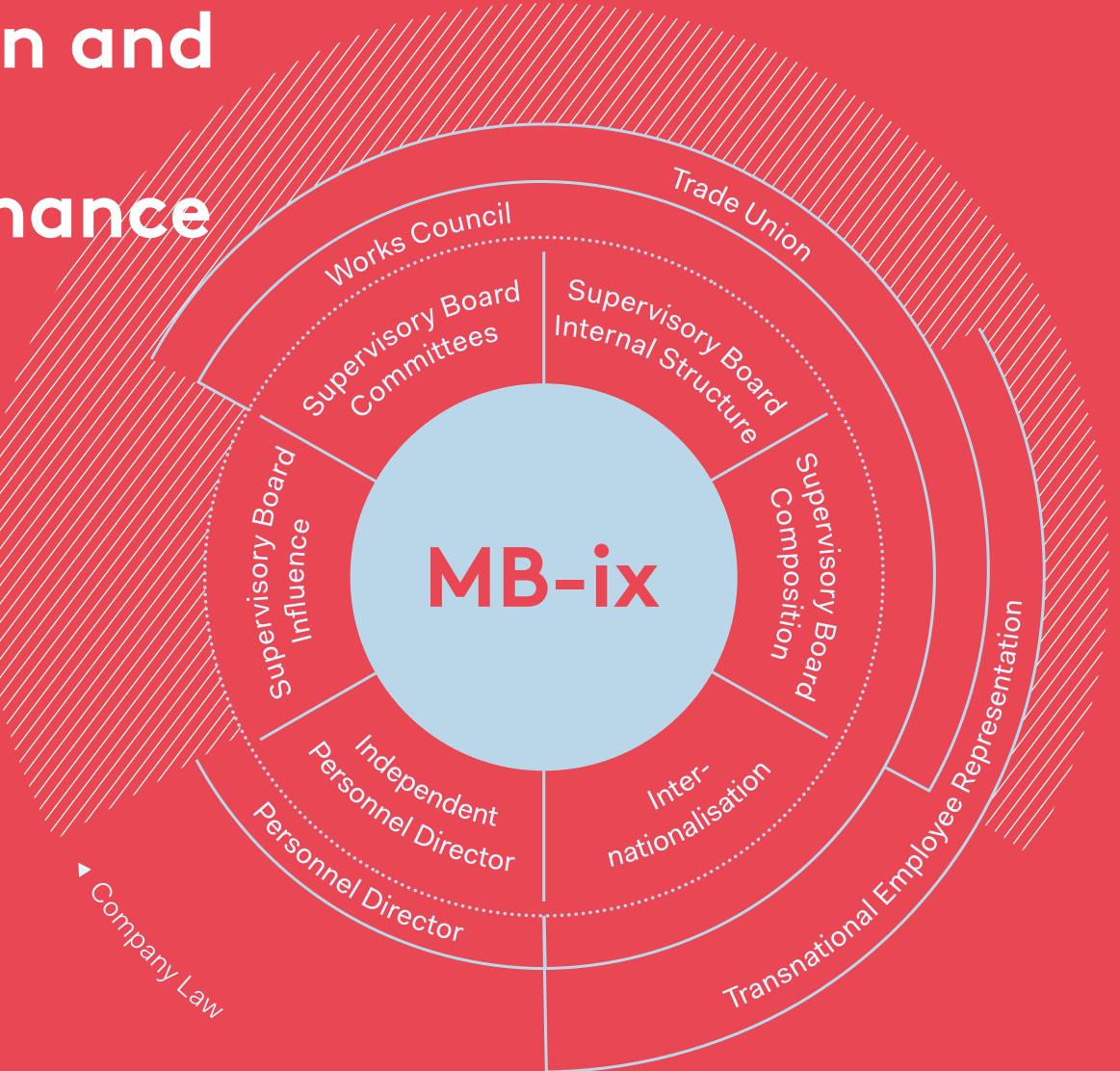
#### Co-Determination and Forward Looking Corporate Governance

Sigurt Vitols, Ph.D. Berlin Social Science Center

What Does Co-Determination Do? 2ND Biennial WZB-HBS Conference

11 June 2018, Berlin



Measuring Workers' Strength and Influence with a Co-Determination Index (MB-ix)

## **Challenges for Co-Determination Research**

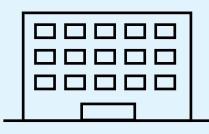
- Differentiated measures of worker voice/power
- Broader range of dependent variables
- Long-term observation
- Comparative perspective
- Mixed methods
- Communicating results to a non-specialist audience

# The MB-ix Project in Brief

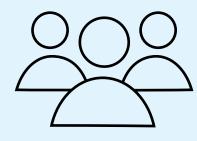
- Six-component index of worker influence (MB-ix)
- MB-ix calculated for ca. 300 companies between 2006–2017
- Focus on relationship with sustainable company practices
  - Elements of "good work"
  - Sustainability-oriented management remuneration
  - Long-term investments
  - CSR/Sustainability practices
  - Ownership structures
- Financed by the Hans Böckler Foundation
- Cooperation with the Visual Society Program (WZB-UdK)

#### 01 Methodology

#### 01 Methodology co-determination index

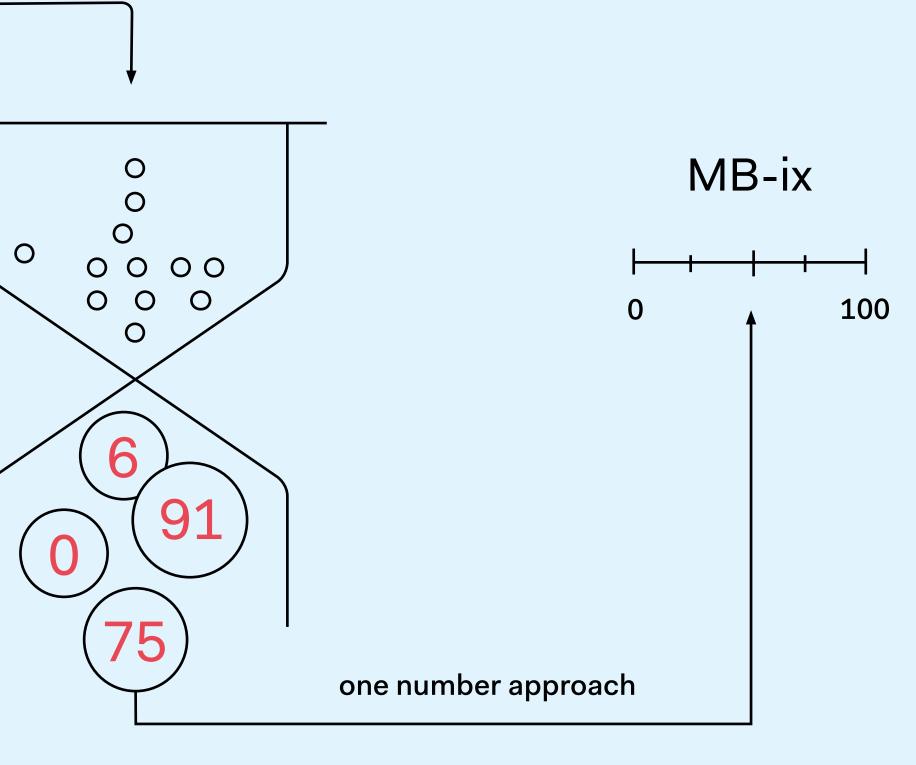


company-years

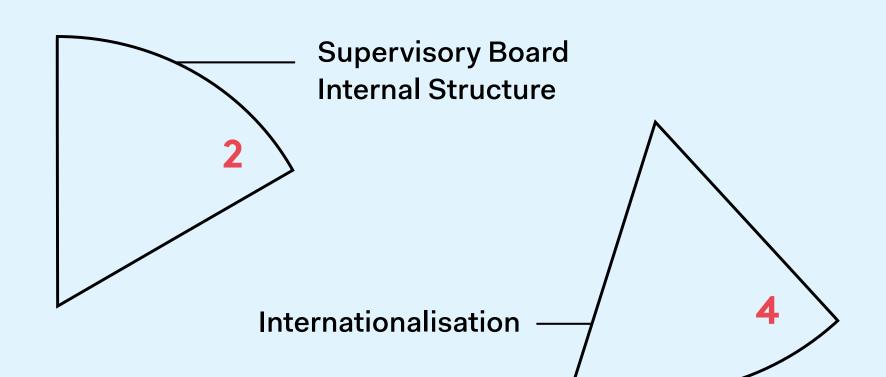


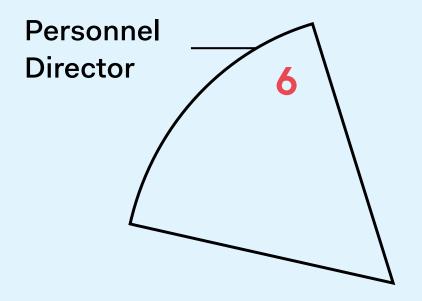
person-years

Scholz/Vitols (2016): Der Mitbestimmungsindex MB-ix. Wirkungen der Mitbestimmung für die Corporate Governance nachhaltiger Unternehmen. Mitbestimmungsreport 22, Hans-Böckler-Stiftung. http://bit.ly/21IR9GJ

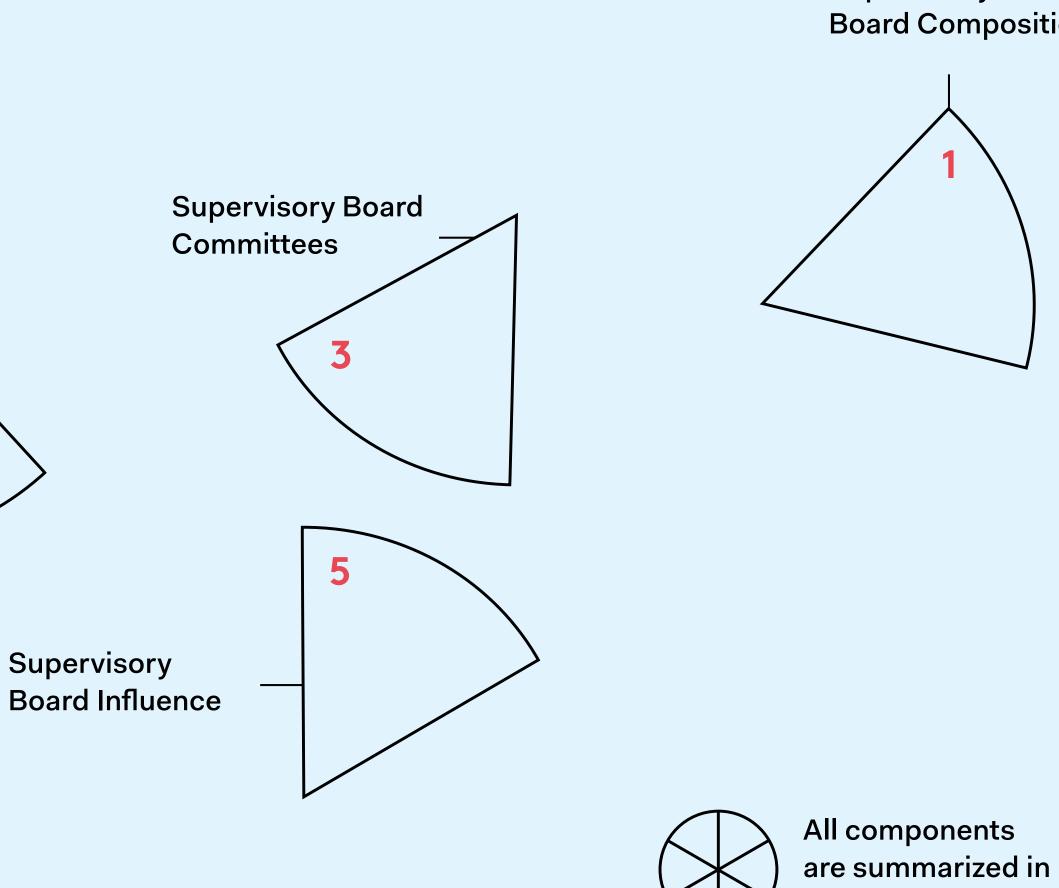


## 01 Methodology The Six Components





Supervisory

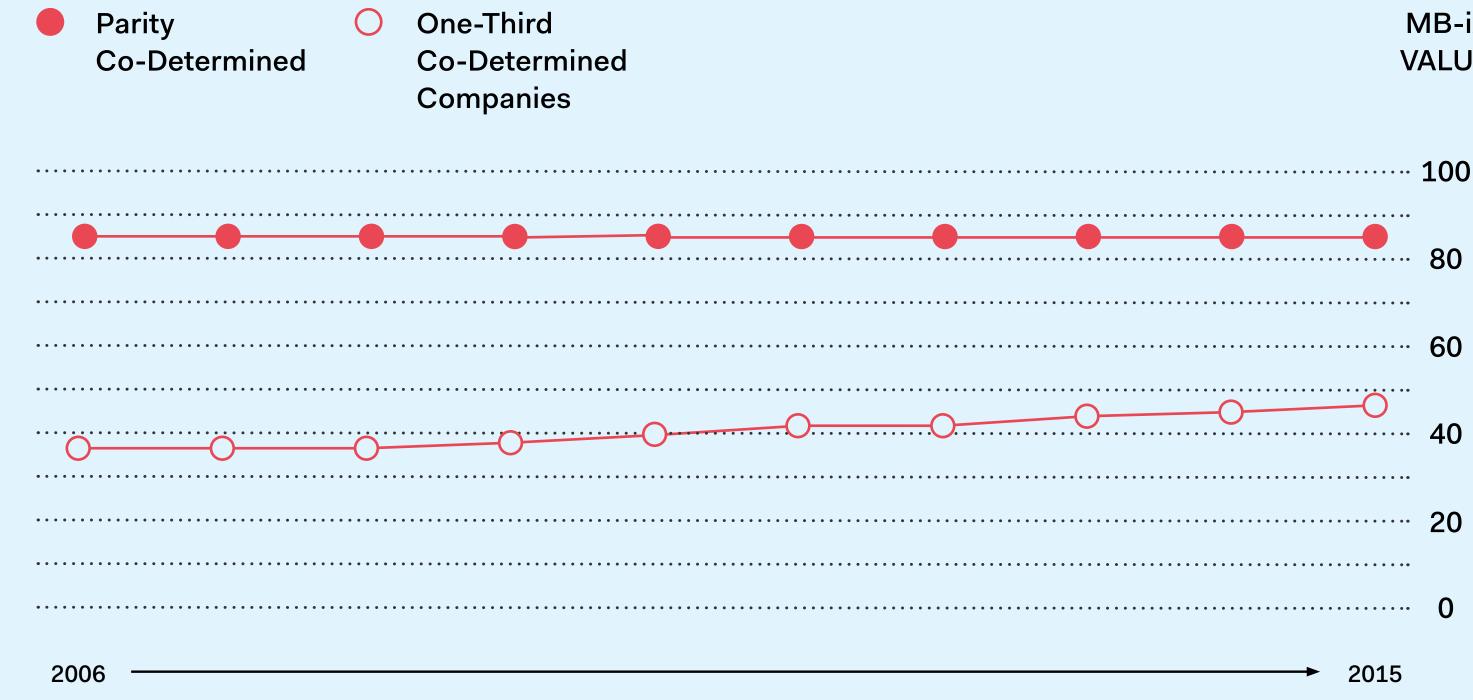


Supervisory **Board Composition** 

one metric.

#### 02 Results

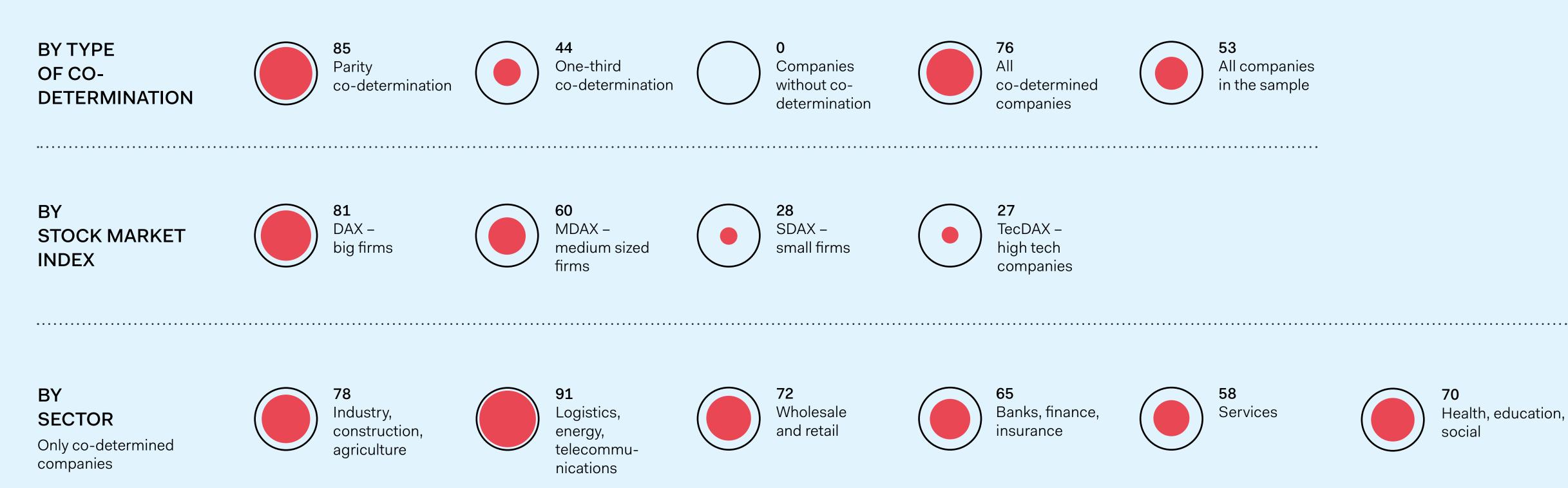
#### **02 Results Co-Determination Defies** the Financial Crisis



Scholz/Vitols (2018): Der MB-ix in börsennotierten Unternehmen. Verankerung der Mitbestimmung im letzten Jahrzehnt. Mitbestimmungsreport 43, Hans-Böckler-Stiftung. https://www.boeckler.de/51908.htm

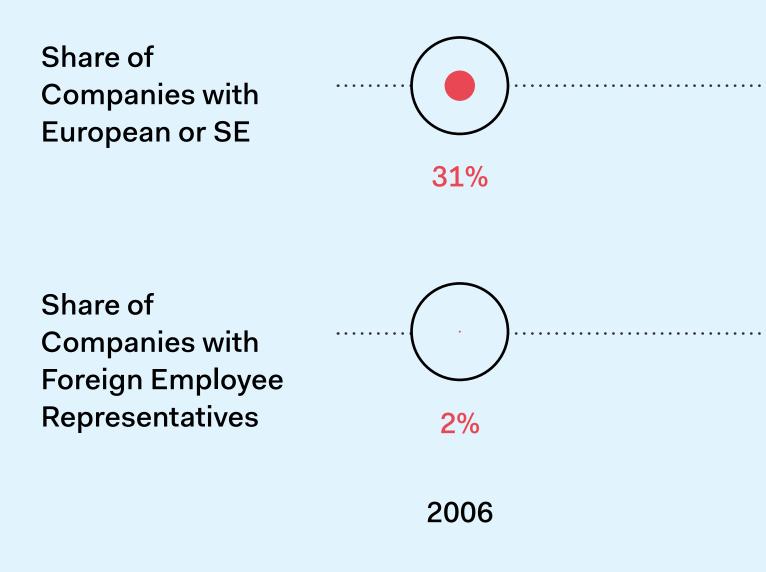


# **02 Results** A Comparison of MB-ix Average Scores



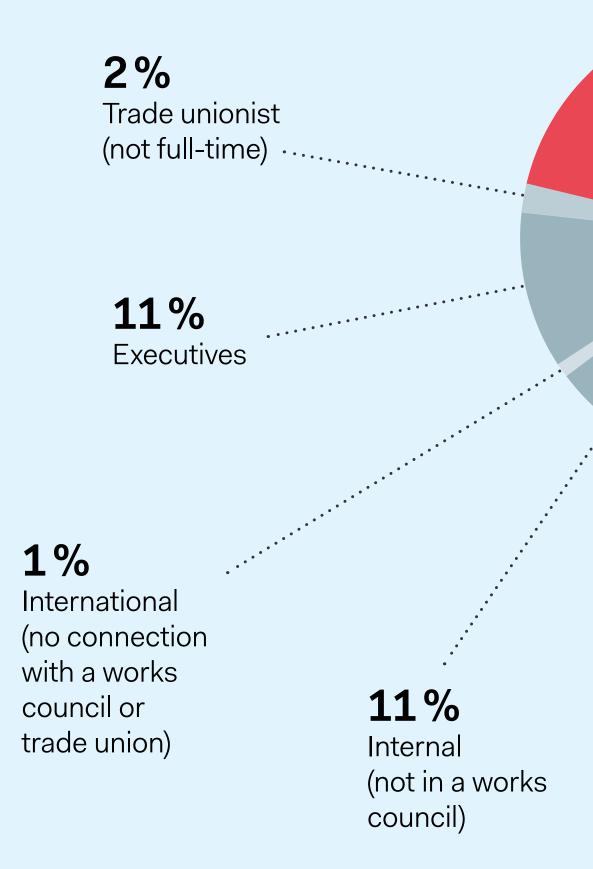
70 Health, education, social

#### **02 Results** Employee Representation Becomes International





## **02 Results** Employee Representatives



Scholz/Vitols (2018): Der MB-ix in börsennotierten Unternehmen. Verankerung der Mitbestimmung im letzten Jahrzehnt. Mitbestimmungsreport 43, Hans-Böckler-Stiftung. https://www.boeckler.de/51908.htm

#### **49%** Internal (works council)

#### 25% Trade Unionist

(full-time)

1% International (in a works council or from a trade union)

#### **02 Results Co-Determination Promotes Independent** Personnel Policy and Good Work



**Companies without** co-determination



- ► Giertz/Scholz (2018): Strategische Personalarbeit ohne eigenständigen Personalvorstand? In: WSI-Mitteilungen 71 (2), S. 140-149. https://bit.ly/2q5i13Q

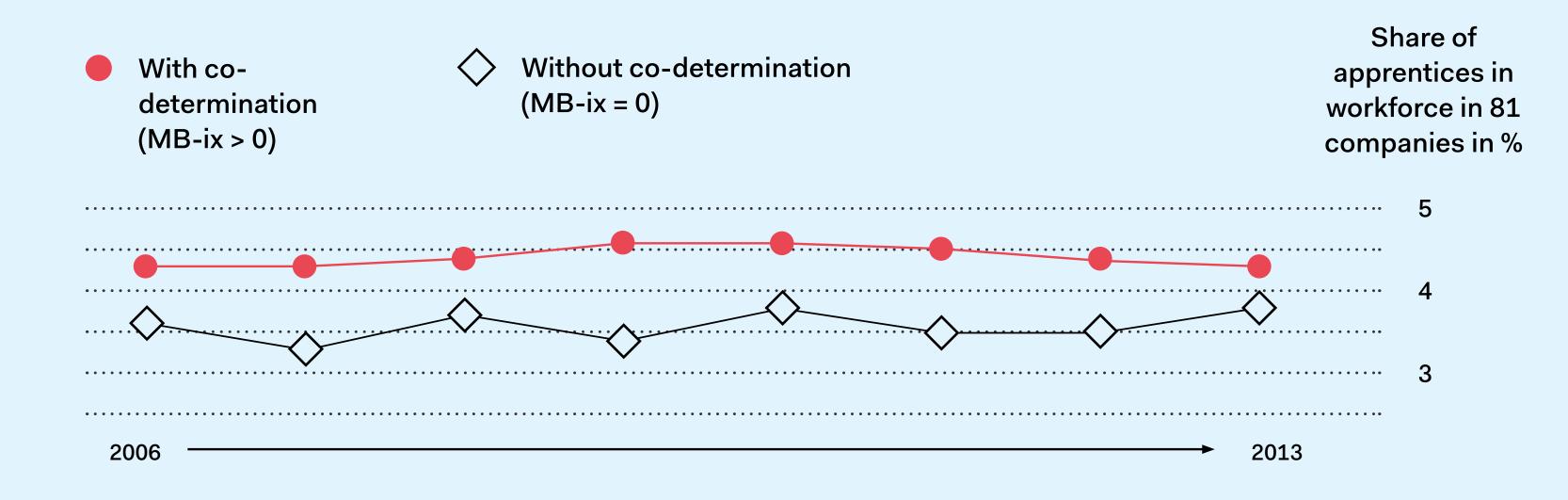


Parity co-determined companies



**Companies with** independent (from CEO and CFO) personnel directors in the **Board of Executives** 

#### **02 Results Vocational Education**



Scholz (2017): Der MB-ix und ,Gute Arbeit' – Was wir messen können. Wirkungen der Mitbestimmung auf Personalstruktur und Arbeitsbedingungen. Mitbestimmungsreport 32, Hans-Böckler-Stiftung. http://bit.ly/2t9a0d1

## **02 Results** Sustainability is Better Integrated in Corporate Governance at Strongly Co-Determined Companies

MB-ix = 100

 $\square$  MB-ix=0

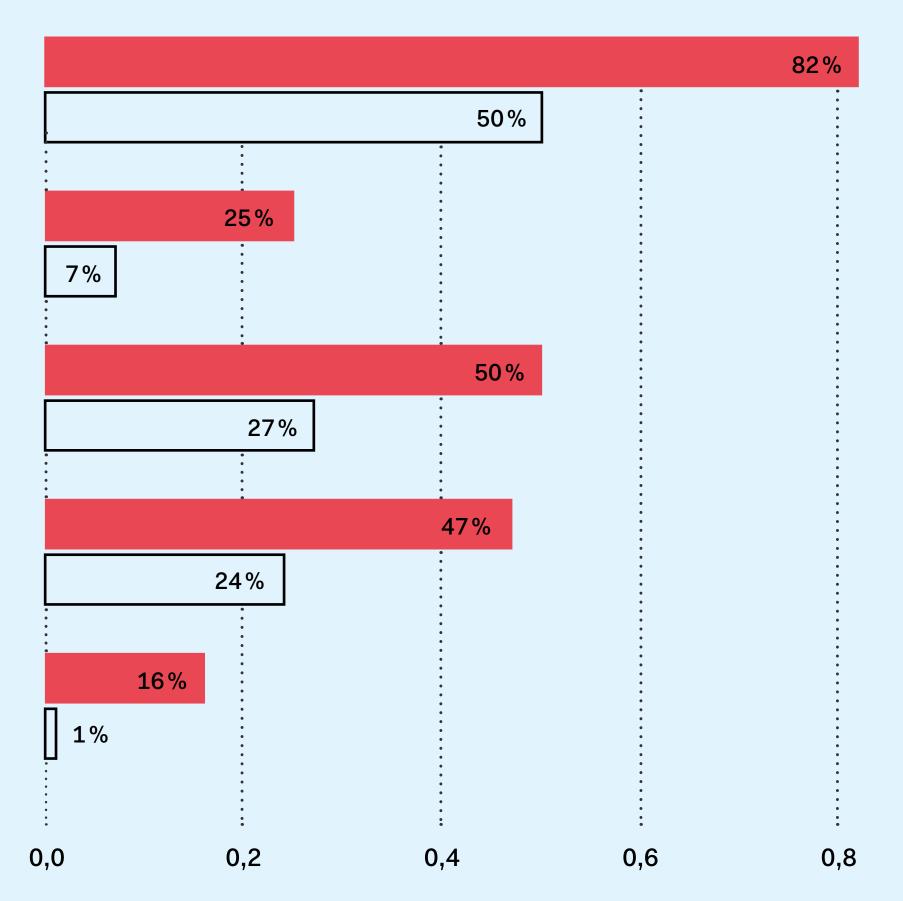
Does the company integrate sustainability in its daily decisionmaking?

Does the company belong to a sustainability index?

Does the company publish a sustainability report?

Does the company explain how it engages with stakeholders?

Is executive remuneration linked in part to sustainability goals?



#### **02 Results Co-Determination a Brake to Innovation?** Not a Trace!

#### 1.000

global companies with the highest R&D expenditures

#### 40

are co-determined, of these 36 parity and 4 one-third co-determined

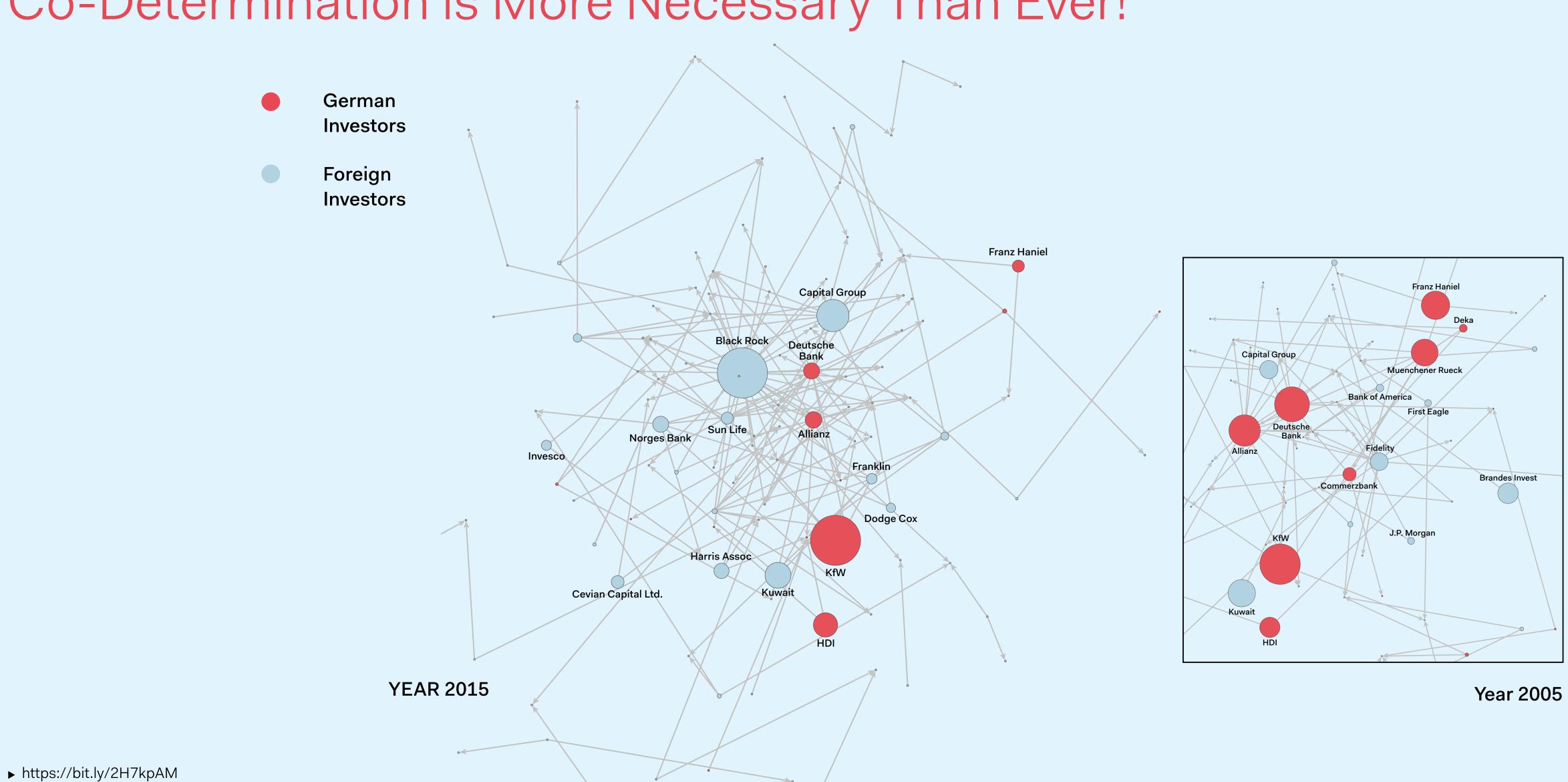
For comparison: All co-determined companies listed in DAX, MDAX, SDAX and TecDAX have an average score of 76 points.

84

#### 42 are based in Germany

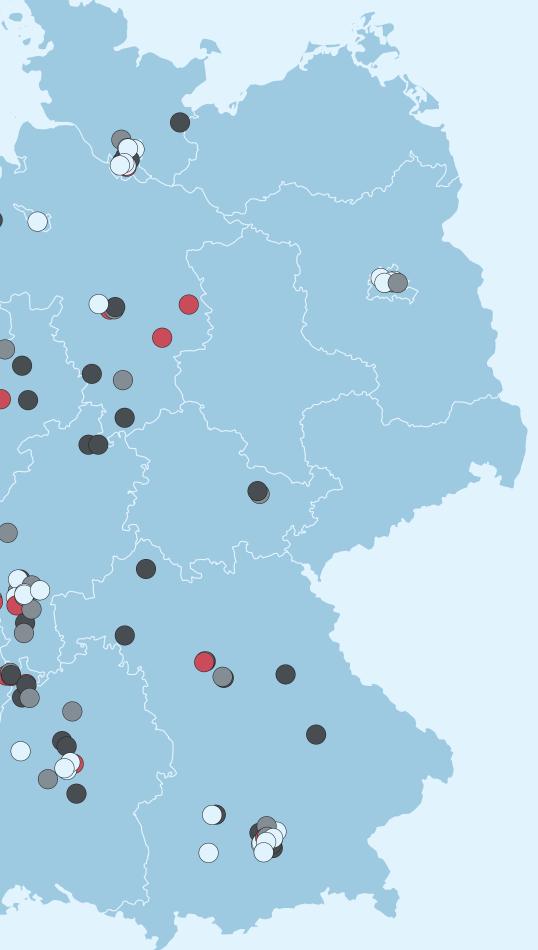
MB-ix points achieve these companies

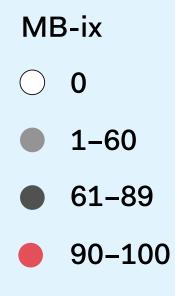
# **02 Results** Co-Determination is More Necessary Than Ever!



#### **02 Results Co-Determination is Spatially Unevenly** Distributed in Germany

Scholz (2018): "Neuer Index macht die Mitbestimmung von Arbeitnehmern in Unternehmen erstmals vergleichbar". In: Katapult – Magazin für Kartografik und Sozialwissenschaft, 8, S. 60-67. https://bit.ly/2syAWru





# Thank you!

To find out more, go to www.mitbestimmung.de/mbix

Responsible for the content: Sigurt Vitols Ph.D., Dr. Robert Scholz This project was financially supported by the Hans Böckler Foundation. Design: Katarina Lüth in the context of the Visual Society Program, a cooperation between the Berlin Social Science Center (WZB) and the Berlin University of the Arts (UdK) Progression: yella park



Wissenschaftszentrum Berlin für Sozialforschung

