Employee Representation in the New World of Work: The Dynamics of Rights, Voice, Performance and Power

47th Annual CIRA Conference / International CRIMT Conference
June 16-18 2010, Université Laval, Québec, Canada

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Paper proposal for
Thematic 1 “Assessing different representation systems: their construction, their core principles and their evolution”
At a time when the world of work is facing tremendous challenges and transformations, one topic is of increasingly acute relevance. The term ‘industrial democracy’, long widespread within the field of industrial relations, was first coined by Beatrice and Sidney Webb in 1897, since when this concept – also referred to, in EU terminology, as ‘employee involvement’ – has found concrete form in numerous different shapes. At company level, for instance, works councils, shop stewards or health and safety committees represent illustrations in this respect. Scholars and practitioners, meanwhile, whether focussing on the simple provision of information, or on the more complex matter of consultation and/or negotiation, have devised and studied numerous sophisticated models of interaction between industrial relations actors within the framework of industrial democracy (Blumberg, 1968; Bernstein, 1976; Salamon, 1998; Marchington, 2005, Carley and Hall, 2008; Carley et al., 2005; ETUI-REHS, 2005). One particular aspect of this subject, namely, workers’ participation, remains, however, much less investigated. This term refers to employee participation in company-level decision-making processes relating to matters of finance, strategy and investments. The most advanced form of such participation is the representation of the workforce in boardrooms by means of employee representatives with the right to vote.

And yet this issue deserves specific attention, insofar as it is of fundamental relevance to two inter-related matters, namely, the debate on corporate governance and the development of a system of employee participation within the European Union.

At issue in the debate on corporate governance is the fundamental choice between two different conceptions of the firm: the shareholder model (Jensen, Meckling, 1976), where the purpose of the firm is to maximise value in the interest of shareholders, and the stakeholder model (Freeman, 1984), where the firm has responsibility to a broader range of stakeholders such as suppliers, environmental actors and employees. Although the stakeholder model prevails in much of Western Europe, the disappointing economic performance of leading countries in this area during recent years has provided political opportunities for proponents of the shareholder model to advance their opposition to stakeholder systems. In contrast, the fostering of long-term profitability and employment, mechanisms to prevent mismanagement, and the benefits of transparency and accountability, are aspects highlighted by advocates of systems of corporate governance that embrace board-level employee representation.

At the European level, meanwhile, from the European Coal and Steel Community down to the present, there is an unbroken tradition in support of employee participation in general and board-level employee representation within systems of corporate governance in particular. This tradition comprises both policy statements and legal measures, most recently illustrated by the adoption of the European Company Statute in 2001. Underpinning this approach is the assumption that employee participation is a prerequisite for ensuring ‘high-road’ production systems throughout the European Union. In spite of a range of initiatives intended to establish a uniform system of employee representation and of corporate governance, a key current omission at European level is a measure to ensure greater uniformity in approaches to employee representation at board-level within member states.

One of the main reasons for this omission is the fact that this specific type of employee representation is not so well known. Indeed, it is possible to count on one hand the number of

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3 See Béthoux et al. (2008) for the first translation into French of the Webbs’ chapter entitled “Trade Unionism and Democracy”.
5 The most significant outcomes are the 2002/14 Directive of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community and the 94/45 Directive of 22 September 1994 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (a recent recast was adopted in May 2009, see Directive 2009/38).
6 Directive 2006/48/EC amending other Council Directives on the annual accounts and consolidated accounts of certain types of companies, requires companies to comply with a national code of corporate governance or to provide explanation in the event of non-compliance.
studies devoted to this subject (EIRR, 1991; Schulten and Zagelmeyer, 1998; Kluge and Stollt, 2005), while observing that mentions of legal provisions for employee representation in boardrooms are only occasionally to be found in European reports dealing with industrial democracy (the latest example of a report mentioning this type of worker participation is Calvo et al., 2008).

This paper thus aims to draw a detailed and wide-ranging picture of board-level employee participation in order to contribute to a more complete understanding of the overall construction of employee involvement. A first part will take a deeper look at the historical roots of workers’ participation in Europe, describing the waves of legislation that have set up this form of employee representation in EU countries as well as the emergence of this issue in European debate. This historical description will be linked up with the economic and political aspects and with more topical events and controversies such as those dealing with corporate governance and the regulation of the current economic crisis. The actual phenomenon of board-level employee representation will be presented in a second part. By means of a literature review and a census of board-level employee representatives in EU Member States plus Norway, we will offer a comparative description of the distinctive country-based legal features as well as the numbers of employee representatives holding mandates as worker directors. A third part, finally, will present a profile of the worker directors. Thanks to the preliminary results of a large-scale questionnaire-based survey that we are currently conducting in Europe among this population of board-level employee representatives, it will be possible to flesh out the abstract figures on worker directors by means of demographic elements (age, gender, occupation) as well as trade-union related elements (trade unionisation, other employee representative mandates held, relationship with trade unions and/or employee representative bodies). In conclusion we will discuss whether and why worker participation in the boardroom might be considered a relevant space for collective action.

References