



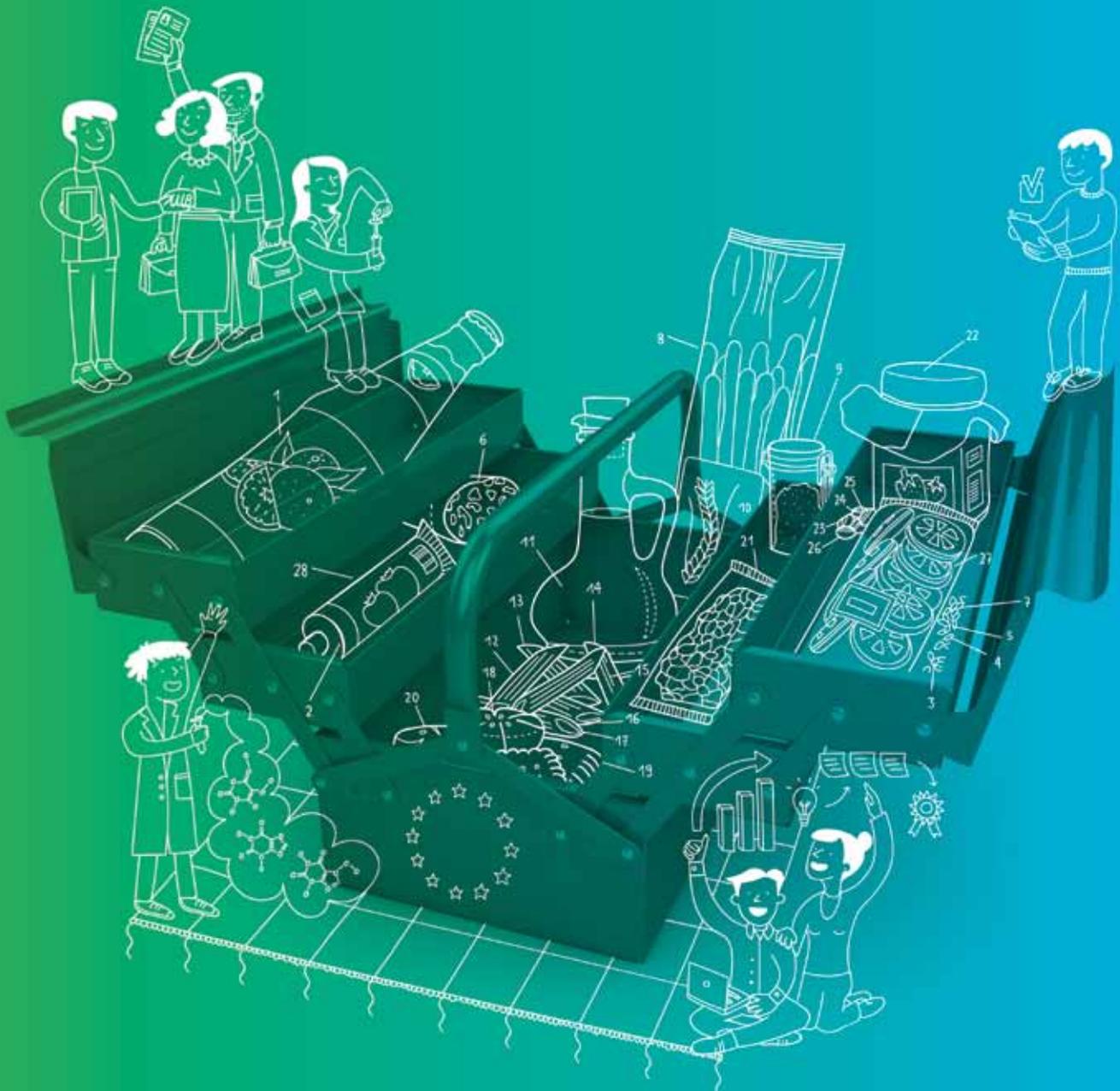
CASE STUDY REPORT:

“ALWAYS THE RIGHT AGE”, NORDIC SUGAR PORKKALA SUGAR REFINERY, FINLAND

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BACKGROUND

The Finnish food industry employs 33,000 workers in 1,900 businesses. Gross food and drink production value is €13.2 billion. The vast majority of food products sold in Finland are made in the country, as is the case with Nordic Sugar which sells its products under its own brand to retailers and other companies. International sales of food products are growing.

by the Finnish economic downturn and by increasing competition from Central and Eastern European countries, especially new EU member states. At the same time, Finnish sugar-beet production has declined dramatically over the last decade, leading to increased imports of raw materials. Finally, the end of EU sugar quotas in 2017 will increase competition among players in Europe and globally, potentially impacting sugar production.

The Finnish sugar industry has been shaken

COMPANY PROFILE

In 2009, the German group NordZucker acquired Nordic Sugar, the Nordic market leader, to become the second largest sugar

producer in Europe. The company had previously expanded significantly in Eastern Europe.



KEY FACTS

- Faced with intergenerational staff issues and high absenteeism, the company adopted an individual-based approach to boost dialogue between workers and management.
- The “ageing action plan” was set up on the basis of a joint assessment of staff and management.
- Thanks to this plan, the prevention of health and safety risks has been improved for older workers (+ 58). Absenteeism has decreased significantly.
- The company can anticipate older workforce turnover and hence recruitment needs.
- Transfer of know-how and mentorship are now operational.

NORDZUCKER GROUP CHARACTERISTICS

- More than 95% of the sugar sold by NordZucker originates from locally grown sugar-beet.
- Annual production: approx. 2.9 million tonnes of sugar at 13 facilities in seven countries
- 3,300 employees whereof approx. 1,500 at Nordic Sugar
- Revenue 2014/15: EUR 1,866m
- EBIT 2014/15: EUR 26m
- A large proportion of shareholders are beet growers
- The company is not listed on the stock exchange
- One third of the supervisory board are employee representatives

GRANULATED SUGAR

- Screened Granulated Sugar
- Icing Sugar
- Coarse Grain Sugar
- Nib Sugar
- Instant Sugar
- Decoration Sugar
- Pharma Sugar
- Special Dry Products Non-food applications

LIQUID SUGAR

- Liquid Invert Sugar
- Special Liquid Products

APPLICATIONS

- Bakery
- Beverages
- Preservations
- Confectionery
- Ice cream & dairy
- Non-food applications

Nordic Sugar has around 1,500 employees. Headcount at its Porkkala factory averages 188 employees, of whom 117 are blue-collar workers (2015 company data). The company produces close to 1 million tonne of sugar annually at its plants in Denmark, Sweden, Finland and Lithuania. Production is

based on natural raw materials, primarily locally-grown sugar beet. After the sugar is extracted, high-energy animal feed is manufactured from the beet. The company offers a wide range of standard and sophisticated sugar products tailored to industry and consumer needs.



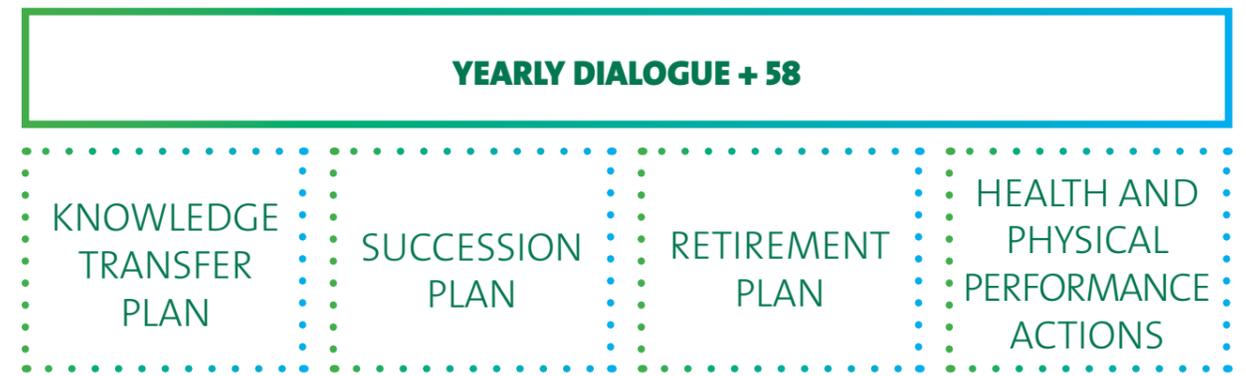
Porkkala refinery (source: Nordic Sugar)

INITIATION AND IMPLEMENTATION PROCESS: REASONS AND MOTIVES

The Finnish plant holds a one-day meeting with all staff every two years. At it, workers and management identify challenges and successes, discuss them and define top priorities for action in the coming two years. In 2011, several workers complained about differences in treatment between older and young workers: the company had been through significant collective layoffs; once business and production were finally back on the road to recovery, an intensive recruitment campaign for young workers had taken place. Management had subsequently developed an inclusion policy focused exclusively on the new-hires. The older employees felt disregarded and discriminated because they did not benefit from the activities initiated. The work atmosphere had become counterproductive, and the demographic balance had suddenly tipped, resulting in intergenerational misunderstandings, a lack of motivation and absenteeism. To resolve this situation, management set up 3 project groups responsible for the following objectives:

- **Group 1:** Safeguard competences at a satisfactory level until retirement.
- **Group 2:** Ensure that physical and mental health and well-being remain at a satisfactory level, allowing “healthy retirement”.
- **Group 3:** Improve cooperation attitudes and the working atmosphere to enhance skill transfer between age groups.

Each group was composed of 5 to 7 people volunteers, both blue-collar and white-collar workers as well as management. The groups were supported by the Work and Health Committee. Their respective outcomes enabled the drafting of the ageing plan that was discussed with all employees aged 58 or over in individual interviews. At the same time, the national sectoral food industry social partners adopted a series of 5 collective agreements recommending company social partners to agree on company programs for ageing solutions.



AGEING PROJECT at Porkkala

FOCUS AND TARGET GROUP, INITIATOR AND PLAYERS INVOLVED

The project ageing plan is based on the following stepping stones:

- “The Dialogue”: to facilitate communication between workers and supervisors/managers, individual face-to-face meetings are held once a year. Their objective is a) to assess an individual worker’s needs in his or her daily work to improve job satisfaction and working conditions, and b) to anticipate and set up career development and retirement plans and to plan for the transfer of skills and know-how to new staff (“succession plan”). Despite the initial fears of certain workers, staff finally accepted this process as a positive experience. According to HR Management, “workers soon recognised that there were no sanctions or hidden agenda on the management side because nobody was forced to leave”. The role of the Health Committee was crucial in convincing workers to support the project.
- Increasing the preventive healthcare budget: management decided to fund further paramedical support and working environment improvements. The gym room and physiotherapeutic aids are accessible outside working hours. The company doctor, physiotherapists

and nurse are involved at all stages. They have benefited from training from outside service providers.

In 2015, this program was expanded to include the “post-working” period. With the support of the Finnish Institute for Occupational Health (a public institution), coaching was provided to support 55+ year-olds in planning their retirement: which activities and social life should they focus on? In 2016, the Institute will support companies (including Nordic Sugar) in helping staff to improve their work-life balance.

The HR department has carried out a staff survey to assess the “equality plan”, an extension of the “ageing plan” covering the entire plant workforce.

Examples of actions taken:

- *Physical strain: identification and analysis of issues together with management, meetings with physiotherapist, gymnastics and reviewing ergonomic working positions, acquiring special tools and equipment.*
- *Mental strain: discussion with management about lack of motivation. Asses-*

ment of potential new work objectives, multiskilling development from crystal sugar processing to packaging, from one area of maintenance to other areas. Developing the autonomous decision-making of maintenance workers over their own work activities.

Project assessment examples:

- External support: every 3 years, an external healthcare service provider surveys the company and provides suggestions for improvement;
- Recording of indicators on retirement age and sickness leave.

retirement plans especially for longstanding workers, additional paid holidays, redeployment within the company could also be initiated on the basis of social dialogue-based solutions, becoming an attractive asset for the sector to recruit new talents.

ASPECTS FOR TRANSFERABILITY

MANAGEMENT AND TRADE UNION REPRESENTATIVES BELIEVE THAT THIS INITIATIVE IS FULLY TRANSFERABLE TO OTHER SECTORS. SOME PREREQUISITES ARE NEVERTHELESS NEEDED:

- Common interest and motivation of workers and management are prerequisites for developing a strategy based on

dialogue and trust.

- Communication targeting staff and middle management is key to ensuring that the process is properly understood and to avoiding fear (among workers) or disregard (management).
- Time pressure is the enemy of success. One should accept that such a process can only be effective in the medium term.

CONCLUSION

This case study is largely based on the individual relationship between a worker and his or her manager. The HR department involved plant workers and their representatives, recognising that they are a reliable source of creativity and change. However, significant communication efforts and budgetary resources were also needed to make the process accepted and operational.

The improved working conditions, including interrelations between workers of different ages, have had a direct consequence on company productivity, decreasing absenteeism and counteracting low worker motivation. Nevertheless, further collective answers can still be found in collaboration with worker representatives, in addition to the individual plans already adopted.

PROBLEMS ENCOUNTERED, LESSONS LEARNED AND SUCCESS FACTORS

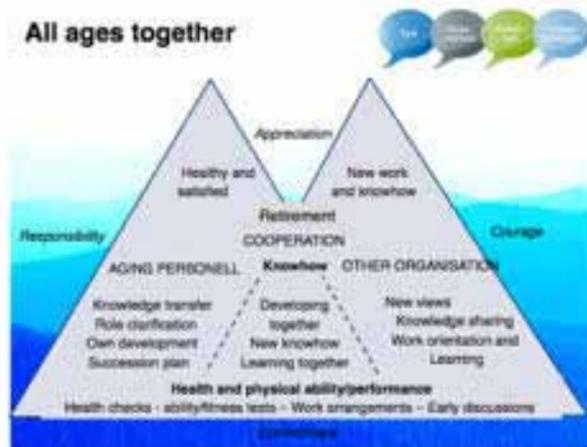
Outcomes are very satisfactory for the management side:

- The work atmosphere has improved, as reflected by the drop of complaints in this field
- There is better anticipation of retirements, meaning that recruitment can be better planned.
- Mentorship and skill transfer are improving.
- The incidence of sickness leave has decreased from 7% to less than 4% (compared to 8% on average in the sector at national level) for blue-collar workers. This rate remains high because workers with recurrent diseases stay in employment instead of requesting permanent sick leave, according to both social partners.
- The project has become a regular policy that is not visible: “workers would not say that we have an ageing program

in the company, and that’s the way it should be” says HR Management. The program is now fully accepted by staff.

- Human resources management and health and safety in particular have become a competitive issue for companies. Nordic Sugar has boosted company visibility at the same time as improving working conditions and workplace risk prevention at the workplace.

On the workers’ side, this program is a success because it takes into consideration the specific needs of individuals with regard to difficulties at work, and looks for appropriate solutions. The union would like to look for further ageing solutions benefiting the entire workforce. A collective approach can have a preventive and equitable impact. According to the union SEL, working time arrangements for older workers, progressive



Crossing pyramids (source: Nordic Sugar)



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