



# EWCs in the new Member States

## Case study: MOL

**Company profile**

**Industrial relations, interest representation and corporate culture**

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This case study is available in electronic format only.

This case study is based on interviews carried out in Hungary and Slovakia in April 2006 with HR management representatives and EWC members in both countries.

## Company profile

### General information about the company

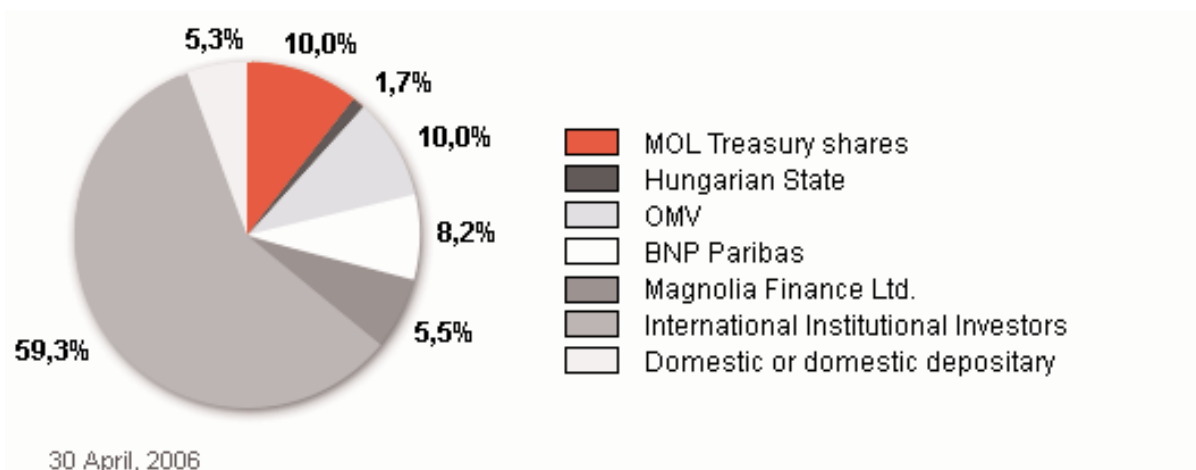
MOL Hungarian Oil and Gas Company is a leading integrated oil and gas group in Central and Eastern Europe and, in terms of sales revenues, the largest company in Hungary. The group's biggest competitors in the field are the Austrian ÖMV and the Polish PKN. The MOL group operates primarily in the following areas: exploration and production of crude oil, natural gas and gas products; refining, transportation and storage of crude oil products; importation of natural gas; and production and wholesale trading of olefins and polyolefins. With respect to each of these core activities, the company is the leader in the Hungarian market. Its strongest areas are, however, processing and trading.

MOL Rt. was registered at the Hungarian Registry Court on 1 October 1991. Its predecessors were the National Crude Oil and Gas Trust and its subsidiaries. Today, the MOL group has 27 affiliates in total, 15 majority-owned affiliated companies in Hungary and significant affiliated companies abroad.

In 2000, through a public bid MOL acquired a 32.6% share in Slovnaft, the leading Slovak oil company. MOL's share increased to 98.4% over the following years. In July 2003, MOL became the strategic partner of INA, the Croatian oil and gas group, with a holding of 25% plus one share. MOL is also the strategic partner of the dominant petrochemical company in Hungary, TVK Rt.

The market position of the MOL group is also strengthened by its filling-stations network: it has 348 stations in Hungary, 297 in Slovakia (run by Slovnaft), 18 in southern Poland and 73 in Romania. MOL has smaller stakes in companies in the following countries: UK, Austria, Germany, Italy, France, Czech Republic, Serbia, Croatia and Romania. A significant R&D branch exists within the group.

Figure 1: Shareholder structure of MOL



Source: [http://www.mol.hu/en/about\\_mol/investor\\_relations/ownership\\_structure/](http://www.mol.hu/en/about_mol/investor_relations/ownership_structure/)

Strategically, MOL's plan is to expand further in the area. Targets include the acquisition of a 10% market share in the Slovenian fuel market by 2007 and the establishment of at least 50 filling stations in Serbia in the next three to five years.

One of the long-term goals of the group is to become the most significant oil company in Central Europe. The company's dividend policy also serves sustainable growth.

According to MOL's 4th Quarter report in 2005, the company exceeded the strategic goals set up in 2002 for the year 2005. For the period 2006–2010, new strategic and financial goals are formulated in order to ensure continuous improvement and efficiency.

### **MOL in Hungary and Slovakia**

#### *Hungary*

During the period of state socialism, the number of employees was over 45,000. This figure has gradually decreased over the years: 22,000 were employed just before 1989; 18,000 in 1996; 16,000 in 1999; and about 5,500 in the period 2000–2004. Some further cuts in the number of staff have been carried out since 2004, but none of them significant.

Redundancies were primarily connected to privatisation. Some activities were outsourced in 1991, such as gasworks, machine factories, carbonic acid production and natural gas distribution (a total of 11 companies). Between 1992 and 1995, outsourcing processes were by and large completed, but smaller outsourcing projects are still in progress. In the outsourcing process, the company typically hived off those parts operating in low added value areas and where the level of wages was also typically low. For example, the filling-stations network is operated by outside contractors ('partners', to use the company's term) in a franchise system. Inflated severance pay is given to every 'outsourced' employee. The 'oil-industry severance pay system' is still in practice.

Wages at the integrated oil company are traditionally 1.8 to 2.3 times higher than the national average in the business sector in Hungary. Employees are also given a 13th and a 14th month salary. In addition, high-level non-wage allowances are abundant. The company has an advanced HR practice: for example, more than HUF 100,000 is spent annually on training per person, and health and safety are also top priorities. In cases of redundancy, the company provides dismissed employees with average payment for a year, as well as full assistance in job-seeking and retraining. Surveys show a high level of employee satisfaction with these arrangements: the absolute values (MOL employee's satisfaction index) vary between 62% and 73% in recent years.

#### *Slovakia*

Slovnaft Bratislava is an oil refinery company that was established as a state-owned company in 1957. In 1970, it had 72 production units processing six million tons of Russian oil. During the 1970s and 1980s, the company developed rapidly, becoming one of the largest oil refineries in Czechoslovakia. Resources were also invested in environmental protection. In the 1990s, a huge investment helped to introduce up-to-date technology (hydrocrack) that allowed more efficient production of fuel while maintaining international quality standards. Slovnaft processed 800,000 tons of oil using this method in 1991. Modernisation of the company also included the introduction of new production management based on the use of modern information technology. In 1992–93, the company was included in the list of companies offered for privatisation by the voucher method, in which the company management also participated. Updating of technologies occurred again in the period 1995–2000, with the implementation of the Environmental Fuel Project Apollo (EFPA).

Slovnaft Bratislava is a production company processing mostly Russian oil for:

- the production of automotive petrol and lubricants (MADIT brand);
- heating oil;
- other petrochemical products (polymers).

The company also owns several retail units (in Slovakia and Czech Republic), including filling stations.

In 2001, Hungarian foreign investors bought the major part of the Slovnaft shares and the company became a member of the international gas-oil refinery network MOL. Direct foreign investment of MOL in Slovnaft Bratislava was a brownfield investment in one of the best developed and effective Slovak industrial companies. Slovnaft already had well-developed research and development (R&D) units, supporting the modernisation of production technology and management. Currently, R&D is still an important part of the company's activities. After joining the MOL group, investment in the latest technology continues at Slovnaft, together with principal restructuring and changes in the company's organisational structure.

Slovnaft has decreased its number of employees gradually. About 10,000 people were employed during the 1980s and 1990s. Today, this number is substantially less – on average 3,123 employees worked at Slovnaft in 2005, of which 1,665 were blue-collar workers and 791 were women.

Because of ongoing restructuring, including downsizing and outsourcing, further reductions in the workforce are foreseen at Slovnaft. At the same time, the introduction of new technology is creating new jobs, requiring higher qualifications and new skills of employees.

## **Industrial relations, interest representation and corporate culture**

### **Hungary**

Within the Hungarian company, there are three trade unions and one works council. There are also employee representatives on the supervisory board. In other words, the industrial relations system of the company does not differ from the so-called 'traditional' Hungarian industrial relations system (see Table 1 for summary).

#### *Trade unions*

Due to various developments in the past 50 years (e.g. utilisation of natural gas, outsourcing process in the 1990s), MOL trade unions are not confined to MOL employees. There are overlaps with representations of other professions too. The majority of employees are members of the traditional oil trade unions – the MOL Mineworkers' Trade Union and the MOL Chemists' Trade Union. Besides these, a third significant trade union exists, set up in 2001 after the merger of the former Liga and Workers Council affiliates.

The Mineworkers' Trade Union dates back to 1946, when the first sectoral collective agreement was signed with the predecessor of MOL Rt. After the company's nationalisation up to 1950, collective agreements were signed by the Chemists' Trade Union. Union density has significantly decreased since the 1990s due to changes in the company (see above).

Currently, union density is between 51% and 57% in the mining area. The MOL Mineworkers' Trade Union has a total of 1,800 members and it has five full-time employees paid by the company. It is a member of the MSZOSZ Confederation.

The MOL Chemists' Trade Union has 3,000 members and represents employees in refining, logistics and in headquarters. At present, union density is 60% in these areas. The union has four employees paid by the company. It operates as a sectoral trade union and is a member of the Autonomous Trade Unions Confederation.

Both these trade unions are founding members of the Hungarian Federation of National Power Trade Unions (MESZSZ). At European level, both unions have been directly represented in the European Federation of Mining, Chemical and

Power Industry Trade Unions (EMCEF) – MOL Chemists' Trade Union since 2000 and MOL Mineworkers' Trade Union since 2003. Globally, MOL Chemists' Trade Union is a member of ICEM.

### *Collective agreement*

Before 1992, the principle of 'one workplace – one collective agreement' was applied, as a result of which there were 23 different collective agreements. The present collective agreement of MOL Rt. was established in 1992, based on the Labour Code that came into force after the transition. At present, the nationwide collective agreement is signed by MOL Hungarian Oil and Gas Company (as employer) and the main trade unions (as representative unions), namely MOL Chemists' Trade Union, National Oil and Gas Trade Unions for Mineworkers, and MOL Rt. Oil Trade Union. At some plants (e.g. Komárom), the appendix to the collective agreement may contain minor modifications.

The current 40-page collective agreement covers issues pertaining to the 'law and traditions'. Between 1992 and 2006, only one major modification was made (concerning the system of optional non-wage allowances). The collective agreement is signed for a fixed term (one year) and is modified annually. Its last negotiation was in 2006. Employee representatives from abroad also take part in the negotiations, even though they are not relevant to them.

There is no collective agreement at sectoral level, but the MOL collective agreement serves as a guideline for major companies established from the previously outsourced units of MOL Rt.

### *Works council*

Local works councils were first elected in 1993, as required by a legal regulation, and the first body was established by mutual consent of the Chemists' and Mineworkers' Trade Unions as an employees' lobby. At that time, 23 works councils were established. Following local elections of works councils, a central works council was formed by delegates of the local councils. The current president of the central works council was first elected for a one-year period; later his mandate was extended for another two years. Since 1993, elections have been held every 3 years. It can be regarded as a precursor to the EWC that in the last two years the employee representatives, first, of Slovnaft and then of TVK have taken part in meetings of the central works council as observers.

By 2004, only five works councils existed, due to reorganisational processes and dismissals. In 2005, the membership of management was reduced to a single person due to effectiveness and financial reasons. Thus the central works council no longer exists in its previous form. Employees did not welcome the change: they thought the interest representation of certain workplaces would be weakened. However, their fears were unfounded since, in practice, the system has worked well over the last year.

### *Relationship between works council, trade unions and management*

The relationship between the trade unions and works council is mostly fraternal. This is due to personal overlaps – almost every member of the works council is also a trade unionist and the council includes members from both trade unions. The president of the works council is also the president of the MOL Chemists' Trade Union. Cooperation between the trade unions can be said to be harmonious: their joint bargaining power and interest representation skills are strong and in practical terms they enjoy their strength through each other. On the other hand, both management and the trade unions are aware of the traditional difference in styles between the two professional organisations, which in practice arises from the different attitudes of the represented employee groups. There have been no serious conflict situations (e.g. strike threat) in the past, although the unions were not happy with the decision to sell the company's holiday houses between 2000 and 2002. Despite the possible conflicts, management basically follows the principles of cooperative corporate governance. The employee representatives are not only listened to, but their recommendations, if considered 'mutually reasonable', are accepted. In practice, emphasis is put on informal personal relations.

The corporate governance structure of MOL Rt. is as follows: the executive board makes preparations for decision-making; the board of directors acts as the supreme managing body; and the top management consists of managers in charge of the company's specific business and functional areas. Since the board of directors (11 members) plays an important role in maintaining contact between shareholders and the company, eight of its members are not employees of the company. There are occasional staff changes in management, but generally it can be said to be stable.

The supervisory board has nine members, three of whom are employee representatives: the president of the MOL Mineworkers' Trade Union, the secretary of the MOL Chemists' Trade Union (in charge of coordination) and the president of the MOL Chemists' Trade Union. These employee representatives, according to the legal regulation, have been delegated by the works council and appointed by the shareholders' assembly. All members of the supervisory board have the same rights and are paid the same monthly remuneration.

### **Slovakia**

Employees in Slovnaft are represented by the trade union organisation that has been present in the company since its operation began. Previously, trade union membership of employees was almost 100%. However, it has decreased since 1992–93. Currently, union membership fluctuates between 55-60% (also due to internal restructuring of the company). In total, 12 company collective agreements (or their supplements) are signed annually at Slovnaft. Trade union representatives are members of the company's occupational health and safety committees, and the supervisory board (see Table 1 for summary). There is no works council.

Communication takes place almost daily between Slovnaft management representatives and the chairs of the local trade unions. Collective bargaining is regular and collective agreements used to be signed for 1-2 year periods.

Relations between management and trade unions are considered by a management representative as fair and constructive, and are based on a partnership type of relationship.

Trade union representatives also assessed the relations with management as non-confrontational and cooperative. MOL management tried to avoid the potential risk of labour conflicts by establishing a joint trade union/management body, called the Forum. This body handled the establishment of the MOL EWC (see below).

Due to traditionally good labour and industrial relations at Slovnaft, no special problems have been identified in the company for several years. A trade union representative sees a minor problem related to wage-level harmonisation at Slovnaft and the Hungarian company TVK. However, some progress has gradually been made in this matter. The average wage at Slovnaft has increased by about 60% during the last four years; in 2005, the average wage there was SKK 45,000 (almost three times higher than the national average wage in Slovakia).

Management manages information and consultations according to the respective Labour Code provisions. Trade unionists would like to have information and consultations of a quality which allows more accurate assessment of the employment prospects in the company. However, no special development plan is foreseen there as yet.

Table 1: *Profile of MOL industrial relations in Hungary and Slovakia*

Features	Hungary	Slovakia
Investment type	HQ (Brownfield)	Brownfield
Number and size of workplaces	15 companies in Hungary and 12 foreign companies	1 production site plus several retail units and filling stations
Number of employees	Approx. 5,500 (only MOL) Approx. 17,300 (all MOL group)	3,123 (average)
Profile of the workforce	Different professional qualifications, significant research base	Different professional qualifications, approx. 50% blue-collar workers, significant research base
Type of interest organisation	Dual system (1 works council, 3 trade unions)	Trade union
Trade union structure	3 trade unions	Only 1 trade union
Union membership and coverage	51-60%	55-60%
Board level representation	Yes	Yes
Coordination of collective bargaining	Yes	Yes

 Source: *Authors*

## EWC experience and practice

### EWC profile

The MOL EWC was established as a new-cross national/country employee representative body on 17 June 2004 by the EWC agreement concluded between MOL Central Management (CM) and the Special Negotiations Body (SNB). At this time, MOL EWC consisted of 18 full members representing employees from 11 countries where the MOL group operates its businesses (see Table 2). Composition of the MOL EWC was formed according to the number of employees in each country. In 2004, the MOL group employed 17,300 people: the majority of them (55.8%) worked in Hungary, with 28.1% employed at Slovnaft in Slovakia, 12.1% at TVK in Poland and 4% at MOL Romania in Romania.

 Table 2: *Key features of MOL EWC*

Features	MOL EWC
Initial EWC agreement	2004
Further agreements	No
National law/headquarters	Hungary
EWC type	Employees only
Total EWC members/countries	18 members from 11 countries
New Member States	HU (6), SK (3), CZ (1), PL (1), CY (1) and SI (1)
Members from EU15	UK (1), AT (1), FR (1), DE (1) and IT (1)
Observers	Croatia (presently 1, but 6 from 2006 onward), Romania (1) and Serbia (1 from 2006)
Steering group/countries	Executive Body with 3 members from 2 countries – HU (2) and SK (1)
Annual meetings	One, plus ad hoc meetings
Consultation and negotiation role	Not yet

 Source: *Authors*

## Operational issues and resources

### *Points of departure*

According to the legal regulations, the MOL group's first Hungary-based EWC was established in July 2004, following a six-month preparatory period (see Table 3). It was established with exemplary speed – within two days after the initiative of the central works council (CWC) was approved by management. The preparatory period started with a mapping of companies, plants and number of employees throughout the MOL group. The Special Negotiations Body (SNB) was formed on 17 June 2004, with members previously nominated by the CWC of MOL Rt., the works council of TVK and the Slovnaft Chemists' Trade Union.

As provided by the relevant Hungarian law, representatives of employees were invited to the 32-member SNB from all the countries where MOL has interests. The delegates from Austria, UK, Germany, Italy, France, Czech Republic, Slovakia, Serbia, Croatia and Romania, together with the Hungarian delegates, agreed that the EWC would include 18 full members and two others with observer status. This EWC agreement was also put in a written contract between the SNB and MOL Rt.

The EWC was elected for a three-year term, thus the next election will be held in 2007. According to the EWC's by-laws, meetings are held in Hungary at least once a year. It is the responsibility of the EWC president to coordinate with the participants and to set the date and agenda of the meetings, giving one month's advance notice. The operational costs of the EWC are fully covered by the company, in the measure of 'necessary and justified' costs as specified by the law, but there is also a separate agreement about the details.

From the point of view of those interviewed in Slovakia, the initiative to establish the EWC at the MOL group came from trade unionists at Slovnaft Bratislava and at Hungarian TVK companies. They decided to establish a joint Slovakian-Hungarian trade union/management Forum in 2001. Later on, other trade union organisations from MOL group companies (e.g. INA from Croatia) also joined the Forum. The chair of the Slovnaft trade union organisation was involved in the preparatory process (including signing the EWC agreement) through his membership of the Forum.<sup>1</sup>

Because the EWC agreement laid down clear rules for employee representation in the EWC, no conflicts emerged with management or between different groups of employees regarding participation in the MOL EWC.

### *Nomination and delegation process*

The EWC agreement laid down the quotas allocated for each country/company. In Hungary, the selection of the Hungarian members of the SNB took place at an extended meeting of the CWC of MOL Rt.. Based on the preliminary nomination at the plants, the CWC unanimously voted for the candidates. In Slovakia, as provided by national law, the Trade Union of Chemical Workers held nominations and elections in compliance with its charter.

In other EU countries, on the written request of central management, communities of employees directly elected the members. (There are usually no trade unions given the small number of employees.)

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<sup>1</sup> It should be noted here that the Forum also dealt with the harmonisation of employment conditions and economic issues at Hungarian TVK and Slovnaft, respecting the differences in national labour legislation. An external consultancy company elaborated a special Harmonisation Study. The implementation of recommendations for harmonisation took place in the company between 2001 and 2004.



Observer delegates from Romania and Croatia were nominated by local trade unions. From 2006 onwards, Croatia receives six seats, using the right to claim as many observer seats as they need according to the EWC agreement. (A particular objection of the Croatian employees was that they not satisfied just to have consultation right and have no chance to meet with the INA management otherwise, and do not receive information on upcoming strategic decisions.) One observer seat was also given to Serbia in 2006. In both cases, the seats were discussed and finally voted for by concerned members of the EWC and the Executive Body of the EWC at separate meetings during the year.

***Profile of EWC delegates***

The MOL EWC members have a strong trade union background. The president of the MOL Chemists’ Trade Union (also president of the central works council) was elected as president of the EWC by the SNB. The vice-president of the EWC is the chair of the Slovnaft trade union. Both the EWC president and vice-president are also members of the Executive Body. The third member of the EWC, nominated by the central works council, is the HR manager of the MOL group (the person in question was replaced in 2004, but the position remains the same).

From Slovakia, the chairperson and two members of the local trade union organisation represent Slovnaft employees in the MOL EWC. The chairperson participates in the preparation of EWC meetings as well as in the meetings, while the other two members participate in the meetings only.

Some delegates from other countries are relocated Hungarian employees of MOL.

Table 3: *Key features of involvement of NMS in MOL EWC*

<b>Features</b>	<b>MOL EWC</b>
Start of EWC participation	2004
Building on previous contacts	Yes
Status	Full membership
Number and share of NMS members	100%
Involvement in EWC enlargement	–
Representation in steering/control functions	Yes
Delegation procedure	Nomination jointly by trade union and works council (HU). Nomination and election by trade union (SK). Direct election (other EU countries). Nomination by local trade union (Romania and Croatia).
Profile of EWC members	Mostly trade unionists (except OMS where the number of employees is small)
Information on EWC	Works council, trade unions or EWC members

Source: *Authors*

***General conditions of EWC participation***

In general, there are sufficient resources available for the members of the MOL EWC (including office, laptop, computers, other technical equipment, secretarial support, time off, translation, and budget) and there is no need for improvements. The Hungarian management provides a full-time position for a multilingual person who works as a EWC coordinator; however, she is not a member of the EWC.

EWC meetings are held in Budapest and all costs are covered by MOL headquarters.

### *Influencing EWC policy*

The MOL EWC operation is organised according to its own programme. Meetings of employee representatives in MOL EWC usually take place once a year. (The meetings are only plenary meetings.) No special EWC committees have been established yet.

The MOL EWC Executive Body (EB) is responsible for the organisation of the meetings, including finalising the agenda and collecting questions addressed to management. The EB prepares the agenda in consultation with MOL central management. The draft agenda is then discussed with trade union representatives, with further consultations usually taking place also with management.

Slovnaft representatives are able, to some extent, to influence the agenda of the EWC meeting since one of them is an EB member. The chairperson of the Slovnaft trade union is directly involved (as the member of the EB) in the preparation of the meetings. He communicates on the issues with two other EWC members from Slovnaft, as well as with trade union shop stewards (about 27-30 of them) operating in organisational units of the company.

According to Hungarian employees interviewed, every member of the EWC has an equal right to have a say in finalising the agenda. The fact that EWC members are in touch and communicating with each other was also emphasised by Slovakian interviewees.

The scope of the EWC agenda and issues for discussion are specified by the EWC agreement as follows:

- structure, business and financial position of the MOL group, relevant plans and forecasts;
- developments in business operations, production, marketing and sales, and services;
- present and future employment situation;
- plans for HR development and compensation systems;
- collective redundancies;
- investments and investment programmes;
- major changes in the organisation;
- introduction of new working methods and production processes;
- transfer or relocation of plants, business units and production;
- merger or separation of divisions, businesses or establishments;
- reduction or termination of businesses or operations;
- introduction of new technology;
- status of labour safety and occupational health;
- concepts for vocational training and re-training.

Only issues with topical importance are discussed at EWC meetings. In the last two years, the meetings have focused on consultation and coordination in the case of cross-border decisions and responsibilities, on the one hand, and on the formulation and coordination of the works council structure in INA, on the other hand. Slovakian interview partners consider information on the company's long-term development strategy as the most important issue.

Although the agenda is previously fixed, ad hoc questions can be asked and, depending on their nature, are answered at the EWC meetings.

### ***Competence-building and training***

No special preparatory training or other kind of training has been organised for MOL EWC representatives to date. However, according to the EWC agreement, the company should cover all costs of necessary training related to EWC activities. The company's central management supports English language training, which is progressing well.

### ***Communication and coordination of EWC practice***

According to interviewed trade union representatives and EWC members, information provided by management is appropriate, both in terms of its content and its timing.

From the Slovakian point of view, the information is useful for trade union activities, especially for informing employees and for collective bargaining. Management tries to involve employees in the implementation of the planned changes in the company.

The EWC has its own well-developed information system. The information given at EWC meetings is circulated via e-mails, telephone calls, newsletters, internal magazines and direct feedback. Some deficiency can occur in communications between EWC members.

MOL central management representatives (the HR manager and invited members of management) participate at the EWC meetings. As management representatives from Slovakia do not take part in EWC meetings, Slovakian EWC members often have better information about Slovnaft's position in the MOL group than their managers do.

No special EWC working group has yet been established.

### ***Problems and barriers***

The MOL EWC is a young body, only established in 2004. Thus it has had only two annual meetings to date. No special tensions between interest groups have as yet been registered at the MOL EWC. The atmosphere of the meetings is usually pleasant; at the same time, every EWC member takes the meetings seriously (e.g. sightseeing and informal evening activities were organised at the first EWC meeting, but were left out of the programme the following year at the request of the EWC president, which proved to be a good decision).

Based on the EWC president's opinion, there are no significant problems at group level. However, the main missions for the future include the improvement of information flow between EWC members and the organisation of preparatory training/meetings, together with a further strengthening of cooperation and solidarity.

The EWC president – who keeps in contact with other EWC representatives from different multinational companies and thus has some knowledge of how other EWCs operate – counts confidentiality of information and a lack of operational traditions as problems in the international context. He would recommend modifying the EU Directive on EWCs so that sanctions would be imposed against those who do not obey the Directive. This could prevent incidents such as the occasion when employees of an Hungarian affiliate, owned by a multinational company, learned on the TV news about the forthcoming closure of their workplace.

According to a Slovakian trade union representative, different cultures (especially the managerial methods used in MOL group companies) play a more important role in the EWC operation than the diverse national backgrounds of the member companies. Individual company representatives in the EWC are obviously interested in the transfer of best practice as

used in other companies; however, implementing best practice is often difficult due to the different national backgrounds involved (e.g. legislative, economic, historical).

In the opinion of a Slovakian management representative, actual local business issues and employment conditions are considered the most important sources of potential disagreements in the MOL EWC – rather than those considered ‘nationally biased’.

The only weak point mentioned by interviewees was language. Besides Hungarian and English, eight or nine languages are used at EWC meetings. Presentations are usually given in English. Translation can be time-consuming and costly, although, interestingly, this point was mentioned only by the Slovakian representative. The Hungarian management provides interpreting services not only at the meetings, but also outside of them, e.g. during breaks and at meal times.

### **Impact on industrial relations and corporate culture**

In Hungary, company trade unions and works councils are in a fairly good position and have strong bargaining power. They have a favourable position due to company profile – management is very supportive and pays outstandingly high wages and other allowances, as well as paying careful attention to the general satisfaction and working conditions of employees. In addition, industrial relations have a long-established tradition within the company and at group level.

Regarding the role of the EWC, both management and employees from Hungary and Slovakia stressed that a longer working period was needed in order to properly assess the EWC’s operation and its impacts. According to an Hungarian employee representative, the EWC itself is not an extraordinary achievement, but having the chance to question and discuss issues directly with members of the company’s management are indisputable advantages. In addition, the EWC plays a coordinator role between different works councils and trade unions.

According to an Hungarian management representative, in everyday practice the MOL works council, the Slovnaft trade union and the TVK works council play a more important role than the EWC since they work jointly in the Forum as a higher level of interest representation. The Forum’s opinion is listened to and considered by management.

In general, it seems that the existence of the EWC is more important in Slovakia. The Slovakian trade union holds that better access to information, allowing it to better forecast changes in employment security of workers, is the most important advantage gained from participation in the EWC. According to management, there are many advantages in the EWC operation. A partnership-type relationship between employees and management is very important because it can serve as an effective communication channel for the implementation of organisational changes planned in the company.

Generally speaking, according to interviewed partners, the MOL EWC has no direct influence on central management’s decisions and has only limited impact on business decisions and the operational practice of Slovnaft.

The EWC’s main goal is to integrate commonly used procedures, such as payroll-related activities which are performed in different ways in different countries (in some companies they are carried out in-house, while in others by outsourcing, etc). In this view, the operation of the MOL EWC has got results and had an impact on internal employee relations and employee representation. The document entitled New Europe for MOL, agreed by MOL central management and company trade unions, defines a framework for collective bargaining on, for example, wages, occupational health and safety issues, employment policy, support for lifelong learning, education and training (even in professional areas wider than what the actual or current jobs require).

No special disadvantages of the MOL EWC were mentioned.

## **Conclusions and outlook**

The establishment of the first EWC in a new Member State was exemplary, although some reservations had been previously expressed. In Hungary, information and communication were ongoing between interest representations and top management even before the establishment of the EWC. Therefore, strictly from the point of view of information and consultation rights, no revolutionary changes were expected from the EWC.

As a young multinational company, there has also been an ongoing dialogue between MOL headquarters and representations of workers of foreign affiliated companies, although certain difficulties have arisen from the different horizontal-vertical structures of business divisions.

According to the Slovakian interview partner, it seemed at first that the operation of the EWC in MOL would introduce some duplication into the existing employee representation carried out by the trade unions in Slovnaft. In reality, the EWC in the MOL group plays a different role and earlier worries proved groundless. The expectations of trade unionists are continuously developing and are gradually being met. The MOL EWC is at an early stage and still in the process of finding its own position and operational role.

According to interviewees, no special proposals exist for the improvement of current MOL EWC practice. However, the EWC president seems determined to influence European legislation in some ways.

As regards the future, the EWC could play a more significant role if the MOL group acquires foreign affiliates with more employees.

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