

## Imagining Alternatives: Corporate Governance and Workers' Voice

**Veranstalter:** Bénédicte Zimmermann, Wissenschaftskolleg zu Berlin

**Datum, Ort:** 23.05.2019–24.05.2019, Berlin

**Bericht von:** Léa Renard, Wissenschaftskolleg zu Berlin

Corporate governance and voice are core issues in historical and current debates about the firm and its future. Focusing on worker participation and firms' governance may help in understanding the transformations of work happening at the intersection of democratization, financialization and digitalization. Ever since the nineteenth century, theories and practices of corporate governance have evolved with changing modes of worker integration into the firm, from Taylorism through Toyotism to financial management. Today there are rising claims for renewed approaches to governance and participation such as „workplace democracy“, „economic bicameralism“ or the „sustainable company“ as an alternative to „shareholder value“.<sup>1</sup> It is therefore crucial that these theories and practices be placed in their historical context and that the specific categories which underlie them be questioned.

Bringing together political scientists, economists, philosophers, sociologists and historians, the workshop thus aimed at exploring the role of economic, political and scientific actors in the production of theories and concepts of corporate governance and employee participation. The workshop was organized by the transnational network „Working Futures“<sup>2</sup> which is coordinated by Bénédicte Zimmermann (Wissenschaftskolleg zu Berlin) in concert with Andreas Eckert (International Research Center „Work and Human Life Cycle in Global History“, Humboldt-Universität zu Berlin) and Lisa Herzog (Technische Universität München).

The participants were invited to address the following questions: How can democracy in the workplace be (re)conceived and what proposals for implementation emerge from current debates? Which categories are core to these debates in different national contexts? Does it make a difference to speak of voice,

employee/worker participation, *Beteiligung* or *Mitbestimmung*? To speak of corporate governance or *gouvernement de l'entreprise*? How did these categories emerge and in which disciplinary/historical contexts are they anchored? What visions of the firm's future are underlying these debates? To what extent is the emergence of different models of participation and governance linked to national, local or global settings with respect to democracy and labor relations?

These questions imply a reconsideration of the company as an analytical and legal category (by distinguishing between *firm*, *company* and *corporation*) as illustrated by the opening lecture of DAVID CIEPLEY (Denver / Budapest) on the eve of the workshop. Ciepley argued in favor of stronger conceptualizations of the relationship between corporation and state. He invited to rethink the corporation as „governance technology“ by tracing the roots of the concept in U.S. colonial history and its legal traditions. Rules regulating sovereignty, delegation of authority and membership are inherent to both modern constitutional government and modern business corporations.<sup>3</sup>

Building on these concepts, the workshop attendees explored various concepts of governance and participation in the workplace by highlighting both their theoretical and practical implications. ROBERTO FREGA (Berlin)

<sup>1</sup> Isabelle Ferreras, *Firms as Political Entities. Saving Democracy through Economic Bicameralism*, Cambridge 2017; Roberto Frega / Lisa Herzog / Chris Neuhäuser, *Workplace Democracy – The Recent Debate*, in: *Philosophy Compass* (2019), <https://onlinelibrary.wiley.com/doi/full/10.1111/phc3.12574> (19.06.2019); Sigurt Vitols / Norbert Kluge, *The Sustainable Company: A New Approach to Corporate Governance*, Brussels 2011.

<sup>2</sup> Launched in 2018 by the Wissenschaftskolleg and the International Research Center „Work and Human Life Cycle in Global History“ (re:work), the transnational network „Working Futures“ aims at creating a space for mutual exchange and understanding for sociologists, historians, philosophers, economists, anthropologists as well as legal and management experts to discuss current transformations in the world of work and the epistemological challenges they raise for the historical and social sciences. See <https://www.wiko-berlin.de/institution/projekte-kooperationen/projekte/working-futures/> (19.6.2019).

<sup>3</sup> See David Ciepley, *Beyond Public and Private: Toward a Political Theory of the Corporation*, in: *American Political Science Review* 107/1 (2013), p. 139-158.

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opened the discussion by presenting different approaches to „workplace democracy“ and how these approaches challenge traditional mono-dimensional conceptions of participation in political theory. He argued for what he calls a „wide view of democracy“ based on relational parity, inclusive authority and social involvement. Transposed into the workplace, all three dimensions are likely to be increased by employee involvement and teamwork.

SARA LAFUENTE HERNÁNDEZ (Brussels) presented the results of a research project at the European Trade Union Institute (ETUI) within the framework of a recent campaign launched by the European Trade Union Confederation for more democracy at work. After pointing out the origins of political and social claims for more participation in the context of human and labor rights, she introduced an analytical framework developed at ETUI to assess and compare different forms of employee participation and democratic settings in the workplace, from financial participation to enterprises controlled by workers and board-level employee representation (BLER).<sup>4</sup> The discussion then focused on the potential of this framework for the empirical study of concrete experiences of participation in companies.

OLIVIER FAVEREAU (Paris) highlighted the „dual nature of the enterprise“ rooted in the distinction between the *company* or *corporation* as a legal person, controlled by shareholders, and the *firm* as the actual economic organization composed of stakeholders (among them workers). He made a plea for codetermination and BLER which should become the „normal form of corporate governance“. Beyond codetermination, Favereau stressed the role of management as a „third party“ carrying out coordinating functions between labor and capital within the firm.

BRUCE KOGUT and FABRIZIO DELL'ACQUA (New York) adopted a different perspective on governance by focusing on the role played by machine-learning in current transformations of work organization. For a long time now routine work has been at the center of the Taylorist approach to work organization. Based on an empirical study undertaken at the Columbia Business School, Kogut and Dell'Acqua showed that

jobs in which routine activity constitutes an important aspect are more likely to be replaced by automation than jobs in which tacit knowledge is the key. Yet these days machine-learning, based on „human-in-the-loop“ learning, aims at routinizing tacit knowledge, which is already resulting in massive changes in work organization.

The workshop ended with ANKE HASSEL (Berlin) presenting the final report of an expert group on workers' voice and good corporate governance in Europe.<sup>5</sup> Based on a large dataset on European transnational companies whose economic weight has been increasing in the last decade, the report questions the role of workers' voice in the European social model. As the empirical findings show, larger companies seem to be more likely to have stronger workers' voice.<sup>6</sup> Not only is strong workers' voice often closely linked to good corporate governance, but it is also positively related to companies' economic performance.

The lively discussions during the workshop made clear that models and practices of participation and governance are deeply anchored in cultural settings and relate to different historical traditions in Europe and the United States. However, there is still too little empirical research on innovative practices and experimentation with regard to participation, voice and democracy at work in general. Such studies are the only way to help the social and economic sciences to properly assess the impact of democratization and digitalization on work organization. Moreover, insights into worker participation in companies beyond the European and American microcosm are strongly needed to enrich not only our understanding of local and global processes but to nourish theoretical endeavors in rethinking corporate governance and democracy at work.

#### Conference Overview:

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<sup>4</sup> Stan De Spiegelaere et al., Democracy at Work, in: ETUI / ETUC, Benchmarking Working Europe, Brussels 2019, <https://www.etui.org/content/download/36128/361168/file/Chap+4+Bench+2019.pdf> (19.6.2019).

<sup>5</sup> Anke Hassel / Sophia von Verschuer / Nicole Helmerich, Workers' Voice and Good Corporate Governance, Düsseldorf 2018.

<sup>6</sup> Hassel et al., Workers' Voice, p. 9.

*Opening lecture*

David Ciepley (University of Denver / Institute for Advanced Study at Central European University, Budapest): How Theories of the Corporation Shape Worker Treatment

*Panel 1*

Chair: Richard Swedberg (Cornell University, Ithaca / Wissenschaftskolleg zu Berlin)

Roberto Frega (Centre Marc Bloch, Berlin): The Multi-Dimensionality of Workplace Democracy

Sara Lafuente Hernández (European Trade Union Institute, Brussels): Assessing Forms of Democracy at Work: Why, What and How

Olivier Favereau (Université Paris-Nanterre / Collège des Bernardins, Paris): Codetermination as the Normal Form of Corporate Governance

*Panel 2*

Chair: Silja Häusermann (University of Zurich / Wissenschaftskolleg zu Berlin)

Bruce Kogut / Fabrizio Dell'Acqua (Columbia University, New York): Machine-Learning as the Organizational Metaphor of Our Age

Anke Hassel (Hertie School of Governance, Berlin): Workers' Voice and Good Corporate Governance in Transnational Companies in Europe

Tagungsbericht *Imagining Alternatives: Corporate Governance and Workers' Voice*. 23.05.2019–24.05.2019, Berlin, in: H-Soz-Kult 11.07.2019.