

Not an Unsolvable Problem

To some U.S. companies, the German version of co-partnership through works councils, trade unions and boards of directors seems very exotic. However, this form of company culture should be viewed as a chance rather than a risk, because knowing the rules of the game can easily bring substantial advantages.

This extreme form of the German co-partnership through works councils may be unique, but is this necessarily a disadvantage? After all, last year the Federal Republic of Germany was again the world champion in exports. Also, car manufacturers such as BMW and Porsche, who are strongly committed to co-partnership, chalk up new sales records

and mally occupies a position between the capital side and the workers/employees' side. Furthermore, the chairman of the board is elected only by the shareholders and has a double voting right, which makes it impossible to make any decisions against the capital owner. This type of co-partnership only applies to boards of directors. Unlike American compa-

panies often do not want a works council at all. (The trade unions are losing members every year, whilst the number of work councils remains constant.)

So how accurate are those reports about power-oriented works councils that can paralyze a company? Certainly there are black sheep on both sides. For example, on the one hand there are employers who neglect the lawful rights of their employees, whilst on the other you will find works councils which only fight for the interests of single employees instead of focusing on the main goals of the company. Nevertheless, the vast majority of German companies see works councils as an advantage. It means only one forum is needed to deal with various issues. If each basic issue had to be negotiated with each single employee, it would require much more time and also cost more money. Furthermore, if a work council can be convinced of the necessity of fundamental changes, it will very often help to push through unpopular decisions.

A powerful tool to motivate the employees

If a company succeeds in building a confidential relationship with its own works council, it will have a powerful tool with which to motivate its employees, resulting in higher productivity. Especially where firms have set the switches to the right positions from the outset, cooperation with works councils will be excellent. However, if a company makes aggravating mistakes, it can cause itself big problems with its works council.

Summary: It is a huge step from an extensive self-determining venture to the German model of co-partnership. But cooperation instead of confrontation brings rewards for all sides! Heinrich von Pierer is a good example of this approach: As CEO of Siemens, he was awarded the title of "Honorary Works Council Member" by his own works council and he is very proud of this. His success proves he was right. You just have to know how to go about it!

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What a works council and the trade unions can do

	Works Council	Union
Scope	Internal coordination	Special industries or specific regions
Example	Employment, dismissals, approval of overtime, etc	Negotiation and closing of collective labor agreements
Representation of	Employees in a specific company	Union members only
Enforcement	Amicable arrangements, local labor courts	Strike action

year after year. So how do these contrasts fit together? First of all we have to define the different concepts and possibilities of influence. We have two versions of co-partnership:

1. boards of directors who have parity with each other, and
2. co-partnership within companies through works councils.

The co-partnership by employee representatives who enjoy parity within the board of directors is mandatory for companies with 2000 or more employees. Here we have a legally defined number of mandates for boards of directors, one half representing a company's capital and the other half representing its employees. Shareholders' meetings elect the representatives of the capital side and company employees elect their own representatives.

In addition to this, the trade unions represented in a company can put forward their own candidates. This co-partnership is said to be "based on parity," although one mandate is reserved for a leading employee who nor-

mally occupies a position between the capital side and the workers/employees' side. Furthermore, the chairman of the board is elected only by the shareholders and has a double voting right, which makes it impossible to make any decisions against the capital owner. This type of co-partnership only applies to boards of directors. Unlike American compa-

nies, German companies do not have unitary boards but external control panels (supervisory boards) and internal executive committees to which no employees will be elected. Within a company, the works council has some established rights. What is a works council and what can it do? And what are the trade unions allowed to do? A works council only acts on matters concerning its own company, whereas a trade union acts for many different firms. By the way, the number of workdays lost due to strike action in Germany is extremely low. The number of strikes in the USA is nine times higher. Works councils and trade unions are not directly linked, although many works council members are often also members of trade unions. Employees are completely free to join a trade union and to elect trade union members as well as independent members of the workforce to their works councils. A works council usually consists of a mixture of trade union members and independent, non-union employees, although employees of smaller