WHY CODETERMINATION?

A collection of good arguments for strong workers’ voice
No contradiction: social responsibility and competitive companies

Social model: ‘Citizen in the workplace’
- Social security, democratic participation at the workplace and company level
- Free collective bargaining and trade unions

Competitive model: ‘Good corporate governance’
- ‘Sustainable company’ for competitiveness and social responsibility

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Worker participation is a basic democratic right, enshrined, for example, in the (binding) EU Charter of Fundamental Rights ...

‘Workers or their representatives must, at the appropriate levels, be guaranteed information and consultation in good time in the cases and under the conditions provided for by Union law and national laws and practices.’

Article 27

‘Workers and employers, or their respective organisations, have, in accordance with Union law and national laws and practices, the right to negotiate and conclude collective agreements at the appropriate levels and, in cases of conflicts of interest, to take collective action to defend their interests, including strike action.’

Article 28
Workers’ voice makes good economic sense

The type of labour needed by European companies – skilled, mobile, committed, responsible, and capable of using technical innovations and of identifying with the objective of increasing competitiveness and quality – cannot be expected simply to obey the employers' instructions. Workers must be closely and permanently involved in decision-making at all levels of the company.

Final report of the EU High-level expert group on workers’ involvement (Davignon group), 1997
## Codetermination in Germany: ‘Communicating vessels’

<table>
<thead>
<tr>
<th>WORKPLACE: Works councils</th>
<th>COMPANY: Supervisory board (SVB)</th>
<th>COLLECTIVE PARTICIPATION: Trade unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace information, consultation and codetermination rights</td>
<td>Codetermination at board level (board-level employee representation) if &gt;2000 employees, 50% of SVB seats if &gt;500 employees), 1/3 of seats</td>
<td>Negotiate collective agreements Cooperate with works councils Have seats on the supervisory board</td>
</tr>
</tbody>
</table>
Codetermination defines a set of rights that give employees the possibility of actively participating in the shaping of their working environment. This includes legally stipulated codetermination rights, company agreements devised in conjunction with collective agreements, as well as informal possibilities that have arisen from codetermination practice.

https://www.boeckler.de/pdf/p_arbp_033.pdf
Codetermination involves several actors

**Business partners:** management and elected employee representatives on the shop floor => works councils

**Board-level representation:** shareholder representatives and elected employee representatives on the board of directors / supervisory board => works councils and trade unions

**Social partners:** collective organizations => employers' associations and trade unions

**Interests of all stakeholders** are taken into account

The cooperation between the social partners in the various areas makes the company a ‘peace zone’, as conflicts are dealt with at the level of the social partners (Müller-Jentsch)
Codetermination, collective bargaining and competitiveness

– Important function of collective agreements: even where no sectoral collective agreement applies, some firms apply it voluntarily or orient themselves to it.

– Rigid wage structures and wage growth as a result of trade union pressure have led to the fact that Germany did not enter into low price competition; wage increases had to be achieved through productivity gains, which in turn encouraged the use of new technologies and innovations and thus strengthened companies’ competitiveness. (Streeck)
MB-ix results: codetermination (at board level) influences business performance

The Mitbestimmungsindex (Codetermination Index) measures how strongly codetermination is anchored in a company. www.mitbestimmung.de/mbix

Companies with codetermination rights have:

1. higher investment rates
2. (more frequently) sustainability practices
3. higher training rates
4. a higher degree of job security.
5. top management remuneration systems which are more long-term and less stock market-oriented
Managing the crisis in Germany – not possible without codetermination

The expansion of short-time working (STW), the reduction of overtime, the use of working time accounts and shorter working time saved a total of 1 million jobs during the crisis.

Except for STW, all instruments are based on collective agreements and/or company agreements between management and works councils or employment contracts.
Works councils have a positive effect on productivity

Both highly productive and less powerful companies can use employee representatives to increase their output per employee.

At workplaces with:

- Low productivity
- High productivity

Quelle: Müller 2015 | © Hans-Böckler-Stiftung 2015
More innovative with works councils

Almost four-fifths of codetermined companies improved a product or adopted a different idea between 2008 and 2010.
Flexible and motivated thanks to codetermination

How the introduction of the EU Directive on information and consultation of employees changed the share of workplaces* with...

Working time accounts + 22 %

Motivation problems − 28 %

* Workplaces > 50 employees in UK, IR, PL, CY

Quelle: Burdn, Pérotin 2016  Grafik zum Download: bit.do/impuls0656

Employee reps ensure that more firms offer working time accounts.
Companies with a works council are more concerned about the training of their employees, at least when it comes to general skills.
Over all age groups codetermination is highly appreciated

Percentage of people relating something positive to codetermination or works councils

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>15–20-Jahre</td>
<td>79%</td>
</tr>
<tr>
<td>21–25</td>
<td>72%</td>
</tr>
<tr>
<td>26–30</td>
<td>72%</td>
</tr>
<tr>
<td>31–40</td>
<td>72%</td>
</tr>
<tr>
<td>41–50</td>
<td>69%</td>
</tr>
<tr>
<td>51–65</td>
<td>68%</td>
</tr>
<tr>
<td>Uber 65-Jahre</td>
<td>68%</td>
</tr>
<tr>
<td>Gesamt</td>
<td>71%</td>
</tr>
</tbody>
</table>

Quelle: Nienhüser 2016 Grafik zum Download: bit.do/impuls8399

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An important level of democracy

The average participation rate in works council elections in 2014 was 79 per cent.

8 out of 10 employees voted

Quelle: Kißler u.a. 2014 | © Hans-Böckler-Stiftung 2014
Codetermination: a precondition for successful integration

A society that defines itself to a high degree by work also has to integrate people by work.

Two elements have a particularly high integrative force: **codetermination** as an active element of democracy and **in-company training**.

Codetermined companies have a big impact on whether we will in future talk of an immigration country (only) in the geo-economic sense or of socially inclusive immigration.

The integration work of trade unions and works councils involves daily engagement against racism, xenophobia and right-wing extremism.

e.g. IG Metall:

- **24%** of its members in the workplace
- **32%** of its works councilors
- **37%** of its workplace union delegates
- **11%** of its works council chairs

… have a migration background.

Source: direkt 4/2017


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Codetermination 2035 – 4 scenarios
The future of work – only sustainable with workers’ voice

COMPETITION
An orientation towards growth and increasing pressure to maintain competitiveness lead to the marketisation of employee representation; codetermination has to have a ‘pay off’.

RESPONSIBILITY
Negotiation processes become more personal, but are conducted within a framework protected by the state; more individual participation and responsibility.

CRISIS
Crises and increasing distribution disputes lead to conflictual labour relations; alternative forms of economic activity and new forms of solidarity emerge.

FAIRNESS
The world of work is becoming more democratic; collective interest representation is (re)gaining importance in order to increase individual room to manoeuvre and ensure fair working conditions.

www.mitbestimmung.de/mb2035

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Countries with strong participation rights have advanced further in implementing the Europe 2020 targets.

Success of EU countries with...

<table>
<thead>
<tr>
<th>Strong worker participation</th>
<th>Weak worker participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment rate</td>
<td>75%</td>
</tr>
<tr>
<td>University graduates</td>
<td>40%</td>
</tr>
<tr>
<td>Share of renewable energies</td>
<td>20%</td>
</tr>
<tr>
<td>Expenditure on research and development</td>
<td>3% of GDP</td>
</tr>
</tbody>
</table>

Target according to ‘Europe 2020’

Quelle: Vitols 2016 Grafik zum Download: bit.do/impuls0300 Daten bit.do/impuls0301
Companies with board-level employee representation (BLER) and collective bargaining agreements (CBA) have performed better than those without.

Lower management remuneration

Companies **without** board-level employee representation (BLER) spent significantly more money on the highest remuneration packages than companies with BLER.


100 largest publicly-listed companies in Europe

Source: WV data set Hassel / Helmerich

Hans Böckler Stiftung

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European Participation Index (EPI) in 2013

19 out of 31: board-level employee representation (BLER) in the EEA member states

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Aline Conchon, Norbert Kluge and Michael Stollt - European Trade Union Institute (August 2015 Update)

**Widespread participation rights**
Comprising state-owned as well as private companies (13 countries)

**Limited participation rights**
Mainly state-owned or privatised companies (6 countries)

**No (or very limited) participation rights**
(12 countries)

BLER: The right to elect or appoint some of the members of the company's supervisory board / board of directors.