



EWC case studies

The Italian Food Group

Company profile

The EWC

The EWC process

Impact and outcomes

Future developments

Conclusion

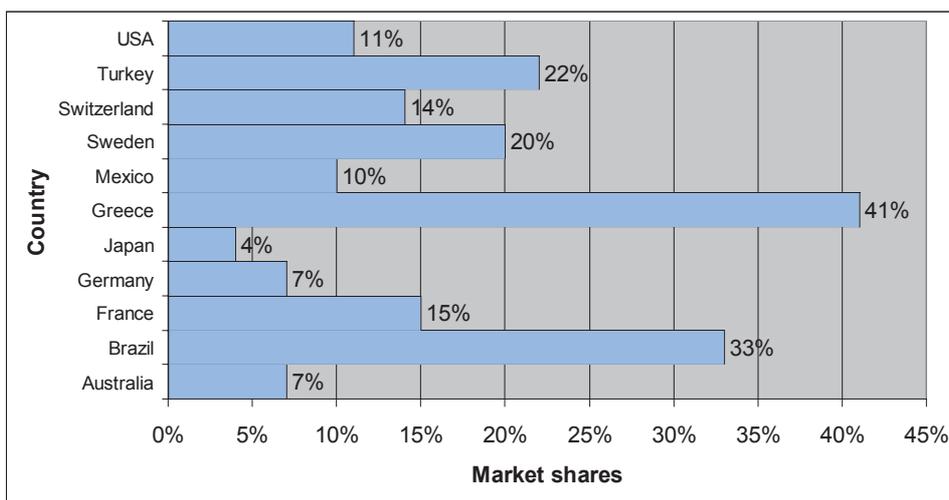
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Company profile

This company leads the food industry, at both Italian and global level. In 2001, with operations in Europe, Asia and America, the company produced 1,265,000 tonnes of food products. The company attitude maintained in an international context has always been that of a branded industry that has made quality its own added value. In keeping with this principle, there was substantial and continuing investment equal to 70 billion lire in 2000, channelled into product and process research and development.

In these markets, the group recorded a further 9% growth in sales in 2000 and the vast range of products has gone beyond the Italian border and has a substantial portion of world markets (Figure 1). In 2001 there was a rise in sales on the foreign market by about 10%, confirming and actually bettering the previous year's figures. Particular attention has been paid to the group's energetic expansion into the US market where market share grew from 11% to 13%. The activities of the group have brought the turnover to a considerable figure of EUR 2,200 million, with an increase of approximately 5% compared with 2000.

Figure 1: *Market share abroad, 2000*



Source: *Balance 2000*.

The management headquarters of the group's organisational structure is located in the north of Italy. The group is made up of a network of 15 companies spread out across most of the world, in four continents: America, Asia, Australia and Europe (Figure 1). Production currently takes place in 27 facilities and production plants, 20 of which are located in Italy.

The group numbered 7,033 staff on 31 December 2001, of whom 5,406 are based in Italy (Table 1), revealing a company structure still deeply rooted in the Italian territory and only partially oriented to assuming a global configuration. Considering the employment values in percentage terms, the preponderance of the Italian workforce in the group is even more apparent: 76.8% of the group's workforce is concentrated in the parent company in Italy. Between 2000 and 2001 the group's employment level underwent a slight drop from 7,340 in 2000 to 7,033 in 2001. From Table 1, it can be seen that the world employment level in 2001 went down by about 300 people, while the European and Italian level went up significantly. Hence, it can be argued that the company strategies still tend to be concentrated on the Italian territory or at most on Europe.

Table 1: *Workers of the group in Europe in 1999–2001*

Country	Total 1999	Total 2000	Total 2001
France	59	69	67
Germany	43	353	364
Greece	144	178	187
Sweden		655	654
Norway		66	64
Denmark		18	18
Netherlands			6
Benelux, Iberia, Switzerland, Austria, United Kingdom	17	18	19
Total Italy	5,521	5,267	5,406
Total Europe	5,784	6,624	6,755
Total world	8,491	7,340	7,033

Source: *Balance sheet 2000 and 2001.*

In organisational terms, there is a horizontal structure inside which two operative business structures branch out. Each branch covers a specific product. In 2000 the group sold off the logistics and distribution branch to a controlled company so as to offer a link between producer and seller in the world of groceries (over 80,000 points served). In 2001 the group confirmed its pre-eminence in Italy, by increasing the market share for each of its specific products. The management of the two new business units is entrusted to separate managing directors.

The EWC

The EWC was set up following a joint initiative of the union organisations and central management. The works committees began in 1995, when the group really started the process of internationalisation, to put forward the request to set up an EWC. The fact that the EWC was subsequently only set up in the year 2000 was due to the inexperience of the works committee in the processes of Europeanisation of industrial relations, and to an initial lack of belief in the idea by central management during the first phase of internationalisation. Later, management acknowledged that, following acquisitions in EU countries, it had to comply with the European Directive on the EWC. In this initial phase, most of the Flai-Cgil members of the works committees took part in training courses on the EWC organised by Flai-Cgil.

In the negotiations for the establishment of the EWC, the representatives of the European federation for the food industry were involved on behalf of the workers and the national union organisations of the countries affected by the group's activities.

On 18 December 2000, the agreement for the establishment of the EWC was underwritten at the head office of the parent company. It was thus an agreement based on Article 6 of the European Directive. The agreement is extended to all the companies of the group directly controlled and operating in the territory of the EU, lasting four years, unless the parties withdraw from the agreement at least three months before the end of the contract. In the event of new acquisitions, the agreement can be extended to the respective companies of the group operating in the other countries of the EU.

Structure

The EWC is characterised by the presence of a dual representation (Table 2):

- Central management, represented by a chairman appointed by the management of the group and assisted by the company leaders chosen by him/her.
- 20 workers' representatives including the delegates designated by the union organisations. Of the 20 representatives, at least 14 must be employees of the companies in the group. The names of the workers' representatives and the union delegates are communicated by the union organisations to the parent company's management head office.

Table 2: *Workers' representatives in the EWC according to the founding agreement*

Management representation	Workers' representation
Chairman assisted by the company managers he/she has chosen	14 representatives of the workers employed by the group: 6 Italy 1 France 2 Germany 1 Greece 2 Sweden 1 Denmark 1 Norway 6 delegates designated by the union organisations: 3 Italy 1 Germany 1 Greece 1 Sweden
Experts employed by the group and outside experts mutually chosen by the parties	

From the point of view of the composition of the EWC, the agro-food group should be classified as an example of the French model. The chairman of the EWC comes from a management background; the management participants from the different countries where the group is present are also formally members of the EWC.

The other particular feature relates to the presence of representatives of union organisations in the EWC. It is interesting to note that in the case of the food group not only the Italian unions and the European Federation are represented, as is quite common in the other EWCs of the Italian groups in the food industry sector. But it has also been decided that apart from the European Federation all the union organisations of the leading countries, and in particular Italy, Germany, Sweden and Greece, have the right to take part in the EWC as full members.

This means that the union organisations represent 30% of the overall worker representation. The right to take part in the EWC as full members certainly represents, from the standpoint of the union organisations, the most advanced aspect of the founding agreement. This composition of the workers' delegation is typical of the Italian model of representation, which can be largely considered as a single-channel model which guarantees an important role, even at company level, to bodies external to the company unions.

On the workers' side, the Italian delegation is, with its 9 members, the strongest. This domination is due to the fact that even at the employment level the group is still very much rooted in Italy. While 80% of the whole workforce at European level was concentrated in Italy until 2002, the Italian workers' delegation inside the EWC was only 45% of the workers'

representation. The Italian delegates, both the union ones and the company ones, are spread across the three trade unions, which are the Flai-Cgil, the Fai-Cisl and the Uila-Uil.

The agreement lays down the chance to resort to experts if this should appear necessary for the fulfilment of EWC tasks. Any assistance on the part of outside experts can only be provided with the mutual agreement of the parties.

The coordination committee

Inside the European Works Council, a coordination committee was set up whose tasks consist of organising the meetings of the EWC and in particular defining the schedules and the agenda of the meetings. The coordination committee is made up of four members: a management representative, possibly assisted by a management delegation, and three representatives of the trade union organisations (one Italian EFFAT coordinator [European Food Workers' Federation], one German and one Swedish representative). The Swedish and German representatives are workers' representatives at company level. In the German case, this means that the representative is part of the works council (Betriebsrat) which is formally a body that is independent of the union. The task of coordinator of the European Federation is delegated to an Italian union rep. In fact, this role is covered by the provincial secretary of the Flai-Cgil [Italian food workers' trade union affiliated to the CGIL]. It should be stressed that the policy declared by the Flai-Cgil is that of choosing its coordinator from among the provincial union representatives, who in general have a more direct and closer contact with the company level representation bodies.

The meetings

The founding agreement provides for an ordinary annual meeting of the EWC at the Industrialists' Union in the province where the group is headquartered. Only under exceptional circumstance is it possible to organise the yearly meeting in other countries where the group is present.

The yearly meetings are prepared jointly by central management and the coordination committee. According to the agreement, the documents drafted by the company should be translated into the main language and transmitted to the EWC members at least 15 days before the meeting. The meeting lasts one day and is preceded by a preparatory meeting lasting one day. Under exceptional circumstance there is the chance to have a further period of assessment on the following day. The chance to have an assessment period represents another aspect that goes beyond the minimum requirements laid down by the European Directive. The costs of the yearly meetings, which also include a simultaneous translation service, are charged to the company.

In the face of developments that affect the workers in a significant way and that have an effect of a transnational nature, there is the opportunity to summon an extraordinary meeting, provided written notice is given to central management 30 days in advance.

The workers' representatives

While the Italian delegates have been appointed by their respective trades unions, the Swedish delegates have been elected by the company body of the union. The Swedish delegates' motivation to participate in the proceedings of the EWC can be found in their interest in fostering international cooperation and more advanced industrial relations. The Italian representatives have the same motivation, also linked to an interest in personal growth through representing third party interests. Through their activity in the EWC, the Italian management representatives would also like to foster the industrial relations systems adopted in Italy at the European level. According to the management representatives, 17 men and two women take part in the EWC.

The EWC process

Resources

As regards the resources available to the EWC, it seems that there are some problems in that the Italian and the Swedish delegates say they do not have the necessary office equipment. The EWC does not have specific funds. The Italian company delegates and the Swedish delegates say they do not have access to electronic communication. Only the Italian union rep has access to email through the union he works for.

External experts have never taken part in the yearly meetings of the EWC. The explanation probably lies in the fact that, in the case of the agro-food group, the union reps are full members of the EWC and so there is no need to invite the union to the activities of the EWC in the role of expert, as happens in other EWCs. The participation of the union reps is nevertheless considered to be a strong point for the EWC in that they generally have greater visibility, more experience as well as the required competence in evaluating the quality of the information provided by the management. So they represent an important support to the company delegates.

The only definitely positive aspect of resource provision concerns training initiatives (see below). On the whole, the resource situation for company workers' representatives seems rather critical.

Training

In 2001, some delegates of the food group's EWC took part in a comparative research project on the experiences of the various EWCs in the agro-food sector in Germany and Italy. The project aimed to analyse the relationship between the EWCs and the union organisations at various levels in the two countries studied. At the end of the project, a seminar was organised which saw the participation of the Italian and German delegates of the food group, and that helped to understand better the different nature of the relations between the EWC and the union organisations in the two countries. Following a further analysis of the case of the agro-food group, the German delegates put forward the proposal to arrange, at a later date, a seminar exclusively dedicated to their group's EWC experience.

The proposal obtained the agreement of the Italian delegates as well as that of central management. So in 2002 the first training course for all the EWC representatives was held. As was the case for the first seminar, the 2002 seminar was also funded by the European Commission. Central management, responsible for overall project management, gave the contract to a research institute to deal with the scientific and didactic aspects of the project's management. The project had various aims: to analyse knowledge of the various industrial relations models, to identify the problems in the working of the EWC and to develop possible solutions. The project, divided into an analysis phase and a presentation phase of the results, saw the involvement of all the members of the EWC, both the management representatives and those of the workers.

The main problems that were highlighted during the final seminar concerned the dominance of the Italian membership inside the EWC, the problems in the running of the EWC, and in particular the malfunctioning of the coordination committee, and lastly the unsatisfactory information and consultation policy implemented by the central management. As regards the running problems, the participants tried to identify some possible solutions for the future.

According to the participants in the seminar, the project was useful in that it succeeded in contributing to a greater awareness of the problem existing inside the EWC, both in practical terms and in dynamic terms between the various actors. In order to reach these results, it seems that the role of external moderator performed by the research institute has indeed been important.

After the positive experience with the projects in 2001 and 2002, the delegates proposed another project/seminar for 2004 on the issues of the group's internationalisation, the need for the entitlement to information and consultation, and the impact of acquisitions on the make-up of the EWC.

The role of the coordination committee

Although the coordination committee is responsible for the organisation of EWC meetings, and particularly the definition of the meeting agenda, both the Swedish and Italian delegates insist that it is the management that lays down the agenda. According to the Swedish workers' delegate, they do not even have the chance to add points to it. In fact the coordination committee had not been summoned and as a consequence did not have the chance to draft the agenda. Furthermore, there is a problem of communication between the members of the coordination committee due to the absence of a common language. This means that the coordination committee has not yet been able to perform its function as it is laid down in the founding agreement.

The yearly meetings of the EWC

The workers' delegates preparatory meetings are deemed useful in order to exchange experiences in their respective national contexts and to better understand the industrial relations culture of other countries. But these preparatory meetings are too short and do not allow for a deep exchange. According to the Swedish delegate these meetings do not allow one to prepare meetings with management in an efficient way. Apart from being too short the meetings of the workers' representatives are, according to the Swedish delegate, not very well structured.

Nonetheless, the exchange of information among the delegates also serves to verify the accuracy of the information provided by central management. While the preparatory meetings of the workers' delegates precede the meetings with the management, the subsequent evaluation meetings have not yet taken place. The EWC meets once a year. Until now, the meetings have always taken place at the company's headquarters. A rotation principle for yearly meetings is not allowed for.

The managing directors take part in the yearly meetings with managerial level – representatives of the human resources function and industrial relations – as well as the operations representatives. Included in the managerial level are management of the various European and international countries.

The workers' representatives criticise the fact that during the yearly meeting, the time available to discuss the central management presentation is inadequate. Inside the EWC, no workgroups have been set up on specific issues. In general, the development of a European-level approach to employment or to human resource policies is not an aspect of the EWC's activities.

The workers' delegates in the EWC consider one meeting a year to be too few to be able to develop incisive representation at European level. Not having any impact either at European level or at industrial relations level, it seems as though until now the EWC is an end unto itself. There have been no extraordinary EWC meetings so far.

Content of the information and its assessment

As regards the timing and the adequacy of the information received from the management, the opinion of the workers' representatives is somewhat critical. The documentation is only received during the EWC meeting whereas it should be sent beforehand. Furthermore, the quality is criticised because it is believed that the information is too generic and not exhaustive enough. Also the workers' representatives criticise the fact that central management communicates its strategic decisions only after they have been taken. As a consequence, there are never any consultations at the EWC. As an example, reference is made to the acquisition of an important German group that operates in the food industry sector. The EWC was never summoned for talks on this acquisition. The delegates learned about it from the newspapers.

According to the Italian outsider delegate, the EWC produces added value even from the standpoint of the Italian union. The information obtained during the yearly meetings of the EWC helped the union and the works committee to better understand the central management's investment strategy and, as a consequence, to elaborate a more appropriate union strategy. Thus, EWC function should be developed even more in the future.

Unlike the workers' representatives, the management representatives evaluate the EWC positively.

For the management, the EWC's added value consists of:

- guaranteeing the sharing of company decisions in order to facilitate their implementation;
- supporting the internationalisation of the company in that this is a time of aggregation of different cultures and mentalities;
- helping to understand the supranational dimension.

According to the management, there are also some risks linked to the EWC. For example, the risk that the EWC will become a superstructure weighing down the group with bureaucracy and rituals. It is also imaginable that the EWC might slow down the decision-making and change processes. Furthermore, the failure to understand company strategies could pose an obstacle to development.

Again according to the management, in the future the EWC should contribute more to harmonising labour policies and human resource policies. In order to be able to achieve this objective, it would be worthwhile planning some joint training courses.

Other dimensions of interaction

Interactions inside the EWC

The delegates interviewed noted that there were major differences between the different industrial relations cultures and they felt the need to deepen their knowledge of the various industrial relations traditions present in the EWC. The Italian delegates consider their approach to industrial relations to be based more on claims, while they acknowledge the fact that in countries like Sweden and Germany, the respective co-determination models are very important in relations between the management and the workers' representatives. In order to improve the internal cohesion, it is believed to be necessary to increase the knowledge of industrial relations models in the various countries. This knowledge is not only believed to be necessary to better understand the representation activities in the other countries, but also to be able to achieve a representation structure at European level that takes into account the various national traditions. From this point of view, the preparatory meetings help the EWC delegates to get to know the industrial relations culture better.

There is nevertheless the problem that the Italian industrial relations model has a strong influence on the EWC activities. This is not just due to the Italian workers' representatives but also to those of the management. The German and the Swedish delegates are the ones who most of all criticise this cultural predominance. It is stressed that there are diverging points of view inside the EWC as regards the definition of co-determination and the strategies required to implement it. These divergences are also discussed without reaching a shared standpoint.

In order to make communication inside the EWC more effective, above all between the yearly meetings, the delegates believe that it is necessary to organise language courses. If between the yearly meetings the contacts between the workers' representatives is almost non-existent, this is due, amongst other things, to the problem of an inadequate knowledge of languages.

The interactions between the EWC and bodies representing company-level interests

The Italian outsider delegate says he knows both the Italian EWC delegates who work in the main headquarters of the group, and also the Italian management representatives who deal with human resources and who in this capacity also take part in the yearly meetings of the EWC.

The Italian outsider delegate reports that, ever since the EWC has existed, he has only once been informed of the results of an EWC meeting. This means that, at least in Italy, the communication flows between the EWC and the representation bodies at company level are not yet well developed. The EWC is not discussed even during the group coordination meetings, which should be the right moment to inform all the works committees. It can be said that information to the works committees takes place randomly. The Italian outsider delegate is informed informally through a member of the EWC whom he knows personally. He has never been asked for any input during the preparation phase of the yearly meetings of the EWC. Generally speaking, the delegate would like there to be a more effective strategy of information and involvement on the part of the EWC.

The EWC delegates confirm that no minutes were drafted and that the national level representation bodies have not been informed in a systematic way. The information on the EWC does not reach the workers at all, either through the assemblies, or through displaying the minutes on notice boards. As a consequence, most of the workers are unaware of the existence of the EWC.

Impact and outcomes

The EWC was not informed about the acquisition of one of the largest German food companies, which took place in 2002 and led to the group's significant growth. Employment rose from about 7,000 to about 22,000 workers.

According to the Italian outsider delegates the internationalisation strategies, which are also the subject of the EWC meetings, are partly used by central management to get the delegates from the various countries to compete amongst themselves. He believes they put pressure on the Italian delegates in particular, as Italy is a very important country from the point of view of employment levels.

The EWC has had no role in corporate decision making nor has it had any impact on corporate governance.

The workers' representatives consider the results so far achieved to be disappointing and do not see any real added value in the EWC. In their opinion, the EWC has improved neither the quantity nor the quality of the information. In general the EWC has not yet managed to develop an identity of its own. In the absence of real competences at European level, according to some delegates, the real added value of the EWC so far lies in the chance to have an exchange of experience between the delegates from the different countries. In the future, the Italian outsider delegate hopes that the EWC may also have a negotiating function as in his opinion the right to bargaining would be indispensable in the context of central management's bid to get the factories to compete with one another.

Unlike the workers' representatives, the management representatives view the work of the EWC positively. In their opinion, the EWC has been successful or at least partially so. In any case, the fact remains that until now the advantages of the EWC only exist at the theoretical level. The EWC is still being inadequately utilised.

Conclusions

The agro-food group is still strongly rooted in the Italian tradition. As a consequence, the group's EWC experience is still very much influenced by the industrial relations of the Italian parent company. The predominance of Italian culture is due to the important role of the Italian delegates in the EWC. If, then, the EWC is still far from being considered a

truly European representation body, this is also due to the approach of central management that has tried to limit the information to an absolute minimum, thus missing the chance to have real consultations. The management's approach to the EWC is the typical one of a management that has allowed the setting up of a European representation only because it felt obliged to do so by the European Directive. This minimalist interpretation by management has not yet led to any relevant problems for the workers' representatives in that this is a growing group that so far has not had to handle any downsizing processes in terms of employment levels.

On the part of central management, there are privileged relations with the Italian workers' representatives. The workers' representatives from the other countries feel marginalised when faced with the predominance of Italian industrial relations. The result is a lack of internal cohesion that is expressed through tensions above all between the Italian delegation and those of other countries. This is a problem that is typical of the initial phase of an EWC, set up in a group strongly rooted in the country where it grew up historically. Furthermore, the processes of internationalisation are very recent and limited. All these factors have led to an experience that until now has seen the EWC as an extension of Italian industrial relations.

The Italian outsider delegate would expect some better information on the works committees from the members of the EWC seeing that the information that the EWC obtains could be useful also during the processes of bargaining in the national context. In general, he thinks that the potential usefulness of the EWC is still rather underestimated.

In the opinion of the workers' representatives, the full potential of the EWC has yet to be realised. The Italian outsider delegate criticises the fact that the EWC has never managed to be incisive in regard to the strategic decisions of the group. The lack of real influence on the part of the EWC obviously represents a problem in defining the EWC's role. Seeing that the representation structures in the various national contexts are no longer capable of effectively dealing with the processes of internationalisation, the workers' delegates hope that in future the EWC will be able to develop a role of representation at European level.

Until today, the EWC has been dominated by the Italian industrial relations experience and, therefore, has not managed to become a really European structure. But it should nonetheless be underlined that the training courses that the EWC delegates attended have contributed to developing an awareness of the problems between the EWC members, and between the management representatives and those of the workers. The training courses have also contributed to overcoming some misunderstandings and indicating possible solutions for overcoming certain problems.

Future developments

As has been described, the EWC has not, according to the delegates, managed yet to take off. The EWC is today faced with a series of challenges.

It should be a priority objective for the EWC to deal with the re-nationalisation of industrial relations, trying to develop a true European identity for the European representation structure. The domination of Italian culture has created tensions inside the EWC and the coordination committee that require an urgent solution to guarantee the operation of this representation structure at European level. In order to improve the internal cohesion it also seems worthwhile focusing on training courses that might contribute to overcoming the mutual misunderstandings.

Another critical aspect to be dealt with in the future concerns the management's policy of information and consultation, which in the past has been the subject of harsh criticism from the workers' representatives, and in particular the foreign representatives. For the EWC, it seems to be rather important to be able to establish its own competences and thus better define its role. The first step should be that of achieving a procedure based on the actual EWC consultations. In order to

be able to develop a European level role of representation it is essential, according to the workers' representatives, for the EWC to meet more than once a year.

The efficacy of the EWC also depends on the practical aspects. Also at this level there are some large gaps that still need to be filled in. Central management should first of all respect the contents of the founding agreement and guarantee that the coordination committee can perform its function properly. The question of resources to be made available to the EWC should also be dealt with, as well as that of language courses in order to facilitate communication between the yearly meetings.

For the EWC to be useful, it would be necessary to guarantee a better integration between the European body and the representation body at national level.

Conclusion

The EWC of the agro-food group was set up in 2000 and is thus still relatively young. Part of the problem of this EWC is certainly lack of experience. Furthermore, there are problems that are linked to the structural characteristics of the group itself. Indeed, this group is still strongly anchored to the Italian tradition. So also inside the EWC, Italian industrial relations are dominant and prevent the development of a representation structure that is truly European. Inside the EWC Italian culture clashes with the other profoundly different industrial relations cultures. As a result, the search for a shared strategy has become much more difficult. Furthermore, the management approach until now has not proved to be very respectful of the rights of the EWC. As a result of these problems and obstacles, the EWC must today aim at an improvement in its technical and operative functioning, as well as achieving a real role in providing information and consultations from the political standpoint. In order to achieve these objectives, it is nevertheless necessary to improve internal cohesion through processes of intercultural learning.

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