



Workers' Involvement in Europe Current Challenges and Future Prospects

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Norbert Kluge

European Trade Union Institute for Research, Education and Health and Safety

<http://www.etui-rehs.org>

From a European trade union point of view: What we have achieved already



- Far away from the original objective to implement industrial democracy.
- Only a toolbox of European provisions on information, consultation and participation
- No European standard, only complements to existing national systems of industrial relations
- European trade unions are agreeing on EWCs for expanding trade union interest representation cross-border in Europe – **OUTSTANDING REVISION**
- Fundamental debate on workers' board level representation is settled, at least, since ETUC Prague congress 2003 – **„EUROPEAN MANDATE“**



information

consultation

(board-level) participation

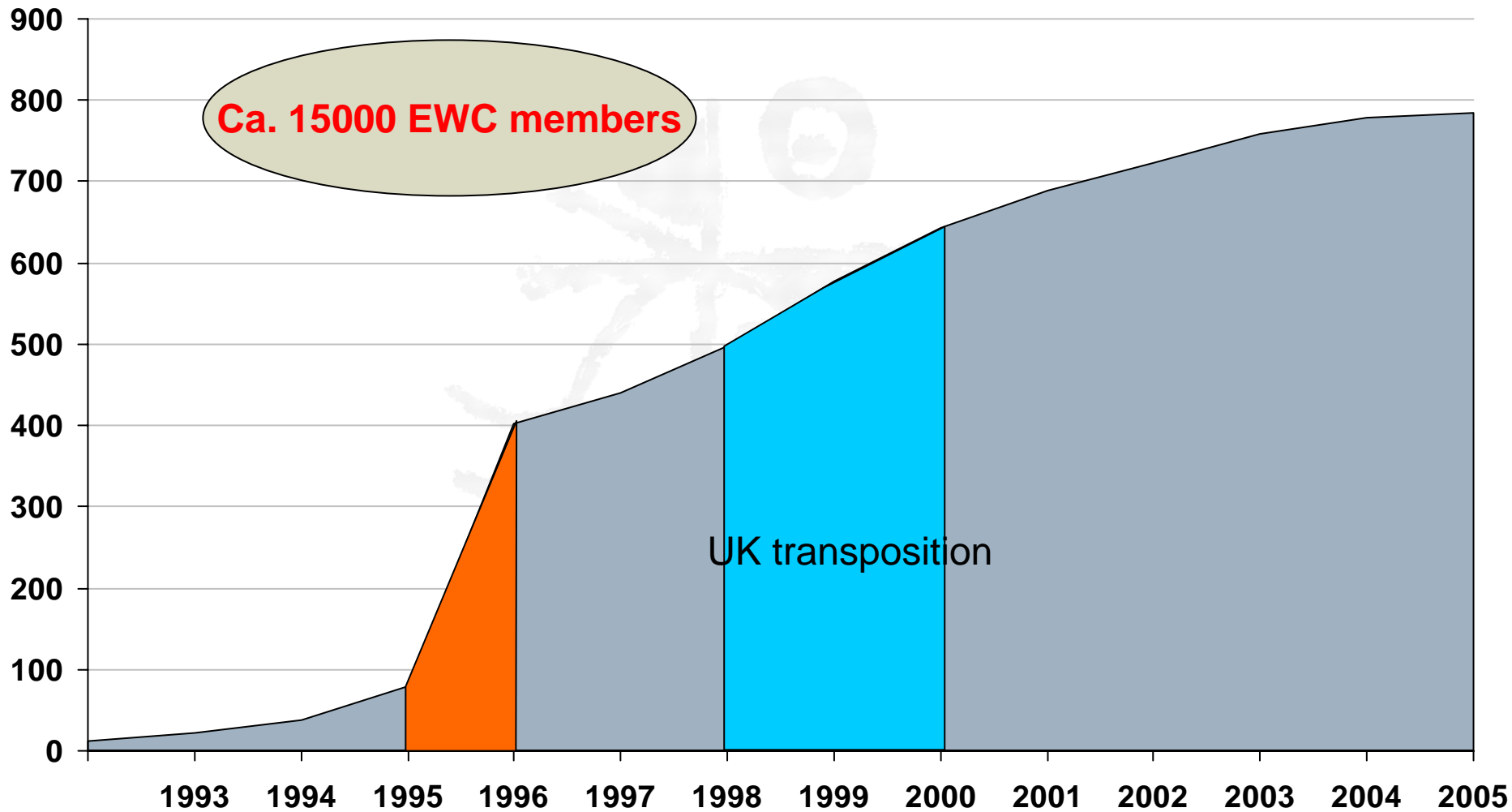
Establishment of an SE Works Council

“questions which concern the SE itself and any of its subsidiaries or establishments situated in another Member State or which exceed the powers of the decision-making organs in a single Member State”

Adequate time, manner and content!

Representation in the company organs:

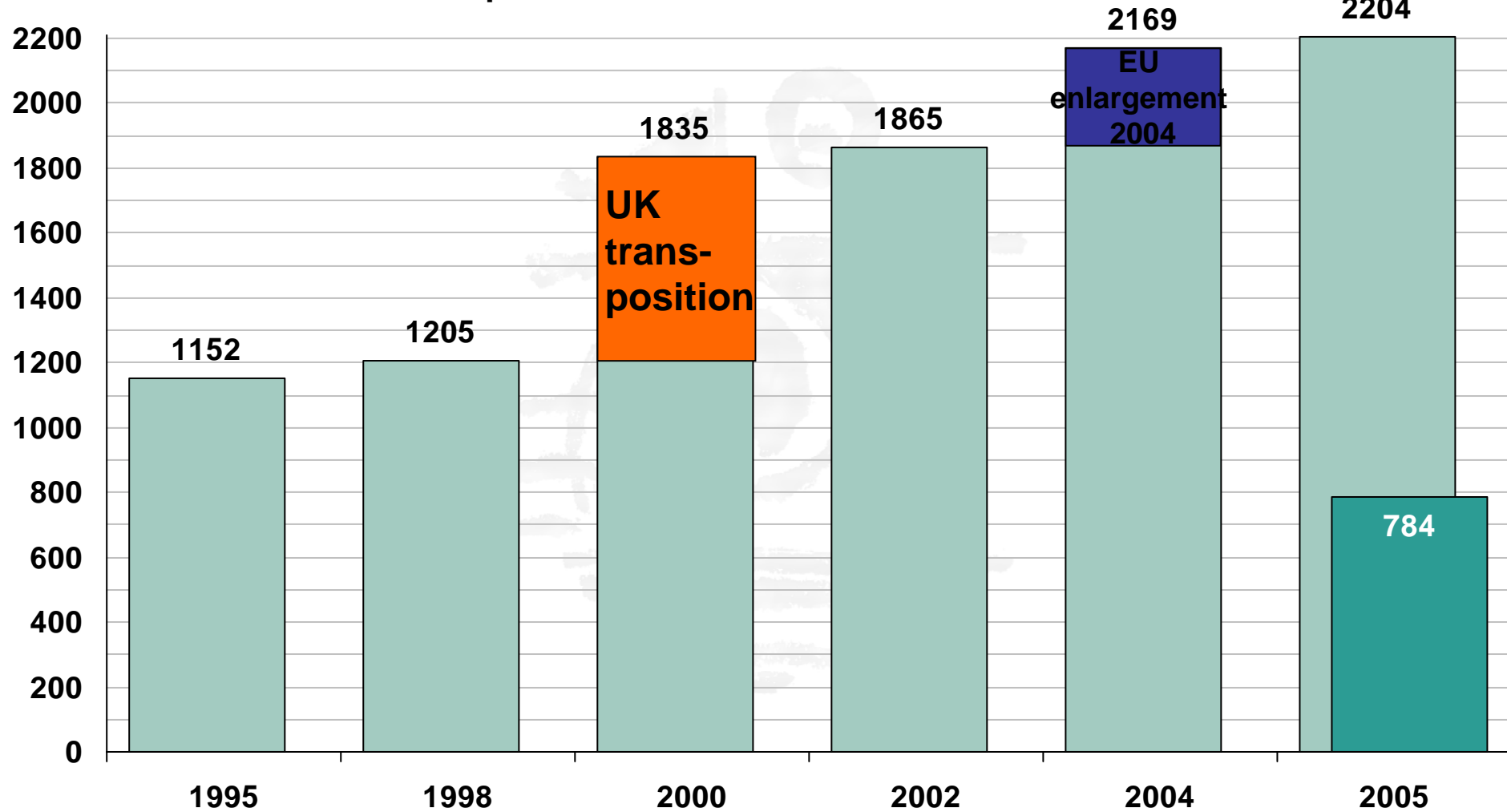
the right to elect or appoint some of the members of the company's supervisory or administrative organ, SE works council
“plus”



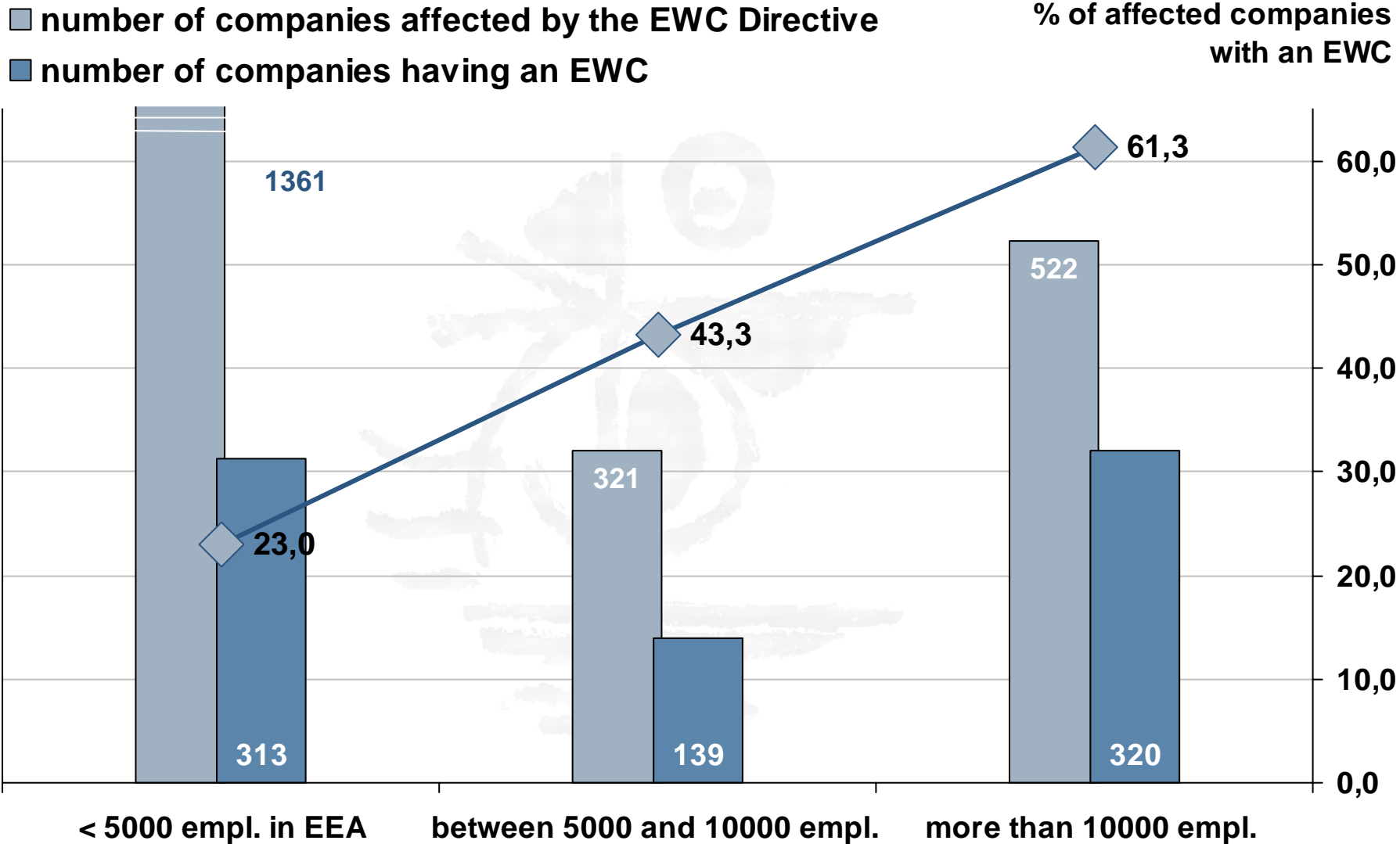
... but not a satisfying relationship between the existing and potential amount of EWCs



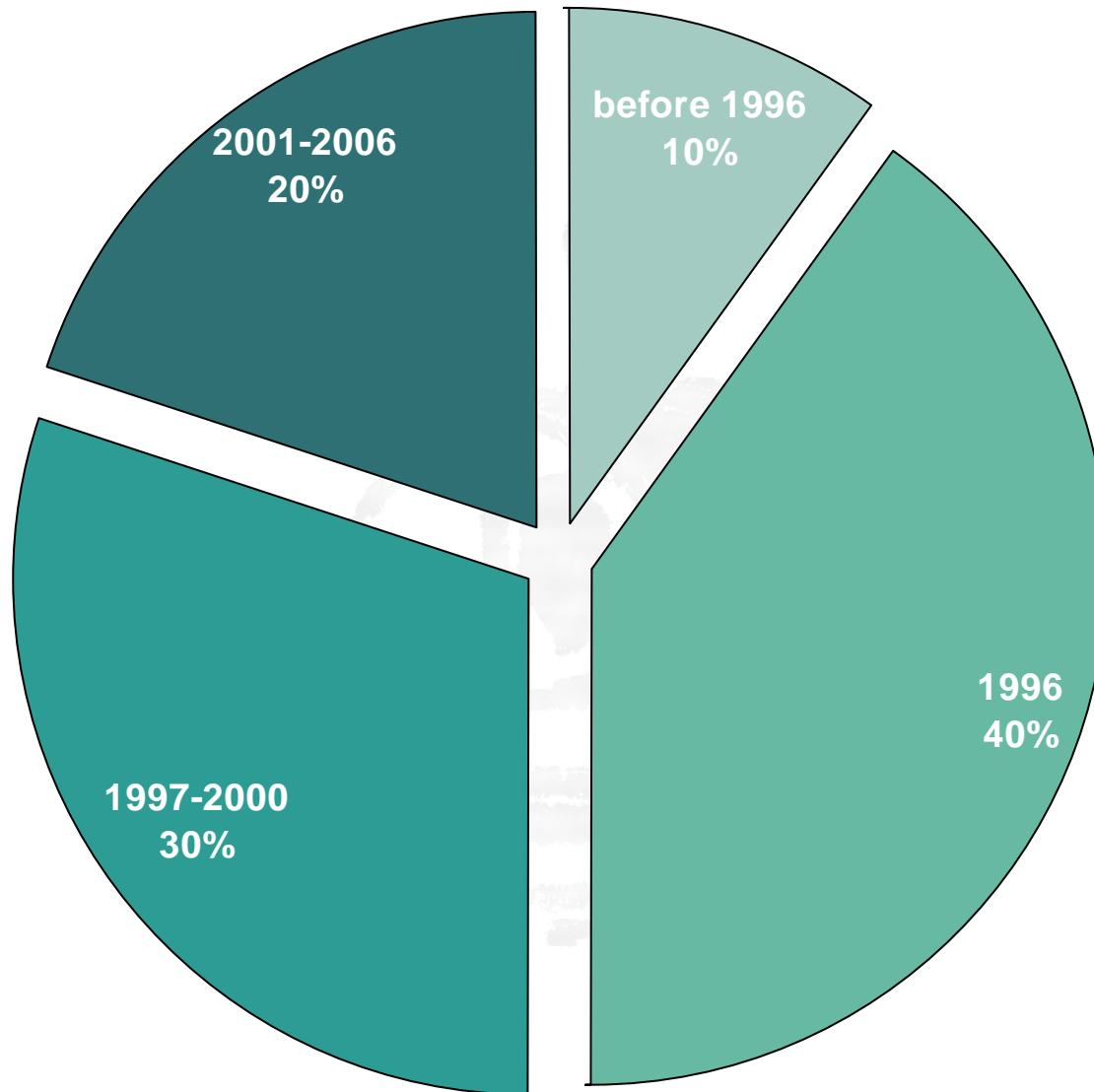
- companies identified as being affected by the EWC directive
- those companies that established EWCs



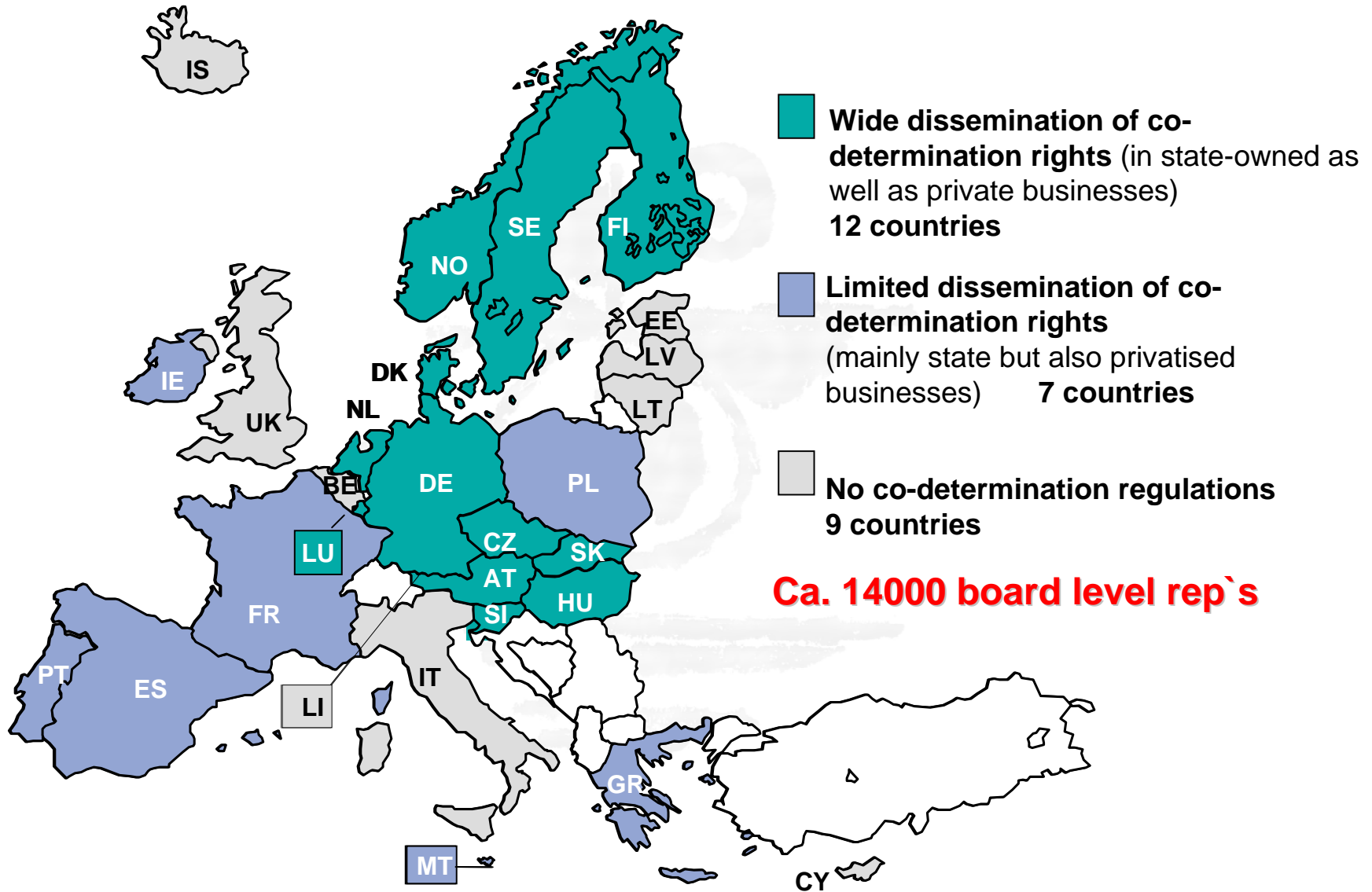
Probability of EWC: Question of Company Seize



Review of already a ten years experience in half of the EWCs



Worker Participation at board level: European formula: 18 out of 25



No SE will look like another – Varieties will increase beyond national borders



STRABAG SE (AU): dispute on procedure now settled
conv. 310000 employees from 9 EU (CZ, HU, PL, SI, SK) + 5 non-EU MS
1/3 of dualistic board, SE-WC

PLANSEE SE: one-tier system in Austria
conversion, 1341 employees from AU, FR, few in SE, UK
2 of 5 members in the board, no SE-WC so far

MAN B&W Diesel SE (GE): two-tier
conversion, 6700 employees from 5 EU (+ 5 overseas countries)
1/2 of dualistic board, SE-WC

ALLIANZ SE (GE): two-tier, merger
135000 (out of 160200) employees from 5 EU + 5 overseas countries
1/2 of dualistic board, SE-WC

Elcoteq SE (FI): one-tier, conversion
ca. 7400 in EU (out of 19600 worldwide) from EE (3300), HU (2700),
FI (860), GE (550), SE (7); no BLR achieved, SE-WC, no previous EWC

Further SEs to be expected: NORDEA SE (bank),
Fresenius SE (health sector)
Suez-Gas de France (energy), MAN-SCANIA (trucks), ...

Ca. 50
established
already

Ca. 190000
In SEs

A broad range of motives – but nowhere escape from worker participation



- ◀ **Simplification of legal and organisational structure** e.g. Alfred Berg SE, Elcoteq, Strabag, Allianz, Mensch und Maschine, Nordea
- ◀ **Streamlining of board structure** e.g. Mensch und Maschine, Allianz
- ◀ **Cost reductions** e.g. Strabag, Allianz
- ◀ **Internationalisation of company board** e.g. Allianz
- ◀ **Part of internationalisation strategy** e.g. MAN Diesel, Elcoteq
- ◀ **(future) Cross-border project** e.g. Brenner Basistunnel, Strabag
- ◀ **Strong European corporate identity** e.g. Elcoteq, Strabag, Allianz
- ◀ **More flexibility (transfer of seat, cross-border mergers)** e.g. Elcoteq, Strabag, Allianz
- ◀ **European solution for worker involvement** e.g. Elcoteq
- ◀ **Simplification of pan-European activities** e.g. Strabag
- ◀ **Adjustment to economic reality of company** e.g. Allianz, Mensch und Maschine, Nordea
- ◀ **Improvement of competitiveness** e.g. Elcoteq, Strabag, Allianz

Corporate Governance debate in EU: Why we are challenged?



McCreevy, EU- Commissioner on Internal Market

? „The Shareholder is King or Queen“ **?**

- **BUT: Not only holding shares makes a good European citizen!**
- **All citizens, including workers, have a vital interest in good corporate governance of companies in EU!**
- **The objective: Fostering long-term orientation of companies and investments.**
- **We need better internal and external control: higher transparency, protections against miss-management, measures against stripping of companies by unscrupulous “investors”**



10th directive (on cross-border mergers): Transposition by Dec 2007 in national law, SEVIC judgement

14th directive (on cross-border transferral of seats): to be demanded by applying, at least, regulation on workers participation as in the 10th

European Corporate Governance Forum: Drafting recommendations/statements to the EU Com, currently on the „comply or explain principle“

European Private Company Statute

Electronical consultation aiming to revise **EU action plan EU company law – new issue on the agenda**

Implementation of point of action from the plan as strengthening shareholder rights

Transparency only for investors, free movement of companies, but workers involvement as less as possible and only at national level

Trade union concern: Deal with workers as stakeholders in corporate governance



Workers are concerned with corporate decisions in different ways:

- ◀ **As employees** who seek a source of income for their livelihood, and good working conditions, regulated by collective agreement;
- ◀ **As business partners** entitled to be involved seriously and obligatory in the company's major decisions which concern them;
- ◀ **As investors** by holding shares directly or indirectly, for the most part providing for retirement income;
- ◀ **As citizens** who are interested in social justice and business ethics, not only locally but also globally.

ETUC position on corporate governance from March 2006



Obligatory Workers' Board Level Representation is essential part of corporate governance in Europe

Long-term orientation

Worker Participation in boardrooms

Corporate Social Responsibility (CSR)

Confident work relations

Companies have to operate within societies and not only to the benefit of their owners



**DO NOT ALLOW CONTRADICTION
BETWEEN WORKERS' INVOLVEMENT AND TRADE UNIONS**

**USING SEs TO SPREAD WORKER PARTICIPATION
THROUGH OUT EUROPE**

**MAKE OBLIGATORY WORKER' PARTICIPATION
TO A BASIC RIGHT FOR EUROPEAN CITIZENS**



Fifties	Sowjet plan economy
Sixties	French code digit economy
seventies	Nordic corporatism
eighties	Germany + Japan
nineties	US Shareholder capitalism
Coming model – not the „end of history“	????????? - partly - in our hands



In the heart of history you will find the future