

WHY CODETERMINATION?

A collection of good arguments
for strong workers' voice

No contradiction: social responsibility and competitive companies

**Social model:
'Citizen in the workplace'**

**Competitive model:
'Good corporate
governance'**

Social security, democratic participation at the workplace and company level

Free collective bargaining and trade unions

'Sustainable company' for competitiveness and social responsibility

General consensus at EU level

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'

WORKPLACE: Works councils

**Workplace
information,
consultation and
codetermination
rights**

workplaces with at
least 5 employees

COMPANY: Supervisory board (SVB)

**Codetermination at
board level**

(board-level employee representation)

if >2000 employees,
50% of SVB seats
if >500 employees),
1/3 of seats

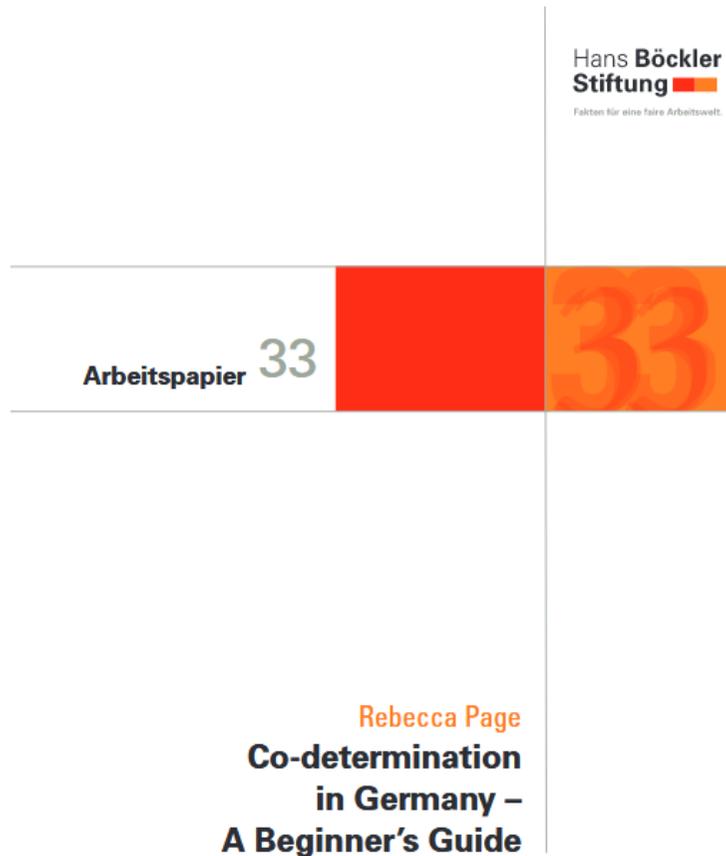
COLLECTIVE PARTICIPATION: Trade unions

**Negotiate collective
agreements**

Cooperate with works
councils

Have seats on the
supervisory board

Codetermination in Germany



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:

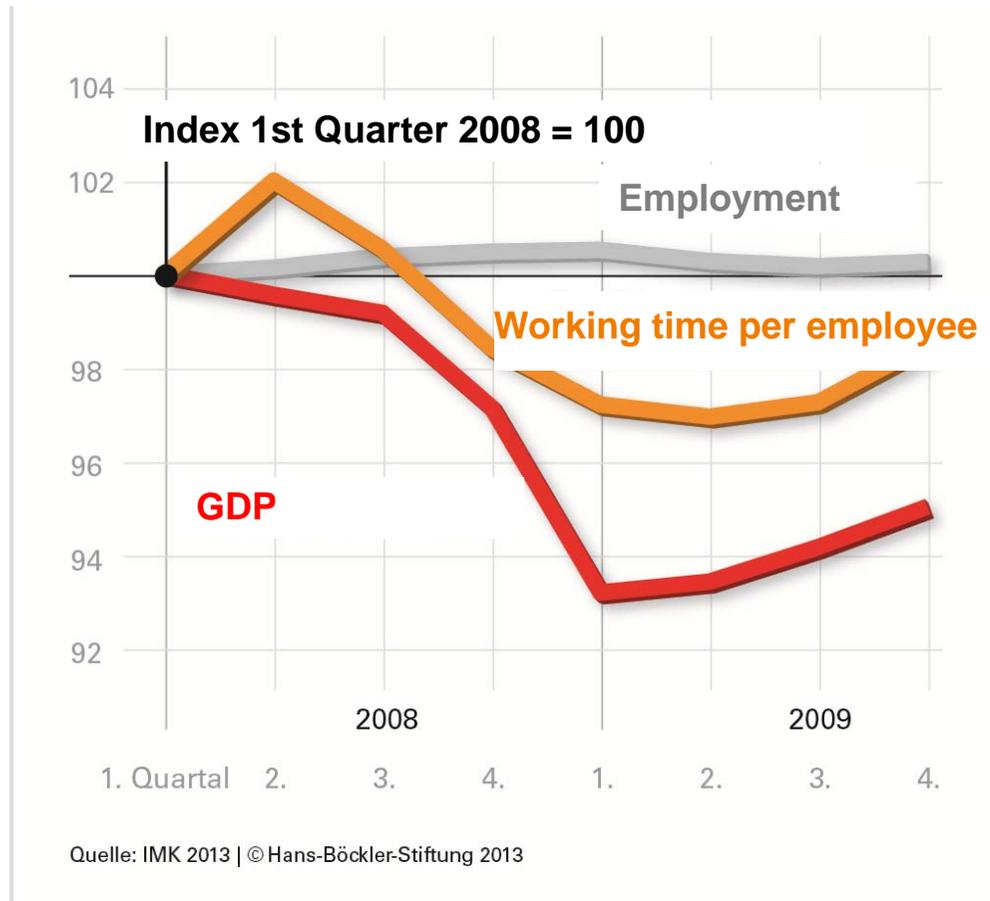
1. higher investment rates
2. (more frequently) sustainability practices
3. higher training rates
4. a higher degree of job security.
5. top management remuneration systems which are more long-term and less stock market-oriented



WZB

Berlin Social Science Center

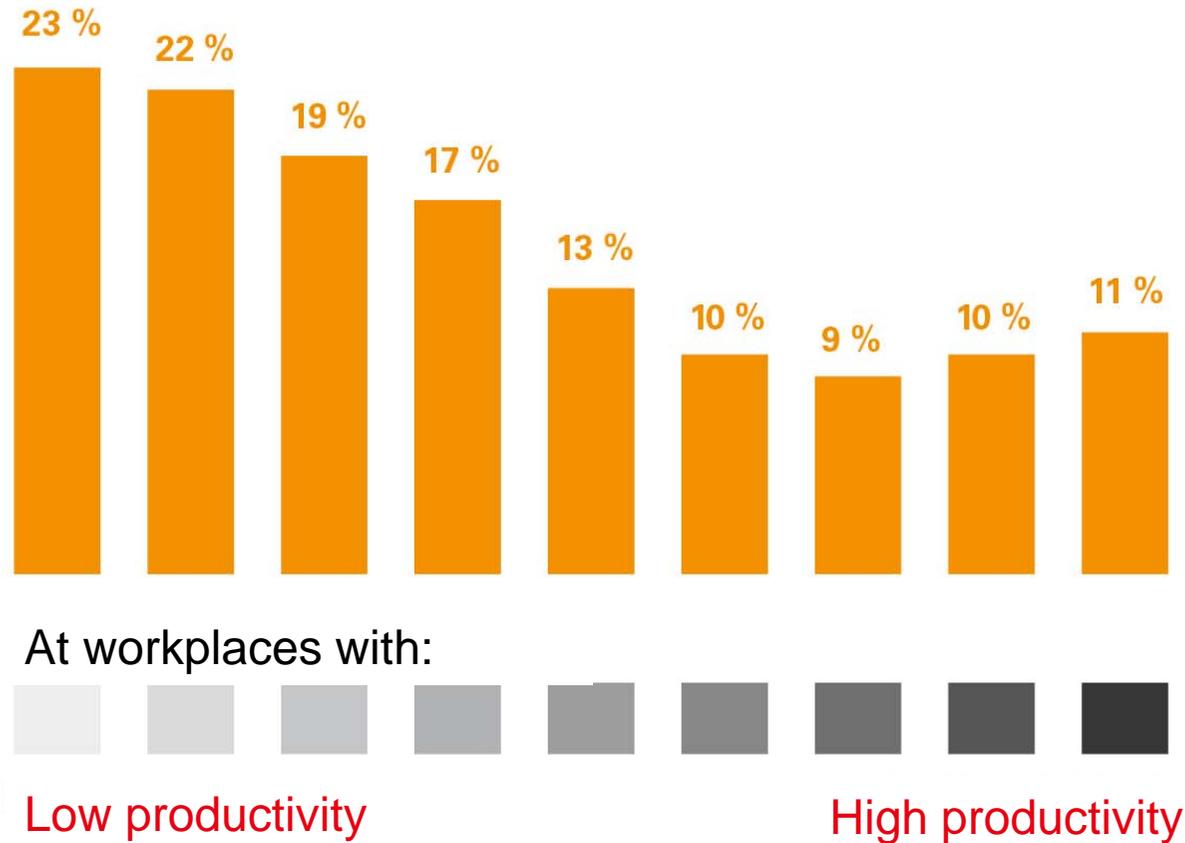
Managing the crisis in Germany – not possible without codetermination



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.

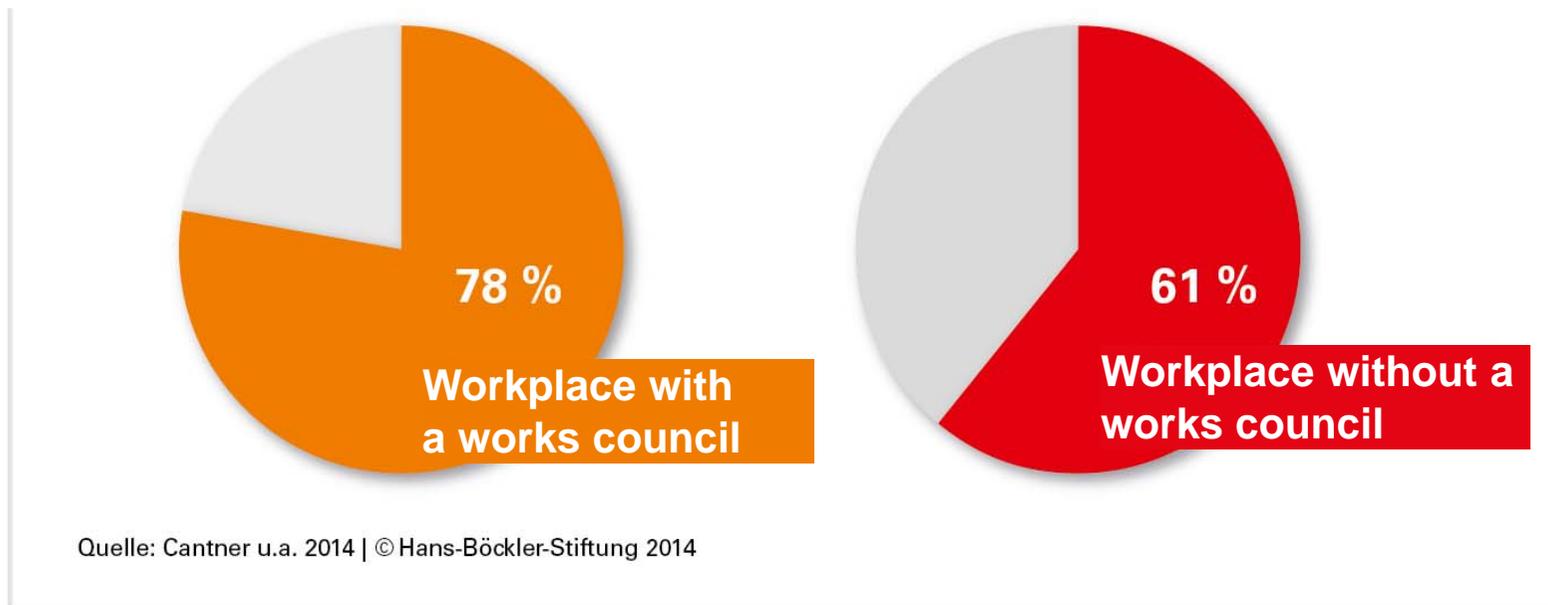
Works councils have a positive effect on productivity



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

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...



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

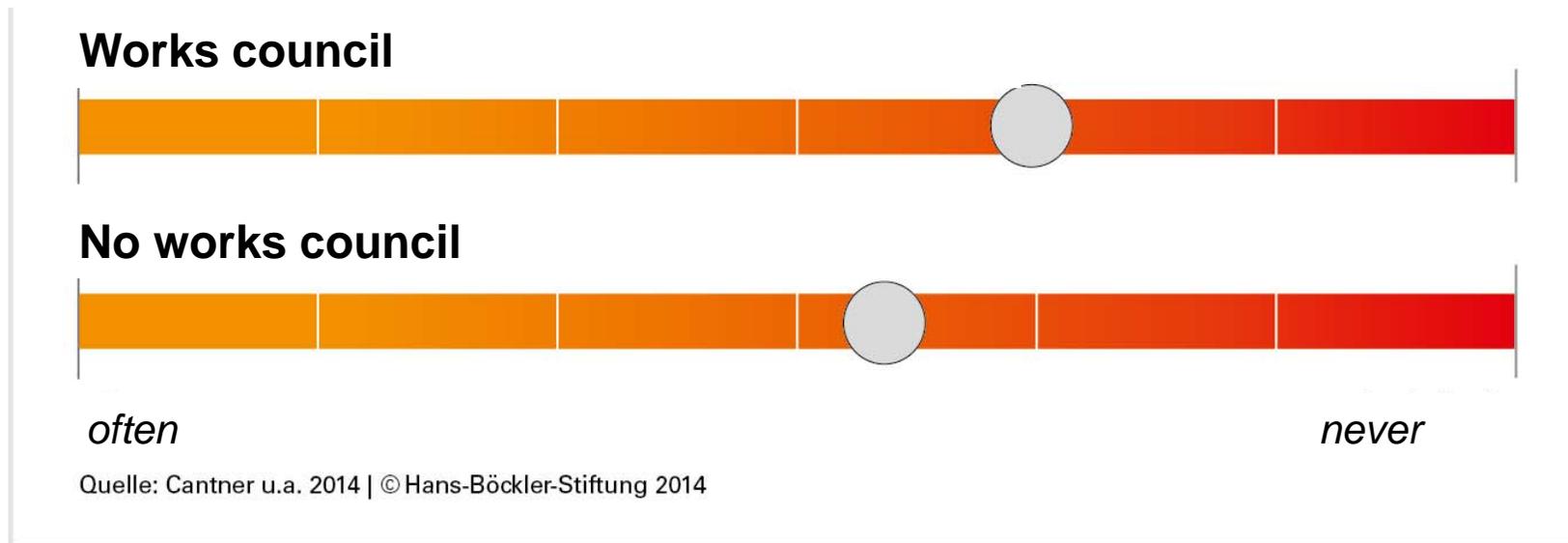
Quelle: Burdín, Pérotin 2016 Grafik zum Download: bit.do/impuls0656

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Stiftung 

Employee reps ensure that more firms offer working time accounts.

Codetermination educates

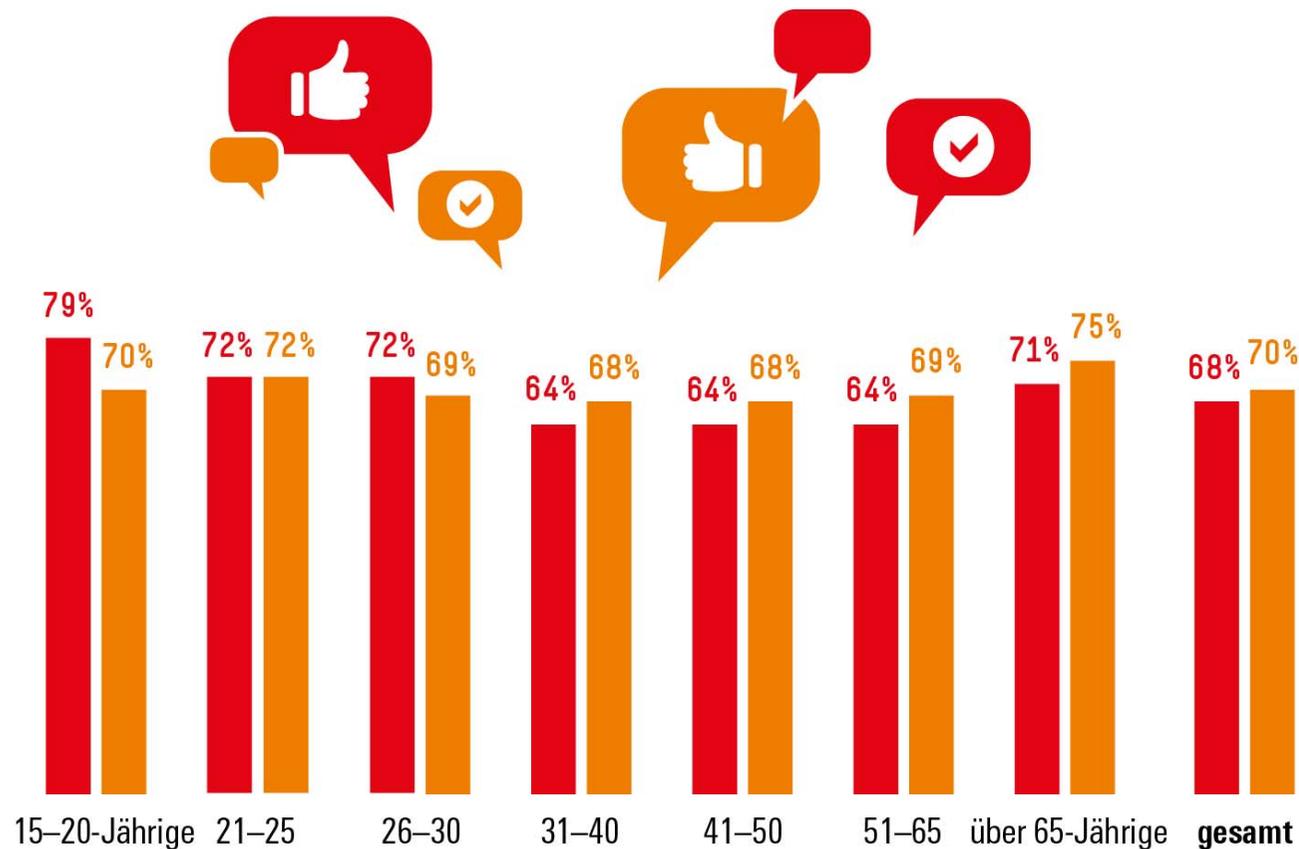
Training offers in companies



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**



Quelle: Nienhüser 2016 Grafik zum Download: bit.do/impuls0399

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An important level of democracy



8 out of 10 employees voted

Quelle: Kißler u.a. 2014 | © Hans-Böckler-Stiftung 2014

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

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.

https://www.boeckler.de/pdf/p_mbf_report_2016_28.pdf

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

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'.

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



STRUGGLE



RESPONSIBILITY

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

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.

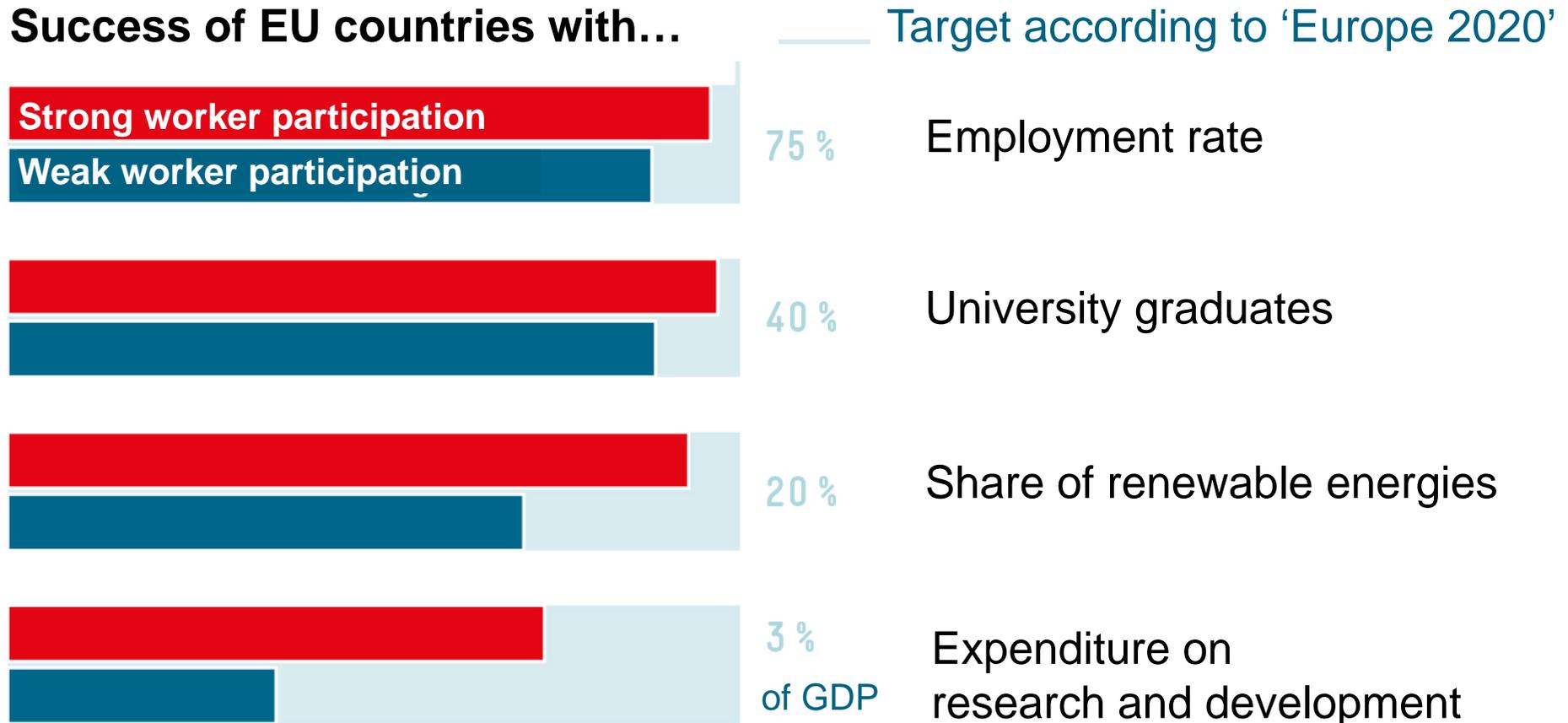


FAIRNESS

www.mitbestimmung.de/mb2035

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

Success of EU countries with...

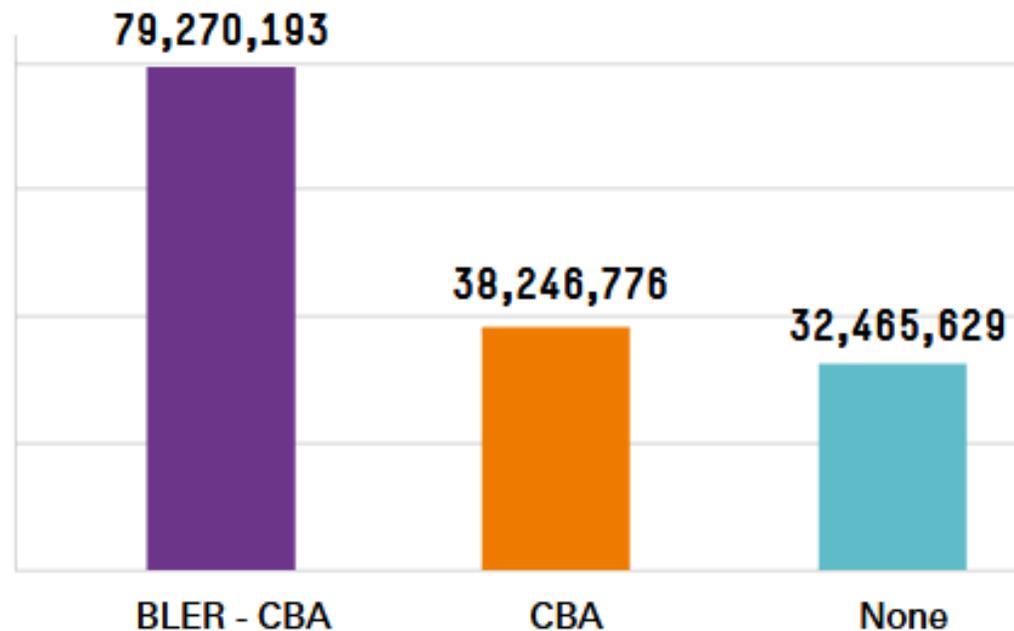


Quelle: Vitols 2016 Grafik zum Download: bit.do/impuls0300 Daten bit.do/impuls0301

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Higher market share, higher net sales

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



100 largest publicly-listed companies in Europe

Source: WV data set Hassel / Helmerich

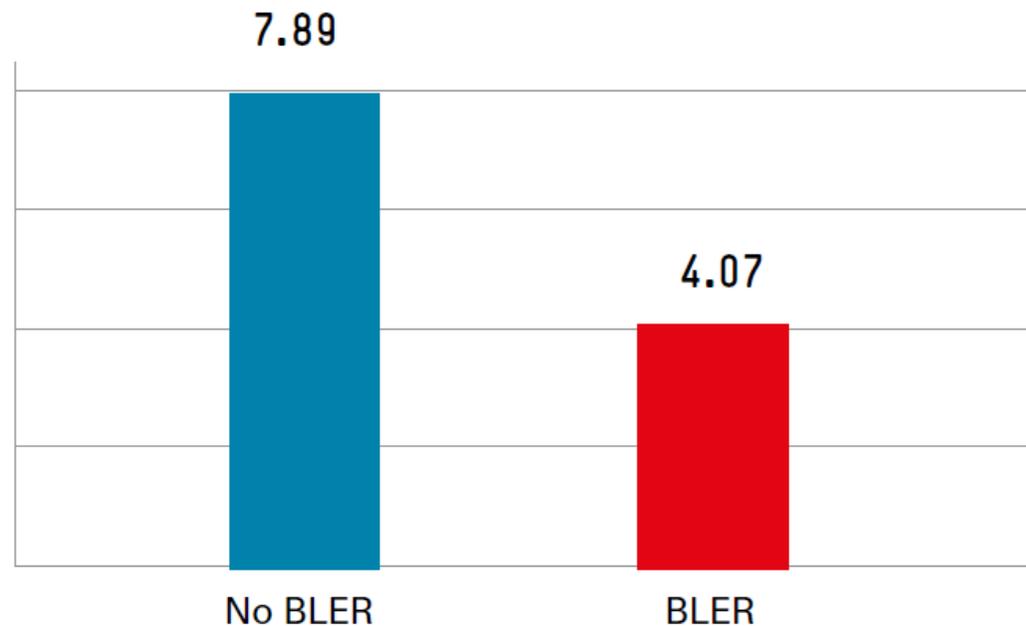
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Companies with board-level employee representation (BLER) and collective bargaining agreements (CBA) have performed better than those without.

https://www.boeckler.de/pdf/p_mbf_report_2017_31.pdf

Lower management remuneration

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



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

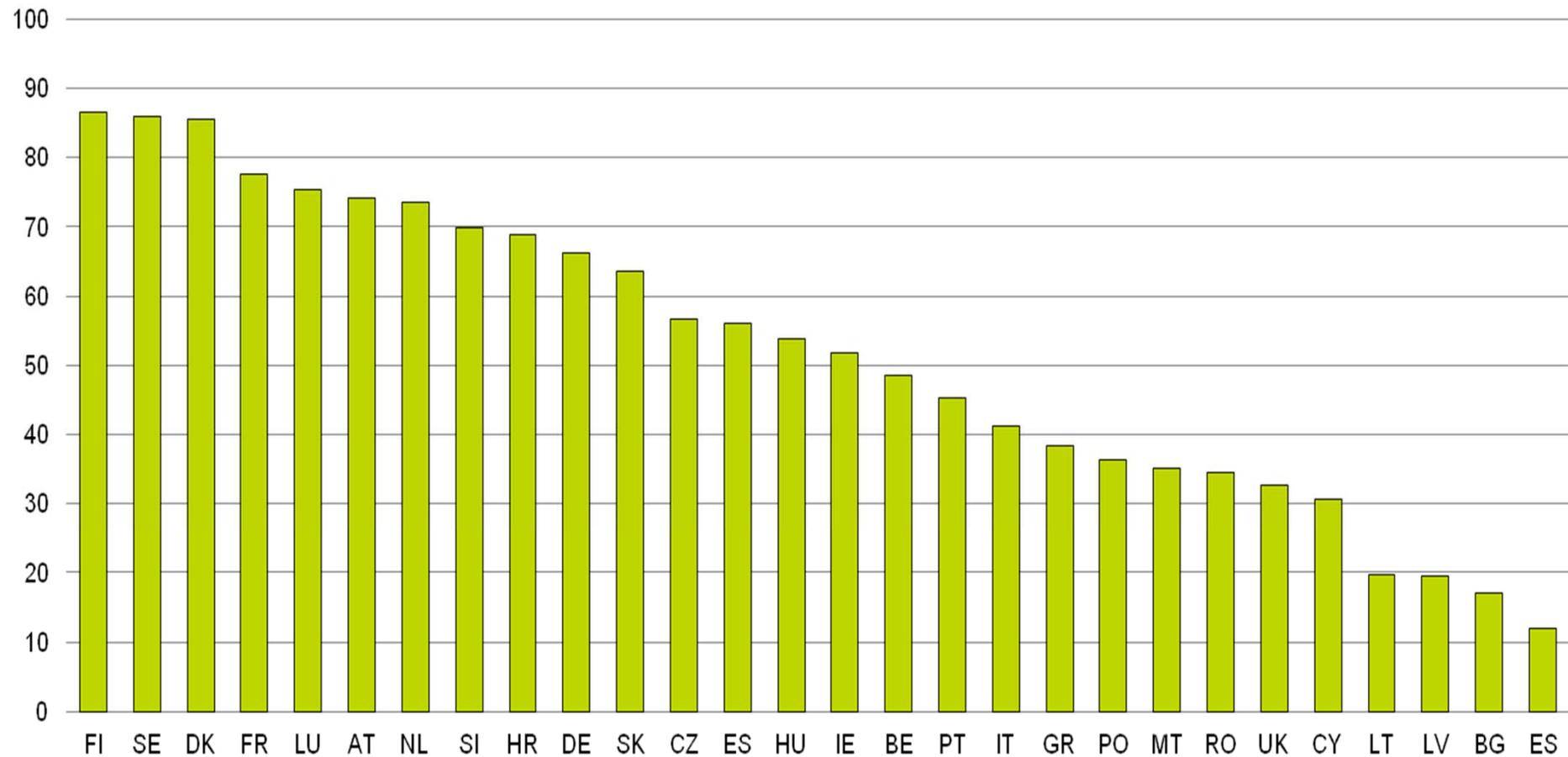
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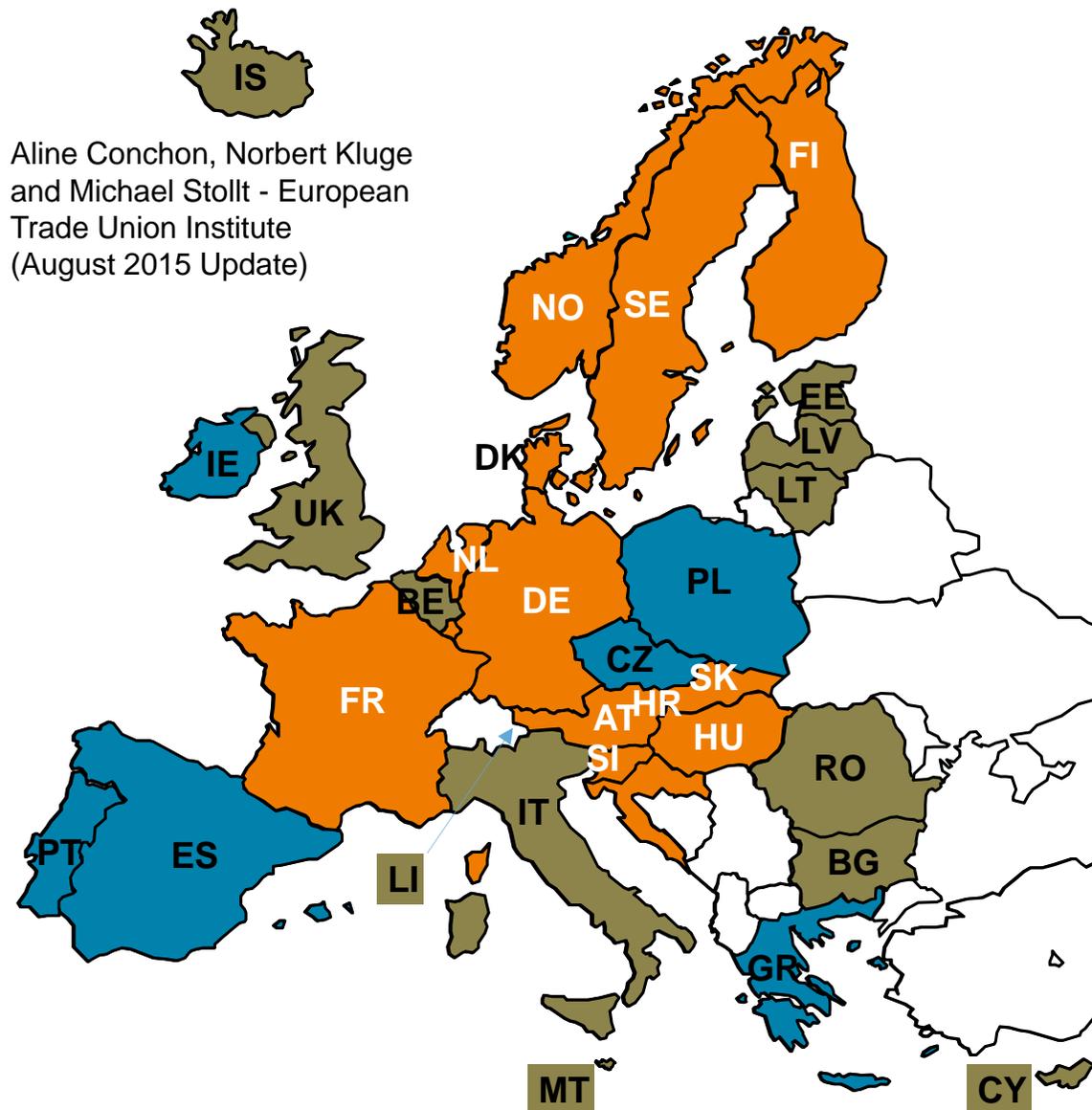
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European Participation Index (EPI) in 2013



Source: Vitols (2017). ETUI, Benchmarking Working Europe 2017

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



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.