

Board-level employee representation: balancing interests across the company

Introduction

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Many companies today seem to have become little more than money-machines, seeking the highest returns from global markets. Management decisions are driven not by longer-term, sustainable objectives but by obscure forms of optimised capital leverage. Employees, and indeed many managers too, are the slaves rather than the masters of such companies. Works councils and trade unions are reduced to mopping up the social consequences of their decisions. They have no alternative to helping employees adapt pragmatically to the demands of ‘flexibility’, which generally means little more than lack of job security combined with low pay at the same time. They enjoy no bonuses for risk taking.

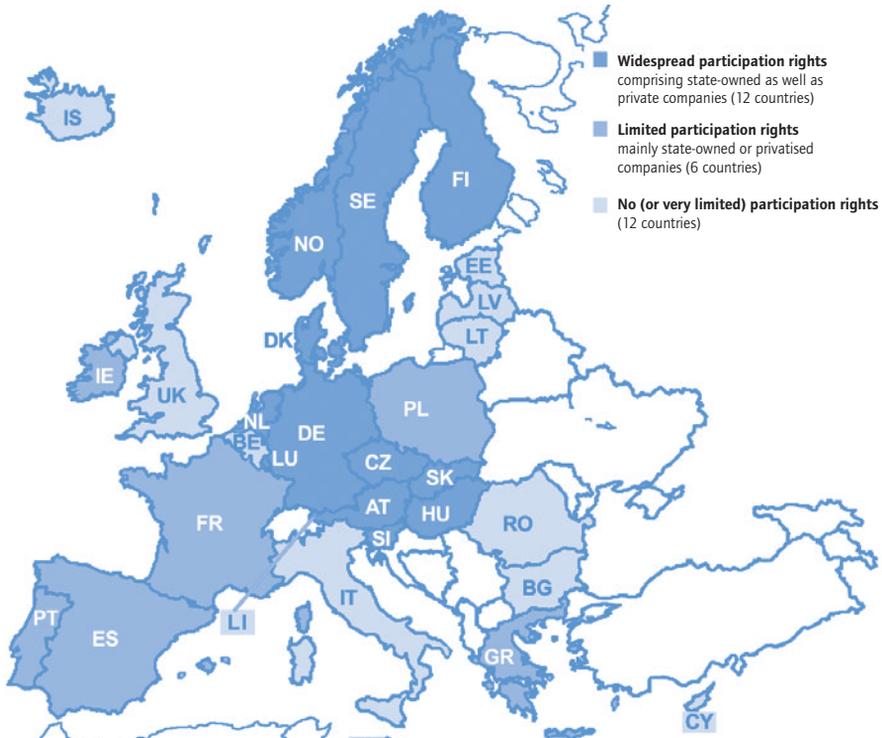
In this environment, attention focuses almost exclusively on the interests of shareholders and senior executives. However, doubts have begun increasingly to emerge about the viability of this business model, particularly following the financial crisis across the world in 2008. On the bright side, the crisis might yet herald a return to an appreciation of the wider range of institutional interests across companies that give them balance and stability. In this respect, board-level employee representatives – whether appointed or elected – might embody one element in the creation of such a broader, stakeholder-driven company. Indeed, in many EU member states, they already enjoy statutory support, and the enactment of the European Company Statute in 2001 initiated an extension of this feature of industrial relations, demonstrating its advantages for the operation of transnational companies in Europe.

That is why this book depicts the everyday realities of serving as an employee representative in company boardrooms, and – as importantly – the personalities behind them. Eighteen representatives located in 12 European countries intro-

duce the reader to their experiences, as well as their duties, responsibilities and perceptions against the background of their individual character, colleagues and workplaces. Material was collected mainly by telephone interviews conducted by Aline Conchon (for France and Luxembourg), Michael Gold (for Finland, Germany, Hungary, Ireland, the Netherlands, Norway and Sweden), Norbert Kluge (for Austria, Czech Republic and Germany) and Adam Mrozowicki (for Poland). Appendix 1 provides a list of further reading, while Appendix 2 summarises the kind of representation to be found – if any – in each country. Appendix 3 outlines the activity of the European Worker Participation Competence Centre (EWPC) at the ETUI.

This collection of interviews reveals insights into the practice of board-level employee representation in countries with strong statutory provisions, such as Austria, Germany or Sweden; in countries with forms of participation negotiated on the basis of statutory provision, such as Finland or Poland; and in countries regarded as weaker in this field of participation, such as France, (arguably) Hungary or Ireland. All in all, the interviews reflect the fact that 17 of the 27 EU-member states (or 18 including Norway which is member of the European Economic Area) make some form of statutory provision for employee participation in company boardrooms, either on supervisory boards or on boards of directors. Certainly, there are huge differences among these provisions and, accordingly, the nature of the understanding about the task across most of the countries affected. But these countries share an understanding deeply rooted in their national society that companies should serve to benefit not only their owners but also society as a whole. This is the reason why employees there, to some degree or another, form an integral part of company decision making and company supervision. Furthermore, in the political context of the legislation creating participatory frameworks going back mostly to the 1970s or beyond, employee participation is the core of the idea to make workplaces more democratic.

Participation rights in the European Economic Area



Regardless of the varying institutional parameters of employee participation in these countries, senior executives are obliged to disclose and discuss their strategies, including explanations of at least their social consequences, with board-level employee representatives. These executives are generally well advised to deal with objections expressed by employee representatives to ensure the proper implementation of their decisions. This is also the way the company attempts to balance the interests of its stakeholders, which constitutes a key economic function of employee participation.

Most importantly, though, the chance to influence economic decisions underlines the significance of acting democratically. It contributes towards making employees citizens in their own workplaces. It emphasises the historically informed understanding in Europe that to operate a business in the spirit of social partnership requires the acceptance of employee representatives as negotiation partners on an equal footing.

One of the major issues in the European debate on corporate governance concerns the question as to whether convergence is taking place between the two different corporate systems generally predominant in Europe: the single-tier system combining executive and non-executive functions on one board, and the two-tier system distinguishing between a management board and a supervisory board on which the chief executive has no mandate. This divergence in background is important in understanding the role of employee participation. The reader of the interviews has to take into account the special circumstances in which experiences take place. The supervisory board system predominates in almost half the EU member states, with statutory support for employee representatives in countries like Austria and Germany, as well as the Czech Republic, Hungary and Slovakia. However, in the single-tier system too, typical of the Anglo-Saxon world, there exist places for employee representatives as non-executives on the board of directors. This is the case in Norway and Sweden. From the perspective of employee representatives, perhaps, the tasks may differ somewhat. But, in the end, in both systems, board-level employee representatives are responsible for the company decisions to which they are party. Employee representatives have the same rights, but also the same duties as the representatives of the other stakeholders. The European Company (*Societas Europaea*, or *SE*) has introduced a certain new momentum into these developments because, whenever a company becomes an SE, its management must take decisions about its future structure in whatever EU member state it is headquartered.

The interviewees' responses in this book reveal that, in everyday practice, the demands of the financial markets lead to similar pressures for openness and transparency. Regardless of the company, or country from which they originate, the representatives make it clear that the predominance of the constraints imposed by international financial markets forms the backcloth to their work, which requires considerable professionalism in understanding and tracking events.

However, from a personal perspective, the formal differences between arrangements for board-level employee representation may make it difficult to exchange views and experiences among colleagues working in different environments. In Sweden, an employee representative is appointed by the trade union in a company to be member of the board, but it might be difficult for him or her to understand why, according to German law on codetermination, the union link accompanies a legal provision to reserve a certain proportion of board member-

ship to full-time trade union officers. A German representative may similarly have some difficulty in understanding the lack of statutorily based works councils in the Nordic countries. In those countries, power is generated only through trade union membership, which is comparatively high. Another peculiarity is the understanding in the Dutch system that all members of the supervisory board are regarded as 'independent', which equally covers those who are appointed on a proposal from the works council. However, such members are not seen as particularly linked to employee interests, even by the works council itself. In contrast with almost any of the other systems of board-level employee participation, in the Netherlands board members proposed by employees may not have an employment contract with the company. On the other hand, an Irish 'worker director' on the board of a State-owned company would insist on being recognised as a trade union linked representative of the workforce.

Regardless of the formal structure, with the exception of Germany, the Netherlands and possibly also certain central and east European member states, the underlying concept of board-level employee representation can be seen as an explicit link with workplace representation, whether as a shop steward, as in the Nordic countries, or through a works council, as in Austria. In Austria, being a board member will be understood as an extension of the information and consultation rights at the workplace. In Poland a similar picture can be assumed: only trade unions in a company have the right to appoint employee representatives to decision-making bodies.

As result, conflicting developments have arisen. On the one hand, cross-border organisation of companies, together with mounting pressures from financial markets, has become more and more normal. On the other hand, statutory provisions in general and forms of employee participation in particular remain a national affair. In contrast to previous times, employee representatives are confronted today increasingly frequently with the fact that the proportion of the workforce in their home country is lower than that abroad. This may well have an impact on the way in which the interests of the workforce should best be represented. Of course, national legislation regulating the issue is restricted to national borders. An employee representative is legitimized only by the vote of the domestic workforce. This might lead to a certain conflict of interest if senior management proposes, for example, a cross-border relocation. Evaluation of investment strategies in foreign locations might also prove to be a sensitive issue. How, in such a case, should employee representatives act to ensure an appropriate balance of interests?

The reader will notice interesting, reflective and very varying answers to these challenges of today in the interviews. However, independently from the personalities and their varied backgrounds, some issues that many of them have in common should also be stressed.

Personal importance of being an employee representative

From a personal point of view, accepting a mandate in a company boardroom did not come as a surprise to the majority of the interviewees. In many cases, it was regarded as part of the responsibilities of office as an elected employee representative. The professional situation of those employees with originally blue-collar backgrounds had changed over the years, with their long-standing role as employee

representatives resulting in personal advancement. Such advancement cannot be understood as ‘professional’ because – even after such a long period of experience and reflection – there is no such thing as the profession of ‘employee representative’ that can be readily transferred into the context of another company. It is notable that most of the interviewees saw themselves fully accepted by the shareholder representatives and even by senior management. This may be perceived as a sign of recognition by the ‘other side’ of the industrial relations equation. In fact, it also demonstrates an acceptance of a rather ‘continental’ and socially integrative way to conduct business.

Always a minority position in the boardroom

Legally speaking, in none of the countries in the survey would employee representatives be able to build majorities against shareholder interests when it came to voting about decisions on the supervisory or board of directors. This is important when taking in account the fact that the most frequent decision concerns the appointment or dismissal of directors. But with respect to other topics too, it is remarkable that employee representatives do not prefer simply to say ‘no’ because of their minority position. As they feel responsibility for protecting and safeguarding workplaces, they try to get recognised for their intimate knowledge of the company and their generally constructive proposals. In line with their individual characteristics and decision making styles, formed in varying cultural environments, it is clear that disputes are generally solved ‘behind the scenes’ and without explicit expression. Diverging views are discussed and reconciled in advance of official meetings. Many interviewees highlighted the fact that they had sometimes been able to delay certain intended decisions. But in the end, as a result, better decisions had been taken and it had become so much more probable that they had subsequently really been implemented.

Shared or conflicting interests

Indeed, representatives revealed interesting insights into boardroom dynamics, particularly the extent to which they felt they did or did not share common interests about the company with shareholder representatives. Whilst they agreed that they all wanted to promote the company’s long-term interests, interpretations of such interests might vary. One interviewee noted a potential conflict in her role: as a member of the board she hoped to protect the interests of the company as a whole, but as specifically a board-level employee representative, she was naturally concerned above all with those of labour. Views on investment strategy and employment matters were therefore likely to differ, particularly when it came to questions of cost-cutting.

However, it was also observed that shareholder representatives themselves did not always act as a cohesive bloc. On one occasion, when employee representatives had voted against a proposed merger, they were joined by a number of the shareholder representatives and together they defeated the plan. Though in most cases interviewees reported consensual decision making, the Hungarian system allows employee representatives to submit a minority report to shareholders for con-

sideration. Many interviewees stated in one form or another that one of their main tasks was to remind shareholders of the long-term interests of the company, that is, that its purpose was not simply to maximise returns on capital but also to operate in a genuinely sustainable manner.

Competences and skills

Many interviewees have long service in their companies, and were approached to stand as board-level employee representatives by their union as a mark of respect and recognition. In the Netherlands, however, concern was expressed that works councils tended to nominate ‘in their own image’, and the interviewee had set up her own foundation in an attempt to expand the profile of potential nominees. But generally, a detailed knowledge of the company was shared by all interviewees. In most cases, the company itself or the representative’s union provided training in board-level issues, and most representatives enjoyed the support of a network of associates – both amongst senior management and the union – who could be called on for advice. In some cases, external bodies, such as the Hans-Böckler-Stiftung in Germany, provided training too. Representatives also often had pre-meetings with fellow representatives to air issues of common concern. Most acknowledged the pressures of keeping up to date with volumes of complex financial data, especially when it arrived rather close to the board meeting, but also stressed that they brought human-related skills to the board: their contribution centred principally on ensuring that company strategy properly reflected employee perspectives and interests. Many relate incidents in which they were able to affect proposals to the advantage of employees in areas like mergers policy, pensions, redundancies, remuneration and grading schemes, and relocation.

The future of employee representation

All the interviewees spoke positively and warmly of their experiences on the board. They had learnt a great deal about their company not only for themselves but also on behalf of the employees who had elected them. Many had been re-elected on several occasions. The single greatest constraint on their activity was the requirement for confidentiality and their inability to share sensitive information with works councils or unions. Even so, several had devised ways to deal with this – for example, by requesting permission from senior management to use certain categories of information, getting senior management itself to brief employees, and using information in an acceptably general and oblique manner. In all cases, interviewees reported that works councillors and union colleagues understood their position and had never created any awkwardness.

Interviewees did not, on the whole, believe that the global financial crisis had substantially altered their role, but some felt it might make their relationship with shareholder representatives more difficult, as it would put pressure on labour costs and possibly lead to deferred investment decisions. It also required them continually to refine and update their knowledge of financial markets. Several also noted that they had been proactive in placing climate change issues on the agendas of board meetings.

Overall, it is difficult to improve on the observation of one of the board-level employee representatives who summarised his role as ‘educational, challenging and exciting’. Most interviewees would certainly agree.

Acknowledgements

We should like to thank all the interviewees for their time, patience and permission to publish their accounts. We are grateful to the ETUI for the resources to publish this book, and to Janet Altman (translator from French into English) and James Patterson (translator from German into English). Alice McPherson, of Premier Typing, accurately transcribed many of the interviews from audio-tapes. Margarete Hasel and Sandra Schwimbersky enthusiastically supported the project from the beginning, while Adam Mrozowicki kindly carried out the Polish interview. Thanks as well to Lionel Fulton, who compiled the background information on legal and institutional arrangements for board-level employee participation in each country, and to Andreas Zamfir, who helped produce the final master manuscript. Michael Gold was responsible for language revision.

Sandra Hofstetter (consumer research services) – ‘You get a completely different perspective on your company’⁹

Nationality: German

Date of birth: 1968

Name of company (and parent, if applicable): GfK SE

Sector: Consumer research

Location of Headquarters: Nuremberg, Germany

Size of the company: GfK Group sales in 2008: €1,220.4 million (2008 Annual Report)

Number of employees: Worldwide, GfK has a little more than 10,000 employees, of whom about 6,000 are in Europe and just under 2,000 in Germany

Number of countries in which it has subsidiaries: About 100 worldwide

Date of joining company: 1993

In which capacity (i.e. professional background): Senior research assistant (certified translator)

Name of union: ver.di (trade union for the private and public service sector)

Date elected to board: 2005

Number of employees represented: ‘It depends on how you see yourself, because I used to be a representative only for Germany (just under 2,000 employees) before we turned into the SE. Now, I consider myself a representative for at least Europe (6,800) employees, but it could also be worldwide. It’s a bit difficult as we are so international.’

Other positions as employee representative (e.g. trade union, works council): Full-time member of the works council in Germany since 2006, and vice-chairperson of the SE works council since 2009

Operation of the board

How many board members are there? How many are employee representatives?

At present, there are nine board members, but I need to explain some background here. Due to the SE agreement, we have ten members, because we shall have another employee representative on the board, but first we have to go to the court of law to ensure that this is legal, that is, to have ten instead of nine. So it’s a bit complicated. That’s why, at present, we have nine members of the board, three of whom are employee representatives, and six are shareholder representatives. We hope this issue will be resolved by May 2010.¹⁰ If so, we shall then have another employee representative, bringing us up to four altogether, with six from the shareholder side.

What are the legal responsibilities of the board?

⁹ The interview was conducted by Michael Gold on 1 July 2009 (in English).

¹⁰ The court has since confirmed the fourth seat for employee representatives; the company’s Annual General Meeting ratified this at its meeting in May 2010.

It is first of all the supervision of the management board, and then its control, and also discussion and consultation – like giving advice on company strategy. Then, we also, very importantly, check and approve the balance sheet, the financial figures of the company, and the acquisition of new companies.

What are your own legal responsibilities on the board within your position?

The employee representatives have the same rights and duties as the shareholder representatives.

Do board-level employee representatives need to be confirmed by the Annual General Meeting of shareholders?

No. We are independent, so as soon as you are elected – well, usually either by the workforce in Germany or, in our case now, by the SE works council – you are elected and they cannot oppose.

How often does the supervisory board meet?

Six times a year.

What committees and sub-committees does the board have? Which ones do you belong to?

There is an audit committee, a human resources (HR) committee and the presidial [steering] committee, and then there's a nomination committee, but this is made up only of shareholder representatives as it determines the shareholder representatives on the board, so it has nothing to do with the employees or the employee side. I am not myself a member of any of these committees, but on each there's an employee representative involved.

How soon before meetings do you receive papers and documentation?

Too late, I'd say! I don't know if there's any board which gets it on time. But usually, if we have, let's say, a meeting on Wednesday, then you get the papers maybe on the Friday before, at best. Sometimes it's even Monday. It's very late, so this is a problem, because then you have to work through a lot of papers during the weekend, and sometimes it's very difficult to prepare for the meetings because there's hardly any time to discuss all that with the other employee representatives and, at least in my case, we can never involve an expert of any kind because time is just too short.

Personal and evaluative aspects

Personal information

If you look back at your career, could you tell me about how you became a board-level employee representative in the company? What motivated you?

I was already a member of the German works council, so I had some more insight into the company, and I was approached by my fellow works council colleagues if I wanted to go for this position. I found it very interesting because they picked me for my language skills. I was also chairing the economic committee of the German works council, so I had a better understanding of the economic figures and situation of the company, and that was another reason for approaching me. I was really honoured because I think it's a very important function, as you get so much first hand information before anybody else gets it, and you can actually discuss the strategy of the company – where they're heading. You get to see all the figures, all the little details. You are involved in buying new companies and things like that. So that was really what motivated me, and I also wanted to be better prepared for my work here as a works council member, because of the information I get as a board member. And you can share the viewpoint of the employees on economic decisions with the shareholder representatives.

How were you selected or elected to the board? What was the procedure?

In Germany all the employees elect you. So there's an election, and the candidates with the most votes get elected to the board. Right now, the representatives are elected by the SE works council.

One thing I must just clear up, GfK is an SE now. When did it become an SE?

Well, actually, the constitutive meeting for the works council was this year [2009], and it was established as an SE in February 2009. So it's brand new. That's why I still switch back and forth between Germany and Europe, because right now the election process is completely different. The German works council nominates the candidates for the SE works council, and the SE works council distributes the supervisory board seats. Seats are assigned to the countries, and then the delegates of these countries will get the seats. So there's a kind of old system and a new system.

And you were elected obviously under the old system?

For the supervisory board, yes, and this year [2009], I was confirmed again according to the new system. But to make things even more complicated, I'm the person who is actually, right now, holding this fourth seat, because we wanted to have a European component in there. That's why we have only three employee representatives on the board now. So, one is my colleague from Germany, who is currently the chairperson of the SE works council; one is a colleague from the UK; and one is a colleague from the Netherlands, because we wanted to have a European employee panel, so to speak. I'm the one on this unlucky, or unfortunate, fourth seat, so I have to wait for the court to decide.

So it's very complicated – I'm sorry about that! But I was on the board between 2005 and last December [2008], so I have some experience on the board anyway as I served for several years.

What has been the impact of the role on your career in the company? For example, the reaction of colleagues?

I think that your colleagues first of all go, like, 'ooh wow, this is an important function you have now'. And from the management side, I think you get more respect because you are on the board, and you are eye level with them. But actually it's not that important as the power behind it is less than what it actually seems to be.

Has there been any effect of your role on your personal and private life?

No, not really, except that before the meetings you have to spend a weekend reading through all the material, and it would be nice if you had more time or, on some of the things, if you could confer with an expert, or at least talk in-depth with your fellow employee colleagues on the board. That would make things easier, but so far, with GfK, the situation was always a situation of growth. The company has done nothing but grow all the time. It's the first time, at the end of 2008, that we've ever headed into a crisis, and the figures are no longer so splendid, so I think that in 2009 things will change.

Skills/ training

How did you acquire the skills required to act as a board-level employee representative? What formal qualifications do you have? In which subjects?

Regarding the language skills, by profession, I'm a translator. I studied languages, English and Spanish, so that came before my actual GfK career. Apart from that, I did some training in economics and things like that, to prepare myself also for chairing the economic committee of the GfK works council here. Then, I also did some other training, like how to conduct discussions and negotiations, and things like that. And then of course, I have been working for GfK for 15 years now, and across several departments, so I had quite a good perspective of the company as a whole. Moreover, I have been a member of the German works council for almost eight years now and you get plenty of experience from this job.

What special skills have you brought to your role?

I can read a balance sheet, which is important. I have an open mind. I'm a very analytical person, so I can assess problems and strategic decisions quite easily. I think it's important that you have an analytical mind and are not driven by emotions first. You should also have a clear understanding that you serve on this board for the wellbeing of the company and for the wellbeing of the employees.

How do you prepare before meetings? How and where do you seek advice?

We have a preparatory meeting among fellow board-level employee representatives, where we discuss the presentations and information that we are given, and if needs be, we also put questions again to the chief executive officer (CEO) if we had any problems understanding anything. One of the fellow board members from the employee side is deeply involved with ver.di, so we get help from this line as well if we need it.

From outside experts? If so, from whom?

No, not so far.

Have you ever received any special training from your union?

No, not for this position.

Reflections on role in relation to other board members

Could you reflect on your own activity on the board and your relationship with other board members? How do you generally get on with the other members of the supervisory board?

Well, the atmosphere is really very relaxed – at least, it has been so far. I don't know if it will change in the current crisis because we might have more conflicts of interest now of course, but before, when everything was going so well, I think the majority of the decisions were taken unanimously. I mean, there's a discussion, and of course they ask for our insight, which is also valuable for them, as the shareholders don't have a deep insight into what is really moving the people here at GfK, what really drives them, what encourages them, and what the situation is like in the company. That was really valuable information that we could share with them, and they explicitly asked for our opinions and respected them. So what you said was really appreciated and considered. We really get along well.

The only conflict of interest was when the SE was established, because of course we employee representatives were against the fact that they froze our number since, in terms of the actual size of the company in Germany, we came close to 2,000 employees meaning that you then have parity on the supervisory board and get an equal number of employees representatives and shareholders on the board.

How does your representative role affect your behaviour on the board?

That's a difficult question to answer, actually. So far, I'd say it hasn't, because we have never really differed. Last year, we had discussions about a merger. Then, of course our opinion was really valuable and sought after, but there was no real disagreement as we never had to take an actual decision since the merger was called off.

To what extent do you collaborate with the other board-level employee representatives? To what extent does the pre-meeting imply that you have a view that may be rather different from that of the shareholder representatives?

In the past, it has never been that way, except for the merger. Usually, we agree on the board because as the company has always grown, we have never had any difficult economic situations to deal with. But now, I think it might be more important to act as a team together because there may be more conflicts of interest. I am sure that in coming meetings the shareholder side will definitely demand cost reductions, which, of course, in our people-based business, means possibly redundancies, which cannot be in our interest. So, we would then take an opposite view. So

I imagine that things will become more difficult. But also, on the other hand, the shareholders always make an effort to have unanimous decisions.

Can you give some examples where that's happened?

With the SE, for example, they said that we could not have equal numbers, but they agreed that we could have a fourth representative on the board, so this suggestion actually came from the shareholders' side, which was sort of a compromise. I mean, it's not really that satisfactory because we would have preferred to have six to four, but if that's not possible, or an equal number, at least we have this compromise.

You mentioned earlier on a merger – could you say a little bit more about that?

They wanted us to merge with another market research company to become the number two in the world, but we feared that some departments would be duplicated, doing the same jobs as what do here, and we feared that our people would be made redundant because of that. The shareholders at first thought it was a good idea, because if you're number two you have more profit and gain more margin and things like that. But, during the discussions, it turned out that it might not be the best idea for GfK because the two companies were so identical in what they offered. So finally it was decided not to go through with it. It was the first time that – as far as I know – we had a split supervisory board, in that some of the shareholders even voted together with us, with the employee side, so that was really amazing. That was very interesting! So we had a tie there, and that's why they said, okay, we have to think about it again, but then new figures turned up, and it became clear that we couldn't finance it anyway.

So, in other words, you delayed the decision, and then economic circumstances caught up with you, as it were, which added reasons not to go ahead anyway.

Yes. And we also teamed up with the major shareholder in GfK, the GfK Verein [the GfK Association], which holds 60 per cent of GfK – another peculiar fact about GfK. This Association is made up of several clients of GfK, and former GfK management people who have retired. Their intention is not to make profit with the shares, but just to have a say in the company and to make sure that it is protected and will continue to exist in the market. So we also teamed up with this Association against the management board in the merger. That was another very interesting fact. Several members of the shareholders who are on the supervisory board were also members of the Association, so it was very difficult for them to make a decision.

Do you feel similar to the other members of the board or different from them?

For example in relation to views on company strategy, investments, employment, long/ short-term interests?

Most of the time, I think we agree, but if the interests of the employees are concerned, it's also very difficult because, as a board member, your priority is to safeguard the company, but then, you are also an employee representative, so you also have to safeguard the interests of the employees, which might sometimes run con-

trary. So far, we've never had that, except for the merger, where we said we will run into problems with the employees because they will be made redundant or because there will be structural changes. But that was the only time. So far, where acquisitions of new companies have been concerned, or – for example – things like the company figures, the balance sheet and strategy, we've always agreed because we've seen the company the same way as the shareholder side.

Do you ever feel in a minority? If so, what strategies and alliances do you adopt?

Actually, we've never felt much in a minority. We've never had that feeling, because they've always tried to have a harmonious board and not to have the shareholders' side and the employees' side. I don't think the shareholder side sees us as a minority.

Do you feel like an equal partner or do you ever feel manipulated, for example, in being expected to explain difficult decisions to the workers?

I think the thing is that they want us to agree with them, as then afterwards we can't put the blame on them because we had a unanimous decision – we were in the same boat with them, so there's no way for us afterwards to say 'We didn't want it, but they did want it.' That's why. Actually, so far, we've never been in the position where we had to explain unpopular decisions to the employees.

In relation to access to information, have you ever had to insist on answers to questions?

There was some information that we definitely required about the merger, but the shareholders had the same problem. They were also lacking information. But then when we were discussing the construction of a new building here in Nuremberg, we didn't have all the information we wanted. That was another example where the employee side provided the information which in the end convinced the shareholders to vote against it, too, because they wanted to build a high tower, and we said it doesn't make sense, so the strategy was dropped, and now we rent new office space instead of erecting a new building.

Again, that's a very interesting example of a real change in position.

That's because when the shareholders asked us what we felt about the plan, we told them it's a lot of money, and we can't really see the benefits. Then they said, yes, they agreed, and then it was decided to cancel the plans.

How do you deal with the issue of confidential information?

That's sometimes a problem in my role here as an employee representative and as a works council member, because you sometimes cannot share information – you get it first-hand, and there are rumours in the company, but you can't do anything to dispel them. Even though you have the information, you can't pass it on because of confidentiality and secrecy. That is sometimes a conflict.

So how do you deal with that?

Well, in most cases, we go back to management and ask them what kind of information we can pass on. And in works council meetings, we try to tell them in a certain way without really telling them. We say, you have to trust us because we have more information than you have, and it is likely to go in this or that direction. That's how you deal with it, but it's sometimes not very satisfactory, I must say.

Have you ever been tempted to whistleblow?

No, never. We have now established an external contact you can turn to if something like that comes up.

What happens to your pay as member of the supervisory board? Has pay ever created awkwardness with colleagues or others?

No, because we don't keep the remuneration we get from the supervisory board. All the employee representatives pass it on to union foundations. Mine goes to the Hans-Böckler-Stiftung in Germany. The new European colleagues on the board have all signed an agreement to pass their pay to the ETUI in Brussels. So there's no problem, because if you don't keep the money, you're not doing it for the money.

Links with workplace representatives

What are your links with other workplace representative bodies within the company? You said that you're a full-time member of the works council and vice-chair of the SE works council. Does your membership of these bodies ever present conflicts of interest with your role on the supervisory board?

To some extent, because if you are a member of the German works council, you are prone to over-protect the interests of your German employees, but if you serve on the board, you are there for all the employees, or even the whole company. So this might present a conflict of interest, and you really have to think before you make a decision or agree on something what the effects are likely to be on your workforce and the workforce in general.

Can you expand on this idea of 'overprotection'?

Yes. That was before we had the works council at the European level, I must say. We had a company in Great Britain which wasn't doing very well, and it was decided to close it. We just said, okay, fine, and had a unanimous vote, so we didn't do anything to protect the rights of the British employees in this case. This was because we had just the German people in mind. In retrospect, having now an SE-works council, this should never have happened, because it would have been our job to look at the other side too and at least make sure that the closure took into account the interests of the people working there.

Pursuing that a little bit, are there any conflicts in your role as vice-chair of the SE-works council and your role on the supervisory board of the company? Is conflict less likely because the works council at the European level obviously has a broader role?

So far, it is not, but I can imagine that it will be in the future. If we have to decide, for example, to relocate people or close subsidiaries while others still exist, I can imagine that there will be problems in the future. What I learned during this whole transposition process, turning the German AG into the European Company, and making contact with all the European colleagues, is that we really need to have a European point of view, or even a global point of view, when it comes to the company and the interests of its employees, so that it's not just the Germans. Of course, I'm German, so it's really very difficult, but Germans are only a part of the company, and they are as important as the French, Italians, Spanish or Swedish. So you really get a broader perspective and more of a European view on things, and you have to think more in a European than in a German way. This makes it even more difficult, as you no longer have to think only about your German people, but also of the people in other countries, what effects something will have on them.

Do you ever feel you know more about the company than lower levels of management who you come into contact with?

Oh yes, definitely. Sometimes they even come to us, and ask explicitly what kind of feeling we have about this or that, or, sometimes, it gives you an advantage in negotiations, as you know more about what the employees are thinking and what drives them... It also helps you to know that the people are behind you, and even though management feels it's different, you know it's not the case.

Links with the trade unions

What are your links with your trade union/ the union movement? How does your position on the supervisory board influence trade union strategies towards the company? Given that you know the 'real position' of the company.

So far, we've never had any conflicts of interest. GfK is a company with about 2,000 people in Germany, but only very few of them are union members, so the union is very weak in this company.

Do you have any input into collective bargaining, when it comes to pay?

No. We always wanted to, as a matter of fact. We always wanted to have that, but the management side didn't. We have, so to speak, an agreement, which is legally void, but that's how we have negotiated wages between the works council and the management. Management has always kept to their end of the deal. They have never violated the agreement. The relationship with the trade union is weak – there are so few members organised that you can't say, 'Okay, if you don't pay us any more, tomorrow we'll demonstrate outside the company', because if you have only few people out there, management will laugh and say, 'Okay, go on – no problem!'

How is your position within the union affected by being a supervisory board member? For example, have you ever found that at higher levels of the union, people in your position are generally well considered and valued, but at the lower levels, sometimes your role isn't understood very well?

No, not at all.

Overall... and the future

How do you rate your own effectiveness? What achievements are you most proud of?

Definitely that we prevented the merger and have established an SE-works council.

And what do you most regret?

Let me think... Maybe that we didn't think more about those poor people in the UK when we decided to sell the company.

What are the greatest constraints on your activity?

I think the confidentiality – that you have to keep things confidential, that you can't always share information with the works council, and when you are informed officially, it might already be too late to act. As I said before you have no real power to prevent or stop things.

You mentioned earlier the question of the financial crisis, and I'll just draw you back to that. Looking to the future, how has your role changed/ how do you think your role might change given the current global financial crisis?

I think it might become more difficult, because it will certainly call for the employee representatives to team up more, also to take a stand against the shareholders if needs be, because before, that was not necessary, but now, if we are discussing things like cutting costs, I think we definitely have to point out more what we feel is right for this company, and that might sometimes contradict what the shareholders think is right. For example, the shareholders will continue to say you have to cut costs to keep the margin up. We say you must retain the people, because this is a people-based company, and we shall need all their competence and professionalism after the crisis to be there in the markets and start business again. So we should live through the crisis, but do everything possible to retain the people.

Still looking to the future, has the issue of climate change ever been discussed at board level in relation to the company's role in attempting to reduce its environmental impact?

No, that question has never come up yet.

How do you assess the balance of advantage/ disadvantage in being a board member?

I think it's positive, because from what I contribute to the board, shareholders get an understanding of what people feel, of what motivates people, of what people think about certain things, of what is still missing in the company and what should be done about certain things. I think you really have no power to stop things or to

change things, but if you tell the shareholders they understand it better and sometimes maybe if they think twice about a decision, then that's okay.

Do you have anything else by way of background or final comment?

'You get a completely new insight into the company and different cultures.'

What I like about my role is that you get a completely different perspective on your company, that you sometimes begin to see things differently, in a different light, and also from a different angle, which is very interesting. Also, the conversations that we have with the shareholders, at the dinner table or during the breaks, that is also very enriching and personal, not as an employee of GfK, but in the sense that you learn about management and how they assess economic situations and other companies. That's very interesting and also quite valuable for me as a person. Also, now with the situation with the European colleagues, and the employee representatives there, you get a completely new insight into the company and different cultures - you learn more about European cultures and all that.