



Eurofound

# Employee involvement in companies under the European Company Statute (ECS)

## Case study: GfK SE

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## Profile of the company and the nature of social dialogue

### Company profile

GfK AG completed its transformation into GfK SE (a European company) on 2 February 2009, when it was entered as such into the commercial register. The shareholders had agreed that the company should make this transformation around eight months earlier at the annual general meeting on 21 May 2008. The agreement on employee participation, a necessary step on the road to the transformation into an SE, was signed after six months of negotiation in December 2008.

GfK is the world's fourth largest market research company. Its headquarters are in Nuremberg in Germany. In 2009 it employed 10,058 people and had sales of €1,164.5 million and profits (EBITDA) of €159.1. Although it operates worldwide, a substantial proportion of its business is in Europe. Sales in Germany account for 25.9% of the total, those in central and eastern Europe 6.2% and those in western Europe, Africa and the Middle East 39.3%. In addition, some 6,300 of its employees are in the European Economic Area (EEA).<sup>1</sup>

GfK's sales have more or less doubled since 2004 and much of that growth is explained by acquisitions. The largest of these was the acquisition in June 2005 of the market research company NOP World. It added 1,500 people to the GfK workforce largely based in the USA, the UK and Italy. An attempt to merge with the UK market research company Taylor Nelson Sofres (TNS), initially as a merger of equals and later, after the intervention of another market research company WPP, as a takeover, was abandoned after several months in 2008.

GfK's operations are divided into three sectors. These are: custom research, where information is collected from consumers (the public) and provided to companies and others; retail and technology, where information is collected from retailers of technical consumer goods (mobile phones, white goods, electronic entertainment equipment etc.); and media, which collects information on how various forms of media, TV, radio, print and online material, are used. Custom research is the largest area, accounting for 58.0% of the company's workforce worldwide. Retail and technology employs 32.1%, media 5.5% and the remaining 4.4% of GfK's employees work in other areas.

The shareholding structure of GfK SE is in some ways unusual as a majority shareholder. GfK-Nürnberg e.V. holds 56.96% of the voting rights in the company.<sup>2</sup> GfK-Nürnberg is largely made up of the customers of GfK. It is a non-profit making association of some 600 companies and individuals.

The 2009 annual report gives the following figures (Table 1) on GfK's worldwide employment (based on full-time equivalents (FTE))

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<sup>1</sup> Figures from the GfK Group annual report 2009, other than the employment in EEA figures (see later section). It should also be noted that employment figures in the annual report are on a full-time equivalent basis, whereas the EEA figures are on a headcount basis.

<sup>2</sup> GfK Group annual report 2009

Table 1: GfK's worldwide employment (based on FTE)

Region	Number of employees (FTEs)
Germany	1,790
Western Europe/Middle East/Africa	3,416
Central and Eastern Europe	1,515
North America	936
Latin America	665
Asia and the Pacific	1,736
<b>Total</b>	<b>10,058</b>

Source: author, based on company information

However, these figures do not allow the number of employees in the EEA to be precisely identified. Figures used during the negotiations on employee involvement in the SE in 2008 give the following number of GfK employees in 20 out of the 30 EEA countries (Table 2). There are no figures for Hungary, Slovenia and Spain, where no representatives had been found for the SE works council (see below). There are very small numbers of employees (fewer than five) in Ireland and Malta and no employees at all in Cyprus, Finland, Iceland, Liechtenstein and Luxembourg.

Table 2: GfK's workforce in the EEA

Country	Number of employees (headcount)
Germany	1,971
United Kingdom	930
France	830
Netherlands	669
Italy	437
Romania	235
Belgium	173
Austria	159
Poland	159
Sweden	137
Czech Republic	114
Portugal	110
Bulgaria	103
Greece	90
Slovakia	64
Denmark	46
Lithuania	27
Latvia	22
Norway	13
Estonia	5
<b>Total</b>	<b>6,294</b>

Source: author, based on company information

On the issue of the Europeanisation of GfK, the six-strong management board (*Vorstand*) has an international composition – four Germans, one French citizen and one US citizen – and the approach is essentially global. The human resources (HR) department at the company's headquarters in Nuremberg also has a global dimension in that HR departments in individual countries report to it. However, while in the past it dealt largely with broad strategic issues, it now deals with topics that are of direct interest to employee representatives at a global but particularly European level.

However, from the management point of view, this international approach was not reflected at supervisory board level, where the employee representatives were not linked into an international network. For management, making the supervisory board more international was one of the key reasons why GfK was interested in transforming itself into an SE (see below).

The view of the employee representatives, at least in the German headquarters, is that the company does have an international approach, although there are differences between the three sectors of the business, with retail and technology operating on a clearly global basis and custom research having a strong European focus. The media sector, the smallest, is more concentrated in Germany, although this has been extended through Austria to Central and Eastern Europe.

The view of employee representatives from outside Germany is more nuanced, with the company seen as having more work to do to build the various companies that have been acquired into a single structure and unhappiness at a lack of information from the centre.

### **The motivation for the change into an SE**

In a press statement issued on 3 February 2009 GfK said that the change to an SE 'corresponds to the GfK Group's understanding of itself and further underpins its international perspectives and structure.' This view also came through in interviews with the management representative, with the point being made that becoming an SE meant that, even though it only made GfK a European company, was nevertheless a more international structure than a standard German AG and therefore more attractive.

This view was shared by some employee representatives, who saw the step as trying to build a single company and recognition that GfK was more a European than a German company.

However, employee representatives, particularly in Germany, emphasised that the decision to transform GfK into a European company was linked to the requirements of German legislation on employee representation at board level. In simple terms this provides that a company with between 500 and 2,000 employees must give a third of the seats on the supervisory board to employee representatives. However, a company with more than 2,000 employees must give half of the seats to employee representatives, including some coming directly from the unions – normally full-time union officials. GfK in Germany was, at the time of the conversion into an SE, very close to the 2,000 threshold, although numbers have subsequently fallen. Moving to the SE form meant that the one-third seat distribution on the supervisory board, with no external union involvement, would not fundamentally change.

The question as to whether the company might have crossed the 2,000 threshold, and was only staying below it through the extensive use of agency workers, was taken up with the company by the works council, with the support of the union ver.di in the months before the decision to change GfK's legal form. As a result of these discussions, GfK agreed that the employee representatives would have an extra seat on the supervisory board. This agreement was subsequently implemented as part of GfK's transformation into a European Company.

The management representative, while emphasising the positive Europeanisation arguments, accepts that avoiding the possible change in the composition of the supervisory board was a side effect of the decision to move to an SE, and one it regarded positively.

One final factor may have been that the German works council had indicated that it wanted to set up a European works council (see below), which would have involved many of the same costs as an SE works council, but might not have offered the company the advantages provided by an SE.

### The structure and practice of social dialogue

Until the developments around the transformation of the company into an SE, beginning with the setting up of the special negotiation body (SNB), there was no European structure for social dialogue (for example, no European works council – see below). As a result social dialogue before this period only existed at national level.

Looking first at formal structures, it is clear that not all of the countries in which GfK operates had or have structures of employee representation or mechanisms for negotiation, and, even where they do, they do not necessarily apply to all sites in a particular country.

Material collected by the company and supplemented by interviews indicates that there are structures of employee representation in Austria, France, Germany, Italy, the Netherlands and Poland (set up as a direct result of the SE process). This means that among the five largest countries in terms of employment in GfK, only the UK, the second largest, does not have an employee representative structure. Poland and Austria come joint eighth in the table of GfK employees in Europe. In detail there are two works councils in Germany (a third is in the process of being set up), where there is also a group works council (KBR), France (two comités d'entreprise), the Netherlands (three works councils in three separate companies), Austria, and Poland; Italy has an RSU (a unitary union representation), in one of the companies and more limited union representation in the other – also developed as a result of the SE.

However, although there are employee representative structures in these countries, some key issues are not dealt with collectively. In Poland and the Netherlands, pay is dealt with on a purely individual basis, although in Italy there is a company-level agreement linked to the national agreement in one of the companies. In Austria, GfK is covered by the industry agreement for advertising and marketing, with the employee representatives in the company able to negotiate improvements, sometimes on an individual basis. In France the union has organised industrial action for pay improvements.

In Germany, the country with the largest number of GfK employees, the employees are not covered by an industry-level agreement – GfK is not a member of an employers' association – but pay has often been regulated by a works-level agreement (*Betriebsvereinbarung*). This has frequently used the collectively negotiated agreement for distribution and foreign trade as its guide for pay increases. However, although there are union members (from ver.di) in GfK in Germany and it has been possible to organise works stoppages in the company on pay issues, pay and conditions in GfK in Germany are not collectively negotiated with the union. It is known that there are also trade union members in Austria (the GPA), France (the CFDT) and Italy (Filcams – part of the CGIL), but there appears to be no significant trade union membership in any other countries.

Looking at the quality of social dialogue in GfK, it is clear that in Germany at least, both management and employee representatives accept that the culture is one of discussion and mutual respect, based on partnership, although not without conflict. Fundamentally there is a wish on both sides to find a compromise. The situation is similar in Austria but in some other countries there are greater conflicts, particularly in working with unions.

GfK did not have a European works council (EWC) before its transformation into a European company, although there was a right to set one up. The German works council had been exploring the possibility of setting up an EWC and the plan had been to build up contacts gradually, moving from one country to another before doing so, although progress had been slow. It had also told the management board and said in the supervisory board that it wanted to set up a EWC and this perhaps had given impetus to management's decision to transform itself into an SE.

## The negotiation process of employee involvement

### The preparation

For both management and the employee representatives negotiating an agreement on employee involvement in an SE was a new experience.

Management had carried out a survey of employee representation in GfK in individual countries before the process started and so had a reasonably good understanding of the situation on the ground. However, one aspect that became clear was that in many cases local management was nervous about the change and the company centrally had to convince them of the advantages of the transformation into an SE and to prepare for what was coming.

On the employee side preparation for the negotiations was effectively in the hands of the works council in Germany. (Other employee representatives admit that they had no idea about the process before they arrived at the first meeting of the SNB.) The German works council turned to the Hans Böckler Foundation and the union ver.di for advice and would have asked ver.di's company codetermination specialist to have been the nominated expert in the SNB had he been available. As he was not available, the German works council was put in touch with the European company specialist at the European Trade Union Institute (ETUI). He, together with ver.di, provided advice to the German works council in preparation for the negotiations.

As the members of the German works council were also members of the supervisory board, this forum provided an opportunity for informal contacts with the management side in advance of the negotiations, although these were purely German discussions at that time. There were also informal discussions about how the negotiations would be conducted.

The employee side had a number of key issues it wanted to see included in the final agreement, while management saw the key challenge as being that the other side had a number of inappropriate demands, which needed to be resisted.

### The negotiating process

The SNB consisted of representatives of all those EEA countries where GfK had employees and where a delegate, who was willing to attend, could be found. Other than the very small countries, Spain and the Czech Republic were the only countries without representation. There were 25 SNB members, including three from Germany, two each from the UK and France and one each from all the other countries present. In addition to the chair and a member of the German works council, the third German member of the SNB was an official from ver.di, responsible at national level for the industry in which GfK operates.

At the first meeting of the SNB, delegates were asked how they had been elected and in most cases they had been elected by workforce ballot. Specific questions were asked of the representatives from some countries because of their position within the HR structure but their right to be present was accepted in all cases. At this meeting the SNB delegates received a detailed briefing from the two German works council delegates and the ETUI SE specialist, who was appointed as an adviser to the SNB on the second day. Those interviewed on the employee side indicate that they consider the briefing to have been of high quality and that it gave them the information they needed for the rest of the process.

The detailed negotiations on the employee side were conducted by a five-strong negotiating team with two replacements, with the ETUI expert also permanently present. This group, two from Germany and one each from the UK, the Netherlands, and Slovenia, was elected by the SNB. The choice was made on the basis of experience and the size of the employment in the countries, but as France and Italy, numbers three and four in terms of size, were reluctant to take part, because of language and time problems, they were the replacements. In addition there was a wish for the team to include someone from the smaller countries and from Central and Eastern Europe, which was why someone from Slovenia was chosen.

The management negotiating team consisted of the chief finance officer and human resources director (a single individual) and the HR manager, together with someone from the in-house legal team. A representative from the law firm Hengeler Mueller was present but only at the first meeting.

As well as the detailed sessions between the smaller negotiating team and management, there was one meeting of the full SNB while the negotiations were going on as well as a final meeting of the SNB in December 2009, when the agreement was finally signed. The negotiations lasted six months. Although ver.di's codetermination specialist was not directly involved in the negotiations, he continued to provide advice to the employees' negotiating team on the drafts of the agreements as they passed between the two sides. The team also received advice from the Hans Böckler Foundation.

The first draft of the agreement was presented by management. However, as, in the view of the employee representatives, this was not a document with which they could work, they presented their own draft (on which they were advised by ver.di and the ETUI expert) as a basis for discussions.

From the view of the management, the way the negotiations worked was that the company had a series of fairly minimal proposals whereas the employees came with a set of maximal demands and that step by step the two sides got nearer. However, the process was not without conflict. This view is broadly shared by the employee representatives, who had identified their key priorities at the start of the process.

Both management and the employee representatives are in broad agreement as to the issues on which it was most difficult to reach an agreement. These were:

- the extent to which the SE works council was able to get involved in local issues, described by the employees' side as having an 'employee advocate'. This was something that the employee representatives, although not necessarily the union ver.di, were very keen to see written into the agreement and which the company resisted;
- the threshold for representation on the SE EWC and therefore its size. The company wanted the threshold set at 50 or 100 employees, while the employees wanted all countries to be represented and the smaller negotiating group was mandated on this issue;
- the number of SE EWC and steering committee meetings. The employee representatives asked for three SE works council meetings a year; management wanted fewer.

Other issues raised in the negotiations included: representation from non-EEA states, of which Switzerland and Turkey are the most important; protection for SE works council members; the number of people on the steering committee, where the management was looking for a small number; and the number of employee representatives on the supervisory board.



After an initially difficult period, when progress seemed uncertain, the problems were reported back to the full SNB, where the main points of controversy were identified. Following this, both sides recognised that they wanted to reach an agreement and sought to find compromises on the main points at issue.

There seem to have been no major differences between the employee representatives on any of the topics under discussion, although the representatives from the smaller countries were particularly concerned with the employee thresholds. In the view of those involved, the smaller negotiating group worked well together, although the members did not know one another in advance and the group shared out the roles between themselves very effectively. The whole SNB was kept informed on negotiations as they progressed. The final agreement was explained in detail by all five members of the smaller negotiating group and the whole SNB voted unanimously to accept it.

### The SE agreement on employee participation

The final agreement contained the following conclusions on the main points of controversy.

On the **employee advocate**, the final compromise was that the SE works council could get involved in local issues, but only when there was no local employee representation. In addition the words ‘employee advocate’ were removed from the final agreement. Instead the document refers, in the English translation, to members of the SE works council or steering committee having a ‘role as a messenger of information’ (*Übermittlerrolle* in the German text).

On the **threshold for membership of the SE works council**, this has been set at five, which management describes as a difficult concession for it to accept and a victory for the employee representatives. The threshold of five employees leaves out some countries, such as Ireland and Malta, but includes the Baltic states and Norway, which would have been excluded if the threshold had been set at 50. One concession made by the employees was that the non-EEA states are not included, although they will be able to send representatives if they join the EU.

On the **number of meetings**, the final agreement states that for the first two years there will be two SE works council meetings a year and that after that there will be agreement on the number of meetings to be held each year. The steering committee is to meet four times a year in the first two years and at least three times a year thereafter. For management, this was an area where the employee representatives had been willing to make concessions by reducing the number of formal meetings taking place and showing flexibility in dealing with many issues through telephone calls rather than face-to-face meetings. They had also been willing to accept that the language in meetings and documents provided should, in principle, be in English. The employee representatives also accept that in some sense it is correct to see that there was a compromise between the number of meetings and employee thresholds, but they still consider the number of meetings to be a good result. Although the agreement foresees that the issue will be re-examined after two years (autumn 2010) the employee representatives consider it unlikely that the frequency of meetings will be reduced.

On the **number of employee representatives on the supervisory board**, this is increased by one, giving the employees four seats out of ten (previously three out of nine). This change gave effect to an earlier agreement between the company, the works council and ver.di that this would occur. This needed to be legally confirmed as the lawyers Hengeler Mueller were concerned that it might not be legal because the board was not divisible by three. As a result, following discussions with the works council, management agreed to take the issue to court to get a definitive judgement. During this period the employees agreed to give up their right to a fourth seat on the supervisory board. The legality of this course of action was confirmed by the Nuremberg-Fürth Regional Court on 15 February 2010, and the annual general meeting in May 2010 altered its articles of association accordingly, giving a fourth seat to the employees.

Other issues settled in the agreement cover the **composition of the SE works council**. As well as setting the threshold at five employees (see above), the agreement states that countries with more than 10% of the employees get an extra seat. This means that Germany, the UK, and France each have two seats. All the others have one each.

The **size of the steering committee** is set at seven.

There is no explicit right for **trade union officials** always to take part in the meetings of the SE works council, but it may 'invite a representative of European trade union organisations as a guest with a right to speak' at its meetings and it is also 'entitled to consult with experts of its choice if required for the proper performance of its duties'. These experts can attend meetings of both the SE works council and the steering committee.

The **language** of the meetings of the SE works council and the steering committee is basically English, but interpretation into other languages is provided if required and some documents, or parts of documents, will be translated if necessary.

The issues on which the SE works council is to be **informed and consulted** are set out in the agreement and it is the view of management that the issues covered are similar to those covered by the German works council's economics committee (*Wirtschaftsausschuss*).

SE works council members have a right to **training**, including language training in English and German and the SE works council also has a **budget** to cover its costs.

Both management and employee representatives seem pleased with the final result. Management's overall assessment of the process is that both sides were willing to make concessions and the final result is a very acceptable result for both sides – providing practical solutions to the challenges posed. One of the key employee negotiators said that, given the starting point, the final result was very satisfactory: 'We are very satisfied with our agreement', while another, less directly involved, said the SNB was 'entirely' content with the agreement. The trade union official from ver.di, who had been involved in the background, is also 'very positive', seeing it as a 'very good' agreement given the sort of company involved. His only concerns are, first, that the agreement does not provide an opportunity for external union officials to be represented on the board and, second, that because the employee representatives are chosen by the SE works council from among the steering committee, rather than directly elected by the workforce, they may in time be seen as too distant from those they represent.

Management provided information to both employees and management during the course of the negotiations and when they were concluded via the company's intranet. Employee representatives also used their own channels to report back.

### The representation body (SE works council)

By April 2010 the SE works council at GfK had met three times. The first meeting setting up the SE works council was in April 2009 and it was followed by a second meeting combined with a two-day training course in September 2010, and a third meeting in March 2010. This is in line with the agreement and there have been no extraordinary meetings.

One striking feature of the SE works council, which was agreed during the negotiations, is that despite Germany accounting for around one third of all GfK employees in Europe it only has two out of 23 seats. This apparent under-representation was a deliberate policy of the main German negotiators, who wanted the SE works council to be seen as a clearly European body. It had also not produced difficulties within Germany, in part because the SE works council is not seen as particularly important in Germany, but rather as a separate additional body, in which it was sufficient to have two members.

The steering committee has seven members: two from Germany, and one each from the UK, France, Italy, the Netherlands and Poland. It is deliberately relatively large and international. It also contains the countries that are important for GfK in terms of their size. There was also a wish to have a country from Eastern Europe and a smaller country in the steering committee. Poland was seen as a good choice for this, especially as it also has a works council. In addition no other representatives showed an interest. The steering committee has met four times a year, as specified in the agreement, twice before each SE works council meeting and twice separately.

The issues discussed in the SE works council are: the reports from the individual companies (the most important element) including the concerns of the employee representatives. The SE works council attempts to provide advice as to how to resolve the problems. In addition, management is invited to provide information. The major items presented by management to the SE works council have included:

- a major IT project that will affect all employees across Europe – the chief information officer made the presentation;
- the international introduction of succession planning – involving the evaluation of the performance and the assessment of potential of managers (initially succession planning will apply to managers, but the intention is to extend it more widely.); and
- the results of a global employee engagement survey, looking at employee views across the company.

In addition the CEO has attended the SE works council to present the company's strategy. As well as speakers from management, the SE works council has also invited the European company specialist from the ETUI to its meetings.

The two-day training course, which the whole SE works council attended in Vienna, was also provided by the ETUI, and the SE works council used the opportunity to try to develop its own priorities. Three issues were identified as being key: the major IT project involving reorganisation of the company's systems; communications – from the employees to the delegates, from the delegates to the SE works council and from the SE works council to management; and minimum standards, establishing the national position on a range of issues. These could include working time, the existence of employee financial participation, or pay structures. The idea is that, once the minimum standards information is available, it might be possible to reach European level agreements on some of the topics.

There is a working group for each of the three issues and a member of the steering committee is responsible for progress. However, pressure of other priorities has meant that things have advanced more slowly than originally hoped.

On communication with the employees, the SE works council has a number of communication tools, including its own home page within the company's intranet and its own forum. There is also a newsletter based on delegates' reports on developments in their countries, which is circulated (in English) to SE works council members. However, it is clear that in a number of countries there is uncertainty among the delegates as to what they can tell their colleagues after meetings. To overcome this, following the September meeting the steering committee produced a PowerPoint presentation setting out the key issues that had been discussed at the meeting and that could be passed on. This was warmly welcomed by the delegates who then knew what they could tell their management and their colleagues.

In the view of management, there have been no significant controversies on the SE works council. The German-based employee representatives on the SE works council also have a generally positive view, particularly of the quality and timeliness of the information provided to the SE works council. One reason for this is that they feel that the CEO sees the SE works council as important. However, some of the employee representatives in other countries are less positive, as they find the information too general and not sufficiently relevant to the circumstances in their own countries and that

sometimes it is not timely. They also find that their detailed questions cannot be answered. While the documentation is normally provided in English, there have been occasions when it has been translated into other languages.

The steering committee appears to have been more successful in taking initiatives. At its meetings it deals primarily with economic issues: the chief financial officer makes a presentation and is there for questions. It also prepares issues for the SE works council. The steering committee also spends a lot of time discussing the problems in the individual countries. This is indicated by the response to the economic crisis in 2009, which also affected GfK. The steering committee drew up a resolution in response to this which was sent to all managements across Europe and to senior management in the company. It contained specific demands and proposals on keeping people in employment in the crisis. This, together with direct involvement of the steering committee, appears to have had an impact in Italy, encouraging local management to find alternatives to redundancies. The steering committee has also used its right to take up issues in areas where there is no employee representation – the original employee advocate idea – to discuss the situation in the Baltic states with the regional manager (based in Austria) and to achieve improvements.

The steering committee has also been involved in negotiations with management on getting the German guidelines on succession planning (see above) extended to the rest of Europe. The steering committee took up this issue because it considered it important to reach an agreement at European level as a marker for the future. The succession planning question seemed a good choice because management was also interested in introducing it and wanted the acceptance of the SE works council. Following negotiations between management and the steering committee, where the main points at issues were data protection and the complaints procedure, the guidelines were agreed by the whole SE works council at its meeting in spring 2010.

### Board level representation

GfK has a two-tier board structure with a management and a supervisory board. Employees had seats on the supervisory board before the transformation to an SE and continue to have them. However, the number has been increased from three out of nine to four out of 10, although for more than a year following the transformation into an SE there were only three employee seats, while the issue was legally clarified (see above).

Under the terms of the agreement, the employee representatives on the supervisory board are elected by the SE works council from among the members of the steering committee. The current situation is that there are two members from Germany (only one before the overall number was increased to four) and one each from the UK and the Netherlands.

The supervisory board meets at least five times a year and more often if required. As well as being full members of the board, employee representative are also members of the presidial committee, the personnel committee and the audit committee. The supervisory board meetings are in English, and as the employee representatives all speak English, they are able to take a full part in the meetings.

Those employee representatives who have been members for some years consider that the employee representatives are treated with more respect and their opinions are listened to more than in the past. In their view, this has been a long process, which began before the transformation into an SE, but the Europeanisation of the employee side has also had a positive impact. Those non-German members who were not involved in the past consider that their opinions are sought and taken seriously and that they have an opportunity to influence decisions.

This positive view is shared by management, who emphasise that it would be entirely wrong to characterise the meetings as being a clash between the views of the shareholder and the employee representatives.

The non-German employee side representatives on the supervisory board have all signed a statement that they will transfer the bulk of their fees as supervisory board members to the European Worker Participation Competence Centre, based at the ETUI, which is a fund supporting employee representatives at board level in European companies. The German supervisory board members have similarly committed themselves to transferring the bulk of their supervisory board fees to the Hans Böckler Foundation.

## Overall evaluation

Both management and the employee representatives have a generally positive view of the impact of GfK's transformation into a European company.

For management, becoming an SE has meant that GfK is both required to be and able to be more international, something that it strongly welcomed. The employee representatives in Germany also consider that their position has been strengthened through the change. As one commented, it has 'brought us [the German works council] further forward'. Employee representatives from outside Germany are also positive, drawing attention to the greater strength now felt by the employee representatives in the smaller countries such as in the Baltic and Nordic states, and welcoming the fact that everyone now has a chance to contribute.

In terms of changes to employee representation at national level, the transformation into an SE has led to the establishment of a works council in Poland and has also helped to extend employee/union representation in those companies in Italy, which previously had none.

On the specific point of the Europeanisation of social dialogue in the company, it is clear that it is now more Europeanised than in the past.

- There are non-German members playing a full part on the supervisory board.
- The SE works council provides a forum for employee representatives from across Europe to exchange experiences and views, as well as to get information direct from senior management, even if sometimes it appears not to be detailed enough.
- The steering committee, made up of representatives from six countries, meets frequently and has worked to develop cross-European initiatives.
- A joint European guideline on an important issue – succession planning – has been agreed between the SE works council and management, following negotiations involving the steering committee.
- The steering committee has also been able to take up individual issues brought to it by delegates from individual countries.

It is more difficult to establish whether this has had an impact in creating a European identity for the workforce, either in Germany or in other countries. Outside Germany, one respondent said that the process had clearly made the company more European, while another said that, while progress had been made, 'I would not exaggerate its effect' and that a lot depended on the corporate culture in different countries. Inside Germany, reports from the SE works council are seen as 'marginal' in the German works council.

Despite this the overall judgment is positive and some of the reasons for this success appear to be:

- key employee representatives in Germany were willing to devote time and effort to the project (they were planning to set up an EWC before the company made its SE proposals) but at the same time they made a deliberate effort not to dominate the process or the bodies set up through it (only two out of 23 seats on the SE works council, despite having one third of the employees);
- management wanted to have a more European structure, including the supervisory board and was willing to develop employee relations initiatives at European level;
- social dialogue within the headquarters of the company is based on a culture of respect with a willingness to look for compromise;
- there are links to the trade unions who were able to deliver excellent preparation for the employee side in their negotiations;
- employee representatives have a high level of language competence in English, allowing them to work together more easily and the employee supervisory board members to play a full part in the meetings (in English);
- there is a strong commitment to the project from top management.

GfK is a positive example of an SE, so there are no clear indications of a need to revise the existing SE directive on employee involvement. One point that did emerge was the requirement for all countries where a company has employees in the EEA to be present in the SNB. For management, this means that a large number of people are present who represent relatively few people and this, in management's view, cannot be the purpose of the procedure. However, one employee representative thought changing this would be unfair as the smaller countries had added a lot; 'everybody counts,' she said.

### Sources and interview partners

As well as material from GfK, such as annual reports and press releases, this report is based on interviews with the senior HR manager in GfK, and members of the steering committee of the SE works council from Germany (two), the UK, Netherlands, Italy and Poland, as well as the ver.di official who gave background advice. Four of the employee representatives interviewed are or will be members of the supervisory board and five were involved in the negotiations on employee involvement, as was the HR manager. The interviews in person and by telephone were conducted between February and May 2010 by Lionel Fulton in London and Nuremberg and Volker Telljohann in Milan.