

Think Piece

Securing a decent deal for workers:
Employee representatives on boards

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Executive Summary

There has been a significant decline in democracy in the workplace; brought about by decades of decimation of the trade union movement, the employment rights of the people it represents, and the collective bargaining structures established to ensure a collective voice at work. This paper examines the concept of workplace democracy, and focuses in particular on the inclusion of employee representatives on company boards. It is clear that employees must be given a stronger voice in the strategic direction of our businesses.

This think piece draws on interviews conducted in Sweden, where the practice of having workers on boards has existed since the 1970s, with trade unions, trade union elected worker directors, and managerial representatives. The evidence strongly suggests that this system is beneficial to all involved: employees are able to present issues at board level; trade unions form better working relationships with management; and boards benefit from the expertise of employees working on the shop floor.

The conclusions drawn from the interviews in Sweden show that this has been an extremely successful piece of legislation. However, as Swedish corporate law differs from UK law, it would not be directly transferable. I therefore propose a pilot scheme, set up by a future Labour Government, in which companies are able to implement some form of workplace democracy that would be appropriate to the UK system. If successful, which I believe it would be, their experiences would feed into the development of legislation on this in the UK.

I believe we have reached a decisive moment, with public opinion turning against companies that exploit their workers. With some cross-party consensus on the inclusion of employee representatives on company boards, there is now scope to re-open some of the discussions around this issue that took place in the 1970s. As a proud trade unionist, I do not want to see another generation believing that zero hour contracts and poor workplace rights are the norm of working life. We need a change, and I believe this more cooperative approach between management and employees is the way forward.

Introduction

I have been a proud trade unionist for decades and have lived through some of the darkest times. But I have been truly saddened over the past year by the distrust that continues to exist between management and employees. The Grangemouth dispute, at the most important manufacturing site in Scotland, was a true dark mark on industrial relations in this country. Employees were held to ransom over decisions that were made by those who had nothing to lose. The confrontational approach taken by Grangemouth's Ineos Chairman Jim Ratcliffe towards employees, left no room for negotiation. Workers were eventually forced to accept a pay freeze, a reduction in their pensions and agree not to hold strikes for three years. There were very few concessions on the part of the employer. The attitude of the company towards employees and trade unions, rather than seeking collaborative solutions for a sustainable future in the interests of all, created a crisis where the only beneficiary would be Ratcliffe.

Most countries in the EU have mandatory systems in place to give employee representatives a place on company boards. It is a system that is, in principle, good for business, good for consumers and most of all, fair for employees – and it could help to avoid behaviour like that experienced at Grangemouth. Even Ratcliffe has said that what happened there would not have happened in Germany, praising the good working relationship between unions and management because, like Sweden, in Germany decisions would have been made in consultation with trade union elected worker directors right from the very beginning. He neglects to mention that the better relations are imposed on him in other countries by legislation.

Board-level decisions have a huge impact on employees. It is obvious that they should have a say in the decision-making process. This, in turn, would help employers to make good decisions that work for everyone. Negotiations would take place before it is too late, and profit-obsessed directors may stop to think about employees as well as shareholders when signing on the dotted line.

This paper discusses interviews with colleagues in Sweden, a country from which the UK has a lot to learn. Sweden has had a law in place since 1973 which promotes employee representatives on boards, so aspects from their system can be taken and applied to the UK. To test the most appropriate system for the UK ahead of legislating, a pilot, whereby representatives were elected by trade unions in each workplace, would ensure the most effective methods could be introduced. If this works for companies in the pilot, it could be rolled out to companies across the UK.

The State of a Nation

The UK today is in a very different place to 1970s Sweden, when their law allowing for workers on boards was introduced. For one thing, union membership in the UK has dropped dramatically since its peak in 1979, when over 13 million were members of a union. Today that number has stabilised at just over 7 million¹. Today's new entrants into the job market are not necessarily introduced to the concept of trade unionism and the media's portrayal of trade unionists may not help the declining numbers. Collective bargaining has also suffered a huge assault since the 1980s, which has resulted in collective bargaining coverage dropping significantly. In 2012 less than 1 in 4 workers were covered by a collective bargaining agreement². This has meant that collective bargaining has been closed off as a vehicle for workplace democracy, which poses challenges when considering how employees can work with employers to find better rights and pay. While of course larger numbers of trade union members are a good thing, sadly the decline of collective bargaining and union membership shows how a collective approach to working life is no longer prioritised. It is perhaps easier to move jobs, and so people move rather than tackle issues head on. Or perhaps we have moved backwards, and rather than work collaboratively with our employers, see them as the master overlord: we do as they say, whether we like it or not.

Undoubtedly, successive governments' approach towards trade unionism has meant it is no longer central to economic planning. For this reason, we are often faced with governments bringing in less worker-friendly policies. Those in work are seeing their rights weakened, with the 'zero-hour contract' becoming a part of everyday life for 5.5 million Britons. According to Unite, 22 per cent of workers employed by private firms are on contracts guaranteeing less than three hours a week³. Health and Safety regulations are seen as unnecessary red tape, by a Cabinet that has never had to work anywhere but an office. The Health and Safety Executive is looking at a 35 per cent reduction in its budget and this government has scrapped the Construction (Head Protection) Regulations 1989 and the Tower Crane Regulations 2010, to name just a few of the attacks on health and safety.

It is obvious that big business has big influence in this government and is free to undermine employees as it sees fit. In Grangemouth, the fact that Ineos could offer the ultimatum: accept our changes or lose your job, shows how important it is that a

better way for management to work with employees is found. Including employees in the decision-making process from the start, would make boards think about the impact of their choices on employees and would make it easier for workers to accept any more difficult decisions. Boards would see their companies less as assets to be managed, and rather as institutions that have a place in society, through the goods or services they provide as well as their role as valued employers. All companies need to make hard choices at some point, but in the UK our businesses are often particularly bad at setting management against employees. Negotiations quickly become very hostile and this is no good for either side.

Sweden: a model to work from?

Sweden, like the UK, has a unitary model of corporate governance, whereby there is a single tier board. It has a relatively long history of cooperation between unions and employers, as is shown by the Saltsjöbaden Agreement, which was signed in 1938 between the Swedish Employers Association (the SAF) and the Swedish Trade Union Confederation (LO). This was signed in response to the threat of legislation, due to industrial action that was taking place at the time. But it gave birth to what has been termed 'Saltsjöbaden spirit', which lives to today in Swedish society, and is embodied by mutual respect and the endeavour to find peaceful solutions in the workplace⁴. Indeed, this spirit was found amongst all the interviewees, and is the foundation for the legislation that came afterwards. It is something to bear in mind when considering how such legislation might work in the UK, and the cultural challenges we may face.

The Board Representation Act was introduced in Sweden in 1973 and gives private sector employees the right to be represented on company boards. Today, employees of companies with 25 or more employees are entitled to two representatives on the board of directors and one alternate (substitute) for each of these members. Employees of companies with more than 1000 employees are entitled to three representatives and three alternates.

Board representatives are chosen by a local employee organisation that is bound by a collective bargaining agreement with the company. In practice, trade unions elect a representative to sit on the board on their behalf. There are rules in place which determine which trade unions are entitled to appoint a representative, depending on what percentage of employees are represented by them.

Employee representatives have the same duties and responsibilities as the other directors on the board. They are therefore accountable to shareholders and hold as much legal responsibility for the success and failure of the company as other board members. They are entitled to hold shares in the company.

In the course of research for this paper, I commissioned interviews with key stakeholders in Sweden, who have offered insights into how it works for them. Two

interviews were conducted with people from Swedish unions: Aleksandar Zuza, from IF Metall, which represents workers in industries such as the plastics, pharmaceuticals, steel, chemical and engineering industries; Ylva Peterson and Tomas Bern, from PTK, the Swedish Federation of Salaried Employees in Industry and Services, an umbrella organisation; and Berivan Öngörur, from Unionen, the largest trade union in the Swedish private sector. One interview was conducted with Tina Jaderberg and Margereta Welinder, employee representatives on the H&M Board of Directors. Finally, representatives were interviewed from two companies, one which would prefer to remain anonymous, and Ingrid Yllmark and Michele Marchesan from Electrolux, a global company with headquarters in Stockholm, which specialises in household appliances.

Their advice and experience shows both the benefits that this legislation brings to Sweden, as well as some of the challenges we would need to consider, were we to implement such a policy in the UK. A key point that was often emphasised, was that this legislation is only part of a wider framework organising relations between unions and companies, one that promotes collaboration at each level of the company.

For example, Sweden has a system of sectoral coordination of collective bargaining and 92 per cent of the Swedish workforce is covered by collective bargaining agreements, in stark contrast to the 23 per cent of UK workers who are⁵. Collective bargaining works hand in hand with worker representation on the board, as well as arrangements for workplace participation. In the UK, in firms covered by collective bargaining agreements, pay differentials between genders, races, those with and without a disability are narrower⁶ and it acts as a way of introducing civil rights into the system. This is the core of our union activities and creates a strong, motivated and productive workforce that has access to a fair grievance process. Without this system in place, workers on boards will not be effective.

Having workers on boards is not the overall solution, but it is a small change that could promote better working relationships between employees and managers, as well as start the ball rolling for better industrial relations legislation overall.

Why include employees on company boards?

Having worker representatives on the board is good for employees. In particular those employees who feel downtrodden, who feel like they have no job security and who, if consulted, could contribute to the running of the company much more productively than others who do not know the shop floor. In a survey of worker representatives in other EU countries, one Swedish representative said “we think of the employees who other board members sometimes forget”⁷. Whether these employees are simply forgotten or neglected in these decisions is irrelevant: what we need to see is somebody championing their needs, the same way those of shareholders and management are also brought forward. But unlike shareholders, it is important to remember that many employees cannot just walk away⁸. They have trained for that job and so cannot diversify themselves as easily as shareholders. They are key stakeholders, tied to the company, and need their issues to be heard.

As the board in Sweden decides the overall strategic direction of the company, they can have an input into this, but the clear benefits came from the foundation of relationships with board members and getting an advance overall picture of the direction of the company. Aleksandar said “being on the board gives you a full picture, a great foundation for talking with management on strategic issues”, and that they “like to be as informed as we can. If we can see the reasons behind the decision, it helps in talks with management. We can see the long run”. He did emphasise, however, that representatives take “an active part in the decision making [on the board] and that most decisions are made with a broad majority...they are as involved as anybody else”. The large Swedish company agreed and said “to avoid conflict it is good. They see the overall picture...They understand that we have to fix problems otherwise we would have bigger problems”. Equally, Michele Marchesan from Electrolux said the system is a “beneficial way for the unions to get an appropriate level of information on the Group’s strategy. They are involved from the beginning and they are informed of big projects and new activities”. Knowledge is power in this case, and negotiations can take place between equals. I believe that the negotiations and decisions made in Grangemouth would have been far more productive had employees been involved from the very beginning.

However, this is also the case for more day-to-day issues. Tina Jaderberg and Margareta Welinder at H&M said they have “a better communication with the CEO and can take up difficult issues with him. For example, if we know a big issue that everybody in the office is whispering about we can go to him about it. Then it is up to him to solve it”. They spoke about the informal discussions that they had during the coffee breaks at board meetings, and how they developed relationships with people on the board, including some who they would see outside of the boardroom, during their normal working day. In Electrolux, a minimum of once a year, the employee representatives also meet with the Chairman of the Board separately so they can share their overview of the company with him. Aleksandar Zuza also said that this relationship was positive, as “if we arrange a meeting with senior management, they will open all the gates. They don’t feel they have anything to hide”.

The role also offers employees an opportunity for personal development. The large Swedish company said that “they really enjoy it”, even though it involves a lot of work, with ten board meetings a year. Tina and Margareta said they “learn from other board members” and Ylva Petersen of PTK said it was “good for their career”. One former employee representative on the Volvo board, Olle Ludvigsson, has since become a Member of the European Parliament. It gives them experience to progress in their career, and the one example above, also suggests that it could be an avenue for encouraging more working people into politics. However, career building should not be the primary focus of this policy for employee representatives; the focus should instead be on how this will benefit the company and the workforce.

But having worker representatives on boards is also good for business. It has been found that the use of labour representation can increase the value of firms⁹. Directors like this system, with more than 60 per cent of the directors and 70 per cent of the chairpersons surveyed in Sweden finding the experience “very positive” or “rather positive”¹⁰. These employees have a detailed knowledge of the shop floor and operations and so they become an important source of information for those making the decisions. It has been found in other countries to make the company more efficient¹¹. In a study of these representatives, they remarked that their key knowledge of everyday business and employee matters made them a specialist on the board, in the same way that other board members were specialists in accountancy or strategy, for example¹².

The Swedish stakeholders agreed with this. Ingrid Yllmark at Electrolux said “the employee representatives’ experience is in production and not all board members are experienced in this”. The large Swedish company had an employee representative sitting on the board’s project review committee, which deals with risk management and “his experience is very useful on this”. A good example of where employee representatives had contributed in this company board was through health and safety: “they would raise their hand and ask how they manage this situation, do we have insurance, do we help out the family etcetera”, helping to solve issues before they became a problem. Tina and Margareta said it was “crucial to take skills and information to the board. Coming from the floor, we ask questions others have not thought of”. They said that others on the boards are “experts but they do not see the company from the inside, but the outside. They cannot always pinpoint what is wrong, but employees can because they hear ideas from their colleagues”.

The reception to this from chairpersons and chief executive’s from other countries was not always positive, with some limiting board meetings to once a year, according to PTK. However, Aleksandar Zuza at IF Metall said that some US board members who are used to having difficulties with unions over there, “say the best bit about the board in Sweden is getting to talk to the guys in the unions because they can tell how it actually is”. Michele Marchesan at Electrolux said “it makes the company think from the beginning about all the implications of what you do and plan in advance, rather than take the issues to the unions afterwards and say ‘this is what we have decided’ ”. In times of poor performance, employees are likely to be more aware of the troubles of the company and may offer concessions – but equally, they will expect returns when the company is doing well¹³. Tomas Bern at PTK said having employee representatives “helps the company board; it makes it easier for them to convince people this is the only way” when there are issues. Michele also said “the main benefit for the company is that it allows the company to develop a mature relationship with the unions”, showing this relationship is important for both sides in Sweden. Crucially, having a representative on the board offers the opportunity for consultation early on, and a survey found that in these cases both sides tend to be more realistic about the issues at hand¹⁴.

Financially, this works well. Fewer days are lost to strike action. As Aleksandar said, “if we were to strike it would have to be a principal issue”. In 2008, Sweden had only three strikes, while the UK had 144¹⁵. No workers like to strike; it is always the very

last option and a huge deal for those involved. So to see these differences shows how much more effectively Swedes manage differences between employees and management. They come to more compromised agreements early on that suit everyone, and negotiations with the unions much less frequently result in strike action. It must be stressed that this is not solely due to having employees on the board. As Aleksandar said, “in Sweden we have this continuous dialogue” and in part this was due to the co-determination legislation, where employers “are not forced to agree anything but they are forced to sit at a table and listen”, as explained by Tomas. This initial legislation though could pave the way to a more collaborative approach.

This is also a popular proposal, with 76 per cent of UK employees in favour, according to a Survation poll¹⁶. People are beginning to recognise that better results can be achieved if a company board is representative of its workforce – but employees will never reach board level unless we change the rules.

What are we up against?

Instead of going down the route of including employees on our boards, like the fourteen of the EU member states who have significant rights for this¹⁷, the UK has resisted moving to this model.

A key argument against having workers on UK boards is that we have a unitary system, rather than a dual system like many other countries. Sweden, also has a unitary board structure, but the board plays a different role to that in the UK. The Swedish board has overall responsibility for the direction and strategy of the company, while in the UK, this role is taken by the management team. However, Ylva did explain that in different companies, decisions are made in different ways, perhaps at the division level, and “we need to think what type of company we are working in; where can we have the biggest impact?”

Some say there is an additional burden in including employees on the board. There is indeed evidence that smaller boards are more effective¹⁸, but evidence from Swedish employee representatives shows that corporate leaders and representatives are capable of co-operating in a way that is of benefit to all¹⁹. In terms of cost, there seemed to be limited examples of employee representatives receiving board fees, and the three companies interviewed did not pay employee board members specific board fees, but there were examples of representatives receiving a small salary for reading the material in their free time. Companies did pay for travel, as well as for the employee representatives to go on board trips (which was no different to other board members). There would be a very small cost for providing extra papers to the members, and the large company provided the representatives with iPads so they could access the papers through the Apple application. However, overall the large Swedish company said, “there are not really any inconveniences in having the representatives at all; not a problem for the company at all”.

There are also concerns about the risk of confidential information being leaked. But evidence from other countries shows that in fact employee representatives on boards are very rarely tempted to leak information²⁰. Ingrid at Electrolux had “never heard of any issues with the sharing of sensitive information” and there are laws in place regarding the leakage of sensitive information. Despite this, and despite the

positivity towards this law in general, PTK did say that smaller companies were not always as welcoming to it, for this reason. I would argue, however, that if representatives are tempted to leak information, then this may suggest that the company is up to no good. But this information should be shared through whistle blowing procedures, around which there is much detailed legislation, rather than through union channels. Existing regulations should be accompanied by legislation on confidentiality, to ensure the board works effectively, and representatives can be treated as useful partners.

A key challenge for employees who sit on the board is the fact that they have as much legal responsibility for the company as others on the board. This is a lot to take on, and PTK had seen examples where debt collectors had come to these employee representatives when the company had accrued debts. Officially, they would be responsible for paying this debt, or for any unlawful behaviour by the company. The law would protect them if they hadn't done anything wrong, but this would be in court. PTK knew of one example where an employee representative had been in court, for breaches in environmental law, but in this case they were entirely aware of what had happened. It is certainly something to consider, and should also be made very clear to employees who take on this role.

Interestingly, when I held an adjournment debate on this subject in November 2013, the Liberal Democrat Minister was not wholly against the idea, but instead stressed that she would rather companies implemented employee representatives on to their boards voluntarily rather than through mandatory legislation²¹. Many of the interviewees disagreed that this would work. Ylva said that there needs to be legislation in place and it "wouldn't happen otherwise". She cited an example where lawyers in Sweden are trying to prove that the European Works Councils fulfil this role, but she entirely disagrees. Tina and Margareta said that "some companies do not see the need for it; this is a pity because they are losing something". Aleksandar said that "the good companies see the value in it" and for this reason I think it should be mandatory; the good companies, who probably already consult with employees in one way or another, are unlikely to get as much benefit from it than those who would not be as receptive to this idea.

Why now?

The general proposal to introduce employee representatives on the boards of UK-based companies is not a new one. Some nationalised industries, such as British Steel and the Post Office, did at one time have worker directors on their boards. In the 1970s, the Labour government made significant progress towards this, through the commissioning of the Bullock Report, published in January 1977. The committee set up to undertake this report, under Lord Bullock, was divided in its conclusions, with the majority proposing that there should be an equal number of shareholder and employee representatives, along with some independents, and the minority calling for companies to set up company participation councils, which would later allow employees to vote for a worker director scheme²².

Further opposition to the proposals by the CBI led to a divided Cabinet on this issue, and the Conservative victory in 1979 finally took worker representation off the table. There have always been people in the trade union movement who are not keen on such an approach, and those who do not want to see union or employee representation at the board level. But in the 1970s, we had yet to see the decimation of trade unions. Perhaps today, we can look at the situation as it is currently and plan for a better way forward. It may not be perfect in all minds, but it is a step in the right direction. Younger generations think working life consists of zero hour contracts and keeping their heads down for fear of losing their jobs. We need them to take pride in what they do, and a step towards that is having a say in the important decisions at board level that affect each and every one of them.

In some ways, the political environment may make it a difficult time to introduce such a system to the UK; the current Government has soured relations between trade unions, business executives and the political elite. Many unions, understandably, are working hard to tackle immediate concerns regarding low pay, zero-hours contracts and rights at work. A much greater challenge, of reforming workplace democracy, may not be at the forefront of priorities, and it could be argued that such a reform should wait until there are better relations between all those concerned.

However, I would argue that there may be no better time than right now. The lack of trust between employers and employees could be improved through offering a voice to employees in the corporate structure, and this addition could act as an impetus for company boards to start discussing the welfare of their employees in more depth.

Equally, the political landscape has changed significantly since the crash in 2008. We talk more about responsible business, and are quicker to judge those companies that take advantage of their employees, their customers, or the countries in which they are hosted. We only need to look at the outcry against companies found to be paying little or no corporation tax; the fight for a living wage in companies across the country; the boycotting of retail outlets found to be using supply chains that offer appalling workers' rights; and the backlash against energy companies increasing energy bills, while bringing in billions in profits. These protests and campaigns extend far wider than the labour movement, and in general, I believe people are becoming increasingly aware that the products they buy should be sourced in a way that offers dignity and rights across the entire supply chain.

This is where workplace democracy comes into play. We look increasingly towards Scandinavia for what is perceived to be a fairer system. Including employees on company boards is an example of this and one that gains traction across the political spectrum. Business Secretary Vince Cable has said that he would like to see more employees on boards, though he does not see this being arrived at in the way I do, through legislation²³.

I believe that most employers want excellent relations with their employees, and perhaps this is a step that they would be willing to take. We can show that it works in other countries, and therefore, is workable here as well. Multinational companies may already be aware of the benefits, and may also be persuaded to adopt it in the UK.

What would a trial in the UK look like?

It was highlighted by Swedish colleagues that there are differences between British and Swedish boards, namely that the board in Sweden makes the strategic decisions, while in the UK, these decisions are made by management. However, there are certainly aspects we can take from the Swedish model to pilot in the UK.

As with other Government pilots, the first phase could be launched with companies able to bid for the opportunity to take part. The announcement for this phase should focus not only on the benefits to employees of this trial, but also emphasise how companies can benefit through bringing the expertise of the shop floor to the board room. Furthermore, the opportunity for improving relations between management and employees and therefore resolving problems to mutual satisfaction so that the last resort of strike action can be avoided, should also be regarded as a key selling point of the scheme.

In order to secure a wide range of companies involved in the pilot, it would also be important to offer some sort of incentive. I would therefore recommend that financial support is made available for training of employees for businesses that are successful in the application process. The importance of a trained workforce is accepted by most employers, and the additional support to help offer that would be a welcome incentive. It is also worth noting that the savings to the UK economy through better working relationships between unions and management would be worth the financial expenditure needed to pay for the pilot.

Those partaking in the pilot would also have the flexibility to make the system work for them in their business, and therefore have a shaping influence in how the eventual legislation would look. If the Labour government made it clear that this pilot was forming the basis of future legislation, businesses would be keen to make a mark on how it worked.

For this reason, companies partaking in the pilot should be given the opportunity to present unique options for how workplace democracy would work within their company structures. It might be advised that similar structures were set up to those in Sweden, where all employees working in companies with 25 or more employees

would be entitled to at least two representatives on the board, while those in companies with more than 1000 employees would be entitled to at least three representatives. Like in Sweden, this could also apply to global companies, also working outside of the UK, and the number of employees to meet the criteria would refer to the global company and not just operations in the UK. However, if companies were able to present a different option, which offered the same level of democracy, they could be free to pilot this instead.

Applications would be reviewed by a committee set up to run, monitor and evaluate the project. It would be extremely important that trade unions played a strong role in the committee, given the flexibility of the pilot, but it may also be worth having representatives on the committee from industry and academia. All suggestions would need to be reviewed to ensure they were offering positive benefits to employees. Representatives and unions, for example, should not have to forfeit rights in order to have a position on the board.

It would be of great importance that this pilot was given a substantial duration. Tina and Margareta said they “were positively welcomed” to the H&M board, but “it takes a year before you feel routinised and comfortable”. Similarly, Ylva said that when they have followed up with board members PTK had trained, “they say the more they know, the more they feel secure about finance figures and laws, they feel more comfortable and speak up on the board”. I would therefore recommend that the pilot took place over a five-year parliament. Once employee board members have become established, we will be able to see whether it is effective for the British model. There could be continued monitoring of its successes and failures, to ensure when it was rolled out across the UK, we had the best possible model.

In Sweden, company auditors ensure that there is compliance with the regulations, and companies incur a fine if they do not comply. This is something to consider for the long-term legislation, but during the pilot, and given the voluntary basis on which companies partake in it, this would not be appropriate. However, if companies were to be in breach of the pilot guidelines, they would no longer receive the training funding.

As with other Government pilots, there would be a certain amount of internal monitoring and evaluation of the impact of the pilot. Designs for this process would be submitted along with the initial application, and approved by the committee.

However, due to the nature of the proposal, external evaluators should also undertake their own impact analyses. Emphasis should be placed on criteria surrounding: relations between employees, unions and management; the role played by employees in the strategic decision making process; and the views of employees on their role in the company.

The regulations would need to be accompanied by legislation regarding the leakage of sensitive information. As in Sweden, if a representative were to pass the information on to anybody, they alone would be responsible for that result. If it ended up in the press, or in the hands of competitors, they would be liable. The TUC points out that “union representatives in the UK already navigate the complexities of confidentiality in their collective bargaining role and also when sitting on statutory and other bodies such as the Low Pay Commission and ACAS”²⁴. Guidance could and should be produced, in part on advice of current employee representatives in other countries, who will have already navigated these difficulties.

It would be extremely important to promote good training of employee representatives from the very beginning. Unions could be responsible for this, or it may be provided by companies or government. There may be a cost involved here, to ensure worker representatives are given substantial and useful training, whether the cost comes from government or companies. Employees take on a massive amount of responsibility in this role, and as Ylva said, “we need to get to employees as soon as possible so they know what responsibilities they have. We train them so they are actually talkative [during board meetings]”. During nine day courses with PTK, board members learn about the role; different laws, such as environmental or bookkeeping; basic finance and how to read a balance sheet; analysis of key financial figures; and strategies and different ways of working. To get the most out of this opportunity, as well as to ensure employees understand their legal responsibilities for the management of the company, this training would be crucial. As highlighted above, it would be very important to ensure representatives understand the risks of being a director and sufficient training and advice should be provided before employees take on this role. They would indeed be legally responsible for any wrongdoing in the company, and they should enter into the agreement with their eyes fully open to the consequences.

Electrolux also provides its own additional training. The day before each board meeting, the chief executive will meet with the employee representatives and give them an overview of the general situation of the company, and the chief financial officer will provide a summary of the presented figures in the board papers, to help them prepare for the meeting the next day. They also offer regular English language training, as this is the working language of the company. These are good examples of how the company could offer personalised training, and this shows that companies see training employee representatives as a worthwhile expenditure.

In Sweden, different unions have the right to elect representatives based on the percentage of members they have in the company. In fact, PTK organises 'PTK locals', where all white-collar unions get together and elect the most appropriate candidate from amongst them all. They have agreements between themselves regarding the numbers of white collar and blue collar trade union representatives who sit on boards, but if there is disagreement, there is legislation in place. I believe a discussion would be needed with trade unions on how they think this would work best in our workplaces, and what would be the fairest way to do it.

Finally, Michele Marchesan at Electrolux warned that "all the positive aspects are because it is in Sweden. If you were to replicate it in another country, you would need to adapt it to the context". This pilot would be a good way to test this, and it should also be flexible, so we can learn what works and what does not; it should be adapted to work in the best possible way for our own country.

Conclusion

Most employers endeavour to achieve the best possible relations with their employees, however with the balance of power between management and employees so uneven, the reality is often an environment of hostility and a lack of trust. Working relationships between employers and employees could be vastly improved by offering a voice to employees in the corporate structure.

Many unions are understandably working hard to deal with the immediate challenges of low pay, zero-hours contracts and declining rights at work. The much greater challenge of reforming workplace democracy may not be the highest priority, but I would argue that there may be no better time than right now. With public opinion turning against companies that exploit their workers and the development of some cross-party consensus on the inclusion of employee representatives on company boards, there is now real scope to re-open some of the discussions that were raised in the 1970s.

This paper has shown that engaging employees at board level works in Sweden and many other countries across the EU. The evidence strongly suggests that this system is beneficial to all involved: employees are able to present issues at board level; trade unions form better working relationships with management; and management benefits from the expertise of employees working on the shop floor. The interviewees said that, while there is discussion about how this works in practice in Sweden, having workers on company boards is very much accepted. Ingrid at Electrolux was “surprised to get the question [about the issue], it hadn’t even crossed my mind. I’ve never known anything else”.

There must be a change in industrial relations in this country. As part of a broader programme of improving rights at work and the role of trade unions in the economy, the inclusion of employee representatives on company boards could be one way of achieving a more cooperative relationship between management and employees. I believe that if we begin to engage employees at all levels, we can set up a much better working relationship between them and their employers. We can promote respect on both sides and strategies that work best for everyone. We have a lot to learn from Sweden, and a 2015 pilot could take the best from their system and begin to pave the way for a more collaborative industrial strategy. When Tina and Margareta were asked what advice they would give the UK, they said: “make it happen”. So let’s take the leap, and make it happen.

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