



# EWC case studies

## Securitas AB

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## Company profile

Securitas is an old Swedish security company that has become a fast-growing multinational full-service enterprise in the security business. Securitas started in Helsingborg in southern Sweden in 1934. It experienced rapid growth into an international company in the 1980s. The company now has 232,000 employees in Europe and the US, a turnover of SEK 65, 685 million and is the largest company in the world in the security industry.

The company is organised into five business areas and seven divisions:

Business areas are:

- Security service – guards
- Security systems – large alarm systems and technical equipment
- Direct – small alarm systems, private home products
- Cash handling services – value transports
- Consulting and investigation

<b>The divisions are:</b>	<b>Number of employees</b>
Security services USA, including consulting and investigation	125,000
Security services Europe	83,000
Security systems USA	400
Security systems Europe	3,000
Direct Europe	1,400
Cash handling services USA	6,700
Cash handling services Europe	13,000
<b>Total</b>	<b>232,500</b>

Provision of security guards and night watchmen used to be an unglamorous, low price, low wage strictly national business. Part-time work and casual employment were common. Driven by increased criminal activity and international security issues, the business has grown into an international service industry with skilled staff, high-tech equipment, qualified service and wages at the level of industrial workers.

The European security industry is currently growing at 6% to 8% annually and slightly higher in other parts of the world. Securitas AB has a market share of 10% in Europe and 8% in the US. Securitas has grown very rapidly during the past few years. The number of employees has doubled and sales have more than quadrupled during the last three years and are currently SEK 65,685 million. Growth has taken place mainly through acquisitions. Securitas has developed a clear and effective strategy for taking over and reorganising smaller companies in the industry and integrating them into the Securitas concept. Corporate management works quickly and the company board has delegated a lot of authority to the operative management to allow for speedy business decisions.

Securitas has developed *The Securitas Model*, which is a set of values and methods describing how the company does business. There is also a written value statement. With 230,000 employees and rapid growth, the management is putting a lot of effort into communicating the Securitas model to its employees. As it is a service business where the individual guard/service technician meets the customer it is seen as very important that all employees understand the business concept and are in a position to properly represent the company.

The Securitas model is the management tool used to integrate all the newly acquired companies into one. It consists of a tool box with the following eight elements:

- *Values*: Securitas is working to protect and respect its basic values, integrity, vigilance and helpfulness.
- *Market Matrix*: an understanding of customer needs. Customers are in different businesses of different size and different security needs.
- *Value Chain*: when customer needs have been identified with the help of the market matrix, Securitas uses the value chain to understand in detail how their needs can be met.
- *Organisation*: Securitas has a flat organisation with many strong local units. Employees work closely with customers and are entitled to make their own decisions.
- *Six fingers – financial overview*: controlling and following up financial development is done in six steps: sales of new contracts, net changes in the portfolio of contracts, total sales, effectiveness in production planning, control of administrative expenses and accounts receivables.
- *The industry*: Securitas tries to develop the entire industry. By influencing and cooperating with, among others, trade organisations, unions and public authorities, Securitas aims to develop both its services and its market as a whole.
- *Step by Step*: all these tools take time and energy to implement. It is important not to do everything at once. The business has to be developed step by step. Step one is to put the right organisation in place by reducing all unnecessary costs, delegate responsibility and put financial systems in place. Step two is to ensure that all employees have a thorough understanding of the details of the business which will lead to development and increased profitability as well as a better understanding of Securitas customers. The third step is to refine and specialise operations. The fourth step is to create organic growth and, where feasible, look for acquisitions.
- *People make the difference*: theories help when building a business. Individuals, however, create true success. Individual employees therefore have a key role and responsibility within Securitas. Being a good leader means setting a good example for your employees and helping them to develop and grow.

The company has built up its position during the last 15 years from a national Swedish company to become first a Nordic and later a European company. During the last couple of years, Securitas has moved into the US and now more than half the workforce is in the US.

The organisation is characterised by few decision-making levels. Within each country the organisation is divided into areas, which in turn consist of a number of branch offices that operate as independent profit centres. The goal is to have no more than three levels between the shop floor (guard or technician) and the country president. The country president reports to the division president who reports to the CEO.

## The EWC

The EWC agreement was set up under Article 13 in June 1996. It was a joint initiative from the management and the Swedish transport workers union in Securitas. The setting up of the EWC was not a controversial issue. It was seen as a constructive initiative to establish a forum for information and dialogue at international level.

The EWC agreement states that the EWC can have a maximum of 30 delegates from employees and three from management. Countries with fewer than 2,000 Securitas employees can nominate one delegate and countries with over 2,000 can nominate two. The country where Securitas headquarters is based can nominate three delegates, an additional

one from the central union organisation. The trade union international also has the right to be represented at the meetings. For each delegate there is a deputy who only participates when the delegate is prevented from attending.

The delegates are nominated according to national traditions and practice. All are union-nominated.

The Securitas EWC agreement states that one of the management representatives is chair of the EWC. In practice both management and union representatives have held the chair. Currently one of the employee delegates from Sweden is the chairperson of the EWC.

In 2002 the EWC had 23 members and one observer (US representative) 20 employee representatives and three management representatives. The management representatives are the MD and two other members of the Executive Committee. The observer is female and all delegates are male. The EWC membership is 4% women while 21% of employees of Securitas are women. The delegates are elected for a period of three years.

EWC membership by country is as follows:

Austria	1
Belgium	2
Denmark	1
Finland	2
France	2
Germany	2
Norway	2
Portugal	1
Spain	1
Sweden	3
Great Britain	2
USA	1 (observer)

Of the EU countries only the Netherlands is not represented in the EWC. The EWC meets once per year for a half-day meeting. The union delegates have a separate meeting for one day to discuss internal union business the day before. There is also a tradition that the executive committee meets the day before the union meeting. The executive plans the EWC meeting and holds a separate meeting to inform new delegates.

According to the statutes the role of the EWC is to be a forum for information and consultation in matters relating to more than one country. The EWC is not a forum for negotiations and should not deal with matters regarding wages and conditions in an individual country.

In practice the EWC functions as a forum where national union problems and grievances are brought up. When union delegates have not been able to solve a problem at home they take the opportunity to bring the matter to the attention of corporate management at the EWC meeting. The management position is that national problems have to be solved at national level. However the important thing is to see to that problems are solved as soon as possible. So in reality the management accepts that national problems are brought up and they try to advance the matter in one way or another.

The EWC has an executive committee made up of six delegates, three from management and three from the unions. One of the management representatives is chair of the executive committee. The committee prepares the meetings. The delegates are encouraged to propose items for the agenda, but so far very few suggestions have been made.

When the EWC was formed it was agreed that the meetings should be held in English. It was also agreed that for the first three years simultaneous interpretation should be provided, if requested, into French, German, Spanish, Portuguese, Finnish and Swedish. At the same time all delegates were offered training in English with the intention of holding meetings in English only, after the three-year period. It has not been possible to follow this arrangement as some delegates have declined to take part in language training and have insisted on the right to speak their own language.

The management expresses an understanding of the difficulty of working in a foreign language for persons with limited educational background and no international experience.

They continue to provide interpretation at the EWC meetings. But the language issue has become controversial among union delegates. The Nordic representatives support the idea of members learning English and see it as important in developing close relations between union delegates. But Southern European representatives feel a profound right to speak their own language and refuse to give way to what they see as a management strategy to keep costs down.

### **Influences**

Securitas follows the traditional Scandinavian industrial relations model of cooperative relation with the unions. The unions have had representation on the board of the mother company since the 1970s. Both the Swedish Transport Workers Union and the HTF organise the office staff in Securitas and are represented on the board. Securitas is also one of the bigger companies having a collective agreement with the Transport Workers Union. The company is of key importance in the industrial relations field and is seen by the unions to some extent as a model company. The management is seen as progressive and open minded and the unions try to advance their positions and break new ground via Securitas.

The management is a good example of cooperative industrial relations in the Swedish tradition. They view unions as a partner with whom they have to work. A service company where a large number of employees meet the customers and represent the company externally cannot, in their view, afford to have poor or hostile relations with its employees and their representatives. This attitude is well established in Securitas corporate management and in national management in the Scandinavian countries. In other countries the picture seems to be more mixed. National industrial relations and traditions in companies that Securitas has acquired still prevail.

The security industry is a service industry with characteristics very different from that of industrial production and is often seen as the model for advanced industrial relations. Guards and service technicians often work alone or in small groups. Irregular working hours are very frequent and part-time work not uncommon. That constitutes a problem for the unions in recruiting and in servicing members. The security industry is traditionally not a union stronghold.

Throughout the existence of the EWC, Securitas has been in a period of rapid expansion. The company has grown through acquisitions and taken over a large number of smaller and larger companies in the business. The management has informed the EWC of this strategy and it has not been a controversial issue with the unions. The management has also informed the EWC about all the measures taken after decisions have been made. But the operative decisions have not been raised at the EWC before being taken. That is simply not possible due to the high speed of decisions on acquisitions. In some cases not even the company board have an opportunity to be involved before decisions are taken. A high level of authority is delegated to the managing director. The speed of business decisions has set clear limits to the function of the EWC in strategic decision making in Securitas.

### **Procedures**

As mentioned above, the EWC meeting in Securitas is a three-day event. On day one the executive committee meets and there is also a meeting with new delegates to introduce them to the EWC and how it operates.

Day two is the internal meeting for the union delegates. That meeting typically includes reports from delegates about the current situation. There is also a discussion about items to bring up at the EWC meeting.

The EWC meeting has three main types of agenda items. One is the report from the CEO that deals with the economic situation of the company and the company expansion strategy. The reporting is comprehensive and there is also room for questions from delegates.

The second agenda item is a report on union-management relations in different countries. Union delegates bring up complaints and raise questions in relation to national problems they have not been able to solve satisfactorily. Grievances and complaints from national companies do not belong in the EWC according to the statutes. But various union delegates frequently raise these matters. This is accepted by the management in the sense that they listen to the complaints and try to refer the matter to the persons who are in a position to solve them. The management's view is that there is no point in refusing to talk about problems that are brought up and that problems have to be solved – the sooner the better.

There is usually a presentation of a subject of general interest to the EWC delegates. It may be some personnel policy matter from the country in which the meeting is held.

The agenda also includes matters relating to the EWC and its meetings, like the venue and agenda for forthcoming meetings.

During the past three years union delegates have brought up one substantive matter in the EWC. The unions have proposed that a code of conduct for industrial relations be worked out for the company. The management has accepted the propositions and work has started. The propositions can be seen as a result of all the matters that have been reported in the EWC where the union delegates claim that national management does not live up to the industrial relations policy that is expressed by management at headquarters and the board.

On the management side the EWC is a concern of a limited number of people at headquarters level. The minutes from the EWC are only distributed to national managers and do not seem to filter down any further. HR managers are aware of the existence of the EWC but do not see it as particularly relevant to their work at a national level. There is a clear management ambition to work openly and constructively with the unions, but there is no ambition to coordinate the personnel policy of the company through the EWC. Each national management is left to run its own affairs within the limits of the corporate strategy and the Securitas model.

Relations between union delegates in the EWC are generally good. Through the EWC, they have built up personal contacts and learned a lot about workings conditions and industrial relations in other countries.

The main controversy is over language problems at the meetings. The Scandinavian representatives advocate English as the working language and are trying to encourage all delegates to learn English. The delegates from Southern Europe claim their right to use their own language at the meetings. They see the language issue partly as a cost problem and see no reason why they should take on the burden of learning another language in order to save expense for the company. It may also be a matter of personal interest and ability to learn. The Scandinavian delegates see it as important to increase contacts between union delegates and not just during EWC meetings. Informal contacts during meetings and contacts via phone and mail require a common language.

For the unions the EWC is an important matter for a limited number of union delegates. Information about the EWC and its activities only reach a select number of activists who are in contact with the EWC delegates.

In the case of Sweden, the EWC delegates do report from the EWC to the local union club executive. Minutes from the EWC meetings are distributed to a limited number of people including members' meetings in the delegate's country of origin.

In case of the UK the EWC delegate is the shop steward convenor for Securitas UK Ltd. There are a total of 31 shop stewards in Securitas UK Ltd, 18 from the TGWU and 13 from GMB. They meet quarterly and receive an oral report from the EWC delegate. The EWC does not seem to be a prominent item at the shop stewards' meetings.

At the time of this study the issue of union recognition in the Securitas US operation is on the agenda. The US unions are not in the EU, but are invited to take part as observers at the EWC meetings. There is strong pressure from the US unions to achieve recognition and the company has organised a contact tour to the US for the EWC delegates.

### **Outcomes and impacts**

The EWC has worked well as a contact forum between the management and the trade unions in the Securitas group. The information provided seems to be comprehensive and to cover what is agreed in the EWC agreement. The EWC has also worked well as a forum for contacts and exchange of information and experiences between the union delegates from different countries.

The EWC has also functioned as a forum for solving national industrial relations problems. Matters that have remained unsolved at national level have been brought up at the EWC meetings and drawn to the attention of the management. This has in many cases been a help in solving the problem. The role of the EWC in solving national problems is not included in the EWC agreement but is accepted by both parities. Union delegates have taken the initiative and management has the practical view that problems should be solved as soon as possible.

The most obvious outcome of the EWC during the last couple of years is the decision to work out a company code of conduct for union-management relations. This is a union initiative and is motivated by a number of complaints from union delegates that managers at national level do not live up to the industrial relations policy expressed by the headquarter management.

The EWC has had no role in influencing HR policies or practices within the company. The management seems to regard the EWC as a forum for the employees and their unions. It is up to them to initiate new issues with the EWC. The management works through other channels and does not use the EWC as a tool in their coordination of the company.

It is however obvious that the management see it as a positive factor that the Swedish and other Scandinavian unions have a dominating role in the EWC, and are trying to export the Scandinavian industrial relations tradition to union delegates in Securitas units in other countries.

There are also critical voices among the union delegates in the EWC. There is a demand for more influence and that the EWC should be more of a decision-making forum. There is however no common view regarding what issues the EWC should have more influence over and how that should be achieved. Some delegates want the EWC to focus on company strategy and business development. Others see it as more important to use the EWC as a forum for discussing wages and conditions, and possibly to act more as a negotiating forum. The unions need to agree on what they want from the EWC and then work out a strategy to develop it.

Management primarily see the EWC as a union forum. It is up to them to initiate any changes or any new orientation of the EWC. Management would like to see English accepted as the working language and would also welcome more of a common view and ambition from union delegates. Management have however no ambition to deviate from the present agreement and the EWC as a forum for information and consultation.

## Conclusions

The EWC at Securitas is working well as a forum for information from the management on the performance of the company. The information also covers future strategy. There is, however, no consultation in the EWC before operative decisions are taken. To have such a role the EWC would have to meet more frequently. The EWC meets once a year and strategic decisions about the buying and selling of companies in the group are taken at high speed by a small group. There is also no ambition on management's part to develop the EWC in that direction.

By its statutes the EWC should not deal with matters relating only to one country. This rule is not observed in practice. At each meeting delegates bring up various problems they have not been able to solve at national level. The management accepts this practice in the sense that they listen to the complaints and help to find solutions. Some union delegates think that the national managers do not always live up to official company policy. By complaining to the corporate management they get an extra channel for problem solving besides the national ones.

The language issue has been controversial, primarily among union delegates. The Scandinavian representatives favour English as a working language. Representatives from Mediterranean countries insist on speaking their national language. This difference in opinion seems to reflect both differences in attitudes to the language issue and different ambitions for the EWC. In the Scandinavian countries trade union activists accept that they cannot work in their mother tongue and that it is essential to have a working knowledge in English if you have ambitions to take part in international trade union activities. This attitude seems to be less common in larger countries and in countries where the union has less of an international orientation.

There is also a difference in what union activists want to get involved in. If it is strictly a matter of finding out about wages and conditions in other countries, working through an interpreter may be less of a problem. However, if the ambition is to engage in a dialogue with management on business development and to influence strategic thinking of the management, it is essential to be able to communicate in corporate language.

Securitas can be seen as an example of a company where there is a lot of common ground between the unions and the management to build on. The company is expanding rapidly which means more jobs and job security. Expansion often means changes also for existing employees. That can mean problems but also opportunities.

The Securitas mission is to take over existing companies and to rationalise and upgrade service levels. In order to do this they invest in training and quality of service. It means they are embarking on a high price, high wage and high service level strategy. That is welcomed by the unions as it means more training and better wages. In such a situation there should be a lot of opportunities for a common view and cooperation in the EWC.

The Swedish union representatives fully support that strategy and their ambition is to work with management to reach their goals. The benefits for union delegates are well paid and secure jobs in a company that fully accepts a union presence. The unions see it as in their long-term interests to play a part in the management of the company.

Some union delegates from other countries do not share the view of the Scandinavian union delegates. It is primarily the delegates from the southern EU countries who have no tradition of being involved in the formation of strategy of



companies. They see their only role as protecting the wages and conditions of the employees and have no ambition to get involved in strategic business issues. They see confrontation rather than cooperation as the norm in relations with management. In some countries local management has a different labour-management tradition from the Swedish one and there is no real basis for a Scandinavian-style relationship.

The EWC at Securitas is of concern only to the delegates and a limited number of people in their immediate surroundings. On the management side it is the managing director and two other EWC delegates plus the MD of each country who are aware of the EWC and what takes place at the EWC meetings. On the union side it seems to be a limited number of officials and leading shop stewards who follow the work of the EWC. In Sweden there is feedback to rank and file members in the clubs where the EWC delegates are working. But apart from that it is unlikely that employees in general are aware of the existence of the EWC.

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