



# **ELEX - European Works Councils - learning from experience**

Key findings from the GLORI project on EWCs and restructuring in the tyres and chemicals sectors

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## Restructuring - permanent challenge

The GLORI project examined European Works Councils in companies in the tyre and chemicals sectors including:

BASF - chemicals (Germany)

Continental - tyres (Germany)

GSK - chemicals (UK)

Michelin - tyres (French owned but looked at from UK and Polish perspective)

Pirelli - tyres (Italy)

Solvay - chemicals (Belgian owned but looked at from Italian perspective)

ZAP - chemicals (Poland)

GSK CEO Jean-Pierre Garnier: “We restructure all the time” - constantly in cost-cutting mode

## **Collective bargaining and social dialogue**

In all four countries in study relatively strong trade union presence in tyres and chemicals and collective bargaining arrangements - UK and Poland more decentralised - with company or even plant-level bargaining

Major difference in social dialogue - Poland and UK only now introducing formal consultative arrangements at national level - and level of suspicion

Zakłady Azotowe Pulawy (ZAP): “Setting up workers’ councils is in reality a slow process of eliminating trade unions”

## European works councils

Employee view of what EWCs are about:

“It should become a place for unions to monitor and collectively prevent risks of ‘social dumping’ between the group’s entities, at least on the European level. It should become a place of regulation and European harmonisation of ‘socially correct’ practices in the management of restructuring and adaptation to major change.”

Michelin EWC rep - quoted in 2005 case study by European Foundation for the Improvement of Living and Working Conditions

## **EWCs and restructuring**

### Main challenges

- Language
- Detail and extent of information
- Timing of information
- Reality of consultation
- Co-ordinating a response

## **GSK - information and timing**

2006 - European restructuring where EWC Operating Sub-Committee argued that information was inadequate and provided too late for EWC reps to have real input - formal grievance sent to chief executive and taken up in special Operating Sub-Committee in early 2007

Company argued it was complying with letter of EWC constitution but made guarantees about earlier provision of information in future

EWC nevertheless proposing amendments to constitution to improve situation

Also challenge for EWC to respond to detailed information

## **Extent of information - global companies**

GSK EWC constitution says it will “involve itself with GSK’s transnational business issues with significant impact on employees within at least two of the countries covered by this agreement.”

Global strategies have global impact - GSK setting up of research and development facilities in India and China - EWC requested company indicate implications for Europe of these kinds of developments

## Reality of consultation

Solvay - contrast to national level - where there is strong sectoral approach to restructuring: restructuring is viewed by the corporate centre more as an operational than a “political” necessity - so this issue is not one that calls for direct involvement of workers, who are merely informed.

## Reality of consultation

Michelin EWC - perceived by Polish trade union

representatives as a forum for meeting, discussing, obtaining information and raising questions.

Pirelli EWC - not met for two years and “when it did meet the impression our representative got was that management was there simply to provide information.”

## Challenge of co-ordination and trust

Continental - “competition inside the group is much stronger than the competition with other companies, which we don’t notice so much” - view of some within EWC that other companies should be left to go under so that remainder can better survive

Pirelli - EWC rep impression “that delegates from other countries were attending simply to mind the interests of their plants back home.” “There is truly very little Europeanism with the EWC...I feel there is a long way to go before this attitude changes.”

## Challenge of co-ordination and trust

Michelin Polska: both unions and management agree that:

“our company is closed for outsiders, we are very careful as to what information can see the light and we tend to prevent too much information on our internal situations leaking to the external world.”

UK tyre company: refusal to participate in the project, involved legal department, concern about information about plant being discussed outside

## Improving co-ordination

Time and regular contact - Michelin EWC rep - with only one or two meetings a year difficult to respond on consultations - existence of EWC “barely reinforced co-ordination between colleagues in the unions of the various countries.”

## Better co-ordination

Some evidence of improvement - Solvay positive about progress within EWC and better understanding of colleagues - GSK UK reps, without tradition of social dialogue benefited from French, Belgian and German experience

But ultimately need for better co-ordination at European level to have a European response to restructuring?