

ELCOTEQ SE NEGOTIATION PROCESS

Elcoteq Network Oyj was public company limited by shares and registered in Finland. It has subsidiaries in EU: Estonia, Hungary, Germany and Sweden.

Administrative board of the Company presented a plan on 8th of October 2004 to convert Elcoteq Network Oyj to European Company. Converting plan was entered into the trade register on 14th of October 2004.

According to the plan, only the Finnish parent company will convert into the European Company and other companies remain their company forms and names.

Preparing for the SE negotiations

Immediately after the plan of the company was published, the Finnish unions started their own preparation for the upcoming SE negotiation process. Unions involved (Engineers, Academics, TU and Metal) organised a training session on 18th of October 2004 for Finnish shop stewards about involvement of employees in the SE and negotiation process linked to that.

Next step was to contact the trade unions in Estonia, Hungary, Germany and Sweden. Finnish unions organised a joint meeting with contact persons from every country on 22nd of November 2004 in Helsinki. During this meeting, the following issues were discussed:

- Upcoming negotiation process from the views of different countries and preparation for the negotiations
- Discussion about the election of SNB members
- Minimum rights, which would be demanded for SNB members were agreed.
 - Employment security
 - Needed tools like computers with internet and e-mail access
 - Interpretation service for communication between the meetings and
 - Right to use working hours for preparation of negotiations
- Training / pre-meeting for SNB members before the negotiations start
- Essential goals of agreement for the personnel (issues according to the EMF guidelines). It was agreed that an own agreement proposal should be done.

In addition in the pre-meeting of the unions were discussed the election of expert / coordinator. It was commonly agreed that the expert would come from a Finnish union. Mikaela Karavokyros (TEK) was elected to a coordinator. During the negotiations the coordinator was changed because of maternity leave of Mikaela. At the end of negotiations the coordinator was Roni Jokinen (TU).

Elections of SNB members were done at national level in the end of 2004. There were 13 SNB members elected – 5 from Estonia, 4 from Hungary, 2 from Finland, 1 from Germany and Sweden. The elected representatives were mainly organised shop stewards. The exception were representatives from Estonia and Sweden, they were not organised. Situation of Estonia is because of the very low organisation rate in Elcoteq.

Before the negotiations started the practical arrangements (interpretation, right to use working time, communication etc.) were agreed with the representatives of the Company.

Negotiations

The Employer sent its agreement proposal of SE personnel representation to all SNB members and to the coordinator before negotiations started.

Actual negotiations between the SNB and the Company started on 23rd of February 2005. Negotiations started with a half-day pre-meeting of the SNB. After that there were a half-day meeting with the management of the Company. All together there were four meetings. First two were held in Finland, third one in Tallinn and the last one again in Finland. SNB had always their own pre-meeting before the actual negotiations with the management.

There were enough negotiation meetings to go through the issue. Also the time for pre-meetings was sufficient. The biggest shortage in the negotiations process was although linked with preparation for the negotiations and the beginning of the negotiations. Before the first negotiation the SNB had only a half-day pre-meeting. This was way too short because the knowledge of the SNB members about the European Company, involvement of employees, status of SNB members and secondary rules of the Directive was partly lacking. The pre-meeting handled mainly these issues and the proposal from the employer could not be dealt with thoroughly before the actual negotiation.

Negotiations started somewhat slow because of lack of the preparation. Between second and third negotiation there was change for better when negotiation process was concerned. In that time there were a lot of contacts between the SNB members and the coordinator. Because of this work all SNB members had relatively common view of the most important goals of the agreement and how to pursue them. This unity of SNB came clear to the representatives of the Company in the beginning of the third negotiation. Because of that the negotiations went well and the only open questions for the last meeting in Finland were the issue on the amount of the RB and Select Committee meetings and the participation right. These two issues were known as the most difficult since the beginning of the negotiations.

In the last meeting was agreed the minimum goal of two meeting per year for RB and Select Committee. Participation right to the administration board of the company was not achieved. Management of the Company had a clear point of view on that it won't have participation right in the SE, because the converting Finnish parent company didn't have this participation right. Because of that the participation right wouldn't have come through the Secondary Rules either. But still there is some kind of compromise when the agreement includes an indirect involvement model in relation to administration of the Company. The model is following:

The company have a Management Conference, which is a regular meeting of management of different business groups. In that meeting the most important policies in the point of view of Company business are made. According to the agreement the Company will send the agenda of these meetings to the RB members before the meeting. Based on this material the chair of RB has a possibility to discuss the issues on the agenda with the personnel manager of the Company before the meeting. This gives a possibility (even though indirectly) to give the point of view of the personnel to the management before the decision-making. It is also agreed that after the meeting the personnel manager will contact the chair of the RB and report the meeting and decisions that were made. How well this system will work will be seen in the future.

Essential content of the agreement

Agreement on representation of employees correspond to, in every essential point, the minimum level of the Secondary Rules of the Directive. The agreement guarantees simultaneous interpretation to the meetings, right to use interpretation services between the meetings (by the limit of annual budget), right to training (language etc), tools that are needed for RB members (personal e-mails for communication), employment security by national legislation and right to use an expert.

In some parts the agreement is better than Secondary Rules:

- RB and Select Committee have right to have at least two meetings per year. Meetings of RB include also pre-meeting and follow-up meeting. In addition the agreement includes the standard right from the Directive to have an extra meeting when exceptional circumstances effects fundamentally the interest of the personnel.
- The extra consultation process attached to the Management Conference.
- In addition there are some issues in the agreement that are defined more accurate than in Secondary Rules of the Directive. For example the report, which will be send out quarterly, of the financial situation of the company and future plans is defined quite well.

What can be learned from the negotiation process

1. Preparation to the negotiations shall be started in every country immediately when the information about up-coming SE negotiations is given.
2. Coordination between unions in different countries.
 - Influencing the election of SNB
 - Preparing own agreement draft
 - Information exchange during the negotiations
3. Unions shall be active in order to have organised SNB members.
 - In this case the process failed partly.
4. Training the elected SNB members before the actual negotiations start
 - It is important to guarantee that SNB members have sufficient basic knowledge about European Company, personnel representation and status of SNB members and among other things employment security when negotiations start. This way the unnecessary misunderstandings can be avoided and negotiation process will be speed up and made more effective.
5. SNB should make their own agreement proposal on personnel representation in the beginning of the negotiations
 - At least in this negotiation process the negotiations started properly only after SNB gave its own agreement draft and didn't just deal with the issue on the basis of the drafts of the employer.
 - In practise it can be wise that the coordinator (together with his/hers support group) draws up a draft, which will be sent for comments to the SNB members, to unions involved and to the EMF. If it's needed an extra meeting for SNB members can be arranged and discuss the draft there. On the basis of the experiences of this negotiations process, arranging the extra meeting is not necessary. But it's important that the draft is translated to all languages so that all SNB members can participate on the process. That

is why it's important to agree with the Company that SNB has a right to use translation services between the meetings in order to be able to communicate.

6. As coherent appearance of SNB as possible towards the Company during the negotiations.
 - To achieve this can presume a lot of work between the meetings.