

EWC Tools to face restructurings

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The plan:

- Short introduction
- Limitations of 30 minutes
- Information, consultation and network as main tools, examples
- Relocation: winners and losers
- The importance of local roots of the EWC
- Some lessons and conclusions

Limits to 'Restructuring in 30 minutes'

- Some great and inspiring examples, like GM and Ford: 'share the pain'. But these were exceptions depending on very strong international union cooperation
- Many tools possible; for example use publicity, address the EU competition authority in case of mergers, Responsible restructuring Charters, etc.
- In big restructurings need to find partners mobilise all resources: unions local national and European, local government, etc.

- We will concentrate on the basic tools of the EWC
 - Information
 - Consultation
- *Plus: The EWC as a network of employee representatives*
 - Inform, coordinate and support local employee bodies



Another restriction

- Mergers, acquisitions have two dimensions:
 - Capital transaction
 - Synergy: Integration of locations, activities
- Capital transactions as such are not in the scope of this presentation, we will focus on restructuring that have a direct impact on employees in terms of redundancies.

Legally binding definitions of Information & Consultation provide for important tools

- Information
 - In-depth assessment of the possible *impact*
 - level of management with its *own power* of decision
- Consultation
 - At a time that the Opinion still *can be taken into account*

Impact is always local

- Problem: general restructuring plan, e.g. centralise customer service in Europe.
- Management announces this timely, but without employee impact in the different countries
- *“The number of redundancies will depend on local circumstances and local negotiations.”*

Impact: No salami tactics: British Airways case 2006

Transfer of undertaking of the customer services in Prague and Geneva was already carried out. Then the transfer of undertaking in Vienna was announced to the local employees.

- Management: these are local issues
- EWC: the decisions to transfer undertakings in several places in Europe were taken in the United Kingdom and all documents concerning the transfer of undertaking were signed by European management.
- Belgium court agreed: therefore each decision concerning the announced transfer of undertaking on 7 December 2006 had to be suspended

The importance of the in-depth assessment: *Example "Candy"*

- Struggling company, many facilities, big new plant in Slovakia
- Owned by private equity
- In 3 years about 6 factories were closed

General EWC Policy

- The task of the EWC is to ensure that a ***responsible balance is struck between the economic interests and the social interests of the company and its employees.***
- Before we give our opinion, we have to know what *the consequences are for the employees in DK and to assess this against the economic benefits for the company.* This implies that we have to await the agreement on a social plan in Denmark.

Extra argument for the transnational dimension

- We also want to make sure that Candy *acts as a decent, social responsible employer.*
- This implies the willingness to come to a good compensation package when people are made redundant.
- The EWC feels *that failure to do so reflects on the whole Candy company, not just in Denmark.*

Outcome:

- Management furious
- But could not start dismissing people
- In the end an improved Social Plan was agreed with the Danish Trade Unions

Relocation

- This is always a very difficult situation
- EWC represents both the 'winner' and the 'loser'
- Every country (union, works council) has the full right to fight for their employment
- But you cannot just freeze a company into its current state
- Balance solidarity and a transnational view
- Look for the biggest common denominator? E.g. agree on solid social conditions in case jobs will be relocated



The importance of dialogue with the real decision makers. *Example 'Telecom'*

- Outsource Field Engineers
- EWC informed about intention before the plan was finalised
- WG of field engineer reps
- Direct discussions with project leader
- Main issue: how to split the smaller countries, how to set KPI's in Service Agreement
- In the end this proved impossible to solve
- In this approach information and consultation went hand in hand

“Electrical”: EWC involvement after a merger

- 5-6 months after the merger management presented over 30 synergy projects in Sales and Customer Support, Marketing, HR, Finance, IT, etc. 400 jobs at stake
- SC informed in an early stage
- Full meeting and follow up SC meetings
- Projects were ‘works in progress’, changes were made continuously

- In the discussion with management the answer often was: that will be worked out at local level
- This provided local employee bodies with an important tool
- EWC stressed the need for local adaptability; management agreed to that, giving room for local consultation to make changes
- This was all copied into the Opinion (13 pages!).
- Some changes in the plans: Indirect effect of EWC questions and remarks??
- Ongoing monitoring through quarterly reports
- Consultation gathered a lot of information for local use

EWC has no negotiating power

- But.....
 - Management needs to have received the opinion of the EWC before it can execute its decisions
 - Otherwise it can be obliged by court to stop and even retrieve steps taken
 - Management may also want to get the EWC's positive opinion to help getting support from the employees
 - EWC members have a lot of expertise that can help improve decisions and avoid making mistakes and fight financially driven 'short-termism'

Beyond the examples: Some general lessons

- Strong local roots for the EWC are essential, the EWC can be a centre of exchange, support and coordination for local consultations/ negotiations. E.g.:
 - EWC opinion and in-depth assessment to provide for a common understanding of issues at stake also for local level discussions
 - Check social plans
 - Look after countries without employee representation
- I&C as dialogue does not stop after the decision:
 - Monitoring implementation,
 - Evaluation of the results
- Joint texts with guidelines for responsible restructuring can cement this link with local levels (good examples: RWE, Schneider)
- I&C should not remain between 'four walls', that would limit the power of the EWC. Make the opinion public.