

Strengthening involvement of representatives of employees in consultation and information

VS-2018-0043

Case Studies

OBES, Greece

OBES

Kaniggos 31, Athens

Greece

Athens, October 2018

STRENGTHENING INVOLVEMENT project (DG Employment-VS/2018/0043). This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Case 1 : OTE case study. Establishment of the Integrated Greek Federation of Telecommunications

The trade union federation OME-OTE has been founded in 1982 to cover 32.000 employees of OTE, which at the time was a public company and a monopoly in the telecommunications sector. In these days, in the framework of division of employees in categories, bonus policies and seeking for different work contracts for different categories of staff, there were several trade unions in the company. When OME-OTE was founded not all trade unions of the company were its founding members. They joined OME-OTE in the next years as they were convinced, although with a delay, about its necessity.

Nowadays though, OTE has been fully privatized, it is for 10 years a member of Deutsche Telecom Group, its staff has decreased to about one third, so the necessity that prevails for the trade union is assuring the remaining jobs and a decent salary for all employees. This can be achieved if there is a single trade union in OTE Group. Such an organizational change in the trade union structure would stop, among other things, organizational strifes and conflicts. It would also cease the habit to blame OME-OTE for everything. The unified trade union will see the employees in the eyes and will be the sole responsible to apologize to them about its action, its results or its weaknesses.

A single trade union in the OTE Group will lead to a Federation in the telecommunications sector. Founding a single trade union in the company and a Federation in the sector is a unanimous decision of the congress of the General Workers' Confederation, GSEE, since 15 years. In the same period there are also relative unanimous resolutions of the congresses of OME-OTE, which have not been implemented. Today, there is fierce competition in the telecommunications sector. Models and methods of social dialogue, information and consultation and collective bargaining with the employer have proved to be unsatisfactory, hence there is a capital need for finding a new way for performing them. First of all, it should be self-understood that all employees of the sector have the same issues to deal with and they should have common ways to face them. Employees in telecommunication companies, where there is no company-based trade union today, would be inspired by a successful trade union structure to establish their own trade unions and to join the Integrated Greek Federation of Telecommunications.

On the 22.11.2018 OME-OTE along with 9 more trade unions of other telecommunications companies have participated in a meeting and they have issued a press release declaring the start of joined efforts to establish the Integrated Greek Federation of Telecommunications.

Key point

The telecommunications sector has undergone rapid developments over the past 25 years both technologically and in terms of market structure. From a state-owned monopoly it has become a field of fierce competition. As a result, employment contracts, wages and working conditions in the sector are under pressure. The merger of several trade unions into one in OTE as well as the establishment of an integrated federation in the telecommunications sector, i.e. a common body of collective representation and negotiation, will increase the efficiency of employee representation.

Recommendation

The trade union movement must evolve and consolidate to be stronger.

Case 2: TOSOH case study. Information and consultation on a regular basis

TOSOH belongs to a group of companies of Japanese interests. In Greece, it has a factory producing manganese oxide. The company has similar production in Japan too. The factory was established in 1974 in Thessaloniki. It employs 140 people, comprising workers and administrative staff, out of whom 40 are employed by a subcontractor.

The company is financially sound. its advantage is that it can borrow money through other group companies with very low interest rates and guarantees.

There is a company-based trade union, which has 60 members. Workers that are employed by the subcontractor are not members of the trade union. The subcontractor hires workers with permanent job contracts.

The trade union signs company-based collective agreement every year. Back in the 1980s the trade union struggled to sign collective agreements. Since then there has been a smooth relationship with the management as far as the signing of collective agreements is concerned. The agreement is concluded within a short period of time and without any loss of employee acquiescence.

The issue of information and consultation emerged in 2007. The trade union had observed that the management provided them with incomplete information on key issues concerning employees. The management tried to avoid informing the trade union, while acknowledging its obligation to do so.

The trade union complained to the management that it was not informed of any decisions that were made, such as workers' transfers, etc. In principle, the complaint was expressed orally, but then it was submitted in writing too.

Apart from avoiding informing on individual issues, the management did not want to commit itself to provide information regularly, invoking also the managerial prerogative.

The trade union, making use of the labour law, requested in writing the management to comply with the relevant legislation.

The trade union has made a collective decision and has strived for this term to be included in the collective labour agreement so that the company's management is obliged to inform the trade union and consult with it on a monthly basis.

Initially, the Managing Board of the trade union handled by itself this subject and at a further stage it informed analytically employees in the framework of a General Assembly.

The trade union has a legal expert but does not involve him directly. It always gets advice and it acts on his own. In this case, the legal expert has analyzed the legislation and has prepared the related arguments.

The trade union has close contacts with the Thessaloniki Labour Center, but it did not involve it directly in this matter. There was no need to undertake strike or threaten to undertake it. No publicity was given to the issue and the handling was done internally.

This tactic has helped to:

- If the trade union opted that both sides (company and employees) should be represented by lawyers, it is assumed that the legal representation of the management would be stronger.

- Some claims, which may be solved by a mediator or by a lawyer, may be challenged, while the trade union's strength is greater.

- The Labour Center constitutes the last resort of pressure and should not be used for simple issues that can be resolved differently.

The problem was that in these years there have been managers, who understood the position of the employees and were cooperative and others who had a priori negative attitude.

The result of this consultation was in the end the management accepted the request to include in the annual company-based collective agreement an article stipulating that, in the framework of good cooperation between employees and administration, the company is obliged to inform the trade union about issues, regarding staff, security and any administrative matter.

The approach, at least from the outcome, was correct. The only negative thing was that this process if was adopted earlier, some adverse effects on employees could have been prevented.

The profit of the process is that the trade union may question any decision of the company, about which it has not been previously informed. This means that the management should inform the trade union, and then start consultation with it, before any change is put in place.

In conclusion, all decisions of the company are the product of consultation with employees, thus avoiding negative impacts.

This achievement contributed to smoothing the relations between the management and employees.

Key point

The best guarantee for the legitimacy of a decision lies with the strength of the trade union and with its participation through good information and meaningful consultation.

Recommendation

Developing a culture of information and consultation in a company, not having to recur to information and consultation rights only in times of crisis, is very positive.

Case 3: Heineken case study. Closure of a plant

Heineken World Group has businesses in Europe and other continents. In Greece, a subsidiary of Heineken is Athenian Brewery, which is active in the brewing industry. The company is strictly involved in brewing and not any other beverages, as it is the world leader in brewing. In Greece there were three brewery factories (Athens, Thessaloniki, Patras) and a water factory in Lamia.

In 2012, the company employed 1,500 workers, which actually, due to the crisis, dropped to around 700-720 permanent workers. In Greece there is the specificity of seasonality, because of many tourists in summer. During summer, the number of seasonal workers may increase to 200-300 workers with quarterly, five-month and six-month contracts. The Group's financial position is particularly positive, with net profits of approximately € 1,800,000,000. In Greece, the financial situation based on the 2017 balance sheet, shows a turnover of € 200,000,000 and net profits of € 10-15,000,000.

The company is constantly complaining about the high rates of taxation in Greece, which are inhibiting its operation. Three years ago, the company suspended the operation of the Athens plant. This happened because, due to the economic crisis, there was a vertical decline in the consumption of beer at national level, by almost half compared to the past. In 2017, consumption was around 2,000,000 hectoliters of beer, which the company traded nationwide.

There are 3 trade unions in Athenian Brewery company one in each of the three plants mentioned above (Trade union of Athens, Trade union of Thessaloniki and Trade union of Patras). They act as three autonomous unions and exercise their institutional role by signing separate company-based collective agreements. Within the company, the logic of negotiation leading to the signing of company-based collective agreements has prevailed over the past 35 years. Trade unions have always had balanced relationships with the management of the company. In the last 7 years of the crisis trade unions have managed through negotiations to prevent workers from losing their income. They also succeeded to have no drawback in the institutional achievements of collective agreements over the last 35 years. The only issue under discussion with the company is the issue of pay for overtime work, which starting from massively exceeding the pay previewed by the law, the three trade unions conceded to just respect the law. However, overtime is much reduced, so that the company opens more jobs. The signing of a two-year collective agreement between the management and the trade unions in 2016-17, previews an increase of revenue by 2.6%, which in times of crisis, is considered to be a very good agreement

In Heineken Europe, as European legislation dictates, there is a European Works Council with members from 38 countries, one of them from Greece. Representation of Greek workforce has not dropped now that the company employs about 700 workers, compared to the past 1,800 employees (the measure for representation being a representative per 1,500 employees or less).

As there are 3 trade unions operating in Greece, there is an agreement between them that they will in turn take over the representation every 3 years. In this way, experience is gained by everybody and all three unions are involved. The Greek representative in the EWC, represents all employees of the Greek company in information and consultation

There is frequent contact of the three trade unions through joint sessions, where they discuss common issues of interest of the three unions. At the same time, the representative in the EWC takes this opportunity to inform the boards of three trade unions. The three boards then make decisions, based on information conveyed by their representatives at the joint sessions. This model is a good example

of representation. Heineken itself has stated that in countries with many independent unions, such way of representation is effective.

An example of a situation that required information and consultation we encountered in the past was the suspension of production in the Athens plant. The suspension was made 3 years ago. The CEO, in keeping with European legislation on information and consultation, called on the three trade unions and the Workers' Council for information. He said that the company is going to suspend the plant in the sense that if the economic situation changes, the plant will recommence. The reasons invoked by the CEO for the suspension were the vertical drop of hectoliters, ie. demand for beer on the market, and that, in times of crisis, the operation of one and a half plant is enough to cover the domestic market demand.

Trade unions asked the company to respect its obligation to inform. They requested to get analytical written information about the situation, which the company was obliged by law to provide, in order to be able to draw their own conclusions. In the beginning, the company management failed to provide this information but at a second time it gave it. In this way the three trade unions won time and exhausted all the ways to keep the plant open. The company wanted to speed up the process to be concluded in one week. Trade unions asked for more time. The plant shut down in 1-1.5 month. To keep the plant open was crucial, because in times of a big crisis, losing a worker's job is very difficult to replace.

Both social partners in the company (the management on one hand and trade unionists on the other) concluded that they could come to an Agreement through dialogue. To this end each side presented its own arguments. During the process both sides kept separate minutes in written.

The three unions, on account of their institutional responsibility, have repeatedly met in order to draw up a company's business plan and to reach almost universally accepted decisions. In the main part of the consultation, participated not only the representative in the EWC but as well the three managing boards of the trade unions, which had the institutional role to negotiate. Finally, the three unions concluded a written agreement, signed by the CEO and the 3 trade unions. This included the following terms:

- The factory that stops operating remains intact, it is not sold or dissolved, with a view of restarting its operation, if the financial problems faced by the company stop.
- Work for all employees employed by the plant, i.e. no dismissal.

As for the second condition, the company gave increased retirement incentives to employees that needed 1-2 years to retire and opted for leaving. In addition, some employees were absorbed in departments that were not closed, for example in delivering, general duties and sales. Others, who had technical skills had to move to the two remaining plants of the company, in Thessaloniki and Patras.

The way representatives handled the whole issue was:

- Following discussions with employees in other multinationals, about which techniques they had followed themselves in information and consultation in similar situations it was decided that through dialogue they could get best results.

- The company was convinced that employees were ready to take any form of industrial action needed, in case of a non-positive outcome. Representatives gave to the CEO clean red lines, namely: no redundancy, no economic reduction in wages to counterbalance maintaining the workforce.

Meetings of social partners had frequent interruptions caused either for the company to decide or for the trade unions to consult with their colleagues in the 3 plants to find solutions for the best outcome of the case.

Trade unionists demanded consultation with the highest level of representation of the company, i.e. with the CEO in the presence of HR managers.

The trade union of Patras conceded to give its seal to the trade union of Athens, which faced the real problem. The reason for this was in order that the trade union of Athens would be able to decide on the days of the strike and the ways of industrial action in the case the need for a universal strike in the company arose. This act was proof of confidence among the unions, as they designated the afflicted trade union, whose plant was about to be closed, as the regulator.

Numerous consultation meetings were required in order to reach the signature of the Agreement. The outcome, taking into consideration the labour market crisis conditions in Greece and compared with the ones in other multinationals, which had a problem of closure of a plant, was very positive.

Workers with early retirement incentives accounted for 60% of the plant workforce. Another 20-30% of employees were absorbed in the same workplace as the plant, but in different departments, such as in the field of cleaning, handling, sales and administration. The remaining workers had to move to the other two cities, where the company had its plants (Athens and Patras) with a specific status. The company would provide them with a rent subsidy for three years, so that they would not have to transfer their families from Athens or to pay double rent for the days they worked in Patras. They were also given money for their fares, so that they could spend weekends at home in Athens and an additional € 5,000-€ 6,000 to be able to build their own household in their new place of work.

Following the expiration of the Agreement, an extension was forwarded and, as long as there are employees who work far from their city, this constitutes a subject of ongoing consultation. There is also a commitment that when a job is opened in Athens, which can be performed by one of these workers, the worker can take this job and move back.

Apart from oral and written information requested from the Management, the three unions held General Assemblies to give all employees a picture of the specific evolutions. The three trade unions did not have to undertake industrial action to press the management to provide information, as the latter appeared organized and willing to provide this information. At the same time, the figures provided were given to legal and technical experts, who confirmed that production per year could be covered by one and a half plants instead of three. For this reason, the company suspended the operation of one plant, while the other two remain operating up to now and have prospects, as the company has good annual and three-year plans with new production lines etc.

The company raised the confidentiality issue on a few points, regarding the data it gave and asked this information not to be spread to third parties. It concerned data labelled as belonging to category C, i.e. data managed only by workers' representatives and not shared with the employees themselves.

The briefing of the members of the Athens trade union took place through a General Assembly. At a different time, the CEO, together with the HR manager, called all employees working in the Athens

plant and informed them about the outcome of the whole procedure. There have been of course some reactions from workers. There is always the hope of reopening the plant, but it is still very small due to the continuation and deepening of the crisis in Greece.

Legal expert advice was also sought on whether the company is entitled to suspend the operation of the plant. Additionally, advice was sought from a technical expert on consultation and information with knowledge of European legislation and EWCs.

Reactions took never the form of a rupture. Employees had trust in the decisions of their trade union representatives. The Agreement has been a tangible demonstration of their concern for all employees. The trade unions expect the full implementation of the commitments. In case the company is able to increase production volumes back to 3,500,000 from the current 2,000,000 hectoliters, the situation has to be reversed. The company, in the meantime, has established a small new brewery, Athinaion, which hired very few employees.

What the trade union strives for is that the management of the company proves annually, through the Collective Agreement it signs, that it does not regard employees' tolerance as a weakness. Employees strive to sign good company-based agreements and that the company keeps and respects all the employees' achievements. This is evidenced by the non-abstraction of the *acquis*, and by the fact that increase in salaries/wages has been agreed.

As far as consultation is concerned, there has always been room for improvement. The three trade unions have managed for the first time such an event. They may have been more aggressive, with more red lines and better results. One such example is the transfer of workers. The workers transferred were 13 to Patras and 6 to Thessaloniki. This percentage is small and with greater pressure from the part of transfer unions their transfer could be avoided.

Employees could have exercised more pressure if they refused working flexible hours as the company wanted, or even work stoppages.

In future cases, trade unions should act more carefully and aggressively.