



# EWC case studies

## The BOC Group

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EWC case studies are available in electronic format only.

## Company profile

The BOC Group is a large and long-established multinational organisation. It was formed over a hundred years ago as the Brin's Oxygen Company. The company was incorporated in England in 1886 and adopted its current name on 1 March 1982. It started life manufacturing and distributing industrial gases. Initially this took the form of extracting oxygen from the air and then supplying it to theatres to intensify limelight and to hospitals for patients during and after surgery. New technology was soon developed which enabled air to be separated into its major components – nitrogen, oxygen and argon. By 1960 industrial gases were in widespread use and the company's customer base covered steelworks, metal cutting, food and medicine.

In the following years BOC diversified. It invested in private hospitals in South Africa, the basis for the company's current Affrox hospitals segment. In 1968 it acquired the vacuum equipment company, Edwards High Vacuum International Limited, later to become BOC Edwards. In 1970 it established a distribution business, providing chilled food for leading retailers. It also grew on a global scale through a combination of acquisition, joint ventures and investments. It now has a strong presence in many European countries, Australia, US, Thailand, Indonesia, Taiwan, the Philippines, China, Korea and Japan.

BOC is organised into three global businesses:

### ■ **Process Gases Solutions (PGS)**

This line manages all aspects of BOC's business with customers requiring bulk supplies of industrial gases from on-site plants or pipelines as well as deliveries of liquefied gases. Customers are in oil and chemicals, food and beverages, metals, and the glass sector around the world.

### ■ **Industrial and Special Products (ISP)**

This business distributes gases under pressure in cylinders to users in the fabrication, engineering, automotive, refrigeration, and hospitality sectors – again on a global scale. The user base in this business is particularly broad and varied with the number of customers much higher than the other business lines.

### ■ **BOC Edwards**

This line covers all aspects of business with the semiconductor industry worldwide. This includes the supply of bulk gases and electronic materials, vacuum and abatement technology, chemical management systems and semiconductor-related services.

For reporting purposes, BOC highlights two additional business segments:

■ **Afrox hospitals:** covering the ownership and management of private hospitals and clinics in southern Africa.

■ **Gist:** the re-named BOC distribution services with employees mainly concentrated in the UK.

BOC employs around 46,280 employees worldwide, with 13,213 in Europe. A significant majority of these European workers – over 10,000 – are in the UK, with around half these in GIST and the remainder spread over the other businesses. The full breakdown of the UK workforce is as follows:

<i>PGS</i>	<i>IPSP</i>	<i>Edwards</i>	<i>Group Enabling Functions</i>	<i>GIST</i>
999	2,560	1,564	479	4,556

*(Headcount, Jan. 2002)*

Those European employees outside the UK are in 11 countries including Italy, France, Poland, the Czech Republic, Belgium, Germany, Ireland, Turkey and the Netherlands.

### The EWC

The BOC EWC was set up as the BOC group European forum (BOCEF) in 1996 under Article 13 of the European Works Council Directive. In other words it was a voluntary agreement. The main features of BOCEF follow.

#### Purpose

BOCEF is explicitly seen as a forum for the exchange of information and views. As the charter in the agreements states:

BOCEF is intended to provide an appropriate forum for senior executives from the group to provide information and engage in an exchange of views with employees from the BOC businesses in Europe.

#### Scope

The constitution states that ‘subjects for discussion at BOCEF will be the Company’s plans and strategies affecting employee interests to a considerable extent in two or more of the countries represented’. The constitution sets out indicative agenda items. These include:

- business/financial results;
- major pan-European organisation changes;
- mergers, acquisitions or divestments;
- training initiatives;
- safety and environmental issues;
- equal opportunity/diversity;
- employment trends.

The constitution includes a confidentiality clause stating that ‘all participants are required not to reveal to any third party or use for personal gain information provided to them in confidence.’

#### Employee representation

Representation is based on the number of workers employed in the country. So in countries where there are fewer than 5,000 BOC employees, representation is:

- one for between five and 199 employees;
- two for between 200 and 499 employees.

In countries where there are more than 5,000 BOC employees or more, representation is by individual business:

- one representative for businesses with 1–999 employees;
- two representatives for businesses with 1000–1999 employees;

- three representatives for businesses with 2000–2999 employees;
- four representatives for businesses with 3000–3999 employees;
- five representatives for businesses with 40,000 or more employees.

On this basis there are 21 employee representatives on BOCEF. The pattern of representation is as follows:

<i>Country</i>	<i>Representatives</i>
UK	11
France	2
Germany	1
Ireland	2
Holland	1
Poland	2
Czech Republic	1
Italy	1

BOCEF representatives were elected from 2001, with one third re-elected every year. Representatives are not normally required to seek re-election for three years. As the constitution states, this is ‘to ensure continuity and to build-up experience’.

### **Management representation**

Management representatives on BOCEF include the chief executive and the group HR director. The latter acts as BOCEF chairman and presides over the forum. In addition at least one other member of the executive committee of the group attends. A member of HR functions as the administrator to BOCEF.

### **The agenda**

BOCEF has a standing agenda-setting committee. This is made up of five employee representatives nominated from the staff side. One of these is elected as employee chairperson.

### **Meetings**

- BOCEF meets once a year following the publication of the company’s annual results. The constitution indicates that the meeting will last for one full day.
- English is the working language for BOCEF. Simultaneous translation facilities are provided.
- There is scope to call special meetings ‘in very exceptional circumstances.’ Representatives from two or more countries can raise any matter, within the scope of the constitution, which they consider worth pressing with the BOCEF chairperson.

### Timing

BOCEF is a fairly mature institution, established formally by Article 13 agreement in 1996. The company appeared keen to develop the EWC as early as possible, using the flexibility provided by Article 13 to establish a body that related to its particular needs and circumstances. As the Company newsletter (March 1996), originally announcing the formation of BOCEF, stated:

*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.*

The process of setting up BOCEF involved the election of the necessary representatives. It was after the election and at a preliminary meeting that the representatives were presented with the BOCEF charter and constitution for ratification. Consequently the basis for the forum was not subject to significant prior discussion or negotiation. A local official from one of the unions, the Transport and General Workers Unions, was however present at this first ratification meeting and ‘having seen some other bodies set up, he was happy it was a reasonable agreement.’

### Outcomes and impact

#### Employees

From an employee perspective there were a number of positive outcomes associated with BOCEF, although some concerns about the way in which it was functioning were also raised. These concerns did cause a degree of frustration, but the relatively low expectations about what BOCEF was likely to achieve had perhaps reduced any possible disappointment. The information received from the company at meetings was perceived to be of ‘good quality’. However, the employee insider felt that most of it was readily available on the company intranet. The forum also gave employee representatives access to the most senior managers in the company, although the value of such access was not immediately apparent.

#### Management

From the management viewpoint, there was confirmation that BOCEF had very little impact on any corporate outcomes. The management insider indicated that it had not shaped management’s approach to any decision, changed the implementation of a decision, led to any re-thinking on any decision or encouraged the development of Pan European HR policies. Indeed, on the latter point, it was noted that global company policies such as graduate recruitment were more likely to be developed on a global rather than a European basis. This limited impact is hardly surprising given that BOCEF was never set up to have this kind of influence (see above).

### Discussion and analysis

The BOC Employee Forum was an example of an EWC that appeared to have become becalmed in something of a corporate backwater. As a long established body it had developed a fairly standard and routine approach, but it was an approach that might be characterised as lacking in dynamism, low key and providing little if any scope for meaningful influence. In many respects this was a reflection of management intention, with BOCEF set up early to ensure that it could be shaped as a low-impact body. The employee side had been unwilling or unable to leverage it into a more effective or dynamic institution.

## Innovation and good practice

Despite its becalmed state there were a few interesting practices which had emerged from BOCEF:

- The management side was made up of the most senior managers. The group chief executive and a number of main board directors were present along with the chief executives and HR directors from each of the business lines.
- Most noteworthy was the approach to the training of employee representatives. An ongoing right to training was built into the constitution and both sides took this right seriously, using the half day before the full meeting to organise sessions on various issues – in the main to heighten awareness and understanding of corporate matters.
- BOCEF was heavily driven and underpinned by a process that formally generated questions from the employee side. These questions were important in informing and structuring presentations and deliberation at full meetings.
- The recording of BOCEF deliberation was particularly comprehensive. Verbatim proceedings were transcribed and circulated to ASC members.
- BOCEF does rotate the re-election of employee representatives to ensure the retention of experience.
- Representatives from East European countries – Poland and the Czech Republic – have already been given seats on BOCEF.

### Operational issues

The becalmed nature of BOCEF has not, however, prevented some turbulence in the form of management and employee concerns about its current state:

- The most significant tension revolved around the scope of BOCEF's activities. Despite a constitution that allowed for the provision of information and consultation on pan-European issues, BOCEF had remained essentially a body devoted to communication. There had been some debates on whether certain issues qualified as pan-European, but the major justification for limiting its consultative remit was that consultation was 'best' conducted locally.
- There was a feeling that both employee representatives and managers lacked commitment to BOCEF. As a management interviewee stated, 'You can challenge the company's commitment (to BOCEF) but equally I would challenge the delegates' commitment'.
- The employee side did appear to have difficulty generating interest in BOCEF among its constituents. Despite efforts by representatives, employees remained more interested in local issues and concerns.

### Future developments

A number of views were expressed on BOCEF's prospects ranging from general opinions on its future to more detailed suggestions on how aspects of its operation might be changed:

- One management respondent suggested some rationalisation in representation on the employee side. There was no minimum number of employees required in a country to act as a threshold on employee representation. In the case of Belgium, which had only 10 employees, there was a right to one representative. In fact the Belgian employees had been persuaded not to send a delegate but they did retain that right if they insisted.
- While the high quality of training remained a notable feature of BOCEF, there were suggestions that this could be developed more to focus on fostering confidence and presentational skills, particularly among new representatives who might be 'afraid to speak up'. While the presence of the group's most senior managers at meetings was highly valued by employee representatives, addressing them could be an intimidating prospect.

- The need was felt, especially by the employee insider, to 'raise the profile' of BOCEF amongst the workforce in general. For a non-union representative, lacking the supportive infrastructure of a trade union, the time off for BOCEF activities was problematic. Of course more time off and facilities for BOCEF representatives might well run counter to the increasing emphasis being placed on cost.
- Another management respondent felt there was little need to change the current format. 'If I thought there was a gold-plated need to change the shape or structure of the employee forum I'd be the first to say we should. I think it is a relatively useful event.'
- For this manager in particular, changes in the broader structure of the company might provide more scope for considering European issues on a joint basis. Thus the creation of business lines bringing together the UK and Europe might generate more cross-cutting issues within business lines.

The messages on the prospects for BOCEF, therefore, remain mixed. It is a body which by management design has assumed a low-key position, and in these circumstances it is perhaps slightly disingenuous to criticise it for not 'adding value' to any corporate processes. At the same time there are pressures from employees to extend its remit and to turn it into a more dynamic body. Changes in company structure might facilitate this development. At the same time, it is clear that if BOCEF is to become a more influential body, there has to be a significant increase in management will and a marked rise in the willingness and ability of employee representatives to participate effectively.

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