

Can Trade Unions Contribute to the Future Competitiveness of the European Steel Industry? The Role of Social Dialogue in the Development of Qualifications and Competencies

Sławomir Adamczyk*

Barbara Surdykowska**

Abstract

The aim of this paper is to present trade union views on the challenges facing the European (and global) steel industries. This refers especially to calls for the development of social dialogue around the issue of human capital investment. Since most of the EU steel sector is under control of multinational corporations, cross-border co-ordination of trade union activity is becoming more and more crucial. Proactive policies for training and lifelong learning, moving beyond a nation-state focus, are also high on the agenda. The authors then look at social dialogue in the Polish steel industry aimed at the improvement of qualifications, an issue becoming increasingly important due to anticipated repercussions of the generation gap in this sector.

* NSZZ 'Solidarność', sadamc@solidarnosc.org.pl,

** NSZZ 'Solidarność', b.surdykowska@solidarnosc.org.pl

Introduction

The European solidarity Action Day of workers (including Polish ones) of *ArcelorMittal*, the largest global steel corporation, held on 7 December 2011, was not only focused on protesting against definitive closure of blast furnaces in Liege, Belgium – one of the cradles of European steel industry. It was also a warning sign to the entire steel sector. The union members protested against ‘a completely absurd policy regarding competencies and skills, where one redundancy follows another, well-trained temporary workers are asked to leave and former employees are regularly asked to come back due to the lack of available know-how to operate equipment’ (EMF 2011). Union members also demanded action to be taken to focus on the development of future-oriented steel industry, based on innovation. Furthermore, they wanted to highlight a need for an ambitious policy aimed at maintaining and further development of competencies and human capital. It was an important voice. *ArcelorMittal* employs over 30 per cent of European steel industry workers.

In the Piombino Declaration adopted on 8 November 2011, the European Metalworkers Federation (EMF) stated that the European steel industry is facing fundamental challenges determining its future (EMF 2011a). The threat of restructuring, delocalisation of production, closures and decrease of production have become a frightening reality. Trade unions showed that the sector must be reoriented towards an economic model based on balanced consumption and production, on innovation, on technologies, on environmental efficiency and on high quality products. These cannot be achieved without a European strategy for the steel sector, that would include the allocation of structural funds and investment in new technologies, improvement of health and safety and protection of European production against unfair competition. The EMF is of the opinion that there is a necessity to invest in future-proof jobs.

It seems that the conflict in *ArcelorMittal* has become an embodiment of the general problems connected with the need to face the challenges that the European steel industry has, especially in reference to competition capacity-building based on skilled and competent workforce. A question must be asked, whether it is possible without the participation of those who are primarily impacted – the workers and their collective representation.

It is worth to call upon a broader perspective. The pressure of globalisation, change of labour models and ageing of the European societies has made the issue of skills improvement a key challenge for the EU labour markets in the 21st century.

The European Council, attempting to diagnose the reasons behind the difficulties surrounding the vision had presented in Lisbon Strategy, i.e. the creation of ‘the most competitive and dynamic, knowledge based economy of the world’ (European Council 2000: 5) has decided that human capital is the biggest European advantage and that life-long learning is essential for achieving the Lisbon goals (European Council 2005: 34). Following that, it was stated that economic growth is impossible to achieve if investment in skills and competencies is limited only to a narrow group of well educated people. Significant economic success is within reach through the improvement of basic competencies and skills, via the sectoral methods of skills improvement in the area of vocational education and training (Council of the European Union 2005).

Although the goals of the Lisbon Strategy were not achieved – not only due to the economic crisis, but also due to the lack of co-ordination of a too broad a list of goals and a nonchalant approach to the social dialogue with social partners – life-long learning has become an important element of the new strategy Europe 2020 (European Commission 2010). Well qualified workforce, according to the new strategy, is the basic condition needed for the development of a competitive, sustainable and innovative economy. The European Commission points out that workers of the EU Member States should be able to contribute to technological evolution and adapt to it.

Among the EC documents published at a time of visible economic slowdown in Europe, there is one worth mentioning: New Skills for New Jobs (European Commission 2008). The Commission pointed out that the future of global economy is unpredictable due to a deepening financial crisis. However, in order to return to the path of revival, it was important to improve the quality of human capital and to increase the employability through skills improvement. Increased skills, in the short term, are crucial for restoring economic revival in Europe, and in the long term, for economic growth and effectiveness. For the labour market, it signifies adaptability to changes, equal access, gender equality and social cohesion.

It is vital that high importance is attached to the sectoral approach – inclusion of social partners and scientific centres in the process of building the industrial base of Europe. This especially refers to the steel industry. Although this sector directly generates only 3 per cent of the EU industrial turnover, its role as the backbone of European economy is unquestionable.

Brief review of available literature

It should be noted that a discussion on the restructuring of the steel sector is not the aim of this article. However, it was clearly this very process that has led to the mobilisation of trade unions, who began to look for new solutions that could lead to securing the workers' rights on global and European scale. The dynamics of global steel sector restructuring have been discussed comprehensively in numerous publications, i.e. Hudson, Sadler (1989); Hogan (1991); Stephen Labson (1997); D'Costa (1999); ILO (1997); Madar (2009).

The changes taking place in Europe have been uniquely fascinating, due to the links with economic integration and the long standing habit of Western European countries to consider steel factories as non-disposable assets – i.e. ancestral silverware plants (Mény, Wright 1987; Houseman 1991; Hudson 1994). The restructuring in the Central and Eastern European countries were also considered, where the accelerated changes were brought on by the perspective of joining the EU (Kotas 2000; Szulc, Kardas 2009). The crucial role of trade unions in the accelerated restructuring of the sector in post-communist countries was emphasised as well (Sznajder Lee 2009). Research also focused on transnational consolidation of the industry at the end of the 20th century, including the change of ownership. (Mangum, Kim, Tallman 1996; Freeman, Gopalan, Bailey 2009).

Due to the systemic transformation after 1989, the changes in the Polish steel sector, in terms of technological and labour force restructuring were particularly dynamic. This has resulted in numerous referenceable papers. The subject was discussed by i.e.: Borkowski, Jeziorski (2006); Gajdzik (2007); Garbarz, Szulc, Łaszczyk, Torz, Talarek (2000); Grondys, Ślusarczyk (2010); Paduch, Kłós, Bogolubow (2001); Paduch, Kardas, Kłós, Sankowska-Śliwa (2007); Szulc, Garbarz, Paduch (2011); Ślusarczyk (2006); Wiederman (2002).

However, a significant gap can be seen in the holistic research concerning involvement of trade unions in the managing of change in the steel industry, especially related to enhancing employees' job qualifications. A comprehensive trade union approach to vocational training on a European scale is discussed by Stroud (2011). Bacon and Blyton (1996) point to the need of reformatting the trade union approach to this challenge in the steel sector. The same issue is discussed in wider relation of capital and labour by Levesque and Murray (2002).

In Poland, the need to enhance workers qualifications in the steel sector have been the subject of research for a number of years by i.e. Gajdzik (2008); Kardas, Sankowska-Śliwa, Paduch (2008); Kluska-Nawarecka, Adrian, Durak, Głowacki, Marek (2003); Lis, Ociecek (2008); Prusak (2009); Sabela, Szczepańska (2003); Szczepańska-Woszczyzna (2010). However, except for a paper by Kwiatkiewicz (2011), no other publication was found, that would discuss in detail the involvement of trade unions in this area.

Challenges in the EU Steel Industry

The steel industry has been the engine of development of the industrial economy for over 100 years, at the same time developing due to the demand of industry for constructional materials. Currently the sector experiences fundamental changes in terms of technology, employment and geography.

The production and processing of steel is no more the labour-intensive industry it used to be. Systemic introduction of new technologies and automation of production processes quickly reduced the demand for labour in this sector, resulting in a snowballing reduction of employment. In 2004, it was estimated that since the 1980s global employment in steel industry declined by some 57 per cent (International Iron and Steel Institute 2004). The process was especially severe in developed countries. USA and Germany eliminated some 70 per cent of jobs, and the UK as much as 80 per cent. In total, the EU Member States¹ lost over 560 thousand jobs in the years 1980–2003. The emerging economies (China, Korea) noted a slight increase up until the early 1990s, but later on the general decline was also felt in these countries, although to a smaller extent. It seems that the reduction of employment in this sector, induced by technological advancement is an irreversible phenomenon regardless of the level of economic development of a country.

The global process of geographic transfer of production centres continues. If by the end of the 20th century North America and Europe (including former USSR) supplied over 50 per cent of the world production of steel, today it is the Asia that takes the lead. In 2007, 56 per cent of steel production originated in Asia, mainly due to rapid development of Chinese metallurgy (almost 16 per cent increase of production in

¹ Data apply to EU-15.

comparison to 2006.) (WSA 2011). The last economic crisis only accelerated this trend. For instance, China and India successively increased their output while the EU-27 and North America suffered significant decrease in 2009, which was not compensated by the next year's revival. In 2010, the world production of crude steel amounted to 1,4135 billion tonnes, out of which 44 per cent was produced in a single country – China (WSA 2011).

Inclusion of the steel industry into the globalisation process is another distinct tendency which manifests itself in an advancing consolidation of the sector by multinational corporations operating on a global scale. In 2010, twenty top producers – members of World Steel Association (WSA) supplied almost 35 per cent of the world crude steel production (WSA 2011a).

Table 1. Top crude steel producers in 2010 (members of WSA)

Rank	Company	Country of origin	Mmt	Presence on EU market (production sites)
1	ArcelorMittal	India/EU ^a	98,2	+
2	Baosteel	China	37,0	
3	POSCO	South Korea	35,4	
4	Nippon Steel	Japan	35,0	
5	JFE	Japan	31,1	
6	Jiangsu Shagang	China	23,2	
7	Tata Steel	India/International	23,2	+
8	U.S. Steel	USA	22,3	+
9	Ansteel	China	22,1	
10	Gerdau	Brasil	18,7	+
11	Nucor	USA	18,3	+
12	Severstal	Russia	18,2	+
13	Wuhan	China	16,6	
14	ThyssenKrupp	Germany	16,4	+
15	Evrz	Russia	16,3	+
16	Shougang	China	14,9	
17	Riva	Italy	14,0	+
18	SAIL	India	13,6	
19	Sumitomo	Japan	13,3	
20	Hyundai	South Korea	12,9	

^a Although ArcelorMittal especially after 2006 merger can be described as an international company the patterns of decision making processes suggest substantial influence of its Indian roots.

Sources: WSA, *Worldsteel top producers 2010*, www.worldsteel.org, accessed on 03.12.2011; own analysis.

This trend to consolidate is also visible in the EU steel sector. It must be said that this is an industry of merit in the post-war history of Europe, and it was the steel industry which was the starting point of the integration of the European economy.

As a result of the creation of the European Coal and Steel Community in 1952, a single continental market was established for these products. This led in a short time to the unification of the principles of cross-border trade. It was at the same time that the process which eventually led to creation of the European Union, was began. Due to its strategic significance, the steel industry long remained under direct state control in most western European countries, and its history was full of alternating attempts of privatisation and renationalisation for those companies that were in dire straits, i.e. the cases of such national corporations like the French *Usinor* or UK's *British Steel*. The development of the western steel industry, connected to the post-war investment boom, was halted by the economic crisis of the mid-70s, which revealed a huge surplus of production power and labour. The sector became 'sensitive' in all European Community states with all the consequences of the fact. Restrictive principles of the Community's competition policy were extensively applied and included i.e. the reduction of public aid and its use only in case of controlled 'putting out' of production. It forced governments to implement radical restructuring programmes accompanied by the withdrawal of state from direct ownership. In 1988, *British Steel* was once again ultimately privatised, in 1995 the same happened to *Usinor-Sacilor*, and in 1997 to *Aceralia* in Spain. This opened the road to intensive cross-border consolidation processes. In 1999, the *Corus Group* was established as a result of a merger of *British Steel* and a Dutch corporation *Hoogovens*. In 2001, *Usinor*, *Aceralia* and *Arbed* from Luxemburg merged to form the largest steel conglomerate at the time: *Arcelor*. Changes on the German market were more internal in character, in 2000 as a result of a merger of two German producers *ThyssenKrupp AG* was created. Similarly, mainly through internal takeovers, Italian corporation *Riva* was expanding.

In the 21st century, Indian-based multinational corporations joined actively in the game. As a result of (partly forced) merger of *Mittal Steel* and *Arcelor* (2006) and takeover of *Corus* by *Tata Steel* (2007) the European steel market was ultimately divided and shaped, where beside these two leading companies a few of others maintained strong positions: Italian *Gruppe Riva*, German *ThyssenKrupp* and *Saltzgitter*, Austrian *VoestAlpine*, Swedish *SSAB* and Spanish *Celsa*. There are some American and Russian corporations present on the EU market, although their assets are not as significant as their aspirations. Smaller, weakly internationalised companies often specialising in special steel alloys complement the steel landscape in Europe.

In general, in 2007 raw steel production in Europe amounted to 209.7 million tonnes (WSA 2011). Almost a quarter of this amount came from German steel companies, Italy supplied 15 per cent of the EU output, and France came third with

9 per cent. Poland was sixth largest producer of steel with 10.6 million tonnes. Due to the economic crisis which harshly hit the European steel sector, the output dropped in 2009 and only presently has it started to grow reaching 172.9 million tonnes in 2010. The EU-27 as a whole is still the second largest world producer of crude steel. According to the European employers' organisation EUROFER, some 360 thousand workers at over 500 sites are employed in the steel industry in the EU (EUROFER 2011).

European steel industry is going through a difficult time. The challenges of globalisation stem from pressures of external competition. Expansion of the steel sector of BRIC countries (Brazil, Russia, India, China) exerts growing pressure of external suppliers on the European market. According to EUROFER, the share of import in the EU consumption of steel reached 30 per cent in 2010 (EUROFER 2011). Presently, external producers are unable to compete in the segment of highly processed products and they are mainly focused on their internal markets, but this situation may change. Expected development of the production potential of the BRIC countries will make them significant net exporters competing using cheap labour and reduced social standards. We also must remember that a significant part of European companies is under control of multinational corporations from outside of the EU. Therefore, decisions on delocalising and closures may be taken without an emotional attachment i.e. the case of the Liege steel mill.

The issue of potential 'putting out' of production is tightly linked to the challenge concerning ambitious programme of reducing the CO² emissions by the EU. The mechanism of auction (EU ETS – Emissions Trading Directive) that is the basic method of distribution of emission rights is impacting the steel sector painfully, inducing an increase of costs and thus reducing competitiveness against the largest steel suppliers from outside Europe. This made EUROFER sue the EC in the European Court of Justice in 2011. The so-called *carbon leakage*, being the transfer of production outside Europe, is perceived as a real threat.

Another serious problem for the entire steel sector is the increase of prices of raw materials caused by monopolised supply. Three global players, *Rio Tinto*, *BHP Billiton* and *Vale* control 70 per cent of the world supply of iron ore, which causes rapid increase of prices.

Ageing of the European workforce is yet another challenge. The latest prognosis presented in the report on ageing of the society in 2009 said that the population of Europe will be at the same level in 2060 as it is today, thanks to slight increase of the fertility rate in some European countries and immigration (European Commission 2009). However, the population will be much older and by 2060 the total number of

employed will be reduced by some 19 million. This will also affect the steel industry, where a generation gap has emerged due to earlier intensive restructuring of employment. In 2007 it was estimated that the age structure in most steel producing companies was such that almost 50 per cent of the present workforce would go into retirement in the next 20 years (EDLESI 2007).

Considering the above, creation of mechanisms of attracting young workers to steel industry, and ensuring the development of their skills within sector structures of education and vocational training becomes the key issue.

Since it seems that increasing of the competitiveness of the sector against BRIC countries may only be achieved through a quick action for innovative technologies, the European Steel Technology Platform (ESTEP) was created in 2004 as part of the 7th European Framework Programme to coordinate joint activities aimed at increasing competitiveness (ESTEP 2009). The initiative is supposed to enable balanced technological development of production of steel and steel products. It facilitates the exchange of practical knowledge concerning testing of new technologies focused for instance on reduction of CO² emissions in steelmaking processes.

Trade Unions Approach – Human Capital is the Future of the Steel Industry

The main representatives of the steel workers' interests are: the International Metalworkers' Federation (IMF) on the global level, and the European Metalworkers' Federation (EMF) on the European level. The IMF represents the interests of over 25 million workers globally from over 100 countries, while the EMF created in 1971 gathers some 75 federations from 34 European states (the EU, Norway, Switzerland and the EU candidate countries). Through its affiliates, the EMF represents some 5.5 million workers of various sectors of the metal processing industry.

Both organisations have been emphasising the importance of the human capital for sustainable future of the steel sector. In October 2011, the IMF addressed a statement to the governmental and business elites, in which it highlighted the need to invest in education, training and skills improvement (IMF 2011). The capacity to maintain skilled and secure workforce may be the only key to the success of the sector. In order to achieve its goals, the IMF actively promotes building of global networks of trade unions in leading steel corporations. For example – establishment

of *Tata Steel Network* is planned for March 2012 (IMF 2011a). It is interesting that one of the incentives for this closer formalised co-operation were the problems European unionists were facing in getting in touch with the central management of *Tata Steel*. In this they were assisted by Indian trade unions. This example reveals the change in pattern of transnational trade unions' co-operation in globalised economy. To date the European trade unions have played the leading role in such cases.

Co-ordination of trade union action of the EU states is of utmost importance when we consider the fact that the process of economic integration imposes close co-operation of business in the steel sector and in the entire industry of metal processing. Therefore, the EMF has long ceased to be a casual platform for informal co-operation of national trade unions. The main tasks of the EMF include: to defend trade union, social and political interests of the affiliated organisations versus European employers' organisations; to co-ordinate and implement joint initiatives of national trade unions on the European level; to represent the interests of European workers of metal sector on an international level. These tasks are performed through four organised action platforms: collective bargaining policy, industrial policies, enterprise policy and sectoral social dialogue.

The policy of collective bargaining includes co-ordination of wage demands of the affiliated unions, harmonisation of statements on work time and joint approach for including vocational training in collective agreements. The EMF also plays an active role in inter-sector negotiations on the European level, e.g. so-called NEPSI agreement (EMF 2008).

Industrial policy is aimed at maintaining and development of solid production base in Europe and creation of prospects for employability of the European metal sector. The EMF attempts to influence the direction of structural changes in the metal sector caused by globalisation, and aims at maintaining a balance between the workers' interests and the need for competitiveness of European companies.

The policy of enterprises is focused on all the elements influencing the situation of workers employed in multinational corporations – starting with economic development of a company through restructuring, reorganisation and working conditions. It is especially focused on supporting the workers' rights to information and consultation on the European level (European works councils – EWC) and the right to participation (European Company). At the same time, the EMF supports the development of the role of negotiations in multinational corporations.

Social dialogue focuses on constructing sustainable structures for dialogue on the European level with branch employers' organisations in the metal sector. Thus,

the EMF attempts to work out joint solutions responding to globalisation challenges and changes of the European metal industry.

Contrary to stereotypical perception of trade unions solely through the fight for higher wages, the EMF attaches primary importance to the dialogue for skills improvement of the workers.

As has been mentioned above, for the last few years the EMF has tried to effectively co-ordinate national collective bargaining rounds. During its Congress in Rome in 2005, the organisation formulated so-called First Common Demand on collective bargaining (EMF 2005). According to the decision of the Congress, the demand was focused on life-long learning, individual right to training and vocational schemes. The demand was composed of following elements:

- individual right to training and life-long learning;
- annually 5 days of training for all workers;
- yearly training plan;
- preparatory training free of charge for the workers;
- certificate based training;
- training is a right in case of restructuring or group redundancies;
- training as a right of the unemployed;
- involvement of trade unions at all levels.

In the Second Common Demand formulated in 2009 referring to decent employment, there were elements of professional development as well (EMF 2009). Work is considered precarious when it is deprived of access to vocational training and professional development.

The EMF continuously highlights the necessity of investing in life-long learning of workers, as a must in the conditions of globalised economy characterised by fast technological change and ageing workforce (EMF 2010).

A testimony to the EMF's determination to develop a dialogue on professional training is the active involvement of the organisation in initiatives aimed at establishing the European Steel Council on Jobs and Skills (EMF 2011b). It is supposed to become the platform for various stakeholders (business, trade unions, scientists) to jointly forecast future needs of the labour market and search for solutions to the skills gap in the European steel industry. The initiative is supported by the EC as an element of the programme 'New Skills for New Jobs' promoted within the framework of implementation of Europe 2020 strategy.

It should be mentioned that there is still a gap between ambitious European initiatives and actions taken on the national level. Co-ordination of actions even in such obvious areas like information and consultation of workers encounters a number

of problems stemming from the general trend to decentralise industrial relations and reduce the significance of the sectoral level arrangements. This is a tendency that has become visible during the economic crisis in such highly unionised sector as the steel industry. In Polish, Croatian and German steel companies preventive measures taken by trade unions were rather of internal nature not of sectoral one (Adamczyk, Surdykowska 2011).

Lack of an effective transmission of European demands onto the national level is another obstacle. Trade unions focused exclusively on internal problems related to restructuring may fail to cope with broader challenges of cross-border nature (Hyman 2007). This also refers to actions for human capital. Most commonly, it is said that trade unions are still too focused on 'service providing' for their members instead of focusing on the development of a proactive policy of direct engagement in life-long learning and skills improvement (Fairbrother, Stroud 2008).

Active involvement of the EMF in the development of the dialogue within the EWCs may provide an opportunity to change the situation. It is where real Europeanisation of industrial relations is taking place in a practical dimension due to the wise trade union's strategy at the EU level.

The EMF, as the only European branch federation, has developed precise internal rules for transnational bargaining in multinational corporations and principles of their implementation on a national level. As a result, the effects of such negotiations can be very encouraging. Let us mention, for instance the Agreement *on managing and anticipating change* signed in ArcelorMittal in 2009. It includes the company's role in the active policy promoting training and skills improvement in co-operation with trade unions (EMF, ArcelorMittal 2009). Of course the reality has its ups and downs. The Action Day mentioned at the beginning partly referred to respecting of this very agreement.

It is significant that employers' investment in human capital is more often perceived by trade unions as an important factor of security of the metal workers. Both the IMF and EMF point out that investment in qualifications and knowledge is the basis of ensuring the competitiveness of the sector (EMF, IMF 2010). Therefore, access to training should be guaranteed for all workers.

The alarming data published by World Steel Association confirms that the issue has become even the more topical. In 2006 the average number of training days per worker in global steel industry was 11.1 days, in 2010 it was only 6.7 days (WSA 2011b).

Trade unions want this tendency to be stopped and reversed through the new coordinated approach across transnational corporations. As a result it will build more strategic forms of leverage, questioning management's only prerogatives on workforce

development and planning. This requires trade unions to move beyond the prevailing nation-state focus, to re-examine their position in relation to the management of change, and to argue for proactive policies with regards to lifelong learning agendas (Stroud 2011). Such efforts are noticeable, especially at the European level.

Polish Situation – Successful Restructuring Yet Crisis of Sectoral Social Dialogue

Polish steel industry after 1992 was subject to intensive restructuring of employment accompanied by implementation of technological changes aiming at improvement of competitiveness of Polish steel mills. The decrease of employment was rapid but controlled and monitored by trade unions. The unions also provided support for workers leaving the industry. The programme was enabled by the Steel Social Package (HPS) and Steel Activation Package (HPA) that were negotiated with the unions. According to Polish Steel Association (HIPH) in the years 1990–2004, the employment in Polish steel sector was reduced by some 120,000 workers (HIPH 2011). In order to depict the rapid pace of the process one may notice that a similar redundancy in French steel industry took 19 years (1974–1993) (Stachowicz, Wawrzyniak 1995: 29). In 2010, average employment stood at 25.5 thousand employees (HIPH 2011a).

As far as effectiveness is concerned, the facts speak for themselves. In 1991, 10.4 million tonnes of raw steel were produced in Poland. Similar output was noted in 2004 – 10 million tonnes. Comparing this data with the fluctuation of employment shows fundamental change of competitiveness of the sector. In 2010, 8.08 million tonnes of steel were produced in Poland, the decrease was caused by the still perceptible results of the economic crisis (Talarek 2009).

As a result of such deep restructuring, it became possible to conduct comprehensive privatisation of most companies of the industry (Szulc, Kardas 2009). The process took place in the years 2003–2005² when most Polish steel mills were bought by foreign companies. Presently, a multinational corporation *ArcelorMittal* is the steel tycoon in Poland, followed by American *CMC*, Ukrainian *ISD* and Spanish *Celsa*.

² Huta Warszawa was the first Polish steel mill to be partly privatised. It took place in 1992 as a joint-venture with Italian Lucchini. At present it is a subsidiary of ArcelorMittal.

In total all these companies hold 95 per cent of production potential of Polish steel industry.

The new owners continued modernising the production base (Gajdzik 2009). It is worth noticing that investment was continuous even in the time of the crisis, e.g. ArcelorMittal invested 3.8 billion PLN in the period between 2005–2009 (Warpechowska 2009). It was facilitated by continuous increase of steel consumption by the Polish economy – tripled in the years 1992–2007 (Kwiatkiewicz 2011: 15). It stemmed from serious infrastructural investment and growth of consumption goods based on steel (car industry, home electric equipment). The quality demands of this segment facilitated investment in highly processed production (e.g. cold and hot rolling mill in *ArcelorMittal*, products of increased endurance in *Celsa*, *ISD* and *CMC*), and in turn provided a comprehensive steel offer for consumers.

In February 2012, Polish Steel Association announced that as a result of completion of government's restructuring programme, the sector – no longer dependent on public aid – should not be treated as a 'sensitive' one (HIPH 2012). Therefore, employers within the sector could apply for EU funds to develop innovation and new technologies.

Despite visible positive trends in Polish steel industry, one issue may rise concerns – the lack of systemic approach to investment in human capital. Technological change, including automation and computerised production lines, calls for a workforce with increased professional qualifications. Although between 1994–2006 the percentage of employees with higher education increased from 6.6 per cent to 12.2 per cent and with middle education increased from 27.3 per cent to 35.8 per cent, it was at the expense of widened generation gap: the share of 50+ workers increased and the number of young workers slumped (Dudała 2007). Another problem is the fact that workers leaving the industry are replaced by relatively lower skilled workforce requiring basic practical training. This is currently organised through ad hoc programmes introduced by specific companies (e.g. 'ZainStalujsię' in ArcelorMittal) but the permanent meeting of requirements of generation transformation will call for an integrated approach ensuring attracting workers of proper profile to the sector and for developing of career paths.

It is worth noticing that trade unions were the first to decide to examine these challenges. Evaluation of adaptability of companies and employees in Polish steel industry was the aim of a research project run by Metalworkers' Secretariat of Solidarity in co-operation with a consulting company BPI Polska (Kwiatkiewicz 2011).

The picture presented by the research is quite disturbing. Vocational education system is generally perceived as unsatisfactory and a lack of closer links between

companies and different levels of education is visible almost everywhere. Co-operation between trade unions and employers leaves much to be desired in terms of skills improvement (for instance, no company has established a training fund as set by the act on employment promotion and labour market institutions). The issue of training is not effectively negotiated by social partners and what is worse, they seem not to be interested in discussing it as a part of possible joint agenda.

The report also highlights serious challenges referring to human resources management and adaptability building. Firstly, due to mass redundancies during the restructuring processes (in 1990s and 2000s) and recruitment freeze up until 2007, the average age of employees has increased. Therefore, high rate of retirement in the near future is to be expected, which in turn will call for significant recruitment of workers with skills which are much needed but quite scarce on the market. The long period of frozen recruitment disturbed the natural process of transfer of knowledge at the work place. Another drawback was decomposition of the system of vocational education, which reduced the pool of available candidates.

It is concerning that the research showed lack of sectoral approach to this problem. There is no formalised co-operation among companies, either. Training activities are organised at the level of specific companies and are financed mostly by employers' own funds (without any EU or Labour Fund financial support).

It is worth emphasising that involvement of social partners was a characteristic feature of the restructuring process of the steel industry in Poland. Social dialogue was developed around that process. Thanks to it, it was possible to conduct very significant redundancies in social peace. The conclusion of supra-enterprise collective agreement for the steel industry workers in 1996 was one of the symbols of developing social dialogue. Unfortunately, it seems that this process was restrained along with privatisation of the sector. Competition among private owners reduced the importance of sector level arrangements. Not all foreign investors joined the employers' association being *de facto* an emanation of one employer – ArcelorMittal – due to its predominant position in the sector. Finally, sectoral collective agreement had been terminated in 2008 (Dudała 2008) and attempts of concluding a new one were unsuccessful up to now. Thereby, there is no possibility for developing a formalised bipartite dialogue on issues crucial for the sector. Joint actions are taken only *ad hoc*, in case of serious threats for the industry, e.g. the reaction to CO² emission quotas unfavourable for the Polish industry.

At present, the only accessible platform for social partners' debates is Tripartite Sectoral Team for Social Conditions of Restructuring in Steel Industry, that has been in existence since 1995. This body was very useful in the first years of transformation

in Poland. It had been created against a backdrop of often sharp industrial conflict related to the trade unions' fears (shared by managers of state owned enterprises) about the future of the sector and its workforce. The team quickly became a platform for real dialogue on restructuring issues and thanks to its existence it was possible to agree social packages mentioned earlier and to build social consensus concerning privatisation. Unfortunately, it seems that this formula has been exhausted in new ownership's reality.

Within the project run by the Metalworkers' Secretariat of Solidarity', conclusions pointing to the necessity for systemic development of skills in steel industry were drawn. However, one can be afraid that no such actions will be taken without state involvement. The problem is that according to project's interviews most of the respondents both from the labour side and the human resources units see no will of the state to be proactive towards the sector and accusations are made that after privatisation, the industry was left alone (Kwiatkiewicz 2011: 11). This seems to be an emanation of a more general approach of Polish public authorities to conduct, or rather to avoid, any industrial policy in privatised industries.

Conclusions

Rapid globalisation and consolidation of the steel industry which took place in the last few decades imposed the need to find a joint trade union answer to the challenges of employment security. What is interesting, apart from natural demands of remuneration increase and observing the social standards, demands for perspective investment in human capital are voiced more and more frequently.

This issue is especially important to the steel industry of the EU. This once leading and still strategic sector faces crucial challenges of survival in Europe due to globalisation pressures, risky EU attitude towards managing climate change on its own (without global commitment on CO² emissions) and changes of demographic structure (ageing European workforce).

It seems that trade unions are well aware of this danger. They point to the need for a comprehensive approach to the vision of industry's development. Apart from technological innovation, there is necessity for systemic action for vocational training and skills improvement. Trade unions in steel industry try to redefine their approach

towards challenge of comprehensive and widespread restructuring and change – ranging from closure and redundancy, to the new and broader implications for work and the employment of restructuring processes (Stroud 2011). At European level attempts are made to foster cross-border co-ordination of this area. This means that trade unions more frequently step beyond the classic, purely claim oriented schemes of activity.

This approach shows the picture of trade unions as a responsible partner worth listening to in the debate on the future of the European steel industry. Such debates take place in different forums and at various levels including European Sectoral Social Dialogue Committee set up in 2006. Future developments depend very much on the proactive attitude of other stakeholders – employers' association EUROFER, central managements of transnational corporations, and finally European authorities. There are grounds for some hope. In our opinion the answer to the question asked in the title is a positive one.

Against a European background, the situation of the Polish steel sector looks disturbing. Privatisation and modernisation processes were not accompanied by development of sectoral social dialogue. It seems that one can talk about atrophy. It is a paradox that developed dialogue influencing human capital of Polish steel sector takes place at a European level within the EWC of ArcelorMittal and a social partners' discussion about such topics at national level is still not an option. Considering the possible significant impact of demographic problems and distinct skills gap in Polish steel industry being a result of employment restructuring, one should stress once again that it is crucial to take up sectoral dialogue around skills and competency improvement.

Since similar obstacles occur in other privatised sectors, it seems they have deep roots stemming from the state authorities' double reluctance: to adopt active industrial policy within the sectors regardless of their ownership structure and to stimulate social partners' dialogue around the problems essential for the quality of human capital. This does not bode well for Polish economy.

References

Adamczyk, S., Surdykowska, B. (2011), *Skuteczność mechanizmów informowania i konsultacji z pracownikami w okresie kryzysu 2008–2010. Raport porównawczy na temat*

- sytuacji przedsiębiorstw hutnictwa stali w Polsce, Niemczech i Chorwacji*, Katowice: Sekretariat Metalowców NSZZ 'Solidarność'.
- Bacon, L., Blyton, P., Morris, J. (1996), 'Among the ashes: Trade union strategies in the UK and German steel industries', *British Journal of Industrial Relations* 34(1): 25–50.
- Borkowski, S., Jeziorski, L. (2006), 'Restrukturyzacja przemysłu stalowego w Polsce', *Zeszyty Naukowe Wyższej Szkoły Humanitas* 1.
- Council of the European Union (2005), *Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on the role of the development of skills and competences in taking forward the Lisbon goals*, Official Journal 2005/C 292/02.
- D' Costa, A.P. (1999), *The Global Restructuring of the Steel Industry*, London: Routledge.
- Dudała, R. (2007), *Producenci stalowy dywersyfikują odbiorców*, available at: http://www.wnp.pl/artykuly/producenci-stali-dywersyfikuja-odbiorcow,3581_0_0_0.html, accessed on 20.12.2011.
- Dudała, R. (2008), *Trwają rozmowy na temat nowego układu zbiorowego w hutnictwie*, available at: http://hutnictwo.wnp.pl/trwaja-dyskuje-na-temat-nowego-ukladu-zbiorowego-w-hutnictwie,52449_1_0_0.html, accessed on 16.12.2011.
- EDLESI (2007), *The steel industry in European Union – changes and possibilities*, *Edlesi briefing paper 2*, available at: <http://idec.gr/edlesi/pages/documents/results/en/FINAL%20EDLESI%20Briefing%20Paper%202%20-%20EU%20Steel%20Ind%20Pilot.pdf>, accessed on 6.12.2011.
- EMF (2005), *A common demand for common future, The individual right to training guaranteed by collective agreements*, available at: <http://www.eucoban.eu/EMF/Collective-Bargaining-Policy/The-first-common-demand-2005-2009>, accessed on 10.12.2011.
- EMF (2008), *nepSi - Agreement on respirable silica*, available at: <http://www.emf-fem.org/Areas-of-work/Social-Dialogue/nepsi>, accessed on 09.12.2011.
- EMF (2009), *A Second Common Demand for collective bargaining for more secure employment, against precarious work*, available at: <http://www.eucoban.eu/EMF/Collective-Bargaining-Policy/The-second-common-demand-2009-2013>, accessed on 10.12.2011.
- EMF (2010), *Education, training and lifelong learning a must for sustainable development*, available at: <http://www.emf-fem.org/Areas-of-work/Training-Education/education-training-and-life-long-learning-a-must-for-sustainable-development>, accessed on 07.12.2011.
- EMF (2011), *ArcelorMittal: Unprecedented European mobilisation and a total success for the workers*, available at: <http://www.emf-fem.org/Press/Press-releases/ARCELORMITTAL-UNPRECEDENTED-EUROPEAN-MOBILISATION-AND-A-TOTAL-SUCCESS-FOR-THE-WORKERS>, accessed on 10.12.2011.

- EMF (2011a), *Piombino Declaration*, available at: <http://www.emf-fem.org/Industrial-Sectors/Steel/EMF-Steel-Committee-adopt-Piombino-Declaration>, accessed on 07.12.2011.
- EMF (2011b), *European steel council*, available at: <http://www.emf-fem.org/Projects/European-steel-council>, accessed on 08.12.2012.
- EMF, ArcelorMittal (2009), *Managing and Anticipating change in ArcelorMittal*, available at: http://ec.europa.eu/employment_social/empl_portal/transnational_agreements/ArcelorMittal_Anticipation_EN.pdf, accessed on 14.12.2011.
- EMF, IMF (2010), *Anticipating change for a sustainable global and European steel industry*, available at: <http://www.emf-fem.org/Industrial-Sectors/Steel/Activities/Anticipating-change-for-a-sustainable-global-and-European-steel-industry>, accessed on 10.12.2011.
- ESTEP (2009), *About us. Introduction*, available at <http://cordis.europa.eu/estep/>, accessed on 12.12.2011.
- EUROFER (2010), *EUROFER Annual report 2010*, available at: <http://www.eurofer.org/index.php/eng/News-Publications/Annual-Report/2010-Annual-Report>, accessed on 04.12.2011.
- EUROFER (2011), *Welcome to EUROFER, the European Steel Association*, available on <http://www.eurofer.org/>, accessed on 29.11.2011.
- European Commission (2008), *New Skills for New Jobs. Anticipating and matching labour market and skills needs*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM (2008) 868 final.
- European Commission (2009), *Dealing with the impact of an ageing population in the EU*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2009) 180.
- European Commission (2010), *Europe 2020. A strategy for smart, sustainable and inclusive growth*, Communication from the Commission, COM(2010) 2020.
- European Council (2000), Presidency Conclusions, Lisbon 23–24 March 2000, 5.
- European Council (2005), Presidency Conclusions, Brussels 22–23 March 2005, 34.
- Fairbrother, P. , Stroud, D. (2008), ‘The importance of workplace learning for trade unions: A study of the steel industry’, *Studies in Continuing Education* 30(3): 231–246.
- Freeman, K., Gopalan, S., Bailey, J. (2009), ‘Achieving Global Growth through Acquisition: Tata’s Takeover of Corus’, *Journal of Case Research in Business and Economics* 1.
- Gajdzik, B. (2007), ‘Racjonalizacja zatrudnienia w przedsiębiorstwie hutniczym Mittal Steel Poland jako kontynuacja programu restrukturyzacji Polskich Hut Stali S.A.’, *Hutnik. Wiadomości Hutnicze* 8.
- Gajdzik, B. (2008), ‘Proces doskonalenia kadr i jego składniki w zarządzaniu przedsiębiorstwem hutniczym’, *Hutnik. Wiadomości Hutnicze* 10.

- Gajdzik, B. (2009), 'Transformacja i reorganizacja przedsiębiorstw hutniczych w warunkach światowego kryzysu gospodarczo-finansowego', *Hutnik. Wiadomości Hutnicze* 12.
- Garbarz, B., Szulc, W., Łaszczczyk, W., Torz, T., Talarek, R. (2000), 'Zaawansowanie restrukturyzacji polskiego hutnictwa żelaza i stali w stosunku do stanu zaprogramowanego do osiągnięcia w 2005 r.', *Hutnik. Wiadomości Hutnicze* 10.
- Grondys, K., Ślusarczyk, B. (2010), 'Steel Sector in Poland and its condition after accession to the European Union', *Annales Universitatis Apulensis Series Oeconomica* 12 (2).
- HIPH (2005), *Zatrudnienie w hutnictwie żelaza i stali w Polsce w latach 1990–2004*, available at: http://www.hiph.com.pl/ANALIZY_RAPORTY/liczby/rys9.jpg, accessed on 08.12.2011.
- HIPH (2011), *Polski Przemysł Stalowy*.
- HIPH (2012), *Na równi z innymi o fundusze europejskie*, available at: <http://www.hiph.org/GLOWNA/aktual.php>, accessed on 12.02.2012.
- Hogan, W.T. (1991), *Global Steel in the 1990s: Growth or Decline*, Lexington: Lexington books.
- Houseman, S.N. (1991), *Industrial Restructuring with job security. The case of European Steel*, Harvard: Harvard University Press.
- Hudson, R., Sadler, D. (1989), *The international steel industry. Restructuring, state policies and localities*, London-New York: Routledge.
- Hudson, R. (1994), 'Restructuring production in the West European steel industry', *Journal of Economic and Social Geography* 85(2): 99–113.
- Hyman, R. (2007), 'How can trade unions can act strategically?', *Transfer* 2: 193–210.
- ILO (1997), *The iron and steel workforce of the twenty-first century*, Geneva: International Labour Organisation.
- IMF (2011), *Save our steel jobs so we can save our industry*, available at: <http://www.imfmetal.org/index.cfm?c=28341&l=2>, accessed on 08.12.2011.
- IMF (2011a), *Tata Unions commit to organizing network*, available at: <http://www.imfmetal.org/index.cfm?c=27845&l=2>, accessed on 08.12.2011.
- International Iron and Steel Institute (2004), *World Steel in Figures 2004*, available at: <http://www.wireworld.com/wirenews/statistics/world/pdf/wsif2004.pdf>, accessed on 29.11.2011.
- Kardas, M., Sankowska-Śliwa, M., Paduch, J. (2008), 'Możliwości wsparcia rozwoju zasobów ludzkich w polskim sektorze stalowym', *Hutnik. Wiadomości Hutnicze* 12.
- Kluska-Nawarecka, S., Adrian, A., Durak, J., Głowacki, M., Marek, B. (2003), 'Restrukturyzacja hutnictwa oparta na wiedzy- moda czy konieczność', *Hutnik. Wiadomości Hutnicze* 4.
- Kotas, A. (2000), 'Structures Set in Steel. Assessing ownership of the steel industry in CEE', *Central Europe Review* 2 (32).
- Kwiatkiewicz, A. (2011), *Kwalifikacje zawodowe dziś i jutro. Adaptacyjność przedsiębiorstw i pracowników w sektorze hutnictwa stali. Raport końcowy*, available at: <http://>

- sekretariatmetalowcow.pl/pl-PL/files/Raport%20ko%C5%84cowy%20Kwalifikacje%20zawodowe%20dzi%C5%9B%20i%20jutro....pdf, accessed on 08.12.2011 r.
- Levesque, C., Murray, G. (2002), 'Local versus global: Activating local union power in global economy', *Labour Studies Journal* 27(3): 39–65.
- Lis, T., Ocieczek, W. (2008), 'E-learning w kształceniu pracowników- szansą dla hutnictwa', *Hutnik. Wiadomości Hutnicze* 5.
- Madar, D. (2009), *Big Steel: Technology, Trade and Survival in Global Market*, Vancouver: UBC press.
- Mangum, G., Kim, S-Y., Tallman, S.B. (1996), *Transnational Marriages in the Steel Industry: Experience and Lessons for Global Business*, Westport: Quorum.
- Mény, Y., Wright, V. (eds.) (1987), *The politics of steel: Western Europe and Steel Industry in the Crisis Years 1974–1984*, Berlin–New York: Walter de Gruyter.
- Paduch, J., Kłos, I., Bogolubow, J. (2001), 'Zmiana struktury zatrudnienia w hutnictwie polskim w efekcie działań restrukturyzacyjnych', *Hutnik. Wiadomości Hutnicze* 9.
- Paduch, J., Kardas M., Kłos, I., Sankowska- Śliwa, M. (2007), 'Restrukturyzacja zatrudnienia w polskim przemyśle stalowym w latach 1999–2006', *Hutnik. Wiadomości Hutnicze* 11.
- Prusak, R. (2009), 'Optymalizacja kompetencji pracowników w przedsiębiorstwach metalurgicznych', *Hutnik. Wiadomości Hutnicze* 7.
- Sabela, W., Szczepańska, M. (2003), 'Przygotowanie kadr z wyższym wykształceniem dla przemysłu hutniczego', *Hutnik. Wiadomości Hutnicze* 1.
- Ślusarczyk, B. (2006), 'Pomoc państwa w restrukturyzacji polskiego przemysłu stalowego w aspekcie zmian w hutnictwie europejskim', in: R. Borowiecki, T. Rojek (eds.) *Restrukturyzacja i konkurencyjność w warunkach procesów globalizacji*, Kraków: Oficyna Wydawnicza Abrys.
- Stachowicz, J., Wawrzyniak, B. (1995), *Restrukturyzacja sektora hutniczego w Polsce*, Warszawa: Poltext.
- Stephen Labson, B. (1997), 'Changing patterns of trade in the world iron ore and steel market: An econometric analysis', *Journal of Policy Modeling* 19(3): 237–251.
- Szczepańska- Woszczyzna, K. (2010), 'Kształcenie pracowników jako element zarządzania produkcją i innowacyjnością', *Hutnik. Wiadomości Hutnicze* 2.
- Sznajder Lee, A. (2010), 'Between Apprehension and Support: Social Dialogue, Democracy, and Industrial Restructuring in Central and Eastern Europe', *Studies in Comparative International Development* 45(1): 30–56.
- Szulc, W., Garbarz, P., Paduch, J. (2011), 'Przebieg i wyniki restrukturyzacji przemysłu stalowego w Polsce', *Prace IMŻ* 4: 40–51.
- Szulc, W., Kardas, M. (2009), 'Restrukturyzacja sektora stalowego w Europie Środkowo-Wschodniej', *Hutnik. Wiadomości Hutnicze* 2.

- Stroud, D. (2011), 'Organizing training for union renewal: A case study analysis of the European Union steel industry', *Economic and Industrial Democracy* (published online), available at: <http://eid.sagepub.com/content/early/2011/06/21/0143831X11404577.full.pdf+html>, accessed on 30.11.2011.
- Talarek, R. (2009), 'Nowoczesne hutnictwo stalowe w Polsce wobec globalnego kryzysu ekonomicznego', *Hutnik. Wiadomości Hutnicze* 12.
- Warpechowska, B. (2009), *Ruszyła zimna walcownia Mittala w Krakowie*, available at: http://www.pb.pl/a/2009/11/30/Ruszyła_zimna_walcownia_Mittala_w_Krakowie, accessed on 07.12.2011.
- Wiederman, K. (2002), 'Restrukturyzacja i modernizacja hutnictwa żelaza Górnośląskiego Okręgu Przemysłowego po 1989', in: Z. Ziolo (ed.) *Problemy transformacji struktur przemysłowych*, Rzeszów: Wyd. Oświat. FOSZE.
- WSA (2011), *Steel in figure*, available at: <http://www.worldsteel.org>, accessed on 29.11.2011.
- WSA (2011a), *Worldsteel top producers 2010*, available at: <http://www.worldsteel.org>, accessed on 03.12.2011.
- WSA (2011b), *Sustainability indicators*, available at: <http://www.worldsteel.org/steel-by-topic/sustainable-steel/sustainability-indicators.html>, accessed on 16.12.2011.