

# Challenges for EWC-s in the CEE electricity sector

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# Conflicting objectives in the post-crisis period

Short term, mid term and long term objectives in conflict:

**Short term:** minimising social and human cost during crisis, preserve human resources for the post-crisis times (stimulus packages, employment policies)

**Midterm:** revise growth model; de-leveraging; debt consolidation; try to restore economic equilibrium (in national and international terms)

**Long term:** above all face the challenge of climate change, the **Great Transformation** of the next decades will be the transition to low carbon economy

## Restructuring – framework conditions

`Change` of framework conditions that induce  
`restructuring` of economic activities, as :

- Globalisation with shifting factor costs and comparative advantages (reorganisation of value chains)
- Technological change
- Changing strategies and business models by multinational companies
- Demographical change
- **Climate change and related policies (the major challenge of the next decades)**

## Some lessons learnt about `restructuring`

The level of restructuring plays a crucial role:

- The `enterprise` is seen as the central playground for restructuring, the enterprise is however embedded in a regional structure
- Branch level
- The `whole (national) economy` according to main sectors

Central issue for any restructuring: an active process – where the role, strategies and co-operation of actors is key

Other focus: `anticipation` of change and restructuring...

**The transformation to low-carbon-economy will be a restructuring process that is directly induced and shaped by explicit policy targets**

In case of previous restructuring waves, policy decisions (e.g. liberalisation of trade and markets, deregulation) played a more indirect role and no explicit policy targets were involved.

This is why `anticipation` of change attached to this new restructuring wave can be more straightforward and explicit, while responses to its challenges (above all related to employment) can even be planned and integrated into the policy framework right at the outset.

## Track record in brief

The **next graphs** show that Europe has taken commitments with the EU2020 Strategy, but past performance is not convincing

**Global ghg emissions keep on growing**

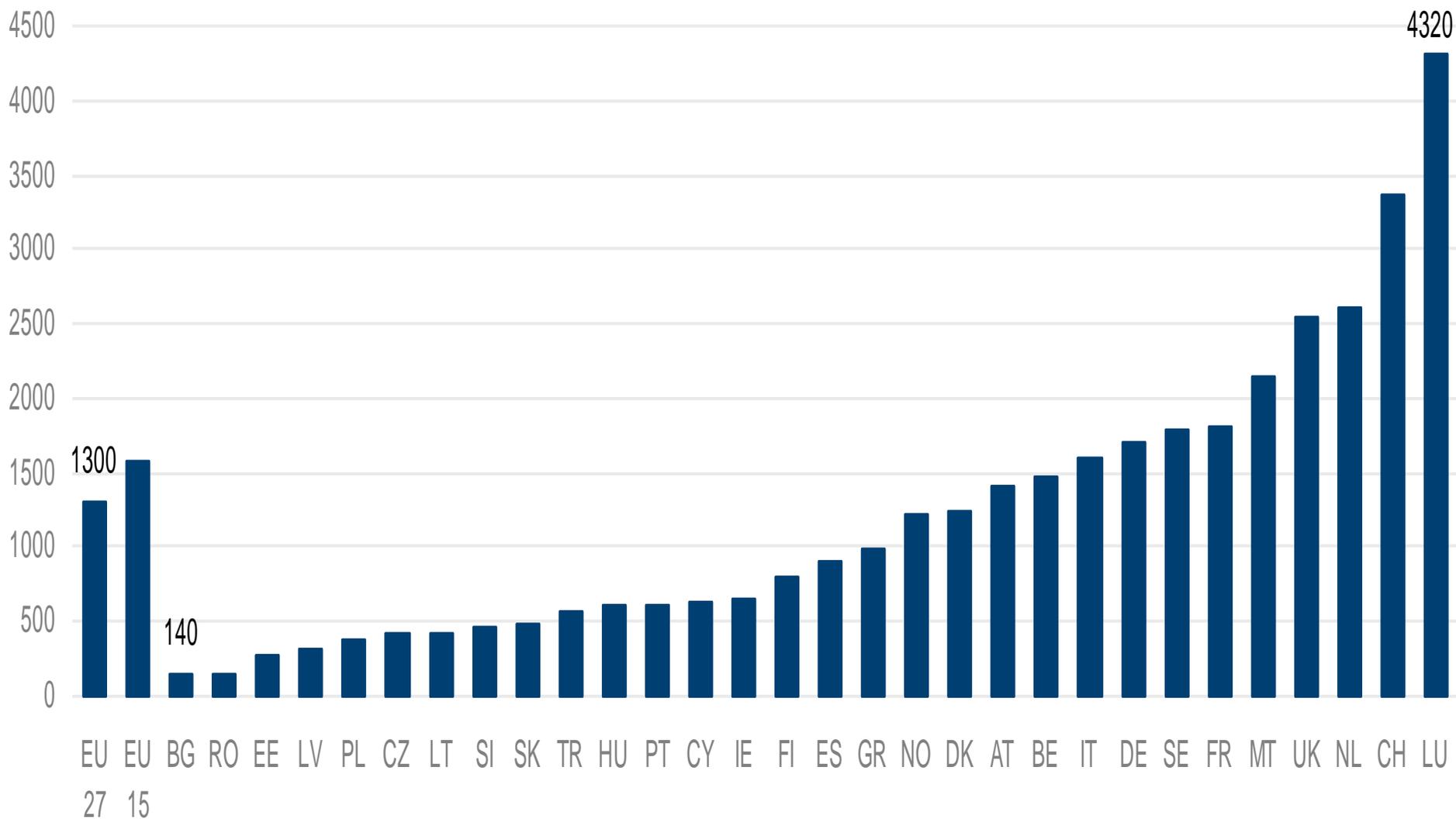
**Ghg emission reductions in Europe were more due to crises** than to systematic implementation of climate policy – no signs of decoupling economic growth from emissions

Huge gap in Europe in term of resource productivity  
(Luxembourg-Bulgaria: 1:30)

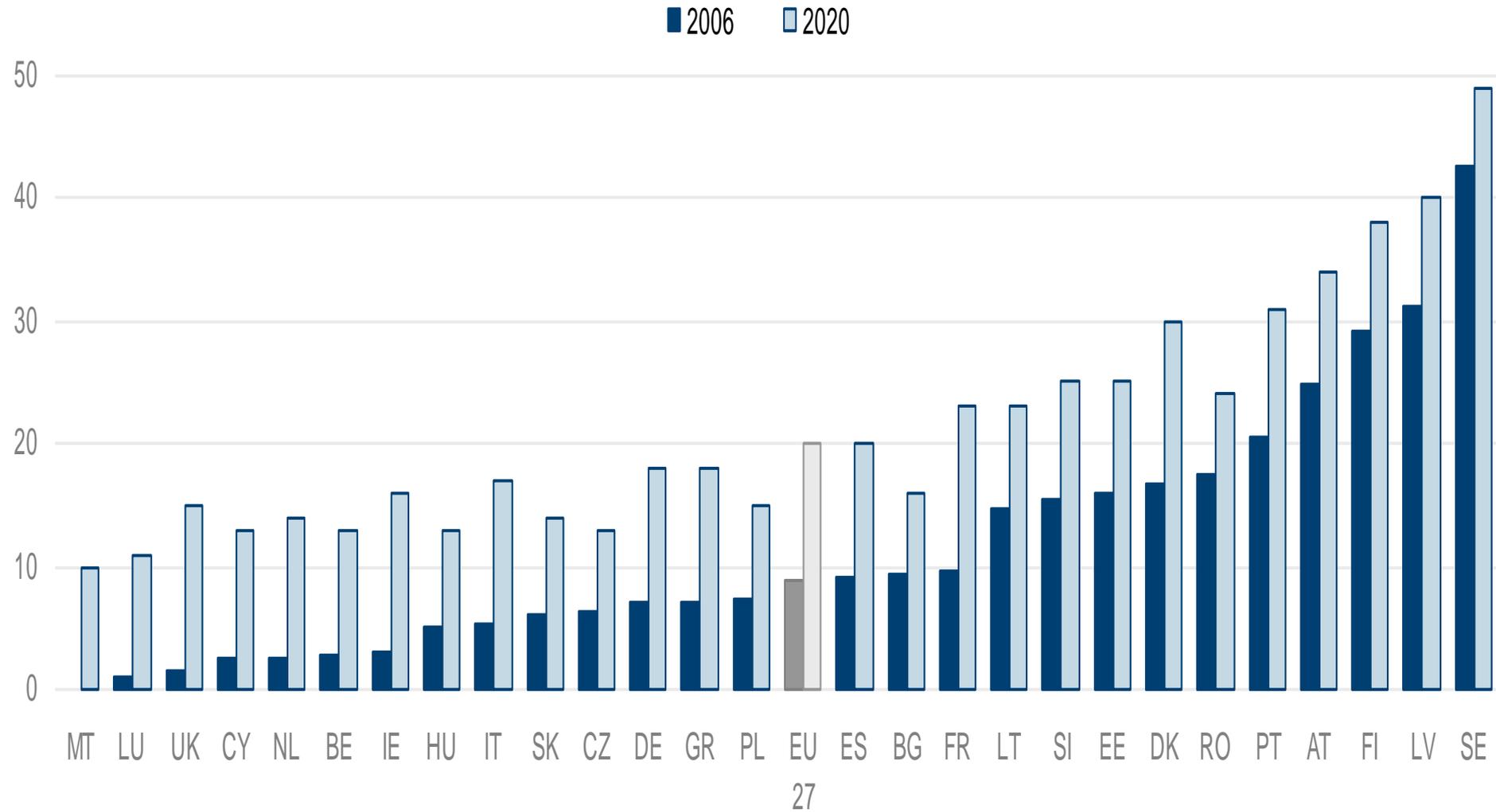
Renewable energy use in EU: extremely diverse picture – controversial role of nuclear energy; question marks about the role of biomass

**CEE is particularly effected with a huge challenge on enterprises in the region (particularly in energy intensive industries)**

# Resource productivity 2008 – Value added generated (EUR) by one ton of resource input

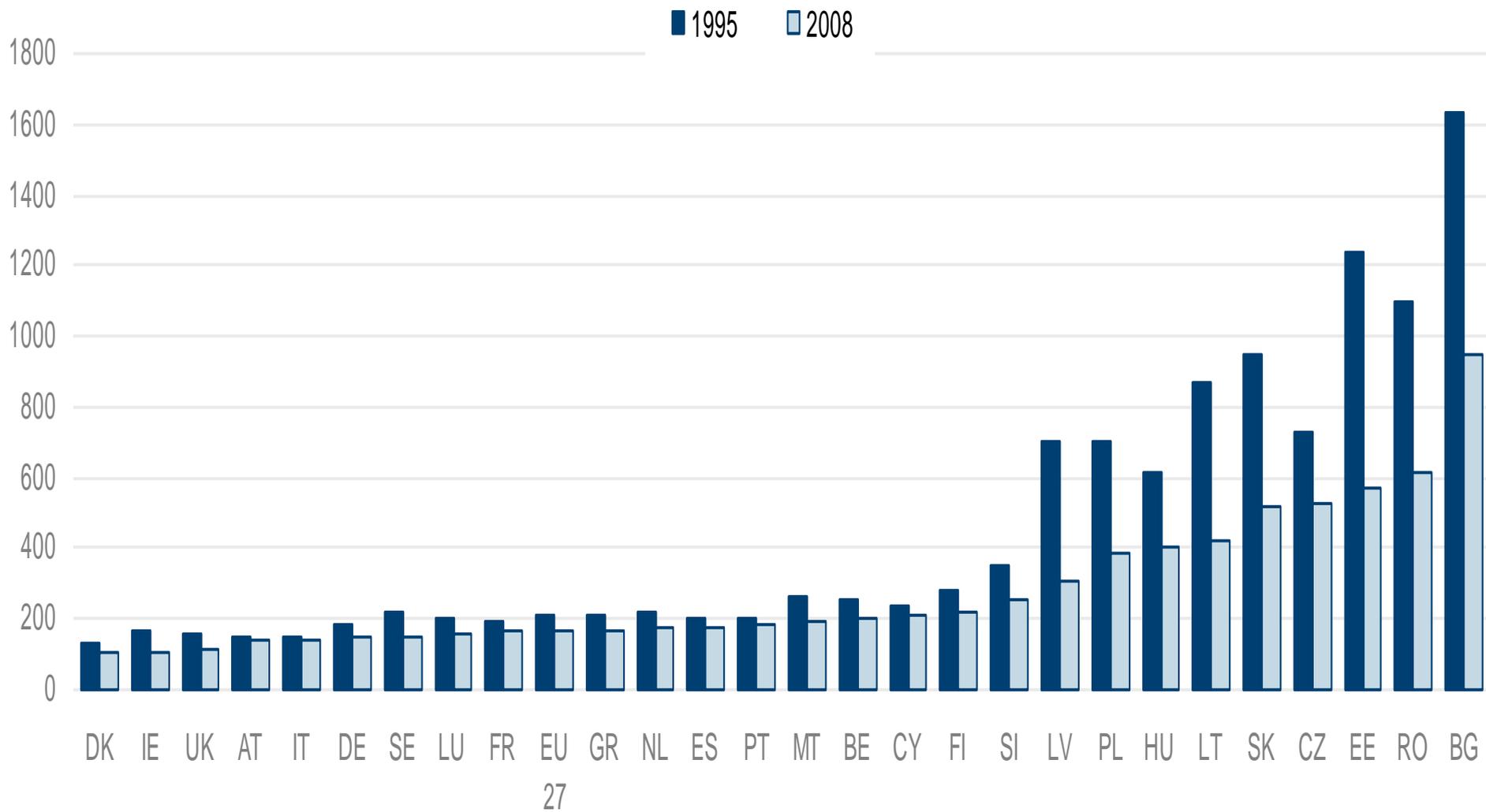


# Share of renewable energy in gross final energy consumption (2006: fact; 2020: target)



27

# Energy intensity (kgoe energy use for 1000 EUR GDP)



27

# The bulk of the adaptation is still to come

Once we have a comprehensive climate policy in Europe that is indeed being implemented, its effects will be also harsher than what we see now.

Still we have a number of open questions:

What happens to energy intensive industries in Europe:

- Downscaling energy intensive activities or to improve energy efficiency of maintained activities (we need to make sure the second option will apply)
- Address carbon leakage
- Clarification is needed

The Green Transformation is the most comprehensive restructuring process we have ever faced and this will remain with us in the following decades

# The challenge of the transition to a low-carbon economy on industrial jobs in Europe

## **Implementing climate targets will genuinely transform industrial jobs, in quantitative and qualitative terms:**

There is a broad consensus in the literature that although climate policies would have no major aggregate impact on the number of jobs,

a massive redistribution of jobs is to be expected:

- - New jobs are being created,
- - Existing jobs will be transformed (‘greened’ jobs in existing industries)
- - Jobs will also disappear

With huge differences by region, branch and LM segment!

# Managing the transition to a low-carbon economy on industrial jobs in Europe

Given as the policy induced structural change is foreseeable in broad lines, it is also the responsibility of policy actors to manage its social implications from the outset

Trade unions on European, national and company level, works councils and EWC-s can thus become active promoters of this process

Their concerns – on the future of the European industrial base, on the future of high quality and well-paid jobs, on managing the risks of job transitions – need to be reflected

This is why a dialogue between experts, political actors and trade unions is necessary.

# European diversity of workers representation at the workplace

## 1. works council

Germany, Netherlands, Luxembourg, Austria

## 2. union and works council

Belgium, France, (Greece), Hungary, (Portugal), Slovakia, Slovenia, Spain, Czech Republic, Denmark, Finland, Italy, Latvia

## 3. union (single-channel)

Cyprus, Lithuania, Malta, Poland, Romania, Sweden

## 4. union (and/or elected employee reps)

Bulgaria, Estonia, Ireland, UK

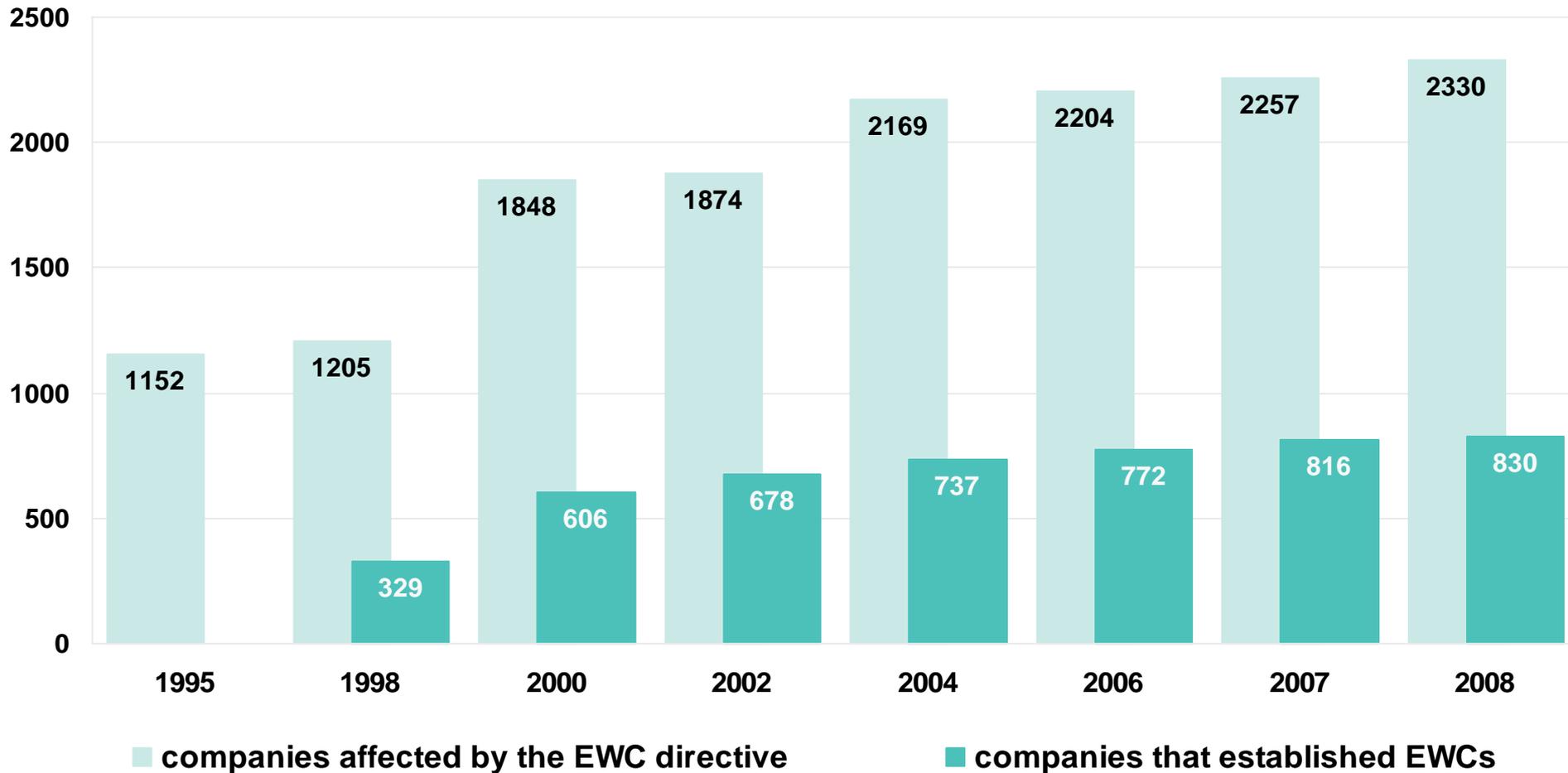
→ impacts from EU Directive on information and consultation rights (2005)

- Beyond the structure: rights, thresholds, resources...

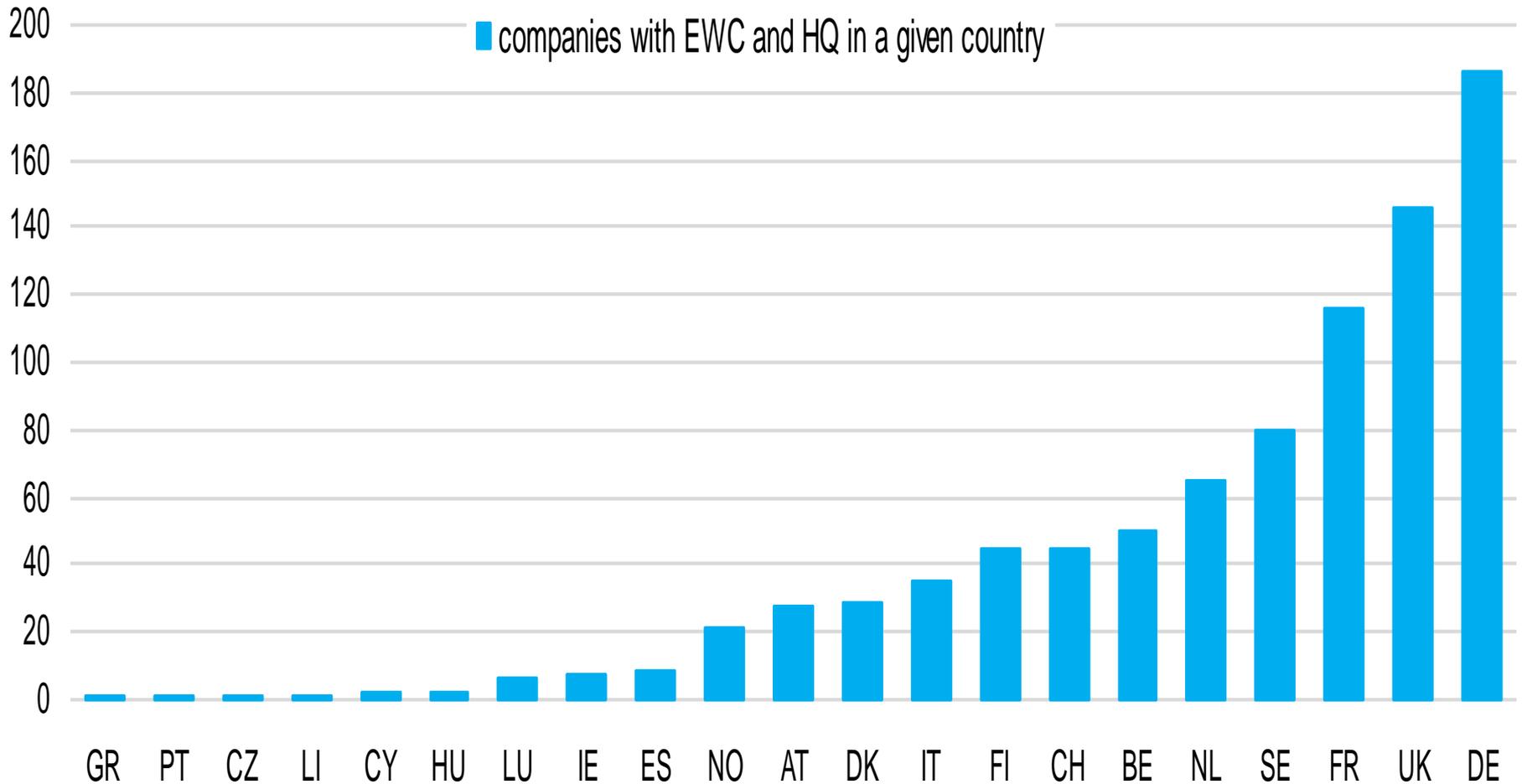
## EWC-s operate under different national institutional settings

- One of the crucial questions: how the European framework of WP (I&C, EWC-s) fits into the national framework of the NMS-s
- How these institutions find their real functions, how practices will be developed
- European Works Council (based on –the recast -EU Directive) – increasingly in operation, as a matter of right when criteria are given, representing in one forum all the countries of multi-site entities in EU:
  - Prior **information and consultation** required IF plan for impacting more than one country
  - Proactive approach can benefit: use as partner/channel for communication, possibly beyond what is required
  - Scope depends on EWC agreement
  - Even EWC laws vary by country, choice of governing law for agreement highly relevant

# EWC Database identifies companies affected by the EWC Directive and their compliance with it



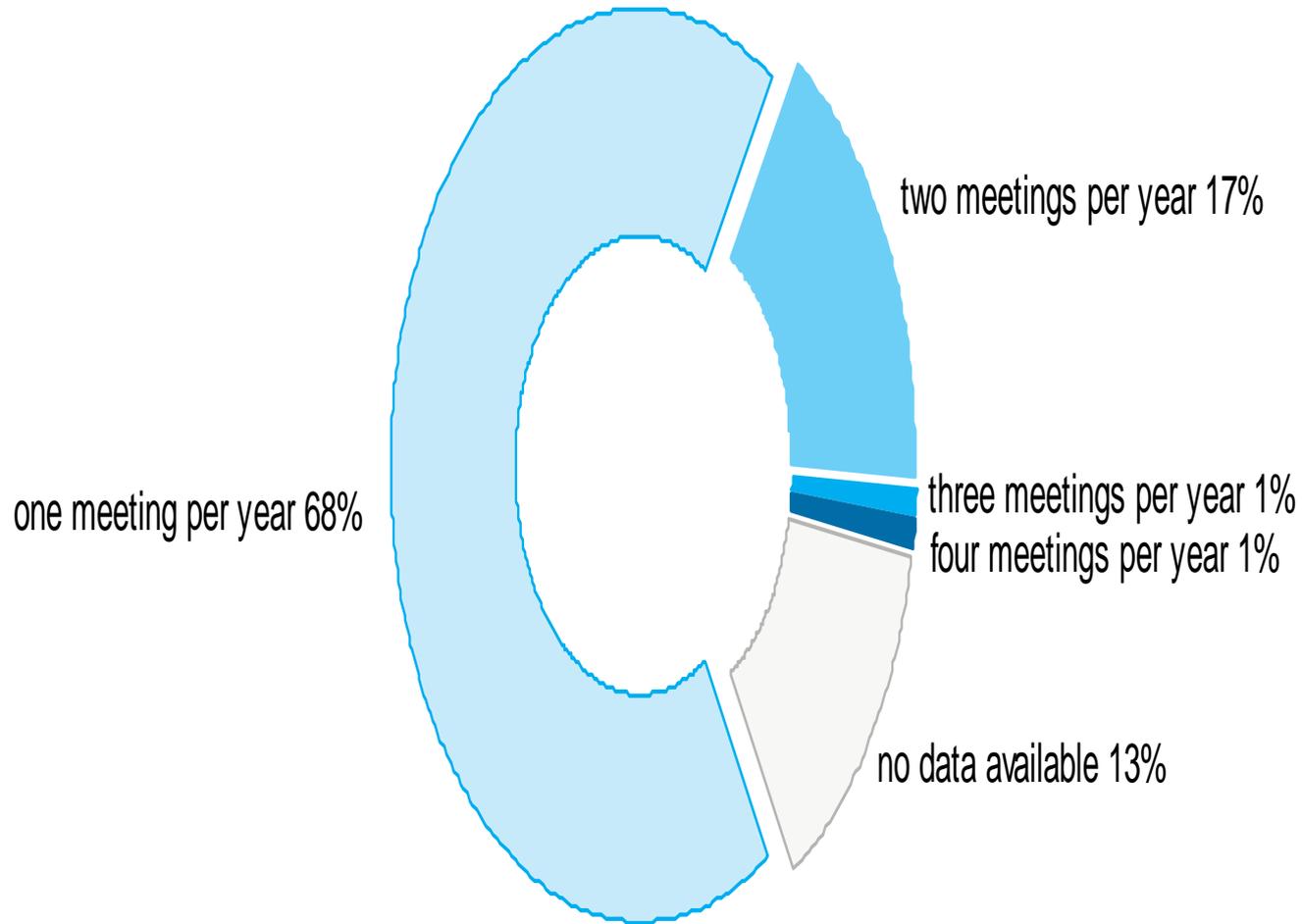
# Headquarters of multinational companies with EWCs



Data source: ETUI-EFES (2018).



# Frequency of meetings of active EWCs



Data source: ETUI-ETFS (2018).

selected points for the revision		no. of effective EWCs	share of all active EWCs
frequency of meetings per year	one	578	68.6%
	two or more	150	17.8%
	preparatory meetings	705	83.6%
	follow-up meetings	252	29.9%
	additional extraordinary meeting	585	69.4%
expert assistance	participation in preparatory and/or plenary meetings	440	52.2%
	not foreseen in agreements	143	17.0%
training	recourse to training in	362	42.9%
	language training	170	20.2%
	training on economic issues	101	12.0%
	training on financial issues	65	7.7%
	training on social issues	78	9.3%

# Empirical rationale for revision: quality of I&C

Issue	<b>Not Raised</b> %	<b>Raised, but useless information</b> %	<b>Useful information, but no consultation</b> %	<b>Useful information and consultation</b> %
<b>Economic and financial situation of the company</b>	<b>7.6</b>	<b>6.4</b>	<b>55.0</b>	31.1
Corporate strategy and investment	8.3	6.4	52.6	32.8
Changes to working methods	37.4	11.0	33.7	17.8
<b>Closures or cutbacks</b>	<b>16.1</b>	<b>11.2</b>	<b>44.5</b>	28.1
<b>Mergers, take-overs or acquisitions</b>	<b>23.2</b>	<b>6.8</b>	<b>53.3</b>	16.6
Reorganisation of production lines	41.6	8.1	35.9	14.4
<b>Transfers/relocation of production</b>	<b>30.8</b>	<b>5.4</b>	<b>43.3</b>	20.5
Employment forecasts	29.6	12.0	41.8	16.6

Source: "Memorandum EWC" J. Waddington in: Jagodzinski/Kluge/Waddington, ETUI 2008: 23

# ETUI Project “EWC related jurisprudence” - rationale

	When was the EWC informed of the restructuring? %	When was the EWC consulted over the restructuring? %
Before the decision was finalised	24.2	19.9
Before the decision was made public	<b>37.0</b>	<b>29.7</b>
After the decision was made public	<b>25.7</b>	<b>20.5</b>
The EWC was not informed/consulted	<b>13.1</b>	<b>30.0</b>
	N=327	N=327

# Diversity versus Homogeneity of corporate cultures

- Diversity in size of subsidiaries and homogeneity of corporate culture at MNC and local level in NMS
  - Strong corporate identity through product (GM, VW)
  - Diverse corporate cultures in cases with significant brownfield investments (Bosch, Siemens, ABB, Sanofi-Aventis, Unilever)
  - Strongest diversity and plural identities in the case of investments of service companies (small business units, service team structures)
- Transposition of corporate cultures and management styles
  - Transposition is favoured by homogeneity
  - Very diverse company structures leaves room of manoeuvre for local actors/management
  - No simple correlation between country of origin and transposition of corporate cultures

- Building on established typologies (Lecher et al)
- Main indicators with view on NMS integration and practice
  - Interactions with management, internal partners, TU, employee interest representation
  - Own agenda
- Practice and experience with regard to NMS is largely determined by EWC type
  
- 3 main types of experience
  1. “Pro-active” EWC experience
  2. “Managing diversity” EWC experience
  3. “Shadowed” EWC experience

# Getting involved in EWC

- Patterns of early involvement
- Depending very much on internal and external factors
- No examples of direct obstruction by management
- In some cases direct management support for early involvement
- Crucial factors:
  - Significance of the investment
  - Trade union strength and position
  - Cultures at management level and EWC HQ

# Conditions of effective EWC practice

- Indicators:
  - Early involvement
  - Competence
  - Communication and co-ordination
  - Integration in other forms of participation and dialogue
- Most effective EWC involvement practice depending on:
  - Good organisation at shop-floor level
  - Involvement of senior employee representatives
  - Co-ordination and communication between TU at group level
  - Management commitment and social dialogue
  - Intertwining with other forms of employee involvement (e.g. board level representation)
- Union pluralism a problem only in cases without co-ordination

# Examples of EWC involvement in restructuring, 2008-2009

Company	Form / content of involvement
Arcelor Mittal	Framework agreement on social dialogue in times of crisis (July 2009)
General Motors	<ul style="list-style-type: none"> <li>– Framework agreement on reduction of working time, in exchange for management’s guarantees not to apply mass layoffs or site closures in Europe (January 2009; unilaterally terminated by management in July, 2009)</li> <li>– During September - October 2009 the select committee of the General Motors’ EWC was in negotiations with Magna (potential investor in Opel at the time) on the extent of the planned layoffs (workforce reduction of 10.500 jobs, of which 4,500 in Germany).</li> <li>– Protest demonstration organized by the European Metalworkers’ Federation (EMF) together with the EWC (23/09/2009) at the Antwerp Opel site. Demands: halt to all redundancies and plant closures.</li> <li>– During the meeting of EWC (12/03/2009) claims were issued concerning no site closures and no economic layoffs, and plans for capital-sharing for employees, fair divide of production between European sites and partial unemployment to save jobs were submitted to management.</li> <li>– EWC’s announcement that employees would be ready to give up their Christmas and holiday bonuses to save the investor EUR 265 million / year in exchange for a 10% financial participation.</li> </ul>
Fiat	EWC’s protest on lack of information on the group’s mid-term industrial strategies (November 2009); in 2008 demands to strengthen EWC’s prerogatives, especially on strategy decisions in times of crisis, were aired.
HP	EWC’s opinion criticising management’s proposal to cut wages (April 2009)
EDS	EWC’s opinion criticising management’s proposal to cut wages (April 2009)
Dexia	EWC involved in discussions on a reorganization plan including site closures, the global reorganization of the group and internal mobility (since January 2009, ongoing)
Pinault Printemps Redoute	EWC members object to “the extensive savings plan announced by PPR” providing job cuts in France and throughout Europe (April 2009)
Areva	Coordinated actions throughout eight European countries against the planned sale of their energy transmission and distribution division (15/09/2009). The EWC, together with trade unions, organized a central demonstration in Paris.
Whirlpool	EWC-piloted agreement with management to avoid job cuts (December 2008)
RioTinto	An extraordinary meeting of EWC with management was held (January 2009) concerning 2000 job cuts in Europe.

# EWC membership from NMS

- Case study evidence does not confirm initial fears:
  - Unclear and problematic nomination and delegation practice
  - “Trojan horses”
  - Growth of EWC internal conflicts
- Two main types of EWC members from NMS:
- “Experienced delegates”
  - EWC membership is based on strong institutions, practice and competent personnel of interest representation in NMS subsidiaries
- “Independent delegates”
  - No experience and involvement in employee representation
  - Isolation and lack of competence
  - Hardly able to fulfil mandate

- Surprising results concerning material conditions, infrastructure and resources of EWC work
- Double overstretching of “independent delegates”
  - Time: carrying out full mandate on “part-time” basis
  - Resources and budget
- Support by EWC HQs:
  - Mainstream strategy “learning by doing”
  - Only few cases of pro-active competence building
  - Only modest initiatives to solve language problems and growing cultural diversity
  - New EWCs seem to be more aware on needs

# Impacts of pro-active EWC practice

- Underpinning and strengthening of existing practice of employee participation
  - Better information of employees
  - Learning from good practice and solutions
  - Better understanding of structural change
  - Competence development and skills
  - Illustrating the added-value of interest representation and social dialogue
- Impacts on corporate cultures in NMS
  - Practical benefits of social dialogue co-operative culture
  - Strengthening the position of the country within group
  - Searching for joint solutions with regard to restructuring and structural change

- EWC enlargement is often coinciding with company reorganisation, re-locations and mergers
- EWC practice is mirroring “regime competition”
- Functioning not able to deal with growing diversity and internal pluralism
- EWC internal problems of confidence, mistrust and atmosphere will increase and might be channelled in “East-West-Rivalries”
- Most EWCs are not equipped sufficiently to deal with these challenges and tasks

# Future role of WC-s and EWC-s

- It is also a great question, how practices in the NMS-s will have a feed back to the whole of Europe
- How information&consultation practices become an integral part of IR in NMS
- How EWC-s could become platforms of information exchange and co-operation between East and West – instead of some signs of mistrust
- How could EWC-s play a role in tackling restructuring and relocation questions
- Finally: platforms for transnational bargaining?