Europeanization of Co-determination: The Experience of Employee Representatives in International Boards of European Companies (SE)

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What Does Co-Determination Do? What Can We Learn from Research?
HBS / WZB, June 11, 2018

Funded by:
etui.

Agenda

1. Background: Europeanization of board-level employee representation
2. Setting the scene: facts & figures on board-level employee representation in European Companies
3. Data & methods
4. Empirical findings
5. Conclusions

Background

- European Company (SE): emergence of Europeanized company boards
- Opportunities & challenges:
  - Board-level employee representation might be spread to countries where no such regulation exists in the domestic industrial relations system
  - Employee representatives from different countries have to deal with different languages and different national ideas of employee representation: increasing need for coordination
- Research on employee involvement in SEs (e.g. Aranea 2016; Keller/Werner 2010, 2012; Rehfeldt et al. 2011; Rosenbohm 2013, 2014)
  - Main focus: SE's impact on employee involvement

Background

- Rather little is known about the social practice of board-level employee representation in Europeanized boards (Gold 2011; Waddington/Conchon 2016, 2017)
- Waddington/Conchon 2017:
  - SE board-level employee representation is not an extension of national institutions and practice; SE representatives appear to be much more Europeanised than their counterparts in German companies
- Discussion about the internationalization of board-level employee representation in MNCs
- More precise analysis: experience of employee representatives in international boards of European Companies (case studies)

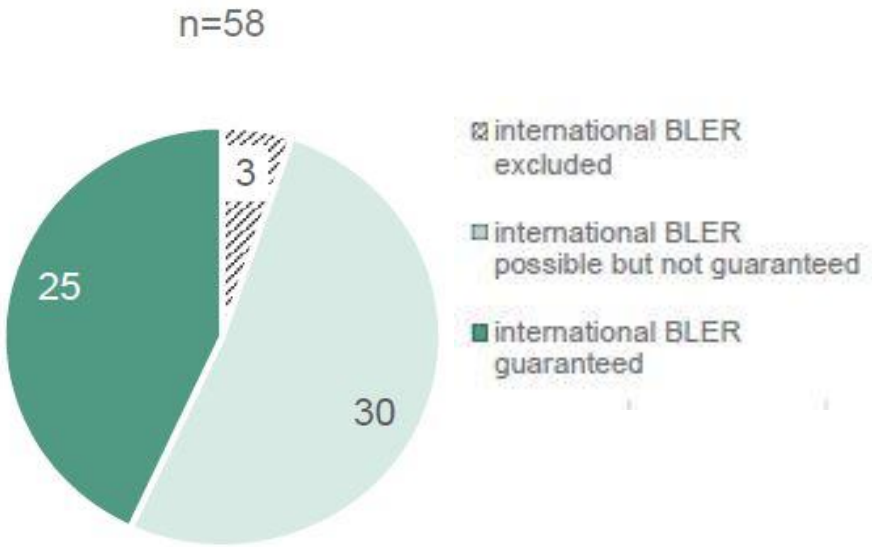
Facts & Figures: Europeanization of BLER in SEs

- 74 established normal SEs with BLER (ECDB)

- Europeanization of BLER is **not always given**
  - Not always guaranteed in SE agreements
  - 21 SEs with mononational BLER (EWPCC database)

- Tendency: internationalization is more likely the greater the number of seats allocated to employees

Figure 1: SE agreements: Internationalization of BLER seats



Source: ETUI 2018: 79

Focus of the presentation

- How do employee representatives from different European countries assess the role of board-level employee representation?
- How do board-level employee representatives from different European countries interact with each other? Do different national ideas of employee representation constitute important obstacles?
- How is board-level employee representation articulated with other actors and institutions?

Methodology

- 10 company case studies
  - **9 SEs:** HQ in Germany, **1 SE:** HQ in Austria
  - **7 SEs:** parity co-determination, **3 SEs:** ranging from 1/3 to 45%
  - **All cases:** two-tier board structure with a management board and a supervisory board
- Case selection: **level of internationalization:** employee delegates from at least three countries
  - Three countries (n=6), four countries (n=3), five countries (n=1)
- Semi-structured interviews with board-level employee representatives: German (18) and non-German representatives (19)

Role of board-level employee representation

- Board-level employee representation is highly valued (German and non-German representatives)
  - Influence the decision-making process within the company: company's strategic alignment, investment decisions, company restructuring (e.g. minimum standards in case of a divestment)
  - Access to relevant information that is not accessible otherwise
  - Direct contact to top-level management and shareholder representatives (e.g. pre-meetings with the CEO)
  - Strengthens the position at plant level
- Functioning and role of BLER is linked to the company structure and corporate culture (social partnership)
  - Less influence at subsidiary level
  - Cooperation among shareholder and employee representatives

Coordination and resources

- Close cooperation among the employee representatives: holding of pre-meetings among employee representatives is a common practice, cooperative relationship
- German representatives play a decisive role in coordinating the activities of the employee representatives
  - Company's headquarter: direct communication with central management, long-time experience in co-determination, access to information
  - Resources: Full-time employee representatives, trade union officials
  - Focus of business activities
- Language issues:
  - Some companies: interpretation is needed and sometimes hampers cooperation among employee representatives (non-Germans are less active in SvB-meetings and pre-meetings)

Coordination and resources

- But: Language is not always an issue: use English as company language
- Complexity of issues discussed is a major challenge; additional workload (especially for non-German representatives)
  - Sometimes: Non-Germans need support to understand issues
- Few representatives make extensive use of training opportunities, mostly due to time constraints
  - German representatives: support from the Hans-Böckler-Foundation, trade unions
- Trust relationships among employee representatives are of relevance

Common understanding

- Most cases: Added value by having different perspectives from different countries; representing the interests of domestic workforce and employee interests from other countries
- Employee representatives: discuss and align together beforehand and look for consensus among each other
  - Leading role of German representatives; non-Germans feel not always included in all discussions
  - Some cases: not always a unified position (voting): different understanding (national differences, but also: unionized vs. non-unionized members, different positions within the company)
  - Representatives apply different national discourses towards shareholders and management (cooperative, adversarial or hostile)
- Interviewees: National differences are more relevant within SEWCs

Articulation with other bodies and actors

- Close connection between board-level employee representation and the SEWC/EWC
  - Some cases: BLEReps must participate in the SEWC meetings, BLEReps must be members of the SEWC steering committee
  - Role of the SEWC in the appointment procedure
- Articulation with the national and local level is linked to the institutional setting of the respective countries
  - Germany: reporting back to the Group/Central Works Council
  - UK/Portugal: no workplace representation structure exists; BLEReps are isolated
- Confidentiality issues

Conclusions

- Board-level employee representation is highly valued
- Board-level employee representation spreads to countries where no such regulation exists in the domestic industrial relations system
- New challenges: increasing need for coordination (language issues, articulation)
- Leading role of German representatives
  - Seems to be linked to the ratio of German and non-German BLER members
  - Different resources
  - Not really contested
- Context factors: company structure, locus of real decision-making, shareholder and management attitudes

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