

Informing and consulting your workforce: The Reuters European Employee Forum

Reuters, the global information company, derives more than 90% of its revenue from customers in the financial services industry, but is perhaps best known as the world's largest international multimedia news agency.

Reuters employ over 14,700 staff in 92 countries, including 2,300 editorial staff, journalists, photographers and camera operators serving 130 countries. The Reuters Group is organised in three territorial business units: Reuters Europe, Middle East and Africa; Reuters America; and Reuters Asia.

Reuters employ approximately 7,000 staff across Europe, including around 3,500 in the UK, where the National Union of Journalists (NUJ) and Amicus-GPMU are recognised for bargaining purposes. The next largest operations are in France and Germany, where approximately 500 people are employed in each country.

The Reuters European Employee Forum (the 'Forum') was established in September 1996 under Article 13 of the European Works Council (EWC) Directive (see box 1).

Making it work

Meeting twice a year, the Forum has established itself as an important event in the business management calendar. In particular, during recent restructuring the Forum has come to be recognised as an important place through which new approaches are outlined and existing projects evaluated.

Paul Wyatt, UK Employee Relations Manager until April 2005 says, "there

Box 1 – Reuters European Employee Forum (the Forum) – key facts

Procedural basis

Article 13 Agreement governed by and subject to the laws of the Republic of Ireland

Purpose

The Forum is a platform for "dialogue and promotes the exchange of views and information at a European level".

Scope

Issues open for discussion include:

- a. the groups economic and financial structure
- b. changes in the structure and organisation of the group
- c. the employment situation (including new working methods and processes and collective redundancies)
- d. business developments, products and markets (including transfers of activity, mergers, cut-backs and acquisitions or sales or companies)
- e. investments
- f. human resources strategy.

are very few opportunities like the Forum where it is possible to discuss an issue and seek views from such a wide spectrum. It is one thing for a manager to make a presentation based on survey data, but when he or she is potentially speaking to the person that has had to sell the product or work with the outcome, then it becomes something very powerful".

Company presentations are the principal method in which information is conveyed to the representatives, but as Alan Burn Amicus-GPMU Father of the Chapel, Forum Representative and Forum Secretary explains, "the depth and openness with which issues are subsequently

discussed continues to grow". Representatives no longer feel they are 'chancing their arm' by posing a difficult question and more importantly they have the understanding to make those calls.

Getting started

The possibility of forming an EWC was first discussed in 1994. With implementation of the EWC Directive on the horizon (see box 2), the company set up a working party of eight employee and two management representatives. During this time, the European Federation of Journalists (EFJ) organised a meeting held in London, involving full-time

officials and shop stewards of all the unions recognised by Reuters.

Tensions were aroused by an initial attempt by management to sideline the issue and subsequently over union concerns both in the UK and elsewhere over the composition of the forum and in particular, the involvement of external trade union officers. With the deadline for reaching a voluntary agreement fast approaching, some swift negotiations resulted in an agreement and the first meeting of the Forum took place on 12 September 1996.

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“Staff reps rebel”

Drafted by company lawyers, the agreement succeeded in establishing the new forum, but gave only limited consideration to issues of process, and in particular how the Forum members should conduct business. Management for their part saw that the job was done. A voluntary agreement had been reached, saving the company from the prescriptions of a negotiated agreement. However, the new EWC representatives were unfamiliar with the workings of an EWC or how to discuss transnational issues with the managing director.

According to Burn, “in the early days, pre-meetings would consist of the reps sitting in a room looking at each other, with no idea of what they should be doing”. Forum meetings consisted of management presentations, occasionally followed by the most recent corporate video. The reps would ask questions, but these were quickly “knocked back by the managing director” says Burn.

However, the continuous growth the company enjoyed throughout the 1980s and early 1990s was beginning to slow down. Emergent internet technologies were bringing new low cost competition to the financial information services market and the representatives on the Forum became increasingly frustrated by their seeming inability to engage with management on these important issues.

The management were concerned that the Forum might undermine local managers and did not want to discuss issues that could be perceived as being of purely national interest. The representatives also demanded more involvement in the operation of the Forum.

Box 2 - Key features of the EWC Directive

The European Works Council (EWC) Directive (94/45/EC) was adopted on 22 September 1994 under the terms of the Maastricht Treaty on social policy, with an implementation date of 22 September 1996.

The essential requirement of the Directive is the establishment of an EWC or an information and consultation procedure in every “community-scale” multinational enterprise of at least 1,000 employees, including at least 150 in two or more countries in the European Economic Area (EEA).

At the time, the UK Government had not signed the social chapter of the Treaty and so the Directive did not apply to the UK. The government accepted the social chapter in June 1997, ending the UK’s “opt-out”, and as a consequence of Extension Directive (97/74/EC) the UK implemented the EWC Directive through the Transnational Information and Consultation of Employees Regulations 1999, which came into force in January 1999.

Many UK companies did in fact establish voluntary agreements before September 1996, known as Article 13 agreements, principally because they had substantial operations in continental Europe and in many cases they chose at this point to include their UK employees.

On 1 May 2004, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia joined the European Union, increasing the total number of countries covered by the EWC Directive from 18 to 28. The consequences of this enlargement are among the issues being raised in a long-awaited review of the Directive by the European Commission, currently underway.

In particular, the 1996 agreement failed to specify who would chair Forum meetings or how they would be chosen. Consequently, the Managing Director for Europe, the Middle East and Africa became the nominal chair. Commenting at the time, Burn said “meetings are basically question-and-answer sessions with the managing director. When he has given his opinion on something there is no scope for further discussion”.

Looking back, Wyatt and Burn agree that the management had a tendency to become defensive, but more fundamentally, both reps and management were coming to recognise that there was a lack of co-ordination between the reps from different countries.

Although both staff and management representatives recognised that reform was necessary. These issues came to a head during 1999 as representatives and management prepared to renew the EWC agreement.

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Making the Forum work for us

Renegotiation of the Forum agreement in 1999 resulted in a number of changes (see box 3). The

most significant of which was the formal introduction of two Joint Secretaries, nominated from the management side and elected by the employee representatives from their own number. Together they organise the agenda and location of meetings as well as take it in turns to chair.

Paul Wyatt and Alan Burn have held the respective positions of management and employee secretaries since 1999. “We have sought to bring the same professional standards to the EWC meetings that would be expected at any other company meeting”, Wyatt explains.

Working together they have developed a more structured programme of Forum meetings based around specific themes. This has replaced the ad hoc presentations which management used to make. Pre-meetings are now used to discuss the state of the company, which means that both management and employees enter Forum meetings with a more thorough and broadly similar understanding of the main current issues.

Employee representatives are encouraged to canvass the views of their colleagues in their respective countries for ideas to propose. These are now discussed thoroughly with the joint secretaries even before the

and for them to prepare answers to the questions they are likely to be asked. The questioning has become increasingly serious and rigorous. You have to prepare as if you were going into a major meeting within the company. If you attend and are badly prepared, god help you”.

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Culture shock

The transformation did not take place overnight. Not long after the agreement was renegotiated, a Dutch training organisation was hired to train the managers and employee representatives. The invitation to attend was also extended to all the European human resource managers in the company. Burn adds that “the training involved lots of communication exercises that emphasised just how confused a simple instruction or message could become when shared between such a diverse group. It highlighted the importance of clear communications if you want to have effective consultation.”

Moreover, a cultural change was taking place at boardroom level. The incumbent European managing director and directors of finance, marketing and human resources were all replaced during 2000/1. Tom Glocer, managing director since 2001 led a new drive for greater openness and communication within the company. Glocer and other executive directors attend most Forum meetings and have publicly committed themselves to the purpose of the Forum and the role it plays in transforming the business.

The growing challenges facing Reuters during the late 1990s came home to roost when in 2002 the company revealed an overall pre-tax loss of £493m. Amid accusations that Reuters could have acted more quickly, the new management team introduced a three-year restructuring programme in 2003.

This programme aims to refocus the company on improving the quality and delivery of information, simplifying its information delivery software, and improving customer training and support. The consequences of this have been a withdrawal from the technology hardware market and back office cost cuts, including a global

workforce reduction of 3000 employees.

During the initial phase of the programme the Forum members were kept fully informed of developments and when in February 2003 the company announced major job losses, an extraordinary teleconference meeting of the Forum members was convened the night before the proposals were made public.

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New members

Most recently the Forum has updated the agreement again to include the ten new entrance countries joining the EU in May 2004. A small subcommittee was appointed to draw up suggestions. These were then discussed by the Forum, where it was decided that those countries with 20 or more staff would have the right to elect an employee representative to attend the Forum. Elections have already taken place in Poland, Cyprus, the Czech Republic and Hungary and the employees in these countries have elected their first representatives and deputies (see box 4).

Two additional UK seats created in 1999 currently remain vacant in anticipation of a new national information and consultation forum, from which they will be filled by nomination.

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Collective experience

The Forum is one of the few places where projects can be scrutinised before they are initiated, as well as six or twelve months down the line. That long-term discussion about important issues, be it restructuring and job reduction or new products, means the Forum has the capacity to bring a huge reservoir of collective experience to current issues. That historical wealth is supported by a core of long serving Forum members from the UK, Finland, Germany, Austria and France that have brought consistency as well as experience.

As Burn explains “in the early meetings of the 1990s, some people used to sit through meetings very quietly. Last year, the representatives from the new EU member states all spoke at their very first meeting”. The pre-meetings have been critical in

achieving this level of engagement. Interestingly, training does not figure heavily in Reuters approach to rep development. In practice, new members of the forum have learnt the role ‘on the job’ and informal mentoring by the longer serving members.

This is not however typical of the experience of EWC’s and in general it can be partly explained by two particular advantages of the Reuters Forum. Firstly, that all pre-meetings and meetings are conducted in English. Spoken English is a requirement of working in Reuters and this removes the necessity for translation and helps the reps communicate between themselves and with management.

Secondly, both the Joint Secretaries work out of the same office in London. They recognise that had this not been the case it would have been much more difficult to establish the level of joint working that has been possible up to now.

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The way we work

Employee communications are underpinned by a number of web-based communication tools. There is an extensive employee intranet, daily email communications that convey both strategic and day-to-day information. Meetings are held regularly between management, employees and union representatives so that the views of staff are taken into account when making decisions. Reuters also undertake quarterly employee surveys to evaluate morale and identify employee concerns. The results are communicated throughout the company.

Employees are also encouraged to put questions and give feedback to Tom Glocer and other senior executives, but it is through the Forum that UK staff have an independent voice and opportunity to influence management in key decision making activities. “It makes a tremendous difference when you have a managing director that loves communicating and a forum that wants him to communicate”, adds Wyatt.

It is often difficult to quantify the benefit of strong and engaged employee relations and although much of the work of the Forum goes

unnoticed by the UK workforce as Burn comments "In my role to have gone through the last five years without the Forum - I would not have got that level of information and detail if the Forum had not existed. As a [senior] representative that involvement is absolutely vital".

The scope of the issues discussed by the Forum is undoubtedly wide ranging. It includes several stages of business restructuring, new product development, performance management, the global grading structure, skills and training, career development, the use of contract staff, work life balance issues, employee reward and pensions.

The Forum is increasingly seen as part of the machinery of effective

management. It is actively consulted and influences the outcome of decisions. By developing formal information and consultation at a national level within the UK, it is hoped that the profile of the Forum will improve, as well as establish a seamless link between national and transnational information and consultation.

As Mark Sandham, Global Head of HR Operations, concludes, "The continuing commitment to the development of (the Forum) has lead to it becoming an essential part of the Company's communication and consultation strategy. (The Forum) allows strategic and operational issues to be discussed in a knowledgeable constructive

atmosphere to the benefit of both the staff and the Company".

This case study was researched and written by Robert Stevens, Research and Information Manager, IPA.

The views in this case study are those of the participants and may not reflect those of the IPA.

Box 4 - Reuters European Employee Forum compositional amendments (since 2004)

The Forum is composed of nominated management representatives and nominated or elected employee representatives. Deputy employee representatives are also determined at the same time and in the same way as the principal representative. The maximum number of employee representatives provided by the agreement is 30.

Countries covered by the agreement qualify for full membership of the Forum and are entitled to nominate or elect an employee representative if the number of employees employed within that country is 20 or above.

If the number of employees employed within that country falls below 20, then that country shall retain full membership until the number of employees falls below 10.

In those countries covered by the agreement which do not qualify for Forum membership, the Group shall decide, in consultation with the management and employees (or their representatives) of that country the most effective way of informing and consulting those employees.

The countries covered by the agreement include:

Country	Number of reps	Country	Number of reps
Austria	1	Lithuania	0
Belgium	1	Luxembourg	1
Cyprus	1	Malta	0
Czech republic	1	Netherlands	1
Denmark	1	Norway	1
Estonia	0	Poland	1
Finland	1	Portugal	1
France	2	Slovakia	0
Germany	2	Slovenia	0
Greece	1	Spain	1
Hungary	1	Sweden	1
Ireland	1	Switzerland	1
Italy	1	United Kingdom	4
Latvia	0		
		TOTAL	26

Trade union representatives fill two of the UK seats. One representative is nominated by the NUJ and another by Amicus-GPMU. The two additional UK seats created in 1999 currently remain vacant in anticipation of a new national information and consultation forum, from which they will be filled by nomination. Employee representatives are also nominated by works councils in Austria, France, Germany, Luxembourg and the Netherlands, while in most other European countries representatives are elected.

LIFT.COM - A Leonard da Vinci Project

Lift the Competence of European Works Councils

A handbook for trainers



LIFT.COM is a major EU-funded project, intended to "Lift the Competence of European Works Councils" (EWCs).

The result is a training manual written primarily for trade union officers involved in supporting and advising EWCs and those responsible for training.

The manual was produced by a project team including trade unions, social partner organisations, EWCs and education and research institutes from six countries. The UK partners were the IPA, GMB trade union, AstraZeneca and BP Oil.

Experience shows that training and trade union support are vital ingredients for a successful EWC. As the manual explains, "knowledge about the EWC directive alone is not enough to enable the members of EWC's to work together". It argues that they must focus on strengthening their "intercultural and social competencies" to make better use of their capabilities in three main areas:

Enhancing intercultural competence

"In a multi-cultural context, such as an EWC, the problems of communication are not just due to language barriers, but also due to the participants not having a shared understanding of values, aims and the meaning of the EWC work."

The manual suggests that, "people can learn to understand different communication styles" and provide a variety of exercises. These are designed to open attitudes, develop self awareness, develop a broad understanding of different industrial relations systems, raise awareness about the common and differing points of view in the EWC, lay the foundations for a common understanding of key issues and develop trust and co-operation in the EWC.

Team Building

EWC participants need to learn to work together as a team. This means being able to identify common aims and goals to represent the interests of the company's workers in Europe.

Team building is described in four phases. Exercises and activities are suggested to help the participants learn to interact more effectively and progress through the stages:

Orientation phase - the participants get to know each other

Structuring phase - the internal structure is established and roles are defined

Constitutional phase - the team begins to determine individual tasks and responsibilities as well as the rules of operation

Productive phase - individuals have learnt to work as a team and tasks are completed competently based on established internal relationships.

Target setting and decision-making processes

In order to make effective use of the intercultural competence and teamworking skills developed, EWC representatives must establish "defined goals and a strategy of how to achieve them."

There is often uncertainty about what the EWC can do, what resources it has at its disposal and a lack of continuity amongst the representatives which makes it difficult to pursue long-term goals.

The manual recommends a four-stage process to establish realistic targets and decision-making processes:

- 1. problem analysis in each country and in relation to the company as a whole**
- 2. prioritisation of the issues to be discussed at EWC level**
- 3. development of a work plan stating who will do what, how they will do it and when it will be delivered**
- 4. agreed criteria for assessing and evaluating results and revising the goals and strategy over time.**

Set out in a series of modules, the manual is primarily intended to help overcome the intercultural communication barriers that exist between EWC representatives. By encouraging the participants to share their ideas and experiences, the modules are designed to make employee representatives more aware of their own knowledge and that of their colleagues, leading towards setting some specific goals for the EWC.

This is done in a variety of ways, including small group exercises, presentations, plenary discussions and questionnaires. Drawing, acting, and group activities are also encouraged in order to overcome language difficulties and engage the entire group.

In this the trainer has a key role and the manual gives suggestions on preparing for, delivering and evaluating the training. The trainer should also act as a coach, giving advice on what works well elsewhere and feedback to individuals and the group.

Project funding was provided by the European Commission's Leonardo da Vinci programme and the manual is available on CD-ROM or hard copy in English, German and French from the European Mine, Chemical and Energy Workers' Federation. Please contact: <http://www.emcef.org>



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