

Abstracts

Roberto Frega: The Multi-Dimensionality of Workplace Democracy

In my talk I will explore rival conceptions of workplace democracy based on different understanding of democracy as a political as well as a social category. The aim will be to provide a framework to discuss the plurality of existing participatory practices from the standpoint of their relative match with alternative account of democracy.

Olivier Favereau: Codetermination as the Normal Form of Corporate Governance

Although codetermination is a more frequent scheme of corporate governance among European countries than the mainstream one founded on agency theory and shareholder value, there is a puzzling dearth of theoretical justifications for BLER (Board Level Employee Representation) and Work Councils, contrasting with the flood of models backing the standard view. The goal of the paper is to offer an analytical proof of the superiority of codetermination (to be defined more precisely). The heart of the argument is the dual nature of the enterprise, neglected as much by legal scholars as by economists: the company (UK) or the corporation (USA), i.e. the legal person, whose only members are the shareholders, and the economic organization, commonly called "firm", with its indefinite list of stake-holders, but with an essential contribution made by the workers. Economics only knows the firm, business law only the legal person, whereas the gap between both is the source of a structural coordination problem, between capital and labor. I show in a 1st part that the standard model of corporate governance where shareholders monopolized the choice of the members of the board is an inefficient solution to the problem of double contractual incompleteness for capital and labor. A fair split of the board would be the efficient one, but its implementation in the real world seem so improbable that the existence of a dozen of European countries with 1/3 BLER calls for a new look about the true nature of the firm. In order to tackle that riddle, I show in a 2nd part, that the game between capital and labor should be sophisticated through the introduction of a third "agent" or "party", i.e. the management, in charge of the question of coordination between capital and labor within the firm. Work organization becomes a new essential variable (which explains the extension of codetermination towards the integration of works councils) and the whole problem of the firm becomes a dynamic one of organizational learning. Codetermination appears now as a procedural device of creating a common future between capital and labor, guaranteed by a double hostage, since each party directly or indirectly accepts the institutional presence of the other, for discussing strategy and shop-floor organization. I conclude by considering seven objections.

Sara Lafuente Hernández: Assessing Forms of Democracy at Work: Why, What and How

Over decades of academic and trade union debate, ‘democracy at work’ has seemingly meant different things for different people, implying varied conceptions of democracy and understandings of the relationship between labour and capital. Under modern capitalism, specific but varied institutional forms have embodied ‘democracy at work’, such as collective bargaining, trade union representation and works councils. They have generally pursued a (more, or less, ambitious) goal of justice and power redistribution, although have never succeeded in fully balancing power between capital and labour. It is undeniable that workers today still occupy a subordinated position at the workplace and in the economy.

A whole range of institutional possibilities and practical experiences make the arena of industrial democracy a rich but also complex landscape for political actors. Not surprisingly, the research community has found it compelling to identify key dimensions differentiating between institutions and practices, and to scale them according to their propensity to empower labour. Too often, however, the picture is left incomplete, overly simplistic or only appropriate for measuring one specific institution. The lack of an overarching study of democratic institutions at work has not helped trade unionism in thinking outside its preconceived institutional ‘boxes’, often rooted in cultural and national industrial relations’ traditions. In times of increasing Europeanisation and other great changes in the world of work, we suggest adopting a more strategic approach to the study of democratic institutions at work.

I first present the main normative arguments supporting democracy at work in legal and political theory. Drawing on employee participation literature, I then propose a unified analytical framework to rethink democratic institutions at work in a broader way. The framework aims at overcoming some theoretical boundaries that tend to entrench positions in the industrial democracy debate. In practical terms, it also aims at providing an evaluative tool to orient political action, as it should enable cross-national and cross-company comparisons between different arrangements. Finally, I will apply the framework to some real concrete examples to test its potential, but also to uncover its limitations.

Bo Cowgill, Fabrizio Dell’Acqua, Bruce Kogut, and Patryk Perkowski: Machine-Learning as the Organizational Metaphor of our Age

The machine has been frequently used as a metaphor for understanding the *Zeitgeist* of a time. The mechanical clock guided the new physics of Newton and the Philosophes and inspired the deistic political philosophy behind the American constitution. The steam engine provided the idea of a self-regulating machine and the Babbage calculating machine proposed a mental and hierarchical division of labor. Macroeconomists at the LSE in the 20th century built a hydraulic machine to model the flow of (liquid) money in a system (it leaked), and Karl Deutsch borrowed the ideas of cybernetics from Norbert Wiener to apply to communication systems of the State and its organizational components. The new study of organizations quickly relied upon software programming as a model, in which “routines” guided the actions of people, and organization consisted of programs triggered to enact responses or to solve problems.

The current reality lends life easily to the metaphor of organizations as machines that suggests however an urgency. For the first effect of the reliance on machine learning is the replacement of some labor tasks by algorithms. A comparison of the size or value of firms to the number of workers employ shows a dramatic increase in their ratio using U.S. data. We sketch what kinds of jobs (e.g. those that are less tacit, more explicit) are vulnerable using a combination of the U.S. census data and on-line experiments that we have run.

There is though a potentially more powerful effect due to machine learning that harkens to a 1950s literature on learning to learn in which more complicated tasks, and more economically rewarded jobs, are potentially also vulnerable to substitution.

The presentation describes the implications for this metaphor, and technology, for organizations. We will argue that there is an odd merging of previously opposed schools of epistemological claims: the post-modern critique and Anglo-Saxon empirical social science. This conjuncture is most evident in the challenge that machine learning (e.g. AI, neural networks, natural language processing) poses to ethical norms of privacy, fairness, and bias. We explore several examples by which organizations are changing through the adoption and diffusion of machine learning in such areas as worker substitution, fairness in hiring, and text extraction. These examples provide narratives that lend support for despair and hope.

We end on a discussion of possible ways that governance, including the participation of workers through work councils and unions, might be useful in influencing if the not speed, then at least the direction of change.

Anke Hassel: Workers' Voice and Good Corporate Governance in Transnational Companies in Europe

The rise of transnational companies as powerful actors in global and European politics has important implications for the well-being of local communities and workers. Traditionally, Europe has had strong mechanisms to represent the concerns of workers, either through comprehensive social policies, labour market regulation but also through provisions for workers' representation. In many member states, various forms of workers' voice exist. 18 out of 28 EU member states have board-level employee representation, and in all member states there is an important role for collective bargaining in large companies. Moreover, the European Works Council Directive is now over 20 years old, and there have been more than 10 years' experience of workers' representation in the European Company Statute (SE). At the same time, corporate governance practices are under pressure and corporate law is in flux. There is an increasing consensus about the need to strengthen the European Social Model including the role of workers' voice in the context of good corporate governance.

Between October 2015 and July 2018, an Expert Group worked on rethinking workers' voice in a European setting. The group discussed the topics such as restructuring, sustainability and corporate governance. The report highlights three strategic areas, which policy-makers and trade unions should address in order to strengthen the European Social Model through workers' voice:

- promote the role of workers and their representatives as an ingredient of good corporate governance. In recent years, the role of stake-holders has repeatedly been discussed in the context of better corporate governance. Workers' representatives have many strengths to

offer in order to improve corporate governance and corporate responsibility through communication, monitoring and channeling workers' concerns. These strengths should be systematically integrated in further policy reforms.

- strengthen the legal foundations of workers' voice at the European level and at the level of EU member states. The freedoms of the Single European Market must not be used to erode workers' rights and representation. On the contrary, existing primary law should be used more proactively to ensure the strengthening of participation through secondary law. This can take place in the new company law package, a clearer defense of workers' rights by European institutions, such as the Commission and the European Court of Justice, and the strengthening of European works councils' rights.
- trade unions and workers' representatives should build up strategic capacities to advance workers' voice at the company level. This should take place through learning networks, best practice and strategic partners.