



Short reports on worker board-level participation in the 25 EU member states

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Prospects for board-level representation of workers under the European Company Statute in the new EU member states

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PART I:

**WORKER BOARD-LEVEL PARTICIPATION
IN THE EU-15 COUNTRIES**

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(Update and extension in December 2005: Norbert Kluge and Michael Stollt)

AUSTRIA

Austria has a long tradition of employee representation in the workplace that dates back to the creation of works councils under legislation passed in 1919. In public companies the works council was able to delegate two of its members to the company's administrative board, where they enjoyed the same rights and duties as other board members. In 1934 a law was passed to establish works assemblies in enterprises. These were meant to deal with matters of common interest in the company and not issues that were on the collective bargaining agenda.

Today the system of employee representation in Austria is regulated under a Labour Code that first came into force in 1974. Under that measure workers have the right to representation comprising a third of the members of the supervisory board. Supervisory boards are obligatory in all joint-stock companies, in limited-liability companies and in private foundations with more than 300 employees, in cooperative societies (with more than 40 employees) and in all mutual insurance associations and savings banks. It is estimated that there are 1,500 companies in Austria that now have supervisory boards on which employee representatives sit. As many as 400,000 workers are employed in those enterprises. This amounts to 15 per cent of the country's entire workforce.

Under Austria's 1974 Works Constitution Act a company's works council may delegate one member to the supervisory board for every two members who are elected by the representatives of the employers. Workers are not entitled to more than a third of the seats on the supervisory board nor on the company's committees. The supervisory board must consist of at least three shareholders' representatives. Its total size may range between 7 to 20 shareholder representatives.

The worker members of the supervisory board must be taken from the elected members of the company's central or single works council and they enjoy full voting rights. Trade union representatives cannot be delegated to join the supervisory board although they can be elected onto a company's works council. The board-level employee representatives must be protected from discrimination or restrictions and they must also be granted paid time-off from their jobs in order to perform their supervisory board duties. An adequate balance between blue and white-collar workers must be established among the employee representatives on the supervisory board. No restrictions cover the rights to codetermination or decision-making by the employee representatives. They have unlimited voting rights on issues of economic importance.

But the employee representatives, like the rest of the supervisory board, are obliged by the law to perform their duties with the interest of the company as a whole in mind. This means they need to take into account the views of shareholders and the general public as well as the employees when making decisions. On the other hand, this does not prevent them from defending the interests of employees. This can lead to potential conflict of opinion between those of the worker director's duties towards the company and those to employees when it comes to the need to maintain commercial

confidentiality. However, employee representatives are allowed to pass on a limited amount of company information to the works council as long as this is covered by the rights to information and disclosure laid down under the 1974 Act that is deemed necessary to represent employees' interests. Annual works assemblies are held in firms as well. The works councils are dominated by the trade unions and they act as intermediaries between the employer and employees. In Austria those bodies are not only highly effective in the dissemination of information and consultation in the enterprise but they are also involved in a range of workplace issues such as the day to day business of the firm, cases of individual dismissal and changes in working practices.

A special feature of the Austrian system is the obligatory list of business transactions which may be submitted for approval by the management board or managing director only after the consent of the supervisory board has been obtained, e.g. acquisitions, sales and closure of plants, investment, the start and discontinuation of lines of business and types of production or the definition of the general principles governing business policies.

Austria has a highly developed system of industrial relations based on the concept of social partnership. It retains strong trade unions and employer associations as well as effective works councils in all enterprises employing five or more workers.

BELGIUM

Worker representation does not exist on the executive boards of Belgian private companies. The system of corporate governance is based on a single administrative board that is either elected or appointed exclusively by the company's shareholders.

As in other European countries, the works council system is highly developed in Belgium by law. The works council is jointly made up of employee and employer representatives and it is mainly a means for ensuring a regular flow of information and consultation within the firm. In addition, trade union shop steward committees also exist in the companies and these work in close cooperation with the works councils, which the trade unions dominate. But Belgium does have employee board-level participation in some parts of its public sector, most notably in the state railway company where 3 out of 23 members of its administrative board are nominated by the trade union and elected by the workforce

DENMARK

Denmark went through a relatively turbulent period of change in its industrial relations system in recent years. Traditionally the country has had a highly intricate and robust social partnership between employers and trade unions with a minimum role played by the state and by the legal process. Its main emphasis was on the negotiation of voluntary collective agreements and the use of conciliation and arbitration to resolve differences. But in recent years there has been a clear shift towards decentralisation from industry or sector level to that of the enterprise, mainly under the influence of employers who have sought to achieve much greater flexibility in the management of their business operations.

As in other European Union member states legislation enabling employee representation at board level in both private and public companies was passed in 1973. It covered all such enterprises that employed more than 50 workers and enabled employees to elect at least two representatives to the board and up to a third of the board whatever its size. The proportion was raised to one third of all board members. Further changes were made to the legislation in 1987 which laid down such companies are now covered by its provisions if they employ 35 or more workers and up to half the number who are elected by the shareholders with a minimum of two. However, prior to the decision to include board members elected by the employees an initial vote must take place in which at least half of the company's employees vote in favour of this right (the vote takes place if at least 10% of the workforce has asked for it).

All employee representatives in Denmark are elected for four year terms as board members directly by the workforce. Such a system is only part of a much wider diversity of worker representative bodies in the company. In addition to trade union workplace committees, many enterprises employing 35 or more workers in Denmark also have joint cooperation committees which are made up of equal numbers of employee representatives and managers. These bodies may not deal with issues that involve collective bargaining but they do have a wide range of responsibilities in the company. These include the provision of financial and production information about company operations, working conditions, training, job restructuring and personnel questions.

The existence of the joint cooperation committees outside company boardrooms dates back to 1947 in Denmark. Subsequent legislation has modified or changed some of the details of how the system operates. But it has won considerable support from companies, trade unions and employees. The experience of such a vibrant and consensual approach to decision-making in companies made the advance to employee board representation more acceptable and credible.

The support for board-level employee representatives can be found in a study carried out between 1995 and 1999 by Copenhagen business school on the role of board-level employee representatives in Danish companies. It found as many as 60 per cent of workers in the country were working in enterprises with board-level employee

representatives. Two thirds of firms employing 200 or more had such representation on their boards and one in five of the smaller enterprises with fewer than 200 workers on their pay-rolls. The most remarkable finding in the survey concerned the priorities held by the employee board members on what the company they worked for should regard as the most important. All those involved in the survey were asked to name what they believed to be the crucial considerations when making large and long-term decisions for the future of the enterprise. Employee board members said that markets were the key factor in determining what the company should do, followed by innovation. The next consideration did concern the firm's employees. This was deemed a more important factor than attitudes to the wider society and the shareholders, which was the lowest issue of concern.

What is so surprising about this order of priority is that it proved to be the same as those listed by the board members elected by the shareholders. Although the actual results were not exactly the same in the importance attached to each priority, the fact is that the Danish survey found a convergence of opinion on the company boards examined between employee and shareholder board-level representatives. Apparently a strong common interest is shared in companies about what needs to be done to improve performance. Such a finding strengthens those who believe the advance of board-level employee representatives in companies has a beneficial impact on business operations. Far from adopting a defensive and reactive attitude, worker board members see the strategic importance of pressing for policies that reflect market conditions and the need for innovation.

The Danish example is another positive sign that the concept of employee representation on private sector company boards makes good business sense.

FINLAND

Finland is one of the few European countries which already have experience of both of the possible structures for an SE: one-tier and two-tier.

Historically Finland has had until very recently a highly centralised and corporatist industrial relations system with a strong state in alliance with powerful trade union federations and employer associations to administer the political economy. But until recently there was also a contrary tradition of industrial conflict between employers and employees. Somehow Finland was able to reconcile a corporatist with an adversarial system.

As a result, worker participation at company board level was slow to gain support. Indeed, the very concept of industrial democracy was not well developed in Finland until 1979, mainly because the country's trade unions and employer associations were unenthusiastic about such a development.

It was only in that year that a law was passed that provided for the creation of codetermination structures in commercial undertakings. This measure formalised the rights of employees to information, negotiation and codetermination at board level in private enterprises employing more than 30 workers. Under the law there must be a maximum of between one and four employee representatives but they should constitute no more than a quarter of the company board members.

The workers themselves are entitled to elect their own representatives directly but they can also be elected through recognised trade union structures. But the 1979 legislation was not concerned with giving employees a direct influence in the decision-making of companies at board level. Its main intention was to encourage greater co-operation between management and employees outside the board decision-making process and to improve the working environment by collective agreement at enterprise level. It was not until 1990, however, a specific law was passed in Finland that provided for the direct election of worker representatives to the boards of private companies which employ more than 150 workers. This law is implemented through an agreement between the company and its workforce. Under this agreement, both sides must decide together on which company board the workers should be represented and also on the number of employee representatives. Basically, employees may sit on a variety of boards: the supervisory board, the board of directors or the management group. Such a binding agreement may of course be concluded – on a voluntary basis – in companies with a workforce of less than 150. The personnel groups supporting the agreement must represent at least the majority of the employees.

If no agreement can be reached, two personnel groups representing at least 50 per cent of the employees, may demand the application of statutory minimum requirements. The law gives the employees the right to send representatives to one or more administrative boards. But in this case, the employer and not the workers can decide on what executive body the employee representatives can sit. Under the

legislation there is a maximum of four employee representatives on the board of the company depending on its size.

The employee representatives are nominated by the personnel groups. If these do not agree on common representatives, election must take place. The candidates in these elections are nominated by the personnel groups. Employee representatives must always come from the employees in the company involved and not from trade union officials and others who are not employed by the firm.

Employee representatives basically have the same rights and duties as the other members on the board involved. However, they are not entitled to participate in making the decisions on the election, dismissal or contract terms of the management, the personnel's terms of employment, or industrial action. Furthermore, the agreement provides for a restriction on the voting rights of employee representatives.

Employee representatives are released from their regular work for the board meetings as well as for the necessary preparatory work. They are compensated for their relevant expenses and receive a fee for attending meetings outside their normal working hours.

A survey carried out in 2001 of employee representatives in Finland's metal and electronic industry found that the majority were satisfied with the increased cooperation achieved between management and labour but argued that the practical work of representatives on the board of directors needed to be encouraged. However, employee representation at company board level still remains underdeveloped in Finland. More than half of the firms in the country that employ between 150 and 200 workers have no employee representation in their structures at all. As many as a third of the larger enterprises lack such representation as well.

FRANCE

Until very recently France had no law that specifically requires or provides for employee representation at board level in private sector companies. This reflected the country's strong syndicalist traditions that tended to emphasise the commitment in many trade unions to the cause of workers' control of industry and worker participation. Although trade union membership remains very low, at no more than 8 per cent of the French workforce, the often trade union dominated enterprise committees in most firms remain an established and important institution in workplace life. It is those organisations that are a prominent feature of internal governance in the firm.

But lack of interest historically in employee representation at board level in France was also apparent among employers. In part, this reflected their determination to maintain an undisputed right to manage and the elitist character of their class backgrounds. French employers by tradition have sought to protect and advance their power in the workplace. As a result, the country's system of industrial relations was based more on conflict than consensus.

The limited advance of employee representation at board level was also a consequence of the specific capital structure of French firms. More than elsewhere in Europe they have been dominated both by the influence of the state and the direct control of the banks, who established close and stable relations between management and shareholders to the exclusion of worker interests.

The obstacles in France to the creation of board-level participation in privately owned or publicly listed companies are therefore formidable. Until recently company law tended to encourage single, unitary boards of directors rather than a dual system on the German model with a division between administrative and supervisory boards. But under a 2001 law more flexibility is being encouraged in the way in which companies organise their decision-making processes.

Under the Statutes of joint stock companies it is possible but not compulsory to provide for the election of board members by the firm's employees through the enterprise committees. Moreover, only employees of the company are eligible. The proportion so elected must not make up more than a third of the entire board. But the ultimate power on whether such a system is acceptable lies with the company's shareholders who, at an extraordinary general meeting, can cancel such participation.

Under a 1994 law the annual shareholders meeting must discuss whether or not employees are entitled to board representation where employees hold more than 5 per cent of the capital. However, under another law passed in 2001 it is possible for employee representatives to be elected to the board of directors where they hold at least 3 per cent of the company's share capital. In practice, there are few joint stock firms that have employee representatives on their boards. But in this case they serve as representatives of the employee shareholders. This is fundamentally different from having the right of participation in one's capacity as employee of a company.

Employee board members in the private sector must not only be employed by the company but are also not allowed to have another mandate as a member of the company's enterprise committee.

But the position in France's public sector is different. As a result of a law passed in 1983 employee representation at board level was introduced into state-owned enterprises. The number of representatives elected depends on the size of the organisation concerned. Three can be elected in those bodies that employ between 200 and 1,000 workers. For larger enterprises up to a third of the board's members can be elected from among employees. They are not paid any salary for their service but nor are they expected to take overall responsibility for the governance of the firm unlike the other board members.

However, the public sector in France has been reduced substantially since 1986 under governments of both right and left with the movement of companies into the private sector. Nevertheless, board-level participation has not been abolished in case of privatisation. Depending on the size of the board, the Statutes of the company must reserve two or three seats to the employee board members. However, the advance of private ownership into what was formerly state-controlled enterprise has expanded the importance of shareholder value. A wave of mergers and acquisitions as well as the growth in the pressures imposed by globalisation have all strengthened the position of capital at the expense of labour in corporate governance. Perhaps inevitably, as a result, France's company structure has moved more closely towards the so-called Anglo-Saxon model in recent years.

On the other hand, the system of worker representation below board level remains substantial in many French companies. The country has a well developed system of works councils or employee committees for all enterprises employing 50 or more workers. Under the 1946 law such committees were to be informed and consulted about the management and general situation of the enterprise and were given training facilities to enable them to perform their duties effectively. They were also given the right to appoint delegates (generally two) to attend board meetings. These representatives are selected from among the elected employee committee members (not from among the local trade union representatives nominated to the employee committee by their trade union). This representation right is obligatory for all companies that have a board, irrespective of whether they are state-owned or privately-owned. However, the employee committee delegates only have a right of discussion; they have no voting rights at board meetings.

The 1982 so-called Auroux laws went on to strengthen workplace institutions within the enterprise, especially the committees who have the power to manage the company's welfare and cultural activities. In addition, employee delegates have to be elected in establishments employing 11 or more workers, who can present individual or collective grievances to management as well as raise issues concerning pay, labour discipline, health and safety questions and matters that concern collective agreements.

Trade union members can also establish their own separate workplace organisations in enterprises that employ 50 or more workers. In addition, France has health, safety and working conditions committees made up of 3 to 9 employee representatives as well as group committees covering a group of commercial undertakings.

GERMANY

The most formal and advanced system of worker representation at company board level is to be found in Germany. It is a two-tier system with a management board that is responsible for the day-to-day running of the firm; and a supervisory board to appoint and control management.

Therefore the supervisory board has a number of specific responsibilities laid down in the law. Primarily, the members of the company's administrative board must be appointed by the supervisory board. Further responsibilities include comprehensive rights to supervise and scrutinize management procedures, the right to inspect company books and reports and to inspect and approve the company's annual statement of accounts. In addition, the supervisory board can commission the auditors of the firm, employ outside experts to help them in their task, and call a general meeting if the interests of the company require this. More importantly, the supervisory board has the power under the law to approve a company's important investment decisions and large-scale restructuring measures and closures. It is also needed to approve of company mergers, acquisitions and disinvestments as well as taking loans out above a specific size. The law lays down that the supervisory board shall establish such a catalogue of transactions; however, the exact contents depend on the wishes of the majority on the supervisory board.

The supervisory board is composed of representatives from the shareholders and the workforce. The employee representatives must be elected directly by the workforce themselves or by delegates who are elected from the workforce. According to the two major codetermination laws (Acts of 1951 (1956), 1976, see below) the trade union representatives can propose representatives on the supervisory board who are not employees of the company. But only unions with members in the company are entitled to make proposals for these seats. All of the workers' representatives have the same rights and responsibilities on the supervisory board as the shareholder representatives. They are also covered by the same codes of confidentiality in the conduct of their affairs on the board. The law protects them from discrimination or obstruction as they go about their business. They are allowed to serve four year terms.

Although its origins date back to the early part of the last century and the Weimar Republic, it was not until 1951 that codetermination by law was first introduced. The German trade unions at that time had achieved the political power to establish legal rights to codetermination in the basic industries of coal and iron and steel. The system introduced in those two sectors remains the model of codetermination that the trade unions in Germany would like to see used in other industries. The law provided for parity of representation for workers and shareholders on the supervisory boards of firms in coal and iron and steel. Under its provisions trade unions and works councils nominate half the places on the company's supervisory board. The chair of the board is independent (neutral): that is, from neither the employee nor the shareholder side. The supervisory board has the power to appoint the management board, responsible for the day to day running of the enterprise. This includes the

appointment of the company's labour director who sits on the administrative board. He cannot be appointed against the vote of the employee representatives.

Over the next twenty-five years the trade unions tried to extend the codetermination system from coal and iron and steel to other sectors but they did so without success. Already in 1952 a further law was introduced that made provision for employee representation at board level. However they were to account for only up to a third of members of a company's supervisory board. This law still applies today in all enterprises of between 500 and 2000 workers and was revised in 2004 as the new "Law on the one-third participation of workers' representatives on the supervisory board" (*Drittelbeteiligungsgesetz*). Comparing its standard of workers' representation with the standards defined in the other two acts it is understandable that German trade unions are not particularly satisfied with this form of workers' interest representation. The legal provisions under the 2004 (formerly 1952) Act are designed more to advance the information and consultation rights of the works council than to establish codetermination. The employee representatives must come from among the employees in the firm. External trade union representatives are eligible only if more than two seats on the supervisory board are reserved for employees and only if they were proposed by the workforce or the works council.

The real advance in the expansion of codetermination took place in 1976 under the Social Democratic/Liberal coalition government. The 1976 Act extended the principle of parity in employee representation to the supervisory boards of all private firms that employed 2,000 or more workers across all industries and services. But compared with the provisions of parity within the 1951 Act it was a much weaker form of codetermination. A significant difference from the codetermination law for the coal and iron and steel industry (1951) is that here the chair of the supervisory board always comes from the shareholder side and possesses a casting vote in the event of a tie. Moreover, one place among the worker representatives must be reserved for the representative of the firm's executives. Contrary to the 1951 Act the employee representatives on the supervisory board do not have specific veto rights in the appointment of the labour director.

The exact size of representation on the supervisory board is set out in the law. It must consist of 12 members in firms employing between 2,000 and 10,000 workers. Of the six employee representatives, four must be proposed by and from among the workers in the enterprise and the other two by the trade unions. The other board sizes are 16 members (10,000-20,000 workers) or 20 members (more than 20,000 workers).

According to ongoing observations conducted by the Hans Böckler Foundation, in 2004 a total of 746 enterprises were covered by the codetermination act of 1976, in comparison with 709 companies in 1992.

The strength of the German codetermination system also derives from its strong links to the works council system and the trade unions. German employers were for a long time strong opponents of the principles of codetermination. Although codetermination

has become more and more entrenched in the larger German companies the fundamental debate has never ceased. This is remarkable given the fact that in practice codetermination in Germany does not reflect a single and uniform model of employee representation. Indeed, the evolution of the system has always been in line with the uneven development of companies in highly competitive product and consumer markets, both within Germany and internationally.

GREECE

Greece has had no tradition of board-level participation for employees in their companies. Historically the country's industrial relations system was characterised by adversarial attitudes between capital and labour while governments were not interested in encouraging the advance of worker participation in companies through the use of the law. Moreover, the Greek economy was dominated by small and medium-sized enterprises in the private sector and such firms displayed no interest in establishing forms of corporate governance that they believed were irrelevant to their business operations.

However, after 1981 when PASOK the Socialist party was elected into government, legislation was passed that provided for direct board-level participation for workers who were employed in state-controlled and public sector utility companies and in former private firms that were brought into state ownership. Under its provisions a labour supervisory council was established for each of the enterprises involved. This was made up of 27 members of which nine represented the employees, nine the government and the remaining nine came from other stakeholders such as local councils, technical and economic chambers and various public bodies.

The law was modernised in 1996 to establish a more flexible form of boardroom representation. Under this reform company employees were entitled to two elected representatives on the boards of the state-owned companies. These board-level employee representatives are elected through a general ballot. Only employees are eligible. The employee board members have the same rights and duties as the other board members. However, in the late 1990s Greece started to move parts of its public sector into private ownership, mainly through the development of joint private-public enterprises. These developments have inevitably undermined the board-level participation of workers that was always confined to the public sector. Such worker participation is now confined to those enterprises that are still under the majority control of the state. These are e. g. the companies that own the electricity system and the postal services and the national bank.

But the country's industrial structure of small firms and a substantial number of self-employed workers has ensured that even works councils, enterprise unions and other forms of employee representation below company board level remain underdeveloped.

IRELAND

The system of corporate governance in Ireland is very similar to that of the United Kingdom. Its private sector companies operate with a single tier board structure and they are concerned exclusively to meet the interests of shareholders. There has been no tradition of employee representation at company board level. Nor are works councils part of the Irish industrial relations system in the private sector of the economy. But the picture is different in the public sector. In 1977 the Worker Participation (State Enterprises) Act was passed. This gave employees in seven state-sponsored commercial companies the right to elect up to a third of the members of their boards for periods of three years. Only employees of the company concerned are eligible. It was made clear that the work participation structure envisaged had to be based on existing trade union structures. But at the same time it was not envisaged there would be any move away from the single board system of corporate governance.

A review of the legislation ten years later led to the introduction of a further measure in 1988. This provided for the creation of sub-board consultative arrangements in a wider number of state agencies and companies. The new law was highly flexible in what form the proposed consultation mechanisms ought to take. But it did set out some basic provisions of their functions.

Trade unions, staff associations or other designated bodies, recognised for collective bargaining purposes, were given the exclusive right to nominate candidates for election as board-level employee representatives (so called worker directors). All employees, including those who are working part-time, are entitled to vote in the election of these board-level representatives. Once elected the worker representatives have the same rights and duties on the board as ordinary company directors, who are generally appointed by the government.

However, the government was reluctant to extend or impose participation legislation onto Ireland's private sector if it proved impossible to stimulate such a development through encouragement and the negotiation of partnership arrangements.

There are now an estimated 54 employee representatives on over 20 state-controlled boards in Ireland. A few of the former state companies, which have been privatised, continue to have worker representatives still sitting on their boards. Initially, managers in the state-owned enterprises were hostile and suspicious at the creation of board-level employee representatives, who were often excluded from key decision-making and important company sub-committees such as finance. For their part, many board-level employee representatives felt uncomfortable in dealing with financial issues and called for more access to training. Originally there was some concern that board-level employee representatives could pose a challenge to existing collective bargaining and industrial relations structures. But with their sole right to nominate representatives to the board, the trade unions have been able to maintain a dominant role in the process.

The future of worker board-level participation in Ireland's state enterprises is now in some doubt. The privatisation of state assets has brought the whole system of employee board-level participation into question. As many as 4 out of the 11 original companies covered by the legislation have now moved into the private sector. As a result they have lost their worker representation system.

But a survey of board-level employee representatives in Ireland carried out in 2002 found that as many as 96 per cent of respondents said they had a positive experience as board-level employee representatives. They believed their role gave them greater insights into the operations of the companies they work for. Over three quarters said the system had helped to improve industrial relations while 62 per cent added that it had helped in the development of the partnership approach in the company. On the other hand respondents were split half and half in their opinion as to whether they were 'only tolerated' or 'fully accepted' by management.

ITALY

The wide gap between rhetoric and reality on the question of worker participation at company board level is never more pronounced than it is in Italy. According to article 46 of the country's 1949 constitution it is recognised that employees have the right to take part in 'the management of enterprises with the resources and within the limits laid down by the law.' But that provision has not led to any such arrangements coming into existence in Italian firms in over half a century outside the cooperative sector.

Indeed, the law plays only a limited role in Italy on the issue of employee representation at boardroom level. The workers' committees and other active shop-floor bodies were established through the negotiated process of collective bargaining and multi-union agreements with employers and not by the legislative route. Employer hostility or indifference on the one hand and conflicts between the unions on the other has ensured a very limited development of board-level employee representatives on company boards.

It was only in the early 1970s that the first legal rights to information and consultation were introduced and then only in the face of strong resistance from the companies. They made up only a small part of the much wider worker offensive that developed after the country's so-called hot autumn in 1969.

It is true that the Italian government tried to interest trade unions and employer associations in developing a system of codetermination at board level on the model of West Germany. But this failed to make any progress. The adversarial approach to industrial relations was preferred to any attempt at the creation of industrial democracy. Indeed, the tradition of conflict and confrontation in Italy has ensured little advance for notions of employee representation on company boards. There are some voluntary participation systems in some firms such as the airline Alitalia and Zanussi, the white goods firm that is part of the Swedish-owned Electrolux, but these are very much the exception. In some public sector enterprises such as the postal services and ENI state holding company worker representatives were elected onto their respective management committees.

However, the reform of the public services and the privatisation drive of the 1990s in Italy have undermined these developments. The trade unions, which had already been sceptical of such participation, came to the conclusion that the presence of worker representatives on management boards in state-owned companies being moved to the private sector or undergoing restructuring was quite ineffective in influencing what happened.

It seems unlikely that any progress can be expected under the present centre-right Italian government. However, an advance may be coming in information and consultation rights for employees in small companies.

However, trade unions appear to be increasingly changing their traditionally negative attitude to worker representation at company board level, adopting a more open and

pragmatic approach, as seen in the debate on the transposition of the European Company legislation. On the other hand, the country's leading employer association - Confindustria - remains sceptical about any moves that provide for the direct representation of employees on company boards at national or European level.

LUXEMBOURG

Luxembourg's system of industrial relations is close in its form to that of France but it is based on a much more conciliatory approach. The Duchy has a mixed system of employee representation at company board level, provided for under a law passed in 1974. It covers both private enterprises that employ 1,000 or more workers who have been with the firm for over three years and all other companies where the state holds at least 25 per cent of the capital or where the company has been given a state concession in its main field of activity.

In the large private firms employee representation must account for a third of the board of directors in a unitary board. In the public sector where the state holds at least a quarter of the capital one employee is elected to the administrative board for every 100 workers employed. There must be a minimum of three employee representatives but no more than a third of the board can come from the workforce. White and blue collar employee representatives must be selected separately and in proportion to the number employed in each group in the company. These board-level employee representatives must be appointed from among the company's employees who are working in the company for not less than two years. But the system is different in the iron and steel industry. In that sector the most representative national trade unions are entitled to directly appoint three board-level representatives who do not have to be employed by the company.

The employee representatives have the same rights and obligations as their fellow directors and their length of tenure remains the same as well. However, they may find have their representation revoked by employees or in the case of the iron and steel industry by trade unions. Board-level employee representatives are not allowed to be members of more than two company boards at the same time.

Luxembourg, like most European countries, also has a well-developed system of enterprise employee committees in establishments employing 15 or more workers.

THE NETHERLANDS

The Dutch system of employee representation at company board level is both unusual and complex. Indeed, its critics argue that it does not amount to direct worker participation in corporate decision-making at all. The Netherlands after 1945 developed a fairly comprehensive works council structure in companies and this remains important in the dissemination of information and consultation.

Employee representation on company boards remains under-developed in the Netherlands and its existence is closely linked to the existing works council system. The legislation covers both public and private companies that employ a minimum of 100 employees and have capital – including reserves – of at least €16 million. These undertakings are required by the 1971 Law to form a supervisory board of at least three people.

The Dutch system of worker participation at board level differs significantly from the systems in operation elsewhere in other European countries. Moreover, such members are not seen as employee representatives. They are required to take an interest in the affairs of the company as a whole and not be beholden to the workforce. On 1 October 2004 a new law on supervisory boards in larger companies took effect in the Netherlands and has brought considerable changes in employee board-level participation. The supervisory board now nominates candidates when a vacancy arises, who are then appointed by the general meeting of shareholders. The works council has the right to propose candidates up to a maximum of one-third of the seats (the other candidates are proposed by the general meeting of shareholders). The supervisory board is de facto obliged to accept these nominations. If the general meeting rejects a nomination the procedure starts again. The general meeting of shareholders has also gained a new right to dismiss the entire supervisory board. The term of office cannot be longer than four years, although members can be re-elected.

A specific feature of the Dutch system is its emphasis on the fact that supervisory board members are not permitted to represent the interests of a single stakeholder, be it the shareholders, a bank or the employees. As a result, neither company employees nor trade union representatives involved in collective bargaining in the company can be elected onto the supervisory board. Consequently, board members proposed by the works council (under the former legislation) have mainly been academics or politicians who are mindful of employee interests.

The powers of the company's supervisory board are substantial. The supervisory board not only appoints and dismisses the members of the management board but it also has a veto right on practically all important strategic decisions. Its members have legal powers to approve any increase or reduction in the company's share capital. They need to approve mergers, acquisitions and investments of a value of at least a quarter of the equity capital. They are also required to approve any major

change in working conditions in the company and in collective dismissals. The board is also involved in the preparation of the company's annual accounts.

An important restriction of the Dutch system is that it applies fully only to companies which have the majority of their employees in the Netherlands. A mitigated system applies to international groups a majority of whose employees work outside the Netherlands, irrespective of whether their head office is in the Netherlands or elsewhere. Moreover, the legal obligations on workers' participation do not apply to international holding companies, but only to holding companies of companies with their seat in the Netherlands (called subholdings) and only in a weaker form.

PORTUGAL

Corporate governance in Portugal is based on the model of a single company board which is responsible to shareholders. There is no law on the country's statute book that provides for employee representation at board level in privately owned companies. In theory the workers' commission, the Portuguese equivalent of a works council, may agree as a social partner to negotiate representation on a company board. But in practice this has never happened.

Employee representation on the boards of wholly state-owned enterprises and other public entities is guaranteed, however, under the country's democratic 1976 constitution that followed the end of Fascist rule in Portugal. This was followed by the introduction of specific legislation that was passed in 1979 and 1984 and gave employees the right to elect one representative to the board of directors and the Council of Auditors.

Board-level employee representatives must be elected by a majority of employees in the company and all employees have the right to participate in the vote. The candidates must be employed by the firm in question. They must be nominated by the workers' commission and/or by 10 per cent of the labour force or 100 workers.

The employee representatives hold their positions for three years but there is nothing to prevent them from standing again for re-election. Their rights and duties as board members are exactly the same as those of all the other board members. However, this legislation on employee board-level participation in the public sector has never been implemented. As a result of this very few board-level employee representatives have been installed in reality.

In the early years of democracy in the 1970s the Portuguese government carried through a vast programme of nationalisation of the country's industrial base. But since 1989 many of the public corporations have been moved into the private sector by successive governments. As a result in theory less than 2 per cent of the workforce in 2000 are now estimated to be actually covered by the laws requiring employee representation on the governing bodies of public enterprises. Finally, in 1999 further legislation was passed that abolished the right for employee representatives to be elected to the boards of public-owned enterprises. As a result there is no comprehensive legal entitlement in Portugal any longer for employee company board representation.

What worker representation remains in the country's companies is mainly concentrated outside their boardrooms. In Portugal the system of works councils is advanced in comparison with other systems in the European Union. The workers' commission remains the most important representative body in the workplace with the legal right to receive information about corporate strategy and planning, the company finances, the organisation of production and personnel management issues.

Management has to give the company's workers' commission prior notice before carrying out plant closures, any move to liquidate the company or to reduce the size of its labour force. Legislation in Portugal also now provides for the election of workplace-based trade union committees by employees which can become a central organisation within the company as a result.

The limited character of employee representation at company board level reflects the general outlook of the trade unions. They prefer to strengthen their role through the development of autonomous workplace institutions like the workers' commissions rather than by insisting on employee representation on company boards. There is no immediate prospect of any change of attitude at the national level. Indeed, the supporters of board-level employee representatives find themselves very much on the defensive as the current government seems keen to remove what employee board-level participation continues to survive in some companies.

SPAIN

Spain's system of employee representation in corporate governance has been shaped by the experiences of General Franco's authoritarian regime which ran the country between 1939 and 1976. Although a worker participation law was passed in 1962, it was widely criticised as 'pure propaganda'. The corporatist structures that dominated Spain's industrial relations tended to ensure that power and authority in the workplace remained exclusively in the hands of employers. Certainly the promotion of trade union and individual worker rights were not part of the Franco workplace agenda although a rigid, corporatist system was imposed on employers and employees.

However Spain's 1978 democratic constitution that followed the end of the country's dictatorship makes it clear that the state is under an obligation 'to promote the participation of all citizens in economic life'. Two years later workers were guaranteed information and consultation rights, the right to participate in the management of the country's social services. At the same time they were also obligated to cooperate with employers in improving productivity.

Since 1995 firms employing more than 100 workers and smaller enterprises involved in dangerous activities have been required to establish health and safety committees with parity of representation between management and workers. But no legal provision exists in Spain that requires a permanent presence of employees on company boards in the private sector. Nor are there any co-decision rights in the firm between employer and employees, except for the fixing of holiday periods. Any moves to worker representation in corporate governance have to be made through voluntary negotiation in collective bargaining.

However, in 1986 a national agreement was made between the government and the UGT trade union federation that provided for trade union representation in state-owned enterprises that each employ more than 1,000 workers. Under this agreement unions can participate in management either through holding minority representation at board level or through the creation of an information and control committee where management and unions hold equal representation. Workers through their unions also sit on the boards of Spain's saving banks. The two most representative trade unions, CCOO and UGT, are entitled to send one representative each to sit on the boards of the banks.

By contrast the private sector companies in Spain are firmly under the control of either shareholders or family owners. Trade union efforts to advance the cause of worker participation at board level in private firms failed to make much progress during the 1980s through collective bargaining. The works councils that exist in Spain have not been brought into the decision-making processes of companies either. Moreover, the degree of consultation in the private sector remains limited. In 1999 as many as 88 per cent of companies did not discuss work related problems with their employees while 72 per cent failed to consult them on work organisation issues. It

seems that the arrival of democracy in Spain has not made of an impact on the country's authoritarian corporate culture and practices.

In fact, the trade unions in Spain have found it difficult to overcome the legacy of the past. Without the establishment of a framework of legal rights to worker participation, they have struggled to develop permanent and robust systems of workplace participation through negotiation with employers. The absence of law has meant that genuine forms of worker participation have been vulnerable to high unemployment, neo-liberal policies to make labour more flexible and corporate strategies that seek to drive down labour costs. This has tended to make the Spanish unions defensive and passive in their attitude to the issues of boardroom worker representation.

Moreover, the widespread use of temporary employment contracts as well as the dominance of employment in fragmented and small firms in agriculture, retail, hotels and construction has not helped unions to develop a credible programme for worker participation. The dependence of corporations on financing through the banking system coupled with the persistence of an aggressive neo-liberal strategy by employers has added to the obstacles in developing systems of worker participation at board level. Unless the Spanish government legislates to make such representation compulsory on companies, it seems most unlikely the present authoritarian methods of corporate governance are going to change very dramatically.

On the other hand, there has been a wide-ranging debate in Spain on the need for company law reform, mainly aimed at improving the position of shareholders and institutional investors in particular and ensuring greater transparency in business activities. But this development suggests Spain is developing a neo-liberal approach towards the reform of corporate governance. The question of employee representation on company boards is hardly discussed or even mentioned.

This is causing particular problems for those parts of the state sector which are being moved into the hands of private owners. As a result of such privatisation Spain is experiencing a decline in what limited worker participation exists. As a result the trade unions are taking a renewed interest in a demand for a compulsory participation law. Whether the change in government in April 2004 will have a significant impact on this question remains to be seen. At least, the new socialist government did not make use of the so-called "opt-out-clause" contained in the European Company legislation (which was originally introduced on the demand of Spain).

SWEDEN

The democratisation of working life in Sweden has a long history that goes back to the inter-war years. Its development has always reflected the impressive growth of a strong and progressive trade union movement in alliance with Social Democratic governments that have ruled the country for all but nine years since 1932. The elaborate system of social corporatism that was developed in Sweden through the highly centralised organisations representing employers and trade unions has tended to emphasise the importance of voluntary collective bargaining without resort to the use of prescriptive legal rights imposed by the state.

It was not until 1973 and 1975 that legislation was passed that introduced company board representation for worker representatives. The shift away from voluntary negotiated agreements to the use of legislation marked an important change of direction in the industrial relations strategy of Sweden's trade union movement. It aroused considerable opposition from employers and it was only after 1982 that agreement was reached that began to put the legislation into action.

But from the beginning the new laws – one for codetermination at the workplace and the other on board representation – provided employer associations and trade unions with considerable autonomy and flexibility in the way that employee representation at company board level should be designed. A great deal is left to the initiative and creativity of local officials and company managers. Indeed, the open-ended nature of the worker participation laws has produced a considerable diversity in the range of structures and procedures.

But the legislation was rewritten in 1987 as the Board Representation Act. The far-reaching measure is designed to provide employees with the opportunities for using their knowledge and influence in company activities. It covers not only joint-stock companies and limited liability companies but also banks, mortgage institutions, insurance companies and economic associations who employ 25 or more workers. Employees in such enterprises are entitled to two representatives on the board of directors and one alternate for each member. But companies that employ an average of at least 1,000 employees in Sweden are required to have three worker representatives on their board of directors. The most common size of the board in Swedish companies is seven members, two of whom are employee representatives.

Because all rights to codetermination, participation and negotiation at the workplace are distributed to the trade unions, which, by law, are responsible for the conclusion of collective agreements within the company, only the members of a trade union have the right to elect their representatives on the boards. The decision to appoint employees' board representatives is taken by a local trade union which is bound to the company by a collective agreement. If as many as 80 per cent of the employees covered by the collective agreement belong to the same trade union, that organisation can appoint all the employees' representatives. If this is not the case the two seats have to be shared among the most representative trade unions in the firm. In practice unions have little problem in reaching agreement on the appointment of

employee representatives. But the law requires that those representatives are employees of the company concerned. It is very unusual for full-time trade union officials from outside the company to be appointed onto its board as employee representatives. Under the law an employee representative is allowed to serve a term that does not exceed four financial years. Only the body that has appointed the employee representatives can dismiss them.

The law makes it clear that the employee representatives on the company board do not participate in decisions that concern the collective bargaining agreement. Nor are they involved in industrial action or other matters where a union organisation at the workplace has a material interest which may conflict with the interests of the company.

Indeed, it is not an exaggeration to argue that the relative decline in the power and influence of Sweden's trade unions at the national level as social partners has been paralleled by a revitalisation of their organisations in the workplace.

The development of joint decision-making in Swedish companies is in tune with the country's tradition of collective bargaining and social partnership. Moreover, the legislation of the 1980s was developed in line with the voluntary and negotiated approach to workplace change. Research does not suggest employee representation on company boards has altered the power relationship between managers and employees but it has helped in ensuring active cooperation and consent to work modernisation.

UNITED KINGDOM

There is no legal requirement in the United Kingdom, either in legislation or a formalised code of practice, that the country should have a two tier structure for companies, including a supervisory board. All enterprises in the country are formed and managed for the explicit benefit of shareholders alone. Under existing company law the directors run the firm in the shareholders' interest. No formal position exists in law that entitles employee representatives to have seats on the company board. However, British companies are legally required to inform and consult employee representatives under European Union regulation although this falls far short of worker participation on company boards. A recognised union is entitled to prior information from an employer if it involves a company dismissing 20 or more workers within 90 days. It has a similar legal right in cases of health and safety and occupational pension schemes.

What limited law there is in UK concerns only the right of workers to information and consultation, and that is mainly limited to questioning which is directly related to employment, collective redundancies and transfers of undertakings from the public to the private sector. But even that practice is not widespread in the country. A 1998 survey of more than 3,000 workplaces found almost three out of every five of them had no worker representation existing at all and this was true of as many as 90 per cent of workplaces which lacked trade union membership.

Employee representation at board level is not the subject of major public discussion in Britain's trade unions at the moment. Their main focus is the way in which the EU directive on information and consultation was transposed into UK law. The country's employers remain hostile to the concept and they opposed the European Company Statute on the grounds that it is incompatible with the culture of British enterprises. The British government continues to show little obvious enthusiasm for the concept either.

**PART II: WORKER BOARD-LEVEL PARTICIPATION
IN THE NEW EU MEMBER STATES**

compiled by Michael Stollt and Norbert Kluge

CYPRUS

The national corporate governance system in Cyprus assigns companies operating on the basis of the one-tier system an administrative organ (board) in which management and supervisory functions converge.

In Cyprus there are no legal rules concerning worker board-level participation. Neither in corporate governance legislation nor in industrial relations legislation has there been any formal right of worker participation at board level, and consequently it has never been compulsory in either the private or the state-owned sector.

However, in state and semi-state companies the government may give seats on the administrative board to high-level trade union officials, mainly from the confederations. This practice is not enshrined in the law, but rather a tradition of public management. Indeed, after being appointed they frequently act largely as independent personalities. Currently, the only case of workers or their representatives being able to nominate a member to a company board is in the semi-government sector, namely the Human Resources Development Authority (Arxi Anaptyxis Anthropinou Dynamikou), which deals with the funding of training and human resource activities.

Although Cyprus has no tradition of labour participation at board level, it does have a tradition of social dialogue and tripartite cooperation on a voluntary basis. In that broad sense it is possible to say that worker participation exists in Cyprus, mainly taking the form of collective bargaining and the participation of labour representatives in tripartite bodies and committees. At the workplace, Cyprus has one-channel interest representation through the trade union structure. Cyprus has one of the highest union density rates in the EU, amounting to approximately 70% of its workforce.

CZECH REPUBLIC

Czech legislation on corporate governance is largely based on the German/Austrian model, the so-called two-tier system which involves both a management board and a separate supervisory board in the decision-making process. Workers are entitled to send representatives to supervisory boards in both state-owned and private companies.

In the **private sector**, in joint-stock companies with more than 50 employees one-third of the supervisory board is elected by the employees. Theoretically, the company statutes can also provide for a larger number (up to 50%) or grant board-level participation rights in companies with fewer than 50 employees.

The supervisory board supervises the management board's activities and the company's general activities. Its members have the right to inspect all documents and records dealing with company activities, and review accounts and the balance sheet. Where company interests so require, the supervisory board is authorised to convene the general assembly and to submit to it any measures it proposes to take. The consent of the supervisory board is required for the acquisition or alienation of property exceeding one-third of the company's own capital. The powers of the supervisory board can be extended by the company statutes: for example, they can provide that the board elects and removes members of the management board.

Worker board members are elected directly by the employees. Candidates may be either employees or members of trade union organisations present in the company, who do not necessarily need to be company employees. Candidates for supervisory board membership (or for removal from membership) can be proposed by the trade union, the works council (where one exists) or by at least 10% of the employees. Even the management board is allowed to propose candidates.

In **state-owned companies** worker board-level participation is mandatory, irrespective of the number of employees. The state enterprise's organs consist of the director responsible for day-to-day management and the supervisory board monitoring the director's decisions and enterprise activities. As in the private sector, employees are entitled to nominate one-third of the board members.

In state-owned companies, the electoral regulations are established by the employer in agreement with the local trade union organisation. Only employees are eligible to become worker board members.

Irrespective of the sector of activity, the board members elected by employees have the same rights and duties as the other members, who are elected by the general assembly (in joint-stock companies) or appointed by the state (in state enterprises).

There is no formal relationship between supervisory board members elected by the employees and the local trade union organisation or works council. Links can be established, however, when an employee elected to the supervisory board is also a trade union official.

A specific right to employee representation in company management exists in the **banking sector**. In addition to the mandatory one third representation on the supervisory board, the *Act on Banks* states that employees must also be represented on the management board.

Until 2001, **workplace representation in the Czech Republic** took place solely through company unions, where they existed. The new legislation introduced a mixed system which allows the establishment of a works council in companies where there is no local union organisation. However, if subsequently a trade union organisation is set up the works council must be dissolved. It appears that this rule has contributed to a situation in which few works councils have been set up. The existing workplace representatives have to be informed and consulted on a number of issues. However, only the union can conclude collective agreements, which is particularly important as in the Czech Republic collective bargaining mainly takes place at company level.

ESTONIA

In Estonia, public limited (joint-stock) companies must have both a management and a supervisory board. Consequently, all public limited companies have a two-tier management structure. In private limited companies a supervisory board need be established only if the share capital exceeds EEK 400,000 (ca. EUR 25,000) and the management board has less than three members or if it is prescribed by the company statute.

Estonian law does not provide employees with a right to elect or appoint representatives to the management board and/or the supervisory board. Although theoretically possible, in practice no trade union or employer has agreed to deal with this question in a collective agreement. The national-level social partners hold different positions on this issue: whereas the employer organisation ETTK takes the view that the presence of employees on supervisory boards would merely obstruct its smooth functioning, the Confederation of Estonian Trade Unions (EAKL) is in favour of employee participation at board level. Based on the assessment that the existing compulsory information and consultation procedures do not operate effectively in practice, EAKL argues that this right would help to ensure that employees are aware of decisions which affect their interests (such as collective redundancies, a transfer of an enterprise, and so on). Although the debate on board-level participation has halted for the time being it may arise once more in the planned reform of Estonian collective labour relations.

Estonia has a one-channel system of employee workplace representation, in other words, the trade unions. In practice, collective labour relations are most developed at enterprise level and the number of collective agreements at national or branch level is not significant. At enterprise level, employees participate in labour relations via shop stewards who are usually elected in companies with a trade union. The Estonian Trade Unions Act (2000) lays down provisions on information and consultation procedures on a number of issues. Thus, the obligation to inform and consult employees is only effective where there is a trade union organisation. However, as the reputation of the trade unions is still suffering from their close ties to the Communist Party during the Soviet period few employees are still trade union members. The right of information and consultation is therefore guaranteed for only a few employees. In addition, information and consultation of employees is a relatively new area in employment relations in Estonia and requires additional knowledge and skills on the part of both trade unions and employers. As a result, information and consultation has not yet developed into a well-functioning and common practice.

HUNGARY

By and large, Hungarian corporate law takes the relevant German legislation as model, and thus the customary form of corporate governance for domestic undertakings is the two-tier system. A supervisory board must be established at all joint-stock companies and at limited liability companies above a certain size, regardless of whether they are state-owned or private.

By default, however, the powers of Hungarian supervisory boards are rather weak. They may monitor managers' actions and act as a body on behalf of the shareholders, but they tend to meet fairly infrequently. It is up to the shareholders' meeting whether it extends the competences of the supervisory board. The usual business of supervisory boards is limited to holding meetings once or twice a year for the approval of all important reports put on the agenda of the shareholders' meeting (including the annual financial report) and business plans, and exercising some control over the organisation by requiring information and inspections or reviewing the books and company documents. The main entitlement of the supervisory board is to call a shareholders' meeting if it views the management's actions as contravening the law, the company statutes or a decision of the shareholders' meeting, or if it considers them harmful to the interests of the company or the shareholders.

In companies with at least 200 full-time employees one-third of the supervisory board must be employee representatives. Such board-level participation is obligatory in both **state-owned and private companies**, regardless of whether the business operates as a joint stock company or a limited liability company. Employee representatives are nominated by the company's works council or central works council, but prior to nomination the works council is obliged "to listen to the opinion" of company trade unions. The shareholders' meeting is obliged to appoint the works council's nominees if they meet the legal criteria.

In practice, employee representatives on the supervisory board are local trade union leaders and/or the chair of the (central) works council, or their deputies. The personal overlap between board representation and other company-level channels of employee representation provides representatives with a certain legal security (against dismissal, discrimination, and so on), which is otherwise not guaranteed by company law.

The rights and duties of employee delegates are basically the same as those of other non-employee supervisory board members elected by the shareholders. There is, however, one extra entitlement for employee representatives: should the supervisory board fail to reach a consensus, the shareholders' meeting must be informed about the minority position of the workers' representatives. In turn, the employee representatives are obliged to inform the "community of employees" through the works council about all issues, with the exception of those restricted by business confidentiality.

Remuneration of board members is not regulated by the law, but the relevant decision of the shareholders' meeting is usually guided by the principle of member equality. Nonetheless, remuneration practices vary widely across companies.

The appointment procedure and everyday functioning of employee representatives is in line with Hungary's dualistic system of workplace industrial relations. In 1992 statutory works councils were introduced. Originally they were strongly opposed by the trade unions because they feared a weakening of their position. Several changes in the Labour Code since then have led to a situation in which the responsibilities of works councils and workplace trade unions have become rather confused in Hungarian labour law. In the course of the 1990s, unions developed a controversial relationship with works councils: at the majority of companies unions made a successful bid to dominate works councils or render them largely redundant. Recent surveys show that works councils operate only in larger companies where workplace trade union organisations are in place, and they do not function as an institutionalised channel of employee representation at non-unionised firms.

In practice, personal overlap prevails, not only between trade union leaders and works council members, but also between board members and other channels of employee representation. On the other hand, if neither a union nor a works council exists at a company, there is nobody to oversee effective implementation of the law. While in theory the establishment of board-level participation is automatic, in practical terms no state agency (labour inspectorate, court of registration) is in a position to monitor company practices in this regard.

Although board-level participation is not a key element of Hungarian industrial relations it represents an additional channel of representation which may support the functioning of company trade unions and works councils.

LATVIA

Latvian company legislation by and large provides for a two-tier structure, with a management board and a supervisory board. However, like its neighbours Latvia has no legal requirement nor any significant practice of worker participation at board level.

After Latvia's independence in 1991, trade unions experienced a sharp fall in influence and membership. Nowadays, they represent roughly 20% of the workforce (membership in the public sector is much higher than in the private sector). The conclusion of collective agreements is mainly limited to the enterprise level as there is still hardly any dialogue at sectoral level and none at regional level. Theoretically, sectoral agreements can be extended where the employers subject to the agreement employ more than 60% of all employees in the sector. In practice, however, there is no sectoral agreement which meets the criterion. Also, the number of collective agreements concluded at enterprise level remains low: they only cover approximately 20% of Latvian employees.

Although the direct election of "authorised employee representatives" by the workforce has been possible since 2002, the main channel for employee interest representation at the workplace remains the trade unions. Where there is both a trade union and an authorised employee representative in the same company, only the trade union has the right to conclude a collective agreement. Both trade unions and authorised employee representatives have the right to be informed and consulted on a number of issues, including the company's economic situation and social affairs and decisions which concern the interests of employees and which may substantially affect wages, working conditions and employment. In practice, workplace social dialogue mainly takes place where unions are strongly represented, which de facto leaves a large proportion of Latvian employees without any interest representation at all.

LITHUANIA

Lithuanian company law nowadays allows enterprises to choose between a one-tier (administrative board) or a two-tier (management board and supervisory board) structure. There is no legal right for workers to be represented on the board or supervisory board of a company (this applies to both state-owned and private companies). Several factors hinder the establishment of board-level participation. To the majority of Lithuanians, it is still to some extent considered a restriction of the employers' initiative and a foreign body or even a hindrance in a market-oriented economy. The rather negative experiences with such collective rights in the socialist past mean that among employees there is still little interest in reviving them. Moreover, the experience with introducing such rights during the early stages of transition (1990–1994) was not successful. At that time, the Law on State Enterprises established the right of employees to elect up to two-thirds of the members of the supervisory board. However, their presence on the supervisory boards of state enterprises could not prevent abuses, corruption and manipulation in the early stages of privatisation. Consequently, the right was abolished again. Since those days no debate has developed on introducing a modern form of worker board-level participation.

The Lithuanian system of industrial relations is strongly oriented towards the enterprise level. Although legally allowed also at national, sectoral or regional level, collective bargaining mainly takes place at company level. The number of employees covered by collective agreements, however, is relatively low, which is also the case for trade union membership density. Workplace representation in Lithuania until recently followed the single-channel approach with an exclusive right of representation of all workers for enterprise-level trade unions. This meant that in the absence of trade unions there was no collective representation at all. In November 2004, a Law on Works Councils was adopted that allowed their establishment in enterprises without trade unions. The existing system can now be described as single-channel representation with a supplementary channel for non-unionised workplaces. If a trade union is established in an enterprise, it enjoys exclusive rights of representation of all workers and no works council can be established. In Lithuania, worker representatives have the legal right to information and consultation about the general situation in the enterprise, dismissals of employees on economic or technological grounds and restructuring of the workplace. On a few questions (such as modification of internal work regulations) the consent of the workers' representatives is required.

MALTA

Under Maltese company law the only recognised corporate structure is the one-tier system: the two-tier structure has never been recognised. Companies are governed by a board of directors which manages the business and exercises all corporate powers.

In Malta, at present 10 companies provide for worker board-level participation, of which six are state owned. The remaining four companies are privately owned: three by the General Workers' Union (GWU), the largest trade union on the island, and the other by the Labour Party. There are 12 elected representatives to the board of directors (so-called worker directors).

Where board-level participation was introduced it was done in a number of different ways. In the case of a number of corporations owned by the government and the University of Malta the right is based on legislation. In some companies, however, the relevant provision can be found in the collective agreement, while in others an agreement was reached and is still in place.

Only company employees are entitled to become board-level employee representatives. In general they are directly elected by the employees. On appointment, worker board members have the same rights and duties (including remuneration) as the other directors.

Historically, worker board-level participation dates back to the 1970s when the newly elected government vowed to take a new economic direction and adopt a new form of industrial relations in which worker participation was to play a leading role. The original concept, involving board-level employee representatives, was inspired by the socialist ideology of worker self-management. However since those days worker participation at board level has increasingly come under pressure. At the shipyard Malta Drydocks, for example, by 1975 all eight directors were to be elected by the workers (self-management system). In 1997, however, the number of elected employee representatives was reduced to four (half the board) and in 2000 to a single representative. Recently, three companies abolished the employees' right to elect board-level employee representatives as part of their privatisation process (Drydocks among them).

Maltese industrial relations law follows the British system of industrial relations, with the shop steward representing the trade union at shop-floor level and collective bargaining being conducted at enterprise level. Within the current industrial relations system – based on conflict and negotiation – board-level participation has apparently never really functioned properly in Malta. Consequently, the idea of board-level employee representatives has been regarded with suspicion by both management and employees.

POLAND

In Poland, the main criterion for having worker participation at board level is form of company ownership. Board-level representation is legally required only in the public sector.

The transformation of the political system in Poland brought about numerous economic changes which in turn led to fundamental changes in the way employees were involved in company decision-making. When a company was privatised the employees were given the right to acquire, free of charge, up to 15% of the shares held by the State Treasury. However, the Privatisation Act (1992,1996) also introduced a right of employee representation on the supervisory board for **formerly state-owned enterprises** transformed into a commercial company, with the State Treasury as single shareholder (process of commercialisation). According to this legislation, the staff in such companies nominate two fifths of the supervisory board members. Once the State Treasury has sold more than 50% of the shares, the number of employee representatives on the board can be reduced. However, as long as the state remains a shareholder the company is obliged to keep a minimum of employee representatives on the board (2–4 members depending on board size).

Polish legislation foresees a two-tier structure for joint-stock companies, whereas limited liability companies are only required to establish a supervisory body if their starting capital exceeds PLN 500,000 (about EUR 125,000) and the number of shareholders is greater than 25. The supervisory board monitors all aspects of the company's operations. The powers of the supervisory board also include suspension – on good grounds – of some or all members of the management board. The supervisory board members are appointed and removed by the general meeting. Employee-nominated supervisory board members are elected in a general and direct ballot by the employees. As the law does not distinguish between different kinds of supervisory board members the rights of employee representatives are the same as those of other board members (including remuneration).

If a “commercialised” (privatised) company has more than 500 employees, the staff are entitled to elect one member of the management board, in addition to its representation on the supervisory board (this right is retained by the employees even after more than half the shares have been sold by the State Treasury).

It is worth noting that in the period 1990–2003 more than 7,000 state-owned enterprises (that is, 80% of all state-owned enterprises as of 1990) underwent privatisation. At the end of 2003, there were about 700 single-shareholder companies of the State Treasury (with the state being the only shareholder). Added to that should be the – difficult to estimate – number of entities in which the State Treasury retains shares or stock. The right to elect representatives to the supervisory board was intended to partly compensate employees for their loss of participation rights before companies underwent the commercialisation process.

The **remaining state-owned enterprises** (not yet privatised/commercialised) are still governed by the 1981 Act on workers' self-management, introduced as a reaction to

the disastrous results of enterprise management under the planned economy. The act grants extensive rights to employees, mainly via an employees' council (elected by the staff) which has fairly extensive controlling rights and also appoints the manager of the company. As the number of state-owned enterprises is continuously shrinking, so too is the number of enterprises with worker self-management.

In enterprises other than state-owned or “commercialised” (formerly state-owned) companies there are no legal grounds for employees to claim participation rights in the management of their workplace. Also in companies that underwent “direct privatisation” – that means where all assets were sold directly – the new (private) owner was not obliged to introduce board-level participation. Moreover, when companies were taken over entirely by new owners the newly acquired rights to board-level participation were often abolished. Nevertheless, in so-called welfare pacts signed between trade unions and the new private owners the unions were in some cases given the right to delegate representatives to the supervisory board.

The trade union structure in Poland is fairly decentralised. In order to have a real say in matters affecting the employees, the branch or national trade unions must establish company organisations. On the other hand, employees often form single-company trade unions that cover the operations of only one employer. Workplace representation generally takes place through the local trade unions (single channel). However, in the majority of workplaces (especially in smaller companies) there is no representation at all. Currently, there are no general legal regulations securing for employees the right to information and consultation. This situation will change after the legislation implementing EU Directive 2002/14 comes into force. The trade unions are very apprehensive with regard to the EU Directive on information and consultation procedures. They are afraid of losing their monopoly at the workplace and that employers could promote the establishment of “union-free works councils” in order to weaken the position of the trade unions in the company.

SLOVAK REPUBLIC

In the Slovak Republic worker board-level participation covers both the state-owned and the private sector.

The main criterion is whether a supervisory board exists or not. This is the case for every **state-owned company**, regardless of size and activity. Only those that are engaged in activities in the public interest, and in whose company statutes this is laid down, have no supervisory board and consequently no worker representation at board level (for example, railways, post office).

The workers are entitled to elect half the members of the supervisory board in state-owned companies. The chairman cannot be an employee, however. The employees elect their representatives in a direct vote. If there is trade union representation at the company, it has the right to nominate one worker board member.

In state companies the supervisory board decides on profit distribution and settlement of losses; can recommend management dismissals; submits reports on the merger or division of the company; submits a financial report every six months or annually; approves the appointment of the auditor, credits, loans, transfer of company property and the allocation of company property to the general manager, "procurist" or other person authorised by the enterprise to use it or to deal with various matters.

In the **private sector**, a supervisory board is compulsory only in joint-stock companies with fixed assets of at least SKK 1 million (ca. EUR 25,000). If the company has more than 50 employees in full-time employment, one-third of the members of the supervisory board are elected by the employees. However, the company statute can lay down a higher number (max. 50%) to be elected by the employees and also decide to introduce worker board-level participation voluntarily where the threshold of 50 employees is not met.

In private companies the supervisory board audits the extraordinary and consolidated annual accounts and the planned profit distribution or settlement of losses and presents a report to the general assembly. It also designates a representative to act in tribunals and other organs in cases involving members of the board of directors. Supervisory board members are authorised to view all accounts and documents concerning the activities of the company, and oversee whether the accounts reflect the facts and whether company operations are conducted in accordance with the law, the company statute and the decisions of the general assembly. Moreover, the supervisory board approves the ordinary, extraordinary and consolidated financial reports.

In both **state-owned and private companies**, the right to present candidates for the election of the worker board members lies with the local trade union organisation but it is also possible to stand for election if one obtains the approval of a minimum of 10% of the employees. This new legislation came into force in 2000 and eliminated problems caused by the fact that existing legislation did not deal with the proposal of

candidates. In many cases this had resulted in situations in which the management board, which organised the elections, also decided on the candidates. Only employees of the company can be elected to the supervisory board as worker representatives. Once appointed, they have the same rights and duties as the other board members, including the same remuneration, as laid down in the company statutes.

Slovakian industrial relations in the workplace have for a long time been conducted through a single channel, with the unions as the only organisation entitled to represent workers' interests in enterprises. Since 2002, however, it has been possible to set up a works council in the absence of a trade union. One year later, the law was enhanced such that a works council could henceforth be set up whether or not there was a local trade union organisation, if requested by 10% of the workforce. The two bodies now have more or less the same status and share information and a few joint decision-making rights (where the consent of employee representatives is needed). However, only the trade union can conclude collective agreements with the company management. Collective bargaining in the Slovak Republic takes place at the sectoral and enterprise levels and covers a comparatively high number of employees.

SLOVENIA

In Slovenia, employee involvement is based on Article 75 of the **Constitution** of 1991 which guarantees workers the right of codetermination. On this basis, the Act on the participation of workers in management (APWM) was passed in 1993, providing a variety of participation rights, individual and collective, including information and consultation rights and board-level participation.

Modern Slovenian company law was largely inspired by the German model, but other European legislation was also taken into consideration. The Slovenian Companies Act opted for a two-tier structure, with a management body and a separate supervisory board. However, discussions are presently going on in Slovenia to allow also the one-tier structure with a single board of directors.

Employees have the right to participate in the supervisory board, if there is one, regardless of whether the company is **state-owned** or **private**. According to the Companies Act, a supervisory board is obligatory only in joint-stock companies in any of the following cases:

- if the company's subscribed capital is above SIT 410 million (approx. EUR 1.7 million);
- if the company employs more than 500 employees;
- if the company has been established progressively (the founders of the company must raise the necessary capital by selling shares);
- if the company's shares are traded on the stock exchange;
- if the company has more than 100 shareholders.

In practice there are (almost) no joint-stock companies without a supervisory board.

Worker board members are elected – and recalled – by the company's works council. The persons selected do not have to be company employees. Their number is determined by the company statute, but may not be lower than one-third or higher than one half of all members of the supervisory board. Before 2001, the law even foresaw workers' representatives making up half the board members for companies with more than 1,000 employees. This rule was judged a breach of the constitutional principle of equality by the Slovenian Constitutional Court, however, and was therefore changed. The chairman of the supervisory board is always a representative of the shareholders and has a casting vote in the event of a tie. Workers' representatives on the supervisory board have the same rights and duties as the representatives of the owners and participate fully in decision-making.

In addition to representation on the supervisory board, the works council is also entitled to propose a **labour director** in companies with more than 500 employees. The labour director is a full member of the **management board** and formally appointed by the supervisory board (or in the absence of a supervisory board, by the shareholders). In companies with fewer than 500 workers a labour director may be

appointed by mutual agreement of employer and employees. The labour director represents employees' interests in human resource management and social matters.

Slovenia has a dual channel system of **employee interest representation at company level** through works councils (possible in companies with more than 20 employees) on the one hand and trade union representation on the other. These two forms are institutionally and functionally separate: while trade unions have a so-called "conflict function" (collective bargaining, infringement of rights), works councils have rather a "cooperative function" and are not entitled to resort to strike action, for example.

Slovenia – like many other Central and Eastern European Countries – had a period of worker self-management. This communist ideology, which neglected differences between the interests of labour and capital, did not survive the change to a pluralistic, parliamentary democracy. In 1988, the Act on United Labour of 1976 – which regulated worker self-management – was abolished and a new company law was passed.

Theoretically, the Slovenian system of workers' participation is one of the most advanced in the world, guaranteeing workers a wide range of participation rights. In practice, however, the law has been implemented slowly and infringements of workers' rights are still numerous, while workers are often unaware of their rights and of enforcement mechanisms. Implementation of the APWM is a facultative possibility and not a duty. This means that a first initiative from the worker side (probably from the trade union) is required to "activate" the participation rights provided by the legislation. This fact also has consequences for the question of board-level participation which is linked to the works council's right to nominate the worker board members: Where there is no works council there cannot be worker representatives on either the management or the supervisory board.

ANNEX:



ETUC Action Programme

**adopted at the 10th Statutory Congress
(26-29/05/2003, Prague), p. 25**

“The Xth Congress commits the ETUC to: [...]

- Develop, with the European Industry Federations, a common strategy for the practical implementation of worker participation in the European Company (SE), and ensure European mandating of workers’ representatives to managerial or supervisory boards)
- Ensure that a high level of worker participation will be guaranteed in the European Company and that there will be no possibility of opting out”

	LEGISLATION ON BOARD-LEVEL REPRESENTATION	CRITERIA	NUMBER OF WORKERS' REPRESENTATIVES ON THE COMPANY BOARD	NOMINATION OF CANDIDATES	VOTE BY EMPLOYEES/ APPOINTMENT	ELIGIBILITY CRITERIA FOR WORKERS' REPRESENTATIVES ON THE BOARDS	STRUCTURE OF RELEVANT COMPANIES
AUSTRIA	yes	imited liability C > 300 and JSC	1/3 of SVB	appointment by WC		only members of WC (having active voting rights, i.e. only E)	D
BELGIUM	no						M
CYPRUS	no						M
CZECH REPUBLIC	yes	JSC > 50E and state-owned C	1/3 of SVB	<u>private C</u> : TU / WC, E (10%), management <u>state-owned C</u> : electoral regulations established by employer in agreement with TU	vote	<u>private C</u> : E and external TU officials <u>state-owned C</u> : only E	D
DENMARK	yes	C > 35 E	1/3 of board (at least 2 members)	no legal procedure	vote	only E	M/D (hybrid system)
ESTONIA	no						D
FINLAND	yes	C > 150 E	agreement between employer and personnel groups on <u>number of representatives</u> (max. 4 members / 25% of number of other members) and <u>choice of board</u> (employer may ultimately decide between SVB, board or management groups)	by personnel groups in WC procedure	vote if no agreement between personnel groups	only E	M+D (choice) SVB optional if stock capital >EUR 80,000)
FRANCE	yes	a) state-owned C (> 50% of capital, and subsidiaries) b) privatised C c) private JSC (voluntary) d) C where a board and a WC exists	a) 200-1000 E: 3 members of SVB/board >1000 E: 1/3 of SVB / board b) 2 members if SVB/board < 15 members; if >15: 3 members c) max. 1/3 of SVB/board d) WC representatives (in general 2) can participate in the board meetings (no voting right, only advisory say)	a) E b) E c) E d) Selected from among the elected WC members	a) vote b) vote c) vote	a) only E b) only E c) only E (and no other mandate) d) only E	M+D (choice)

Legend :

TU = company trade union

WC = works council / elected worker representatives

E = employees

C = companies

JSC = joint stock companies

SVB = supervisory board

MB = management board

M = monistic structure (board of directors: board)

D = dualistic structure (management board and supervisory board)

	LEGISLATION ON BOARD-LEVEL REPRESENTATION	CRITERIA	NUMBER OF WORKERS' REPRESENTATIVES ON THE COMPANY BOARD	NOMINATION OF CANDIDATES	VOTE BY EMPLOYEES / APPOINTMENT	ELIGIBILITY CRITERIA FOR WORKERS' REPRESENTATIVES ON THE BOARDS	STRUCTURE OF RELEVANT COMPANIES
GERMANY	yes	a) C 500-2000 E b) C > 2000 E c) C in the iron, coal and steel industry (>1000E)	a) 1/3 of SVB b) 1/2 of SVB (chairman is appointed by shareholder reps. in the SVB; in the event of a tied vote, the chair's vote is decisive) c) 1/2 of SVB (plus a "neutral external person"; chairman is appointed by shareholder reps. in the SVB) + de facto: 1 member of MB (blocking minority in appointment of labour director)	a) WC, E (10% or 100) b) E (20%), TU have right to nominate 2/3 candidates c) some by WC, some by TU	a) vote b) direct vote or vote by delegates assembly (if more than 8000 E) c) appointment by General Meeting of shareholders	a) only E (for not less than 1 year) b) only E (for not less than 1 year) / TU nomination for the TU seats c) only E (for not less than 1 year)/ TU nomination for the TU seats / extra members: neither E nor TU officials	D
GREECE	yes	state-owned C	2-3 board members (right to withdraw this right if <50% public capital)	by law: E de facto: TU fractions	vote (appointment by the minister responsible)	only E	M
HUNGARY	yes	JSC + limited liability C > 200 E	1/3 of SVB	WC (duty to ask opinion of TU)		only E	D
IRELAND	yes	20 state-owned C and agencies some privatised C	mostly 1/3 of board but ranging from 1 to 5 directors	TU, bodies recognised for collective bargaining	vote	only E (for not less than 3 years)	M
ITALY	no						M+D (choice)
LATVIA	no						D
LITHUANIA	no						M+D (choice)
LUXEMBOURG	yes	a) C > 1000 E state-owned C (min. 25% of capital) and C with a state concession	a) 1/3 of board b) 1 director per 100 E (min. 3 members, max. 1/3 of board)	appointment by staff representatives iron and steel industry: the most representative national TU have the right to directly appoint three directors		only E (for not less than 2 years) (exception: iron and steel industry)	M
MALTA	yes	10 mainly state-owned C	1 member of board of directors	TU	vote	no restrictions	M

Legend :

TU = company trade union

WC = works council / elected worker representatives

E = employees

C = companies

JSC = joint stock companies

SVB = supervisory board

MB = management board

M = monistic structure (board of directors: board)

D = dualistic structure (management board and supervisory board)

THE NETHERLANDS	yes	C where equity capital > 16 Mio. € + existence of a WC + > 100 E incl. subsidiaries (some exceptions)	max. 1/3 of SVB	WC	appointment by General Meeting of shareholders	no E	D
POLAND	yes	privatised C (former state owned C) [state-owned C continue to be governed by 1981 Act on workers' self-management]	a) if state holds > 50% of shares: 2/5 of SVB b) if state holds < 50% of shares: 2-4 members of SVB (depending on SVB's size) Additionally in privatised C > 500 E: 1 member of MB	E, TU	vote	no restrictions	D
PORTUGAL	yes	state-owned C (only if 100% public capital) but: law has very rarely been implemented!	1 member of board (but: law is not implemented) 1 member of council of auditors (implemented only in some C)	[WC/ E (10% or 100)]	[vote]	[only E]	M
SLOVAK REPUBLIC	yes	JSC > 50 E and state-owned C	<u>private C</u> : 1/3 of SVB <u>state-owned C</u> : 1/2 of SVB	E (10%), TU in <u>state-owned C</u> : 1 SVB member directly nominated by TU	vote	only E	D
SLOVENIA	yes	JSC with a SVB (= practically all JSC)	1/3 - 1/2 of SVB (defined in statutes of C) Additionally in JSC > 500 E: 1 member of MB	SVB members: appointment by WC MB member: proposal by WC (appointment by shareholders)		no restrictions	D
SPAIN	yes	26 state-owned C, 46 saving banks	2 members	the two most representative TU can designate one representative each			M
SWEDEN	yes	most C > 25 E	< 1000 E: 2 members > 1000 E: 3 members (but never majority) of board	appointment by TU (with which collective agreement concluded)		only E	M
UK	no						M

Legend :

TU = company trade union

WC = works council / elected worker representatives

E = employees

C = companies

JSC = joint stock companies

SVB = supervisory board

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M = monistic structure (board of directors: board)

D = dualistic structure (management board and supervisory board)



*Taking the opportunity –
Workers' participation at board level
in the European Company (SE)*

SEEurope is a project conducted by the European Trade Union Institute for Research, Education and Health and Safety (ETUI-REHS) and co-funded by the Hans Böckler Foundation

What is SEEurope?

SEEurope is a project conducted by an **internationally composed network of researchers** under the leadership of the European Trade Union Institute (Brussels).

SEEurope will produce a **mix of country reports and articles on specific topics** in this context. The information on the website will be regularly updated and expanded. The research and monitoring is conducted with a view to **meeting the needs of all practitioners** in Europe involved in the founding of an **SE** and in the policy debate on participation issues in their countries.

Firstly, the project observes the **transposition** of the European legal obligations into national law which are required to be completed by end of October 2004.

Equal importance will be given to **observing companies** which are **planning to establish an SE**.

Moreover, **SEEurope** offers information on relevant recent **debates and measures on the European and/or global level**.

SEEurope pursues a twofold aim:

- To **monitor** the implementation of coming European Companies (*Societas Europaea* – *Societas Europaea*, **SE**). The relevant European legislation (**SE** Statute together with the **SE** Directive on workers' participation) provides for compulsory workers' involvement. By offering the opportunity to influence management decisions, the establishment of an **SE** opens up a new form of cross-border responsibility for workers and their trade unions;
- To **develop the interface** between worker involvement in company decision-making and shaping of the future **European Social Model** (e.g. in shaping of European labour market, European training and employment promotion practices, promotion of women and improvement of socially responsible management practice) for the purposes of future research.

Further, **SEEurope** seeks to improve workers' negotiating position by offering **information on existing systems of board-level representation** in an effort to promote a better understanding among worker and trade union representatives. Accordingly, **SEEurope** sees its role as to take part in the process of ongoing political communication on these issues conducted within the ETUC sphere.

More information: www.seeurope-network.org

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Participation and Representation of Employees at Board Level, and the opportunities offered by the SE - European Company, in the New EU-Member States

As well as the former EU-15 member states, the 10 new member states must **enable companies to set up a European Company** on their territory as from 8th October 2004. It is important to emphasize the new potential for employee involvement coming from the SE-directive, not only in terms of transnational information and consultation rights, but also in opening the possibility to monitor management decisions. The SE -legislation provides worker representatives in an SE with **the right to sit in company boardrooms (board-level representation)**.

In **2003**, the Hans Böckler Foundation (Germany), SYNDEX (France) and the European Trade Union Institute - together with their partners the Labour Research Department (GB) and Sindnova (Italy) - carried out **a project which pooled information about systems of board-level representation of workers throughout the 15 EU member states at three transnational seminars and in 15 country reports**.

A first glance on the existing national laws to the issue in the new member states shows nearly the same level of diversity as in the first 15. But there is a notable **lack of information about real practices and the meaning of worker involvement concerning the new member states**. When European Companies are set up, it can be assumed that some will either take their seat in one of the new member states, or parts of the SE will be located on their territories. It is therefore important that the real situation and the possible existing links to European legislation should be examined in more detail by organising and evaluating an exchange of experiences. This project will be the first to take **a pan-European approach to board-level participation** that will include the new member states.

The project aims

- **to improve awareness of the SE Directive in the new member states,**
- **to improve knowledge of national systems and cultures regarding worker participation at board level and to create a platform for exchange between “old” and “new” member states**
- **to develop an ongoing process of improving and increasing knowledge on the topic to a fixed group of experts coming specifically from the new member states.**

Therefore, the project aims to give space for listening and learning from each other, not only among concerned actors in the new member states.

The project takes place from December 2004 to December 2005. It consists of two seminars concentrating on exchange of national law and practice, one seminar to develop expert resources on the SE in the trade unions of the new member states, and a final conference that is structured on similar lines to the seminars.

Finally, the knowledge gathered will be made available electronically in **executive summaries to be translated into the languages of the new countries** and will be also used to create a new publication which will add to and enhance existing material in the publication, 'The European Company: Prospects for Board-Level Representation' (ETUI, HBF: 2004), especially by including information on the new member states.

The project is carried-out by the **Social Development Agency** (Brussels) together with its partners **European Trade Union Confederation (ETUC)**, **European Trade Union Institute for Research, Education and Health and Safety (ETUI-REHS)**, **Chamber of Labour** (Austria), **CMKOS** (Czech Republic), **General Workers Union** (Malta), **Hans Böckler Foundation** (Germany), **LO skolen** (Denmark), **MSZOSZ** (Hungary), **KOZ SR** (Slovak Republic) and **Solidarnosc** (Polen).



The project is funded by the European Commission.

Project title: Prospects for board-level representation of workers under the European Company Statute in the new EU member states

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Further information on the project and on worker participation can be found at www.seeurope-network.org