

The Operations and Functioning of European Works Councils: The Case of Sandvik Specialty Steel

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Company profile

The Sandvik Group

In its 2001 Annual Report Sandvik describes itself as a ‘...high technology engineering group with operations in 130 countries, 35,000 employees and annual sales of approximately SEK 50 billion’. The Group occupies a leading position in its three main business areas: Sandvik Tooling, Sandvik Mining and Construction and Sandvik Specialty Steels. Since 1974 the Sandvik Group has also included the independently listed Seco Tools Group. The main products of the business areas are as follows:

- Sandvik Tooling: cemented carbide and high-speed steel tools for metalworking
- Sandvik Mining and Construction: machinery, equipment and tools and services for rock excavation
- Sandvik Specialty Steels (Sandvik Materials Technology wef 1st January 2003): manufacturing of products in stainless steel, special alloys and resistance materials for high performance application as well as process systems.

Sandvik’s customers include the automotive and aerospace industries, medical technologies and pharmaceuticals industries as well as areas such as mining, construction, chemicals, oil and gas, power, pulp and paper, electronics and household appliances. Two thirds of products are industrial consumption goods and one-third are investment goods. Sandvik’s shares have been listed on the Stockholm Stock exchange since 1901. The largest shareholders, as a percentage of voting rights on 28 December 2001, were Chase Manhattan Bank (8.1), AB Industrivärden (8.0), Robur Investment Funds (4.9), Alecta Pension Insurance company (formerly SPP) (3.6), Svenska Handelsbanken’s Pension Foundation (3.3) and Svenska Handelsbanken’s Investment Funds (2.5). More than 95% of sales and almost two thirds of production is derived from activities outside the Group’s home country, Sweden.

The Group’s business idea is to ‘...develop, manufacture and market highly processed products, which contribute to improve the productivity and profitability of our customers. Operations are primarily concentrated on areas where Sandvik is – or has the potential to become – a world leader.’ The stated objectives of the group are ‘...high and are based on the Group’s world-leading positions in its product areas, on a widespread geographical presence, strong R&D programmes and efficient production and logistics’. In terms of figures, the objective is organic growth of 6% per year on average over the business cycle. The Group is seen as highly profitable and having a strong cash flow that not only facilitates such organic growth but also enables additional expansion through acquisitions. The strategy laid down by the group to meet its objectives is based on a ‘unique business philosophy’ that involves the interaction of many different ‘strength factors’, which, together, are seen as comprising a virtual cycle of success. These factors are identified as:

- A strong global culture
- Financial Strength
- Profitable growth
- Environment and ethics
- A Broad network of marketing and distribution channels
- Direct sales to end-customer to ensure maximum customer value
- Broad and advanced R&D
- Extensive added-value
- Production supported by IT

Details of the business areas are set out in table 1.

Table 1: The Divisional Structure of Sandvik AB

| <i>Business area</i> | <i>Sales 2001 (mSEK)</i> | <i>Earnings 2001 (mSEK)</i> | <i>Earnings (%age of invoicing)</i> | <i>Employment</i> |
|------------------------------------|----------------------------------|-------------------------------------|---|-------------------|
| Sandvik Tooling | 16 561 | 2 964 | 18 | 12 881 |
| Sandvik Mining and Construction | 13 501 | 1 348 | 10 | 8 073 |
| Sandvik Specialty Steels | 14 528 | 1 281 | 9 | 8 564 |
| Seco Tools | 4 259 | 787 | 18 | 3 904 |
| Group activities | 51 | -277 | / | 1 426 |

The business was founded in Sandviken, Sweden, in 1862. The plant became the first in the world to succeed in producing steel on an industrial scale using the Bessemer method. Over the years, the company has developed from a provincial Swedish steelworks into an international high-technology engineering enterprise with a focus on niche products and high added value. Recent years have seen concerted efforts by the Group to develop its own marketing channels and product development hand-in-hand with the customer. A number of major acquisitions have taken place in recent years as follows:

- CTT Tools (1.7mSEK) - 1992
- Tamrock (6.5mSEK) - 1997
- Kanthal (1.7mSEK) - 1997
- Precision Twist Drill (1mSEK) - 1997
- Part of Svedala Industri (1.4mSEK) - 2001
- Walter (2.7mSEK) - 2002
- Valenite (2mSEK) - 2002.

Sandvik Specialty Steels

Rather unusually, the Sandvik Group has separate European Works Councils (EWCs) for each of its main business areas. Initially, in November 1995, a single EWC was proposed for the Group, the agreement being reached a year later. A decision was subsequently made to establish separate EWCs in May 2000. This case specifically concerns the European Works Council at Sandvik Specialty Steel, a business area within the Group. The specific products of the business area include seamless tubes, strips, wires, bars, heating elements and systems, steel belts, process plants and sorting systems. The area has a global presence with a focus on 'product niches and customers with high demands on productivity, reliability and performance'.

The specific objectives of the business area are:

- Average annual organic sales growth of 4-5%
- Higher profitability, an operating margin of 12-15% at year-end 2003
- Return on capital employed of 15-20% at year-end 2003.

The programme of change introduced to meet such objectives is stated in the 2001 Group Annual report as being consolidation of production resources, rationalisation of its market and logistics organisation and development of its product portfolio to a higher proportion of products in high growth and more consumer oriented segments. The headquarters of the business area, as is the case with the Sandvik Group, are located in Sandviken, some 170 kilometres northwest of Stockholm, Sweden.

The business area is subdivided further into three business sectors: Sandvik Steel (6,275 employees in 2001): Kanthal (1,526 employees): and Sandvik Process Systems (763 employees). Details of Sandvik Specialty Steel personnel employed broken down by European country are set out in table 2. Data on employment by business sector was, however, not available at the time of the study.

Table 2: Personnel employed in Europe by country (all divisions, Sandvik Specialty Steel), 2002 (source: e-mail from Vice President, HR, Sandvik Specialty Steel, 23.1.03)

| Country | White-collar employment | Blue-collar employment | Total |
|---|-------------------------|------------------------|-------|
| Sweden | 1071 | 3070 | 4141 |
| UK | 123 | 123 | 246 |
| France | 79 | 70 | 149 |
| Spain | 49 | 79 | 128 |
| Italy | 80 | 85 | 165 |
| Germany | 192 | 200 | 392 |
| Austria/Switzerland | 20 | 19 | 39 |
| Finland | 20 | 10 | 30 |
| Denmark | 14 | 9 | 23 |
| Benelux | 21 | 3 | 24 |
| Czech Republic (non EU – observer status) | 86 | 348 | 434 |
| Total | 1755 | 4016 | 5771 |

Method

As stated, the Sandvik Specialty Steel EWC is but one of three EWCs in the Sandvik Group. Sandvik Specialty Steel was selected for the case study because it was seen by respondents from the Sandvik Group headquarters during access negotiations as having the strongest presence in the UK. This was significant as the UK was designated as the subsidiary country for study according to the research design of the project. Contextual data on Sandvik Specialty Steel was obtained from company documents including the 2001 Annual Report and various materials downloaded from the company website. Interviews were conducted as follows:

Sandvik Steel, Sandviken, Sweden:

- Management insider: Vice President (Human Resources), Sandvik Specialty Steel
- Management outsider: Divisional Manager, Strip Division, Sandvik Specialty Steel
- Employee insider: Secretary, Metall Club, Sandvik and EWC Chair
- Employee outsider: Club Committee Member, Metall Club, Sandvik responsible for training matters

Sandvik Coromant, Halesowen, UK:

- Management outsider: Group Personnel Manager, United Kingdom and Personnel Manager for Sandvik Coromant, United Kingdom

Kanthal, Perth, UK:

- Employee insider: Former shop steward (15 years) from the TGWU. Now EWC role is only representative capacity.

The employee side interviewee works at Kanthal, a UK subsidiary within the Sandvik Specialty Steel business area. Kanthal, formerly a Swedish company in its own right prior to being acquired by Sandvik, manufactures electric resistance heating material and heating elements that provide the heat in kitchen ranges, hair-dryers, flat-irons, dish- and washing machines, in industry- and laboratory furnaces, copying machines, air-cleaning devices and everything else heated by electricity. It has two manufacturing plants in the UK, one at Stoke and the other at Perth in Scotland. The employee side interviewee came from the latter of these where around 70 shopfloor workers are employed of whom around 90% are in the TGWU. He had been on the EWC for four years.

The management side representative, is the Group Personnel Manager but actually works for a subsidiary outside the division (in the Tooling area). The stated posture of the Group towards trade unions, according to him, is one of recognition with union density varying between companies. Although the company thought in terms of single status, the formal divisions between blue and white-collar staffs still existed. Around 80% of blue collar employees were organised (mainly in Amicus or the TGWU) and around 15% of white-collar employees were union members. In total the Group employed 1500 staff in the UK.

The EWC

The current EWC agreement at Sandvik Specialty Steel was signed on 12 May 2000. As stated in the previous section, however, this arrangement was preceded by a single EWC for the Sandvik Group - the agreement for the earlier EWC was drafted on 30 November 1995 and eventually signed a year later suggesting an Article 13 agreement. The signatories to the first agreement were Sandvik Group management and all the then members of the employee side. The new agreements signed in 2000 (including Sandvik Specialty Steel) were signed by the respective business area managements and employee side members.

According to the 2000 agreement, employee representatives are appointed for a period of office of four years. They attend on a proportional basis, country-by country, on the following basis:

| Number of employees per country | Number of delegates |
|---------------------------------|---------------------|
| 100-499 | 1 |
| 500-1499 | 2 |
| 1500-2999 | 3 |
| 3000-3999 | 4 |
| 4000-4999 | 5 |
| 5000 and above | 6 |

- these figures are calculated and adjusted at the end of each year preceding the respective EWC meeting. A maximum of 36 delegates is allowed for.

Accordingly, the current composition of the Sandvik Specialty Steel employee side is as follows:

Sweden: 5 members
Germany: 1 member
Italy: 1 member
Spain: 1 member
UK: 1 member
Czech Republic: 1 member (observer status).

None of these were female at the time of the study. Data on the gender division of labour within the company was unavailable at the time of the study, but the employee side respondents put the figure at 85% male and 15% female for the various activities in Sandviken. They also stated that there were no female activists in the local Metall club. The earlier (group wide) EWC had 18 employee side representatives from various countries: Sweden, Finland, France, Germany, Italy, the Netherlands, Portugal, Spain and the UK. Both the current agreement and its predecessor stipulate that representatives are appointed or elected in accordance with the customary practice in each country.

The chairman (sic) is the Secretary, Metall Club, Sandvik (one of the respondents in this case study). Administratively, the EWC is run by the Metall club at Sandviken using its existing facilities. Nothing is dedicated to the EWC: the club does not have a separate EWC budget. The agreement states the Lingua Franca of the EWC as being English. The company pays for translation, travel, accommodation and time off - the employee side had had no problems with gaining access. Local translators are used and these are paid for by the subsidiaries: company support for translation is specified in the EWC agreement. Most communication within the employee side is undertaken by means of the company intranet. The company language is English - the role and problems of language were described by the EWC Chair thus:

...it's important to have some basic English – this is a problem for the Spanish guys – it's always easier with people who have English as a second language. In Tooling there has been training in English, but we haven't done this – yet. Most of the others speak English OK.

Every four years the employee side elects an Executive Committee consisting of three of its members. The role of this committee is as follows:

- to propose agenda items to management for the full EWC meetings
- to organise SEWC meetings and maintain contact with the delegates
- to act as a negotiating counterpart vis a vis Sandvik on procedural matters appertaining to the EWC
- to invite experts to attend EWC meetings as guests when there is a need for external expertise in specific areas.

In special circumstances the Executive Committee also has the right to call special meetings with Sandvik management on matters affecting two or more countries falling within the scope of the agreement (see reference to clause 10 below). EWC delegates representing those employees affected in such circumstances have the right to attend such meetings.

The agreement sets out the ‘basic rules for information and consultation between the Sandvik European Works Council (SEWC) and Sandvik’s parent organisations’. Clause 10 of the agreement specifies the scope of the EWC as being:

At the joint annual meeting, Sandvik shall give a detailed review of the past year's operations and provide information about budgets and plans for the coming year, giving special attention to planned or expected organisational or operational changes that directly have affect in two or more of the countries within the EU.

The agenda shall include structural issues, the economic and financial situation and expected developments during the coming year regarding production, sales, employment, investments and significant changes affecting organisation, work methods, production processes, relocations of production, mergers, downsizing or closure of companies or work locations or substantial parts thereof, and collective dismissals.

Influences

Sectoral and market factors

The reason for splitting the EWC into three separate bodies in 2000 was a perception on both sides that each of the business divisions dealt with different issues. The employee side chair described events as follows:

...the company also wanted it: the work of each of the business areas is very different – different cultures, different production – and different profitability. The company view was ‘now we can really talk steel matters, now we can talk tooling matters...now people will understand what we are talking about. We can’t spend three hours talking about something when only 2 or 3 people know what we’re talking about’.

Nevertheless, the employee side still retains a channel for communication at the group level in the form of Executive Committees comprising three people in each EWC. These meet together once a year with group management, usually the group MD. There is also one trade union side meeting of Executive Committee members from the EWCs if so desired by the employee side, but such a provision had not been taken up at the time of the study. However, both sides accepted that the new arrangement was an experiment and that the possibility remained to revert to a group level EWC if the new arrangements didn’t work out.

Timing

The first EWC meeting was convened in December 1995 with 23 participants from 10 countries. It took a further year, however, before a common proposal on a EWC agreement was approved and a Section 13 Agreement with the company was signed suggesting voluntariness from both sides. Some years prior to this, however, the Sandvik unions in Sweden had actively responded to pressure from Metall HQ in Stockholm to develop structures with overseas counterparts at group level.

The history of the EWC at Sandvik can be traced back to 1990 when inter-union discussions commenced between Metall and SIF (the white collar union) in Sandviken on the issue of co-operation between European unions within the Group. In summer 1992 the union organisations at Sandviken arranged exchange of experience visits to their counterparts in Germany and the UK. This resulted in a formal meeting of shop stewards and union officials in Brussels the following October. This was financed by the European Metalworkers Federation (EMF) and was attended by 27 delegates from 8 countries. This meeting sought set up a formal trade union side structure as well as pursuing a voluntary agreement with Sandvik. A similar meeting was held under the aegis of the EMF in December 1993 and discussions commenced with group level management in 1994. The early days were recalled by one of the employee side representatives as follows:

We started with a meeting of the EMF in Brussels in 1992. The company didn't pay – they weren't at all interested, not at all. But they knew there would be legislation so they thought maybe it would be better to talk with the union guys before that came in. They didn't move a finger until they saw there was going to be legislation.

No data, however, was available on management perception of the setting up of the EWC and in particular management attitudes at the time. The Vice President of Human Relations at Sandviken interviewed as the insider was not employed by the company at that time, and the other managers interviewed have been too distant from the EWC.

Company history

Historically Sandvik has been a traditional industrial company with a strong tradition of trade union representation. Sandvik has been by far the largest employer in the town of Sandviken which typifies what in Swedish is known as a 'brukssamhälle' – this roughly translates as 'factory community' whereby a single employer dominates the local community and employers have had a somewhat patrician relationship with their workforce. More recently the industrial relations climate in the company has become more cordial compared with previous years. The employee side outsider at Sandviken, who has a particular responsibility on training issues, described this as follows:

There is much more co-operation with the company compared with when I started. Good relationships have been built up between club leaders and the senior management. In the last two or three years in particular – because the company is doing much more in terms of reorganisation. All the time. Today's it much more competitive – they have to look at costs all the time. Even the workers on the floor see this. The company looks at everything today, all the products. Working conditions change all the time. Every month almost. It puts great

pressure on us as a union. We have to prioritise. My work is very much based on co-operation. A conflict based approach on these issues gets nowhere.

Accordingly, co-operative industrial relations seem to be on the increase at Sandviken, although not the same can be said about Sandvik's overseas subsidiaries who are generally more influenced by their respective national industrial relations cultures.

National industrial relations cultures

The practices and expectations at Sandviken on information disclosure and consultation are those associated with the Swedish co-determination laws, codified in collective agreements across the Swedish labour market. The management side insider at Sandviken stated:

In Swedish companies we don't look for conflicts or handling people in a bad way. We see employee reps as being integrated – working together. On competence development and so on.

In similar vein, his outsider colleague saw the advantages of effective trade unionism in clear terms:

It's good to have a strong union – you can co-operate well: together you can make a lot of changes in the company if you have a good relationship. And if you don't have any partner on the other side it's difficult to develop things. Especially to develop things together. You can't talk to 500 – it's easier to talk to a group of five.

The Swedish national industrial relations culture of high union density, consensus and mutual trust has thus clearly been an influential factor in the trajectory of the Sandvik Specialty Steel EWC, but such an approach has not always sat comfortably with the industrial relations traditions of many of the subsidiaries which were characterised by lower levels of trust and a more conflict-oriented mindset. In the words of the employee side insider at Sandviken:

Compared with elsewhere in Europe there's more understanding and discussion. It's not so antagonistic. The people here don't take to the streets with their red banners. This is something they don't understand in Spain and so on. It has been more antagonistic in the subsidiaries. They understand more now the Swedish way of solving problems through discussions rather than direct action. They also find it difficult to understand that [union reps] sit on the Board of Directors: they have thought that they were there to discuss salaries with the Board and couldn't see that perhaps they were actually there talking on other matters.

From the perspective of the subsidiary activities in the UK, the differing industrial relations traditions of the delegates was clear enough. In particular, the Swedish delegates were seen to be much closer to management. In the words of the employee side representative in the UK:

The different industrial relations in different countries come through between delegates especially with Sweden. You hear officials are paid by the company and this is a bit worrying initially because in Britain it is very different. Here you have the union officials paid by the members. In Sweden union officials are more company based. In Sweden they have company representation on the board.

He was also of the view that because Kanthal was Swedish, it was more open than equivalent organisations that were UK based.

The differences in industrial relations cultures have sometimes led to different employees interpreting the EWC agreement in different ways, but this has never expressed itself in any conflict on the employee side. Further differences appear to exist, however, on the eventual goal of the EWC. The Spanish and Italians appear to see it as a vehicle for moves to European-wide negotiation, but their Swedish counterparts are lukewarm towards this idea to say the least.

Process

Interaction between employee representatives and group management

Two ordinary EWC meetings are held per year - one being an employee side only meeting, the other being a full meeting involving both employee representatives and Sandvik Specialty Steel management. The agreement states that full meetings are planned jointly. In terms of deciding the agenda, however, in practice this is done by the employee side subject to subsequent approval by management. The employee side said that no problems or disputes had arisen on agenda content. The employee side are responsible for producing the minutes. These are not routinely subject to joint agreement.

As to participation from the management side, full meetings (once a year) are attended by the Vice President for Human Resources for Sandvik Specialty Steels and the President of the business area. The practice is to rotate the EWC geographically by holding meetings if possible, in the words of the management insider in Sandviken, 'close to the business - close to an actual problem or information area'. Other members of the management team may attend depending on the agenda. Technically, according to the agreement, the management side are not members of the EWC: as a collective body it comprises employee side representatives only.

The typical business of routine, full EWC meetings stretches over two days. For example at the December 2002 full EWC meeting in Chomutov in the Czech Republic commenced with an initial half-day consisting of the opening of the meeting by management and practical questions followed by a factory visit and dinner. The next day's business consisted of a formal presentation on the company annual report by a member of the management team, a formal meeting with an agenda, minute taking, election of secretary, minutes from last meeting and then a country report from each delegate. These country reports were dealt with under the headings: present situation, union co-operation, meetings with the company, education, means of communication. The Sandvik Group management representative then gave a report. This consisted of official internal figures and on other occasions might include details of closure or restructuring proposals (decisions?) affecting two or more countries. Following lunch, the staff side then convened for an internal EWC meeting, and in the evening informal networking continued over dinner prior to departure the following morning.

More strategic questions tend not to be taken up – the management insider stating that two of the Swedish EWC employee side already sat on the board at group level and already received such information. Prior to the full EWC meetings the employee side chair meets the Vice President for HR at Sandvik (the management insider interviewed here) for informal discussions about the set up of the meeting. In theory either side has the right to veto agenda

items, but in practice this has not been exercised. The management representative opined that ‘...we have good relations’.

Clause 7 of the agreement specifies that extraordinary meetings may take place at the request of either side on issues ‘that effect two or more EU countries’. Furthermore, EWC delegates representing those affected by such issues may be present at such meetings and the management side are obliged to give the executive committee a written report relating to the circumstances discussed at the meeting. No executive groups convene on specific topics.

The role of extraordinary meetings can be illustrated by reference to the closure of the Birmingham’s Stirling Steels plant in 2000. The executive committee was informed that the figures said the company hadn’t been in profit for many years. Before making any announcement in Britain, the two delegates from Sandviken had a meeting with their counterpart from the UK and Sandviken management about closure. The employee side insider’s version of events was that:

They had put together some sort of ‘investigation of thinking’ of closing down as they said it, but I think that the decision was already made at that meeting of course. They said OK, OK, OK, and set up a group to reconsider. It took three months or something and then came the decision to close – by which time everyone knew they would close it. At the same time we had been talking to our UK colleagues about how it should be handled – should we take some responsibility for defending the workforce from the Swedish side and so on. So we had some discussions here on this and then he went back and worked very hard to save the plant. But the decision was made.

When being asked whether the process could be described as genuine consultation, he replied:

We were informed as it happened. So it was information dressed up as consultation...in the end we were unable to get them to move from their view on profitability. Then we switched to negotiation of the terms of closure. Mainly this centred on redundancy money. Also early retirements and so on. We got a decent deal in the end...

The UK employee side representative gave a similar account of the Stirling closure. In his view:

...the other EWC delegate lost his job. They told the EWC. But because the EWC is a non-negotiating body it makes it very difficult. Because you can receive the information but the EWC as a body its hands are tied. Everything then goes back to the individual country. So when the UK company closed down the arguments were conducted 90% within the management and unions in the UK. They can go back to the EWC and receive information on what is happening abroad, why they would favour another country. The EWC is just an information vehicle.

The Vice President for HR at Sandviken gave a somewhat different account:

It was a tricky question – in which way, in which circumstances would we inform the guys at the site – we had an informal meeting with some of these EWC guys before getting down to dealing with the issue locally. But this was not good because it was not formal enough. So when they got the reaction from the guys working at Stirling Tubes they came back and said this information was not enough ... so we’ve had that kind of problem. So there’s something to

work on so to say. So we had some threats during the closure process and it ended up with me having to go to England by myself for the final negotiations with the representatives – and with different unions coming in – professional unions – it was more interesting anyway and during this discussion they came back, not formally, to the EWC agreement arguing that they should be given the right information on time. It was a question of money, of pension plans of trust of course. Anyway, we handled it.

The management version of events is that the EWC employee side were informed, informally, a month and a half prior to the formal decision to close. Under this version, therefore, the consultation took place prior to the formal decision rather than simultaneously to it. A further issue is the apparent dilemma of whether management should consult the EWC representatives on transnational decisions prior to consulting the staff directly affected by them at the workplace or workplaces concerned. Such difficulties appeared to engender a degree of mistrust in the Stirling example.

Interaction on the employee side of the EWC

No routines exist for reporting EWC business back to either the club or union members (Sandvik Specialty Steel employees), at least in Sweden. The EWC representative interviewed stated that ‘we have discussed this in the club but they don’t seem to want it’. Communication between the executive committee members, however, is frequent. This occurs every day between the two Swedish representatives (chair and secretary) and normally via telephone every fortnight or so with the representative from Germany. As to the other EWC delegates, the chair and secretary make contact via e-mail on an as required basis. No direct communication is made with the workforce.

The outsider employee representative admitted he had no awareness of the EWC constitution and had had no special briefings or training on EWC matters. Moreover, he saw no structure existing for two-way information flows from the EWC delegates to the wider union membership or employees. This, however, did not preclude him from having an input when matters arose in his specialist area – training – but this was neither a strategic nor an international issue. He was of the view that so far as ordinary employees were concerned, ‘they probably don’t know the EWC exists’. On the other hand, he was of the view that much of what the EWC did was confidential and this prevented full report backs from the EWC delegates.

In the subsidiary, the employee side interviewee admitted that his predecessor gave verbal face to face report backs from the EWC. The current practice, on the other hand, was for report backs to be given to Amicus branch meetings. Interest in the EWC, however, was admitted as being low and no routine contact was made with full timers in the union.

Interaction within management

On the whole, the management side saw no real need nor benefit from wide internal diffusion of EWC matters. Those most intimately involved are the Vice President for HR and the President of the Business Area (Specialty Steel). Other managers are co-opted as necessary. The outcomes are not routinely reported to managers outside the EWC process, and no routines exist for feeding EWC deliberations into the formal decision making of the business area. The Vice President for HR denied that management had any specific strategy for the EWC. In his view:

As the long as the union thinks that we only have to conform to the agreement, then we don't use the EWC in a way that we might. Our conclusion is that as long as we are doing what we should then that's it.

The management outsider at Sandvik had been involved twice in EWC business. He recalled:

...once when I was in the Czech Republic and roughly a year ago when I was in this position. In the Czech Republic the local union contacted the central EWC parties and wanted to get involved with it. Must have been 96-97. Then last year when we decided to close part of our production down and move some facilities to Rugby in the UK – Sandvik Saxon – we, I, tested the necessity of involving the EWC. So I talked to Metall in Sandviken and they made all the contacts and I had the green light to proceed. That's as close as I've got. I wouldn't say that I know the agreement at all.

Apart from this, he confessed to not seeing the EWC minutes and not knowing which management side individuals attended the full EWC meetings. Furthermore he confirmed the absence of information channels within management on routine EWC matters. On the other hand, he had no doubt that he would get involved on any specific issue that affected him if necessary.

In the UK, the management side interviewee was aware of the agreement and had a copy. He was also aware of who sat on the management side in the Tooling area, but not in Specialty Steels. He occasionally received briefings on the outcomes of meetings, but this wasn't routine – it would depend on the issue and a judgement on whether the matter discussed was of interest or relevance to him. No structure existed for flows of information or opinions between insiders and outsiders on the management side.

Outcomes and impacts

Employees

The employee side insider at Sandviken was of the view that the EWC had resulted in a great deal of information disclosure, but the main beneficiaries of the EWC were not the Swedish delegates but those in countries that otherwise did not receive such information. This was the clear view of the UK employee side interviewee who also cited the value of seeing the company from a European rather than workplace perspective. Moreover, delegates outside Sweden were afforded the opportunity of direct face-to-face contact with the Vice President for HR. This was not the case prior to the EWC.

From the beginning it was clear that some delegates did not even receive the annual report – copies of these were circulated by the Metall club at Sandviken. These days however:

The company does a good job in putting out figures in quarterly reports and so on. We always read these. But there is still a problem that different information is disclosed in different countries (employee side insider, Sandviken).

As to information of a less routine nature, for example on restructuring proposals, this was received earlier than previously. Disclosure of proposals to say, close a plant one day in advance was not considered at all reasonable. A full and proper discussion of the figures

amongst the employee side was also seen as fruitful as were the individual country reports from delegates.

The employee side do not see the EWC as being a particularly influential channel for employee side views or a vehicle for international level bargaining. On the other hand, views here were punctuated with cautious optimism about the future:

I think it's going to change. I would be on it if I didn't think it's going to have some impact on the future. If there are reasonable people, willing to listen, it'll give us greater influence than we have today. Otherwise it's useless (employee side insider, Sandviken).

Considerable value was placed by both employee insiders and outsiders on the informal networking of the EWC as well as exchanges of experience. In the words of the employee outsider at Sandviken:

Exchanges of experience are very important – they are a key issue - because the company is much tougher today. They talk about what they are going to do in the future much more than they did previously. Closures and restructuring are very important issues that must be discussed across borders. If we don't know what the company is doing it comes as a surprise – and surprises shouldn't exist. We must have information all the time about what's happening – otherwise the [union] organisation would be much weaker. We wouldn't be as strong. We need better contact and co-ordination locally to resist unwelcome changes – the EWC has a potential role here. The union is the natural partner - we need to exert pressure to ensure co-operation...we need all the information we can get – all the time. We get more through the EWC - those who are on it are much stronger in their role vis a vis the company. You build relationships with other people in the company too, which is very important. You become better known as a union rep. This gives one greater influence in the company on the various questions that arise.

Management

As to management, the feeling expressed was that the EWC was something they engaged with because they had to rather than being something that directly added value. But engagement was not seen in any way as being incompatible with the culture of the company. The Vice President for HR stated that:

We give them what they want – what they ask for. We want to share what we've got. That's the culture here at Sandviken and we want to share it elsewhere throughout the business. If they ask for broad-based economic information about the company we give it. We don't have any problem about that.

On the other hand, management felt that they could get more from the EWC if they were more proactive. The Vice President for HR again:

It's a good thing to find ways to co-operate and trade information – but we're not using it as we perhaps could. We perhaps need another kind of agreement – one that makes us work more proactively. Perhaps let the reps in another way – maybe election or get reps who are in a better position in the company so they have something to share with us. Be more integrated in the process. This might open the possibility for issue-based workshops – for them to be proactive and say this something that can be good for the company, our way of changing

culture and leadership training. It's not just about questions between the unions and the company but also the way we act and work and the way we want to work. The way we are looked at from outside the company. Can we do something together to help us look like a future-oriented company? What can we do together?

The employee side insider at Sandviken went so far as to say that the EWC had helped change conceptions on the management side outside Sweden. He explained this as follows:

The idea of the EWC is that you should have influence and impact: the management should respect you and listen – and they have. When we started in England it wasn't so easy because the MD there didn't even say hello to the shop stewards and so on – they were just looked on as trouble makers from the beginning.

The employee side accused the management side of having poor knowledge of the new agreement from 2000 and attributed this to communications shortcomings on the management side. The employee side insider explained this as follows:

We are informed – but too late. We aren't at all consulted. But I think that the knowledge of the agreement has been poor. When we split the thing up in 2000 the three personnel guys in the divisions knew very little about it. Before that we dealt with the group level only. It was even worse in Europe I think. It's been lying on the table somewhere (the agreement) instead of being forwarded to the factories in Europe.

The conduct of human resource management and industrial relations

Apart from its own role as a forum for 'consultation and information exchange' the EWC has had little impact on wider structures or processes of HRM and industrial relations. There is some evidence of internationalisation of HR practices in the company – for example, the setting up of a global industrial relations 'knowledgement' database that includes both country-specific information, say, on legislation, as well as benchmarks on more generalisable matters. In addition, more informal networks of HR managers had emerged in recent years. But the EWC has not been a vehicle for such developments. In any event, such matters are global and not exclusively European. Management respondents did not think, moreover, that the EWC had changed the way it approached either the making of transnational business decisions or corporate governance matters more generally. The parent organisation was bound in any event to operate within the Swedish co-determination laws.

There is no evidence that the EWC has or is likely to take on a negotiating role. No linkage was to basic discussions on pay and conditions. The UK management side representative stated as follows:

With 14 different companies, they negotiate locally anyway. The pay review dates vary by company. Those sorts of negotiations are local, they are not even national within the UK let alone European.

As to the employee side, any impact on the conduct of human resource management and industrial relations was seen as something that hopefully would arise in the future rather than something that had actually happened since the EWC was set up. But the employee side needed to be granted with more influence than had been the case hitherto: the EWC has not been seen as a means for altering corporate decisions. Echoing the management side,

however, they agreed that there were signs of international convergence in HR practices across the company, but denied that any changes in these practices or corporate governance more generally could be attributed to the EWC.

Discussion and analysis

The EWC history within the Sandvik Group is perhaps unique in that both sides have seen the advantages of setting up separate EWCs for each business area (division). One possible implication of this is a loss of focus at the strategic (group) level. This was denied, however, by respondents from both sides. It could however be the case that as the employee side has representation on the board at group level through the Swedish co-determination laws that this is not important.

The management attitude towards the EWC can be summarised as being reactive but not reactionary. The ideas of full and early information disclosure are clearly consistent with HR practices in the Swedish context and the co-determination arrangements. Such an attitude can be summed by the expression 'if they want it let them have it'. On the other hand, there are grounds for calling into question whether the EWC can really be considered a forum for consultation. The view of the employee side is that key transnational decisions, for example the Stirling closure, are made prior to EWC involvement. The consultation, accordingly, is a *fait accompli*. This chronology of the Stirling closure is contested by management, however, suggesting that any assessment of the EWC's consultative role depends on who we ask. Moreover, onward disclosure from the EWC employee side to their respective constituents is sometimes hampered by the need for confidentiality. There is little evidence that the EWC has changed any transnational business decisions or evolved into a forum for negotiations. On the other hand, the management side suggested that the EWC had afforded it the possibility of learning on the process aspects of implementation.

There is clear evidence of international convergence of certain HR practices within Sandvik Specialty Steel. On the other hand, this is not seen by the respondents as being attributable to the EWC and would thus have happened in any event. Management, in particular, however, see the company as being global rather than European and from such a view the EWC does not make a great deal of sense as a vehicle for developing transnational HR policies.

The employee side were instrumental in the drive to set up the original Group EWC in the mid 1990s and have generally 'owned' the body and its business area successors in that they propose the agenda (through the executive committee, an employee side body) and publish the minutes. The role of management is to agree the agenda, arrange the meetings and make appropriate presentations at the annual full meeting. But as stated, management see themselves as reactive, although expressing the view that the EWC could be used more proactively. The Vice President for HR saw a future potential for the EWC by integrating it with the strategic development of the company; this has not been pursued, however, because of anticipated union opposition to taking the EWC in such an explicitly incorporationist direction.

The employee side certainly see any information channel as being beneficial particularly in an era when more rapidly changing markets have constant ramifications on HR practices and work organisation. On the other hand, the biggest gainers from this are probably the employee side representatives from those subsidiaries in countries where existing information rights and practices are weak or non-existent. Clearly, however, the EWC has been beneficial as a

vehicle for creating greater understanding within the employee side; in this respect the informal networking aspects are seen as important. Employee respondents saw a clear logic whereby relationship building led to better information which in turn was a prerequisite for building stronger union organisations.

Sandvik Steel EWC: Key Conclusions

- Unique feature is separate EWCs for Sandvik divisions
- Key benefit for employee side: networking/learning
- Greater benefits on information disclosure to those coming from weaker consultation practices
- Employee side 'own' ie run the EWC; management reactive but not reactionary
- Management aspiration to use EWC as incorporationist tool is opposed and therefore not pushed by management
- Little evidence of diffusion of EWC matters on either management or employee sides
- Some internationalisation of HR practices, but this is independent of the EWC
- Doubt on whether the EWC is truly consultative – but disagreement on chronology of closures.