Hans Böckler Stiftung

Mitbestimmung · Forschung · Stipendien

WORKERS‘ VOICE AND GOOD CORPORATE GOVERNANCE

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New wave of globalization

(1) Entry of China, India and the former communist countries into the global trading system since the early 1990s.

(2) Massive increase of capital flows in the last three decades. Global capital flows have increased 25-fold (compared to an 8-fold increase in trade) between 1980 and 2007.

(3) Unprecedented role of the transnational company

The role of transnational companies

Corporations vs governments revenues: 2015 data

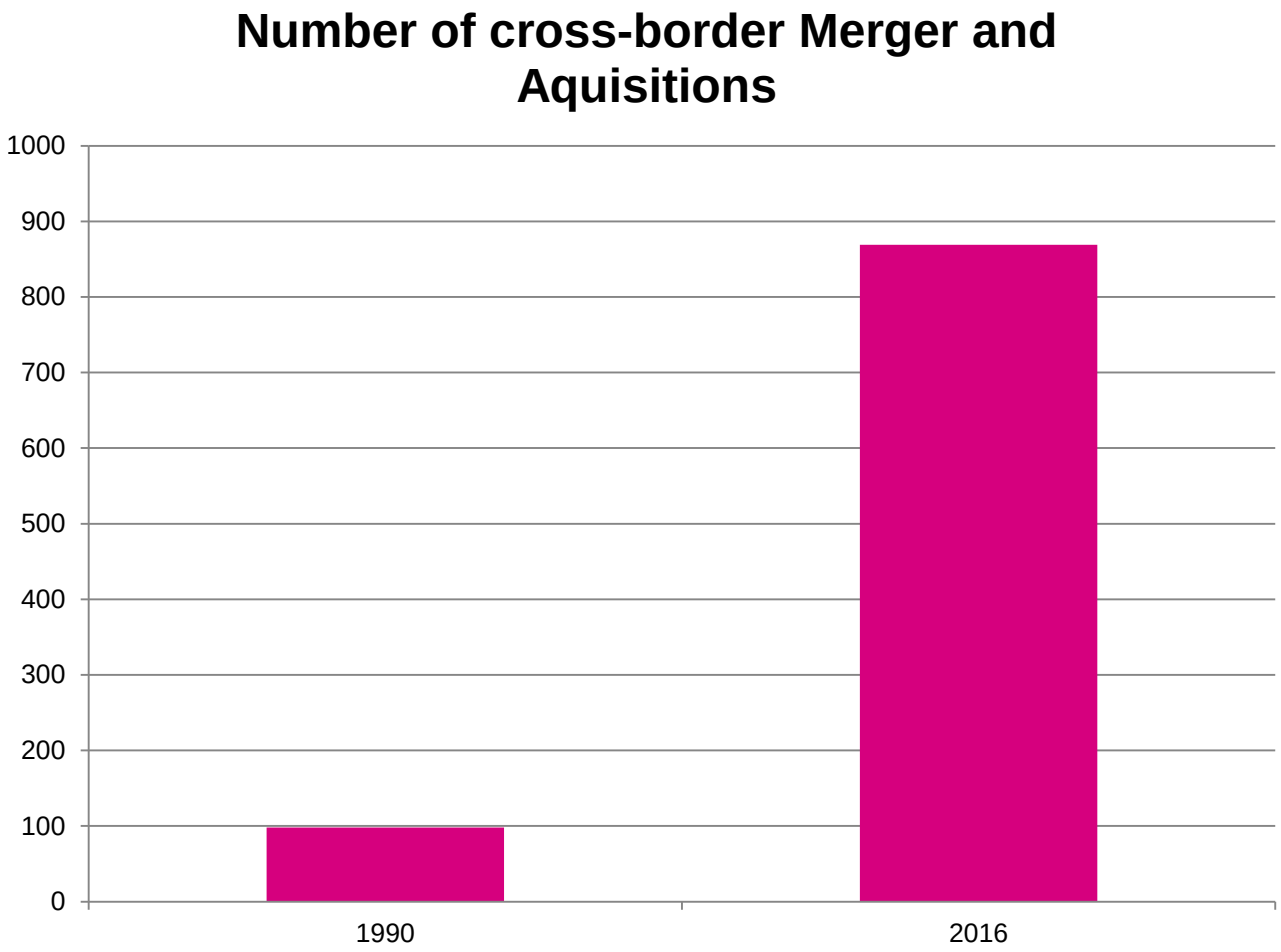
Type	Name	Revenue (USD)
Government	United States	3251000000000
Government	China	2426000000000
Government	Germany	1515000000000
Government	Japan	1439000000000
Government	France	1253000000000
Government	United Kingdom	1101000000000
Government	Italy	876000000000
Government	Brazil	631000000000
Government	Canada	585000000000
Corporation	Walmart	482130000000
Government	Spain	473600000000
Government	Australia	425700000000
Government	Netherlands	336500000000
Corporation	State Grid	329601000000
Corporation	China National Petroleum	299271000000
Corporation	Sinopec Group	294344000000
Government	Korea, South	291300000000
Corporation	Royal Dutch Shell	272156000000

Global Justice Now

In 2015: 69 out of the 100 largest economic entities were companies.

Walmart has higher revenues than the government of Spain; Apple has higher revenues than the government of Belgium and the Daimler AG more than the government of Denmark.

Transnational companies – some data



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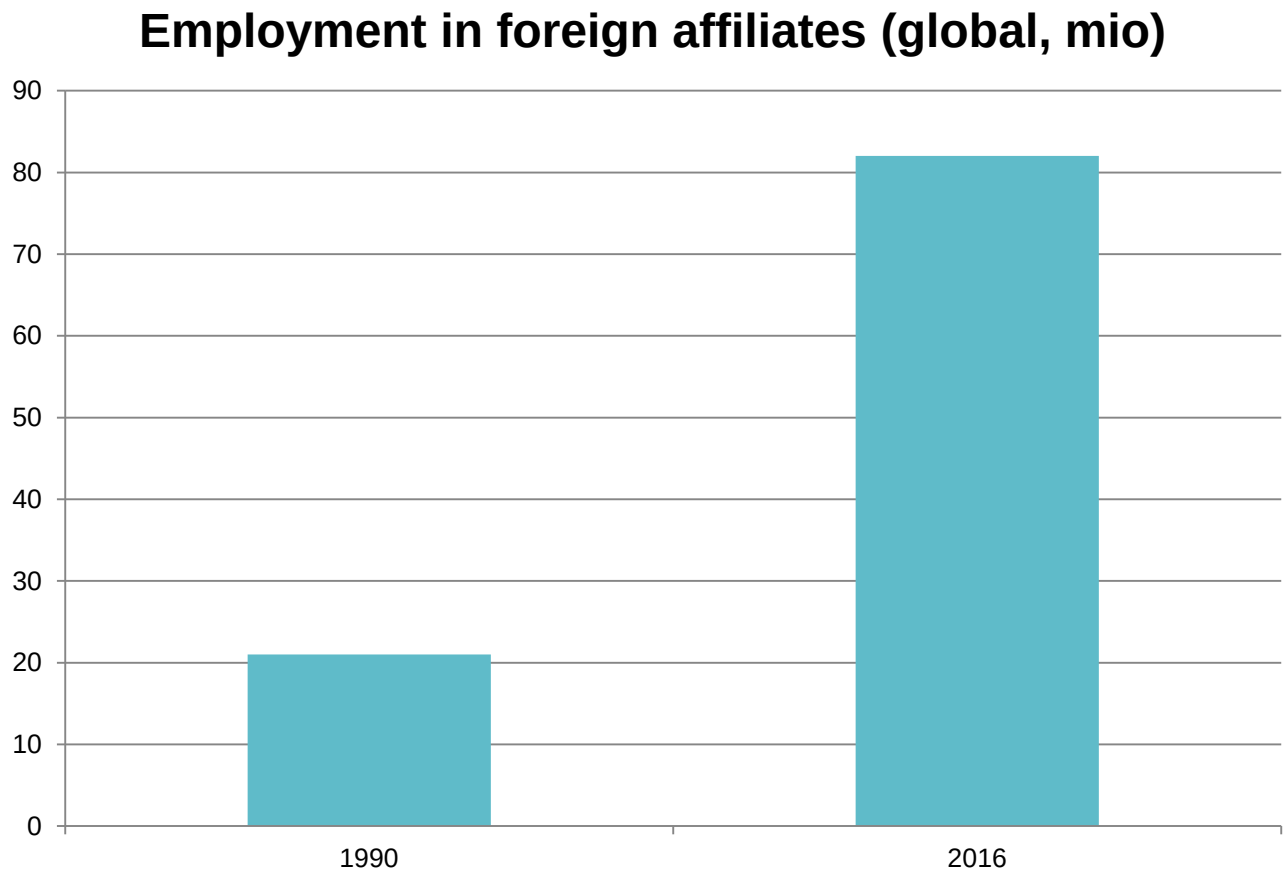

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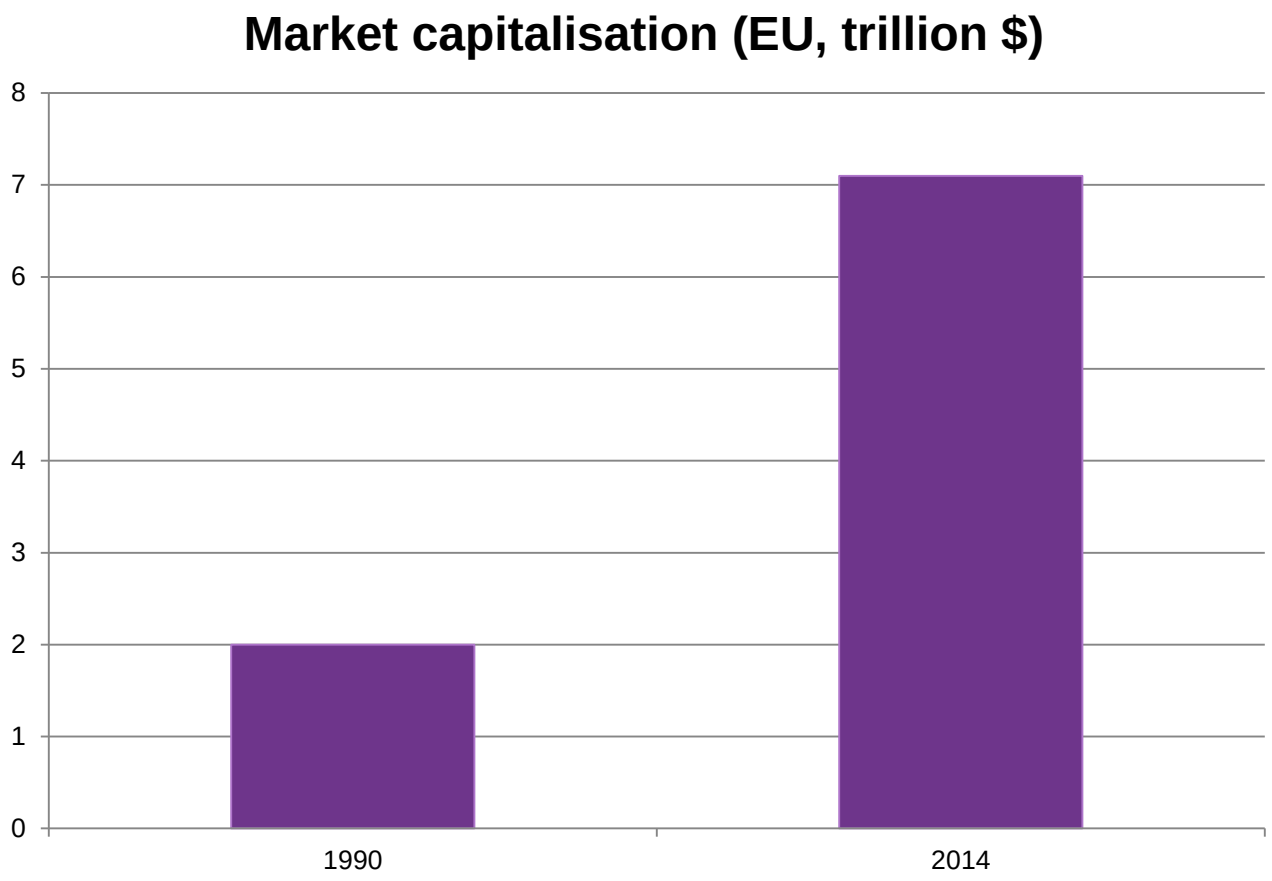


The role of transnational companies

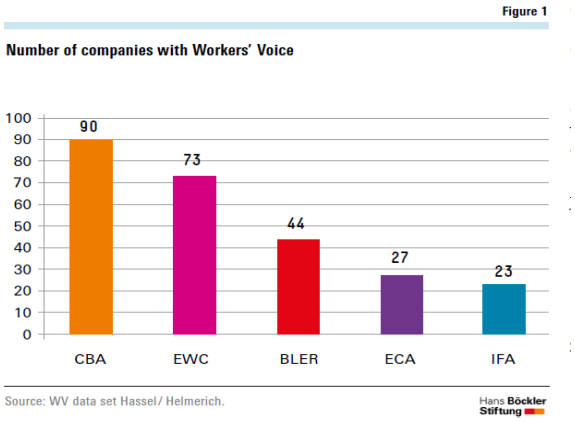
Transnational companies have long become major political and economic actors in Europe and beyond.

The decisions of the top managers of these companies have a powerful impact on local communities, the tax base of a government, and social and environmental standards.

Transnational companies shape globalisation.

- If globalisation is to be made fairer, transnational companies have to be better regulated and embedded into the societies where they operate.

What is Workers‘ Voice?



CBA: collective bargaining agreements; EWC: European works council; BLER: board level employee representation, ECA: European collective agreement, IFA : International framework agreement

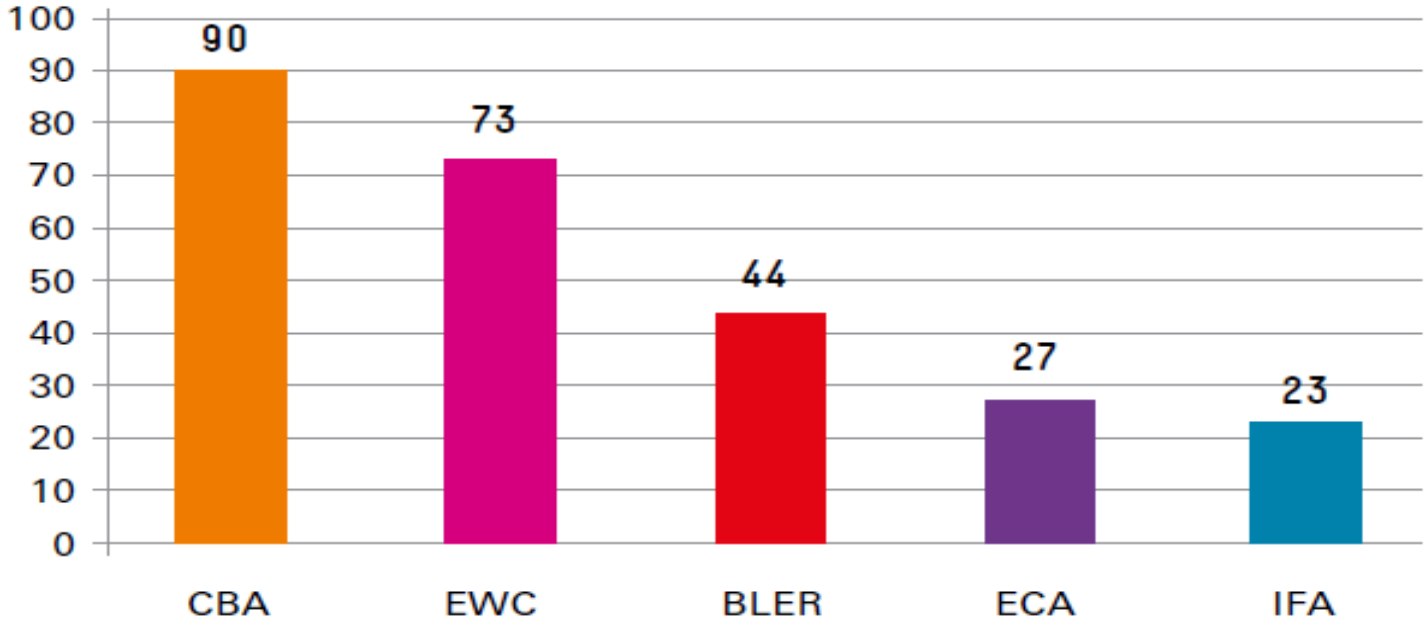
A key component of the European Social Model:

- Comprehensive collective bargaining
- Information, consultation and participation
- Great variation between MS

The capacity and potential of employees and their representatives to influence strategic decisions in companies with regard to investment, restructuring and relocation.

Figure 1

Number of companies with Workers' Voice



Source: WV data set Hassel / Helmerich.

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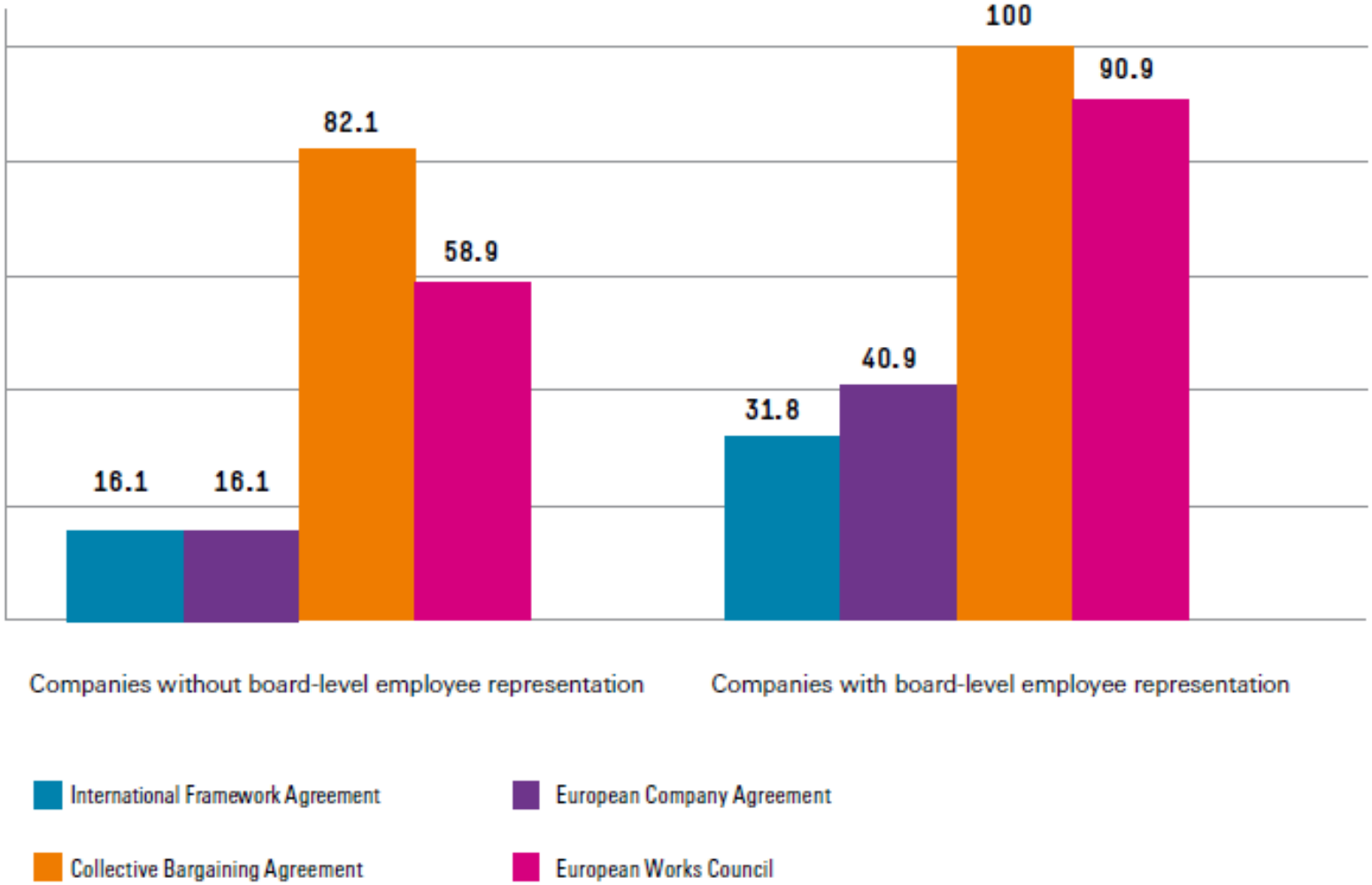
Figure 2

Forms of Workers' Voice by BLER (in %, 2014)



The Workers‘ Voice effect

Europe Top 10 The Global Competitiveness Index 2014-2015	Global Rank*
Switzerland	1
Finland	4
Germany	5
Netherlands	8
United Kingdom	9
Sweden	10
Norway	11
Denmark	13
Belgium	18
Luxembourg	19

Source: The Global Competitiveness Report 2014-2015
Note: * 2014-2015 rank out of 144 economies

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Switzerland	1
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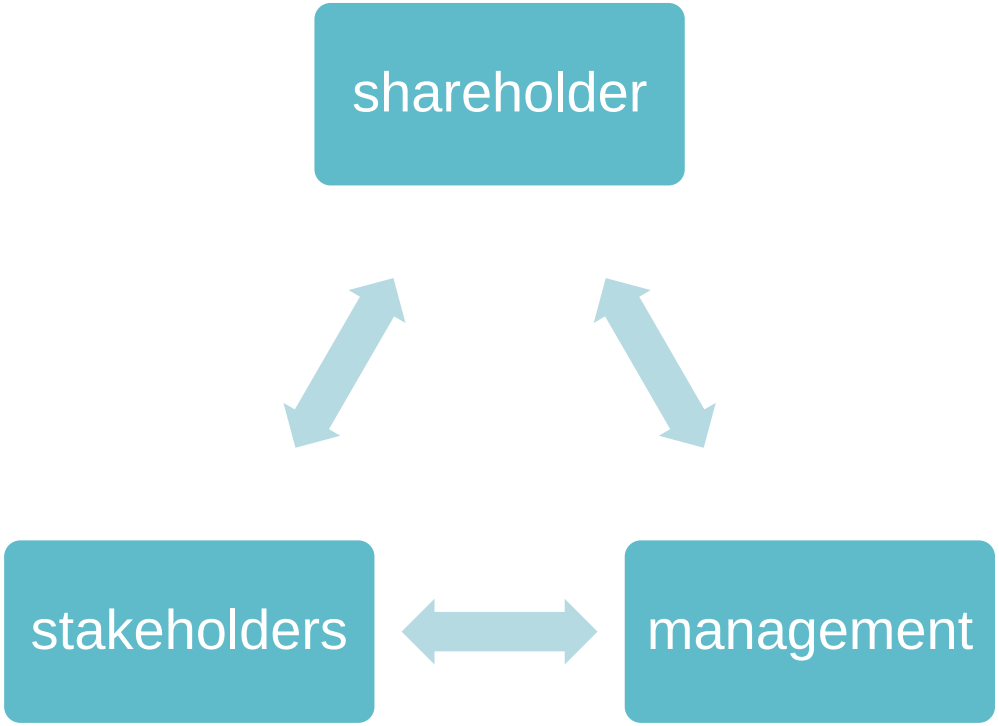
Workers‘ Voice and fair globalization

- Corporate Governance
- Responsible companies
- Restructuring
- Capacity building in a multi-level system of workers‘ voice

WORKERS‘ VOICE AND GOOD CORPORATE GOVERNANCE



Criteria for good corporate governance

- The protection of stakeholder rights and the means to enforce those rights by monitoring executives and holding them accountable;
- The management of different interests and demands of various internal and external stakeholders;
- The provision of transparent information disclosure;
- The provision of strategic and ethical guidance for the company.

Aguilera, Ruth V., et al. (2015), 'Connecting the Dots: Bringing External Corporate Governance into the Corporate Governance Puzzle', *The Academy of Management Annals,* 9, 483-574.

Workers‘ voice and good corporate governance

(1) Access by employee representatives to information on the performance of the company beyond the disclosure of public information in publicly listed companies;

(2) Participation of employee representatives in board meetings as directors or in supervisory boards;

(3) Opportunity to voice opinions and positions that reflect the views of the company’s employees in order to support good practices in the company and avoid bad ones.

Representation of workers‘ at board level: workers‘ directors, BLER, consultation procedures

WORKERS‘ VOICE AND THE RESPONSIBLE COMPANY

Voluntary, ineffective, Green Washing

Responsible Business Conduct, Business and Human Rights, OECD guidelines, stronger regulatory setting

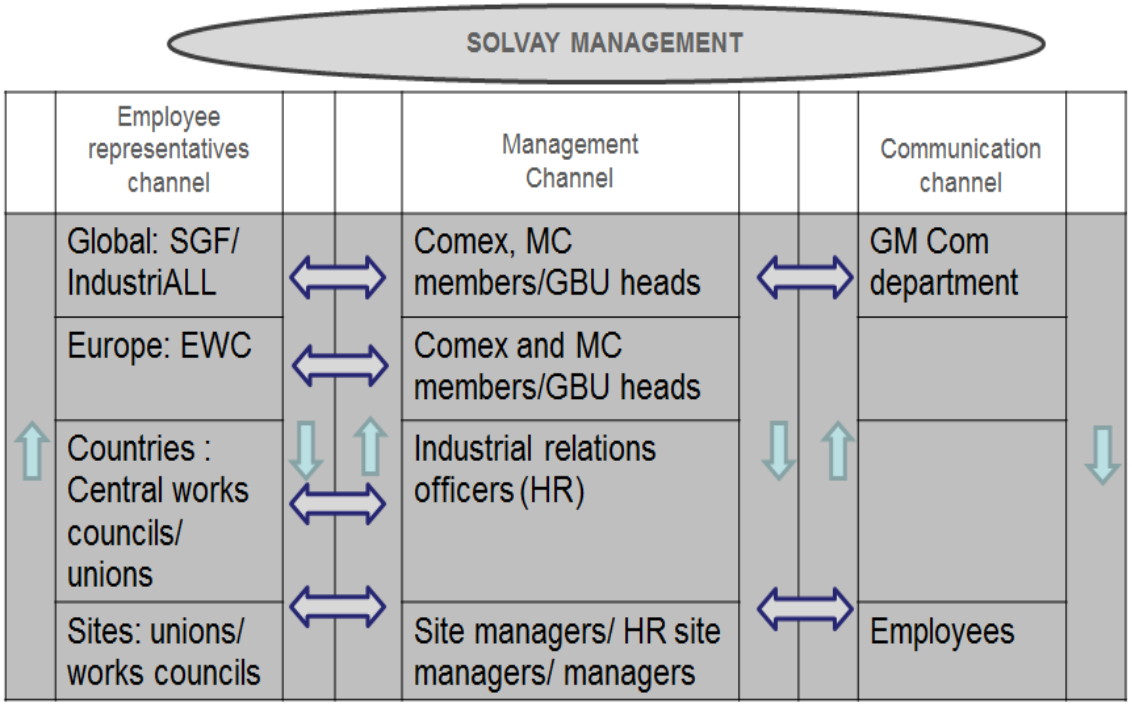
Workers‘ Voice and the Responsible Company

(1) Workers’ voice are part of the Business and Human Rights Agenda. Labour Rights are Human Rights

(2) Workers‘ voice can play an important role for facilitating the responsible business conduct beyond labour issues, i.e. anti-corruption, sustainability.

(3) Strengthen the use of IFAs, ECAs and EWCs for communicating and implementing due diligence.

MULTI-LEVEL SYSTEM OF WORKERS' VOICE



Beyond institutions

Functions of workers' voice

1. Representing workers' concerns
2. Enforcement of rights
3. Communicating workers' interests
4. Monitoring management decisions

Beyond institutions

Principles for functional equivalence

1. Obligatory
2. Sanctionable
3. Individual and collective rights
4. Multi-level
5. Capacity building
6. Institution building

Key recommendations

Workers' Voice, as a means of monitoring, correcting and influencing corporate decisions in transnational companies, can shape the process of corporate restructuring towards a socially responsible European economy and reduce the impact of short-term investors and corporate raiders.

- **Address the role of employees and their representatives as an ingredient of good corporate governance.**
- **Give access of workers' voice to company boards**
- **Acknowledge diversity of industrial relations traditions**
- **Strengthen the legal foundations of workers' voice at the European level.**

ANNEX

The role of the EU

(1) European company mobility must not operate to undermine national institutions providing workers' voice.

(2) The personal scope of art. 27 of the EU Charter, specified by Directive 2002/14/EU, and therefore its direct and horizontal effect, should be recognised by the ECJ.

(3) The European legislator should review the treaties and improve the primary law with a view to protecting workers and their representatives, for instance by the introduction of a restriction of the scope of application of the fundamental freedoms.