BOC employees throughout Europe, will be more relevant and more sustainable than a limited, legislated works council.’

Despite the fact that at the time the UK had opted out of the Social Chapter and thus the Directive, the BOC management wanted to include the UK with over half of the workforce of the company in the EWC. It is interesting to note in the case of the BOC EWC that Poland and the Czech Republic were already part of the set-up.

In contrast to such approaches, the establishment of the EWC at **British Airways** under the terms of Article 13 took place after some management–trade unions disputes as management initially resisted the inclusion of the UK.

Employer associations did not play any role in the establishment of the EWCs in the case studies researched.

#### *Type of agreement*

A question for analysis was if and how the practices and processes differ with regard to the type of agreement and what impact the type of agreement has on the EWC’s functioning. The question also arises as to whether an Article 6 or Article 13 agreement has been chosen by the company possibly due to the traditions and architecture of employee participation in the company. This is predominantly a question related to the processes of achieving an agreement and establishing the EWC.

There seem to be differences regarding the involvement of employee representatives from countries beyond the home countries in the negotiation of the agreements according to Article 6 compared with agreements according to Article 13. The Article 13 agreements were more strongly shaped by the home country than the later Article 6 agreements in which representatives from other countries tended to be more often involved at the negotiation and setting up phase (Bosch, Riva).

In some cases, the views of the interviewees from the parent company and the subsidiary differ on the inclusion of the other countries in the negotiations regarding the establishment of the EWC. One example is **Bosch**. The management insider from the headquarters argues that it was a good decision to establish the EWC later and in that way involve the employee representatives from the other countries. The advantage is that these employee representatives did not get the impression that a ‘German’ solution was being imposed. An internationally-representative committee negotiating with the corporate management creates a stronger feeling of community spirit. This process of developing issues jointly across the countries is very helpful now, in particular, where restructuring is an issue. The foreign employee representatives would otherwise never have had the feeling of being really involved in the processes.

In contrast to this description by the German management insider, the French management representative portrays a different picture. During the set-up phase of the **Bosch** EWC, only the German parties were party to the negotiations. Neither French management nor French unions

were consulted although they represented the second largest country within the EU. The distribution of seats (favourable to subsidiaries) was decided by the Germans. In his view, the model was clearly 'exported'.

### *Different views of employee participation*

The German agreements for the establishment of the EWC emphasise trustworthy cooperation between management and the EWC following the German experience with co-determination and the principle of the Works Constitution Act. Such formulations triggered strong opposition from employee representatives from countries with less cooperative cultures of industrial relations. After the acquisition of Saint Louis Sucre by **Südzucker**, the two new French representatives on the EWC opposed this orientation and questioned their participation because it was in deep contrast to their experiences and views of how employees' interests should be represented.

### *Establishing EWCs in the architecture of employee representation*

An emphasis in the French cases with regard to setting up the EWCs was to avoid, in terms of delegates, a duplication of existing national employee representation structures. For example, in the case of **Aventis**, it is clearly stipulated in the agreement establishing the EWC that:

'The Aventis European works council aims to provide complementary labour relations distinct from those of representative bodies specific to each company or country. It is therefore not designed to replace these bodies which retain all their attributions.'

At the other end of the scale, in the German case studies, members of the company or group works councils had been delegated into the EWCs. Key representatives of the national employee representatives also became chairs of the EWC.

### *Separate EWCs within a group of companies*

Although most of the groups of companies investigated have a number of business areas (Table A2), only in the case of the **Sandvik** Group were three separate EWCs set up for each of the main business areas in 2000, replacing the initial EWC for the group set up in 1996. The reason for splitting the EWC into three separate bodies was a perception on both sides that each of the business divisions dealt with different issues.

## **Renewal, adaptation, or revision of agreements**

In about half of the analysed case studies, a renewal of the initial founding agreement took place (Table A1). From a legal point of view, this can be a completely new agreement or an amendment to the existing agreements.

The main forms of such renewals that can be distinguished are:

- a review of the agreement regarding specific regulations in accordance with experiences in the practices of the EWC;
- an adaptation of the composition of the EWC to the restructuring of the group;
- a combination of an adaptation to the group's structures with a review of the agreement (**IKEA**);
- achieving a new agreement in the case of a merger;

- specific regulations in the case of an acquisition of a company with an already existing EWC.

The most interesting form seems to be a revision of the agreement building on practical experiences. In a number of EWCs, the revised agreement provided for the implementation of a select committee or for an increase in the number of the members in an existing select committee to improve the representation of the subsidiaries. Other important features are a prolongation of the plenary meetings or the introduction of pre-meetings or post-meetings.

The revision of the agreement at **ENI** involved setting up a select committee with the function of coordinating and interfacing with management. Among the main functions of the coordination committee are agenda-setting and approving the minutes.

In the **Elektrolux** case, the agreement was changed in 2001 mainly as an endorsement of the processes developed during the early years, for instance the role of the steering committee. A further feature was the orientation towards enlargement and the inclusion of both Hungary and Romania.

The renewal of the **Whirlpool** agreement implied an increase of the number of representatives in the select committee and extending the annual meetings from two to three days. The additional day facilitates an evaluation on the part of the worker representatives and the definition of a joint EWC and management document to be distributed among the workers and to the various management bodies.

A renewal of the **Generali** EWC agreement took place, revising a number of provisions on the basis of experiences with the operation of the EWC and aimed at improving the practices. In this case a terminated Article 13 agreement had been replaced by an agreement according to Article 6 as the parties felt that the reference to Article 13 had effectively been overcome. The Italian and European trade unions had been actively involved in the processes of setting up the EWC and in the renewal.

In the **Aventis** case, the initial agreement of 2000 was revised in 2002. The revision concerned in particular a reduction of the number of members of the EWC from 36 to 30 and a reallocation of the seats for the countries based on the workforce. This meant a reduction of seats for several countries.

The renewal of the **Club Med Group** EWC agreement provided a number of clarifications or amendments to improve the operation and consider the development of the group's structures.

In the case of **IKEA**, the renewal of the agreement entailed both an adaptation to the changed structures of the group and a revision of provisions based on practical experiences.

The five amendments to the **Volkswagen** agreement were all related to group restructuring and acquisitions and were aimed at the necessary revision of employees' representations. Otherwise the agreement remained unaltered. The Volkswagen agreement is formulated in very general terms, leaving scope for flexibility. The work of the EWC was based on rules of procedure from the outset and is based on trust and cooperation.

### **EWCs in the context of mergers and acquisitions**

The EWC Directive provides little guidance on procedure in cases of merger where EWCs already exist in the merging companies. In some case studies, the mergers and acquisitions affected existing European works councils.

In the **GlaxoSmithKline** case, two existing EWCs amalgamated in the context of the merger of the companies GlaxoWellcome and SmithKline Beecham in 2000. Both companies had EWCs established according to Article 6 of the EWC Directive. The GlaxoWellcome's agreement was concluded in June 1997, under Dutch law, and SmithKline Beecham's in May 1998, under Irish law.

The two agreements were similar in many respects, reflecting the influence of the Directive. The main difference was that GlaxoWellcome's agreement established a joint EWC, whereas SmithKline Beecham's created an employee-side EWC which met with central management.

At a special meeting of the two EWCs convened in January 2001, one month after the merger, it was decided to elect a special working group, comprising five employee representatives from each of the existing EWCs, to meet with central management representatives and prepare an agreement establishing a new EWC structure for the merged company. The working group presented a draft agreement to a joint meeting of the two EWCs, constituted as a 'special negotiating body', in May 2001, which duly endorsed the agreement and established the GSK European Employee Consultation Forum (EECF).

Both management and employee representatives described the negotiations as having been a relatively straightforward process, building on the experience and relationships established in the two former EWCs. Two points, the increase of numbers of employee representatives and an introduction of two annual meetings proposed by the employee representatives, proved to be controversial. The maximum possible number of seats was increased by one. Instead of an additional annual full meeting the number of meetings of the select committee, known as the Operating Sub-Committee (OSC), were increased to four per year.

The **Bosch** agreement explicitly excludes companies or groups within the Bosch group in which an EWC had already been established. In the context of the acquisition of Rexroth, a sub-committee was established. Discussions took place as to whether Rexroth should establish a separate EWC as the company had all structures of employee representation including a group works council, or if a separate Rexroth committee should be established within the EWC. Currently, there are considerations to establish further divisional committees.

With the inclusion of the **Aventis** and **Bayer** case studies in the research project, there is an overlap of the practices of both EWCs. The takeover of Aventis CropScience by Bayer prompted greater changes in the structure of the Bayer EWC. At the eleventh meeting of the EWC, 11 delegates of the newly acquired company were invited as guests.

In 1999 **British American Tobacco** merged with Rothmans. This had an impact on the EWC as Rothmans had its own EWC. This necessitated amending the original 1996 agreement setting up the BAT EWC, and in 2000 an amended agreement was signed.

### Composition of EWCs

The composition of EWCs differs in several ways (Table A4). The main difference is between the EWCs as employee-side committees and joint employee–management committees.

Huge differences exist between the employee–management committees. This can range from a committee comprising 73 representatives, of which 46 are employee representatives and 27 are management representatives, as in the case of **Bayer**, to joint committees where management has only one key representative. These are often either the CEO or the HR director or another representative from the personnel department. Other senior managers or members of their departments assist these representatives. The latter form of joint committee is characteristic of French EWCs. EWCs in the UK and some in Italy are organised along similar lines.

The two German examples of joint committees differ from these patterns. Both in the case of **Bayer** and **Boehringer Ingelheim**, management is more actively involved. Employee representatives chair both committees whereas all other joint employee–management committees are without exception chaired by management. The structures at **Bayer** and **Boehringer Ingelheim** are shaped by the cooperative industrial relations in the German chemical industry, and inspired by the joint position paper on the implementation of EWCs achieved between the employers' federation and the trade unions in the German chemical industry. In other sectors in Germany, EWCs are predominantly employee-side committees.

At **Boehringer Ingelheim**, both sides emphasised the advantages of the joint committee. The management representative emphasised the company's long experience of cooperative industrial relations whereas the German employee representatives stress that as long as the EWC has a purely information function it makes sense to have management in the EWC provide the required information directly.

The considerable differences regarding the joint management–employee bodies can be related to the effect of the national implementation of the Directive and also to national and sectoral cultures.

The size of the EWC committees in terms of employee representatives ranges from 10 members in the case of **Sandvik Speciality Steel** and **Südzucker** to 46 in the case of **Bayer**. The composition of the EWCs with regard to the employee representatives differs considerably. The simplest form of allocation of seats is proportional to the size of the workforce. In this context, the agreements contain different thresholds regarding the minimum number of employees.

Often, the seats in the EWCs are not allocated in strict accordance to the transnational composition of the workforce. In many cases, the home country grants more seats to other countries in order not to be too dominant or sometimes to avoid conflicts by considering all or the main and sometimes rival trade unions in the companies.

In some cases, such as **Lafarge**, each country has a representative in the EWC and the other available seats are allocated proportionally.

In a few cases (**ENI**, **Suez**, **Volkswagen**), divisional seats are also allocated. In the case of **GlaxoSmithKline**, divisions in countries that have more than one representative are also represented.

Of interest are a number of EWCs where a more European vision of employee representation guides the allocation of seats. These are EWCs where home country employees form a large majority in the EWC. In order to give representatives from the other European countries a bigger say, the employee representatives from the dominant country renounce seats they are entitled to in favour of other countries.

The allocation of seats at **Air France**, with 20 seats for the countries outside France and 10 seats for France, is not proportional but is intended to favour the European dimension. A further important aspect is not to duplicate the national structures of employee representation.

The initial composition of the **DaimlerChrysler** EWC was the opposite to the Air France example. It was also composed of 30 employee representatives. In this case, all German members of the group works council were included and occupied 20 seats while the remaining 10 seats were allocated among representatives from other countries in accordance to the numbers of employees. In 2002, a clause amending the agreement modified the allocation. Now there are 13 German representatives plus two guests (from the non-automotive area) and 12 representatives of subsidiaries from other countries.

These two examples differ not only with regard to seat allocation but also in relation to the relationship between the members of the national committees and the EWC. In contrast to the practice in France, in Germany the majority of representatives in the EWC are also members in the works councils, and the chairs of the EWCs combine a number of functions. Often the chairs of the EWCs are at the same time chair of the company works council, the group works councils, and a member of the supervisory board. From the German perspective, this gives power to the EWCs that can indirectly gain from the German system of co-determination.

The composition of the **Eiffage** EWC took two objectives into account: providing sufficient space to European representatives, despite the small proportion (15%) of the labour force outside France and integrating the representative nature of the different French unions. In this case, the EWC members do not hold membership of the French group council. This corresponds to the unions' desire to give the EWC a specific identity.

At **ENI**, 16 of 27 seats are occupied by Italian representatives due to the high number of employees in Italy. This dominance is not considered to be a problem.

In the case of **Volkswagen**, there is no rigid arithmetical formula for the number of the representatives from the locations. The composition of the EWC allows for divisional representation and acknowledges the strength of the main trade unions represented in the countries. The EWC has two committees organised along the lines of business: the 'services' committee and the Audi committee with seven members each. The reason for establishing the committees was to keep the EWC to a reasonable size.

In some EWCs, the majority of employees are not in the home country but in one of the other European countries. One example is **Elektrolux** with 11,400 employees in Italy compared to 6,600 in the home country Sweden. There are three Italian, two Swedish, two German representatives and one representative for each of the other countries.

In the case of **IKEA**, Germany has the largest number of employees and two seats in the EWC while Sweden also has two seats.

Different approaches by companies towards the inclusion of employee representatives from eastern European countries are evident. In some companies, employee representatives from eastern European subsidiaries are already members in the EWCs. In other cases they are excluded. In the case of **Volkswagen**, the eastern European countries are full members of the EWC. From the beginning in 1992 there has been a focus on Europe as a geographical entity and not just on the EU.

In the case of **Whirlpool**, the scope of application of this agreement is not just limited to the countries affected by the Directive, but is also extended to Slovakia and Switzerland.

The opening clause in the agreement lays down that:

‘...the extension of the geographical area in order to cover the other European countries will be taken into consideration time by time, as the activities of Whirlpool in Europe further develop.’

In 2005, the two Polish delegates who took part in the 2003 meeting as guests will become full members.

A basic difference between EWCs, and also within EWCs, is the inclusion on committees of elected representatives and appointed representatives. The criteria/procedures for the election or appointment of EWC members normally follow national procedures.

In some of the Italian EWCs, it is explicitly laid down that full members of the EWC must be company worker representatives (**Merloni, RIVA, ENI**). A special rule in most of the Italian EWCs stipulates that members of the EWC must have worked in the company for at least one year (**Whirlpool**) or three years (**Marazzi**).

At the Italian **ENI** EWC, solely comprising worker representatives, and at the French **Club Med Group**, trade union representatives are included in the EWCs as full members and not as (external) experts. In the case of ENI this regulation was added when the agreement was renewed, and entailed an increase in the number of members from 27 to 31.

Whereas normally in Germany elected employee representatives from the company are members of the EWC, the Südzucker agreement varies from the norm in that it specifically reserves a council seat for a member of the sectoral trade union NGG.

Turnover of members is a problem in many EWCs, particularly in countries with trade union representatives in the EWCs. In the case of British Airways, there are complaints about the fact that the EWC chair is a management representative; the EWC chair changed three times during the last three years.

### Gender representation

The under-representation, and in many cases non-representation, of women in EWCs is striking, even in long-established and well functioning EWCs like Volkswagen (Table A5).

Although there were clear questions regarding both the gender composition of the workforce and the gender composition of the EWC in the questionnaire, answers were forthcoming in only half the cases. Of the 23 case studies for which any data on the gender composition of the workforce and/or the EWC committee were provided, only four case studies (**Amersham**, **Boehringer Ingelheim**, **Generali**, **SKF**) reflect the gender composition of the workforce in the representation of women in the EWC. **Boehringer Ingelheim** is the only case study where the EWC is chaired by a woman. In the case of **Whirlpool**, men and women are equally represented on the management team while all the employee representative members of the EWC are male. Seven EWCs do not have any female members.

The reasons given for the absence or significant under-representation of women were predominantly the national procedure of election or appointment of EWC members, and the fact that women do not hold key positions in company employee bodies at national level or trade union organisations.

### Representation of management at the meetings

The practices regarding the representation of management at the plenary meetings vary remarkably (Table A6). This ranges from the **Volkswagen** case, where the CEO, the entire board, the corporate HR directors, and the HR directors from all subsidiaries are present at the meetings, to the case of **Riva** where management is represented by one member. The management delegation at **Whirlpool** is similar to Volkswagen with the difference that the entire board is not present.

At **Pirelli**, management is represented at EWC meetings by the group industrial relations director. A member of the **Riva** family who is both the group and German human resources director is the main management representative at EWC meetings. He is assisted by personnel from his department. Usually, a management representative of the country where the meeting takes place is present. In the last few meetings, the specific intervention of the general technical director was requested.

In general, the corporate HR directors are the main management contacts with the employee representatives in the EWC, and in most cases they are present at EWC meetings. Board members or senior managers who attend the meetings are normally present in order to make presentations on topics in their area of responsibility or to answer questions. In some cases, the heads of divisions attend meetings to present specific details on the division or to provide further information requested by the employee representatives.

HR directors from the subsidiaries are rarely present. The few exceptions are German companies (**Volkswagen**, **Bosch**, **Bayer**), **Whirlpool**, and **Royal and Sun Alliance**. In the case of **Auchan Hypermarchés**, HR directors of the subsidiaries within the 25 EU Member States are present at annual meetings.

Beyond this, the HR directors are informed, if at all, via the minutes of the meetings or via management information channels. In a number of case studies, the HR directors from the

subsidiaries were interviewed in the project. Although they were responsible for national industrial relations they were often unaware of EWC activities.

The Swedish EWCs are seen as forums for union/employee representatives only. Management is not formally represented on the EWC and takes part in the meetings 'by invitation' to provide information and answer questions. In all Swedish case studies the CEOs, some board members and corporate HR directors take part.

Local management participates in the meetings (mostly in the organisation of the meetings) in some of the cases where meeting venues rotate, such as **Assa Abloy**, **Riva**, or **Südzucker**.

### **Resources**

In general, the costs of the operation and activities of the EWC are borne by the companies (Table A7). Major disputes have not been reported. This may be related to the fact that the procedures were laid down before the EWC began to operate. However, there are complaints that the EWCs do not have a specific budget at their disposal without prior request to management.

The cost for plenary meetings are in most cases borne by the parent companies. Sometimes the subsidiary where the meetings takes place bears the costs or parts of them. Travel costs are often the responsibility of the employing company.

### *Budget*

Only the **Eiffage** EWC has a separate budget. The EWC board has its own bank account and a treasurer. The group pays for the operating expenses of the EWC (translations, interpretation, production, and circulation of documents, travel costs, experts' fees, etc.). Thus the EWC is more autonomous. The EWC at **Air France** has a special budget of €4,000 annually beyond the costs covered by the company for meetings and travelling. Over a four-year-period the company also provides a budget ceiling of €18,000 for external experts.

In the case of **Volkswagen**, there is a specific budget, both for the EWC and world works council. In principle, all that is needed regarding technical infrastructure, travelling costs, interpretation, secretaries etc. is provided.

**British American Tobacco** has set up a £5,000 emergency fund for use by the employee side to cover, for example, the cost of legal advice on EWC related issues. The EWC has thus far not availed of the fund.

In all the other cases, the EWCs are supplied with financial resources as needs arise and on request. In the cases of **Boehringer Ingelheim**, **Ikea**, **Kraft Foods**, **Südzucker** and **Volkswagen** the financial resources are described as generous and sufficient to fulfil the tasks in the interests of the employees.

According to the rules at **Boehringer Ingelheim**, the country hosting an EWC meeting bears the associated cost. These costs are high due to interpreting personnel and facilities. At the moment, there are considerations to establish some kind of budget, in order to make it possible to meet in the smaller countries that are unable to carry the costs of an EWC meeting.

### *Interpretation and translation*

At the plenary meetings of the EWC, simultaneous interpretation is provided for all languages or at least for the most common languages. In joint employee–management select committee meetings, language interpretation is provided if required. In employee-only select committee meetings this is not always the case.

The provision of interpretation for the preparatory meetings or follow-up meetings of the employee representatives is critical. Whereas in a number of companies full language interpretation facilities are provided, these are explicitly not allowed for in some companies and the employee representatives are left alone, unable to communicate properly.

In most companies, employees are able to attend language courses. However, these are often too short to enable the participants to gain the required fluency. The educational background of the employee representatives in other cases is such that adult employees cannot easily learn another language. A number of interviewees, particularly management representatives, complain about a lack of interest among employee representations in language courses. The employee representatives emphasise that participation in such courses does not easily facilitate discussion of complex issues. It is at best helpful for social exchanges.

The fluctuation of members, especially of the Italian members, was stressed as a further obstacle to achieve the language skills required by EWC members.

Some EWCs have agreed on a working language. Nonetheless, language interpretation or translation is usually required. In the case of **Volkswagen** there is no agreed working language of the EWC or the presiding committee. Proceedings take place with simultaneous language interpretation.

There is even less provision for translation than for interpreting services. Subsidiaries are often responsible for the translation of the minutes or other documents. Occasionally, EWC members in the headquarters can take advantage of the existing company facilities for translation. Meeting documents are frequently provided in English or in the language of the home country.

In general, language barriers tend to hinder the effective work of the EWCs. This applies especially to opportunities for communication outside the formal meetings.

### *Experts*

Almost all agreements make provision for external experts to be consulted. These experts, mainly from the national or European trade union federations, played a major role in the setting up phase of the EWCs. In the established EWCs, they attend the plenary meetings and/or select committee meetings and preparatory meetings.

A special full-time adviser/expert who is exclusively responsible for the EWC and the WWC supports the daily work of the EWC at **Volkswagen**. A further adviser/expert is responsible for the EWC and company works council.

### *Offices, secretarial staff and facilities*

Conditions regarding offices and secretarial services range from fully equipped offices with full-time staff provided for employee representation to no facilities at all. In the case of German EWCs, the

existing infrastructures of the works councils normally run the EWC office as well. In the selected case studies, these are fully equipped offices. In the other countries, the trade union infrastructure can in some cases be used.

Other EWCs are entitled or invited to use the normal headquarters facilities. However, in some cases, backup for the EWC is poor. The EWC at **British Airways** has no designated office. The trade unions in the UK have offices, but there is no special support for the EWC. The company HR department provides the secretariat.

At **Generali**, there is no fixed budget. The secretary of the select committee agrees on expenses with the central management on a case-by-case basis. He has no additional resources, but has the opportunity to use those existing at the office where the secretary works.

#### *Email and Internet access*

Normally, email/Internet access for EWC members is provided. On the one hand, employee representatives in the EWC often have these facilities already at their workplaces. However, in a number of companies, members who are employed in production areas are denied access. In such cases, the EWC committees or management make access available to members.

Two Italian cases (**Company A, Marazzi**) do not provide access to email or Internet. In the case of **Riva**, EWC members have access to the Internet but management does not provide a corporate email address. The chair uses his personal email account in order to get in touch with the other EWC members.

The use of email for communication between the meetings differs very much according to language capacities. In many cases, the language barriers are a real obstacle. On the other hand, in companies like British Airways where English is a working language or in companies with highly qualified workforces, the EWC members communicate with each other mainly by email, mostly with English as the common language.

#### *Release from work for EWC activities*

Full-time release from work for EWC activities is not granted in any of the companies. In German companies, the key EWC members are granted full-time release from work. In other cases, EWC members have full-time or partial release from work to fulfil their duties as employee representatives. In the French and Italian cases, 'time credits' covering a fixed number of hours are agreed for members of the EWC or the select committee. Otherwise EWC members are released from work only to attend meetings.

In Germany, there is no provision for full-time release from work for most of the EWC members. A functioning infrastructure already exists for employee representation at different levels. Frequently, the representatives have a double or multiple function.

#### *Access to plants*

Access for EWC members to plants is normally not problematic, although it was found to be rarely requested. UK companies are an exception and access problems were reported. Resistance from management in these cases seems to be rooted in the national practices of industrial relations.

*Training measures*

Training measures mainly relate to languages courses. In general, employee representatives complain about the lack of training opportunities and the difficulties they face with regard to the understanding of labour law and industrial relations in other countries and the understanding of business data and business processes. Insufficient training measures are portrayed as a real obstacle for improving the operation and functioning of EWCs.

The provision of specific training measures for members is an important matter for French and Italian EWCs, whereas there are no specific training measures for German EWCs.

Some examples of training measures which enable EWC members to fulfil their tasks and/or improve their skills are given in Table 1.

**Table 1 Training for EWC members**

Company	Training provision
Air France	<ul style="list-style-type: none"> <li>members of the EWC have a right to eight days' group training to prepare them to carry out their mandate</li> <li>content of training course is defined by mutual agreement between the 'officers' and the chair or vice chair as management representatives</li> </ul>
Michelin	<ul style="list-style-type: none"> <li>with each 3-yearly renewal, all representatives receive 5 days of training (economic, social and legal)</li> <li>3 days are chosen by the select committee and 2 days by management</li> </ul>
BOC Group	<ul style="list-style-type: none"> <li>preparatory meetings are used to train members of the EWC</li> <li>the agreement entails a specific clause: 'The Company undertakes that representatives and deputies (if required on a temporary basis) will be supported, encouraged and trained in the skills and topics necessary for them to function effectively as members of BOCEF.'</li> <li>at various meetings training had been provided on corporate finance, pensions and the working time directive</li> </ul>
Lafarge	<ul style="list-style-type: none"> <li>training courses follow immediately after the annual meeting</li> <li>these last from half a day to a full day</li> </ul>
Merloni	<ul style="list-style-type: none"> <li>introduction of a labour policy course (2 days)</li> <li>organised by the industrial relations manager</li> <li>directly funded by the company</li> </ul>
Aventis	<ul style="list-style-type: none"> <li>one training session (2? days) had been organised in Dublin on employee representation across Europe in liaison with the Foundation</li> <li>another training session (2? days) dealt with national pension systems</li> </ul>
SKF	<ul style="list-style-type: none"> <li>entitlement to education on labour law in the EU and on business administration</li> </ul>
Eiffage	<ul style="list-style-type: none"> <li>training at the preparatory meetings</li> <li>in 2002, 3-day seminar in Portugal (with the complementary financial support of the European Commission)</li> <li>this seminar resulted in an EWC work plan</li> </ul>
Club Med group	<ul style="list-style-type: none"> <li>annual budget of 100,000 French francs stipulated by the agreement</li> </ul>
Suez	<ul style="list-style-type: none"> <li>initial training period of 5 days: knowledge of the group, its business and its economy, European social legislation and practices</li> <li>training measure for all 40 full members organised by the European Trade Union Academy dealing with communication and industrial relations approaches throughout the EU</li> </ul>
Whirlpool	<ul style="list-style-type: none"> <li>courses on reading economic data</li> <li>courses on new company procedures</li> </ul>
Boehringer Ingelheim	<ul style="list-style-type: none"> <li>specific training measures in the context of fulfilling the tasks of EWC members are not provided</li> <li>on request and if required, the company will pay for outside training measures</li> <li>external experts are invited for the presentation on certain issues, such as company pension systems</li> </ul>
British Airways	<ul style="list-style-type: none"> <li>training for new representatives is currently under review</li> </ul>

The only case study where specific training for managers is reported is **Volkswagen**. There are no specific training measures to enable EWC members to fulfil their duties. On the management side, specific training is provided for personnel managers dealing with employee representatives on industrial relations in general. Related questions are dealt with at meetings of the personnel directors.

### Select committees

With the exemption of **Auchan Hypermarchés**, all EWCs analysed have a select committee or at least two or more ‘officers’ or ‘coordinators’ (Table A8). In the case of **Südzucker**, the three members of the select committee have been appointed but the select committee has not functioned up to the time of writing. In the case of the Italian **Company A**, provision for a select committee is contained in the agreement. This is chaired by a management representative who has never summoned a meeting of the select committee.

Select committees are given different names, for example ‘Managing Committee’, ‘Steering Committee’, ‘Bureau’, ‘Board’, ‘Presidium’, ‘Liaison Office’, ‘Operating Subcommittee’. The term select committee is used in this report.

The role, functions, competencies, and practices of select committees also differ fundamentally. Some of the main differences are as follows.

- The select committee can be set up as a joint committee or as a committee comprising only employee representatives. Fewer joint select committees than joint employee–management EWCs exist. Some of the select committees in joint employee–management EWCs consist solely of employee representatives. In the case studies, 12 joint select committees are described as joint committees. Five of these are chaired by a management representative. Some of the select committees confined to employee representatives only meet with management representatives responsible for the EWC.
- The number of employee representatives in the select committees varies from two to 11. At the renewal of agreements, the number of select committee members was increased in some cases mainly to facilitate representatives from other countries. However, some EWCs are still dominated by the home countries whereas others strive to reflect wider views and interests.
- The function and competencies range from setting the agenda for the EWC meetings to executive functions for the entire EWC. The role and the function of the select committee is one of the major differences between the EWCs. Agenda-setting, preparation of meetings, drawing up of minutes and/or agreeing the minutes are core functions of a majority of select committees.
- In slightly more than 50% of the EWCs analysed, the select committee performs some kind of executive function. However, competencies and practices vary widely.
- The timing and frequency of meetings also differ among EWCs. Committees meet at least once a year. Some meet to coincide with plenary meetings. It is common to meet either a day or two before the annual plenary meeting or two to three months in advance of the annual meetings with the purpose of agenda-setting or organising the meeting.

- Select committees with executive functions normally meet more often, and independently of the plenary meeting. There is a cycle of ordinary meetings. Extraordinary meetings sometimes exceed the number of select committee meetings.
- The political function of select committees with executive functions ranges from managing the EWC to a constant dialogue with management regarding information and consultation. The select committee meets frequently with management instead of summoning the entire EWC.
- For some select committee meetings, preparatory meetings and follow-up meetings take place.

The main function of the **Pirelli** select committee is to arrange the timetable of meetings together with management.

The select committee at **Avantis** meets two months before every plenary meeting of the EWC to draw up an agenda which is then submitted to management. In 'exceptional circumstances', the select committee and management agree to meet to examine a particular situation that might arise.

The renewed agreement for **Marazzi** states that the select committee can meet extraordinarily in special circumstances such as company restructuring or reorganisation. Requests for such meetings must be approved by a majority of EWC members and have the consent of the Marazzi group management.

When the **Whirlpool** agreement was renewed, the number of select committee members was increased and now includes representatives from Germany, France, and Belgium. The select committee meets about three months before the annual EWC meeting in order to set the agenda for the plenary meeting. The company does not provide any interpreting services for the select committee meeting.

In the **Generali** case, the select committee comprising six employee representatives holds a meeting two days before the plenary meeting. On the following day, the select committee meets with the central management representative.

The officers of the **SUEZ** select committee may request an extraordinary meeting of the EWC in the event of exceptional circumstances.

In the case of **Bosch**, the select committee decides if an assembly of the entire EWC should be summoned or if the transnational issue can be dealt with solely by the select committee.

The **Boehringer Ingelheim** select committee only meets when it is deemed necessary. Members of the select committee are the chair, the deputy chair and three elected members from the employee side and one management representative delegated by company head office. The committee's practice is unusual with regard to the minutes, which are taken as a matter of principle. All members of the EWC have access to these minutes.

The **Volkswagen** EWC has a select committee of 11 members comprising a president, general secretary, and nine members representing different companies across Europe. All countries are represented on the committee with one delegate each. The president and the general secretary are

from Volkswagen Germany. The committee has the primary function of internal coordination and liaises with management in a smaller circle. It is also responsible for managing the EWC throughout the year.

In **ENI**, the select committee meets the corporate management four times a year. Preparatory meetings of the select committee without management are provided with interpreting facilities.

In the case of **British Airways**, employee representatives have to appoint a spokesperson and deputy spokesperson. These representatives function as a 'point of reference' for the chair who is a management representative. More remarkable is the fact that, although it was not originally formalised in the agreement, a select committee was subsequently established. Experience showed that more detailed discussions needed to take place and that these could not be efficiently handled by the larger forum. This joint select committee normally comprises seven to nine people, including the EWC chair (a senior European manager), the employee-side chair (a Dane) and his deputy, and a senior HR manager. A total of four employee-side representatives plus two experts might attend the twice-yearly meetings of the select committee.

There are a few examples where trade union representatives are full members (not external experts) of the select committee (**SKF, Club Med Group**).

### Plenary meetings

The vast majority of EWCs hold one annual plenary meeting (Table A9). **Air France, Assa Abloy, British Airways**, and **Sandvik Speciality Steel** organise two plenary meetings. The **Volkswagen** EWC meets four times a year in total, twice in conjunction with meetings of the World Works Council.

The annual plenary meeting is usually scheduled to coincide with the publication of the company's annual results.

In many EWCs, the meeting rotates between the countries. In these cases, the delegates are invited to visit the company locally.

In some of the Swedish EWCs (e.g. **Assa Abloy**), annual meetings confined to employee representatives take place in addition to the annual plenary meetings.

Simultaneous language interpretation is provided either in all languages required or in the main languages at joint assemblies of management and employee representatives.

Whereas the procedures and practices regarding the plenary meetings appear similar at first glance, they differ significantly regarding the duration and the schedule of such meetings. Meetings normally last either one, two or three days. The **Elektrolux** and **Generali** EWCs meet for four days, while **Suez** and **Volkswagen** meet for five days.

EWC meetings consist of select committee meetings, preparatory meetings of the employee representatives, joint assembly with management, follow-up meetings, company visits and social time. Plenary meetings with management are central to EWC meetings. These take between a half day to a full day across all EWCs in the study.

Many of the case studies report preparatory meetings and a lesser number report follow-up meetings of the employee representatives. These provide for discussion of issues on the agenda, formulating questions and the presentation of country reports on developments and discussions. However, in several cases, these meetings take place without interpreting facilities. Preparatory meetings normally last one day whereas follow-up meetings on the employee side vary from an hour to a full day. Management representatives generally leave EWC meetings after the joint plenary. On rare occasions, the employee side meets management again after the employee-side follow-up meeting.

Information on break-outs during the meetings is limited. Formal subgroup break-outs to discuss issues that arise do not seem to be a common feature.

External experts – mainly from national or European trade union federations – take part in most meetings or provision is made for their participation in the agreements.

No provision is made for extraordinary meetings in the case of **Bayer**, **Südzucker**, and **Volkswagen**, but these are provided for in most agreements. A select committee is convened in the case of joint committees, and the select committee meets with management in ‘exceptional’ situations.

A joint dinner of management and the employee representatives is a common feature of the annual meetings. These are often arranged to take place on the evening before the plenary meeting. Delegates often stay in the same hotel, thereby facilitating social interaction.

The importance of the social aspects of EWC meetings (coffee breaks, dinners etc.) for additional informal contacts, information, and conflict resolution is discussed in Chapter 3.

At **Generali**, EWC meetings develop over four days: the select committee generally meets on Monday, the employee-side preparatory meeting is on Tuesday, the plenary meeting is on Wednesday, and the employee-side follow-up meeting is on Thursday.

The timetable at **Suez** EWC includes a one-day meeting of the officers, an employee-side pre-meeting, a plenary meeting day, a debriefing day, and a further day for visits to local Suez plants and tourist attractions.

The meetings of the **SKF** EWC are held jointly with the SKF world council, normally over three days. On the first day, an employee-side internal meeting for the EWC and the world council takes place. The second day is devoted to an information and consultation meeting with the corporate management. The third day is reserved for an employee-side summing-up meeting and a study visit to the SKF unit where the meeting takes place.

**Volkswagen** EWC meetings are interwoven with the meetings of the world works council. Each year, four meetings take place:

- In spring, the EWC select committee meets.
- The WWC meets in summer. The representatives of the European works council are generally all present. They are embedded in the WWC.

- In autumn there is a joint meeting of the EWC and WWC select committees.
- The EWC meeting usually takes place in October.

This means that there are two meetings reserved for the EWC and two meetings for the world works council.

At **Boehringer Ingelheim**, meetings take place at different locations each year and are combined with a company visit. In the case of **Marazzi**, meetings are arranged every year in different countries, emphasising that the company is a single entity. EWC members have the opportunity to visit the plants where the meeting is held.

One of the modifications in the revision of the **IKEA** EWC agreement was the introduction of an employee-side pre-meeting.

In the **Marazzi** case, the employee representatives hold a follow-up meeting on the third day to assess the information that emerged and, if further clarifications are needed, there is another opportunity to have a discussion with a management representative who remains available.

At **Whirlpool**, the joint assembly is followed by a half-day evaluation meeting of employee representatives, a feature introduced with the renewal of the agreement. Finally, a short encounter between the EWC and the management delegation takes place. At this stage of the meeting, a joint report is drafted.

Break-out sessions are scheduled regularly on the agenda for the annual EWC meeting at **GlaxoSmithKline** following the key management presentations. The employee representatives can and do request further break-outs. At the end of the meeting, the employee representatives have a further meeting to assess and comment on the meeting, the results of which are fed back to management representatives in a final joint session.

Break-outs take place from time to time in the case of **Boehringer Ingelheim**. Two meeting rooms are provided for all plenary meetings. These break-outs do not take place in a confrontational atmosphere. They provide the opportunity for a detailed discussion of issues among employee representatives.

A German member of the **Generali** EWC complains that her request for a break-out was refused both by management and the Italian EWC members. In the German select committees, it is always possible to have a break-out during a meeting.

### **Agenda-setting of plenary meetings**

Agenda-setting seems to be the responsibility of the select committee established in most of the companies (Table A10). In almost all cases, the agenda for the next meeting is jointly agreed between management and employee representatives. In the case of **Südzucker**, the chair of the EWC agrees the agenda with management representatives as the select committee did not adopt this function. In the case of some employee representative-only bodies, the entire select committee meets to discuss the proposed agenda, which is then submitted to management. Management

representatives sit on joint committees. In other cases, the main coordinators from the employee side discuss the agenda with management representatives.

In general, items for the agenda are to some extent guided by the principles laid down in the agreements. Thus, debate centres on particular topics or specific issues other than the standard issues, as well as timetables, location of the meeting, and the company spokespersons and external experts to be invited.

Two examples demonstrate the gap between provisions in the agreements and actual practices in the companies regarding the procedures for setting the agenda. In the case of the anonymous **Company A**, the agreement states that the select committee is responsible for the organisation of the EWC meetings and particularly for setting the meeting's agenda. The employee representatives interviewed both from the headquarters and the subsidiary claim that management lays down the agenda. Employee representatives cannot even add points to the agenda. As the coordination committee was never summoned, it never had the chance to draft the agenda.

At **Marazzi**, in contrast, while the founding agreement specifies that the place, the date and the agenda of the meeting will be exclusively set by management, it is actually the employee-side EWC chair who sets the agenda with management following talks with the other EWC members.

The **BOC Group** has a standing Agenda-setting Committee comprising five employee representatives. This committee meets twice a year with the human resources director for the UK and Europe, who also acts as the management side administrator for the EWC.

At **Boehringer Ingelheim**, the chair of the EWC, who is an employee representative, and the personnel director of the group as deputy chair, discuss the agenda taking account of proposals and requests from the joint EWC committee members. Neither the chair nor the deputy chair can take a unilateral decision. There has to be agreement on the issues. Up to now, there has never been any disagreement or dispute between the management and the employee side regarding the agenda. One part of the agenda is 'Open Forum', which provides for questions, which are submitted in advance. Sometimes there are issues that have to be clarified at the meetings. Depending on the issues considered as important and interesting, senior company personnel are invited to the EWC meeting.

Another way of agenda-setting is less formal. The employee representatives decide on the agenda and it is approved by management (**Sandvik Specialty Steel, Elektrolux**).

Disputes with management on agenda-setting rarely arose. Nevertheless, in practice employee representatives mostly select issues they expect to be accepted. This was confirmed in a number of cases. On the other hand, management representatives in many cases stress a flexible approach to agenda-setting.

At **Auchan Hypermarchés, Generali** and **HSBC**, management sets the agenda. Only in the case of **Generali** and **HSBC** are there restrictions on the issues that can be placed on the agenda.

In the joint select committee at **GlaxoSmithKline**, the agenda is jointly determined and there is debate and discussion over what should go on the agenda, including the transnational nature of

some issues where the cross-country linkages are less than clear cut. Where issues requiring consultation are involved, management tends to drive the agenda.

In the case of **British Airways**, progress is reported on the processes of agenda-setting and better balance on the EWC agenda, between items raised by management and those raised by the employee representatives. The employee representatives now feel that they are beginning to find their voice and exercise their mandatory rights, although management still has the final say in the matter. Management ensures that the issues reflect important strategic decisions and developments, and will reject items that are deemed unsuitable for discussion at an EWC meeting.

Not only are there differences in the balance of the input from management and employee representatives, but the participation in the process by the delegates from the parent company and the subsidiaries also differs.

In the case of **Generali**, the German employee representative was of the impression that the proposals for the agenda laid down in the meeting of the select committee are restricted by management in discussion with the Italian secretary of the EWC who submits the proposal.

At **Volkswagen**, the perception of how issues are placed on the agenda of the meetings differs between the respondents from the headquarters and the subsidiary. The insider employee representative from the headquarters stresses that issues on the agenda are decided in a mutual process between management and employee representatives. Both sides introduce issues and there are no taboos. Although there is not always complete agreement, this does not lead to the exclusion of any issue.

The respondents from the subsidiary see the parent company as quite dominant in the process of agenda-setting. The employee representative from the subsidiary in the UK states:

‘Agenda-setting is a joint process [through the select committee], though to be honest the early work is done in Germany before it comes to us. .... In reality the Germans sort issues before they tell everyone else.’

The management representative from the subsidiary formulated this perception even more clearly: ‘Wolfsburg [the headquarters] decides the agenda.’

Criticisms of the lack of proposals from the wider EWC are more frequent than complaints about restrictions set by management. Often the chairs or coordinator draft an agenda and then request and collect proposals on topics and questions but regularly meet with no response.

### **Agenda topics**

Table A11 summarises the issues on agendas of the main ordinary meetings between employee representatives and management. The agendas of the plenary meetings are mostly covered by routine presentations by board members or other management representatives. An agenda commonly consists of a presentation by the CEO and/or other board members, specific reports from heads of divisions or senior managers, and occasionally country reports. ‘Open forums’ and ‘questions’ are regular items on agendas.

The range of issues mentioned in the case studies normally reflects the issues laid down in the agreements. Additional issues develop with the work and experiences of the EWCs.

A distinction can be made between 'standard' issues and other more occasional issues at the meetings. Standard topics are in particular:

- economic and financial situation of the group;
- state and development of employment;
- market position;
- strategies;
- restructuring of the group;
- acquisition, relocation, divestment, closure of companies;
- investment;
- work organisation.

Two recurrent issues outside the norm are occupational health and safety, and company pension systems. Further issues dealt with include training, equal opportunities, enlargement, corporate social responsibility, codes of conduct, and sector-specific issues.

### **External experts at EWC meetings**

EWC members at **Merloni** are entitled to take advantage of the expertise of external experts. The agreement allows a maximum number of seven experts from Italy and other countries to participate at the meeting, the cost of which is incurred by the group. Usually, only the Italian experts take part and the full complement of experts is rarely in attendance.

The employee representatives of the **Whirlpool** EWC are entitled to the support of two experts whose intervention, if they are outsiders, requires the approval of the chair delegated from management. In general, two trade union experts take part. One of the experts is a representative of the German IG Metall, while the second expert participates on behalf of the territorial structure of the FIOM, one of the three Italian metalworkers unions.

The EWC at **SKF** also has the right to nominate outside experts. An official from IMF regularly takes part in the EWC meetings and forms the select committee together with the chair and deputy chair. An official from the Swedish Metal Workers Union acts as secretary for the EWC and takes the minutes.

The **Eiffage** EWC seeks assistance from outside experts paid by the group. In practice, two types of expertise are used. One is a trade union expert who regularly takes part in the preparatory meetings and in the sessions of the EWC. He plays a coordinating role and provides support to the employee representatives and contributes with his experiences gathered in other European situations. In addition, members of the chartered accountancy firm that analyses the accounts for the French Group Council (Sogex Cube) also attend the preparatory meetings and annual meeting of the EWC. Similar practices are reported for **Suez**.

At **Boehringer Ingelheim**, external experts have been invited to present papers on certain issues such as retirement provision or other issues of social policy.

No cases of management representatives using external experts from the employer associations are reported.

## Minutes

### *Minutes of the plenary meetings*

In accordance with the meetings taking place, different types of minutes can be distinguished:

- minutes of plenary meetings;
- minutes of employee-side only meetings;
- minutes of the internal preparatory or follow-up meetings of the employee representatives;
- minutes of the select committee meetings.

The core focus of the analysis is on the minutes of the plenary meetings. In almost all cases, minutes of the plenary meetings are taken and distributed (Table A12). The practices differ considerably. In the majority of cases, the minutes are subject to a procedure of joint agreement before they are distributed. The procedures for finding joint agreement differ. In some cases, the drafts are sent to all participants for approval or amendment. More common is a procedure whereby key persons from both sides reach agreement before the minutes are sent to the participants and actors in the companies.

In the **Volkswagen** case, the minutes of the joint meetings are prepared by the central corporate personnel department. They are jointly agreed by the EWC chair and the management side before they are distributed.

At **Boehringer Ingelheim**, the minutes are prepared by the secretary who is the group personnel director. They are jointly agreed by the chair (employee representative) and the deputy chair (personnel director group). They are then distributed to all members to be approved or amended.

The range of case studies shows that the drafting of the minutes is a task for management representatives in about 50% of the cases and for employee representatives in the other 50%.

In some companies, translation into the national language is the responsibility of the corporate headquarters. In the majority of cases, the national companies are responsible for the translation.

The minutes are normally distributed to the EWC members. In some cases, senior managers, in particular HR managers, also receive minutes. In only three cases is distribution to other committees of employee representation mentioned. **British American Tobacco**, **Elektrolux**, **GlaxoSmithKline**, and **IKEA** place the minutes on the company's Intranet to make them available for a wider interested audience.

A specific procedure is reported for **British American Tobacco**. The recording and onward communication of joint deliberations comprises two elements. First, a very quick note is formulated by the European HR manager who is secretary of the EWC. This brief two-page notice is completed and sent out the day after the annual meeting. This version indicates that the EWC has met, the topics covered, the main issues and actions arising. It is posted on the company's electronic notice board and sent to all HR managers of the different European countries. They are responsible for the translation and for posting it on their notice boards.

In the second complete version of the minutes, the secretary pulls together a working report on what happened at the meeting. This is a more substantial document comprising up to seven pages. The production of this document usually takes around two weeks. The draft document is then jointly agreed by the European HR Director and the senior employee coordinator. It goes up on notice boards and is printed as a glossy hard copy document.

In the **Generali** case, the minutes of the meetings are taken separately by managers and employee representatives. The two sets of minutes are distributed through separate channels. The managers of the group's central management are informed through briefings at least twice a year. The permanent interlocutor and his assistant are responsible for drawing up and handing out management's minutes. There are three levels of internal reports: an internal level report for the group labour relations service, one for the area and country managers, and a third one for CEOs and the President.

The minutes for the union representatives are drawn up by the select committee secretary. The employees are usually informed of the results of the meetings through a release drawn up by the select committee, translated into the main foreign languages and issued on a fixed day. The minutes of the meetings should be submitted in writing by the EWC members to the union representatives of the group in each country.

The German representative who was interviewed expressed her criticism of the minutes. The minutes she receives arrive late and lack detail. Consequently, she writes her own minutes.

**Riva** is the only example of an EWC where no minutes are drawn up, although a provision for doing so is made in the agreement. The management side does not deal with drafting the minutes, arguing that oral communication is sufficient. According to the industrial relations and human resources director, no union request has ever been made for written documentation.

The EWC chair occasionally drafts a report on the meeting. The report, which is not a joint document, is then translated into the other languages, or at least into German, through the computerised translation programmes.

Little information was provided in the case studies on the minutes of the employee-side meetings. In the **Volkswagen** case, the employee side prepares internal minutes.

### *Minutes of select committee meetings*

Whether minutes of select committee meetings are taken, who prepares them, and if they are jointly agreed and distributed depends significantly on the role of the select committee. Minutes of these meetings are important, particularly where the select committee has an executive function.

In the context of the select committee meetings, the minutes taken are essential for the involvement of the wider EWC. In the case studies, little systematic information was provided on the minutes of the select committee meetings. Related questions were not provided for in the interview guidelines.

# Interactions between the different parties

# 3

Interactions between the actors are broken down into the following levels:

- interactions between management and employee representatives;
- employee-side interactions;
- interactions within management;
- insider–outsider interactions.

## **Interactions between management and employee representatives**

The analysis focuses on the interactions between the actors from management and employee sides, the different arenas (Müller-Jentsch, 1997), the processes taking place, and on the contents and outcomes of these interactions.

### **Actors and arenas for interactions**

Interactions between management and employee representatives in the context of the EWC activities take place in various arenas. There is a wide divergence in the composition of actors on the management side due to the different national implementations of the Directives, the specific establishment of the EWCs and the practices and procedures that developed over the years (see Table 2).

One difference arises from the establishment of a joint employee–management committee or of an EWC comprising only of employee representatives. The other related difference is between the central management and senior managers as key points of reference for employee representatives and EWC management representatives as formal members of joint EWC committees.

EWC management representatives are drawn from different levels of seniority and different positions. In some cases, they are CEOs or their deputies, but more often they are senior management representatives, particularly from HR departments.

Regardless of the structure of the EWC, the day-to-day exchange with the EWC or select committee employee representatives outside meetings is often the responsibility of specialists from the HR department or other specific management representatives. More interesting for the actual processes of company employee representation and employee participation is the question of whether there is frequent formal or informal contact and exchange between management representatives and employee representatives or if the interaction only takes place at an – often brief – annual plenary meeting.

In general, it can be said that EWCs are involved in a combination of processes between management and employee representatives in a variety of arenas.

### *Plenary meetings*

The key events in the interaction between management and employee representatives are the regular – mostly annual – plenary meetings and extraordinary meetings with the entire EWC or with the select committee. The general features of the plenary meeting procedures such as frequency, duration, and organisation of the meetings, topics on the agendas, representation of management representatives are described in Chapter 2.

**Table 2 Arenas for interactions between management and employee representatives**

Actors		Arenas
Management	Employee representatives	
Central management representatives	Employee representatives Employee-side committee	Plenary meetings Ordinary/extraordinary
Central management representatives	Employee representatives Joint committee	Plenary meetings Ordinary/extraordinary
EWC management representatives		Plenary meetings Ordinary/extraordinary
Central management representatives	Select committee employee representatives Employee-side committee	Select committee meeting
EWC management representatives	Employee representatives Joint select committee	Select committee meeting Ordinary/extraordinary
EWC management representatives in select committee	Select committee employee representatives Employee-side committee	select committee meeting Ordinary/extraordinary
Central management representatives	ER chair / key persons of EWC or select committee	Informal meeting
EWC management representatives	ER chair / key persons of EWC or select committee	Informal meeting
EWC management (deputy) chair	EWC employee-side (deputy) chair	Informal meeting
Subsidiary management	EWC members	Informal meeting
Division management representatives	EWC members/divisional groups	Divisional meeting
Management representatives	Employee representatives	Joint working groups
Management representatives	Employee representatives	Other committees of employee representation

Although the regular plenary meetings are the central arena for interactions between management and employee representatives, the role and function of these plenary meetings can differ considerably. At one extreme, they comprise the only forum for interaction between management and employee representatives while, at the other, they are a focus for bringing together all actors involved, with the day-to-day exchange or dealing with exceptional circumstances taking place in smaller groups.

In the **Volkswagen** case, the plenary meetings are described as an opportunity to present results of interactions between employee representatives and management representatives, which took place over months in the head office or with actors in the subsidiaries, to all EWC members at the meeting.

Interactions in the context of the regular plenary meetings concern the agenda setting, the preparation and organisation of the meetings, the meetings themselves, and the drafting and agreement of the minutes.

Actors at the plenary meetings on the management side are members of the central management and/or EWC management representatives in the case of joint committees. On the employee side, all members of the EWC and external experts from national or European trade union federations are present.

### *Extraordinary meetings*

Provision is made for extraordinary meetings in most of the founding agreements in the case of exceptional circumstances such as group restructuring involving two or more countries. However, in a number of case studies no extraordinary meeting had been convened to date. The actors at extraordinary meetings are in principal similar to those at the ordinary plenary meetings.

### *Select committee meetings*

Interactions between management and employee representatives in select committees differ between joint committees and employee-side committees. On the employee side, the members of the select committee are either elected or appointed. Increased attempts are being made to include representatives from countries other than the home countries. Trade union representatives attend the select committee meetings either as members of the EWC or as external experts.

On the management side, either direct members of the select committee or management representatives, ranging from board members (e.g. labour director) to more often HR managers, meet and communicate with employee representatives from the select committees. The management delegations can differ depending on whether the select committee meetings are ordinary or extraordinary.

### *Other committees of employee representation*

Management representatives and employee-side EWC members often also meet in other committees of company-level employee representation. These include world works councils although in some cases (SKF, Volkswagen) there are joint meetings of both committees. In the case of DaimlerChrysler, the meetings are separate. Other committees are national level bodies of employee representation, the most influential of which are the supervisory boards.

Although this was not discussed in the case studies, there is most likely a difference in this respect between French and German EWCs since a duplication of the national representation structures in French EWCs is avoided, whereas in Germany a combination of functions is common.

The **Volkswagen** EWC is special in this context since it is interrelated with other employee participation committees and key members who have multiple functions and are constantly involved in the activities of the group. There are no extraordinary meetings of the EWC or the presiding committee. The German insider employee representative explains that if there are 'extraordinary' problems these would be dealt with in bilateral discussions, at short notice if necessary.

### *Key actors*

Regular dialogue between some of the key actors on both sides is quite common, particularly in the head offices.

### *Divisional meetings*

In some EWCs, divisional meetings are organised. Two examples are Kraft Foods and Suez. A special feature at **Kraft Foods** is a half-day sector-related meeting between employee representatives and central (sector) management before every general EWC meeting. In the **Suez** case, each of the three business area committees (water, waste services, energy), comprising EWC

members, business area management representatives and a representative of the corporate HR department, hold twice-yearly meetings.

### *Informal contacts*

Numerous case studies underline the importance of informal contacts between employee representatives and management. These informal contacts can be on a regular or occasional basis. Informal contacts are very influential, and links between corporate (top) management and EWC chairs or select committee members can be beneficial for the development of the councils.

In the **Südzucker** case, for example, the informal contacts with the corporate management are described by both sides in the headquarters as a further important channel for information and debates.

The interviewees at **Volkswagen** emphasise the significance of informal relations which are facilitated by the proximity of the personnel department offices and of the employee representatives in the headquarters. In the case of **Riva**, the practice has led to the development of informal coordination based on the frequent contacts between key management representatives and the chair as well as other members of the EWC.

### *Joint working or study groups and joint seminars*

Joint working or study groups on a particular topic can lead to intensive interactions between management representatives and employee representatives. Such groups have been established in several EWCs and are described as crucial positive experiences for the (further) development of the EWCs and improvement of company industrial relations.

Between meetings, joint seminars of employee representatives and management representatives on specific issues take place at **Volkswagen**. One example was a joint seminar on flexible working time.

### *Socialising at the meetings*

Meals and coffee breaks at meetings provide an arena for informal contacts. They are significant in that they offer space for informal discussions. Such contacts also provide an opportunity for informal conflict resolution, for closer interaction or a way of exerting influence. Most of the interviewees attach importance to the social aspects of meetings. Participants of plenary meetings can learn much from the visits to company plants that are combined with EWC meetings in those companies where meeting venues rotate.

## **Quality of information**

There are four sources of information provided to the EWCs:

- information given at regular plenary meetings;
- information given in the event of transnational business decisions and consultation;
- information given to the select committee or key actors;
- informal information.

Here, the focus is on the quality of information given at regular plenary meetings.

The quality and the timeframe of the information given at the plenary meetings ranges from regular updates on the situation, perspectives and strategies of the group to further information on acquisitions, relocations, closures, etc. Further areas of information can include transversal issues or specific topics on the agenda.

The quality and objective of the information provided is closely related to the industrial relations culture of the headquarters. A central question is how the EWC fits into the company's strategy towards HRM and industrial relations. These factors have a considerable impact on information policies. The EWC can be an integral part of the labour relations and information policies, or it can be treated as an isolated, 'artificial' body.

The case studies, in fact, reveal differences in the information policies:

- management only provides a minimum of information required in order to fulfil its obligations;
- efforts are made by management to provide all relevant information to the EWC;
- the purpose of comprehensive information given by management is to create understanding, acceptance and support.

In some case studies, an exchange with the employee representatives is regarded as a priority in contrast to simply supplying information and limiting space for questions and debate.

The manner in which meetings are organised, and the information content of meetings, say much about whether management attaches much significance to EWC meetings or if it is simply going through the motions. The involvement of the board or senior management in EWC activities is another indicator. Whether or not information is presented in an accessible way, and whether documentation is provided in advance (and translated), thereby facilitating informed questions, are further indicators.

The quality of the information and the manner of presentation are said to have improved over the course of the last years in a number of EWCs. There is some indication that the intensity and the pace of the restructuring and of corporate decisions has an impact not only on the different agendas, but also in the development of EWC practices.

A further differentiation relates to the timeframe of information presented at the plenary meetings. Here the practices are quite diverse. In some cases, the information focuses on the past or at best on the present, but not on future plans and developments. Where comprehensive information is given, it normally covers all of these time dimensions. However, in a few case studies, there were complaints that the information only dealt with the past.

The value of the information can vary for the employee representatives from the different countries in relation to the information already available at the national level. In some cases, assessments on the quality of the information also differed among the employee representatives interviewed.

The information provided by management appears to be sufficient, good or very good in most of the companies. On occasion, the timeliness and the manner in which the information is provided was criticised. Some examples may illustrate the actual practices.

The CEO attends the meeting of the **Elektrolux** EWC and gives a general overview of the group's development. Business area managers provide further information. Sometimes the HR manager offers a general statement on HR issues. The management's strategy is to be as informative as possible, even on issues that may go beyond the strict terms of the agreement.

In the case of **Volkswagen**, the CEO and frequently the entire board are present at the meetings, as well as all of the HR directors from the subsidiaries. The employee representatives emphasised that the EWC is taken very seriously. In principle, all issues are presented. The CEO reports on the current strategy, the financial director reports on the financial situation, the sales director report on the market situation, and the production director reports on issues concerning production.

Information given by the board of the group is considered to be comprehensive, according to the German employee representative. In particular, the future development of the company is discussed. At the EWC meetings, corporate plans, including product development, the relative production rates of a certain location and the corresponding employment figures, are presented. Since the meetings are scheduled over several days, there is time for discussion and clarification.

The management of **British Airways** aims to provide as complete a picture as possible by offering full information on developments, revenues, events within the industry, future employment prospects and any major changes taking place. The information goes beyond Europe to encompass developments in North and South America that have an impact on the whole group. The management strives to ensure that the employee representatives understand the market situation and plans for the future.

The employee representatives at **Boehringer Ingelheim** portray the intercommunication as being very open. The employee representatives are informed at an early stage of considerations, strategies and decisions. The information given is comprehensive.

The German management representative emphasised that the management invests much time in the preparation of the information. He thinks that it is important to inform the employee representatives properly on the current economic situation of the group, its perspectives, new projects and the potential impact of these projects. He underscored the crucial importance of establishing a deeper understanding of the processes taking place in the company. For the benefit of the company, the primary aim 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. That is certainly conveyed by the speakers at the meeting.'

According to the management representative, it is important to have a forum for discussion, to meet people from the different countries in the group, and to listen to their concerns. This is an important factor in the formal meeting, in the open forum, or in informal talks. Such official discussions and informal conversations reveal how people are thinking and yield a wealth of suggestions.

Widespread satisfaction was expressed by the employee representatives from **Marazzi** on the quantity and the quality of the information they received, but they expressed reservations about the promptness of the news. The management emphasises its interest in good industrial relations.

The managing director believes that the flow of information and the talks with employee representatives help create a corporate culture of potential benefit to both employees and management.

The quality of the information provided to the **Merloni** EWC is deemed to be satisfactory and indicates prospective future strategies. For **Südzucker**, information offered at the meetings was described as open and comprehensive.

The practices in terms of providing information packages that include relevant documents for the meeting vary considerably. In some cases, such documents are distributed either during the meetings or even at the end of the meetings. This practice limits the opportunities for the employee representatives to prepare, ask questions or request explanations. In other cases, documents are issued in advance. The time period for the prior circulation of documents ranges from a few days to a few weeks.

At **Bayer** EWC, members usually receive the documents for the plenary meetings several weeks in advance. In the case of **British Airways**, employee representatives complained that they would like information to be provided before the meeting in order to understand the data and to prepare questions. Documents relating to the presentations of the **Riva** management are sent to EWC members a few days before the meeting. All of the corporate and employment data are referred to and explained by management during the presentation in such a manner that the data can be clearly understood.

The bulk of the relevant documents for the plenary meetings are sent to the **Whirlpool** EWC members at least four weeks beforehand to ensure that the information provided by the management can be absorbed. However, there are complaints that the content and the meaning of company data are not easily grasped. To deal with this problem and to enhance the coherence of the information, the employee representatives have decided to circulate a kind of questionnaire among EWC members. This serves to improve their preparation and make the meeting with management more productive.

The meetings last several days and time is made available for clarification of the information presented. In management presentations, the prior questions of the employee representatives are taken into account. Further time is reserved for discussion and questions. EWC members may ask questions quite freely, but there are complaints that the time available is not sufficient. After the employee representatives' follow-up meeting, another meeting takes place with management that facilitates further reflection on the presentation, discussions and questions.

At **ENI**, the EWC has fostered both qualitative and quantitative improvements in the presentation of information. On the other hand, an employee representative from the UK subsidiary was not satisfied with the information received at the EWC meeting, deeming it insufficient. The group tends to provide only minimal information.

An employee representative at **Pirelli** gives a less positive account of EWC meetings:

'They go through their reports and they bring in an accountant to explain the issues, which is a bit of a waste of time because we do not get the account[s] until just before we go. So you have not had much time to prepare or argue, and the issues we want to talk about are

not necessarily over the annual account. We get stuff on the financial performance of the company. It dictates a lot of the meeting. It is in the general area. They will not split it down to individual countries or sites. We can ask questions, the whole meeting is based around us doing that. It is more looking backwards on performance than forwards on future strategy. You do not get a straightforward “yes” or “no” from management, you tend to get a paragraph and it tends to be “we can’t talk about things that haven’t happened yet”.

The information provided by management is sometimes judged differently by the various EWC members, in particular between those at the headquarters and those at the subsidiaries. This may not only reflect the different settings of industrial relations cultures, but also the actual value of the information received. In many cases, the employee representatives in the home country and in particular those from the headquarters have already received most of the information in another context at the national level.

In the **DaimlerChrysler** case, central management provides identical information to all committees of employee representation. At **Deutsche Bank**, the value of the information obtained via the EWC is usually insignificant for the German EWC members since the EWC is usually the last link in the chain of information. Prior to the EWC meeting, the German EWC members have often received the same information earlier in company meetings and the group works councils. Therefore, it was agreed with management that presentations and reports on the restructuring measures should concentrate predominantly on the non-German locations.

In the **Merloni** case, the EWC has notably improved the quality of the information for EWC members from plants abroad since, in Italy, provision of information had already been guaranteed through the national information and consultation procedures.

In summary, the value of information can differ considerably between the EWC members:

- The value of the information given by the central management is often limited for EWC members in the parent company as they already receive most of the information provided at the EWC meetings at the national level.
- EWC members from the parent company gain information regarding the situation in the other countries.
- The value of the information for EWC members from the other countries is usually higher, and they often receive information to which they normally do not have access.

### **Transnational versus local/national issues**

Local or national issues in contrast to transnational issues are relevant in several respects:

- A frequent subject of controversy and debate in the context of agenda-setting, or at the meetings, is the determination of national or local issues as opposed to transnational issues.
- There are major controversies regarding the necessity of convening extraordinary meetings and consulting the EWC.
- Another aspect is the way in which national issues are dealt with at the plenary meetings. These issues are often raised and tend to be formally rejected by management although often tolerated

and in some cases even encouraged. Occasionally, because of conflicting positions and concerns, there are objections to raising national or local issues.

- Transversal issues are related to the national situation but are of interest to all countries.

At **Bosch**, there are discussions on what issues concern only one country and do not have a transnational character. The German management representative reports a pragmatic approach to such issues. To a certain extent, the corporate management discusses national issues given that the employees understandably have an interest in discussing such issues.

Management sometimes encourages questions from the employee representatives regarding national or local issues. This can lead to candid exchanges, which are not a feature of formal processes.

According to the observation of an Italian manager, the issues dealt with inside the **Boehringer Ingelheim** EWC are not strictly of an international character. The group management tolerates the fact that each country, above all Italy and Spain, and partly Germany, bring forward their own national claims.

Divergent views and difficulty in defining an issue as 'transnational' at **GlaxoSmithKline** are considered by the employee side as reasons for the limited nature of consultation of the EWC.

As in many EWCs, there has been some debate at the **Royal and Sun Alliance Group** about what constitutes a transnational issue and how far developments in one country have implications for those in other countries.

In the case of **IKEA**, local/national questions tend to be raised by many of the employee representatives concerning dissatisfaction with local management, appeals on local and national decisions etc. At meetings, they are never formally dealt with. However, they can lead to informal contacts between management levels, as a result of the EWC discussions.

It is important for the **Pirelli** management to ensure that local and corporate issues are clearly separated. Employee representatives can informally approach group management regarding local issues at breaks for refreshments and meals.

According to the industrial relations manager of **Merloni**, there is a strong tendency among the Portuguese EWC members to pay attention to critical domestic issues. They see the EWC meeting as an opportunity to have discussions with the group management that would not be possible at the national level.

The formal management position at **Securitas** is that national problems have to be solved at national level. Nevertheless, in the experience of EWC members, the corporate management seeks solutions to such problems. One substantive matter brought up in the EWC at **Securitas** is a code of conduct for industrial relations for the group. The group management has agreed to the proposal and work has started. This code of conduct on industrial relations is seen as an outcome of the complaints by EWC members that national management does not live up to the industrial relations policy espoused by the headquarters management and the board.

It is not uncommon for delegates of the **Assa Abloy** EWC to raise matters that are of national rather than international character. In contrast to the other examples, Assa Abloy management attempts to answer these questions. However, although the group management often has to refer to national or local management, the union delegates hope for a more favourable resolution of controversial issues if they manage to get corporate management to influence the local management.

In the case of **Riva**, national issues are also examined and are sometimes at the foreground of the debate.

National or local issues are dealt with on a different basis at **Volkswagen** EWC meetings. As all personnel directors are present, they meet all the chairs of the works councils or key representatives of other national bodies of employee representation. This practice is considered to be efficient by the insider management representative from the headquarters, given that all persons are present to discuss particular issues.

In some EWCs, a transversal issue is selected as a part of the meeting. More common is the establishment of a joint working group on a certain topic of transversal character. Results of the working groups are then presented at the meetings. In the context of transversal issues, the explicit aim is often to look for best practice examples or discuss the difficulties of finding standard or integrated solutions.

In the case of **Boehringer Ingelheim**, the employee-side chair of the EWC attempts to determine what issues are considered important across all countries. These are considered as European issues.

### Consultation

Apart from the general information at regular meetings, the main interaction between management and employee representatives centres on transnational business decisions. This is the most contentious area in the context of EWC activities. The views of management and employee representatives on the timeliness of consultation differ considerably in many descriptions of how events unfold.

The first question concerns the reason for the consultation. Whereas the employee representatives focus on the process of decision-making and the options taken into account, the focus of the management side is generally on the impact of the decision. The absence of a clear definition of 'consultation' in the Directive gives rise to such different perceptions.

As business decisions are not a matter for annual meetings of the EWC, provision is made for extraordinary meetings in many agreements. Such extraordinary meetings are not summoned in all cases. Instead of informing and consulting the entire EWC, the select committee, sometimes augmented by the members from the countries concerned, is convened.

The fundamental controversy relates to the timeliness of the information and consultation. Information and consultation regarding a transnational business decision can take place:

- before the final decision is made, thereby giving the EWC the opportunity 'to deliver an opinion' (Directive preamble);
- when the decision is taken and made public;
- after the decision is made with a focus of consultation on implementing/realising the decision;
- subsequently, at the following ordinary plenary meeting.

The majority of EWC committees were informed after the decisions were taken. Therefore, no consultation of the EWCs was possible. In consulting the EWC or some representatives, management tends to seek EWC involvement in the implementation of the decisions and to ensure (subsequent) acceptance.

In cases where consultation takes place regarding the implementation, final negotiations are carried out at national or local level. The EWC wields some influence in respect of the direction and shape of the implementation.

One central development in the practices of the EWC is the increased importance of the select committees insofar as they have an executive function. In particular, in those companies with a select committee and co-determination, at least a few EWC members will have been informed before the EWC as a whole.

The following examples illustrate the role of the EWCs in handling transnational business decisions.

The **Südzucker** EWC was not informed or consulted in advance about transnational business decisions, and therefore had no say on the decisions. The two major cases of group restructuring are the acquisition of Saint Louis Sucre in France and the divestment of the Schöller Group involving several countries. No extraordinary meeting of the EWC was convened. The select committee had not acted. However, no controversies arose from the restructuring of the group.

Some key actors of the EWC were involved in these processes in the supervisory board. This is seen as a kind of 'bridge function'. Nevertheless, this implies that employee representatives outside the German co-determination committees were not involved in this phase.

In the case of the acquisition of Saint Louis Sucre, the EWC was informed after the event. The chair of the EWC emphasised that it had to remain secret or the acquisition could have failed. In principle, the EWC should have been informed earlier and this had not been blocked by management. The German insider management representative emphasised that there was no dispute between the central management and the EWC, either on the acquisition of Saint Louis Sucre or in the case of the sale of Schöller.

In the case of **Pirelli**, there are EWC-management tensions because information about decisions is given only after they have already been made. The EWC is informed at the same time as the press release is issued.

Company decisions of a transnational nature, above all within the scope of company reorganisation, are communicated to the **Riva** EWC after the decision has been made.

According to the employee side, the information policy of management at **Kraft Foods** remains at a limited level, complying with legal obligations. Management may take into account a works closure in France, which led to a political conflict and a lawsuit over the issue of timely information and consultation. Management does not pursue an explicitly proactive strategy that would involve the EWC at an earlier stage of management planning.

The **Marazzi** employee representatives complain about being regularly contacted after the event, as for example in the case of the commercial agreement with Benetton when the EWC members learnt about it in the press rather than through the official company information channel. The EWC was informed of the intention to penetrate the Russian market after the acquisition procedures had begun, in order to prevent possible 'information leaks'.

Some employee concerns arose about the timeliness of information in the case of **Royal and Sun Alliance**. Information is sometimes given to the EWC after decisions are taken. One major transnational issue dealt with the concentration of the company's multinational risk business, with consequent changes for staff located in London, Brussels, and indeed beyond the EU in Singapore. Instead of informing and consulting with the whole of the EWC, management discussed the closure only with those representatives in the countries affected by change: Belgium and the UK.

In the case of acquisitions in the UK and Russia, prior communication was given by letter by the **Merloni** management. In the case of the sell-off in Portugal, the management communicated its intention to sell the plant one year before its actual corporate transformation, following insistent requests for clarification by the Portuguese representatives and later by the entire EWC.

Ever since the establishment of the EWC, **Securitas** had grown rapidly through acquisitions. Limited EWC involvement in strategic decisions is explained by the high speed of acquisitions. The management informed the EWC about the strategy and there was no controversy. Because of the quick decisions on acquisitions, in some cases not even the company board had the opportunity for prior involvement. A high degree of authority is vested in the managing director. Management informed the EWC about all the measures after decisions were taken.

Likewise, the **Assa Abloy** corporate management is strongly focused on the acquisition of companies. This is handled by a small group of people working discreetly and at speed. This type of activity is difficult to reconcile with the work of the EWC. The EWC is informed in the wake of the acquisition without prior consultation.

Industrial relations at Assa Abloy are considered to be good and harmonious. The EWC has not been involved in any controversial issues that could be seen as a test of the council's influence. However, on a couple of occasions, there has been criticism from the EWC members regarding how management has provided information on structural changes such as the transfer of production from one country to another. When production was moved from Norway to Romania, the Norwegian union whose members lost their jobs complained.

Management considers the EWC as 'outsiders' regarding the rules on information that have to be observed in respect of the Stockholm stock exchange. Therefore, management was not prepared to give information that had not yet been published.

In the **Boehringer Ingelheim** case, the management convened an extraordinary meeting of the EWC for consultation. Regarding the time of this consultation, the German management representative said that the objectives were clear to management. After the EWC had been consulted, the final decision was made. As the positions of the employee representatives and the management coincided, there was no question of management reconsidering the decision.

The German employee representative insider also reported that the European Forum was informed in advance in the case of a relocation of the oncological research from Biberach in the south of Germany to Vienna. The same applies to the worldwide research project. It was never possible to have decisions on relocation or sale revoked. The employee representatives are primarily concerned with how such decisions are implemented with regard to the interests of the workforce.

The employee-side chair underlined that the manner of dealing with the divestment rather than the sale itself was a matter for discussion. Since it is difficult to inform the public during sales negotiations, 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.

In the context of the closure in 2000 of the Birmingham's Stirling Steels plant within the **Sandvik Speciality Steel** group, the select committee was given prior information. Before making any announcement in Britain, management had a meeting about the closure with EWC members from the parent company and delegates from the UK. The employee-side insider's feeling was that despite this 'investigation of thinking' the decision had already been made. He does not consider the process as genuine consultation.

'We were informed as it happened. So it was information dressed up as consultation...in the end we were unable to get them to move from their view on profitability. Then we switched to negotiation of the terms of closure. Mainly this centred on redundancy money. Also early retirements and so on. We got a decent deal in the end....'

According to management's version of events, the EWC employee side was informed, informally, a month and a half prior to the formal decision to close. Thus, consultation took place prior to the formal decision.

One rare example of a transnational issue is illustrated in the **DaimlerChrysler** case study. This concerned the divestment of Eurostar (Graz, Austria). The supervisory board was informed about the sale and the employee bench agreed. The local works council in Graz was also informed. The option of calling an extraordinary meeting of the EWC was discussed briefly. However, it did not proceed for pragmatic reasons following informal bilateral communication (there were no objections in Austria and no redundancy problems). This procedure was criticised by individual members at the subsequent EWC meeting.

The example of the restructuring of the **GlaxoSmithKline** manufacturing supply network in June 2001 was reported. A meeting was called, bringing together the select committee and employee representatives from the countries affected by the proposal. Management provided a description of the global context of the European proposal. It outlined the rationale, content, and consequences of the proposal and responded to employee-side questions. At the request of the employee representatives, the other options that had been considered were discussed. The employee

representatives also made clear that they would have preferred management to contact the select committee and the employee representatives at the options stage, before a firm proposal was formulated. In the view of the employee representatives, the issue was 'closed' at the special meeting. It was described as a 'one shot' process at European level.

The trade union representative at the UK site observed that there was a feeling that decisions had already been made by the time they reached the EWC. The existence of the EWC did not generate any difference in the way the redundancies at the site were handled. The EWC had been informed, but influence over implementation of the plans was most likely to be exercised at local level.

None of the interviewees clearly differentiated between information and consultation with the **Bosch** EWC on transnational issues. The management side had a clear position on the involvement of the employee representatives. They were involved in the implementation of decisions taken but not in decision-making.

One example of a transnational issue dealt with by the **Bosch** EWC was the acquisition of Rexroth, a machine construction division of the Mannesmann Group. This was one of the largest acquisitions in the history of the company. The machine construction activities of Bosch were combined with those of Rexroth.

The personnel department invited experts of the relevant divisions in the group to present the reasons for the decision to the EWC and the 'managing (select) committee'. In this case it was decided to establish a separate Rexroth committee.

The acquisition of Rexroth had been an issue for the EWC insofar as the sales departments of the individual countries had been merged. The acquisition had almost no impact for the production side. Production continues more or less as before. Sales activities had to be harmonised and an integrated service provided to clients. The management insider from the headquarters regards the informing of the EWC as timely and encompassing. He points to criticisms from the employee representations that information is often not given early enough.

The German EWC member characterises the management information policy with regard to timeliness in the following way:

'The procedure at Bosch is very simple. As soon as you learn about it you will be informed what happened.'

The management representative emphasised that the acquisition itself was not discussed with the EWC. This decision was taken solely by the board. The EWC was involved in developing the concept, discussing all questions regarding the implementation of the decision and the merger of the sales divisions, particularly with regard to the impact on employees. He stresses:

'Important indications by the EWC have been considered in these processes of decisions. I cannot remember that there had been any point where the EWC members claimed that this has to take place in a different way.'

The management representative describes the information given as thorough and in excess of requirements. Though, a possible reconsideration of decisions based on the influence of employee representatives is more likely in the supervisory board than in the EWC.

The French management representative points out one likely development in relation to the impact of the EWC on restructuring:

‘I am convinced that, even if it is not on the agenda yet, we will sooner or later move towards a European code of conduct concerning restructuring, for the case of mergers, sell-offs and closures. We already have joint rules for the management of slump phases.’

The evaluation of the proposed **Air France** plan revised some elements of the management's project on setting up a single call centre based in London. The strategy had been presented to the EWC. The EWC launched an expert appraisal to be carried out to obtain information and an independent analysis of the project's economic implications.

In **Aventis** and **Bayer**, there are two case studies where acquisition and divestment intersect. In the context of the takeover of CropScience by Bayer, the CEO, assisted by HR directors of the relevant countries, met the Aventis EWC and openly discussed the scenario and Bayer's commitments to Aventis employees. This concerned the employment objectives and the integration of eight European CropScience representatives from the Aventis EWC in the Bayer EWC. This extraordinary meeting of the EWC was preceded by meetings of the select committee, augmented by the EWC members directly concerned.

From the employee-side perspective, the **Bayer** EWC, in principle, has no influence on the outcome of management decisions. In the case of upcoming decisions on transnational projects, the employee side is informed by management in writing. The information and decision processes are simultaneous.

The EWC is not included in the decision-making process itself, only in the implementation and transformation process of a decision. Thus, an extended joint committee meeting took place with 28 participants in order to discuss the impact of the newly emerging structure of Bayer CropScience.

In the case of the centralisation of accounting in two large European centres, a study that was prepared to support the decision-making process was presented to the EWC when the decision had already been made. The presentation and discussion of the study served merely to ensure acceptance.

A feature of the **British Airways** agreement provides for extraordinary meetings to be convened no later than 10 working days after the company announces significant transnational changes such as mergers, relocations, collective redundancies, or restructuring. The spokesperson or deputy has to be informed on the same day as the announcement is made.

A restructuring strategy for British Airways was announced simultaneously to both the stock markets and the workforce. The EWC was informed subsequently at the next full meeting. The HR manager emphasised that the NNF remains the principal focus for information and consultation. The employee side criticised the timing of the information they received and the lack of involvement in the decisions made.

The aims of the information and consultation procedures are also seen as being undermined in the case of **ENI**. The Italian member of the EWC recalled that the closure of a plant in Austria was

announced after the closure had already taken place. The British EWC members reported that in 90% of cases the company decisions have been communicated after being made.

The procedures described in the **Volkswagen** case differ considerably from most of the other case studies. Employee representatives are involved in processes of decision making at a very early stage, and they are involved in the final decisions in several committees often in a combination of functions. The decisions and processes are not primarily directed towards the EWC, which is not the committee for decisions. The supervisory board is the committee that ultimately decides. However, the EWC is an integral part in the structure of employee representation.

In general, in cases of acquisition, restructuring etc, neither side waits until the next EWC meeting. Extraordinary meetings are explicitly not provided for and have never been requested. There are contacts with the locations concerned in advance, and many ways of conveying information on transnational issues. For example, in the case of a plant layout study, the personnel department is involved. The personnel department informs the personnel directors of the locations who discuss the matter with their employee representatives. Other members of the board of directors such as the finance director and the production director are also involved. The procedure is described as a permanent process of communication and dialogue. At the EWC meetings, the results achieved through the involvement of employee representatives are presented and finally adopted.

An insider management representative underlines that, in the case of the EWC, a formal structure was developed that has to be dealt with in an informal way. Otherwise, such a company does not function. Dealing with it in any other way will lead to tensions and disputes, with all their negative impact.

Management also emphasises that reservations by the employee representatives will be taken into account in any case. Where, for example, a subsidiary is involved in another country there will be a meeting on the employee side with the employee representatives from the subsidiary and a meeting on the management side. Both will take place in a smaller group. The management side will also attempt to find agreement with the employee representatives.

Both interviewees from the UK subsidiary see headquarters as the primary venue for discussions and decisions. The employee representative stresses that the EWC is informed before the final decision. However, the agreement between management and employee representatives has already been made in Germany. The issues have already done the rounds of the German works council. There are no outstanding contentious issues.

Several business decisions and the role of the EWC are described for **Whirlpool**. In general, the information is provided immediately before the decisions are made public.

In a restructuring process that took place in Germany and France, an extraordinary meeting was called to inform the coordination committee about the closure of the plant of Calw in Germany. Following the announcement of the management's intention to close the plant, the EWC represented the German claims in Europe. A 'rethinking' of the implementation of the decision was a response to protests and actions taken by the EWC.

The EWC released an official communication protesting against the closure of the plant in Germany. By means of a targeted information strategy, the EWC attempted to involve all the European plants. According to the Italian EWC delegate, the international protest did not prevent the closure of the plant but management made concessions regarding the implementation of the closure. The agreement provided for the relocating of staff to other factories in Germany, on the one hand, and the use of the early retirement scheme, on the other.

In 2002, the EWC was informed and consulted at an early stage about plans to cut staff in France. This enabled the EWC to provide significant support to the French representation bodies. The coordination committee invited the French representatives to the Italian headquarters for an extraordinary meeting and asked them to state their conditions for agreement with the company.

Based on this platform, negotiations were then carried out at national level with the company in France. The 150 employees due to be made redundant were offered the choice of early retirement or relocation to other plants. Both in the case of the acquisition of the plant in Poland, and in the case of the divestment of a company branch in Sweden to China, the EWC was informed. In these cases, the EWC had no direct or indirect impact on the decision-making.

The **Elektrolux** case raises a number of interesting issues concerning the role of the EWC and the select committee in the context of change and restructuring, outsourcing and acquisitions in a transnational environment. The group launched a radical structural change, including selling out and/or dismissing over 20,000 employees worldwide.

The establishment of the EWC coincided with the ambition of the top management to launch the restructuring programme in the group. Management chose to make use of the EWC in this process. In particular, the CEO evidently saw the possibility of using the EWC as an arena for information and the exchange of views on the change process. This was not seen as negotiation but as a 'strong' consultation. By creating a monitoring mission for the select committee, this group developed a more active role on a joint-party mandate.

When the restructuring plans – after being decided by the company board – were made public, the order of being informed was the EWC, the local level and the press. In the steering group, the overall issues and transnational relocations were discussed and contentious items dealt with.

Processes of negotiation were always carried out at the local level. In some cases, meetings were arranged between top management and local employee representatives.

Transnational business decisions were not a subject in all companies. In some, the 'transnational' character of the activity was denied. In the majority of cases studies, transnational business decisions had to be dealt with and the EWCs were informed when the decisions had been made. In a few cases, the EWCs were involved in the phase of the final decision. The EWC is more commonly involved in the detailed implementation and realisation of decisions taken by the management side.

Although the involvement of the EWC, select committee or a few EWC members occurs, particularly in cooperative industrial relations environments, the decision itself is taken by

management. Thus, the influence of the EWCs is confined to how such decisions are implemented and realised with regard to the interests of the workforce.

The descriptions given in the examples are not really surprising given the limited role of the EWC. Employee representatives in national committees, particularly on supervisory boards, participate to a greater extent in the relevant business decisions. In the majority of case studies, the EWCs have no direct influence on the development or on decisions made regarding the restructuring of the group.

### **Select committees**

The tendency is for select committees to gain importance in the practice and functioning of EWCs. This applies particularly to select committees with an executive function.

The growing significance of the select committees is especially reflected in:

- the later establishment of such committees or the increase in the number of members when agreements are being renewed;
- the increased number of regular or extraordinary select committee meetings;
- a willingness on the part of management to involve the select committee to a greater extent in the business processes.

The executive function and competencies of the select committees differ considerably. This ranges from simply being a point of reference for management to managing the EWC. The scope of action on the side of the employees greatly depends on the way in which the management involves the select committee. The select committee can be either formally informed and consulted, rather than the entire EWC, or can be a partner for management through constant dialogue.

Select committees have developed even where no formal provision was made in the agreements. In several cases, the select committees extended their functions and developed from being a committee charged with drawing up agendas into a body that is taken into confidence by management and involved in business processes.

The practices, and particularly the activities and interactions with management at meetings, differ between the joint select committees and those composed only of employee representatives. In several cases, preparatory meetings of the select committee take place; follow-up meetings would seem to be more of an exception.

A distinction must be made between the regular meetings and extraordinary meetings of the select committees. Some select committees meet regularly in addition to extraordinary meetings. In other cases, select committees usually meet in order to set the agenda and arrange meetings. They only act in their executive and representative capacity in exceptional circumstances.

The high frequency of meetings (Table A8) of a number of the select committees makes it possible to involve the EWC to a greater extent in the corporate processes via the select committee.

Select committee meetings with management are frequently described as being less formal than the EWC meetings. They serve as a basis for the development of more constant exchange, understanding and trust. More importantly, the select committees may be privy to information unavailable to the EWC for reasons of confidentiality. The quality and depth of this information is a further expression of the growing significance of select committees.

The practice of calling an extraordinary select committee meeting rather than an extraordinary meeting of the entire EWC in cases of dealing with transnational business decisions is becoming more common. Another common practice is to augment the select committee with EWC members from the countries affected by these business decisions.

In some cases, management increasingly insists on informing and consulting the select committees only at an extraordinary meeting.

Select committees play a mediating role with regard to two aspects. The first is the mediation between management and the wider EWC. The second is the mediation between parties at the national level or between the corporate management and the national employee representatives.

The growing significance of select committees owes much to the management side, although in some EWCs the select committee acts as a stimulus to the activities of an otherwise moribund EWC.

The select committee plays a major role in the **Bosch** EWC. It is a managing committee and the 'brains' of the EWC between the meetings. The function of the select committee is to deal with transnational issues over the course of a year. The select committee meets four times a year. Owing to the higher frequency of meetings, the information and consultation of this committee contributes to the stronger involvement of employee representatives at the transnational level. The management informs the select committee in cases of transnational business decisions. The select committee decides whether an extraordinary meeting should be convened or if the select committee alone should deal with the issue.

According to the agreement, the select committee and the EWC members representing the locations concerned can hold a preparatory meeting as well as a follow-up meeting. Simultaneous interpretation in the necessary languages is assured for such meetings.

The select committee at **British Airways** took a different path. In the founding agreement, no select committee was established and the existing committee has not since been formalised. There are two meetings of the select committee in addition to two EWC meetings.

There is frequent contact between the employee-side chair, the management-side EWC, and between the members of the select committee. In exceptional circumstances, a special meeting of the EWC may be called. However, the practice of convening a select committee meeting needs to be developed. The joint executive committee is authorised to conduct business for the EWC in the event that it deems such business to be crucial or controversial. It will, nonetheless, refer back to the entire EWC for their opinions. The select committee is privy to information unavailable to the EWC for reasons of confidentiality. It may hold ad hoc meetings if there is a significant issue to be raised or a need for a rapid response.

The primary point of reference for the management of **Lafarge** is the select committee. The Lafarge management stressed the leading role of the select committee. In the select committee, more stable relationships facilitate the establishment of trust, help stakeholders to get to know each other, and ensure a better understanding of the matters at hand.

In the event of an acquisition, Lafarge has designed a specific process and integration tools for the new business or entity (an audit process to be carried out with a human resources team, the implementation of staff information procedures, etc). The select committee of the EWC is systematically informed of all developments.

In the event of the restructuring of the group, there is provision for extraordinary meetings. In practice, a meeting of the select committee extended to include EWC members from the countries concerned is convened in such cases.

The **Elektrolux** select committee is a joint committee comprising three employee representatives and three management representatives. It builds upon the positive experiences of a small cooperative body that served as a joint monitoring group of the restructuring process and was initiated by the top management.

The select committee is central in ensuring a continuous dialogue. It has the crucial function of following up on the restructuring process. Beyond these meetings, communication via telephone and mail is frequent. The employee representatives of the select committee are also in constant contact with the other EWC representatives when issues arise that require their attention. In relation to the EWC, the select committee's importance grew through its constant involvement in the restructuring process.

The actual work and day-to-day practices of the **Kraft Foods** EWC are carried out by a small core group that is more or less identical to the select committee in addition to a trade union coordinator of the EWC. The management recognises the select committee as a kind of a European economic committee and provides it with the corresponding information. At the same time, management seeks to bind/limit the committee to this function. The relatively continuous communication in the regular meetings between the central management and the select committee is confined to information and consultation.

The joint select committee meetings of the **GlaxoSmithKline** EWC are described as being quite informal since the smaller committee meets frequently. There is ongoing contact between the chair of the EWC and the employee representatives. The employee representatives of the select committee are entitled to hold a pre-meeting.

The select committee is the first point of contact for information and, in extraordinary circumstances, for consultation. In the GSK case, two extraordinary meetings of the select committee have been convened.

Both management and employee representatives described the relationship developing out of it as 'good', and emphasised the advantage of the joint chairing of the select committee. Management utilises the select committee to sound out the employee side and is disposed to alerting the

employee representatives confidentially on upcoming issues. On the employee side, they alert management to issues raised by the employee representatives, giving them time to consider their response. According to management, there is a better understanding of the European level among the employee representatives in the select committee and also with regard to the distinction between transnational and national or local issues.

In addition to the four regular meetings, management has also used tele- and video-conferencing to brief the select committee employee representatives.

In the **Royal and Sun Alliance** EWC, meetings of the select committee with the management have developed into a fairly purposeful activity and have definitely broadened beyond what was originally intended.

Its initial role was mainly to formulate an agenda in collaboration with management. In practice, its function has been extended by general agreement. In the meantime, it developed into a body that management confides in. Members of the select committee are kept well-informed at a relatively early stage on corporate business decisions, especially when they are concerned with the sale and acquisition of companies. The involvement of the select committee is illustrated by a management representative in the case of the divestment of a German location.

‘When we sold Germany, the Secretariat [employee-side select committee] was informed of the rationale, what sort of profile of acquiring company we were looking for, the German co-determination arrangements we’d respect and so on. So it wasn’t just the German lady who happened to be a member of the Secretariat who was being informed because she would have been informed in her own right in Germany. It was extending that understanding and knowledge to the Secretariat.’

For management, this was a conscious move to broaden the role of the select committee, and a means not to involve the entire EWC and avoid the obligation of calling an extraordinary meeting.

The select committee at **Deutsche Bank** is responsible for preparing the EWC meetings. It also establishes a channel of communication and makes arrangements with the management side. More and more, its function as a mediator between management and the EWC becomes apparent, especially since management increasingly insists on informing and consulting the select committee, instead of the EWC, in extraordinary cases.

In the case of **Bayer**, information and consultation on transnational business decisions take place within the context of the extraordinary meetings of the joint select committee. For this purpose, the committee can be extended to involve representatives from the location affected by a decision.

The select committee at **Whirlpool** often meets twice a year, once to prepare the annual plenary meeting, and a second time for extraordinary events. Until 2003, the select committee held four extraordinary meetings, which were sometimes extended to involve the EWC members from the country affected. Although extraordinary meetings of the entire EWC are provided for by the agreement, none have taken place. In all cases, a select committee meeting was summoned.

The select committee of **Atlas Copco** deals with special issues in the period between the annual meetings. Normally, it meets independently of management representatives. In cases such as

restructuring and relocating, the select committee meets with management in order to be comprehensively informed about the business decisions. EWC members from the countries concerned are invited to participate in the meeting.

In the **Eiffage** case, the renewed agreement of 2001 introduced a provision that, in the event of the divestment of a company in the group, the closure of an establishment or its relocation, the select committee must be quickly informed of the anticipated decisions.

The select committee at **ENI** has the right to meet the group management and to be informed and consulted in the case of extraordinary events. Preparatory meetings of the select committee and the EWC members of the countries or companies directly involved are foreseen. However, up to now, they have not seen the need to summon an extraordinary meeting.

The select committee at **Merloni** is recognised by management as the principal contact in the event that extraordinary situations need to be discussed.

Between the annual meetings, communication between the corporate management and the **DaimlerChrysler** EWC takes place through the select committee, which thus represents the relevant channel of continual interaction.

In the case of **Marazzi**, the mediating role of the select committee with regard to national conflicts was emphasised. In 1998, the central management explicitly requested the intervention of the select committee as a means of resolving a controversy that arose between the French workers and the company with regard to restructuring a company in French territory.

On another occasion, the select committee intervened following an informal request made by French EWC members, and it played a mediating role in an industrial action.

The stronger and more active involvement of the select committees in company processes can strengthen the role of the EWCs, on the one hand, while it can imply a potential weakening of the larger committee, on the other.

The case studies focus predominantly on the exchange between management and the select committees, and offer little information on the exchange of information between the select committees and other members of the EWC. Taking the language barriers and other obstacles for a continuous or regular exchange within the EWCs into consideration, a gap can be assumed between the more actively involved select committee and the influence of the other members. It was rarely reported that minutes had been taken of the select committee meetings, or that such minutes or other forms of regular information were disseminated to the entire EWC.

However, in at least a few cases, it was reported that the entire EWC was kept informed. In the case of **British Airways**, feedback on the views of the EWC members was requested. In the **Elektrolux** case, it was emphasised that the members of the select committee inform the other EWC members on important issues. In the case of **Boehringer Ingelheim**, minutes are taken at select committee meetings, and the EWC members have access to these minutes.

### Joint working groups

An interesting field of interaction between management and employee representatives are the joint working groups, comprising both management and employee representatives. They were established to deal with specific thematic issues.

These working groups serve as a basis to develop issues and create a foundation for benchmarking and best practice examples at European level. They can also reveal the limits of cross-national solutions owing to their different legal backgrounds.

The establishment of such joint working groups goes beyond the mere functions of EWCs as laid out in the Directive. A crucial side-effect of the joint working groups within the EWC is that they can create a greater acceptance of the EWC by management. One example is the description of an employee representative in the **IKEA** case study.

Basically the management was hostile and against it, but there has been a change of directions since the establishment of the joint work on occupational health and safety. Because of that, we have been perceived as a party who can contribute.

It is striking that occupational health and safety (OHS) is an issue favoured by the working groups within the EWCs (e.g. Lafarge, IKEA, Suez, Riva). Another recurring topic is company pension systems.

Examples of joint working groups evaluating the problems of company pension systems in different national social security structures are **Boehringer Ingelheim** or **Air France**.

The joint working group within the **IKEA** EWC has the task of developing an occupational health and safety policy that focuses on the work, layout and working hours of the cashiers. Another task is to prevent illness-related absenteeism.

The objective of the bilateral commission on health and safety in the case of **Riva** is to outline a regulatory framework towards which all of the individual European manufacturing plants will have to converge.

The renewal of the **Marazzi** agreement set up provisions for the establishment of a working group on occupational health and safety. This working group is made up solely of employee representatives. It meets annually, usually before the EWC meeting. Management representatives only attend the meetings as experts on the topic.

Two specialist committees have been set up in the **Suez** EWC, one on occupational health and safety and one on training. The objective is to allow for a more practical follow up of ideas raised at the plenary level. The Suez Group Health and Safety at Work Charter was drawn up on the basis of the work carried out by the working group.

In the case of **British American Tobacco**, three extraordinary meetings of the EWC were called in order to discuss the impact of the European Product Control Directive. The handling of this issue in extraordinary meetings can be represented as a form of 'joint work' between management and the employee representatives on an issue that had broader corporate implications.

### **Interactions between subsidiary management and the EWC**

The dividing line in the analysis of the interactions between the subsidiary management and the EWC employee representatives lies between case studies in which the subsidiary management is involved in the EWC and those in which management is not involved.

A more centralised European human resource management or greater coordination of management practices and industrial relations seems to be related to the involvement of the management in the EWC. In the cases of decentralised management structures, the management of the subsidiaries is often not involved in the EWC meetings.

In nine of the case studies (Table A6), the HR directors from all of the subsidiaries or from the most important ones according to employment are involved in the annual plenary meetings.

In the majority of the EWCs analysed, the subsidiary management is not involved in EWC activities. In these cases, subsidiary management reports that EWC employee representatives have an informational advantage with regard to transnational issues of the group to which they do not have access via the normal management information channels. This applies particularly to subsidiaries located in Germany, where subsidiary managers reported that they are informally informed by their local EWC employee representatives. Often the only minutes of EWC meetings they ever see are provided informally by the employee representatives. Thus, informal communication with the national EWC members offers the subsidiary managers a source of information beyond the official information they receive through the normal channels of communication from the central management.

Among the interesting features that developed through the operation of the EWCs are several forms of interactions between the central management, the EWC, and the subsidiary management.

One feature is either open or concealed alliances between the subsidiary management and the employee representatives who defend the interests of their local plants.

A further interesting aspect is that the subsidiary employee representatives take advantage of their direct access to the group management at the meetings for support (against the subsidiary management) on local issues.

In a number of cases, the group management representatives and/or the EWC employee representatives from the headquarters try to mediate informally between the subsidiary management and the subsidiary employee representatives during breaks at meetings, at social events or in between the meetings.

### **Employee-side interactions**

Central to the understanding of the employee-side interactions are the often limited opportunities of exchange outside the regular EWC meetings as a result of language barriers. The main occasions for interactions and of developing positions are the preparatory meetings of the EWCs. In some cases, the preparatory meeting only lasts half a day and this is the main contact and platform for exchange.

Language barriers are a core problem for the development of continuous and informal interactions and relationships outside the formal plenary proceedings or select committee meetings where language interpretation is provided. This applies to the opportunities for mutual exchange of information between meetings and at coffee or lunch breaks, or meals in the evening.

In the **British Airways** EWC, due to the nature of the company and the work, the employees are normally able to communicate in English. In contrast to most of the case studies, contact between employee representatives between formal meetings tends to take place quite frequently by telephone or email.

In the **Securitas** EWC, the question of a working language at the meetings provoked the main controversy that arose on the employee side. Whereas the Scandinavian representatives advocated English as the working language and tried to encourage all delegates to learn English, the delegates from southern European countries claimed the right to use their own language at the meetings.

The development of EWCs differs according to the resources provided and the frequency and quality of interactions. In some of the EWCs, the chairs and the select committee are the main driving forces for development.

The range of EWCs extends from committees run by well-equipped (semi-) professional representatives to committees with scant resources that find it difficult to function.

One of the most interesting aspects of the research is how the employee representatives from the different European countries deal with each other in the EWCs. One feature is common across all the case studies. The operation, functioning, and in particular the involvement of the subsidiaries in the EWC is seen very differently by employee representatives in the parent company and employee representatives in the foreign subsidiary. While the EWC members in the parent companies tend to emphasise the good functioning of the EWC, respondents from subsidiaries are often more critical.

Differing views of representatives from the parent company and the subsidiary concern in particular:

- the effectiveness of the EWC;
- the involvement of the subsidiaries;
- required operational procedures.

The assessment of the outcome and impact of the EWC differs considerably in some case studies. While, for example, the employee insider in the **IKEA** headquarters sees that the EWC has a positive outcome, the French employee representative describes it as 'a major showcase, below the objective of the Directive'.

In some cases, there seems to be more agreement between the management and the employee representatives in the headquarters than between the employees in the parent company and the subsidiaries. This applies in particular to cooperative industrial relations structures.

Very often the home country is perceived as being dominant in the EWCs. One indication of a pro-European approach by employee representatives is the method of allocating seats to the workforce in the countries. This particularly applies in cases where a large majority of the employees work in the home country.

In several of the French cases, the composition of the EWC and the national level committees differ as the intention is not to duplicate the national structures in the EWCs. This, in combination with the renunciation of seats by the French representatives in favour of the other countries, is seen as the conscious development of a clearly European body. However, the overall structure of the EWC has to be considered. For example, in the case of **Eiffage**, the composition of the EWC is determined by a French select committee with an executive function. In general, the broad representation of countries and interests in the select committees – especially in select committees with a managing function – appears to be more important for the development of the EWC than the composition of the EWC itself.

On the employee side, the perception of how the EWC functions or not is influenced by employee representatives' experiences of company employee representation and expectations rooted in the national industrial relations background.

A central factor is the strategy (or non-strategy) on transnational employee representation of the key employee representatives in the parent company.

Different industrial relations backgrounds and expectations can lead to different interpretations of the EWC agreement on a more formal level. In a broader sense, it has a considerable impact on the understanding and direction of employee representation. Against the background of the national systems of industrial relations and the differing experiences with company employee representation, different perspectives and expectations of employee representatives from different countries are an issue in most cases.

Differences in perception characterise many EWCs. Open disputes between EWC members from different countries are rarely reported. However, in many cases, internal disputes are reported for countries with rival trade unions in the companies and the EWC.

The degree of differences and the way these differences affect the functioning of the EWC vary considerably. In general, all EWCs have to contend to some extent with these differences. Of particular significance are discussions on the employee side on the approaches of employee representation across the countries in the EWCs. In a number of EWCs, there are tensions arising from competing concepts of 'social partnership' and 'independent' employee representation, reflecting different industrial relations and national backgrounds.

With regard to the development of a joint European perspective and strategy of employee representation, committees range from those with an elaborated strategy on employee representation to committees characterised by holding formal meetings of EWC members without further impact.

A potential European focus of employee representation can be developed on:

- the general strategy of employee representation;
- certain issues;
- certain (extraordinary) occasions.

In the descriptions of the employee-side interactions, competition between the various plants and their impact on the concerns of EWC members is more evident than in the descriptions of the interaction with management. In some companies, competition between the plants is not reported. Where the company plants are clearly in competition, then the rivalry is handled differently.

The differing attempts to deal with competition appear to be closely related to the management approach to labour relations. The orientation is more cooperative in the Swedish and German cases and more confrontational in the UK.

However, the views can differ if a joint European position is sought to improve the work of the EWC. Whereas this is a declared aim of several German EWCs, the Swedish EWCs see the committee primarily as a forum for information, coordination, and networking between union representatives from different countries (e.g. **Securitas**). In **SKF**, the tradition is not to seek a common standpoint. This pragmatic approach is taken since unanimity is regarded as an impossible goal because EWC members seek to defend national interests. In the Swedish case studies, the gap between the 'Nordic' and the 'southern' view is most clearly described.

In some cases, EWCs have achieved a high degree of social cohesion. The **Volkswagen** case shows that, from the perspective of the employee representatives, an EWC that manages to create internal cohesion and is based on a strategic vision can become an influential factor in the transnational expansion of a group of companies. The crucial question is how such social cohesion can be established, and how EWCs can become a representative voice.

In practice, the committees range from European-focused bodies to committees comprising members with a predominantly national focus. In practice, the home country is still to the foreground of members' concerns in most EWCs.

In the Swedish and German cases, the key EWC members, such as the chair, play a vital role in the national level committees of employee representation. The combination of functions of the chairs, and especially their power and influence due to their membership of supervisory boards, is seen as beneficial for the EWC. One major advantage is direct access to corporate top management. On the other hand, this sometimes triggers suspicion among EWC members from countries with less cooperative structures and traditions. Apart from different perceptions of the role of the EWC, creating trust and removing suspicion are essential.

A certain degree of continuity of the members on the EWC committees is considered to be essential. It is seen as an important factor in building up knowledge as well as social relations. The revised agreement for **IKEA**, for example, provides for continuity by stipulating a minimum period of serving on the council.

The involvement in and impact of trade unions on the EWC differs between countries. The involvement and input of national and European trade union experts is described in almost all case

studies. The differences lie in the further participation and influence in the committees. This seems to be strongest in Italy and France and weakest in Germany. In Sweden, trade unions are also influential in the EWCs. It is noteworthy that Swedish trade union standpoints concur, thereby increasing their influence. Finding a method and role for trade unions of differing traditions in EWCs is an ongoing process.

### *Role and organisation of preparatory meetings*

The role and the impact of preparatory meetings on the development of EWCs are closely related to the resources provided. The organisation and duration of meetings will determine their success along with the provision of interpreting services and the translation of documents such as the country reports.

Comparisons and the sharing of experiences of the differing industrial relations systems are a key element of meetings. The outcome of the preparatory meetings would be greatly enhanced through the provision of training in the different national systems of industrial relations. The potential role of the European trade union representatives in this regard has been emphasised in many case studies.

Two central items are on the agenda of the preparatory meetings:

- the so-called country reports by the EWC delegates;
- preparation for the plenary meeting with management.

At the **Volkswagen** employee-side preparatory meetings, written country reports are presented and discussed. These country reports are translated, providing an opportunity to compare events in the plants, though exact comparisons are not possible because of country and legal differences. In other cases, the country reports are neither provided nor translated in advance.

Within the scope of the annual meetings of the **Whirlpool** EWC, the preparatory meeting represents an occasion in which the various employee representatives can benchmark their own experiences at the level of national industrial relations. Through a process of international benchmarking, they can draw inspiration from any good practices enforced in the other countries. Of great importance are comparisons of the information given by the local management and corporate management with those of the employee representatives.

In the **Whirlpool** case, an important achievement is noted: greater knowledge about the different industrial relations traditions and practices in the various countries represented in the EWC.

Regarding the role of the preparatory meetings at **ENI**, both the Italian and the British members interviewed emphasised that this informal part of the annual meeting offers more scope and opportunity for reflection on national differences. The chance to meet at European level can provide an important opportunity to compare the different industrial relations cultures and for delegates to share their experiences.

The meetings are mainly reactive rather than proactive. The emphasis is on clarifying issues on the agendas, questions arising from management presentation documents and other matters arising. Only in a few cases is there a more active approach on the employee side, for example proposals

on production allocation would be drawn up prior to approaching management. The precondition for such a joint proposal is to find agreement among the EWC members.

The employee representatives at **Volkswagen** prepare detailed proposals for discussions with the management on capacities and volume of production for the locations. The focus is on establishing a solid stable basis.

Core outcomes of the preparatory meetings for the employee side are:

- an enhancement of knowledge of industrial relations in the countries;
- better information on the situation in the locations in other countries;
- developing a joint position on crucial issues;
- networking and coordination.

### *Different industrial relations cultures and structures*

The different industrial relations cultures and structures are predominantly considered as a source for tensions and misunderstanding, and a reason for the slow development of a European vision for EWCs.

In the **Whirlpool** case, the different industrial relations cultures do not seem to hamper or slow down the work and development of the EWC. They have actually served as a stimulus in developing a critical capacity, both union-wise and company-wise. The international experience has helped the participants, particularly the employee representatives, to develop a broader vision. The EWC has contributed to enhancing the knowledge of the industrial relations in the other countries.

Different understandings between the employee representatives from Germany and the representatives from France in the **Südzucker** EWC concern the principles of cooperation with management. When the French representatives joined the EWC, they wanted the paragraph that lays down the principle of 'trustful cooperation' with management to be deleted from the agreement.

**Bosch** EWC members outside the home country suspected that there was a lot of wheeling and dealing between the German representatives and the central management. It took time and energy to counter these assumptions and make clear that the German representatives were not in league with the board. Likewise, the German representatives had to learn that the German structures of employee representation were not the ideal model for all.

The German insider employee representative from **Volkswagen** describes that there are very different cultures in the group plants. What seems to cause difficulty for many employee representatives is the cooperation by co-determination that is predominant at Volkswagen. This cooperation entails a certain form of exchange between the management and employee representatives.

'The distance and trenches are felt more intensively from both sides at most of the locations. And the fact that we can deal with each other more or less without problems and without quarrelling provokes suspicion. According to the maxim: The Germans agree at our expense if necessary.'

The interactions among the **Bayer** EWC members improved over the years and are an outcome of mutual learning processes. In particular, the delegates learnt to address conflicts openly. In the beginning, misunderstandings arose and led to fears and uncertainties due to a lack of understanding of the structures and working styles of the internal-company and union employee representations in the different countries. For example, the French delegates were initially very critical of the German system of co-determination, because it appeared to them that the German works council members were ‘sitting on their employers’ lap’.

Respondents at **HSBC** reported a number of difficulties in terms of how the employee representatives relate and interact with each other in the EWC.

- Some employee representatives have difficulties seeing beyond their own particular or local concerns.
- There are a number of non-union employee representatives, who tend to be seen by their trade union colleagues as less organised and effective participants.
- Differences in the role and approach of different trade unions are evident.
- On the part of the French employee representatives, there was also a lingering suspicion that the ‘deal-making’ approach of the UK union in domestic industrial relations, coupled with their sole-union status, signified an uneasy closeness to management, or even some kind of tacit ‘sweetheart deal’.

In general, the difficulties in managing the preparatory meetings of the employee representatives and of establishing a clear sense of direction or strategy were emphasised.

In some EWCs, splits between and coalitions of some of the countries within the EWCs are described. A typical example of a split typical of many EWCs is illustrated in the **IKEA** case:

‘... the interactions between employee representatives are influenced by their different cultures, union traditions and labour relation systems. The French employee representative describes it as the existence of two clans within the EWC – the north (Scandinavians, Netherlands and Germany) versus the south (Spain, Italy, France, and Belgium) with the UK somewhere in the middle. The north clan is perceived by the south as too cooperative and company oriented while the north perceives the south behaviour as too political and antagonistic towards management. ... The different cultures and perceptions have not caused direct conflicts but seem to be slowing down the development of cooperation between the employee representatives. The differences – both in the different cultures and traditions as well as on the role of the EWC – tend to make the representatives more passive, inside as well as outside the plenary meetings.’

The different national backgrounds and experiences with industrial relations do not only impact the current work of the EWCs but also the expectations and visions of how the EWCS should develop. In a number of case studies, very different views of the EWC members from the different countries are described. These perspectives are closely related to their national industrial relations experiences and in particular their expectation of the roles that the EWCs should play.

In the Swedish cases in particular (**Securitas, IKEA, Elektrolux, SKF**), the EWCs are seen as forums for information, networking, and exchange of views. Other perspectives are evident,

particularly in the Italian EWCs. They are striving for a more influential role for the EWC and stress the need of a negotiating function.

The perspectives of the EWC members in the home countries very much shape the approaches of the EWCs. Whereas the Swedish and German EWCs tend to be more cooperative and pragmatic, the others tend to have a more conflictual, antagonistic and anti-company attitude.

There is a feeling of discontent in the **Securitas** EWC on the union side, and the ambition to go further and get more out of the EWC. Nevertheless, there is no common agreement on the future vision of the direction and function of the EWC. The Scandinavian union representatives fully support the strategy of the management, and seek to work with management to reach the goals and be involved in the management of the company. Therefore, the work focus is on company strategy and business orientation and on making the EWC relevant for the development of the company. In contrast, the delegates from the southern European countries want the EWC to be an instrument for advancing national positions on wages and conditions. They see confrontation rather than cooperation as the normal relationship with management.

In the **IKEA** case study, the impact of different perceptions of national EWC members of the role of the EWC is described. The southern employee representatives regard the EWC more as a negotiation forum, characterised as an opportunity for information exchange, time for going back to members, consulting experts and coming to real decisions confirmed in written agreements.

The Swedish members consider that it not possible to develop the EWC as a negotiating body. Among other things, a negotiation function would conflict with the national co-determination system. More importantly, the real decisions are often made by the holding company and therefore are not within the reach of the EWC.

The practice and understanding of the **ENI** EWC is strongly influenced by the Italian background. The Italian union that is represented both in the EWC and in the select committee has to a certain extent a leading role inside the EWC. The ENI EWC represents a continuity with the cooperative model of industrial relations for which the group is known in Italy. On the other hand, the members of the EWC emphasise the need for greater powers and going beyond information and consultation in order to make it an effective instrument.

### *Increasing interactions*

The EWCs contributed significantly to establishing or increasing contacts between the employee representatives from the various countries. A central aspect in the interactions is the exchange between EWC members from the parent company and the subsidiaries.

For the German representatives in the **Volkswagen** head office, discussions at the employee-side meetings increase their awareness of the concerns and fears of the employee representatives in the subsidiaries. For their part, the German representatives contribute their combined know-how about how the group operates and 'thinks'. According to the insider employee representative, this leads to an informed international discussion on the problems.

In contrast, it is suggested in the interview with the employee representative from the UK subsidiary that the Germans are very dominant and have made most of the decisions with the

management in the headquarters in advance of select committee meetings or the EWC meetings. There is some criticism that other EWC members are not involved earlier.

The EWC is an important committee with an integrative impact. It offers the opportunity to learn the positions of the various local employee representations. Secondly, the function of these committees is to develop a concept across the locations that offers the basis for planning arising from the discussions with the board. As soon as the employee representatives reach agreement, it is no longer possible to play the employees representatives or plants off against each other. The German works council has a clear leading role in these processes.

The interactions between the EWC **Bosch** members improved considerably in the evolution of the EWC as their knowledge of the company's overall situation grew.

In **Merloni**, the operation of the EWC has led to a progressive and continuous lessening of internal frictions and the divergences due to the different industrial relations cultures. The benchmarking and the exchange of experiences have allowed the EWC members to better understand what the peculiarities of the other industrial relations systems are and at the same time to recognise that national level issues are often similar.

Although there had been international contacts before the **Volkswagen** EWC and WWC were established, discussions on issues are much more focused and structured than before. Cooperation intensified significantly, for example the development of the European OHS approach. As the insider employee representative put it:

‘In this the EWC proves to be a catalyst that would have to be invented if it did not exist.’

The chair of the **Boehringer Ingelheim** EWC 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 generally and leaves interpretation in negotiations. Consciously! In southern European countries certain issues have to be crossed off. There is no scope. It must be fixed as precisely 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.’

It was also possible to establish trust and the minutes became more general. Over the years, a more European orientation developed on the employee side. However, a local works council has different tasks than the EWC. The chair's experience is that the EWC members give priority to their countries. There is both a European and a national perspective and approach.

The chair visits the locations in the countries across Europe to learn more about their situations, views and problems. It is not for the EWC to intervene in national issues. The task for the chairs is to discover common issues across the countries and place such issues on the agenda for discussion. Issues relevant in all countries are an issue for ‘Europe’, which has taken over a certain function.

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

Interaction between the delegates of the **Assa Abloy** EWC has been friendly and constructive. No major controversies have arisen during the seven years of operation. In this span of time, the delegates managed to develop a good understanding of the situation in the other countries.

### *Conflicts and tensions between the EWC members*

Differences between delegates from different countries, but no rows or serious disputes, are reported.

Tensions between EWC members from different countries are described to be less evident between the countries than within the countries due to trade union rivalries (**Südzucker**, **Bosch**, **Boehringer Ingelheim**).

Although the **Bosch** EWC committee is in principle composed of representatives from the countries based on the strength of the workforce, some exceptions have been made in order to achieve peace on the committee. The Germans renounced some seats in favour of France and Spain to end the conflicts caused by the rivalry of the trade unions in these countries. Italy has a system of rotation with the result that representatives rotate.

In a number of cases, trade union rivalries in the French and Italian delegations are reported. In the case of **Riva**, the impact of the different trade unions is considered differently by interviewees from Italy and Germany. The Italian chair does not see that the trade union policy divergences have had consequences for EWC activities. In contrast, in the view of the German EWC delegate, the lack of strategic unity in the Italian unions hampers the work of the EWC.

The different ways of preparation for meetings by the German and Italian representatives are a source of tension in the **Riva** EWC. The German members tend to be better prepared than the Italian members and therefore received greater attention, to the annoyance of the Italian delegation, which claims the leading role for itself. Further tensions are triggered by the preference shown by management for the German industrial relations model.

Even more acute are the Italian–German tensions in the **Generali** EWC, based on cultural and structural differences in industrial relations. Strongly opposing views surfaced on the purpose and operation of the EWC. German EWC members emphasise the limits of the information and consultation processes as carried out in the EWC, and criticise the Italian delegation for lacking ability to organise EWC work. However, the Italian representatives, who are mainly experienced in bargaining activities, complain about the limits imposed by the information and consultation remit of the EWC. The Italian employee representatives are particularly critical of the lack of a real contractual role for the EWC, which would enable them to play a more proactive role.

Cultural differences, language barriers, and lack of reciprocal knowledge of the countries' legislation produce misunderstandings which make it difficult for the EWC to build a common platform. In particular, the German employee representatives seek training measures and efforts to achieve a basic understanding. Obviously, different perceptions and a lack of understanding, combined with the cultural differences and different customs, hindered the development of the EWC and spoiled the chances of mutual cooperation.

### *Competition between locations and employee-side interactions*

Tensions and conflicts within the **Bosch** EWC are not primarily related to cultural differences but to the potential competition between plants.

The example of **British American Tobacco** highlights the difficulties in developing collective action on employment matters. The dynamics within the EWC have been underpinned by some tensions. In the case of the closure of the Brussels plant, representatives from several countries were willing to accept work transferred from the closed plant while others were more resistant to this idea. Tensions stem from competition between factories and countries for future investment. One employee representative emphasised the consequences for the work of the EWC:

‘We are all clamouring for work within Europe and BAT is a very big company with factories all over Europe. Everyone in Europe wants that work, and we are part of that and want the work, so how do you get people to work together when everybody is clamouring for the work. Nobody wants their factory to close and if the factory does close and there is extra work, everyone wants it.’

In the **Elektrolux** case, where the EWC and joint select committees were strongly involved in the major restructuring process of the group, EWC members still have difficulties in reaching common positions – particularly on the important issues of restructuring and downsizing. As everyone is aware of the limitations of the EWC on decision making, no acts of solidarity occurred.

The difficulties in finding a joint union perspective of the EWC role, the different national and regional cultures and traditions, plus the fact that many of the transnational issues on restructuring usually entail disputes over jobs and employment are in themselves three major drawbacks for gaining influence. In this instance, it should be noted that the Italians have three representatives (and the majority of employees) whereas the Swedes have only two.

In the case of the **Royal and Sun Alliance** EWC, the number of representatives and their national coverage had contracted quite dramatically over recent years as the company divested businesses. This caused some degree of uncertainty and particularly a lack of continuity in relationships and contacts on the employee side.

Some national differences also emerged that occasionally caused tensions. An employee insider described that it is extremely difficult to achieve a common position on issues. Interestingly, in the debates on outsourcing clerical work, some unity was generated among employees by virtue of the fact that representatives from the different countries faced a shared problem rather than one that might divide them.

A novel way of dealing with competition was developed in the **Kraft Foods** EWC. An internal code of conduct – a set of rules for and by employees for the prevention of transnational disputes – was developed, setting out comparatively detailed rules of conduct (see box below). This code of conduct provides rules for the mutual exchange of information and for negotiations at local level where production is relocated.

### Code of conduct for employee representatives in the Kraft Foods EWC

In the event of production relocations and/or greater restructurings that affect other countries, the national employee representatives will immediately inform the EWC chairperson (select committee) as well as the European/international trade union organisation responsible for the sector.

At national level, no agreement on a planned production relocation and/or reorganisation may be concluded without prior provision of information and consultation with the affected national employee representatives, the EWC, and the European trade union organisation, nor before the conclusion of the information and consultation procedure between management and the employee representatives of the EWC.

The national employee representatives of the works designated as the new location will not agree to take over production before agreements have been reached at the national level which take into account the interests of the employees of the company where production is cut.

In the event of industrial action or strikes, a corresponding mutual exchange of information should take place. The actors commit themselves to doing everything in their power to prevent other companies taking over the production of the companies affected by strikes or industrial action.

Copenhagen, June 1999

In a few case studies, the assumption is made that the absence of conflicts slows down the dynamics of development of the EWC. The internal dynamics of the **Pirelli** EWC are fairly limited. EWC members explain this by pointing out that there are no two plants producing the same goods and therefore no competition between the locations.

Similarly, in the case of **DaimlerChrysler**, the absence of significant competition between locations, of plant closures or relocations prompted little action or strengthening of EWC strategies.

#### *Developing a European approach*

The **Whirlpool** case is one of the rare examples in the study where the EWC organised transnational protest in several European plants of the group in solidarity with those employees affected by a closure. The closure could not be prevented but protest was seen to be effective in achieving improved terms for the employees concerned. The final agreement provided for the relocation of staff to other factories in Germany, on the one hand, and the use of the early retirement scheme, on the other. According to the Italian member of the EWC, the German representatives evaluated positively the role that the EWC assumed.

Although the strong French influence did not facilitate the development of a European approach in the **Eiffage** EWC, it seems that a collective operation is emerging. The EWC creates a sense of solidarity between countries but also enables the members to play a stronger national role, by facilitating a broader view of problems. For example, greater awareness of a company's activities enables the representatives to question the transfer of activities between plants. Despite the limits observed in terms of information and consultation, the EWC has the capacity to develop cooperation and networking between representatives from different countries.

The greatest challenge for EWCs is to create a European perspective. The following examples illustrate the difficulties. Although the interactions and the strategies on the employee side improved in the **Bosch** EWC, there is still a predominantly national focus. Similarly in the **BOC group**, it is reported that the biggest problem is getting the members to think beyond local issues.

A lack of interrelations and coordination between **Merloni** EWC members is explained in part by a claims-based attitude that is still too closely bound to the national situation.

A pan-European vision does not seem to be an ultimate goal of labour relations at **Aventis**. An employee-side representative emphasises the absence of a common sense of purpose:

‘Employment references in our different national traditions are still light years away from each other: the Germans have redeployment in their genes, in Ireland, companies are folded up within a month and, in France, unions tend to reject even minor cuts.’

The employee representatives at **Lafarge** highlighted the importance of the role of European trade union experts. They assisted the EWC in building a collective culture beyond the cultural differences and diverse approaches of the members. Similarly, in the **Royal and Sun Alliance** EWC, the expert was useful in defusing tensions between employee representatives and developing some consensus among them.

The degree of similarity or difference of the companies in the group can influence the character and development of an EWC. In the case of **DaimlerChrysler**, the group’s structure across Europe affects the work and development of the EWC. There are only a few production centres for commercial vehicles and a German quasi-monopoly in the production of motor cars. Small distribution centres exist in most European countries outside Germany. This implies varied interests and needs of the national EWC members.

An important aspect of interaction between employee representatives from the parent company and the subsidiaries are the different situations of the EWC members. In contrast to the highly professional full-time employee representatives at the parent company, EWC members in foreign subsidiaries are for the most part either part-time or voluntary. The asymmetry between the production and distribution centres weakens the coherence of the employee side.

A specific problem in the case of **Deutsche Bank** is that the British delegates have little interest in the EWC, only occasionally attending meetings. Since the British delegates represent more than 40% of the European employees outside Germany, this attitude weakens the EWC. The EWC chair regards the non-representation of the British subsidiary as a problem requiring urgent attention.

### *Interaction between the select committees and the EWC members*

Interactions between the select committee and the EWC members are discussed in the previous section on the select committees. Two aspects are fundamental.

Opportunities for continuous interaction are dependent on the resources of the EWC, in particular translation and language interpretation. The language barrier is a core obstacle.

The other aspect is the increasingly important role that select committees play in the EWCs. On the one hand, the existence and activities of a select committee with an executive function can make the EWC a more effective and influential body. On the other, this can take place at the expense of the involvement and social cohesion of the entire EWC.

## Interactions within management

In general, the EWC does not play a significant role in the international management of companies in the studies. The EWC is not an important issue at meetings on the management side.

There are three types of interactions within management with regard to the EWCs – interactions within the parent company (insider–outsider), interactions between parent companies and subsidiaries, and interactions within the subsidiaries (insider–outsider).

Management structures vary widely. Not all of the case study reports describe the managerial approach and/or clearly link the EWC practices to these structures.

The degree of centralisation or decentralisation of human resource management or of coordination across the group seems to have an impact on how the EWC is integrated in the group's European industrial relations. The relationship between EWCs and the degree of centralisation/decentralisation or coordination is almost unilateral. The impact of the EWCs on the management structures is minimal. In contrast, the managerial structure obviously influences the way EWCs are positioned and integrated in the companies' labour relations.

Strategies towards the EWC, as far as there are any, are determined by the attitudes of the board and the human resource or labour relations managers actually concerned with the EWC. A clear managerial strategy towards the EWC is evident in only a few cases. In such cases, the involvement of the EWC was closely related to the overall industrial relations approach. The EWCs were regarded as a means of more transnational involvement by employee representation. They were further seen as a means of smoothing out difficulties in restructuring processes and resolving disputes in subsidiaries with the support of EWC members.

In the **Volkswagen** case, a meeting of the personnel managers takes place in parallel with the employee representatives' preparatory meeting of the EWC. Every section of the group is represented on the EWC by a personnel director or manager. It is a diverse group in terms of countries and brands/companies – Scania, Volkswagen, Seat, Audi, etc. There is also specialist representation of the central Volkswagen human resource body. This informal meeting of the personnel managers is not a preparatory meeting for the EWC, but more an update report or a twice-yearly conference. The management representative from the UK subsidiary describes the outcome of the EWC meetings as mutual information sharing and learning from other locations.

International meetings of the personnel directors also take place independently of the meetings of the EWC. Focusing on Europe as a whole, the meetings of the personnel directors are divided into western and eastern groupings in order to avoid unwieldy meetings and to ensure a constant exchange at the same time.

The Volkswagen management seeks to apply minimum standards throughout the group. This is part of their global strategy of transferring the groups' policies and instruments of personnel management practised in the head office into the company's subsidiaries. There is close contact with the subsidiaries regarding implementation of these standards, which is a means of communicating the culture and spirit that characterise Volkswagen to the companies in the various countries.

Industrial relations training measures for HR managers are another way of exporting the company philosophy to subsidiaries. The UK management representative claims that the EWC is very Germanocentric. Attending the EWC meetings is part of the corporate culture. The EWC does not involve itself with the subsidiary's operations on a day-to-day basis. The industrial relations system is very different to Germany.

In the Swedish case studies, it is emphasised that the primary focus of international human resource management is global and not European.

The **Sandvik Speciality Steel** EWC has had little impact on wider structures or processes of HRM and industrial relations. There is some evidence of internationalisation of HR practices in the company as, for example, the setting up of a global industrial relations knowledge database that includes both country-specific information on labour law or benchmarks on more general matters. In recent years, more informal networks of HR managers emerged. It is emphasised that the EWC has not caused such developments and that human resource developments are global and not exclusively European. The EWC did not change the way management approached either the making of transnational business decisions or corporate governance matters due to the fact that the parent company was traditionally obliged to operate within the Swedish co-determination laws.

The question of how the EWC fits in the group's management and operational structures also arose in the **IKEA** case. Management emphasised that company structures are not in line with a European structure of employee representation.

'There is little space from a business and organisational point of view for an "in-between structure".... On human relations matters, the EWC is confined in an unclear position between the company acting globally, often well developed national systems on wages and other terms of employment, and weak European legislation in the area.'

In **Volkswagen**, a group with a clearly global approach, a different view is taken. There is no perception of a conflict between a European and worldwide perspective. This was reflected at the outset of the Volkswagen EWC when Europe was defined as a geographical entity and all eastern European employee representatives were involved as full members. The company's focus is primarily global but this is not seen to conflict with other structures but rather as a different level of interaction.

The difference between **IKEA** and **Volkswagen** is shown in the implementation of HRM and industrial relations standards, which are fundamental in the case of **Volkswagen** but non-existent in the case of **IKEA**.

The **Boehringer Ingelheim** group has a global personnel strategy. Worldwide guidelines on personnel management are developed in the head office. The head office has a clear idea about what should be achieved in the light of national frameworks and feasibility.

The German management representative illustrated that, for foreign colleagues, it is difficult to understand that 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 EWC had no impact on these developments.

In the case of Boehringer Ingelheim, there is both a global perspective of human resource management, and a well-functioning EWC that is seen as a positive element in the company by the management. As in the case of Volkswagen, standards on HRM are implemented. Conflicts between a global structure and the EWC are not reported. However, the tendency to homogenise the human resource policies at European level is seen to depend 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 both the cause and the consequence.

In the **Bayer** case, the human resource managers from different European countries are full members of the EWC. Prior to the EWC meetings, human resource manager conferences take place and personnel strategies are exchanged.

The objective is to strengthen European integration. The Swedish human resources manager usually does not attend the meetings but is informed about relevant results, particularly with respect to information about restructurings and relocations. The information flow on the management side has improved as a result of the operation of the EWC. This is also seen as a result of the fact that, in the early years, the employee representatives were better informed than the local management.

For **DaimlerChrysler**, no internal management changes in the areas of responsibility, control, or communication have been induced by the EWC. Contacts between the managers have not significantly increased following the establishment of the EWC. A twice-yearly meeting of European managers is held as well as a triannual meeting. Investment plans are discussed, along with problems inherent in labour relations.

In contrast to the Swedish and German cases, the operation of the EWCs in the UK have a different impact.

In the case of **GlaxoSmithKline**, the management representatives assessed the EWC's impact as minimal in terms of changing proposals. More noticeable is the impact on the management decision-making processes.

'Management has to think differently about how a decision is made and a proposal put together and to be more rigorous about communication. Proposals need to be thought through more thoroughly because they are going to go before employee representatives. Different parts of the business which are shaping proposals that need to go to the EECF [EWC] are now aware that they have to consult, that the proposal will have to be justified to employee representatives and that they may get input from the employee side.'

This portrayal of the impact of the EWC on the preparation and presentation of business decisions confirms the results of a survey highlighting the 'unexpected benefits' for management from the operation of EWCs (Hall, 2003).

This survey, based on 24 major multinational companies, was carried out by the US consultancy firm Organization Resources Counselors. It examined the impact of EWCs on management practices and revealed evidence of several effects:

- The impact of the EWCs on the content of decisions had been low to non-existent.
- In only a few cases had management recognised suggestions from the EWC and subsequently incorporated them into the final management decision.
- EWCs had exerted a positive influence on management preparation and coordination, and highlighted the need to have a clear, well thought-out and articulated explanation of corporate strategy. The requirement to outline strategic transnational issues to their EWC has forced companies to improve cross-business and country coordination among their management teams (Hall, 2003).

The **British American Tobacco** EWC had only a limited influence on management decision making. The impact of the EWC on management practices and structures is of an indirect nature. The EWC as a forum for discussion on corporate issues contributes to providing a broader perspective on BAT and industry issues. As a management insider noted:

‘A well-managed EWC is a good forum to step out of the maelstrom of local issues which sometimes lose their objectivity and say this is what is happening to us as a company and an industry.’

The second and more profound impact of the EWC seems to be that it has an effect on how managers approach and deal with problems.

A challenge to management thinking derives partly from the need to consider issues on a wider, European basis in terms of what their implications are and how they should be developed. A manager acknowledges that the EWC has encouraged the development at least of a broader based discourse on human resource issues:

‘We have had discussions about what we do about social plans. The fact that I am even talking about social plans rather than severance terms tells you something about the EWC influence.’

The establishment of the EWC at **HSBC** has encouraged international management and networks to become ‘more focused and formalised’, according to the UK management respondent. Ad hoc meetings are now organised as management meets in advance of the EWC. This is partly for practical reasons, but also because the EWC is expected to grow in influence, especially since the incorporation of the sizeable French delegation.

In contrast to these descriptions, management representatives from several German companies emphasised that they are accustomed to the need for preparation and explaining their business decisions due to long experience with the German system of co-determination. The establishment of the EWCs did not have a similar effect on the processes in companies with German headquarters. It was assumed that the situation is different in US or UK companies.

The issue of both management interactions and impact of the EWCs on the preparation of management decisions is not a feature of most cases studies. EWCs are perceived to have little or no impact on management structures and processes. Although the data provided on these issues are insufficient to draw conclusions, it is striking that in German and Swedish case studies the

issues of standardisation or coordination of management procedures and structures were mentioned (Table A2).

In some case studies, the management representatives' preparations for the meeting with the EWC were described. **Bosch** is one example. The French management representative reports that the HR directors of the two major subsidiaries (France and Spain) meticulously prepare for each meeting of the EWC with the German HR director at headquarters. This preparation covers subjects on the agenda relating to national matters, questions liable to emerge and possible answers. The French and Spanish management HR directors are invited to all the EWC's annual meetings, excluding extraordinary meetings. While the employee representatives hold their own preparatory meeting the day before the plenary session, the three HR directors definitively agree on management's answers to questions in the plenary meeting.

The French management representative also assumes that the EWC gravitates towards centralisation. The core contact for the EWC is the central management, which has to have all the information required. In the German context, he does not see that the EWC makes any further impact on strategies and targets on the management side. Due to the different committees on employee representation and co-determination, there had always been a need to communicate decisions.

The fact that management attaches little significance to the EWCs is reflected in the non-participation of either CEOs or human resources directors in subsidiaries in EWC activities. In a number of case studies, these high level management representatives are not involved in the EWCs although they have the responsibility for national level industrial relations and human resource issues in the subsidiaries.

### **Insider–outsider interactions**

The conceptual problems of the insider–outsider approach were outlined in Chapter 1. In the following discussion of the case study material, it should be taken into account that the outsider interviews have not been carried out by the national research teams. The available information on the insider–outsider interactions is rather sketchy due to the small number of interviews with outsiders, and the lack of emphasis on this dimension in most of the case study reports.

#### **Company external outsiders**

In all case studies, trade unions were involved in setting up the EWC and trade union experts played an important role. The subsequent involvement of the trade unions differs considerably. Trade unions are more strongly integrated in activities in Italy and France. In Germany, existing committees of employee representation play a stronger role.

Trade union experts are insiders in some EWCs where trade unionists are appointed as full members of the EWCs, as for example in Italy. In several of the Italian case studies, employees of the company are required to have served a minimum length of service before they can be EWC members. In some Swedish cases, the management took a negative view of any external influences.

In Germany, external trade union delegates are not appointed to EWCs. Nevertheless, in **Südzucker**, the agreement provides for a trade union representative from the sectoral trade union (NGG).

In general, EWCs often comprise both elected company employee representatives and members appointed by trade unions according to the national procedures.

In most cases, trade union experts attend the meetings either as full members or as non members. European trade union experts played an important role in levelling out the immense cross-national differences in industrial relations structures and cultures.

Due to the varying roles of trade unions in the EWCs, the dissemination of the outcome of the EWC activities differs considerably. In those EWCs in which trade unionists are either full members or actively involved, they are naturally informed of activities.

Employer associations have not been involved in the establishment or further development of the EWCs in any of the selected case studies.

### **Company internal outsiders**

EWCs seem to be an arena for specialists both from the management side and the employee side. Although the experiences and practices regarding the dissemination of the outcome of the EWC activities are extremely diverse, they are at one in failing to inform fully.

More remarkable is the one-way flow of information. No direct input had been reported in any of the cases regarding the issues on the agenda. Influence is exerted – if at all – via other channels such as works councils or trade union meetings.

Across the case study reports, the workforce is often reported not to be aware of the existence, role or activity of the EWC, or is described as showing little interest in the EWC activities. Other than scraps of information at workforce assemblies, in the company internal journal, or on the Intranet, news of EWC activities does not reach the majority of the workers.

The **Bosch** EWC agreement deals very thoroughly with information about the EWC at national level. In general, the communication takes place in the different national languages. Therefore copies of the minutes, translated into the national languages, are sent to all managing directors in the different countries.

In the **Whirlpool** case, a joint EWC and management document is drafted on the final day of the meetings, after the follow-up meetings of the employee representatives. This joint document is reported to be distributed to the workers and the various management bodies.

In general, news of the activities and outcomes of the EWCs is disseminated to the employee representation, workforce and management.

### *Employee side*

In the majority of case studies, the dissemination of information on the activities of the EWCs and the outcome of the meetings depends on a system of unstructured often informal distribution.

There are no established ways of passing on information or results. The most far-reaching procedures of dissemination take place where either internal company employee representation procedures and bodies exist or in cases where the trade union structures offer channels for information flow. The institutionalised communication procedure depends on the national industrial relations structures. The particular company context is a further factor.

The practices of the EWC members differ considerably between the parent company and the subsidiaries and between the subsidiaries in a group. In general, there is no straightforward dissemination of information directly from the EWC to the national level employee representations within the companies or to the trade unions. Therefore, the spread of information depends strongly on personal practices and national procedures.

No efforts to improve the flow of information were reported. A bottom-up flow of information and demands, which would be reflected in the EWC agenda, is rarely mentioned in the case studies. In such a case, the flow occurs via personal contacts or by means of discussing issues in other employee side bodies in which EWC members are represented.

In the UK, a clear lack of interest in the EWC both by the local representatives and employees is reported. The EWC is not considered as very important in the case of **GlaxoSmithKline**. A lack of interest among local union representatives, particularly in the UK, is mostly explained by the ineffectiveness of the EWC while important issues are dealt with at local level.

The lack of importance attached to the EWC is described by a UK representative in the **Volkswagen** EWC. The employee representative raises the EWC at the monthly shop stewards meeting. They could have a separate meeting but the shop stewards are not interested. As far as communication with the workforce at the subsidiary is concerned, there is communication via the EWC members but on the whole the employees are not interested – they don't see themselves as European.

In the **BOC Group**, employee representatives appear to have difficulty generating interest in EWC among the workforce. Employees remain more interested in local issues and concerns.

In the case of **Royal and Sun Alliance**, the company has provided space on the company Intranet for the employee representatives to report back. The representatives admit they have been slow in placing information on this site. A management insider highlighted this tardiness as evidence of apathy among employee representatives.

In the **Volkswagen** case, the select committee communicates with the wider EWC and other employee representations. There are several channels of information about the EWC or select committee meetings into the committees of employee representation. It is an issue at the meetings of the works councils.

The EWC meetings are usually not an issue at the Volkswagen workforce meetings in Germany. Some information is given in the company newspaper. Regarding communication to the workforce, the insider employee representative states that this could and should be improved in order to help the workforce to understand how the group operates and how employee representation could be increased.

The members of the German works councils at **Boehringer Ingelheim** normally do not see the minutes. Information about the EWC meetings is given at the meetings of the works councils. Essential information on central issues and information about specific problems at certain locations are given.

The employee representative outsider emphasised that he is entitled to direct questions to the EWC. The chair of the EWC took part in several local works councils meetings and she always tries to establish the nature of members' concerns. Ordinary workers seem to be unaware of the existence and/or activities of the EWCs. In some cases, brief reports are given at assemblies of the workforce.

During the meetings of the **RIVA** EWC and the select committee, outside unionists from the Italian union at regional and national level take part as observers. The German representative of RIVA formally communicates the information received at the EWC meetings to the company representation bodies which then disseminate the information to the workers during company assemblies.

The results of **Kraft Foods** EWC meetings are passed on in writing and/or orally to the nationally and locally established information and consultation bodies. The dissemination of information varies from country to country but is limited. The amount of information passed on in these top-down processes has intensified in the course of time but, on balance, it is still limited. A bottom-up flow of information, which would add issues of concern to the workforce to the EWC agenda, does not take place.

The information flow between the transnational **DaimlerChrysler** EWC and the national and local levels takes place via written (minutes) and oral information in the framework of the respective committee meetings. In the German group area information is also exchanged via the Intranet. The staff pays little attention to the information. The low-grade nature of the information has not changed over the course of time. A bottom-up flow of information and demands, which would be reflected in the EWC agenda, has not taken place.

Employees of the foreign subsidiaries that do not send EWC members are informed about the content of EWC meetings by their respective management on the basis of minutes of meetings. Information-sharing and consultation take place in two forms: within the EWC itself and (as laid down in the agreement) 'by passing on the common minutes of EWC meetings to the managements of the companies that are not represented in the EWC; those managements are requested to inform and consult their employees de-centrally on this basis' (Paragraph 2).

Information is disseminated orally from the **Elektrolux** EWC meetings depending on the national union structures. In Sweden, this is done by the chair-group – an internal union group consisting of the chairs of all the plants in Sweden. In Italy, there are joint committee works councils, monitoring boards that are the forums for further information.

The **Securitas** EWC is of importance to a limited number of union delegates. Information about the EWC and its activities reach a select number of activists who are in contact with the EWC delegates. In Sweden, the EWC delegates report from the EWC to the local union branch executive.

Minutes from the EWC meetings are distributed to a limited number of persons. Reports are also given to members at branch meetings.

As well as information and communication issues, a number of questions in outsider questionnaires focused on learning about the awareness and the perception of the impact of the EWCs among employee representatives not involved in the EWC. Information on this aspect is even more limited than that on the dissemination procedures.

The **Südzucker** outsider employee representative is aware of the existence and role of the EWC based on his experience in the company works council of which he became a member one year ago. The activities of the EWC came to his attention in the context of the acquisition of Saint Louis Sucre and resultant changes to the EWC. In the case of the acquisition of Saint Louis Sucre, the information was thorough. However, it was not clear in which capacity (EWC, member of the supervisory board, or chair of the works council) the chair of the EWC informed the members of the company works council.

The **Volkswagen** employee representative outsider is very well informed about the EWC. This is because of his job as manager of the local works council of the Wolfsburg plant and, since the beginning of 2003, of the group works council. Due to his job, he sees the minutes of the EWC meetings. He stresses that ordinary members of the works councils do not see the minutes. The works councillors are informed about EWC meetings at meetings of the works councils. Essential information on central issues and information about specific problems at certain locations are given.

### *Management side*

On the management side, the practices range from detailed information by management representatives participating in the activities, or the use of normal management information notices, to restricting information to key management.

In most case studies, the policy is that the wider management is not regularly informed about the EWC's activities and outcomes. Minutes of the meetings are often not circulated among the 'outsider' managers.

Although the information in the case studies is too sparse to draw conclusions across all the case studies, it appears as if the familiarity with works councils and co-determination in the German companies led to good basic information at an early stage regarding the requirements of the Directive, the management approaches towards the establishment of an EWC, and the role of the EWC. Similar information policies have not been reported in the other case studies.

In two German companies, the management outsiders in the parent companies (**Südzucker**, **Bosch**) were informed about the need to establish an EWC, the legal framework, and the approach of the management with regard to the establishment of an EWC. In the case of **Südzucker**, the management representatives were informed of the need to establish an EWC, and the approach of the company to achieve an agreement with the general works council. Information on the establishment was distributed in a circular. However, after the establishment phase, the management was not kept informed about the meetings. Minutes of EWC meetings are not circulated.

The **Bosch** management was fully informed about the need to establish an EWC, the legal framework and the approach at Bosch. In contrast, in the **BOC Group**, it was reported that managers knew little about the EWC.

At **Deutsche Bank**, responsibility for the communication of EWC-related issues and information within management lies with the labour relations division. It serves as an interface between the EWC and management, and as a coordinator within management with respect to EWC-related information. The division decides what EWC-related information is selected and when it is passed on.

In the case of projects where the EWC has to be informed, the labour relations management determines with the HR managers of the different countries which national laws have to be considered, since in some countries, e.g. in France, the national employee representatives have to be informed before the EWC can be informed. The labour relations manager points out that there is no clearly defined interface between European (EWC) and national legal rights.

The British HR management is regularly asked to convey certain information to the EWC. Moreover, when necessary, the British managers are invited by central management to report on specific topics at EWC meetings. All personnel directors from all locations represented in the Volkswagen EWC are present at the meetings. They report to their locations. Minutes of the meetings are not circulated among the wider management in the headquarters.

There are no regular management briefings on the nature and outcome of the **Kraft Foods** EWC discussions for non-participating managers. Moreover, with national and local management, an EWC-related information flow only takes place within the HR division.

On the whole, the **Sandvik Speciality Steel** management sees no real need or benefit for wide internal distribution of information on EWC matters. Those most intimately involved are the vice president for HR and the president of the business area (Speciality Steel). Other managers are co-opted as necessary. The outcomes are not routinely reported to managers outside the EWC processes.

Although the outsider managers are not routinely informed, in some cases the management outsiders interviewed formulated positions on the EWC that gave an insight into the industrial relations and management structures in a more general context.

The management outsider from the **Bosch** headquarters is very well informed about the EWC. He was familiar with the discussions around the establishment of the EWC owing to his management position in the UK location. Secondly, he had contributed to the EWC meetings as head of the administrative department by presentations on the economic situation of the group, *vis-à-vis* development and planning.

The management outsider at **Volkswagen** is not well informed about the EWC. He has some general knowledge about the existence of the EWC based on his former position in the personnel department. In his current role, he does not see any minutes or other general information provided by the management side. He has no information about the agenda or what is discussed at the meetings. The middle management would like to have more information on this schedule.

The interviewee emphasises that management concepts are developed in close cooperation with the works councils. The EWC or WWC play an important role in the transfer of management strategies and standards to the plants in other countries. The works councils have the potential to explain strategies to colleagues in the employee representations from a different perspective. In this way the EWC or WWC can accelerate the implementation of company strategies.

### *Cross group inside–outsider interactions*

Some of the German case studies show that subsidiary management representatives receive information on EWC activities or the minutes from their local employee representatives delegated to the EWC. One feature is noteworthy in this context. The management representatives receive information on transnational issues from the respective employee representatives. Thus, employee representatives on the EWC have an information advantage over the management representatives in a number of cases.

Similarly, the French outsider manager at **Merloni** states that he only receives the reports of meetings six to eight months after they have been held. He also receives information informally from the French workers' representatives.



# Evaluation of the impact of EWCs

# 4

The impact of EWCs can be analysed in relation to the following aspects:

- the functioning of the EWCs in terms of the provisions of the EWC Directive, specifically on how the obligation to provide information and consultation has been fulfilled;
- the variety of different practices that have developed over the years against company and national backgrounds;
- the impact on company practices and in particular the opportunities for employee representatives to influence business decisions;
- the capacity of the employee side to develop a European approach of employee representation;
- the effects on company industrial relations, human resource management and wider management procedures.

## **Impact on company practices and decision-making**

### **Employee-level assessment**

All the case studies reveal that the EWCs had little or no influence on general management practices and on transnational business decisions.

For the employee side, the core outcome of EWCs can be summarised in the following way:

- The quality and quantity of general information on company development provided by the management has been described as sufficient, good or very good in the majority of cases studies.
- Regarding the outcome in respect of consultation and influence by the employee side, the assessment is mainly negative. Consultation of EWCs in the context of transnational business decisions rarely occurs in the companies. Typically, employees are informed after the event. Employee representatives' reservations or proposals are considered only during the final implementation of the decisions made unilaterally by the management. Consultation of select committees or key members of the EWCs is more likely but at the expense of the involvement of the entire EWC.

The assessment of the EWC by the employee representatives with regard to core aspects of the Directive depends on initial expectations and on previous experiences with company level industrial relations.

In general, the employee representatives aspire to more influence and regard the legislation as not being strong enough to empower them to secure fuller consultation. There is a widespread view that as long as the legal regulations do not change nothing really important will develop.

Most employee representatives aim to achieve real negotiations on specific issues at European level. Swedish EWC members seem to have reservations about extending the power and role of EWCs.

An increased flow of information is cited for subsidiaries in countries beyond the home country. In the case of the UK, it is reported that much more information is available.

In the **GlaxoSmithKline** case, the EWC was seen to be a useful mechanism as a source of information on business plans beyond the site level. Given the absence of effective statutory information and consultation rights in the UK, this was an important improvement.

The information provision has had a direct and significant impact for the UK trade unions in the case of the UK subsidiary of **Volkswagen**. It developed from no information to full information. Similarly, in the **Royal and Sun Alliance Group**, the positive outcomes from the EWC in terms of the quantity and quality of information received was stressed. At the same time, the employee representatives complained about the lack of influence and the feeling of exclusion from a consideration of key issues.

For employee representatives in **British American Tobacco**, the EWC provided a flow of useful information. This not only applies to a range of strategic corporate issues but also to a strong awareness of what is happening in other countries and plants. The employee insider stated:

‘We have learnt how other companies operate and we have a communication line throughout Europe that we never had. We always wondered what this factory was doing and that factory was doing. Now we have got all that.’

However, it is emphasised that any influence that is exerted derives from informal contact and relates more to national than transnational issues.

From the Swedish representative’s point of view, the **Elektrolux** EWC has had a greater added value for other representatives both in relation to information and knowledge, and the expression of views. Some dissatisfaction with the outcome relates to expectations that the EWC should be something other than simply an arena for information and exchange. In contrast to the Swedish representatives, the Italian respondent has higher expectations of the EWC and anticipates it as a means to influence company decisions. The Italian delegates currently get more information than before but seem to be uncertain what to do with it due to their limited influence.

The French employee representative in the **Bosch** EWC experienced an improvement in the information provided to employees. This observation includes the information available in Germany. In particular, the information on investment per location is very important and is not available anywhere else except the EWC.

The general assessment of the impact of the EWCs differs considerably, as shown by some examples. The outcome of the **Pirelli** EWC is more internal communication, but this appears to be the sum of the experience. The actual added value in terms of information in the case of **Riva** seems to be what is learned about the situations in the other countries. A different description is given in the case study report of **British American Tobacco**:

‘The EWC has become an important basis for joint management–employee interaction, and sporadic but ongoing contact through various associated channels has helped propel it to a position of some significance within the BAT decision-making process. This is not to suggest

that the EWC has become a powerful decision-making body in its own right but it is to highlight that it has become a meaningful part of the broader corporate decision making process both in an explicit and implicit sense.'

Beyond the interrelation between management and employee representatives and information and consultation, further effects of EWCs are visible.

If language barriers can be overcome and the available resources are there, EWCs can create opportunities for building networks between representatives from different countries. EWC meetings improve the possibilities of benchmarking transversal issues. More important is the opportunity to develop a joint approach on certain issues.

Appropriate training measures relating to both business management and different industrial relations systems and labour law are absolutely essential for EWC members to fulfil their roles.

In several cases, the respondents stressed the need for continuity of EWC committee membership. It is seen as an important factor in fostering knowledge as well as building up social relations. In this spirit, the revised agreement for **IKEA** stipulates a minimum period of council service.

The French **Bosch** EWC member sees the main impact of the EWC as stability in terms of investments and production regulated between countries in a long-term perspective. He also describes negotiations between management and the EWC on the transnational reorganisation of parts of the group that resulted in a lower number of job cuts and revised local plans.

EWCs offer the opportunity to be informed about the position of the national or local employee representations. Besides the information provided by the management, the value of information on the situation in the other countries available at the employee-side meetings is often considered to be more important than the management presentations. The main advantage is in learning more about the regulations in other countries. Transparency has increased. For example, the main result of the **Assa Abloy** EWC is seen to be the establishment of contacts between the delegates and the better understanding of the conditions under which they work and conduct their union duties.

Another important factor is that local managers are aware that the employee representatives are well informed and will no longer accept insufficient information.

An added value of meetings for employee representatives is the access to central management both in a formal and in an informal way. An important side-effect is the opportunity to approach board members or senior managers with regard to national and local issues, and achieve progress on such issues in an informal way. In the case of **Merloni**, EWC members reported that the industrial relations manager responded to some of the requests raised by the employee representatives in an informal way.

In some case studies, the position of the EWC members at the local level improved considerably. The employee representative from the UK subsidiary of **Volkswagen** points out that he gets the draft accounts before anyone else. This access to information makes a difference at the local level. He relates the strength of the EWC to the clout of the German works councils.

### Management-level assessment

In interpreting of the assessment by management, it must be remembered that the study looks in particular at the 'good end' of the experiences with EWCs and companies that agreed to participate. Nevertheless, the assessment of experiences with the EWCs by the management representatives might be encouraging and inspirational for the establishment of EWCs or the improvement of practices in other companies.

In summary, in the view of most of the management representatives, the advantages of the EWCs clearly outweigh the disadvantages.

A core assessment in numerous companies was that the EWC did not slow down the decision-making process (for example **Generali**, **Deutsche Bank**, **Boehringer Ingelheim**). The management representative from **Bosch** stressed that the EWC is not an obstacle for business processes. On the contrary, the EWC constructively complemented business processes. Even more pronounced is the statement by a management representative from **Volkswagen** that the EWC speeds up the decisions due to informal processes taking place in the background.

The only negative consequences highlighted in the interviews were the costs and the time required for the preparation of documents and meetings and attending the meetings. However, even this argument was normally accompanied by the description of positive outcomes.

The management representative from **Bosch** explained that in considering the cost it is not sufficient to look only at the costs for the meeting. Time and resources are needed on the management side to keep the processes going in relation to the EWC. However, advantages and disadvantages should not be looked at separately but in relation to each other. All things considered, it is a useful investment. After five years of experience, he sees the EWC as a positive institution.

The assessment of the EWC as simply a compliance issue with a limited added value was the exception. In some cases, it was felt that an EWC is not really required but, once established, there should be an effort to make the best of it.

Positive assessments in companies with a pre-Directive EWC are not surprising. More interesting are examples of companies where the management was initially reluctant to set up the EWC. In a number of such cases, the assessment of the EWC by the management changed after some years of operation. The existence of the EWC turned out to have a positive impact, particularly in processes of internationalisation. One example is **Air France** where the contribution of the EWC to a harmonisation of social and managerial principles, and the positive effect of the EWC accompanying the process of Europeanisation were emphasised.

The EWCs were considered as an instrument to communicate the necessity of central management decisions and in particular to increase the acceptance of measures with potentially negative consequences for the workforce (e.g. **Bayer**).

The employee representatives are better informed, due to their involvement in the EWC, and therefore better able to understand the rationale for management decisions and the implications of such decisions.

The EWC had a positive influence on the integration of **Aventis** CropScience into the Bayer group. Representatives of the acquired company attended the **Bayer** EWC and the extended joint select committee meetings. In this way, they gained insights into the Bayer culture. The management representatives from **Volkswagen** consider the EWC as a very useful instrument to involve employee representation in the policies of the group of companies.

The EWCs play an important role in company expansion by a strategy of acquisitions that characterised many of the case studies. The involvement in the EWC is a way of integrating different cultures of labour relations in these new subsidiaries.

While, in all cases, it was stated that the EWC did not have a direct influence on management decisions, the fact that the views of the employee representatives would be taken into account in future decisions was indicated in several cases (**BOC group, Bosch**).

A key outcome of the **Bosch** EWC from the point of view of management, in particular for the board members present at the meetings, was the development of an awareness of the views on the employee side in the other countries. The EWC is an important forum reflecting the views of the employee representatives. This prompts the management side to consider the views and problems seen by the employee representatives in relation to future decisions. This 'sensitising' is a core influence of the EWC. Further on, the exchange of information intensifies. The management receives important informal information in this context. The main advantage of the EWC is the intensification of dialogue, and the exchange of views and information across the European countries. Before the EWC was established, this exchange only took place at a bilateral level. To sum up, the EWC is seen as a clear impetus for communication flow in companies.

One key benefit of EWCs highlighted in most studies is the opening of new channels of communication and a general improvement of communication structures.

Despite some reluctance in the early stage of establishing the EWC, the **IKEA** management emphasises the positive aspects in the contribution to intercommunication. The human resources director says:

'The main advantage of the EWC is to at the same time get joint views from the employees – prepared or spontaneously – regarding their competence on joint issues.'

The management representative from **Boehringer Ingelheim** described the opportunity to discuss issues directly with employee representatives at the European level as the main advantage of the EWC. He regarded the significance of the representatives as 'multipliers' into the subsidiaries as very positive:

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

The management representative from **Boehringer Ingelheim** does not see any disadvantages except in the time required for EWC activities. The EWC is a useful and positive exercise, providing the chance for a constructive comparison on European issues. It also provides an instrument for sensitising workers and management towards a European vision that is essential in order to remain competitive in a constantly changing market.

In several case studies, a broadening of the views of the management representatives was reported. The EWC meetings generate a better understanding of the group. The management outsider at **Bosch** who participated at EWC meetings as a management expert encountered a new perspective on international competitiveness in the discussions. The EWC improves the understanding of problems and situations in the other countries in a way that was not possible before. Further insights are gained from EWC members from other countries.

In the case of **British Airways**, central management considers that the EWC has been a force for good in terms of making managers aware of the different cultures in which they operate, and has been particularly good for the European managers. The EWC adds another dimension and encourages managers to look beyond their immediate environment.

The management representative from the **Volkswagen** UK subsidiary describes the involvement with the EWC as an excellent way to understand how the group operates and what is going on in the different countries. It enables management to learn and increase awareness.

The EWC at **Generali** has made managers more aware of the national employee representatives' claims. In the **Merloni** case, EWC activity has contributed to a European approach regarding issues such as occupational health and safety, equal opportunities, training and development, and working conditions and environment.

The French management respondent in the **HSBC** case underlined that the EWC was a useful forum for informing not just employees but also management in different countries of what is going on elsewhere within the Group. The **Eiffage** management considers that the EWC contributes to improved knowledge between countries.

For **GlaxoSmithKline** management, the requirement to inform and consult at European level has significantly impacted on the decision-making process, prompting preparation to be undertaken differently and more thoroughly.

In the **Elektrolux** case, management assessed the impact of the EWC in the restructuring process in a positive light. The EWC integrated new information and communication flows into the decision-making process. The EWC contributed to a broadening of the company culture. The EWC worked even better than stipulated in the agreement, mainly through the process of building trust and forging relationships. The management views the body as a means of exchanging information, discussion and gaining acceptance.

The **Sandvik Specialty Steel** management expressed the view that the establishment of the EWC had mainly been a compliance issue. However, the engagement with the EWC is not incompatible with the company's culture. The vice president for HR stated that:

'We give them what they want – what they ask for. We want to share what we've got. That's the culture here at Sandviken and we want to share it elsewhere throughout the business. If they ask for broad-based economic information about the company, we give it. We don't have any problem about that.'

On the other hand, the respondent considers that management could get more out of the operation of the EWC if it was more proactive. He favours integrating the EWC with the strategic

development of the company. Such an approach has not been pursued because of likely union opposition to such an explicitly corporatist move.

In the **Elektrolux** case, the management respondents consider that the EWC will probably move from consultation to negotiation, where more 'soft' issues might be on the agenda. At the same time, he points to the different opinions among the employee representatives. The Italian employee representative, for example, is more eager to take this road than his Swedish colleague.

## Impact on industrial relations

EWCs can have different effects on industrial relations. They can contribute to:

- a harmonisation of industrial relations in the group;
- an export or transfer of industrial relations cultures from the home country to the other countries;
- an integration and mediation between the countries or within the countries;
- finding a place for transnational interaction in the architecture of company industrial relations;
- an establishment or improvement of industrial relations in subsidiaries;
- an improvement of industrial relations in the parent company.

Several case studies give evidence of an underlying approach of harmonisation of industrial relations in the group. This has an important bearing on the expansion strategies of the majority of companies. The EWC or employee-side members support management in efforts to integrate the newly acquired subsidiaries.

The **Lafarge** management pointed out that in the context of company takeovers in eastern Europe, local 'ambassadors' of the EWC trade union members, working with local trade union members in East Germany, Poland, and Romania, assisted Lafarge to iron out problems associated with takeovers:

'It was the employee representatives who were naturally the most credible in explaining Lafarge's investment policy, the policy for upgrading their technical facilities, the restructuring processes that we handle positively from a social point of view, the working and safety conditions and so on.'

### *Harmonisation of labour relations within the group*

In several case studies, the attempts of the management to achieve convergence in labour relations and transporting the company's philosophy were described. In the **Boehringer Ingelheim** case, the EWC members are seen as 'multipliers'. In the Whirlpool case, the EWC acts as a 'stimulator' and 'catalyst'. The **Whirlpool** EWC has enabled a better understanding of the dynamics inherent in the national industrial relations systems. This evaluation is shared by the employee and management representative.

The EWC at **Volkswagen** is an instrument that is taken advantage of by the management side. The EWC and WWC support the management, particularly with regard to implementing minimum standards in plants in other countries.

Such a harmonisation of industrial relations in a group is a denial of a truly 'European' spirit in an EWC. In some case studies, attempts to export the national industrial model from the headquarters to the subsidiaries in the group are described. The EWCs are used as a tool to mediate between national level industrial relations and the headquarters.

In the **Marazzi** case, the aim to export industrial relations cultures in the parent company is most likely related to the substantial presence of the Italian unions among the full members of the EWC. A similar intention to extend the spirit of the Italian industrial relations to the other countries is evident in the **ENI** EWC.

There are examples of tensions between the union delegates from the countries where **SKF** has its main operations, Sweden, Germany, Italy and France, reflecting different trade union traditions. Over the years, an SKF industrial relations culture acceptable in all SKF operations has developed.

### *Mediating role*

Besides the indirect integrative impact of EWCs in the harmonisation of industrial relations in a group of companies, EWCs or members of EWCs play a mediating role in a number of cases.

The **Air France** EWC seeks to address the company's strong culture of conflict. In this case, trade union practices are changing, giving priority to consultation.

In plants outside Germany, the **Volkswagen** EWC has a powerful mediation role in conflict resolution.

### *Role in the architecture of company employee representation*

The general architecture of employee representation and the role of the EWC in such a structure is very important. The roles of EWCs vary greatly, the main forms being the following:

- EWCs that act as a strategic integral element within the specific purpose of employee representation at the European transnational level;
- EWCs that are embedded in the structures of employee representation but not considered as effective and important due to the limited rights compared to other committees;
- EWCs that are not really integrated 'stand-alone' committees;
- EWCs that are considered as an artificial 'foreign body'.

The interrelation and overlap between employee representation bodies depends very much on the specific national level company representation and trade union structures.

In the context of transnational restructuring in the area of engineering at **British Airways**, it was emphasised that the process of consultation must respect national representation structures and procedures. Therefore, consultations start first at the level of works councils across Europe –

particularly in Germany – and at the UK trade union panels and forums before any discussion can take place at the EWC.

In some cases, the EWC gains with regard to its recognition and effectiveness in industrial relations with the parent company. The German insider employee representative at **Volkswagen** explains that the EWC plays an important role although, based on the system of co-determination, the core influence in terms of company planning is in the company works councils and in the supervisory board. The president of the EWC combines many functions and it is an advantage that the EWC and WWC can take advantage of the German co-determination.

For **DaimlerChrysler**, the EWC is a body of interest especially for the non-German EWC members, whose resources are much more limited. The establishment of the EWC has resulted in an expansion of the German works councils' scope of representation and responsibility to the European locations. The EWC serves as a platform for information exchange and cross-national communication. In the case of actually solving cross-border issues, the German works council leadership with its extensive resources is considered as more effective.

In the **Generali** case, German members who are also members of the supervisory board in Germany, have more detailed information on certain transnational subjects than are supplied at the EWC meetings.

One potential source of tension and conflict on the employee side can hinder social cohesion within the EWCs. Employee representatives in home countries have access to information based on their presence on other committees (e.g. central supervisory board) before the EWC representatives from other countries but cannot reveal it because they are bound to confidentiality (e.g. **Atlas Copco** case in relation to the German subsidiary).

An information dilemma can arise for employee representatives who are members of different bodies, in particular supervisory boards. This often concerns the chairs of the EWCs. Because they are privy to confidential information, they are not fully trusted by other EWC members. Nevertheless, there have been no breaches of confidentiality. The representatives understand the need for it and observe it, regardless of their colleagues' possible mistrust.

In the **SKF** case, the EWC chair, who is simultaneously chair of the world works council and a metal workers' representative in the SKF company board, functions partly as a kind of mediator and trouble shooter in industrial relations matters. The chair of the **Assa Abloy** EWC is also a union delegate on the board of the mother company. He represents a shortcut to corporate management for other employee representatives.

In companies that have also established a world works council, the relationship between the European and global representation body differs. The **SKF** WWC and EWC meet jointly. At **Volkswagen**, there is a mixture of joint and separate meetings, and at **DaimlerChrysler** the EWC and WWC meet separately.

In the case of **DaimlerChrysler**, more importance is attached to the global works councils than to the EWC as the strategic decisions are global and not European. Whereas no negotiations or

agreements have been achieved at EWC level, a code of conduct concerning social responsibility had already been concluded in the recently established world works council. The EWC only dealt with the matter afterwards. In the case of **SKF** and **Volkswagen**, no great importance is attached to such distinctions which are simply seen as a regional differentiation.

Compared to EWCs, German works councils and employee representation in the supervisory boards are considered to be more effective and influential due to the limited legal entitlements of the EWCs. There is a strong overlap of employee representatives in the national and European committees. In contrast, in the French case studies, the division between the group councils comprising different representatives is emphasised. This is a conscious attempt not to duplicate national structures and to put more emphasis on the European dimension.

In the **Eiffage** case there is a broad overlap between issues covered at the group council and those at the EWC meetings due to the high importance of the home country in the group and the EWC. The annual meeting of the EWC takes place around the same time as one of the two meetings of the group council, scheduled around the date of the presentation of the annual accounts. The same information is given to the two bodies and the same expert supports the employee representatives in the analysis.

Both management and unions say that the general tone of discussions and the nature of relations are quite different between the two committees. In the group works council, there are tensions or confrontations between management and unions, including disputes about the agenda or the minutes. The views of the unions themselves often diverge. In comparison, interrelations within the EWC seem more serene and the meetings are held in a more relaxed atmosphere, despite the fact that there is also disagreement on a number of subjects.

### *Cross-national level impetus to industrial relations*

An important outcome of the operations of EWCs is to stimulate the establishment of employee representative bodies or to improve or revitalise existing committees in subsidiaries.

At UK **Pirelli**, the EWC contributed to ending the isolation of employee representatives at different local sites.

The **Aventis** EWC triggered a joint consultation forum as a British interface structure at the UK national level. This offers the opportunity of exchange between the British entity and the European level of the EWC. The initiative has proven to be successful in the UK and a similar forum has been set up at the Italian subsidiary.

The British process includes UK representatives on the EWC, the UK HR director, British employee representatives, and HR managers from two local plants who are themselves involved in the EWC process on the managerial side. This British portal is described by the UK HR director:

‘We meet four times a year. Once before each EWC meeting and once after each EWC. It is not a formal or active body: it is more a way to encourage management to consult with their groups. It is more of an informal relaxed style. In terms of reporting back, the reps come back from the EWC with detailed minutes and these are explored with the UK members for issues.’

This joint consultation forum combines the national level with meetings and information on the European agenda. The impact is described by a trade union representative:

‘We are also looking to having a national agreement on training and lifelong learning. And we now have access to sites (e.g. for meetings with local representatives) and it has coincided with the agreement, and if we want to bring in TU officials or any other experts we can.’

In the **GSK** case, the EWC prompted the establishment of a national briefing forum for the manufacturing business as an interface for EWC activity and exchange between employee representatives.

A further example of the establishment of employee representation bodies at the national level triggered by the EWC is the UK subsidiary in the **Volkswagen** case. This new committee followed the example of the EWC committee as a model in respect of the meetings and presentation of information by management representatives. The personnel director termed this committee a ‘mini-EWC’. This council meets four times a year. Local management representatives from the manufacturing, finance, sales, and HR divisions give a business performance briefing to the unions. Time for discussion is provided.

An impact on national industrial relations is described in the **Elektrolux** case study. In Italy, a clear correlation is evident between developing local agreements on productivity and flexibility, and the discussions in the EWC and among group management on how to restructure the company.

In the case of **Deutsche Bank**, employee representation committees were set up in Portugal and Austria. This was a result of pressure from the heads of the German works councils, who negotiated on the spot with local management and, in so doing, were supported by the German HR management. The two British EWC members have no other function in employee representation apart from the EWC function. It is reported that a lack of legal protection of EWC members, in conjunction with a climate of fear of negative consequences, prevents the EWC delegates from using email distribution lists to convey information received through the EWC work to the employees.

In several cases, there is evidence that the EWC has influenced the development of industrial relations structures in those countries with less developed traditions in this area, thereby strengthening the union and employee representatives’ position. This particularly concerns subsidiaries in eastern European countries. Another impact is a rise in the minimum standards of industrial relations (e.g. **Elektrolux**) throughout the European countries, especially in the new EU Member States.

In numerous cases, improved national level industrial relations in the parent companies were reported. The outsider employee representative in the **Südzucker** case assumed that establishing committees for information has had a positive impact.

A Swedish employee representative in the EWC reinforces this impression in the case of **IKEA**: ‘The climate between unions and management has improved dramatically.’

The German employee representative in the **Boehringer Ingelheim** EWC reports that employee representation has always been fully accepted in the company. However, over the last 10 years, the involvement of the employee representations in all company decisions has increased. The management actively pursues contact with the employee representatives.

### *Joint texts and agreements*

Management emphasises the information and consultation function of the EWCs and places the national level committees and trade unions to the forefront for negotiations. Nevertheless, the case studies show that a number of agreements or joint texts have been concluded.

The **ENI** EWC has gone beyond a merely informative and consultative function by signing an agreement on training with the central management at European level.

One outcome of the work of the **Suez** EWC was the introduction of the Suez Group International Social Charter and the Health and Safety at Work Charter. These charters set out general principles. Additionally, a joint Steering Committee comprising management and employee representatives is directly linked to the group's executive board and supervises the implementation of the charters.

In 1999, a 'Common Position: New structures, ensuring job security and employability at **Deutsche Bank** Group' was signed. The negotiations took more than a year. The common position concerns human resource management tools 'to create opportunities, to prevent and mitigate disadvantages for employees without impairing the company's competitiveness' in conjunction with the restructuring of Deutsche Bank Group.

Certain issues are described as coming very close to a negotiation situation in the **IKEA** EWC, such as the results of the Occupational Health and Security group or of the group on working hours.

In 2001, a declaration of intent was signed between the **Marazzi** EWC and the central management, together with the unions underwriting the founding agreement. In the declaration of intent, the parties agree to promote initiatives of information, analysis, exchange of experiences and proposals at European level on issues of occupational health and safety.

The **Volkswagen** EWC does not conclude company agreements, but does agree on certain projects and standards. Once a year, a European conference on OHS, organised jointly with the management through the EWC, takes place, during which standards or guidelines on certain subjects are agreed upon. A current topic is the employment of temporary personnel. Guidelines will be agreed on the employment of temporary agency workers and fixed-term workers. In 2002, the 'Declaration on social rights and industrial relations at Volkswagen' was signed.

At **Boehringer Ingelheim**, joint texts have been agreed in the case of extraordinary meetings, resulting in joint statements.

In the **Elektrolux** case, the EWC was established when the group underwent a major restructuring process. The EWC and the select committee became important tools for dialogue between management and employee representatives in the process of managing change. The management

chose the EWC to deal with the change process. The EWC offered an arena for discussions on the restructuring of the group. According to the Swedish employee representative, the EWC opened up communication channels. For example, he managed to arrange a meeting of the German representatives directly with the CEO.

## Other outcomes and effects

The self-selection bias inherent in the case study sample has to be taken into consideration in interpreting the outcomes and impacts of EWCs. Only companies that fared well agreed to participate in the research project.

### *Wide variety of practices and experiences*

In the analytical framework of the project, some areas of outcome of EWCs such as their impact on the pace of corporate decision-making, employee involvement and participation have been emphasised. Criteria for the functioning of an EWC have not been developed.

The assessment of the proper functioning of an EWC is a normative question. The views most likely range from:

- fulfilling legal requirements of setting-up, information and consultation,
- to the EWCs as social actors in the company, developing into vital bodies essential within cross-national company employee representation and labour relations in the process of Europeanisation, internationalisation, and restructuring of companies.

A generalisation of the outcomes and impacts of EWCs is a complex task given the wide variety of interrelated influences and processes. There is an enormous diversity of experiences and more than a few standard models that could be clearly distinguished. A mixed picture emerges when all perspectives are considered: the management and employee side interactions, the employee side interactions, the management side interactions, and the insider–outsider interactions, parent company and subsidiary relationships. Therefore, it is unrealistic to expect a typology of EWCs that is general enough to capture the divergent situation, to reflect all dimensions and internal contradictions. Since an EWC will necessarily be chiefly categorised in relation to one of the dimensions, this means that the other dimensions (and the impact on the other dimensions) are excluded and the picture that emerges is not therefore complete.

These limitations apply even more to relating the development of EWCs to factors such as country of origin or sector. Such factors can only be determined as influences in a complex mix of effects but not as isolated categories.

Based on an analytical framework determined by a multi-dimensional approach, a uni-dimensional perspective is inevitably inappropriate to capture the (social) dynamics. The EWCs have to be considered in relation to all dimensions. An EWC can have developed its practices in one dimension and be weaker in others. For example, an EWC that managed to achieve a high degree of social cohesion regarding the development of strategies and articulation of clear standpoints on the employee side can be confronted with a management deaf to approaches from the employee representatives. Within the employee representation, a high degree of social

cohesion may have been achieved at the expense of a stronger involvement of the subsidiaries and the dominance of a strong position of the employee representatives in the parent companies. An EWC characterised by a strong degree of social cohesion can further fail to involve the outsiders in the approaches and policies.

A perspective that reflects a wide variety of EWCs in the context of the specific environment of multinational companies is appropriate. Therefore, the present assessment focuses on the broad range of outcomes of EWCs. In short, the pattern of divergence from the normal rules seems to be a unifying factor across the case studies.

Table 3 illustrates the range of some key practices and experiences of EWCs.

**Table 3 Variety of practices and experiences**

Area of analysis	Range from ... to ...	
Positioning of the EWC	'artificial' formal body	integrated in the architecture of company industrial relations
Impact in the companies	formal compliance with Directive	forum for dialogue in the restructuring of the companies and transnational group industrial relations
Frequency and intensity of interactions	one brief annual meeting of half a day	one and more meetings of up to 5 or 6 days
Process of interactions	isolated restricted to formal meetings	constant interactions formal and informal
Management involvement	one management representative	entire board and all HR directors
Management approach	minimum of time and information	encompassing employee participation active involvement in the EWC activities
Resources of the EWC	no office, no further resources beyond the meetings	full equipped office, (semi)professional employee representatives
Approach of employee representation	Confrontational/conflictual approach 'independent' employee representation	cooperative approach 'social-partnership'
Development of employee positions	responsive = reaction to management	active = own initiatives, plans, proposals
Strategies of employee representatives	no strategy	elaborated strategy
Interrelations within the employee representatives	national focus suspicion, mistrust	European (global) focus social cohesion, trust, solidarity
Development of practices	little or no development and improvement	strong social dynamics, intensive learning processes and improvement of practices and outcomes
Select committee	no select committee or agenda setting select committee only	managing committee receiving confidential information from the management
Composition of employee representatives	strong dominance of one country	truly multinational composition

### *Influencing factors*

Figure 2 illustrates the matrix of complex influences in which EWCs are established and in which they evolve. On one side, the structural features are highlighted and, on the other, the actors, strategies and approaches.

Within this field of influences and national frameworks lie the interactions between management and employees. As an outcome of all the factors in this complex field of determining factors and interactions, a high or low degree of employee involvement and participation develop.

**Figure 2 Matrix of influences**

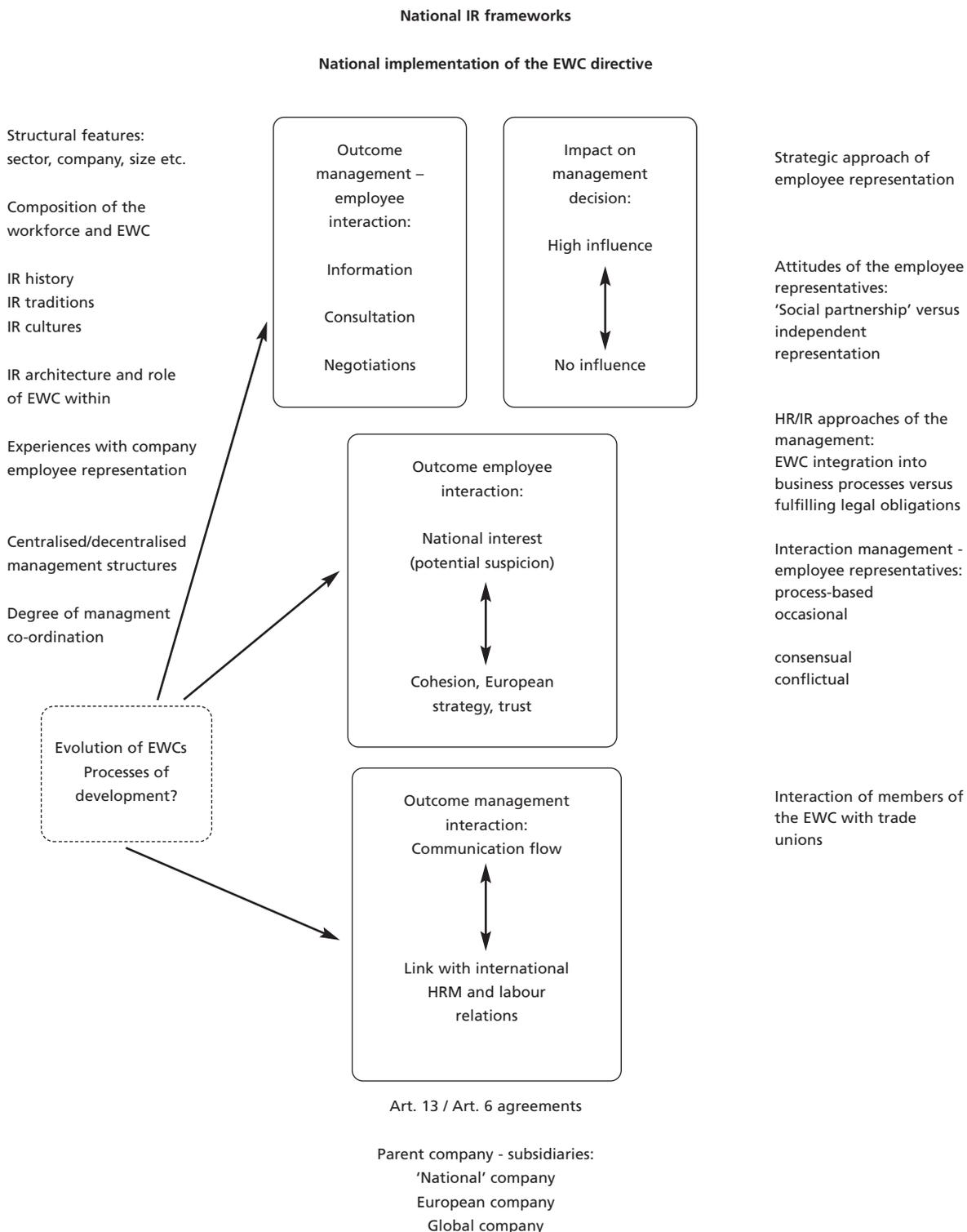


Figure 2 reflects the key factors in the areas of structural, procedural and strategic influences. Factors identified for the different developments and the diversity of EWCs are in particular:

- the nature of the company structure ('national' with subsidiaries in other European countries, 'European' or 'global');
- the nature of the company's activity (issue of relocation in production companies or less mobile services);
- company history of labour relations;
- experiences with company employee representation;
- relationships between parent company and subsidiaries (potential dominance of the home or another country);
- management strategies and attitudes;
- managements structures (centralised – decentralised, co-ordination via guidelines or standards regarding HRM and industrial relations);
- architecture of employee representation and role of the EWC;
- strategic orientation of employee representation and balance between conflicting approaches;
- impact of resources available to an EWC (provision of expertise, training, translation or language interpretation facilities) on the capacity of the employees' representatives to develop a truly European approach;
- strategic orientation of the key employee representatives towards employee representation;
- a combination of central functions in the representation of employees in several different representation bodies by one or a few key employee representatives;
- competition between trade unions regarding representation in the EWC;
- tensions between EWC members appointed by trade unions and (elected) company employee representatives;
- rotation of EWC members.

The influences have a different weight and impact, and are partially interrelated with each other. Factors can have a different impact for the different dimensions of interactions. For example, national industrial relations cultures and structures have a much stronger impact for the employee-side interactions. Table 4 looks at the potential strength of some of the most important factors.

Some of the factors are discussed in more detail with regard to their potential impact.

### *Company effect*

The company-specific impact is the strongest factor of all. The company history, culture and business strategies, its internal industrial relations and human resource management traditions and experiences are the most determining features.

In contrast to the wide variety of experiences of EWCs in the sample, there are commonalities regarding company features such as expansion strategies and growth by acquisition, and restructuring of the companies.

**Table 4 Influencing factors for the development of an EWC**

Influencing factors	Influence		
	Strong	Medium	Weak
Company history and corporate culture	••		
Experiences with company employee representation	•		
Architecture of company employee participation	•		
Resources of the EWCs	••		
National industrial relations cultures – Home country	•		
Expansion and restructuring strategies of the companies	○		
Competition for investment and employment between the subsidiaries	•		
Degree of internationalisation of the company	○		
Distribution of the workforce across the countries	○		
Homogeneity and heterogeneity of production and services	•		
Type of agreement			•
Sector		•	•
Age of the EWC	○		
Company size		•	
Joint management – employee committee or employee-side committee			•

*Country of origin effect*

The factor ‘country of origin’ can at best explain some tendencies and patterns. Not surprisingly, aspects of national industrial relations systems were also reflected more or less in the case study sample. The national implementation of the Directive has a formal impact on the practices.

The perspectives of EWC members in the home countries shape to a certain degree the approaches of the EWCs. Whereas the Swedish and German EWCs tend to be more cooperative and pragmatic, the others tend to have a more confrontational, antagonistic and anti-company attitude. Nevertheless, not all EWCs are clearly orientated to the national structures in the country of origin. For example, some of the Italian EWCs are strongly orientated towards the German model.

Across the case studies, the impact of the country of origin is difficult to detect due to the very different composition of the workforce. The country-specific composition of the workforce and of the EWC has a strong impact. In several case studies, the country of origin does not have the largest workforce in the group. This applies in particular to the Swedish EWCs and some of the Italian case studies.

Naturally, an EWC that is dominated by one country – not necessarily the country of origin – tends to be more shaped by this national background. This influence is not decisive for the functioning and outcome of an EWC. It is at most an influencing factor among others.

There is one uniting feature across the case studies and countries. The national industrial relations traditions and cultures are in tendency seen as the model for the other countries. At least in a few case studies, experiences of the differences led to the development of a new wider vision of employee representation and a broadening of perspectives.

On the management side, the country of origin effect seems to be much weaker. This effect is expressed especially in the approach toward labour relations. The general orientation of management structure approaches in companies operating internationally follows other rules.

### *Company industrial relations effect*

The country of origin effect has an impact in an indirect way. The experiences with employee representation at the company level is related to national industrial relations systems and labour law.

The existing experiences of company employee representation and furthermore of transnational labour relations are the most important factors besides the experience of setting up an EWC and its further development. Pioneering EWCs in the sample are located in those countries in which co-determination by work councils or in supervisory boards have a long tradition. The first world works councils also have their origin in these countries.

These experiences provide the basis for new forms of transnational employee representation and have more backing on both sides in the parent company. The importance of informal relationships and structures for the operation and functioning of the EWCs has been emphasised in these case studies. They also seem to provide a basis for further development.

The differences between cases with a similar background of experiences with company employee representation stem especially from different company structures and company cultures, and the influences in the exchanges across the group of companies.

In this context, the age of an EWC has an impact, as is evident in cases of pre-Directive pioneering EWCs.

### *Form of the EWC effect*

The form of the EWC i.e. either as joint employee–management committee or as an employee-side committee does not have a significant impact on the outcome of the EWC activities.

For example, regarding the two German examples of EWCs with joint committees, which are exceptional in the national context but typical in the chemical and pharmaceutical industry, the only significant difference is the fact that management representatives are present at the meetings and do not have to be consulted or invited to the meetings by the employee representatives in order to receive specific information outside the plenary meetings. This applies in particular to the select committees. There is no evidence at all for a more or less cooperative relationship, or for a different intensity of exchange between employee representatives and management representatives than in the other German case studies.

Whether management representatives are full members of the EWCs or meet with the employee representatives as non-EWC members is of less importance than the opportunities and resources offered to the employee representatives to meet independently of management representatives and develop their approaches and strategies.

#### *Type of agreement effect*

There is some indication that employee representatives, at least from the larger countries in the group, were more often and more strongly involved in the phase of setting up the EWCs in the case of Article 6 agreements. These EWCs also gained from experiences mediated particularly by European trade union representatives. However, there is no evidence of a distinctive interrelation between the form of agreement and the later development of the practices and outcomes of the EWCs. The impact of the form of the establishing agreement becomes blurred in the operation of the EWCs and is of less significance than other stronger factors of influence.

#### *Sectoral effect*

The initial intention to measure the sectoral impact on EWCs could not be realised due to access problems. Although some sectors are over-represented, the final sample is too diverse for accurate conclusions.

The impression is that the sectoral effect is at best feasible at the national level but not in a cross-national perspective due to the strong company impacts and other influencing factors.

Even within the same country, and even in combination with the same sector, considerable differences exist between the EWCs. These are strongly related to the company history, culture and structure. In a comparison of **Volkswagen** and **DaimlerChrysler** EWCs, there are wide differences. This can be ascribed to the company structure and history rather than national background and sectoral implications.

Some of the factors initially highlighted in the analytical framework such as sector, type of agreement, or company size carry little weight compared to other factors identified from the results of the interviews. Efforts to identify the most relevant factors for the functioning of the EWCs and/or their interplay have to take account of numerous interrelated factors beyond structural features. In particular, informal relationships and processes turned out to be significant factors.

One core outcome of the project is to reflect these processes that cannot be derived from the analysis of the founding agreements or formal procedures. The analysis of the case studies reveals EWCs more as social actors in the companies than formal bodies set up in a particular way in a certain environment.

#### *Development and roles of EWCs*

The range of the roles of EWCs that can be identified is wide: from formal institutions in compliance with the minimum requirements of the Directive to EWCs that play an influential part in the processes of change and restructuring as a forum for dialogue and determining transnational group industrial relations.

#### *Degree of employee involvement and participation*

A key distinction between EWCs in an outcome perspective concerns the achieved degree of employee involvement and participation. Three main features can be differentiated. EWCs are bodies for:

- information provision;
- involvement by timely consultation;
- negotiation of 'soft' issues, drawing up of restructuring conditions, charters etc.

Regarding the degree of employee involvement and participation, the different patterns should be understood as located in a continuum. For example, in companies characterised by exclusive information practices, management occasionally concludes an agreement with the EWC on a certain issue.

In a classification according to information, consultation or negotiation, the role and competencies of the select committee or key persons of the EWC have to be considered in terms of their impact beyond practices concerning the wider EWC.

The more important role of managing select committees in relation to the wider EWC has an impact on the exchange with the management and on the interrelation on the employee side. In relation to management, the select committee can establish a (more) continuous dialogue between management and employee representatives. The exchange between management and employee representatives is reported to be different at plenary meetings and meetings with select committee employee representatives. At the plenary meetings, there is a tendency for the management to provide information and for employee representatives to respond. In select committee meetings, there are better opportunities for mutual dialogue.

In most cases, EWCs are attempting to proceed from information forums to effective consultation practices, while in some cases the focus is on a transition from consultation to negotiation.

A resistance to the potential of negotiations is not confined to the management side. From an employee perspective, differences between EWCs in the national context are evident with regard to the issue of potential negotiations. Whereas the Italian EWCs and members in other committees strive persistently for an EWC negotiating function, Swedish EWCs and delegates do not share this aim. In the UK cases, there are indications of a preference for the national (or local) level.

### *Employee-side interactions*

A central issue is the employee representatives' ability to develop a joint European perspective. A further factor is the willingness to develop a joint European position. The Swedish EWCs are sceptical about the possibility of developing such a position due to the different national backgrounds, and see the EWCs more as bodies for coordination and cooperation on the employee side.

In practice, the committees range from a European body to committees comprising members with a predominantly national focus. The home country is still the primary focus of members in most EWCs. Only a minority of EWCs have managed to develop a European or transnational strategy of company employee representation.

The development of a joint employee perspective or strategy on employee representation is often hindered by different national industrial relations cultures, by potential competition and in particular the predominance of the prevailing national focus. Different industrial relations cultures and structures can also be a stimulus to the development of (innovative) joint approaches based on a broader vision.

Of central importance are processes of learning regarding all dimensions of interactions. These processes take place in the different phases of pre-negotiations, negotiations, implementation of the agreements, and developments after the implementation.

Regarding the employee-side interactions, processes of learning, overcoming mutual suspicion, and building trust are crucial steps on the way to an effective body. Developing a joint strategy and being an effective body requires a process of mutual learning. Developing internal cohesion, strategic vision and effective structures of influence and representation of employee interests requires experience.

The age of an EWC has a significant bearing on its operation and functioning and on how an appropriate practice and strategic focus is found. The employee representative from the **Whirlpool** EWC claims that the committee's first seven years of activity can be characterised as an important learning period for a large number of employee representatives.

Two demotivating factors should be mentioned. These are the experiences of ineffective consultation and lack of influence with regard to the management side, and/or being stuck in the employee-side interactions due to lack of progress in discussions and failure to find a joint approach.

A central factor is the strategy (or non-strategy) on transnational employee representation of the key employee representatives in the parent company. There are clear divisions within the EWCs concerning employee representation between the social partnership and independent representation models.

The involvement and impact of trade unions in EWCs differs between the countries. In most case studies, the involvement and input of national and European trade union experts is reported. The differences lie in the further participation and influence in the committees, which seem to be strongest in Italy and France, and weakest in Germany. In Sweden, trade unions are also influential in the EWCs. It is notable that trade union standpoints in the Swedish case studies coincide and in this way are very influential.

The different role of trade unions and coping with these differences is one aspect of establishing the role and operational base for the EWC in a continuous process.

#### *Quality of interactions between employee representatives and management*

In relation to the interaction of employee representatives with the management, a striking difference is the degree of involvement of employee representatives in planning, debate, and procedures in the company. There is a basic difference between the role of employee representation which is restricted to meetings of the EWC or select committees, and a role that sees the representation as being integrated in more regular procedures. The informal relations that facilitate a continual cooperation between employee representations and management are an important vehicle in this respect.

#### *Management approaches towards EWCs*

The centralisation or decentralisation of human resource management and the degree of coordination of principles/guidelines on human resource management are features on the

management side. The function of the EWC in the approach of human resource management and employee relations and how the EWC is used to achieve specific objectives are crucial. For example, at least in cooperative environments, EWCs or EWC members often play an important informal role in conflict resolution in other subsidiaries and thereby support the efforts of the management side.

A variety of management approaches towards the EWC can be distinguished. The management can:

- treat the EWC as a necessary evil;
- use the EWC to stimulate and inspire understanding on the side of the employee representatives, which is the basis for cooperation and support;
- win EWC support for the implementation of certain industrial relations standards.

### *Impact of competition for the shaping of EWCs*

Besides general business, a crucial question for the development of EWC practices and outcomes is whether there is competition between the subsidiaries in different locations and countries. Questions of relocation, closure, investment etc. are central to the role of the EWC and how it is used by the employee and management side.

In some case studies, the pace and intensity of company restructuring processes on the evolution of the EWCs was discussed. Whether an expansion or restructuring in combination with downsizing has an impact on the development of the EWC is of considerable interest. In some case studies, a continuous restructuring process was considered to accelerate the processes of defining the role of the EWC in a group. In the case of **Deutsche Bank**, the permanent restructuring taking place on a large scale within the group and the obligation to inform the EWC at an early stage has led to a higher frequency of EWC meetings. These processes result in increased significance for the EWC committee and greater interaction, both among EWC members and with the management side.

**Royal and Sun Alliance Group** is one example of a downward spiral of management–employee side interaction. In this case, the lack of finding transnational issues is seen as one cause of the failure to find a way of improving the committee's work.

In the **DaimlerChrysler** case, the absence of issues of relocation or competition between the European locations outside Germany was given as the reason for the limited role of the EWCs.

The wide variety of practices and experiences captured in the analysed sample of case studies reveals the diversity of operation and functioning of EWCs. This variety and the multi-dimensional research approach do not allow for the construction of a simple typology of EWCs. More appropriate in this context is a view that considers EWCs as company bodies of employee representation that are interrelated with the uniqueness and dynamic of multi-national companies.

Regarding the diverse influences, processes, and outcomes of EWCs, it is difficult to generalise about the operation and functioning of EWCs. An EWC can be analysed with regard to several dimensions. A functioning management–employee relationship is not necessarily related to functioning interrelations and agreement on the employee side. By the same token, an EWC with strong internal cohesion on the employee side is not in all cases able to exert influence and achieve agreement with the management side. In some cases, there is more common ground between the headquarters management and EWC members in the parent company than between the employee representatives across the countries.

The fundamental factors for the development of an EWC are the company history and company industrial relations along with the influence of national industrial relations and in particular experiences with company employee representation. In general, there is a wide range of different forms, procedures, and experiences of EWCs.

In the view of the interviewees in the case studies, the advantages and benefits of EWCs far outweigh the disadvantages.

Despite the positive aspects of EWCs, the main objective of providing workers with a voice in corporate decision-making processes has only been achieved in a minority of cases researched. Most of the EWCs are committees predominantly for information. As far as consultation and (direct) influence takes place, this concerns the implementation of previous transnational business decisions made unilaterally by the management. In this context, the EWCs are involved in the implementation of management decisions with respect to the impact on the employees.

The extent of information on the company situation and development ranges from considerably more than the legal requirement to a bare minimum. In some companies researched, this minimum information is orientated towards the past rather than future developments of the company.

Surprisingly few disputes between management and employee representatives or among employee representatives are reported. Several explanations are possible. From the management side, the EWCs are primarily seen as bodies for conveying information on transnational business decisions. On the employee side, the expectations regarding the potential influence of an EWC were low and, until the powers of EWCs are increased, other committees of employee representation will be seen as more important. Employee representatives also find it difficult to discuss openly different situations and potentially conflicting interests arising through the national lens of the members. Language barriers and inadequate resources for the management of the EWC, and continuous interaction are further crucial factors.

Recurrent complaints on the side of the employee representatives concentrate on the weakness of EWCs as bodies for effectively influencing decision making in companies. Management representatives tend to disapprove of any proposed increase of EWC powers.

Likewise, employee representatives in some EWCs, particularly those from the parent companies, oppose a more powerful and influential role for EWCs. The central fear is that the EWC could make inroads into their national power base. Swedish EWC members argue that EWCs lack the capacity to agree on a common position across the countries because of different concepts of employee representation and conflicting interests. They insist that cross-national coordination remains the task of EWCs.

The employee representatives in the committees have had to learn to deal with different views and conflicting interests. Experienced key employee representatives or European trade union experts can have a strong impact on an EWC's capacity to develop joint positions despite strong competition for investment or employment between the countries. There are examples of EWCs in which conflicting interests between national employee representatives did not prove to be an obstacle but led to a new strategy that was enhanced by the diversity of experiences and visions (**Whirlpool**).

The **Volkswagen** case shows that, from the perspective of the employee representatives, an internally cohesive EWC based on a strategic vision can become influential in the transnational expansion of a group of companies.

The crucial question is how such a social cohesion can be established and how EWCs can be developed as a voice for employee interest representation. As Richard Hyman (2000) correctly pointed out, EWCs which appear relatively strong were not born that way. Institutions typically evolve and develop their achievement through a process of mutual learning, shared confidences and shared support.

Learning processes differ between the EWCs. The age of an EWC can have a significant impact on such processes. In some cases, the EWCs developed their operations and practices whereas in other cases there was very little change. From the perspective of the employee representatives, standing still because of factors such as limited resources, infrequent meetings, discontinuity of members, limited legal entitlements and influence can have a demoralising effect, particularly for long-standing EWC members who feel they are making no headway.

In practice, EWCs range from committees that meet formally once a year and mainly provide information to the employee representatives from the subsidiaries, to EWCs with a clear strategy both on the employee side and the management side.

Some EWCs developed to become an active partner for the management and/or a body with a significant agenda, detailed strategy, and a strong degree of social cohesion. Several EWCs evolved into bodies that helped to mediate between the industrial relations traditions and cultures in the parent company and the subsidiaries in other countries. Other EWCs are less capable of acting as a European body or becoming an institutional feature of the company.

In principle, members in most EWCs put national interests first. A potential European focus of employee representation can be developed through:

- the general strategy of employee representation;
- focusing on certain issues;
- acting on certain (extraordinary) occasions.

The development of EWCs into a more pronounced form is dependent on different influencing factors. Apart from general day-to-day activities, a crucial factor for the development of an EWC stems from potential competition between the subsidiaries in different locations and countries. Issues of relocation, closure, and investment are central to shaping the role and impact of the EWC, and how the employee and management sides approach their work on councils.

The EWCs can have an integrative impact. In the **Volkswagen** case, the EWC (and the world works council) developed a concept across the locations that offers the basis for planning discussions with the board. The function of the EWC is important regarding human resource management and company industrial relations, as is the use made by both sides of the EWC to achieve objectives. For example, EWCs or members of the EWC often play an important informal role in conflict resolution in subsidiaries, thereby supporting the efforts of the management side.

Several case studies reveal an underlying approach of harmonisation of industrial relations within the group or of exporting industrial relations structures from the headquarters to the subsidiaries, with EWCs often used as mediating tool.

Lessons were also learnt by the management, particularly where they had accepted the establishment of the EWC with some reluctance but experienced a positive outcome. In cases where the management had a more positive attitude and used the EWC to promote industrial relations and HRM strategies, the (sometimes unexpected) benefits are emphasised.

In several cases, the climate between employee representatives and management improved in the context of the operation of the EWCs, and sometimes a positive effect on industrial relations at the national level is reported both in the parent company and the subsidiaries.

Regarding the interactions between employee representatives and management as well as the interactions between employee representatives from different countries, some fundamental elements seem to underly the functioning of an EWC. These are the:

- extent of communication;
- capacity to create trust;
- time to develop.

Joint working groups between employee representatives and management representatives often develop European issues. It is striking that OHS is a favoured issue for working groups within the EWCs. A side effect of the joint working groups is that they have the potential to create greater management acceptance of the EWC.

In many case studies, very different views of respondents in the parent companies and in the subsidiaries are evident. This is a natural element of transnationally operating groups of companies. The question is not if different perceptions are obvious, but the way the company and employee representatives deal with the differences.

On the employee side, the perception of whether the EWC in a group functions effectively is influenced by the initial experiences of employee representatives with company employee representation as well as expectations rooted in the national industrial relations background.

A central factor is the strategy (or non-strategy) on transnational employee representation of the key employee representatives in the parent company because they normally have more resources, more influence, and access to central management.

The increasing significance of managing or executive select committees within the EWCs is a factor that can influence the future development of EWCs in different ways:

- The increased and intensified interactions between management and the select committee can have contradictory outcomes. The EWC gains in influence at the expense of the involvement of the wider EWC. In this context, the general resistance of the management to call extraordinary meetings of the EWC, which has been reported in a number of case studies, is an issue.
- The composition of the select committee, and whether or not it is representative, as well as the intensity and quality of interaction with the members are crucial factors for the acceptance of its activities by the wider EWC.

The case studies focus predominantly on the exchange between management and the select committees, and offer little information on the exchange of information between the select committees and other members of the EWC. The stronger and more active involvement of the select committees in company processes can strengthen the position of the EWCs. A well-directed involvement of and information flow to the wider EWC can avoid a potential weakening of the larger committee.

The involvement of the management in the EWC seems to be related to a more centralised European human resource management or greater coordination of management practices. In the companies with decentralised and less coordinated management structures, the management of the subsidiaries is often not involved in the EWC meetings.

The existence of the EWC did not lead to significant changes within the management structures and interactions in most of the cases. In some of the British case studies, the benefit of the EWC in respect of preparation and coordination of business decisions was highlighted.

It is clear that EWCs have an added value for companies. They do not slow down corporate decision-making. However, the objective of the Directive to consult EWCs on transnational management decisions and give workers a voice was found in the majority of the cases studies not to have been achieved.

Nonetheless, a number of favourable side-effects both for employee representation and management emerged. EWCs in particular opened new channels of communication and initiated innovative processes of company-level industrial relations.

The multi-dimensional framework highlighted the complexity of inter-relations between the different actors on the employee and on the management side in the parent company and the subsidiaries, between those actively involved in the EWC and the so-called outsiders.

The project helped to gain an insight into the operation and functioning of European works councils, and facilitated investigating the EWCs as legal entities in formal structures to reveal the

diverse influences, inter-relations, underlying processes, including the significance of informal structures and processes.

Although a generalisation of the experiences of EWCs based on the sample has limitations, the research project illustrates the role of company employee representation in multinational companies in the process of European integration.



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# Appendix 1

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# Appendix 2

## Tables illustrating aspects of EWCs in companies

**Table A1 Overview of the company case studies**

Company	Country (parent company)	Subsidiary in the study	Sector	Type of agreement renewal:	Date of / agreement		Employees	
					a) adaptation	b) revision	c) EU	d) home country
Air France	France	Italy	Transport	Art. 6		11-1997 11-2001	a	70,156
Alliance*	Germany	France	Insurance	Art. 13		07-1996	a b d	120,000 95,000 43,000
Amersham*	UK	Sweden	Pharmaceutical industry	Art. 6		1999	a b	8,000 4,800
Assa Abloy	Sweden	Germany	Metal industry	Art. 13	b	09-1996 06-2001	a c	28,750 10,550
Atlas Copco	Sweden	Germany	Metal industry	Art. 13	a	10-1995 2001	a c d	26,000 10,000 2,500
Auchan Hypermarkets	France	Italy	Retail	Art. 13		05-1996	a b c d	101,350 86,681 77,609 51,964
Aventis	France	UK	Pharmaceutical	Art. 6	b	04-2000 09-2002	a b c	74,200 39,000 36,700
Bayer	Germany	Sweden	Chemical/ pharmaceutical industry	Art. 13		10-1994	a b d	123,000 71,200 51,900
BOC	UK	- <sup>1</sup>	Industrial gas	Art. 13		06-1996	a b d	46,280 13,213 10,000
Boehringer Ingelheim	Germany	Italy	Pharmaceutical industry	Art. 13		06-1996	a b d	31,843 16,171 9,000
Bosch	Germany	France	Metal industry	Art. 6		05-1998	a c d	226,000 141,950 103,000
British Airways	UK	Italy	Transport	Art. 13		09-1996	b	45,000
British American Tobacco	UK	Germany	Food and drink	Art. 13	c	09-1996 2000	a	85,000
Club Med	France	Italy	Tourism	Art. 13	b	09-1996 10-1999	a	22,000
Company A	Italy	Sweden		Art. 6				
DaimlerChrysler	Germany	Italy	Automobile industry	Art. 13		09-1996 <sup>2</sup>	a	370,000
Deutsche Bank	Germany	UK	Financial services	Art. 13		09-1996	a b	92,500 67,000

<sup>1</sup> The subsidiary report had not been integrated into the case study.

<sup>2</sup> Daimler-Benz Group.

Table A1 (continued)

Company	Country (parent company)	Subsidiary in the study	Sector	Type of agreement	Date of / agreement renewal:		Employees	
					a) adaptation b) revision c) merger		a) global b) Europe c) EU d) home country	
EADS*	France	Germany	Aviation and space industry	Art. 6		10-2000	a	100,000
Eiffage	France	Germany	Construction	Art. 6	b	06-1998 08-2001	a d	46,101 40,560
Elektrolux	Sweden	Italy	Metal industry	Art. 13	b	02-1995 03-2001	a b	80,000 48,000
ENI	Italy	UK	Chemical industry	Art. 13	b	11-1995 06-2001	a b	70,826 47,492
Generali	Italy	Germany	Insurance	Art. 6	b	11-1997 10-2000	a	59,753
GlaxoSmithKline	UK	Sweden	Pharmaceutical	Art. 6	c	05-1998 <sup>3</sup> 06-1997 <sup>4</sup> 05-2001 <sup>5</sup>	a b c d	100,000 50,000 45,000 23,000
HSBC	UK	France	Financial services	Art. 13	b	09-1996 11-2001	a c d	210,000 75,000 60,000
IKEA	Sweden	France	Retail - Furniture	Art. 6	a b	11-1999 2002	a b	70,000 59,000
Kraft Foods	Germany (US HQ)	Sweden	Food and drink	Art. 13		03-1996		115,000
Lafarge	France	Germany	Construction	Art. 13		12-1994 09-1999	a c	75,000 27,766
Marazzi	Italy	France	Ceramics	Art. 13		09-1996 06-1999 09-2002	a d	4,252 2,500
Merloni	Italy	Germany	Electrical appliances	Art. 13		07-1996	a d	20,386 4,888
Michelin	France	Germany	Tyres	Art. 6	b	10-1999 09-2002	a d	69,991 28,000
Pirelli	Italy	UK	Chemical; Metal	Art. 6		11-1998	a b	39,127 24,500
Riva	Italy	Germany	Steel industry	Art. 6		01-1999	a b	24,600 23,500
Royal and Sun Alliance	UK	Sweden	Insurance	Art. 6		06-1999	a	20,000
Sandvik Speciality Steel	Sweden	UK	Metal industry	Art. 13		11-1995 <sup>6</sup> 05-2000 <sup>7</sup>	a c d	35,000 <sup>8</sup> 5,337 <sup>9</sup> 4,141 <sup>10</sup>

<sup>3</sup> GlaxoWellcome under Irish law.

<sup>4</sup> SmithKline Beecham under Dutch law.

<sup>5</sup> under UK law.

<sup>6</sup> EWC for the Sandvik Group.

<sup>7</sup> Separate EWC for Sandvik Speciality Steel.

<sup>8</sup> Sandvik Group.

<sup>9</sup> Sandvik Speciality Steel only.

<sup>10</sup> Sandvik Speciality Steel only.

Table A1 (continued)

Company	Country (parent company)	Subsidiary in the study	Sector	Type of agreement	Date of / agreement renewal: a) adaptation b) revision c) merger		Employees	
							a) global	b) Europe c) EU d) home country
Securitas	Sweden	UK	Security industry	Art. 13		06-1996	a	232,000
							b	99,000
SKF	Sweden	Italy	Metal/Steel industry	Art. 13		09-1996	a	38,600
							c	22,700
							d	4,900
Südzucker	Germany	France	Food and drink	Art. 13	a	08-1996	b	14,855
						07-2002	c	9,667
							d	4,058
Suez	France	Sweden	Energy, environment and communication	Art. 13	b b	05-1995	a	188,050
						11-1999	d	59,300
						06-2001		
Swedish Match*	Sweden	UK	Tobacco	Art. 6		10-1997	a	14,000
Volkswagen	Germany	UK	Metal industry	Art. 13	a a a a a	02-1992	a	324,000
						06-1995		
						11-1995		
						11-1996		
						05-1998		
Whirlpool	Italy	Sweden	Electrical appliances	Art. 13	b	09-1996	a	68,272
						2000	b	14,000
							d <sup>11</sup>	6,000

\* Pilot studies

<sup>11</sup> US company - European headquarters in Italy.

Table A2 Structural features of the companies

Company	Global strategy	European strategy	Standard management/ production procedures	Coordination of management s – strong w – weak	Cross-border integration of services or production	Business streams and divisions	Spread of operation	European management structure
Air France	•					4 divisions: Passenger transport Freight transport Aircraft maintenance Others	worldwide	
Assa Abloy	•			•w <sup>12</sup>		11 sales units each with a director at the Group management	worldwide	
Atlas Copco	•		•		•	15 divisions organised in four business areas: • compressor technique/ CT • construction and minino technique/CMT • industrial technique/IT • rental service/RS Range of responsibilities: from product development to sales and services. multi-brand strategy	worldwide	
Aventis	•						worldwide	
Bayer	•					Holding with four legally independent operative subgroups and three independent service companies	worldwide	
BOC	•					3 divisions: • Process Gases Solutions • Industrial and Special Products • BOC Edwards For reporting purposes two additional business segments: • Afrox hospitals • Gist	worldwide	
Boehringer Ingelheim	•		•			2 divisions: chemical pharmaceutical	worldwide	
Bosch	•				•	3 main divisions with sub-divisions	worldwide	
British Airways	•						worldwide	
British American Tobacco	•						worldwide	
DaimlerChrysler	•			•w	only regarding distribution structures	5 divisions. 3 independently operating divisions: Mercedes-Benz - Europe Chrysler – America Mitsubishi – Asia-Pacific	Manufacturing worldwide; within EU core production sites in Germany	

<sup>12</sup> The management teams of the (world) regions meet once a month. The organisation is decentralised.

Table A2 (continued)

Company	Global strategy	European strategy	Standard management/production procedures	Coordination of managements – strong w – weak	Cross-border integration of services or production	Business streams and divisions	Spread of operation	European management structure
Deutsche Bank	•				•	3 divisions: corporate and investment banking private clients and asset management corporate investment	global	•
Eiffage		•				5 divisions		
Elektrolux	•				•	2 divisions: consumer products professional products	global	
ENI	•					4 divisions	worldwide	
Generali	•	•		•w				
GlaxoSmithKline	•	•		•s	•	5 divisions	Manufacturing in Europe: BE, F, DE, IR, IT, H, PL, ES, UK RO, TK	in business streams corporate HG in UK operating HQ in the US
IKEA	•		•		•		worldwide	
Kraft Foods	•		•		•	2 completely separate organisational units: Kraft Foods International (KFI) Kraft Foods North America (KFNA)	•	central European management: London headquarters of central management in New York
Lafarge	•					4 worldwide divisions	worldwide	
Marazzi	•	•				7	worldwide core in Europe	
Merloni	•	•				4 autonomous business units	worldwide core in Europe	
Michelin						5		
Pirelli	•	•				3 Tyres Energy cables and systems Telecom cables and systems	worldwide	
Riva	•	•						
Royal and Sun Alliance	•					2		
Sandvik Speciality Steel	•					3 main business areas: • Sandvik Tooling • Sandvik Mining • Sandvik Specialty Steels	worldwide	

Table A2 (continued)

Company	Global strategy	European strategy	Standard management/production procedures	Coordination of managements – strong w – weak	Cross-border integration of services or production	Business streams and divisions	Spread of operation	European management structure
Securitas	•					5 <ul style="list-style-type: none"> <li>• Security service</li> <li>• Security systems</li> <li>• Direct – small alarm systems</li> <li>• Cash Handling Services – value transports</li> <li>• Consulting and investigation</li> </ul>	worldwide core country: US	
SKF	•					5 <ul style="list-style-type: none"> <li>• Industrial</li> <li>• Automotive</li> <li>• Electrical</li> <li>• Service</li> <li>• Aero and steel</li> </ul>	worldwide	
Südzucker		•				5 <ul style="list-style-type: none"> <li>• Sugar</li> <li>• Palatinit</li> <li>• Agriculture</li> <li>• Animal food</li> <li>• By-products</li> </ul>	more than 50 sugar factories across Europe – very decentralised production	no
Volkswagen	•		•	•	• aggregates and components	<ul style="list-style-type: none"> <li>• Passengers cars: 2 brand groups</li> <li>• Commercial vehicles</li> </ul>	Manufacturing worldwide	• <sup>13</sup>
Whirlpool	•					4	worldwide	•

<sup>13</sup> west European / east European.

Table A3 Features of the companies' development

Company	Growth/ expansion through acquisition	Merger(s)	Relocation	Divesting of companies in the group	Competition between the plants	Restructuring of the group a) only administrative functions	Closure of production plants	Reduction of workforce a) for a longer period b) recently	Increase of workforce based on job creation
Assa Abloy	•								
Atlas Copco	• <sup>14</sup>								
Aventis	•	•		•		•			
Bayer	•					•	• <sup>15</sup>	• <sup>16</sup>	
BOC	•				•				
Boehringer Ingelheim						•b			
Bosch	•				•	•			
British Airways							•b		
British American Tobacco		•		•					
DaimlerChrysler		•							
Deutsche Bank	•	•				•	•b		
Eiffage									
Elektrolux	•			•	•	•	•	•	
ENI	•					•			
Generali	•	•							
GlaxoSmithKline	•	•				•	•		
IKEA	•					a			
Kraft Foods	•				•	•			
Lafarge	•		•					a in local sites expansion in central Europe	
Marazzi	•					•			
Merloni	•			•	•	•			
Pirelli	•	•		•		•	•		
Riva	•								
Royal and Sun Alliance			• <sup>17</sup>	•	#	•		•b	
Sandvik Speciality Steel	•								
Securitas	• <sup>18</sup>								
Südzucker	•			•	#	•		• <sup>19</sup>	
Volkswagen	•				•	•			
Whirlpool	•					•	•		

<sup>14</sup> Expansion in the 1990s mainly in the US.<sup>15</sup> The closure of about 15 production centres has been announced.<sup>16</sup> The reduction of the workforce by several thousand employees is planned.<sup>17</sup> Outside European Union.<sup>18</sup> Note missing.<sup>19</sup> Reduction of the workforce in the group as outcome of divesting the Schoeller Holding.

Table A4 Composition of European Works Councils

Company	Employee representatives only	Joint management –employee body	Chair ER – employee representatives M - management	Composition according to: countries (c) divisions (d)	Total number of employee reps Countries represented in the EWC	Dominance of one country a according to workforce b under representation of parent company
Air France		• ER 30; M 2	M	c	Total: 30 FR 10; EL/CY 1; Benelux 2; DE 3; AT/CH 1 (+ 1 observer), UK/IE 5; ES 2; P 1; IT/M/MAL 2; Scandinavia/FI 3	b
Assa Abloy	•		ER	c	Total: 17 DK 1; CZ 2; FR 3; SE 2; UK 3; FI 2; DE 2; N 2	
Atlas Copco	•		ER	c	Total: 23 SE 4; BE 4; DE 4, FR 2; UK 2; IT 2; 5 delegates from other countries (on invitation from the 'working group')	
Auchan Hypermarkets		• ER 29, M 1	M	c	Total: 29 FR 18, ES 5, IT 3; PT 2, LU 1; PL and HU 1 observer each	
Aventis		• ER 30, M 1 <sup>20</sup>	M	C	Total: 30 DE 7; AT1; BE 1; ES 1, FR 11; UK 2; GR 1; IR 1; IT 2; NL 1; PT 1; Scandinavia 1	
Bayer		• ER 46, M 27	ER	c	Total: 46 /	b
BOC		• ER 21, M 3	M	c	Total: 21 UK 11; F 2; DE 1; IR 2; NL 1; PL 2; CR 1; IT 1	a
Boehringer Ingelheim		• ER 23, M 8	ER	c	Total: 23 DE 5, ES 2, IT 2, FR 2, AT 2, UK 2, BE 1, GR 1, SE 1, DK 1, NL 1, IE 1, N 1 P 1,	
Bosch	•		ER	c	Total: 27 DE 10; FR 3; ES 2; AT 1; BE 1; DK 1; FI 1; GR 1; IE 1; IT 1; NL 1; NOR 1; PT 1; ES 1; SW 1; UK 1 Guests: CZ 1; HU 1; TR 1	b
British Airways		•	M	c	Total: 21 AT 1; LU 1; BE 1; DK 1; FR 1; FI 1; DE 1; GR 1; IT 1; NL 1; NOR 1; PT 1; IE 1; ES 1; SW 1; UK 6	
British American Tobacco		•	M	c	Total: 17 UK 3; BE 2; FR 1; NL 2; ES/PT 1; GR 1; IR 1; CZ 2; DE 3; FI/SE/NOR 1	
Club Med		• ER 15, M 1	M	c	Total: 15 (ER) FR 7; IT 3; ES 2; EL 2; PT 1 plus 1 EFFAT representative	
Company A		• ER 20, M 2	M	c	Total: 20	

<sup>20</sup> President or Vice-President of Aventis.

Table A4 (continued)

Company	Employee representatives only	Joint management –employee body	Chair ER – employee representatives M - management	Composition according to: countries (c) divisions (d)	Total number of employee reps Countries represented in the EWC	Dominance of one country a according to workforce b under representation of parent company
DaimlerChrysler	•		ER	c	Total: 25 DE 13 (plus two guests); ES 4; FR 3; IT 2; UK 1; NL 1; BE 1 b (change: a in the past)	
Deutsche Bank	•		ER	c	Total: 23 DE 9; UK 2; IT 2; ES 2, BE 2, FR 1; L1; NL 1; AT 1; PT 1; IE 1 /	
Eiffage		• ER 13, M 3	M	c	Total 13: FR 9; BE 2; DE 1; ES 1 b	
Elektrolux	/	/	/	c	Total: 20 IT 3; SE 2; DE 2; ES 1; UK 1; F 1; DK 1; R 1; CZ 1, AT 1; BE 1; H 1; NL 1; N 1, FI – 1; IR 1	
ENI	•		ER	c (d)	Total: 31 (27) AT1; BE 1; FR 1; DE 1; IT 16; NL 1; N 1; ES 2, UK 3 4 trade union representatives as members	
Generali	•		ER	/	Total: 27 /	
c		•	M	c if more than 1 representative for one country also division	Total: 31 UK 7; BE 3; FR 3; DE 3; IT 3; ES 2; AT 1; DK 1; EL 1; IE 1; IT; NL 1; NOR 1; P 1; ES 2; SW 1	
HSBC		•	M	c	Total 24 UK 10; FR 5; DE 2; EL 1; ES 1; BE 1; IR 1; IT 1; LU 1	
IKEA		•ER 15, M 4	M	c	Total: 15 DE 2; SE 2; UK 2; FR 1; NL 1; IT 1; AT 1; BE 1; ES 1; NOR 1; DK 1; FI 1	
Kraft Foods		•	M		Total: 14 DE 3; IE 2, UK 2, FR 1, ES 1, BE 1, NL 1, DK 1, SE 1, NOR 1, as guests: HU 1; PT 1, CZ 1 and 1 common representative for the other acceding countries	
Lafarge		•	M	c	Total: 30 FR/BE 11; DE 6; UK/IE 4; ES/P 2; IT/GR 2; AT 1; DK 1; NL 1; SE/FR I 1; PL 1; CR 1	
Marazzi	•		ER	c	Total: 12 IT 7; FR 3; ES 2	

Table A4 (continued)

Company	Employee representatives only	Joint management –employee body	Chair ER – employee representatives M - management	Composition according to: countries (c) divisions (d)	Total number of employee reps Countries represented in the EWC	Dominance of one country a according to workforce b under representation of parent company
Merloni	•		ER	c	Total: 16 IT 10; FR 3; PT 3 UK 3-4 <sup>21</sup>	
Michelin		•	M	c	Total: 28 FR 5; ES 3, IT 3; UK 3; DE 3, NL 2; AT 1; BE 1; DK 1; FI 1; EL 1; NOR 1; P 1; SW 1 2 observers: HU 1, PL 1	
Pirelli	•		ER	c	Total: 22 FR 1; FI 3; DE 4; IT 7; NL 1; PT 1; ES 2; UK 3	
Riva	•		ER	c	Total: 13 IT 6; DE 2; F 2; EL 1; BE 1; ES 1	
Royal and Sun Alliance		•	M	c	Total: 16 <sup>22</sup> UK 8; DK 3; IR 2; SE 2; IT 1	UK a
Sandvik Speciality Steel <sup>23</sup>	•		ER	c	Total: 10 SE 5; DE 1; IT 1; ES 1; UK 1; CR 1(observer status)	
Securitas		• ER 20, M 3	M/ER <sup>24</sup>	c	Total: 23 AT 1; BE 2; DK 1; FI 2; F 2; DE 2; N 2; P 1; ES 1; SE 3; CZ 1; UK 2 1 observer from the US	
SKF	•		ER	c	Total: 18 /	
Südzucker	•		ER	c	Total: 10 DE 5; FR 2; BE 2; AT 1	DE b
Suez		• ER 40, M 3	M	c (d)	Total: 40 (ER) FR 9, BE 6; UK 5; DE 4; ES 4, NL 4; IT 2; DK 1; FI 1; L 1; NOR 1; PT 1, SE 1, plus one plus 1 from European Commission and one from European Economic and Social Committee	
Volkswagen	•		ER	c (d)	Total : 25 DE 11; ES 5; BE 2; CZ 2; PL 1; SL1; P 1; UK 1; others 1 DE	b
Whirlpool		•	M	c	Total: 22 AT 1; BE 1; SE 2; FR 2; DE 3; UK 1; NL 1; IE 1; IT 8; SL 1, CZ 1 PL 2 invited	

/ = No information given in the case study

<sup>21</sup> Reintroduction of 3–4 members from the UK due to the acquisition.

<sup>22</sup> Reduced due to divestment of operations.

<sup>23</sup> Sandvik Specialty Steel EWC is one of three EWCs in the Sandvik group.

<sup>24</sup> According to the agreement a management representative shall be the chair. In practice, both employee representative and management representatives have held the chair.

Table A5 Gender representation in European Works Councils

Company	Gender composition of the workforce	Representation as a reflection of gender composition of the workforce	No women	Under-representation of women
Amersham		• 50% female members 50% male members		
Assa Abloy	41% women			4 women = 24%
Atlas Copco	84% men / 16% women	/	/	/
Boehringer Ingelheim		•		
Bosch				• 3 women / 24 men 1 of the guests is female
British Airways				16 men / 5 women
Company A				• 2 women / 17 men
Elektrolux	70% men / 30% women	/	/	/
ENI				2 women / 29 men
Generali	60% men / 40% women	• female proportion EWC: 35% female proportion Select committee: 50%		
GlaxoSmithKline	workforce in Europe estimated: 60% men – 40% women			EWC: 20 men and 10 women
HSBC				EWC: 18 male, 6 female
IKEA – Employees reps – Management reps	60% women / 40% men		•	6 female members out of 15
Marazzi	male-dominated			1 female member out of 12
Merloni	60% women / 40% men			• 2 female members out of 16
Pirelli				2 female members out of 22
Riva	90% men / 10% women		•	
Sandvik Speciality Steel	85% men / 15% women (estimated)		•	
Securitas	21% women		• <sup>25</sup>	
SKF	19% women / 81% men	• female proportion EWC: 17%		
Südzucker	workforce in Germany 78% men / 22% women		•	
Swedish Match				4 female members out of 13
Volkswagen			•	
Whirlpool – Employees reps – Management reps		gender balance of management reps		

/ = No information given in the case study

<sup>25</sup> The US observer in the EWC is a woman.

Table A6 Management representation at EWC meetings

Company	CEO	Entire board	Some board members	HR director(s) corporate centre	HR directors subsidiaries in other countries	Senior managers	Local management representatives
Air France	•		•				
Assa Abloy	•		•				•
Atlas Copco	•		•	•			
Auchan Hypermarchés				•	•		
Aventis	•						
Bayer	•		•	•	•		
BOC	•		•	•			
Boehringer Ingelheim	•		•	•	•		
Bosch	•		•	• from the two largest countries	•	•	
British Airways				•		•	
British American Tobacco				•		•	
Company A			•	•	•	•	
DaimlerChrysler	•			•			
Deutsche Bank							
Eiffage	•		•				
Elektrolux	•		•	•		•	
ENI			•	•		•	
Generali				•		•	
GlaxoSmithKline				•		•	
HSBC				•		•	
IKEA			•			•	
Kraft Foods						• <sup>26</sup>	
Lafarge							
Marazzi	•			•	•		
Merloni				•		•	
Pirelli				• <sup>27</sup>			
Riva				•			•
Royal and Sun Alliance	• (UK)			• (UK)	• some	• on invitation	
Sandvik Speciality Steel	• President Business Area			• Vice president			
SKF	•		•				
Südzucker	•		• labour director, board spokesman	•	no		•
Suez	•		•	•		•	
Volkswagen	•	•		•	•		
Whirlpool	• <sup>28</sup>		•	•	•	•	

<sup>26</sup> Depending on the agenda.

<sup>27</sup> Industrial Relations director.

<sup>28</sup> CEO Europe.

Table A7 EWC resources

Company	Separate budget	Financial resources /budget according to the needs	Budget considered as sufficient by the employee reps	Interpretation a meeting b social	Translation	Secretarial staff	Existing infrastructure	New infrastructure	Experts	Intranet, e-mail etc.	Full-time release a general b for EWC	Access to sites	Specific training measures for EWC
Air France	special budget of €4,000	•		•	•	•			• Budget ceiling €18,300 for 4 years	•			• paid for by the group management
Assa Abloy		•		•		no			•	•			
Auchan Hypermarchés		•		•		no			no				no
Aventis		•		•					•	•			•
Bayer	/	/		•	•	•	•		•	•	a	/	/
BOC													
Boehringer Ingelheim	<sup>29</sup>	•	•	•	•	•	•		•	•	a	•	• <sup>30</sup>
Bosch		•		•	•	•	•			•	• <sup>a</sup>	•	
British Airways		•		•	•	• <sup>31</sup>			•				
Club Med		•		•	•								
Company A		•		• <sup>a</sup>		no	no			no			•
DaimlerChrysler		•		•		•	•		•	•	/	/	•
Deutsche Bank		•		•	•	•	•		•	•			
Eiffage	•	•		•	•				•	•			
Elektrolux						•			•				
ENI		•		•	•	•				• <sup>32</sup>		•	• <sup>33</sup>
Generali		•		•					•				
GlaxoSmithKline		•		• <sup>a</sup>	•	• <sup>34</sup>			•	•		•	•
HSBC	/	/		/	/	/	/		• <sup>35</sup>	•	/	/	/

<sup>29</sup> A separate budget for the meetings to enable smaller countries to organise meetings is currently under consideration.

<sup>30</sup> On request.

<sup>31</sup> HR department.

<sup>32</sup> Only for some members in their working context.

<sup>33</sup> Provided for in the agreement.

<sup>34</sup> HR secretarial staff when necessary.

<sup>35</sup> Provided for in the agreement but not taken advantage of up to now.

Table A7 (continued)

Company	Separate budget	Financial resources /budget according to the needs	Budget considered as sufficient by the employee reps	Interpretation a meeting b social	Translation	Secretarial staff	Existing infrastructure	New infrastructure	Experts	Intranet, e-mail etc.	Full-time release a general b for EWC	Access to sites	Specific training measures for EWC
Air France	special budget of €4,000	•	•	•	•	•			• Budget ceiling €18,300 for 4 years				• paid by the group management
IKEA		•	•/	•	/	/	/	/		/	/	/	/
Kraft Foods		•	•	•	•	•			•	•			•
Lafarge		•	•	•	•	•			• <sup>38</sup>				•
Marazzi		•	•	•	•	no <sup>36</sup>	• <sup>37</sup>		• <sup>38</sup>	no			•
Merloni		•	•	•	•	• <sup>39</sup>			•	• <sup>40</sup>			•
Michelin		•	•	•	•	•			•	•			•
Pirelli		•	•	•	•	no			•	•			•
Riva		•	•	•	•	no			•	•		•	•
Royal and Sun Alliance	/	/	/	•	•	/				•	•		
Sandvik Speciality Steel		•	•	•	•	•	•			•		•	
Securitas	/	/	/	•	/	/	/	/	/	/	/	/	/
SKF		•	•	•	•	•	•		•	•			•
Südzucker		•	•	•	•	•	•			•	a		•
Suez		•	•	•	•	•	•		•	•			•
Volkswagen	•	•	•	•	•	•	•			•		•	•
Whirlpool		•	•	•	•	•	• <sup>41</sup>		•	•		•	•

/ = No information given in the case study

<sup>36</sup> The EWC members are allowed to use the company's or the workers' representation facilities.

<sup>37</sup> Workers' representation facilities.

<sup>38</sup> Provided for.

<sup>39</sup> Provided by the central management or for the daily activities by the local personnel office.

<sup>40</sup> Only for some members in their working context.

<sup>41</sup> Company-level works committee (RSU) and company offices of the HR area of Whirlpool Europe.

Table A8 Select committees

Company	Established and active name	Composition ER – employees side only JC – joint committee	Chair of Joint committee	Composition Number of members Countries ER	Management representatives	Foreseen in the agreement	Frequency of meetings	Interpretation provided	Agenda setting/ Preparation of meetings	Executive function between the EWC meetings
Air France	• Officers	ER		6	can take part		6 or 10 <sup>42</sup>		•	•
Assa Abloy	• Working committee	ER		4			contact mainly by mail and phone		•	
Atlas Copco	• Working group	ER		SE 1 DE 1 BE 1					•	•
Auchan Hypermarchés	no					no				
Aventis	•	ER		7 FR 3 DE 2 UK 1 IT 1			1		•	
Bayer	•	JC 7 ER 7 M								•
BOC	• Agenda setting committee	ER		7 UK 5 IE 1 PL 1	• HR director		2		•	
Boehringer Ingelheim	•	JC 4 ER 2 M	ER	4 AT 1 ES 1 K1 IT 1			if required	•		•

<sup>42</sup> Different figures are given in the Air France report.

Table A8 (continued)

Company	Established and active name	Composition ER – employees side only JC – joint committee	Chair of joint committee	Composition Number of members Countries ER	Management representatives	Foreseen in the agreement	Frequency of meetings	Interpretation provided	Agenda setting/ Preparation of meetings	Executive function between the EWC meetings
Bosch	• Managing committee	ER		4 DE 2 FR 1 NL 1	•		4 plus pre- and post-meeting	•	•	•
British Airways	• Bureau	JC 2 M	M	7 - 9			2			•
British American Tobacco	• 3 coordinators	ER					3 - 4		•	•
Club Med	• Liaison Office	ER		3 ER 1 EFFAT			1		•	
Company A		JC	M	3		•				
DaimlerChrysler	•	ER		4 DE 2 ES 1 FR 1						
Deutsche Bank	•	ER		5			2	•	•	•
Eiffage	• Board			5					•	•
Elektrolux	• Steering committee	JC 3 ER 3 M					4 - 5		•	•
ENI	•	ER		5 IT 3 UK 1 AT 1		4		•	•	
Generali	•			6 IT 1 BE 1 AT 1 DE 1 ES 1 FR 1		1 in the context of the annual meeting			•	

Table A8 (continued)

Company	Established and active name	Composition ER – employees side only JC – joint committee	Chair of joint committee	Composition Number of members Countries ER	Management representatives	Foreseen in the agreement	Frequency of meetings	Interpretation provided	Agenda setting/ Preparation of meetings	Executive function between the EWC meetings
GlaxoSmithKline	• Operating Sub-committee (OSC)	JC 5 M <sup>43</sup> – 5 ER (also joint chair)		5 UK 3 FR 1 DE 1		•	4 <sup>44</sup>		•	•
HSBC	• Steering Group	JC		/			/			no
IKEA	•	JC 3 ER 1 M		DE 1 SE 1 BE 1					•	•
Kraft Foods	•	ER		4 NOR 1 DE 1 BE 1 IT 1	• sometimes		6-7 <sup>45</sup>			•
Lafarge	• Bureau	ER		3						•
Marazzi	• Coordination committee	ER		4 IT 3 ES 1			1 plus extraordinary meetings		•	•
Merloni	•	ER		2			1		•	
Michelin	• Board			5			4		•	•
Pirelli	•	ER		5 IT 1 ES 1 FR 1 DE 1 UK 1		•	1		•	

<sup>43</sup> The five management representatives are drawn one each from the main business areas. They are all European-level HR managers.

<sup>44</sup> Two extraordinary meetings of the OSC have taken place since May 2001.

<sup>45</sup> Mostly at the European headquarters in London.

Table A8 (continued)

Company	Established and active name	Composition ER – employees side only JC – joint committee	Chair of joint committee	Composition Number of members Countries ER	Management representatives	Foreseen in the agreement	Frequency of meetings	Interpretation provided	Agenda setting/ Preparation of meetings	Executive function between the EWC meetings
Riva	•	ER		7 IT 3 DE 1 ES 1 EL 1 BE/FR 1	•	• HR director	2		•	
Royal and Sun Alliance	• Employee Liaison Group or Secretariat	ER		5					•	•
Sandvik Speciality Steel	• Executive Committee								•	•
Securitas	• Executive Committee	JC 3 ER 3 M	M	/			/	/	•	•
SKF	<sup>a</sup>	ER		3 <sup>46</sup>			5		•	•
Südzucker				3						
Suez	• Officers	JC	M	4 FR 1 BE 1 ES 1 DK 1			6 more if required		•	•
Volkswagen	• Presidium	ER		11 1 for each country	• partially		2	•	•	•
Whirlpool	• Co-ordination committee	JC	M	5 IT 2 BE 1 DE 1 FR 1			2 plus extraordinary assemblies	no	•	•

/ = No information given in the case study

<sup>46</sup> The chair, deputy chair and a representative from the IME.

Table A9 Plenary meetings of the European Works Councils

Company	Number of joint annual meetings	Simultaneous interpretation available	Duration: number of days	Meeting venue h – home country r – rotation	Employee side pre-meeting	Employee side post meeting	Breakouts during the meetings	Expert(s)	Extraordinary meetings	Company visits combined with the meetings
Air France	2		1 1/2	h	•			•	•	
Asa Abloy	2 <sup>47</sup>	•	2	r		•	•	/	/	•
Atlas Copco	1	•	3		•	•	/	/	/	
Auchan Hypermarchés	1	•	2		•		no			
Aventis	2	•			•	Select Committee only		•	•	
Bayer	1	•	1	/	•	/	/	/	no	
BOC	1	•	1 - 2	h	•		/	•	•	
Boehringer Ingelheim	1	•	2	r	•	no	• <sup>48</sup>	•	•	•
Bosch	1	•	2	h	•	an hour or so after the plenary meeting	no		in the case of huge divestment or acquisition	
British Airways	2		1 - 2	h	•	only brief	•	•	•	
British American Tobacco	1	/	/	/	/	/	/	•	•	
Club Med	1		1		•					
Company A	1	•	2 - 3	h	•	• <sup>49</sup>		• <sup>50</sup>	• <sup>51</sup>	
DaimlerChrysler	1	/	3	h	•	•	/		/	
Deutsche Bank	1 <sup>52</sup>	•	3	r	•	•	/	•	/	

<sup>47</sup> One meeting takes place with management. One meeting is a meeting for the employee representatives only.

<sup>48</sup> There are always two meeting rooms provided at the meetings.

<sup>49</sup> Provided for in exceptional circumstances. Did not place up to now.

<sup>50</sup> Provided for.

<sup>51</sup> Provided for.

<sup>52</sup> In the text, different information is given. This ranges from 1, 2 to 5 annual meetings.

Table A9 (continued)

Company	Number of joint annual meetings	Simultaneous interpretation available	Duration: number of days	Meeting venue h – home country r – rotation	Employee side pre-meeting	Employee side post meeting	Breakouts during the meetings	Expert(s)	Extraordinary meetings	Company visits combined with the meetings
Eiffage	1	•			•			•		
Elektrolux	1	/	3 - 4			•		•	•	
ENI	1	•	2	r	•				• <sup>53</sup>	
Generali	1	•	4	h	only SC		no	•	•	
GlaxoSmithKline	1	•	2	r	•	•	• <sup>54</sup>	•	•	
HSBC	2	/	2	/	•	•	no		• <sup>55</sup>	
IKEA	1	•	3	/	•	•	/			
Kraft Foods	1	•	3		•	•		•		
Lafarge	1	•	2		•				•	
Marazzi	1	•	3	r	•	•		• <sup>56</sup>	• <sup>57</sup>	•
Merloni	1	•	2		•			•	• <sup>58</sup>	
Michelin	2	•	2		•	•				
Pirelli	1	•	'relatively short'							
Riva	1		2	r	•				• <sup>59</sup>	
Royal and Sun Alliance	1		2	r	•	/		•	• <sup>60</sup>	
Sandvik Speciality Steel	2 <sup>61</sup>	•	2	r	•	•			•	
Securitas	1	•	3		•	•				
SKF	1	•	3	r	•			•		•

<sup>53</sup> Provided for.

<sup>54</sup> Breakouts are provided for in the schedule. Additional breakouts can and do take place.

<sup>55</sup> At the discretion of the Chair (MR).

<sup>56</sup> Provided for.

<sup>57</sup> Provided for.

<sup>58</sup> Provided for.

<sup>59</sup> Provided for.

<sup>60</sup> This is in the scope of the Chair (MR).

<sup>61</sup> One meeting is a full meeting. One meeting is an employee-side only meeting.

Table A9 Plenary meetings of the European Works Councils

Company	Number of joint annual meetings	Simultaneous interpretation available	Duration: number of days	Meeting venue: home country rotation	Employee side pre-meeting	Employee side post meeting	Breakouts during the meetings	Expert(s)	Extraordinary meetings	Company visits combined with the meetings
Südzucker	1	•	2	r	•	• <sup>62</sup>	• <sup>63</sup>	• <sup>64</sup>	no	
Suez	1	•	5	r	•	•		•	•	•
Volkswagen	4 <sup>65</sup>	•	5	r	•	•	/	•	no	
Whirlpool	•	•	3	r	•	• <sup>66</sup>		•	• <sup>67</sup>	•

/ = No information given in the case study

<sup>62</sup> Provided for in the agreement but have never been requested.

<sup>63</sup> Possible but did not take place.

<sup>64</sup> Trade union representative as member of the EWC.

<sup>65</sup> Two meetings in combination with World Works Council.

<sup>66</sup> Two post-meetings: one only for the employee representatives and a joint post-meeting with the management.

<sup>67</sup> Provided for in the agreement.

Table A10 Agenda setting

Company	Agenda setting			Management	Restrictions by the management
	Select committee	Jointly between management reps and employee reps	EWC members		
Air France	•	•			
Assa Abloy	•	•			
Atlas Copco	•	•			
Auchan Hypermarchés				•	
Bayer		•	•		
BOC	• <sup>68</sup>	•			
Boehringer Ingelheim		•			
Bosch	•	•			
Club Med	•	•			
Company A	• <sup>69</sup>	• <sup>70</sup>		•	•
DaimlerChrysler	•	•			
Deutsche Bank	•	•			
Eiffage	•	•			
Elektrolux	•	•			
ENI	•	•			
Generali	•			•	•
GlaxoSmithKline	•	•			
HSBC				• <sup>71</sup>	•
Kraft Foods	•	•			
Lafarge		•			
Marazzi		•	• <sup>72</sup>		
Merloni	•	•			
Michelin	•	•			
Pirelli					
Riva	•	•			
Royal and Sun Alliance	•	•			• <sup>73</sup>
Sandvik Speciality Steel					
SKF	•	•			
Südzucker		•	• <sup>74</sup>		
Volkswagen	•	•			
Whirlpool	•	•			

<sup>68</sup> Standing Agenda Setting Committee.

<sup>69</sup> Provision in the agreement; the management decides on the date and agenda.

<sup>70</sup> Provision in the agreement; the management decides on the date and agenda.

<sup>71</sup> Remains the responsibility of the Chair in consultation with the designated employee representative (DER).

<sup>72</sup> Chair.

<sup>73</sup> Regarding how a transnational issue is identified.

<sup>74</sup> Chair.

Table A11 Agenda items for meetings

Company	Range of agenda items
Air France	<p>According to the agreement:</p> <ul style="list-style-type: none"> <li>• economic and financial situation of the group</li> <li>• changes in its parameters of activity</li> <li>• employment and mass redundancies</li> <li>• substantial changes in the forms of organisation of work</li> <li>• introduction of new technologies</li> <li>• mergers, the closure of companies and/or plant</li> </ul>
Assa Abloy	<p>The agenda is standardised and has the following format:</p> <ul style="list-style-type: none"> <li>• welcome address by the manager of the host company/country and presentation of the local Assa Abloy operation</li> <li>• EWC Chair's address</li> <li>• country reports by delegates</li> <li>• information by representative from corporate headquarters</li> <li>• company tour</li> <li>• Agenda items of the country reports: <ul style="list-style-type: none"> <li>• lay offs</li> <li>• transfer of production</li> <li>• outsourcing</li> </ul> </li> </ul>
Atlas Copco	<ul style="list-style-type: none"> <li>• information on business and economic development world-wide and in Europe</li> <li>• organisational and structural changes, transnational, European relocations concerning more than 10 employees in one country</li> <li>• larger investments, mergers and acquisitions</li> <li>• special reports from every country</li> <li>• reports from the developments in each business area</li> <li>• employment and general HR issues</li> </ul>
Auchan Hypermarchés	<ul style="list-style-type: none"> <li>• economic results of the group</li> <li>• investment and funding in each country</li> <li>• evolution in the structure of the labour force</li> <li>• situations per country (situation, striking facts, areas of work)</li> <li>• major projects in the group (EU), such as the international organisation of purchases, the results of an international marketing survey, the Accord bank</li> <li>• evolution prospects of the Auchan group and in particular international developments</li> </ul>
Aventis	<ul style="list-style-type: none"> <li>• general strategic orientation of the group</li> <li>• major activities</li> <li>• major structural modifications in the group</li> <li>• health and safety</li> <li>• HR policy (training, employment etc)</li> </ul>
Bayer	no information provided in the case study
BOC	<ul style="list-style-type: none"> <li>• business/financial results</li> <li>• major pan European organisation changes</li> <li>• mergers, acquisitions or divestments</li> <li>• training initiatives</li> <li>• health and safety and environmental issues</li> <li>• equal opportunities/diversity</li> <li>• employment trends</li> </ul>
Boehringer Ingelheim	<ul style="list-style-type: none"> <li>• situation of the company</li> <li>• competition in the market and position of Boehringer Ingelheim</li> <li>• strategies, perspectives</li> <li>• personnel development</li> <li>• core areas of growth of the company</li> <li>• direction of R &amp; D</li> <li>• new technologies</li> <li>• OHS</li> <li>• company pensions etc.</li> <li>• world-wide implementation of the SAP system</li> </ul>

Table A11 (continued)

Company	Range of agenda items
Bosch	The agreement explicitly defines what issues of transnational character belong to the information of the development of the group: <ul style="list-style-type: none"> <li>• structure of the Bosch group including considerable alterations (mergers or splittings of companies or locations, closures, restrictions or relocations of companies, plants or significant parts of plants, relocation of production, mass dismissal)</li> <li>• economic and financial situation of the Bosch group</li> <li>• expected development of the business position, production and sales situation</li> <li>• employment situation and expected development</li> <li>• investment (programmes on investment) and fundamental alterations of the organisation</li> <li>• implementation of new working and manufacturing processes</li> <li>• other important circumstances that concern the interest of employee in at least two Member States</li> </ul>
British Airways	<ul style="list-style-type: none"> <li>• results</li> <li>• development</li> <li>• strategies</li> </ul>
British American Tobacco	<ul style="list-style-type: none"> <li>• situation of the company</li> <li>• strategies</li> </ul>
Club Med	no information provided in the case study
DaimlerChrysler	no information provided in the case study
Deutsche Bank	<ul style="list-style-type: none"> <li>• development</li> <li>• strategy</li> <li>• objectives</li> </ul>
Eiffage	<ul style="list-style-type: none"> <li>• the balance sheet of the past year and the chartered accountant's report</li> <li>• the job situation, the workload and economic perspectives per branch and per company</li> <li>• evolution of the shareholders and development of the group</li> <li>• health and safety</li> <li>• training</li> <li>• the opening of the council to new countries</li> </ul>
Elektrolux	The main issues in the EWC meetings: <ul style="list-style-type: none"> <li>• the company's strategic development and restructuring issues</li> <li>• information from the managing director of the Group</li> <li>• information from the presidents of the business sectors and (if relevant) heads of staff functions</li> </ul>
ENI	<ul style="list-style-type: none"> <li>• economic and financial situation</li> <li>• business activity and investment programmes</li> <li>• state of employment</li> <li>• significant transformations in the structure of the Group such a mergers, acquisitions and selling off of activities and businesses</li> <li>• reduction in the size or closure of companies or productive units that have international repercussions</li> <li>• transfer of production into and outside the EU</li> <li>• introduction of new working methods or new productive processes</li> <li>• programmes of transnational mobility of the Group's workers</li> <li>• environmental policies</li> <li>• professional training</li> <li>• positive action programmes</li> <li>• health and job safety</li> </ul>
Generali	<ul style="list-style-type: none"> <li>• economic trends of the company</li> <li>• employment and HR strategies</li> </ul>
GlaxoSmithKline	<ul style="list-style-type: none"> <li>• business matters: state and future directions</li> <li>• employment implications of business decisions</li> <li>• restructuring</li> </ul>
HSBC	<ul style="list-style-type: none"> <li>• economic situation of the company (Accounts presentation)</li> </ul> <p>Single additional issues discussed:</p> <ul style="list-style-type: none"> <li>• corporate social responsibility</li> <li>• lifelong learning</li> <li>• transition to the euro</li> <li>• European strategy of corporate and investment banking</li> <li>• globalisation</li> </ul>

Table A11 (continued)

Company	Range of agenda items
IKEA	<p>According to the minutes of the last meeting:</p> <ul style="list-style-type: none"> <li>• health and safety</li> <li>• company development strategy '10 jobs in 10 years'</li> <li>• fiscal year (past) – sales and result, forecast</li> <li>• economic situation in Europe and IKEA activities</li> <li>• expansion</li> <li>• organisation</li> <li>• outsourcing policy</li> <li>• staff policy</li> <li>• follow up of the agreement</li> </ul>
Kraft Foods	<ul style="list-style-type: none"> <li>• economic and financial situation as defined in the agreement</li> <li>• child labour</li> <li>• data privacy and data protection</li> </ul>
Lafarge	<ul style="list-style-type: none"> <li>• results of the group</li> <li>• economic situation</li> <li>• evolution of employment</li> <li>• social subjects in particular health and safety: results and improvement processes</li> <li>• acquisitions</li> <li>• restructuring</li> </ul>
Marazzi	<ul style="list-style-type: none"> <li>• economic and financial situation</li> <li>• business and investment programmes</li> <li>• state of employment</li> <li>• structural changes in the group: mergers with external companies, acquisitions, sell-offs, stock market flotation</li> <li>• closure of companies having transnational repercussions</li> <li>• transfer of production outside the EU boundaries</li> <li>• positive action policies</li> <li>• health and safety</li> <li>• vocational training policies</li> <li>• substantial changes in the new production processes or in the new technologies</li> </ul>
Merloni	<ul style="list-style-type: none"> <li>• macroeconomic situation of the sector</li> <li>• economic situation and the prospects for the group's development</li> <li>• marketing strategies</li> <li>• investments in products and processes, productive missions and productive volumes in the group facilities</li> <li>• employment situation</li> <li>• decisions that have consequences on supranational scale concerning the employment levels and the working conditions</li> </ul>
Michelin	<ul style="list-style-type: none"> <li>• mergers, acquisitions, sell-offs, closure of companies or establishments, collective redundancies</li> <li>• economic and financial situation</li> <li>• production, sales, employment situation and predictable evolution</li> <li>• major investments</li> <li>• introduction of work methods or radically new production processes</li> <li>• health and safety and environmental problems</li> <li>• specific European studies led by the EWC, e.g. flexibility practices throughout European subsidiaries</li> </ul>
Pirelli	<p>Topics dealt with at the ordinary meetings:</p> <ul style="list-style-type: none"> <li>• corporate and organisational structure of the group</li> <li>• consolidated balance sheet and financial and economic forecasts</li> <li>• present level and probable trend of employment</li> <li>• realised and programmed investments</li> <li>• research</li> <li>• commercial situation</li> <li>• safety, environmental and training policies</li> <li>• opening, restructuring or closure of legal seats, productive lines or productive sites</li> <li>• important and widespread innovations in working methods.</li> </ul> <p>Topics dealt with at the extraordinary meetings:</p> <ul style="list-style-type: none"> <li>• corporate and organisational structure of the group for important company changes</li> <li>• opening, restructuring or closure of legal seats, productive lines or productive sites</li> <li>• important and widespread innovations in working methods</li> </ul>

Table A11 (continued)

Company	Range of agenda items
Riva	<ul style="list-style-type: none"> <li>• structure of the group and branches</li> <li>• economic and financial situation of the group</li> <li>• development of the activities, the production, the sales and the business volume</li> <li>• situation and likely employment developments</li> <li>• investments</li> <li>• fundamental changes concerning the organisation</li> <li>• introduction of new technologies, working methods and new productive processes</li> <li>• transfer of production inside and outside the group</li> <li>• mergers having an impact on the personnel organisation, cutbacks in size or the closure of companies, plants or important parts therein</li> <li>• collective dismissals</li> <li>• training activities and vocational specialisation</li> <li>• trends in working time</li> <li>• safeguarding of health and safety at work and the development of issues concerning the work and environmental protection at European level</li> <li>• equal opportunities</li> </ul>
Royal and Sun Alliance	<p>According to the agreement:</p> <ul style="list-style-type: none"> <li>• the general business strategy</li> <li>• employment numbers, trends and new technology</li> <li>• macro economic indicators</li> <li>• product and business development</li> <li>• investment strategy</li> <li>• substantial organisational changes involving two or more EEA Member States</li> <li>• health and safety</li> </ul> <p>Additional issues dealt with occasionally:</p> <ul style="list-style-type: none"> <li>• 'world class' performance and standards initiative</li> </ul>
Sandvik Speciality Steel	<p>According to the agreement:</p> <ul style="list-style-type: none"> <li>• review of the past year's operations</li> <li>• information about budgets and plans for the coming year</li> <li>• planned or expected organisational or operational changes</li> <li>• economic and financial situation and expected developments during the coming year regarding production, sales, employment, investments and significant changes affecting organisation, work methods, production processes</li> <li>• relocations of production</li> <li>• mergers, downsizing or closure of companies or work locations or substantial parts thereof</li> <li>• collective dismissals</li> </ul>
Securitas	<p>Three main agenda items:</p> <ul style="list-style-type: none"> <li>• report by the CEO</li> <li>• union-management relations in the different countries</li> <li>• presentation of a subject of general interest to the delegates</li> </ul>
SKF	<ul style="list-style-type: none"> <li>• the SKF structure</li> <li>• economic and financial performance</li> <li>• future development of operation, productions and sales</li> <li>• employment and development of employment</li> <li>• investments and changes of the organisation</li> <li>• introduction of new production methods and procedures</li> <li>• transfer of production</li> <li>• fusions, downsizing and closing of production</li> <li>• collective dismissals</li> </ul>
Südzucker	<ul style="list-style-type: none"> <li>• structures of the group</li> <li>• economic and financial situation</li> <li>• anticipated development of the business activities</li> <li>• situation and trends regarding employment and investment</li> <li>• relocation of production, mergers, reduction of production or closure of companies and impact for the workforce</li> <li>• working and environmental conditions</li> <li>• sugar market regulation and implications for the company</li> </ul>

Table A11 (continued)

Company	Range of agenda items
Suez	<ul style="list-style-type: none"> <li>• business, financial situation</li> <li>• employment developments and annual or multiannual employment forecast</li> <li>• the consolidated accounts and the auditor's report on the accounts</li> <li>• the group's strategic guidelines and economic prospects for the coming year and those to follow</li> <li>• the application and supervision of the international social charter (of the group)</li> <li>• study theme of transnational significance will be put forward at each meeting</li> <li>• occupational health and safety</li> <li>• training</li> </ul>
Volkswagen	<ul style="list-style-type: none"> <li>• employment and employment safeguarding as well as structures of locations</li> <li>• allocation of production volume/models</li> <li>• investment in locations</li> <li>• development of the group's structures</li> <li>• productivity and cost structures</li> <li>• development of markets and strategies</li> <li>• development of working conditions (e.g. working time, pay, work structuring) and social welfare benefits</li> <li>• new production technologies</li> <li>• new forms of work organisation</li> <li>• OHS, including company environmental protection</li> <li>• dealing with diversity</li> <li>• significant impact of political development and decisions on the Volkswagen group</li> </ul>
Whirlpool	<ul style="list-style-type: none"> <li>• economic and financial developments</li> <li>• situation and the employment trends</li> <li>• environmental issues and the subject of health and safety</li> <li>• developments in the field of production and sales</li> <li>• investment programmes</li> <li>• introduction of new working methods or production processes</li> <li>• transfer of production, mergers and the collective staff reductions</li> <li>• significant changes of an operative or organisational nature</li> </ul>

Table A12 Minutes of EWC meetings

Company	Minutes prepared by Management	Minutes prepared by Employee representatives	Jointly agreed	Distribution	Other representative committees	Senior managers	Available on the company's Intranet
Air France		•	•	EWC members			
Asa Abloy		•	/	•		•	
Atlas Copco		•	•	•			
Auchan Hypermarchés	•		•				
Aventis	•	•	•	•		• HR departments	
BOC	•	•	•		•		
Boehringer Ingelheim	•	•	•		•		
Bosch	•	•	•		•		
British Airways	•	•	joint written statement with the key points			• <sup>75</sup>	
British American Tobacco	•		•	•		• <sup>76</sup>	• <sup>77</sup>
Club Med							
Company A							
Eiffage	•		•				
Elektrolux	•		•	•		•	•
ENI		•	•	•			
Generali	•	•	separate minutes of the management representative and the employee representatives	the employees' minutes		the management's minutes	

<sup>75</sup> Available in near future.

<sup>76</sup> The short version is sent to all HR directors in the subsidiaries.

<sup>77</sup> Only the short version with general information.

Table A12 (continued)

Company	Minutes prepared by Management	Minutes prepared by Employee representatives	Jointly agreed	Distribution	Other representative committees	Senior managers	Available on the company's Intranet
GlaxoSmithKline	•	•	•	•	•	•	•
HSBC		•	•	•			
IKEA	•		•				• in English
Lafarge		•	approved by the Chair (M)				
Marazzi		•	/				
Merloni							
Michelin	•		•				
Pirelli	•		•	•			
Riva		• <sup>78</sup>	no				
Royal and Sun Alliance	•		/	•			
Sandvik Speciality Steel		•	not routinely subject to joint agreement				
SKF		•		•		•	
Südzucker	•		•	•			
Suez		•	•				
Volkswagen		•	•	•			
Whirlpool	•	•	•	•		•	

/ = No information given in the case study

<sup>78</sup> Occasionally drafted by the EWC chair.



European Foundation for the Improvement of Living and Working Conditions

**European works councils in practice**

Luxembourg: Office for Official Publications of the European Communities

2004 – VIII, 142 p. – 21 x 29.7 cm

ISBN 92-897-0903-0

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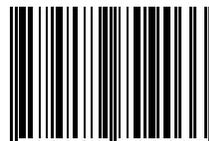
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ISBN 92-897-0903-0



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