Acas welcomes the opportunity to respond to the committee’s inquiry into corporate governance and in particular on the issue of workers on boards. As you may know, Acas is an independent non-departmental public body with the statutory duty of improving employment relations in Great Britain. As well as our role in helping settle employment disputes we have considerable expertise in good employment relations practices and in systems of worker representation.

Acas is an impartial body governed by a tripartite Council. To safeguard its reputation for independence and its impartiality, it traditionally remains neutral in policy debates of political and industrial controversy. However we would like to offer observations on some of the practicalities that can lead to successful worker representation, whether that be workers on company boards or employee participation in consultative or negotiating committees.

There is a considerable body of evidence demonstrating a strong relationship between employee “voice” and participation, employee commitment and good organisational outcomes. In Acas’ experience, involving employees in business decisions brings benefits for everyone, whether this is done through unions or other arrangements.

We know from our work with organisations and from academic research on issues such as the Information and Consultation of Employees Regulations\(^1\), that a number of factors are particularly important for successful worker involvement:

- transparency and fairness in the selection of worker representatives;
- clarity about the constituencies from which representatives are drawn;
- clarity about how the involvement arrangements sit alongside and support other mechanisms for facilitating employee voice and engagement including, where relevant, trade union representation.

As regards workers on boards there is, of course, a clear difference between decision-making in a business and the corporate governance role of the board. Consideration would need to be given to issues around the accountability of

\(^1\) Information and consultation at work: from challenges to good practice - Gill Dix and Sarah Oxenbridge
Acas Research and Evaluation Section 2003

\(^2\) Information and Consultation under the ICE Regulations: evidence from longitudinal case studies – BIS 2010
worker directors and their fellow board members, which may have implications for company law.

The training and support that worker representatives need in order to be effective on a board should also be considered, including personal development and understanding company finances. Representatives may have limited experience of working on committees and need support in developing softer skills so they can contribute confidently and constructively. Other Board members may have development needs in relation to working effectively alongside worker representatives. Other practical considerations include arrangements for keeping in touch with workforce opinion and communicating about board activity. Representatives would probably need time allocated for board duties and associated activity.

Worker representatives on company boards are potentially just one part of establishing good employment relations which depend on a wide range of factors including management style, employee engagement and organisational policies. But the issues we set out above are some of the considerations that we feel need to be taken into account when developing worker representation systems. Much more guidance on setting up worker representation systems can be found in our booklet on workplace representation which the committee may be interested in reading. You can find this here: http://www.acas.org.uk/media/pdf/h/o/Representation-at-work-advisory-booklet.pdf.

Acas
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