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EWC case studies are available in electronic format only.

Company profile

SKF has its origin in the invention of the rolling bearing. Sven Wingqvist founded the company in 1907 as AB Svenska Kullagerfabriken (The Swedish Ball Bearing Company). Wingqvist was a maintenance foreman at a textile factory in Gothenburg and in his efforts to improve the transfer of power to machines he invented the ball bearing. The textile factory was built on clay ground and was not stable. Movements in the building caused over-heating of the fixed bearings. The rolling bearing became the solution for transfer of power in the factory. The new company became international after a few years of operation and expanded rapidly. SKF has for many years been a leading company in the world of rolling bearings, seals and spindles.

Company headquarters is still in Gothenburg on the same piece of land where the company was founded. It now has 79 manufacturing sites in 20 countries and its own sales companies in 70 countries. SKF also has some 7,000 authorised distributors and dealers worldwide.

SKF has from its inception focused on quality and technical development. In its early years the company founded its own steel mill in order to control the quality of steel for its own products. The company has in recent years reduced its position in the market for standard bearings and concentrated more on specialised bearings and applications. SKF presents itself not just as a supplier of products but as a company helping its clients to solve friction problems. This means that SKF is a supplier of products, solutions and services. The SKF group provides technical support, maintenance services, condition monitoring and training. One recent example of a new technological area is drive-by-wire solutions for the auto industry.

The SKF group's efforts in the area of research and development have led to a growing number of innovations that created new standards and new products in bearings. In 2001 SKF filed 171 patent applications.

The company has gone through structural changes over the years. The number of employees was once twice the size it is today. As competition in standard bearings became tougher, SKF withdrew from the less profitable markets and concentrated on the high technology segments of the business.

The company turnover and profit during the past couple of years is shown below (in MSKR):

	2002	2001	2000
Net sales	42,430	43,370	39,848
Operating profit	4,022	3,634	3,674
Net profit	2,466	2,167	1,962

SKF is organised into five divisions, outlined below.

Industrial

This division ranges from sales to industrial manufacturers, Original Equipment Manufacturers, (OEM) and the development and production of a wide range of bearings (spherical, cylindrical and angular contact bearings). It has also specialised in business areas for railways, linear motors and precision technologies, industrial seals and couplings.

Automotive

This division is responsible for product development, production and sales to car, light truck, heavy truck, buses and vehicle component industries. The products include wheel hub bearing units, taper roller bearings, seals, special automotive products and complete repair kits for the vehicle service market.

Electrical

This division is responsible for product development, production and sales to manufacturers of electrical motors, household appliances, and electrical components for the automotive industry, power tools, office machinery and two-wheelers as well as for all deep groove bearings and for all bearing seals within SKF.

Service

The service division is responsible for sales to the industrial market mainly via a network of some 7,000 distribution locations. The division also supports industrial customers with knowledge-based service solutions to optimise plant asset efficiency. The division also offers mechanical services, predictive and preventive maintenance, conditioning monitoring, decision support systems and performance-based contracts.

Aero and steel

SKF aerospace is responsible for product development, production and sales of bearings, seals and components for aircraft engines, gearboxes and airframes, sub-systems for fly-by-wire solutions and also for offering various services including the repair of bearings.

Each division serves a global market, focusing on its specific customer segments. Ovako steel is responsible for production and development of special steel and steel components to the bearing industry and also to other industries with demanding applications. SKF forgings and rings are responsible for sales, product development and production of forgings and rings to the bearing industry.

At the SKF headquarter there are five staff units:

- Group legal
- Group communication
- Group finance, business development and purchasing
- Group quality and human resource
- Group technology development

The organisation into five divisions is not totally homogeneous. In some countries there is a national centre for all SKF units, in other countries each division report to the division manager.

The total number of employees is 38,600 of which there are 22,700 in EU countries. The gender composition is 81% male and 19% female.

The number of employees in Europe is as follows (2001):

Sweden	4,900
France	3,900
Italy	5,000
Germany	5,700
Austria	600
Poland	800
Denmark	20
Norway	20
Finland	20
Portugal	5
Hungary	30
Netherlands	600
Switzerland	350
Great Britain	700
Czech Republic	40

The level of union affiliation in the Swedish part of SKF is over 80%. The affiliation rate in the rest of SKF is not known.

The EWC

SKF started a world council in 1974. When an EWC became a requirement it was logical for SKF to build on the experiences of the world council. The EWC in SKF is like most EWCs in Sweden, a union-only forum. Management is not formally represented in the council and takes part only to provide information and answer questions.

The EWC is set up under Article 13 of the Directive. It is a forum for information and consultation on matters relating to the whole of SKF or two or more countries. The EWC covers all SKF activities in the 'old' EU countries, EEA countries and in EU-associated countries where SKF has manufacturing activities.

The agreement was signed in September 1996 and has not been revised since. The EWC covers all SKF production units in the designated area wholly owned by SKF and where SKF has a dominating influence. It is made up of 18 delegates from eight 'old' EU countries and Poland. Three of the delegates are female which means 17% compared to 19% female employees in the whole SKF workforce. Members of the SKF EWC must be employees of SKF. All delegates are union-nominated.

The procedure for electing members to the EWC is regulated in each country in line with local rules and traditions. The term of office is decided nationally but is generally three to four years. As the SKF world council was based on unions affiliated to the IMF (International metal workers federation), those unions also got a strong position in the SKF EWC.

The SKF management has undertaken to provide information to the EWC regarding the performance and development of the company. The information should be provided orally and in writing and include such matters as: the SKF structure; economic and financial performance; future development of operations, production and sales; employment and development of employment; investments and change in the organisation; introduction of new production methods and procedures; transfer of production; fusions, downsizing and closing of production; collective dismissals.

Information and consultation within the EWC must be provided in a way that allows the world council to work out a standpoint that can be taken into account in management decisions.

The EWC also has the right to nominate outside experts. An official from IMF regularly takes part in the EWC meeting and forms the select committee together with the chairperson and deputy chairperson. An official from the Swedish metal workers' union acts as secretary for the EWC and takes the minutes.

Three 'old' EU countries are not represented in the EWC: Denmark, Finland and Portugal. In these countries SKF has no production facilities just small sales offices.

The company covers all the operational costs of the EWC. EWC delegates can use the company's facilities for communication. All EWC delegates have email addresses.

There has been no major controversy relating to the cost of the EWC. There has, however, been some confusion over representation in the SKF world council and the SKF EWC respectively. There are different rules for the appointment of delegates to the two bodies and different rules for compensation for the cost of participation in the meetings. Normally the two councils meet at the same time, but there have been extra meetings for the SKF EWC when the world council did not meet.

The delegates of the EWC have undertaken not to give information explicitly labelled as confidential outside the EWC. This information may however be given to union representatives who are bound to confidentiality in their role as union representative in each country.

Simultaneous translation into five languages is provided at the EWC meetings. The delegates have the right to education as part of their duties on the EWC. This applies in particular to language education, labour law in the EU and business administration. So far only a limited number of delegates have used this right.

Outcomes and impacts

Employees

The SKF world council was started in order to improve contacts between union representatives from different plants in SKF and to strengthen the role of the unions in the company. When the EWC was started in 1996 it was more or less integrated as a part of the council and has continued with much the same orientation and way of operating. The EWC plays an important role in building up contacts between union delegates from different countries. These contacts have also contributed to common views and attitudes in industrial relations matters.

Reporting and information take up the major part of EWC meetings. There are country reports from the delegates and there is a comprehensive report given by the corporate management. This reporting is an important complement to the information that the union representatives get at national level. This is confirmed by the interviews in Sweden as well as in Italy. The Swedish delegates perceive the information from management as less important, as they claim that they get the same information much quicker from meetings at national level.

According to the Swedish union representatives it is the weakest unions that gain most from the EWC. Unions from countries with a less developed trade union tradition, and where unions are less accepted, benefit from the EWC in two ways. They learn a lot at the EWC meetings and they can mobilise moral and actual support. They also have the opportunity to contact the EWC chair between meetings and, in the case of local conflicts with management, use the EWC chair as a support or mediator.

According to the statutes the EWC shall not deal with questions regarding wages and conditions in SKF. It is true that these issues are not brought up at the meetings where management takes part. During the union-only part of the meetings there is an exchange of information about wages and conditions. It can be characterised as a kind of benchmarking where all union representatives find out more about other parts of the organisation and use this information in collective bargaining situations at home.

The EWC can also serve as a forum for new initiatives that affect the whole company. One recent example is the ethical code of conduct for SKF. The code of conduct was worked out by a sub-committee of the world council and accepted by the company board in 2002. The code follows UN global compact principles and the OECD guidelines for multinational enterprises. The code covers four key areas: SKF's relations with customers, employees, shareholders and society.

Management

The EWC is a forum for the unions in SKF. Management sees it as their role to fund the EWC and to inform as required, and takes part in discussions at the EWC meetings. However, management has no clearly defined expectation of an outcome and does not see the EWC as part of the management structure.

Management sees the EWC as a useful channel for information to the leading union representatives. It does not know how the union representatives use the information they get at the EWC meetings and how far out into the system it penetrates.

Management stresses the importance of good labour-management relations and the fact that SKF has a very good record on this. Management is aware of the fact that the EWC and the SKF world council are dominated by the Swedish metal workers' union and that they use it as a forum to advance their own union culture, but sees no problem with that.

The outcome of meetings is reported to HR managers in the company. They are expected to inform plant and national managers. How this functions is not quite clear.

The conduct of human resource management and industrial relations

The EWC does not have a significant direct role in the conduct of human resource management and industrial relations. As the EWC is a union-only forum, it is not seen as an instrument for management.

There is, however, reason to believe that the existence of the EWC and even more so the World Council has contributed to making SKF an advanced company in terms of industrial relations and personnel management. The company has a good record in industrial relations and has, at least in Sweden, a solid reputation for good labour-management relations. The development of the SKF code of conduct can be seen as a recent confirmation of this tradition.

Discussions and analyses

The EWC does not seem to play any significant role in influencing management's decisions. One obvious reason is the low frequency of meetings. There is only one meeting per year where management takes part, and considering the speed of managerial decision making it is hard to time the EWC meeting to coincide with the right moment for important discussions.

It is also obvious that management does not see the EWC as an instrument for its own decision making. The EWC is a union forum and the role of management is to inform and consult on matters brought up by the unions.

Another and more important reason is that the unions do not particularly try to reach a common standpoint at the EWC meetings in controversial matters. In important structural matters that involve reducing the number of employees, the union sees the EWC as a forum for information. The defence of the interests of the members is primarily exercised at national level. Industrial action would typically be a national issue rather than an EWC issue. The view of the Swedish union representatives is that it would not benefit the long-term interest of the EWC to try to take majority decisions in controversial matters.

The large structural changes in SKF took place in the 1980s before the formation of the EWC. Since then structural changes have been limited. In assessing the importance of the EWC one cannot ignore the fact that the chair of the EWC is also a board member of SKF and the leading union spokesperson at company headquarters. A true evaluation of the EWC should also look at union influence in other forums where the unions are represented.

As a forum for information, the EWC functions very well. The way the chairperson and the select committee carry out their duties seems to constitute a very useful format for meetings. Preparation before meetings and the reporting of meetings seem to function well. Information about EWC activities seems to reach shop steward level in Sweden and Italy. It is primarily blue-collar unions that are active in the EWC. It is not clear from this study to what extent the EWC information reaches out to white-collar employees. The impression is that the rank and file employee is not aware of the existence of the EWC.

One of the main concerns of the present chair of the EWC is the language situation. There is no common language at the meeting and simultaneous interpretation is normally provided in five languages. The chairperson takes the view that too much is lost in the interpretation and that the quality of exchange would improve if all delegates were able to communicate in English.

One critical view has been expressed regarding the representative role of the EWC. The Italian situation where the largest union, FLAI, is not represented in the EWC could constitute a problem.

Conclusions

- The EWC is a well functioning forum for information and union networking.
- The EWC has a limited role for influencing management decisions. Union influence is primarily exercised in other forums. The EWC has not had a role in structural change.
- The EWC builds on some 20 years' experience of the SKF World Council.
- The EWC has a role in building an SKF industrial relations climate of cooperation and participation.
- The impression is that unions from countries with less developed union traditions primarily benefit from the work of the EWC.
- The SKF EWC is a union forum. The management does not use the EWC as part of its own system.

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