

REPORT

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WORKERS' VOICE IN THE 100 LARGEST EUROPEAN COMPANIES

Dossier

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AT A GLANCE

- Workers' Voice is widely present among the largest 100 firms in Europe. 90% of the largest firms participate in collective bargaining (CBA), 73% have a European Works Council (EWC) and 44% have Board-Level Employee Representation (BLER). 27% have a European Company Agreement (ECA), and 23% an International Framework Agreement (IFA). The data set allows three broad conclusions:
- First, Workers' Voice is mostly cumulative. Companies with BLER always participate in collective bargaining and generally have a higher percentage of other forms of Workers' Voice in place than companies without BLER. Companies with BLER and CBA in place also almost always have at least one European Works Council in place and, in 40.9% of the firms, also at least one European Company Agreement.
- Second, Board-Level Employee Representation and collective bargaining seem to strengthen good corporate governance. Companies with BLER offered considerably lower remuneration packages within the company than companies without BLER. Companies without BLER as well as companies without CBA spent, on average, significantly more money on the highest remuneration packages than companies with BLER and CBA present and companies with only CBA present. Companies with BLER are associated with a lower influence of a single biggest owner.
- Third, companies with strong Workers' Voice show better performance compared to those without. Companies with both BLER and CBA have higher market value as well as higher net sales.

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1. WORKERS' VOICE

The data set on the 100 largest, publicly-listed companies in Europe contains different variables on Workers' Voice. For this report, we cover the variables on International Framework Agreements, European Company Agreements, European Works Councils/SE Works Councils, Board-Level Employee Representation and collective bargaining agreements. For an overview of the respective data sources and data collection of the variables, see annex. The data set comprises of companies in ten EU countries employing a total of 17 million employees in 2014.

Figure 1 presents these different forms of Workers' Voice in the 100 largest firms. 90 companies have a collective bargaining agreement in place.¹ 73% have a European Works Council or an SE Works Council. There are 27 companies with European Company Agreements and 23 companies with International Framework Agreements.²

All Danish, German, and Swedish companies

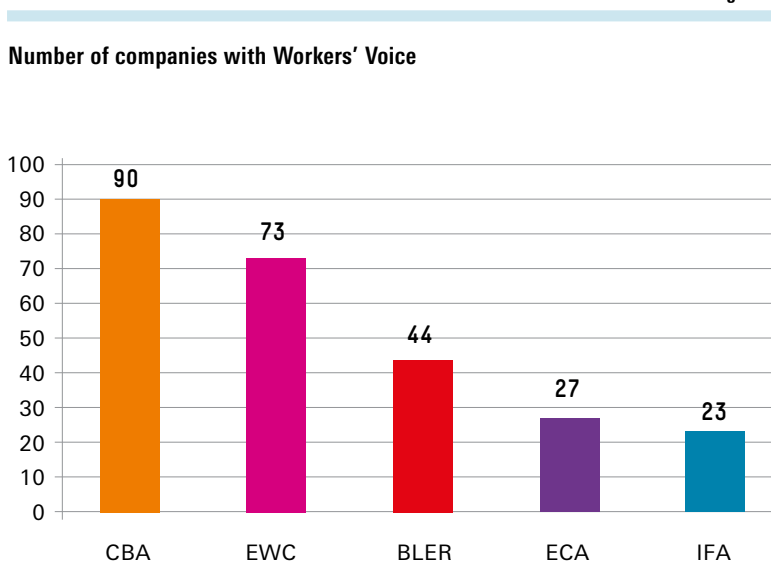
in our data set of the 100 largest, European companies have Board-Level Employee Representation. In 57.6% of French companies and in 60% of Dutch companies there is BLER in place.

International Framework Agreements are most present in Danish (50%) and Swedish firms (50%), followed by German companies (33.3%), Spanish companies (33.3%), and Dutch companies (20%). European Company Agreements are highest among German companies (46.7%), French companies (42.4%), Dutch companies (40%), and Italian companies (26.6%).

Collective bargaining agreements are widely spread. Belgian, Danish, French, German, Italian, Portuguese, and Swedish companies in the data set of the 100 largest companies have a collective bargaining agreement in place. In 80% of the Dutch companies and in 83.3% of the Spanish companies there is an active collective bargaining agreement. The United Kingdom, where 68% of companies in our data set are located, is the lowest of the ten countries that are represented in our data set as far as CBAs are concerned.

Regarding European Works Councils/SE Works Councils, all Belgian, German, and Swedish companies have a European Works Council/SE Works Council. 87.9% of French companies, 80% of Dutch companies, and 66.7% of Spanish companies have a European Works Council/SE Works Council. EWCs/SE WCs are present in 48% of the British companies, and in 42.9% of the Italian companies.

Figure 1



Source: WV data set Hassel / Helmerich.

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1 We coded collective bargaining agreements as present when CBAs were present in all, or in the majority, of the company operations in the country where the company is listed on the stock market in 2014. If the country, where the company was listed on the stock market, was not the headquarter country, we checked the CBAs in the headquarter country. If the company in our list is a holding, we aggregated the information from the company parts.

2 Data on International Framework Agreements were provided by Fichter et al. 2013 and Rüb et al. 2013. The Database on Transnational Company Agreements of the European Commission gave us the information on European Company Agreements.

1.1 Board-Level Employee Representation

Is Board-Level Employee Representation connected to other forms of Workers' Voice? In figure 2, on the left hand side, we can see the distribution of International Framework Agreements, European Company Agreements, collective bargaining agreements and European Works Councils for companies that do not have Board-Level Employee Representation in place in 2014. There are 56 companies without BLER and 44 companies with BLER in 2014. On the right hand side, these variables are displayed for the group of companies that have Board-Level Employee Representation. Among the companies with BLER, the percentage of all Workers' Voice variables is higher than among companies without BLER. All companies with BLER also always have a collective bargaining agreement in place. In 90.9% of the companies with BLER, there is a European Works Council present, whereas in only 58.9% of the companies without BLER is that the case. The degree of Europeanization or transnationalization in terms of Workers' Voice is higher among the group of companies with BLER than the group of companies without BLER. 31.8% of the companies with BLER

have one or more International Framework Agreements in place, and 40.9% have a European Company Agreement. In comparison, the group without BLER only has around 16% of companies where either one of these agreements is in place. In short, Board-Level Employee Representation strengthens other forms of Workers' Voice.

1.2 Collective Bargaining Agreements

There are two important findings regarding collective bargaining agreements. The first finding is that, generally, the number of companies among the 100 largest in Europe, which have a collective bargaining agreement in place, is very high. In 2014, 90% of the 100 largest, European companies had a collective bargaining agreement (figure 1).

The second important finding is that, in the data set of the top 100 largest European companies in 2014, all companies which have Board-Level Employee Representation also have a collective bargaining agreement. In companies without BLER, the percentage of collective bargaining agreements is still quite high, at 82.1% (figure 2).

Figure 2

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

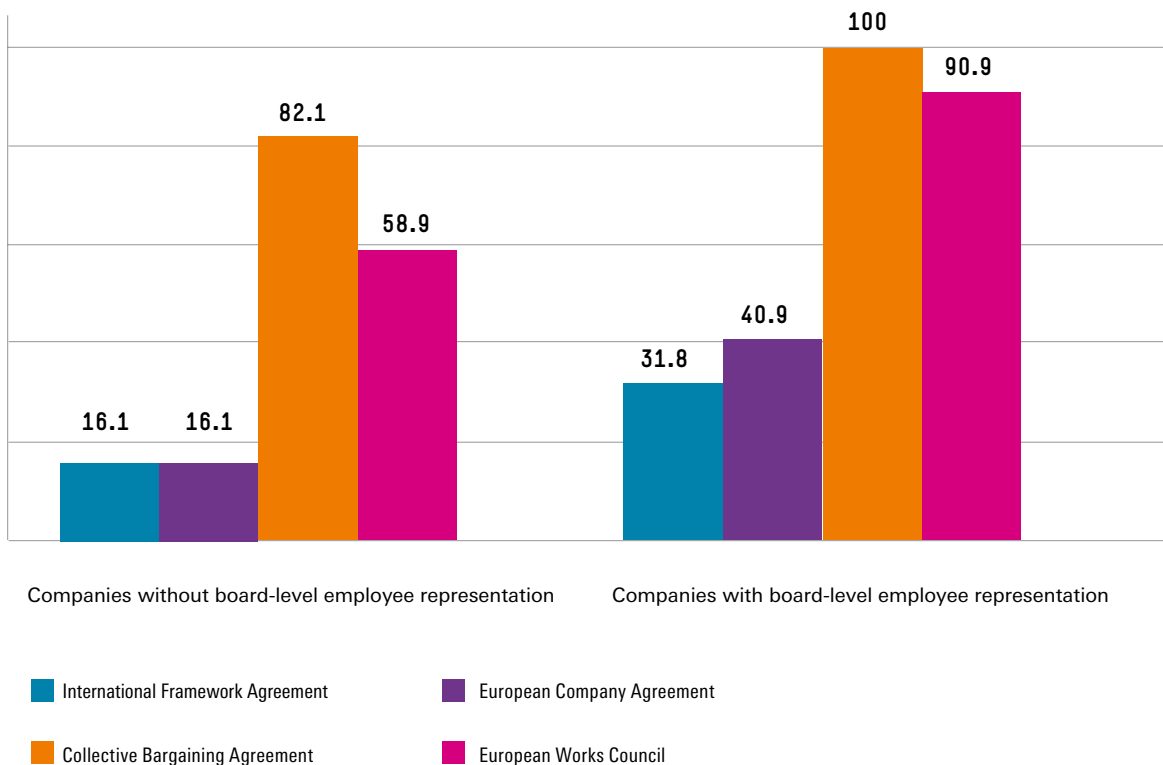
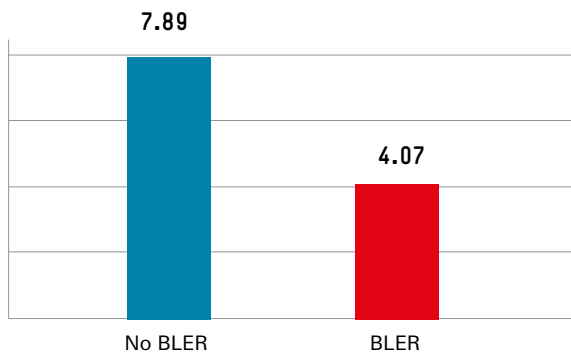


Figure 3

Highest remuneration package by BLER (in million US\$, 2014)

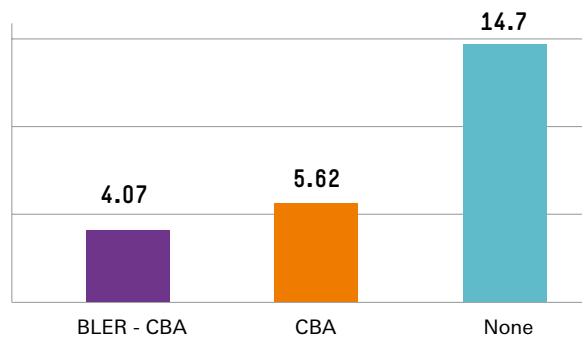


Source: WV data set Hassel / Helmerich

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Figure 4

Highest remuneration packages by BLER and CBA (in million US\$, 2014)



Source: WV data set Hassel / Helmerich

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2. CORPORATE GOVERNANCE

Corporate governance variables in our data set entail information on board functions, board structure, compensation policy for board members, shareholder rights, and visions and strategy in regard to corporate governance. These variables stem from the ASSET4 data set. ASSET4 describes this corporate governance pillar as follows: “The corporate governance pillar measures a company’s systems and processes, which ensure that its board members and executives act in the best interests of its long term shareholders. It reflects a company’s capacity, through its use of best management practices, to direct and control its rights and responsibilities through the creation of incentives, as well as checks and balances in order to generate long term shareholder value” (Thomson Reuters ny-b).

2.1 Highest Remuneration Package

The variable “highest remuneration package” in ASSET4 measures the highest remuneration package within the company in US dollars in a specific year. Figure 3 shows that companies without BLER offered, on average, 7.89 million US\$ worth of highest remuneration packages for the year 2014, whereas companies with BLER offered, on average, 4.07 million US\$ worth.

Figure 4 shows the 100 companies with different types of Workers’ Voice. All companies with BLER also have collective bargaining. These companies have the lowest remuneration packages, averaging 4.07 million US\$. Companies with only collective bargaining agreements but no BLER offered, on

average, 5.62 million US\$ worth of highest remuneration packages for the year 2014. In the group ‘none’, where companies are allocated that do not have BLER or CBA in place, companies offered, on average, 14.7 million US\$ worth of highest remuneration packages for the year 2014. We can conclude that companies without BLER as well as companies without CBA spent, on average, significantly more money for the highest remuneration packages than companies with BLER and CBA present and companies with only CBA present.

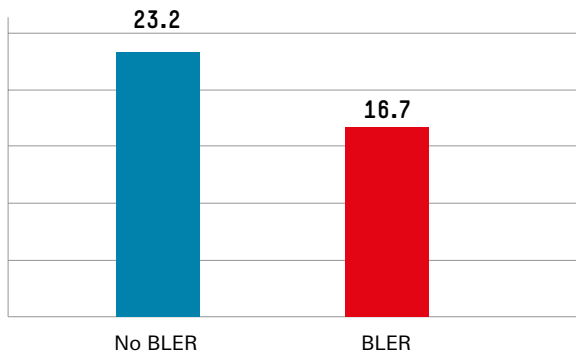
2.2 Single Biggest Owner

The variables “single biggest owner” in ASSET4 measures the percentage of ownership of the single biggest owner (by voting power). Figure 5 shows the average shares held by the single biggest owner in 2014. In companies without BLER, the biggest owner held, on average, 23.2% of the shares. In companies with BLER, the biggest owner held, on average, 16.7% of the shares.

Figure 6 shows the same information but differentiated for companies with both BLER and collective agreements, companies with collective bargaining agreements (and no BLER), and companies without BLER or CBA (“None” category). In companies with BLER and CBA present, the single biggest owner held, on average, 16.7% of the shares. In companies that only have collective agreements but no BLER, the single biggest owner held, on average, 23.5% of the shares. In the group ‘none’ are companies that do not have BLER or CBA in place. Here, the single biggest owner held, on average, 22.1% of the shares. In companies with BLER, the power of the single biggest owner, measured by

Figure 5

Single biggest owner by BLER
(in %, 2014)

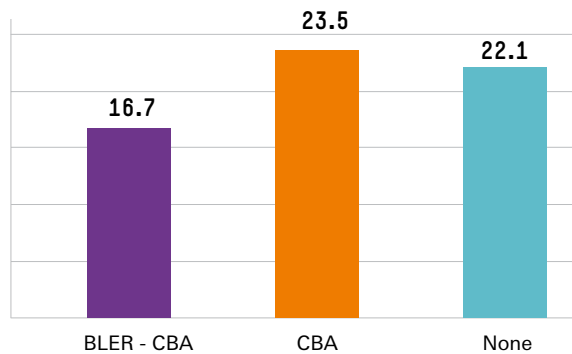


Source: WV data set Hassel / Helmerich

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Figure 6

Single biggest owner by BLER and CBA
(in %, 2014)



Source: WV data set Hassel / Helmerich

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the average percentage of shares, is lower than in companies without BLER. It follows, then, that in companies without BLER and CBA present the power of the single biggest owner is higher than in companies with BLER and CBA present. This finding calls into question the assumption that BLER is associated with large block holdings of firms.

3. COMPANY PERFORMANCE

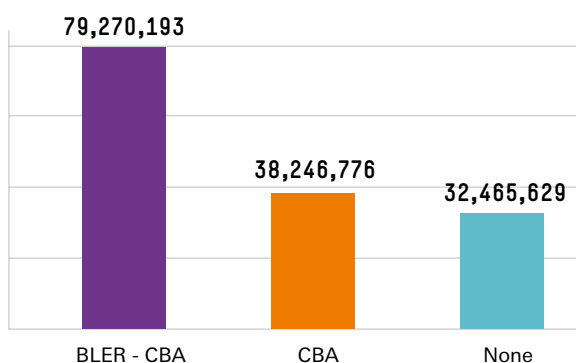
The Thomson Reuters Worldscope data base variable "net sales or revenues" (in US\$) measures the

net sales or revenues of the company, converted to US dollars using the fiscal year end exchange rate. The Thomson Reuters Worldscope data base variable "market value" measures the total market value of the company in US dollars.

Figure 7 shows that companies with BLER and CBA have, on average, higher net sales or revenues than companies without BLER and with CBA and companies without BLER or CBA. In Figure 8, we see the same information for total market value. It shows that companies with BLER and CBA have, on average, a higher total market value than companies without BLER and with CBA and companies without BLER or CBA.

Figure 7

Net sales or revenues on average by BLER and CBA
(in US\$, 2014)

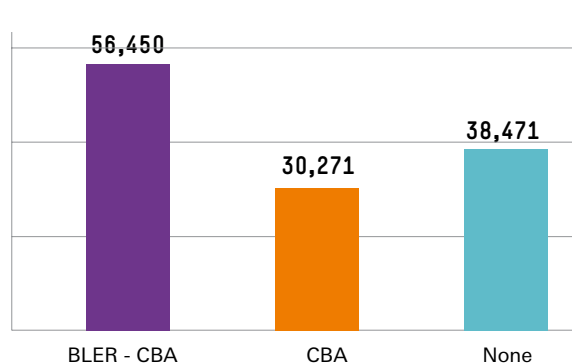


Source: WV data set Hassel / Helmerich

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Figure 8

Total market value by BLER and CBA
(in US\$, 2014)



Source: WV data set Hassel / Helmerich

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--- **(ny-b):** 'ASSET4 ESG Data Glossary'.

ANNEX

This report analyses a data set containing the 100 largest, publicly-listed European companies ranked by number of employees. Our data set is composed of variables from various data sets and data bases as well as of Workers' Voice information that we gathered through a company expert survey in each European country.

The main data of the 100 largest companies in Europe draws on a data source called Thomson Reuters Datastream/ASSET 4 ESG. They systematically collect environmental, social, and governance data from "companies, news sources, stock exchange filings and non-governmental organizations" (Thomson Reuters ny-a, 1). Data on economic performance contains variables on client loyalty, performance, and shareholder loyalty. In the environmental performance pillar, the following categories are included: resource reduction, emission reduction, and product innovation. Social performance includes: employment quality, health & safety, training & development, diversity, human rights, community, and product responsibility. The last pillar, corporate governance performance, entails data on board structure, compensation policy, board functions, shareholders' rights, and visions and strategy (Thomson Reuters ny-a, 1).

From the overall Thomson Reuters Worldscope data base, we gathered company-level data on net sales and revenues, market value, return on equity, return on invested capital, and staff cost (salaries and benefits expenses). In this report, we will display and discuss the variables 'net sales and revenues' as well as 'market value'. The variables 'net sales and revenues' measure in US\$ the net sales or revenues of the company converted to US dollars using the fiscal year end exchange rate. The variable 'market value' measures the total market value of the company in US dollars.

For collecting data regarding European Works Councils (EWC) and SE Works Councils we used the European Works Councils Data Base called "EWADB" provided by the European Trade Union

Institute (ETUI)³ and the ETUI SE data base (ECDB)⁴. The European Works Councils Data Base provides data on Works Councils.

Regarding International Framework Agreements, Sydow/Fichter/Helfen and Stefan Rüb provided us with the data out of their respective data set from former research projects (Fichter et al. 2013; Rüb et al. 2013).

The Database on Transnational Company Agreements of the European Commission gave us the information on European Company Agreements. We coded all agreements as European Company Agreements that were not coded by Sydow et al. or Rüb as IFAs and that regulated company parts in Europe.⁵

In addition to European Works Council and Framework Agreements, we collected data on collective agreements (CBA), Board-Level Employee Representation (BLER) and attitudes by management towards trade unions. For this we asked academic experts and company experts, including trade union staff, shop-stewards/union representatives, board-level employee representatives or works council members of the respective company in each country.

We selected the 100 largest companies out of the ASSET4 data set according to their number of employees.⁶ These companies are the most important firms in Europe with regard to their

3 Access data base here: <http://www.ecadb.eu/general-information>.

4 This data base provides information on established SEs and companies in the process of registering <http://ecdb.worker-participation.eu/>.

5 Access data base here: <http://ec.europa.eu/social/main.jsp?catId=978&langId=en>.

6 They provide the total number of employees worldwide. In some cases the data on total number of employees was missing in the ASSET4 data set. In these instances we collected the information from the annual reports of the companies, their CSR report or their website.

7 In cases where companies are listed in more than one country, we selected the country where the company has the majority of its operations and/or headquarters.

Table 1

Workers' Voice practices. Our data unit in the data set is company per year. All companies are stock market listed in one European country.⁷

The following table shows the total number of employees in 2014 for the 100 largest companies (see table 1). The number of employees in these companies has increased between 2006 and 2014. In 2006 these companies employed a total of 14,224,347 employees and in 2014 a total of 17,105,287 employees.

Table 2 shows the distribution of the total number of employees in the 100 largest companies per country in 2014 as well as the distribution of the 100 companies across Europe.

In figure 9, we can see the distribution of the total number of employees across countries in percentages. The 100 largest companies are situated in eight European countries, namely in France, the United Kingdom, Germany, Italy, Spain, the Netherlands, Denmark, Sweden, Belgium and Portugal. Almost 75% of all employees in these 100 companies are situated in France (29.36%), the United Kingdom (25.15%), and Germany (20.23%).

Regarding the distribution of the 100 largest companies across countries we find that 73% are listed in France, the United Kingdom, and Germany. In comparison, 7% are listed in Italy, 6% in Spain, and 4% in Sweden (see figure 10).

Table 3 gives an overview of the distribution of the total number of employees and the number of companies by economic sector in 2014. The majority of the companies (22) are located in the consumer cyclicals sector. This sector contains the following industry groups: automobiles & auto parts, textiles & apparel, homebuilding & construction supplies, household goods, leisure products, hotels & entertainment services, media & publishing, diversified retail, and other specialty retailers.

The second largest economic sector, with 21 companies, is the industrial sector, which includes industry groups such as aerospace & defense, machinery, equipment & components, construction & engineering, diversified trading & distributing, professional & commercial services, industrial conglomerates, freight & logistics services, passenger transportation services, and transport infrastructure.

Two other important economic sectors are consumer non-cyclicals (15) and financials (15). The consumer non-cyclicals sector includes the business sectors food & beverages including tobacco, personal & household products & services, and food & drug retailing. The financials sector involves the following business sectors: banking & investment services, insurance, real estate, collective investments, and holding companies.

Total number of employees per year in the 100 largest companies

Year	Number of employees
2006	14,224,347
2007	14,823,500
2008	15,433,456
2009	15,439,696
2010	15,812,151
2011	16,437,498
2012	16,757,978
2013	16,780,288
2014	17,105,287

Source: WV data set Hassel/Helmerich.

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Table 2

Number of employees in the 100 largest firms per country

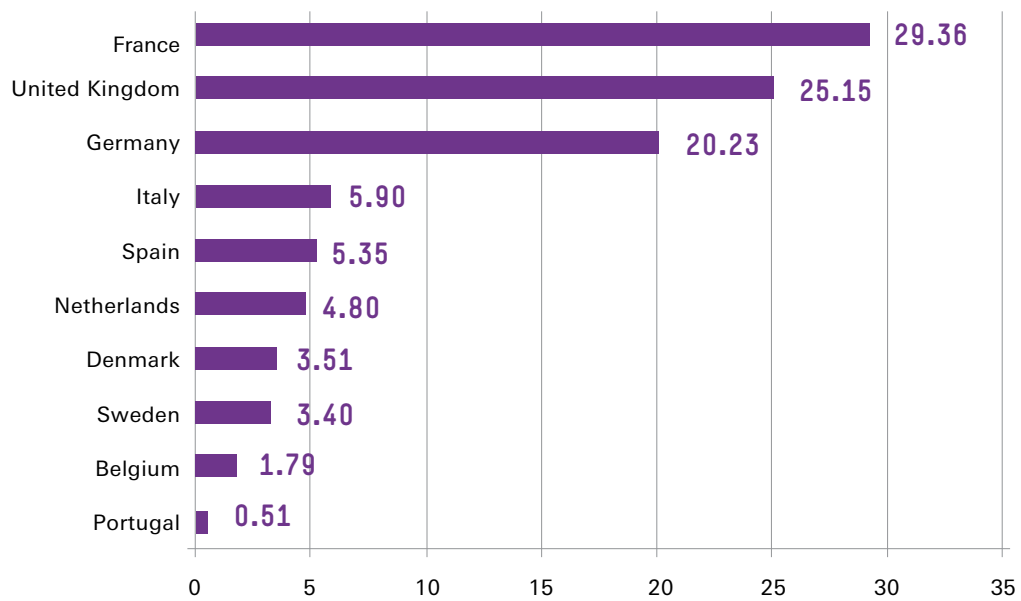
Country	Number of Employees	Number of Companies
France	5,021,660	33
United Kingdom	4,302,704	25
Germany	3,460,379	15
Italy	1,009,706	7
Spain	915,040	6
Netherlands	821,365	5
Denmark	600,175	2
Sweden	581,666	4
Belgium	306,029	2
Portugal	86,563	1
Sum	17,105,287	100

Source: WV data set Hassel/Helmerich.

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Figure 9

Number of employees (percentage)

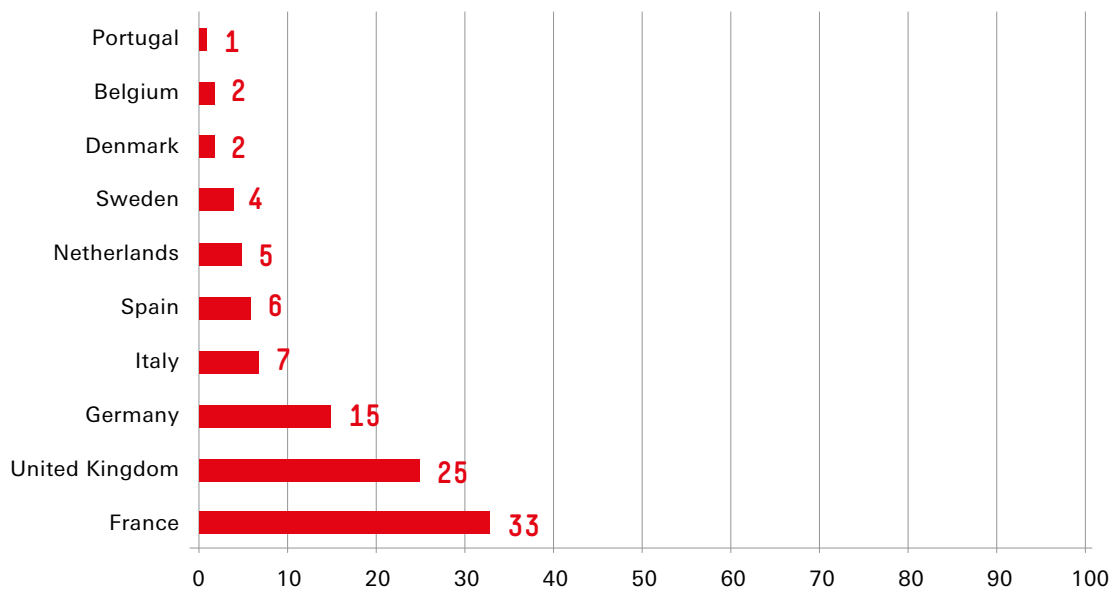


Source: WV data set Hassel / Helmerich.

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Figure 10

Number of companies per country



Source: WV data set Hassel / Helmerich.

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Table 3

Number of employees per sector (2014)

Sector	Number of Employees	Number of Companies
Industrials	4,403,480	21
Consumer Cyclicals	4,353,930	22
Consumer Non-Cyclicals	2,920,551	15
Financials	1,943,584	15
Basic Materials	689,572	5
Telecommunica- tions Services	688,123	5
Energy	662,367	6
Healthcare	652,726	5
Utilities	455,604	3
Technology	335,350	3
Sum	17,105,287	100

Source: WV data set Hassel / Helmerich.


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