

The Operations and Function of European Works Councils: The Case of Securitas AB

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Company profile

Securitas AB

Securitas is an old Swedish guard company that has grown into a fast-growing multinational full-service enterprise in the security business. Securitas was started in Helsingborg in southern Sweden in 1934. It started to rapidly grow into an international company in the 1980's. The company now has 232 000 employees in Europe and the US, a turnover of 65 685 MSEK and is the largest company in the world in the security industry.

The company is organised in five business areas and seven divisions:

Business areas are:

- Security Service – guards
- Security Systems – large alarm systems and technical equipment
- Direct – small alarm systems, private home products
- Cash Handling Services – value transports
- Consulting and Investigation

The divisions are:	Number of employees
Security Services USA, including Consulting and Investigation	125 000
Security Services Europe	83 000
Security Systems USA	400
Security Systems Europe	3 000
Direct Europe	1 400
Cash Handling Services USA	6 700
Cash Handling Services Europe	13 000
Total	232 500

Security (guards, night watchmen) used to be a non-glamorous, low price, low wage strictly national business. Part-time work and casual employment were common. Driven by increased criminal activity and international security issues, the business has grown into an international service industry with skilled staff, high tech equipment, qualified service and wages at the level of industrial workers.

The European security industry is currently growing with 6 – 8 per cent annually and slightly higher in other parts of the world. Securitas AB has a market share of 10 per cent in Europe and 8 per cent in the US. Securitas has grown very rapidly during the past few years. The number of employees has doubled and sales has more than quadrupled during the last three years and is currently 65 685 MSEK. The growth has taken place mainly through acquisitions. Securitas has developed a clear and effective strategy for taking over and reorganising smaller

companies in the industry and integrating them into the Securitas concept. The corporate management works with high speed and the company board has delegated a lot of authority to the operative management to allow for speedy business decisions.

Securitas has developed “The Securitas Model”, which is a set of values and methods describing how the company does business. There is also a written value statement. With 230.000 employees and a rapid growth, the management is putting a lot of effort into communicating the Securitas model to the employees. As it is a service business where the individual guard/service technician meets the customer it is seen as very important that all employees understand the business concept and are in a position to represent the company in a correct way.

The Securitas Model is the management tool used to integrate all the different acquired companies into one integrated company. The Securitas Model consists of a tool box with the following eight elements:

The Values: Securitas is working to protect and respect its basic values, Integrity, Vigilance and Helpfulness.

The Market Matrix: An understanding of the customer needs. Customers are in different businesses of different size and therefore have different security needs.

The Value Chain: When the customer needs have been identified with the help of the Market Matrix, Securitas uses the Value Chain to understand in detail how these needs can be met.

The Organisation: Securitas has a flat organisation with many strong local units. Employees work closely with customers and are entitled to make their own decisions.

Six Fingers - Financial overview: controlling and following up financial development is done in six steps: sales of new contracts, net changes in the portfolio of contracts, total sales, effectivity in production planning, control of administrative expenses and accounts receivables.

The Industry: Securitas tries to develop the entire industry. By influencing and co-operating with, among others, trade organisations, unions, public authorities. Securitas aims to develop both its services and its market as a whole.

Step by Step: All these tools take time and energy to implement. It is important not to do everything at once. The business has to be developed step by step. Step one is to put the right organisation in place by reducing all unnecessary costs, delegate responsibility and put financial systems in place. Step two is to ensure that all employees have a thorough understanding of the details of the business, which will lead to development and increased profitability as well as a better understanding of Securitas customers. The third step is to refine and specialise operations. The fourth step is to create organic growth and where feasible look for acquisitions.

People make the difference: Theories help when building a business. Individuals, however, create true success. Individual employees therefore have a key role and responsibility within Securitas. Being a good leader means setting a good example for your employees and help them to develop and grow.

The company has built up its position during the last 15 years from a national Swedish company to become first a Nordic and later a European company. During the last couple of years, Securitas has moved into the US and now more than half the work force is in the US.

The organisation is characterised by few decision-making levels. Within each country the organisation is divided into areas, which in turn consist of a number of branch offices that operate as independent profit centres. The goal is to have no more than three levels between the shop floor (guard or technician) and the Country President. The Country President reports to the Division President who reports to the CEO.

Method

This report is based on interviews in Sweden and the UK and on official information about the company found in annual reports and on the company Webb site.

Interview persons are:

Management insider: Deputy MD and Head of the Service Division

Employee insider: Union official, international secretary of the Swedish Transport Workers Union
TGWU Shop steward, Securitas UK
President of the EWC, Shop steward, Transport Workers Union, Gothenburg

Management outsider: Legal officer at company headquarter, Secretary of the EWC
HR Manager, Sweden
HR Director, Securitas UK

Employee outsider Shop steward, Securitas Gothenburg head Health and Safety
Stewart, Transport Workers Union
GMB Shop steward, Securitas UK

The EWC

The EWC agreement was set up under article 13 in June 1996. It was a joint initiative from the management and the Swedish Transport Workers Union in Securitas. The setting up of the EWC was not a controversial issue. It was seen as a constructive initiative to establish a forum for information and dialogue at international level.

The EWC agreement states that the EWC can have a maximum of 30 delegates from the employees and three from the management. Countries with fewer than 2 000 Securitas employees can nominate one delegate and countries with over 2 000 employees can nominate two delegates. The country where Securitas has its head quarters can nominate three delegates, one from the central union organisation. The trade union international also has the right to be represented at the meetings. For each delegate there is a deputy who only participates when the delegates are prevented from participating.

The delegates are nominated according to national traditions and praxis. All are union nominated.

The Securitas EWC agreement states that one of the management representatives is chair of the EWC. In practice both management and union representatives have held the chair. Currently one of the employee delegates from Sweden is the chairperson of the EWC.

In 2002 the EWC had 23 members and one observer (US representative) 20 employee representatives and three management representatives. The management representatives are the MD and two other members of the Executive Committee. The observer is female and all delegates are male. That means 4 per cent women in the EWC while there is 21 per cent women among all the Securitas employees. The delegates are elected for a period of three years.

The distribution by country in the EWC is as follows:

Austria	1
Belgium	2
Denmark	1
Finland	2
France	2
Germany	2
Norway	2
Portugal	1
Spain	1
Sweden	3
Switzerland	1
Great Britain	2
USA	1 (observer)

Of the EU countries only Holland is not represented in the EWC. The EWC meets one time per year for a half-day meeting. Before the EWC meeting the union delegates have a separate meeting for one day to discuss internal union matters. There is also a tradition that the executive committee meets the day before the union meeting. The executive plans the EWC meeting and holds a meeting for information of new delegates.

According to the statutes the role of the EWC is to be a forum for information and consultation in matters relating to more than one country. The EWC is not a forum for negotiations and should not deal with matters regarding wages and conditions in an individual country.

In practice the EWC functions as a forum where national union problems and grievances are brought up. When a union delegate have not been able to solve a problem at home they take the opportunity to try to bring the matter to the attention of corporate management at the EWC meeting. The management position is that national problems have to be solved at national level. But the important thing is to see to that problems are solved as soon as possible. So in reality the management accepts that national problems are brought up and they try to advance the matter in one way or another.

The EWC has an executive committee made up of six delegates, three from the management and three from the unions. One of the management representatives is chair of the executive

committee. The committee prepares the meetings. The delegates are encouraged to propose items for the agenda, but so far very few suggestions have been made.

When the EWC was formed it was agreed that the EWC meetings should be held in English. It was also agreed that for the first three years simultaneous interpretations should be provided if requested into French, German, Spanish, Portuguese, Finnish and Swedish. Parallel to that all delegates were offered training in English with the ambition to hold meetings in English only after the three-year period. It has not been possible to follow this agreement as some delegates have declined to take part in language training and have insisted on the right to speak their own language.

The management expresses an understanding of the difficulty of working in a foreign language for persons with limited educational background and no international experience. They have accepted to continue to provide interpretation at the EWC meetings. But the language issue has become controversial among the union delegates. The Nordic representatives support the idea of all learning English and see it as important in order to develop a close relation between the union delegates. The south European representatives see it as a profound right to speak their own language and they don't want to give a way to what they see as a management request in order to keep costs down.

Influences

Securitas follows the traditional Scandinavian industrial relations model with a co-operative relation to the unions. The unions have had representation on the board of the mother company since the 1970's. Both the Swedish Transport Workers Union and the HTF organise the office staff in Securitas and are represented on the board. Securitas is also one of the bigger companies having a collective agreement with the Transport Workers Union. The company is of key importance in the industrial relations field and is seen by the unions to some extent as a model company. The management is seen as progressive and open minded and the unions try to advance the union positions and brake new ground via Securitas.

The management is good example of co-operative industrial relations in the Swedish tradition. They seen unions as a partner they have to work with. A service company where a large number of employees meet the customers and represents the company externally can not afford to have poor or hostile relations with the employees and their representatives. This attitude is well established in the Securitas corporate management and in the national management in the Scandinavian countries. In other countries the picture seems to be more mixed. National industrial relations traditions and traditions in the companies that Securitas have acquired still prevails.

The security industry is a service industry with characteristics very different from that of industrial production that is often seen as the model for advanced industrial relations. Guards and service technicians often work alone or in small groups. Irregular working hours is very frequent and part-time work not uncommon. That constitutes a problem for the unions in recruiting and in servicing members. The security industry is traditionally not a union stronghold.

During the existence of the EWC Securitas has been in a period of rapid expansion. The company has grown through acquisitions and taken over a large number of smaller and larger

companies in the business. The management has informed the EWC about the strategy and that has not been a controversial issue with the unions. The management also has informed about all the measures they have taken after decisions have been made. But the operative decisions have not been brought up at the EWC before decisions are taken. That is simply not possible due to the high speed of acquisitions decisions. In some cases not even the company board have an opportunity to be involved before decisions. A high level of authority is delegated to the managing director. The speed of business decisions has set clear limits to the function of the EWC in strategic decisions in Securitas.

Process

As stated above, an EWC meeting in Securitas is a three-day event. On day one the executive committee meet and there is also meeting with new delegates to introduce them to the EWC and how it operates.

Day two is the internal meeting for the union delegates. That meeting typically includes reports from delegates about the current situation. There is also a discussion about items to bring up at the EWC meeting.

The EWC meeting has mainly three types of agenda items. One is the report from the CEO that deals with the economic situation of the company and the company expansion strategy. The reporting is comprehensive and there is also room for questions from delegates.

The second agenda item is report on the union – management relations in different countries. Union delegates bring up complaints and raise questions in relation to national problems they have not been able to solve satisfactorily. Grievances and complaints from national companies do not belong in the EWC according to the statutes. But various union delegates frequently raise these matters. This is accepted by the management in the sense that they listen to the complaints and try to refer the matter to the persons who are in a position to solve them. The management's view is that there is no point in refusing to talk about problems that are brought up and that problems have to be solved, the sooner the better.

There is usually a presentation of a subject of general interest to the EWC delegates. It may be some personnel policy matter from the country in which the meeting is held.

The agenda also includes matters relating to the EWC and its meetings like time and place for coming meeting and what themes to bring up.

During the past three years the union delegates have brought up one substantive matter in the EWC. The unions have proposed that a Code of Conduct for industrial relations be worked out for the company. The management has accepted the propositions and the work has started. The propositions can be seen as a result of all the matters that have been reported in the EWC where the union delegates claim that national management does not live up to the industrial relations policy that is expressed by the headquarter management and the board.

On the management side, the EWC is a concern of a limited number of persons at head quarters level. The minutes from the EWC are only distributed to national managers and do not seem to filter down any further. HR managers are aware of the existence of the EWC but do not see it as particularly relevant to their work on the national level. There is a clear

management ambition to work openly and constructively with the unions, but there is no ambition to co-ordinate the personal policy of the company via the EWC. Each national management is left to run their own affair within the limits of the corporate strategy and the Securitas Model.

The relations between the union delegates in the EWC are generally good. Through the EWC they have build personal contacts and learned a lot about workings conditions and industrial relations in other countries.

The main controversy that has come up is regarding the language problems at the meetings. The Scandinavian representatives are advocating English as the working language and are trying to encourage all delegates to learn English. The delegates from south Europe claim their right to use their own language at the meetings. They see the language matter partly as a cost problem and see no reason why they should take on the burden of learning another language in order to save costs for the company. It may also be e matter of personal interest and ability to learn. The Scandinavian delegates see it important to increase the contacts between the union delegates not just during EWC meetings. Informal contacts during meetings and contacts via phone and mail require a common language.

For the unions, the EWC is an important matter for a limited number of union delegates. Information about the EWC and its activities only reach a select number of activists that are in contact with the EWC delegates.

In the case of Sweden the EWC delegates do report from the EWC to the local union club executive. Minutes from the EWC meetings are distributed to a limited number of persons. There is also reports given at members meetings at the unions clubs that the delegate is coming from.

In case of the UK the EWC delegate is the shop steward convenor for Securitas UK Ltd. There are a total of 31 shop stewards in Securitas UK Ltd., 18 from TGWU and 13 from GMB. They meet quarterly and get an oral report from the EWC delegate. The EWC does not seem to be a major item at the shop stewards meetings.

No example of initiatives or questions to the EWC from the employees in general or union members to the EWC was given in the interviews.

There is also a feeling of discontent with the EWC on the union side. The EWC functions as a forum for information and as a channel to bring up problems that the delegates have not been able to solve at local level. But several delegates feel they want to go further and get more out of the EWC. There is however no common agreement on where to go next. What issues to bring up and how? Should the work focus on company strategy and business orientation or should the EWC focus on conditions of employment. Some delegates want the EWC to be an instrument for advancing national positions on wages and conditions. Other delegates want the EWC to focus on the company business strategy and make the EWC relevant for the development of the company.

At the time of this study the issue of union recognition in the Securitas US operation is on the agenda. The US unions are not formally in the EU, but are invited to take part as observers in the EWC meetings. There is strong pressure from the US unions to get recognition and the company has organised a contact tour to the US for the EWC delegates.

Outcomes and impacts

The EWC has worked well as a contact forum between the management and the trade unions in the Securitas group. The information provided seems to be comprehensive and covering what is agreed in the EWC agreement. The EWC has also worked well as a forum for contacts and exchange of information and experiences between the union delegates from different countries.

The EWC has also functioned as a forum for solving national industrial relations problems. Matter that has remained unsolved at national level have been brought up at the EWC meetings and drawn to the attention of the head quarter management. This has in many cases been a help in solving the problem. The role of the EWC in solving national problems is not included in the EWC agreement but is accepted by both parities. The union delegates have taken the initiative and the management has the practical view that problems should be solved as soon as possible.

The most obvious outcome of the EWC during the last couple of years is the decision to work out a company Code of Conduct for union – management relations. This is a union initiative and is motivated by a number of complaints from union delegates that managers on national level does not live up to the industrial relations policy expressed by the head quarter management.

The EWC have had no role in influencing human relation's policies or practices within the company. The management seems to regard the EWC as a forum for the employees and their unions. It is up to them to initiate new issues to the EWC. The management works through other channels and does not use the EWC as a tool in their co-ordination of the company.

It is however obvious that the management see it as a positive factor that the Swedish and other Scandinavian unions have a dominating role in the EWC and are trying to export the Scandinavian industrial relations tradition to union delegates in Securitas units in other countries.

There is also critical voices among the union delegates in the EWC. There is a demand for more influence and the EWC should be more of a decision making forum. There is however no common view regarding what issues the EWC should have more influence over and how that should be achieved. Some delegates want the EWC to focus on company strategy and business development. Others see it as more important to use the EWC as a forum for discussing wage and conditions and possibly be more of a negotiating forum. The unions need to agree on what they want with the EWC and than work out a strategy on how to develop the EWC

The management side primarily see the EWC as a union forum. It is up to them to initiate any changes or any new orientation of the EWC. Management would like to see English accepted as the working language and would also welcome more of a common view and ambition from the union delegates. The management have however no ambition to deviate from the present agreement and the EWC as a forum for information and consultation.

Discussion and analysis

The EWC at Securitas is a working well as a forum for information from the management on the performance of the company. The information also covers the strategy for the future development of the performance of the company. There is however no consultation in the EWC before operative decisions are taken. To have such a role the EWC would have to meet more frequently. The EWC meets once per year and strategic decisions about buying and selling of companies in the group is taken at high speed by a small group of persons. There is also no ambition from the management side to develop the EWC in that direction.

By its statutes the EWC should not deal with matters relating to only one country. This rule is not observed in practice. At each meeting delegates bring up various problems they have not been able to solve at national level. The management accepts this practice in the sense that they listen to the complaints and help to find a solution. Some union delegates perceive that the national managers do not always live up to the official company policy. By complaining to the corporate management they get an extra channel for problem solving beside the national channels.

The language issue has been a controversial matter, primarily among the union delegates. The Scandinavian representatives favour English as working language. Representatives from the Mediterranean countries insist on speaking their national language. This difference in opinion seems to reflect both differences in attitudes to the language issue and different ambitions with the EWC. In the Scandinavian countries trade union activists accept that they can not work in their mother tongue and that it is essential to have a working knowledge in English if you have the ambition to take part in international trade union activities. This attitude seem to be less common in larger countries and in countries where the union have less of international orientation.

There is also a difference in what the union activists want to get involved. If it is strictly a matter of finding out about wages and conditions in other countries, working through an interpreter may be less of a problem. But if the ambition is to engage in a dialogue with the management on business development and to influence the strategic thinking of the management, it is essential to be able to communicate in the corporate language.

Securitas can be seen as an example of a company where there is a lot of common ground between the unions and the management to build on. The company is expanding rapidly which means more jobs and mostly more job security. Expansion often means changes also for existing employees. That can mean problems but also opportunities.

Securitas business idea is to take over existing companies and to rationalise and upgrade the service level. In order to do this they invest in training and quality of service. It means they are embarking on a high price, high wage high service level strategy. That is welcomed by the unions as it means more training and better wages. In such a situation there should be a lot of opportunities for common view and co-operation in the EWC.

The Swedish union representatives fully support that strategy and their ambition is to work with the management to reach the goals. The benefit for the union delegates is well paid and secures jobs in a company that fully accepts the union presence in the company. The union sees it as in their long-term interest to play a part in the management of the company.

Some of the union delegates from other countries do not share the view of the Scandinavian union delegates. It is primarily the delegates from the southern EU countries who have no traditions of being involved in formation of the strategy of companies. They see their only roles as protecting the wages and conditions of the employees only and have no ambition to get involved in the strategic business issues. They see confrontation rather than co-operation as the normal relationship with the management. In some countries the local management has a different labour – management tradition than the Swedish and there is no real ground for a Scandinavian style relationship.

The EWC at Securitas is of concern only to the delegates and a limited number of persons in their immediate surroundings. On the management side it is the Managing Director and the two other EWC delegates and the MD of each country who are aware of the EWC and what takes place at the EWC meetings. On the union side it seems to be a limited number of officials and leading shop stewards who follow the work of the EWC. In Sweden there is a reporting to rank and file members in the clubs where the EWC delegates are working. But apart from that it is unlikely that employees in general are aware of the existence of the EWC.

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