

Co-Determination and Forward Looking Corporate Governance

Sigurt Vitols, Ph.D.

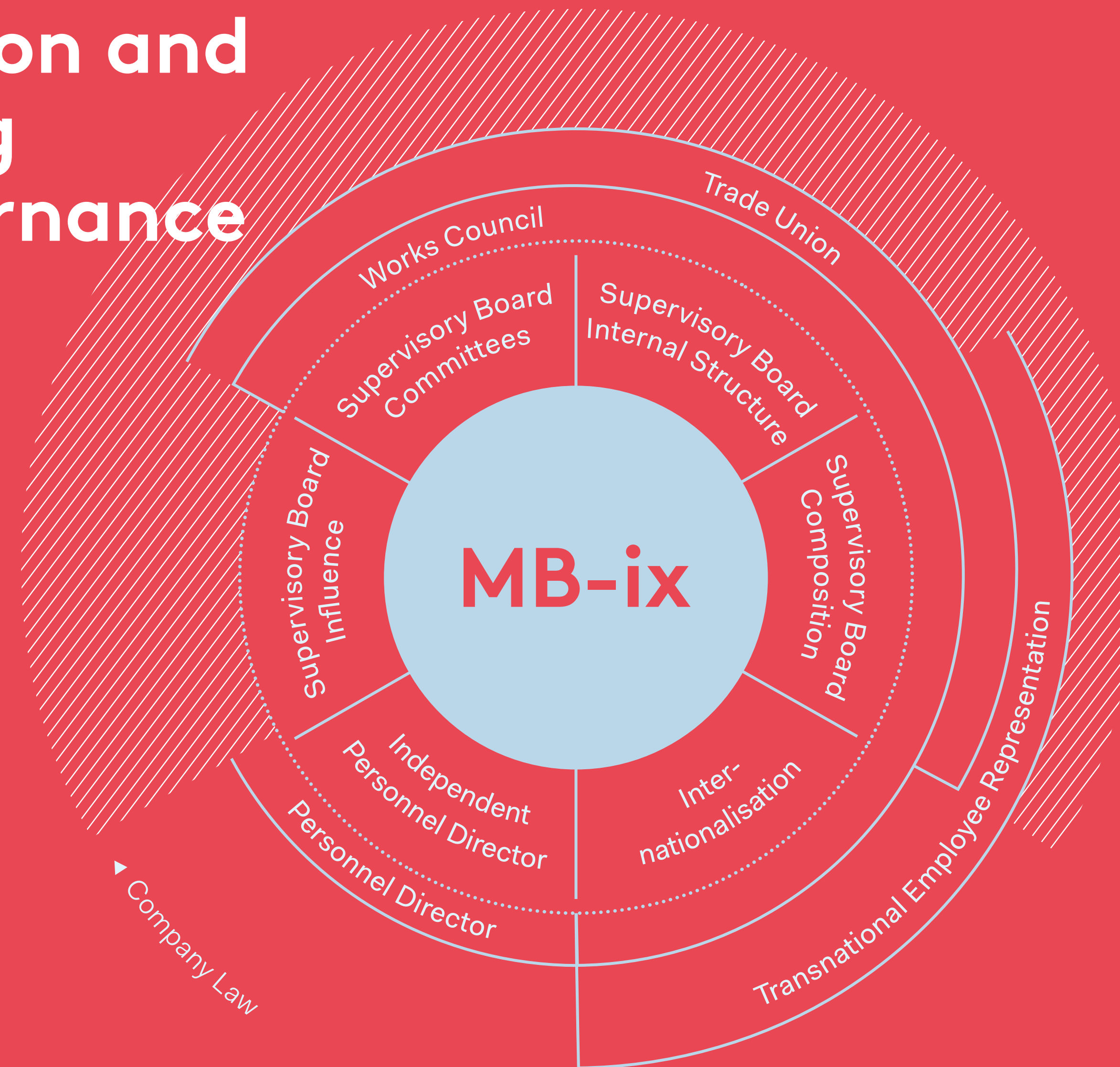
Berlin Social Science Center

What Does Co-Determination Do?

2ND Biennial WZB-HBS

Conference

11 June 2018, Berlin



Measuring Workers' Strength and Influence with a
Co-Determination Index (MB-ix)

Challenges for Co-Determination Research

- Differentiated measures of worker voice/power
- Broader range of dependent variables
- Long-term observation
- Comparative perspective
- Mixed methods
- Communicating results to a non-specialist audience

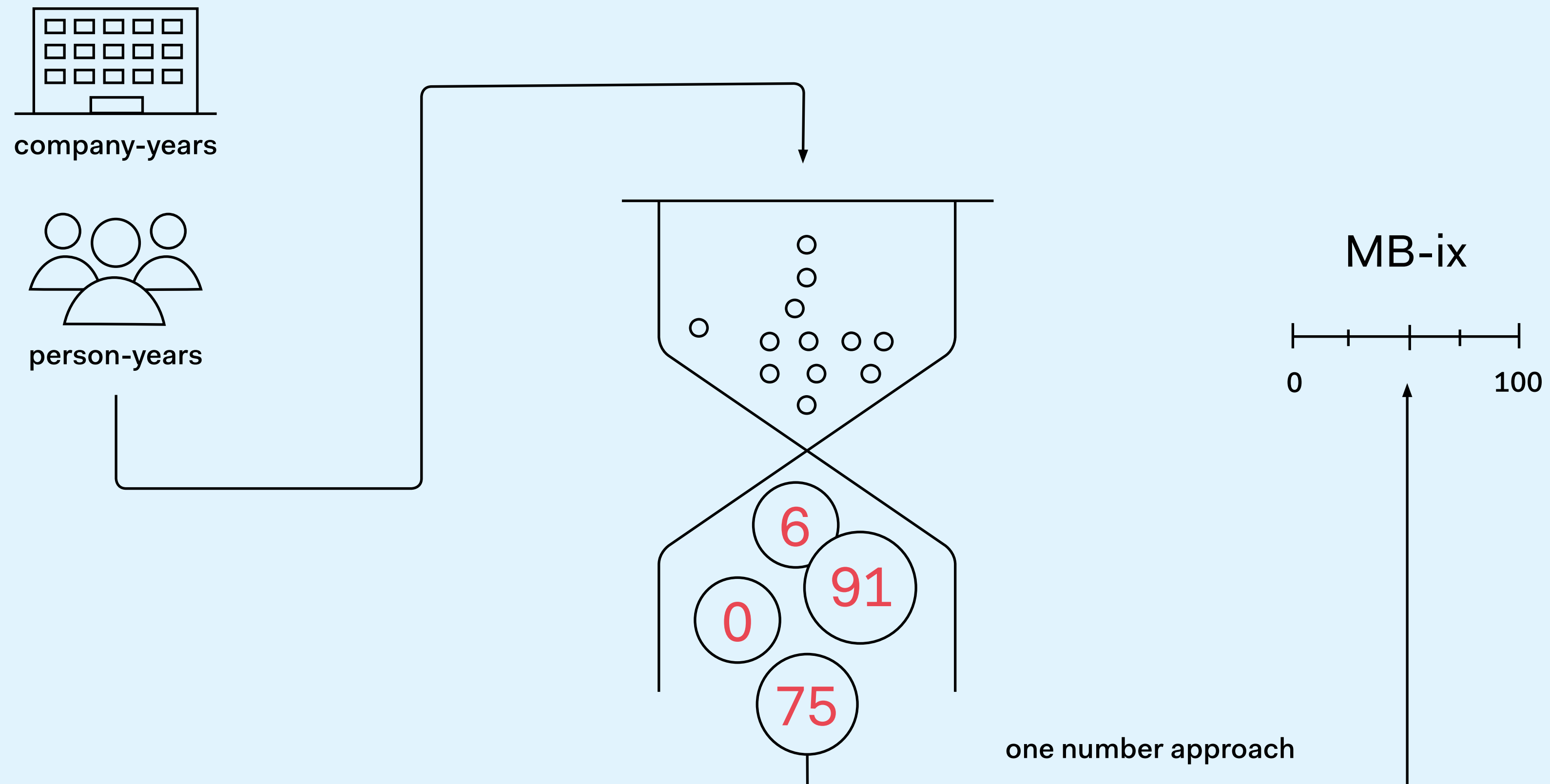
The MB-ix Project in Brief

- Six-component index of worker influence (MB-ix)
- MB-ix calculated for ca. 300 companies between 2006–2017
- Focus on relationship with sustainable company practices
 - Elements of “good work”
 - Sustainability-oriented management remuneration
 - Long-term investments
 - CSR/Sustainability practices
 - Ownership structures
- Financed by the Hans Böckler Foundation
- Cooperation with the Visual Society Program (WZB-UdK)

01 Methodology

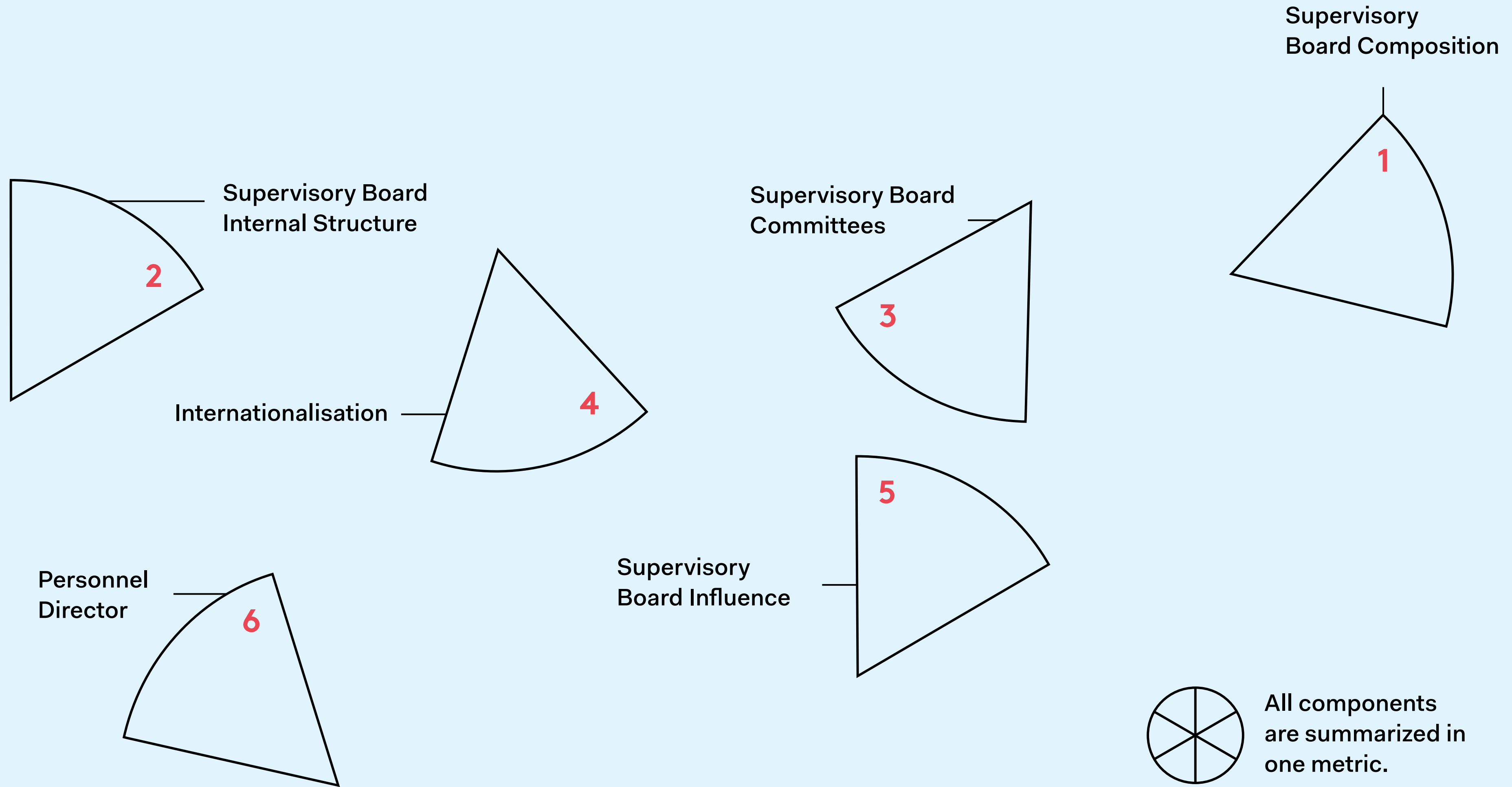
01 Methodology

co-determination index



01 Methodology

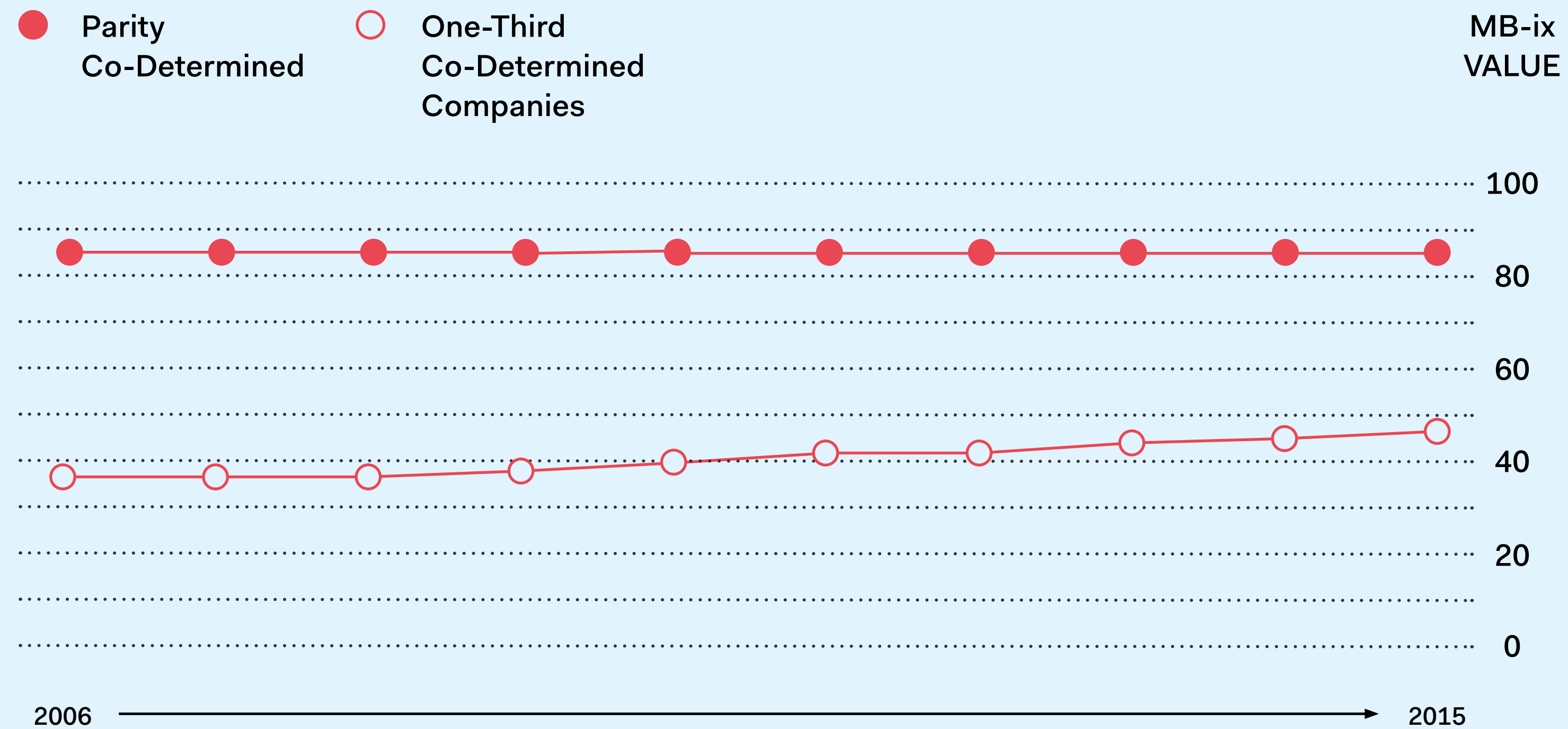
The Six Components



02 Results

02 Results

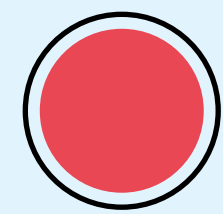
Co-Determination Defies the Financial Crisis



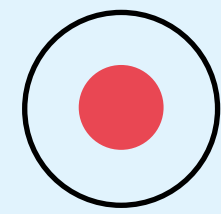
02 Results

A Comparison of MB-ix Average Scores

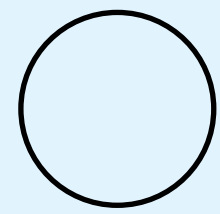
BY TYPE OF CO-DETERMINATION



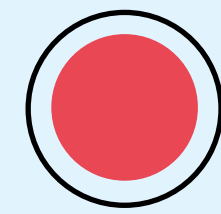
85
Parity
co-determination



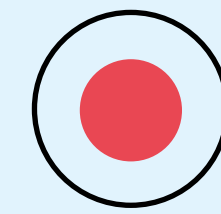
44
One-third
co-determination



0
Companies
without co-
determination

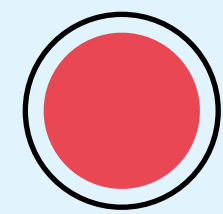


76
All
co-determined
companies

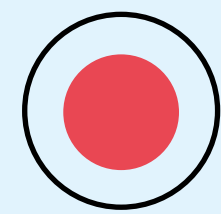


53
All companies
in the sample

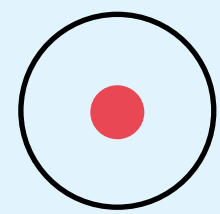
BY STOCK MARKET INDEX



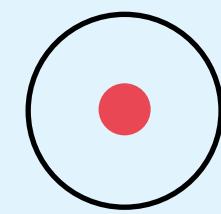
81
DAX –
big firms



60
MDAX –
medium sized
firms



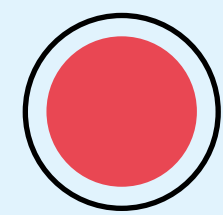
28
SDAX –
small firms



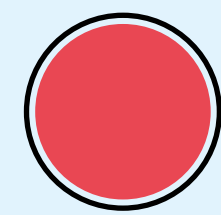
27
TecDAX –
high tech
companies

BY SECTOR

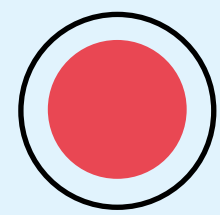
Only co-determined
companies



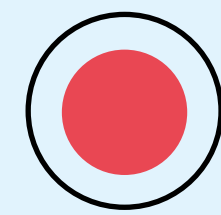
78
Industry,
construction,
agriculture



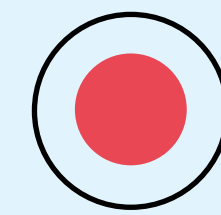
91
Logistics,
energy,
telecommu-
nications



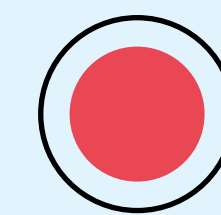
72
Wholesale
and retail



65
Banks, finance,
insurance



58
Services

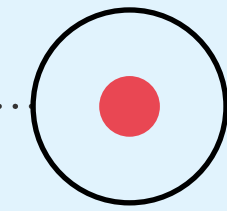


70
Health, education,
social

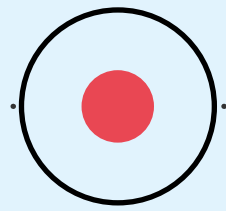
02 Results

Employee Representation Becomes International

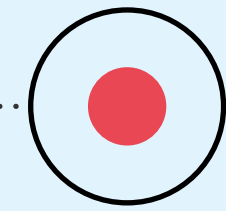
Share of
Companies with
European or SE



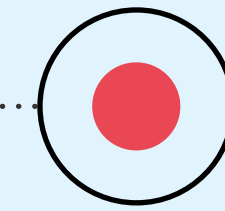
31%



37%

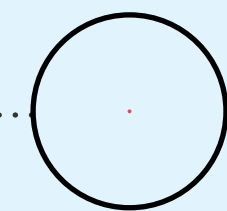


40%

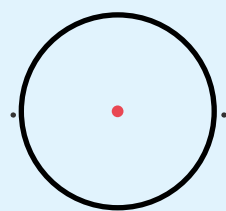


44%

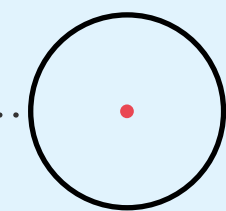
Share of
Companies with
Foreign Employee
Representatives



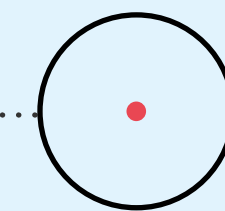
2%



6%



7%



9%

2006

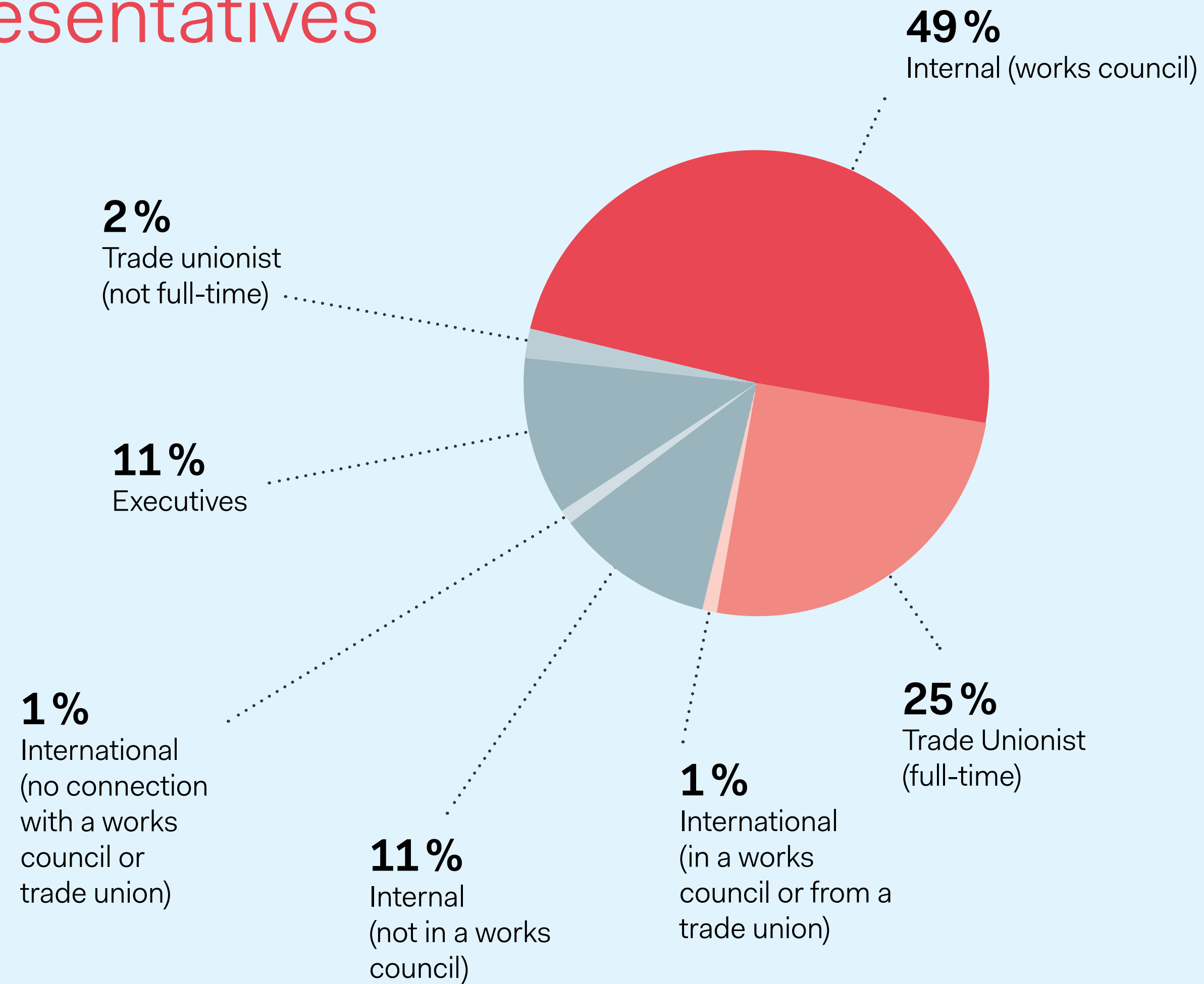
2009

2012

2015

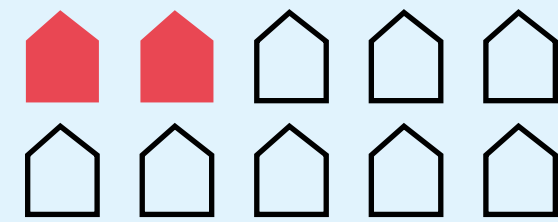
02 Results

Employee Representatives

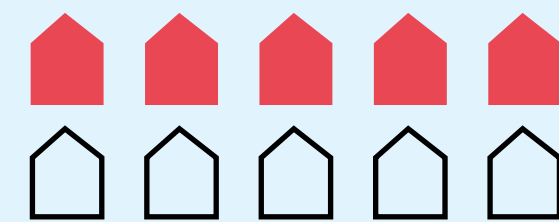


02 Results

Co-Determination Promotes Independent Personnel Policy and Good Work



Companies without co-determination



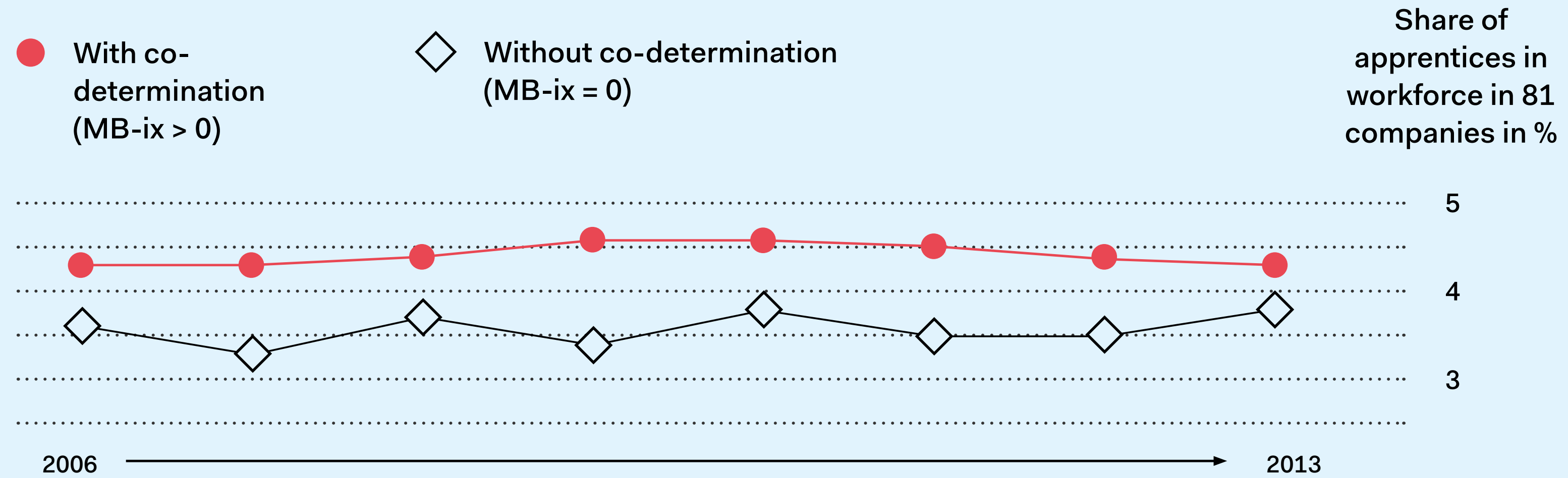
Parity co-determined companies



Companies with independent (from CEO and CFO) personnel directors in the Board of Executives

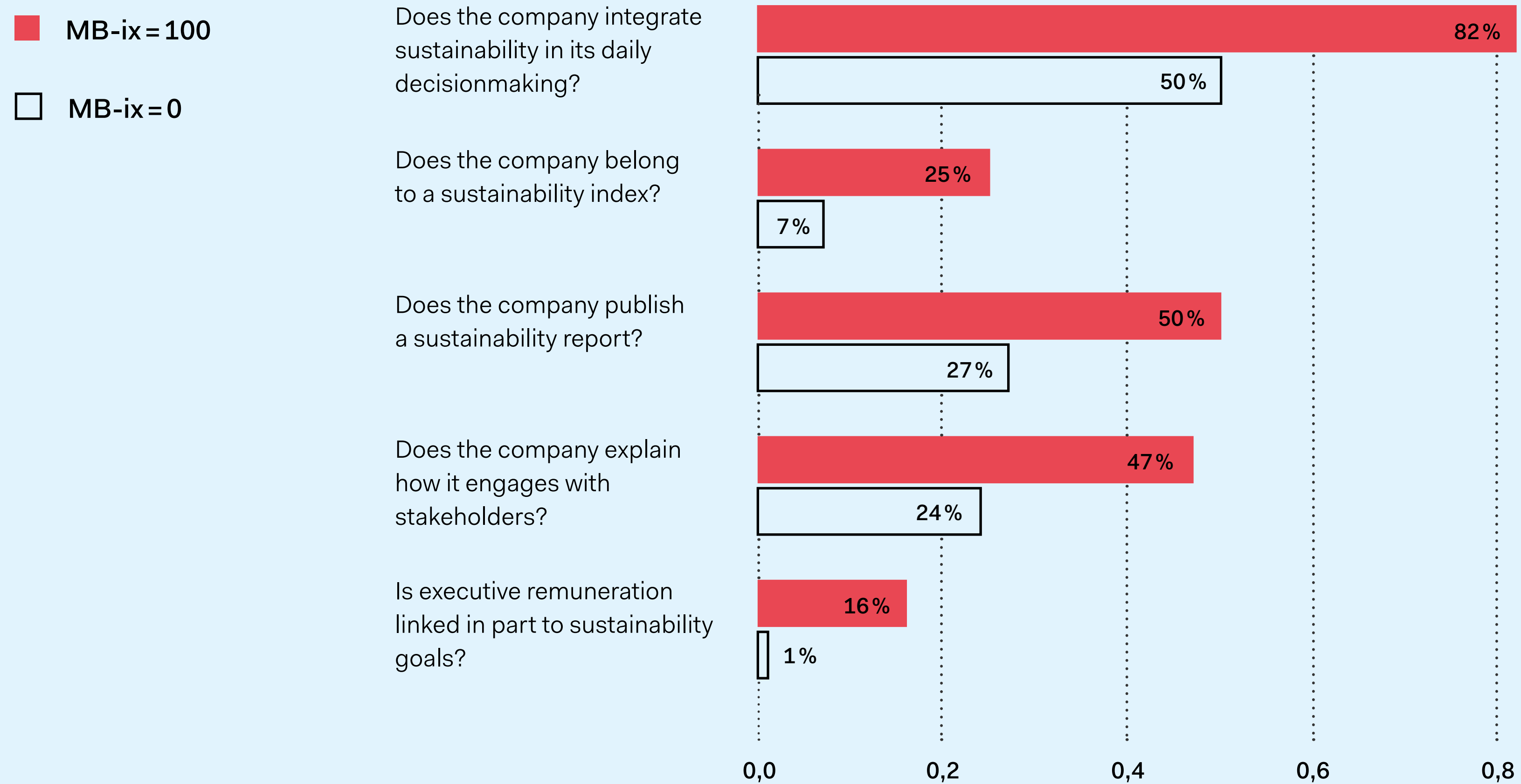
02 Results

Vocational Education



02 Results

Sustainability is Better Integrated in Corporate Governance at Strongly Co-Determined Companies



02 Results

Co-Determination a Brake to Innovation? Not a Trace!

1.000

global companies with the highest
R&D expenditures



42

are based in Germany

40

are co-determined, of these 36 parity
and 4 one-third co-determined



For comparison:

All co-determined companies
listed in DAX, MDAX, SDAX
and TecDAX have an average
score of 76 points.

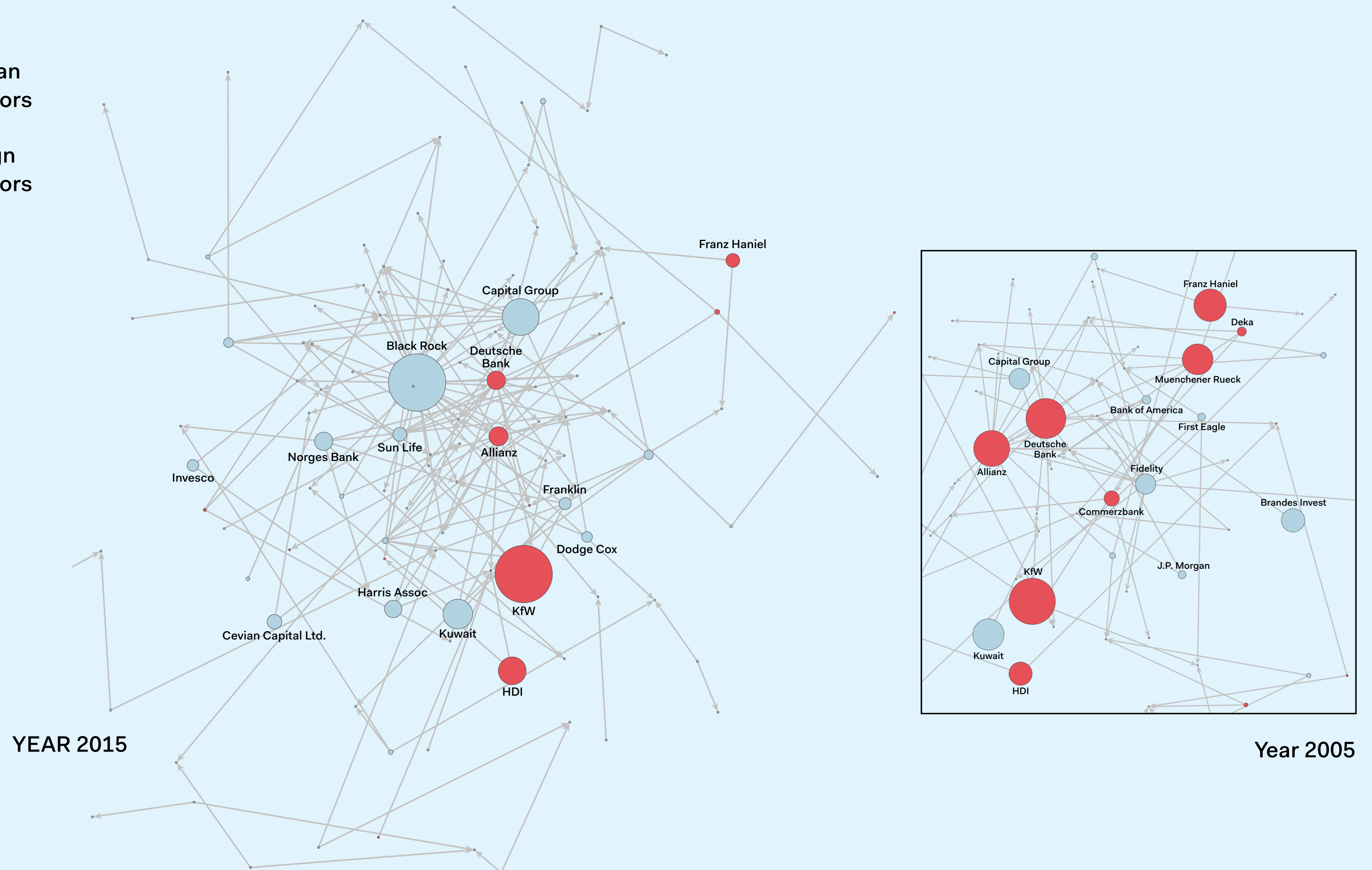
84

MB-ix points achieve
these companies

02 Results

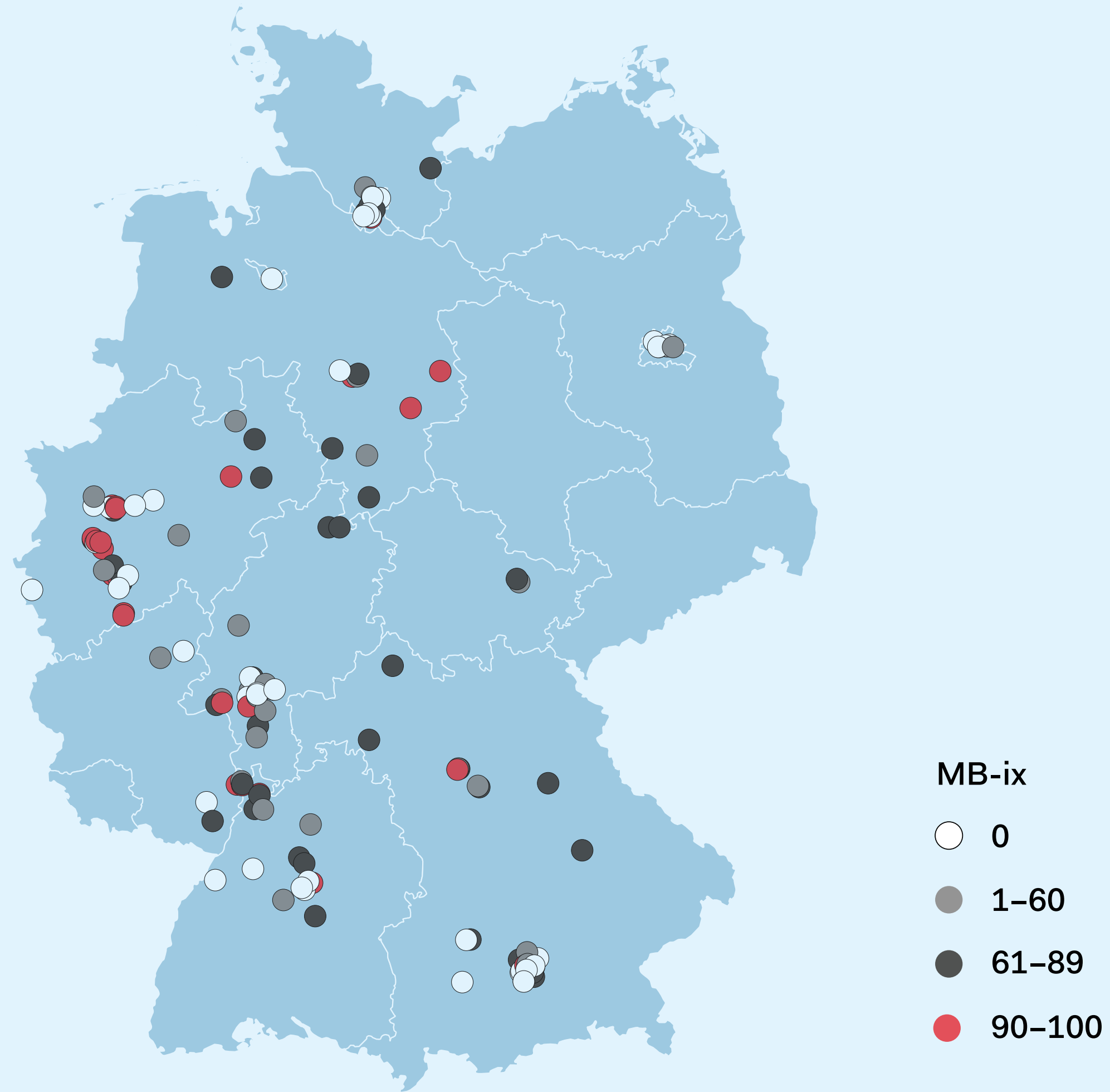
Co-Determination is More Necessary Than Ever!

- German Investors
- Foreign Investors



02 Results

Co-Determination is Spatially Unevenly Distributed in Germany



Thank you!

To find out more, go to
www.mitbestimmung.de/mbix

Responsible for the content:
Sigurt Vitols Ph.D., Dr. Robert Scholz
This project was financially supported
by the Hans Böckler Foundation.

Design: Katarina Lüth in the context of the Visual Society
Program, a cooperation between the Berlin Social Science
Center (WZB) and the Berlin University of the Arts (UdK)
Progression: yella park

WZB
Wissenschaftszentrum Berlin
für Sozialforschung