

Worker representation on corporate boards from a longitudinal perspective: Between corporate governance and industrial relations

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Abstract

At the intersection between industrial relations and corporate governance - i.e. corporate board worker representation - this paper applies three perspectives from the industrial relations literature (unitary, pluralist, and egoist) on changes in directors' perceptions over time. Empirically, a longitudinal survey (1999-2014), filled out by both shareholder- and worker-elected directors in the largest listed Swedish corporations, is utilized to map differences and similarities between the two director populations regarding the degree to which the directors display pluralistic, unitarian or egoistic assumptions. The findings indicate differences between the two categories of directors than employee elected regarding the egoistic assumptions. Shareholder elected directors expose such assumptions to a significantly higher degree than worker-elected directors. However, the assumptions that gain the highest means for both categories of directors are the ones connected to the unitary perspective. This leads to the conclusion that differences between worker-elected directors and shareholder elected directors regards the allocation of value added of the firm rather than how this value added has been created. The paper contributes to the industrial relations literature by linking perspectives on industrial relations, often understood as incommensurable, by considering a longitudinal development in perceptions among relevant actors participating in corporate boards. The paper also contributes to corporate governance understanding of how the institution worker-elected directors interact with the board mechanism.

1. Introduction

Worker representation on corporate boards (henceforth WRB) is again an issue that draws policy attention, for instance in the UK¹ and the US². Although this attention has not been transformed into actual regulation, it shows the (renewed) importance of an issue that has received little research interest for quite some time. WRB as a research field exists at the intersection between industrial relations and corporate governance. Industrial relations is here understood as the multidisciplinary study of employment relations (Kaufman, 1993) and corporate governance as the system 'concerned with who controls the firm, in whose interest the firm is governed and the various ways whereby control is exercised' (Gospel and Pendelton, 2003, p. 560). In different corporate governance / industrial relations models, there are different versions of WRB, which can broadly be categorized as either following a conservative German model or a Social-Democratic Scandinavian model (see further Jackson, 2005). The most well-known and documented is the German model of co-determination (e.g. Höpner, 2005; Jackson, 2004). The co-determination model, with its long tradition and complicated relation to German 19th and 20th century history, provides workers with a strong position, holding half of the seats on the supervisory board (Aufsichtsrat). In that sense, German co-determination is an important corporate governance mechanism (e.g. Höpner, 2005). Another, less documented (although see e.g. Berglund et al, 2013; Levinson, 2001; Overland & Samani, 2018), WRB approach is applied in Sweden. Swedish WRB is a policy product of the 1970s, the peak of the Swedish Social Democratic Labour movement, and a part of a larger attempt to reorient the Swedish business society toward a stakeholder perspective of the corporation (SOU 1970, p. 41; Levinson, 2000; 2001). Unlike Germany, the Swedish corporate governance model includes a one-tier board structure, and the Swedish model provides labour unions with a possibility of two, or three, seats on the board. As such, the shareholder-elected directors form a clear majority, and hence the Swedish WRB becomes less of a corporate governance mechanism and more a question of industrial relations.

The study of industrial relations is often claimed to take place within four incommensurable research traditions (e.g. Budd and Bhave, 2008; Tapia et al, 2015): Unitary, pluralist, radical and egoist. The unitary perspective, associated with e.g. Bacon (2003), has a management perspective on industrial relations and assumes a common interest between the involved actors. The pluralist perspective, on the other hand, assumes that workers and managers/shareholders have divergent interests and, thus, focuses on institutions involved in resolving conflict (e.g. Clegg, 1975). The idea that conflict between workers and managers/shareholders could be resolved is refuted by the radical perspective, associated with Marxist theory, and thus emphasizes issues regarding class, control and power (e.g.

¹ 2016 at a UK Conservative Party Conference the then Prime Minister, Theresa May, suggested worker representation on corporate boards to reform UK capitalism (e.g. The Financial Times, September 8, 2016).

² US Senator Elisabeth Warren proposed the Accountable Capitalism Act to the US Congress in August 2018 (e.g. www.congress.gov). The Act included, among other things, worker representation on corporate boards in corporations of certain size.

Hyman, 1975). Finally, the egoist perspective, proposed by Budd and Bhawe (2008), is connected to a neo-liberal understanding of the world, and hence describes the labour market like any other market, based on rationality, supply and demand, having a similar understanding of markets as do finance. Budd and Bhawe (2008) as well as Tapia et al (2015), show how different normative underpinnings of these research traditions tend to result in a scholarly consensus regarding the incommensurability of these perspectives. Nevertheless, they also propose that future research in industrial relations should try to bridge the different perspectives, focusing less on the normative aspects and more on explanatory potential.

In this paper we answer these calls and try to bridge the different industrial relations perspective on WRB, while empirically studying perceptions on board work from the perspective of the involved actors (i.e. directors). However, we will do so excluding the radical perspective³. As public policy, and as a normative stance, WRB is clearly pluralistic. That is, to have worker representatives on corporate boards acknowledge that labour and capital has different interest in the corporation, and WRB creates an arena for negotiation and as a resource for efficient decision-making (Levinson, 2000). That does, however, not necessarily mean that directors on corporate boards understand board work as primarily pluralistic. Afterall, the function of corporate boards tend to be explained with theories from corporate governance (primarily Agency theory, e.g. Fama & Jensen, 1983; Stakeholder theory, e.g. Freeman, 2010; and Resource dependency theory, e.g. Pfeffer & Salancik, 1978), and albeit industrial relations could be included in all these understandings of boards, it is not necessarily that pluralism is the only viable perception. Therefore, we claim that the degree to which directors understand board work as more or less pluralistic, unitary or egoist, are important to increase our understanding of WRB as a corporate governance/industrial relations mechanism. Empirically, we utilize a unique longitudinal survey database of directors in the largest listed Swedish corporations collected between the years 1999-2014, a period during which the Swedish society, the industrial relation model as well as organized labour transformed substantially (Ryner, 1999; Vandenberg & Hundt, 2012). The survey is based on a framework for understanding board-work activities and perceived responsibilities of directors involved in actual board work. Surveys are collected for directors elected by shareholders (hereon referred to as SR) as well as directors elected (through their unions) by workers (hereon referred to as ER). Different items from the survey is grouped to trace if the respondents display an egoistic, a unitary or a pluralistic understanding of board work, and we statistically test to what extent the two categories (SR and ER) differ.

The findings of the paper indicate both changes, and persistence, in the director's assumptions over time and between the categories of directors. Foremost, it is striking how similar both groups of directors actually are; both groups tend to be mostly unitary in their views, they focus on the interest of the corporation as such, and display a smaller interest in their "home-constitutes", be that shareholder (egoist) or other stakeholders (pluralist). However, there are some differences. The SR had more of egoistic assumption than the ER over time and less of unitarity in 2004. Still, each year the assumptions are significantly

³ Our argument for excluding the radical perspective is foremost practical. The empirical tool utilised in this paper is a longitudinal (1994-2014) survey to directors on their views on board work. In the survey there are no questions asked that could be connected to a radical understanding.

different from each other except for the egoist and unitary in 1999. A speculation is that the different perspectives are connected to different phases of the business model. While the similarities of the assumptions of the two categories of directors may be connected to the ways in which the company creates wealth, the differences may be related to the allocation of the firms' value added. The rest of the paper is structured as follows: After a brief historical sketch of the Swedish corporate governance model from an industrial relations perspective, our propositions are set out. This is followed by a method section and a presentation of our results based on a longitudinal study of the Swedish (shareholder- and worker-elected) director population. Finally, findings are discussed considering industrial relations literature, before being concluded.

2. Industrial relations and corporate governance in Sweden

Swedish corporate law, as it was introduced in 1848 and as it remains today, is based on the notion of a sole proprietor and a unified system of corporate law with regard to size and corporate purpose (i.e. Swedish law only acknowledge the AB [Sw: aktiebolag] for investment with limited liability[1]). That is, unlike many other countries, such as the UK distinguishing private from public corporations or Germany distinguishing between GmbH and AG, Swedish law only acknowledges the AB, which has the stated purpose (unless otherwise declared) of profit generation on behalf of the shareholders. Today, this is a non-topic; however, that has not always been the case. In the early 1970s industrial democracy was a hot topic and both the liberal parties and the Social Democratic Party proposed different ways for increasing the employees influence. In 1972, the Social-Democratic government proposed directors representing labour (in corporations with more than 100 employees, later from 25 employees) and directors representing the state (in the largest investment companies) with, among others, this argument:

“The standpoint – that the board of directors has a responsibility in total, toward all stakeholders involved and in the interest of the corporation, rather than toward one specific group – is slowly sinking in, both in the general debate and in board practice” (Prop. 1972:162, p. 60).

That is, when proposing a new law regarding board representation on behalf of society and labour, the government also tried to redefine the corporate purpose in Sweden. This was part of a larger program on behalf of the Social-Democrats and the labour movement. In the 1970s, Swedish Social-Democracy had embarked on a program of 'economic democracy' as the step to follow 'political democracy'. This program culminated a few years later with the wage-earner fund debate (see further Whyman, 2004; Viktorov, 2006); a reform with the purpose of creating 'social enterprises without owners' (Meidner, 1975). The regulation regarding worker representation was initiated 1971 as the Swedish trade union federation (the blue-collar LO) started to advocate a new law regarding broader representation of workers in corporate decision making. In 1974, the Social Democratic Party lost their majority and in 1976 a change to a liberal - conservative government occurred. The reform was thereby delayed. A governmental committee was established in order to prepare for such regulation (Sass, 2014) and in 1978 the regulation was implemented. The regulation made it possible for the union(s) in an AB with more than 25 employees to elect two to three members as representatives on the board. At that time, the union density was 92% (Statistics Sweden, 2017). Sweden was not the only country to implement WRB during the

1970s. Six other European countries issued similar regulation in the 1970s; among others Denmark and the Netherlands (Conchon, 2011).

Since the 1970s, Swedish society has gradually been transformed. Deregulation (e.g. of capital movement in the 1980s), the neo-liberal movement and globalization (e.g. joining the EU in the 1990s) have affected both values and regulation. Simultaneously, union density in Sweden is slowly decreasing, and is currently down to 69 % in 2016 (Statistics Sweden, 2017). Nevertheless, labour representatives remain on the boards; probably as they are considered beneficial for both labour and shareholders (see further Levinson, 2001), perhaps also as the labour directors perform important monitoring roles (e.g. with regards to accounting quality, Overland & Samani, 2018). At the same time has the inequality of salaries increased most in Europe during the last 15 years (Statistic Sweden, 2019). However, there is also a declining interest in the ER, as an increasing number of local unions has chosen to opt out of labour representatives, especially in the growing service industry (Berglund et al, 2013). Taken together, labour representatives on corporate boards remain a distinguishing character of Swedish corporate governance, even in times when increasing convergence is reported regarding corporate law (Katelouzou and Siems, 2015) as well as corporate practice (Schnyder, 2016). Furthermore, labour representatives have survived the onslaught of financialization in Sweden (Belfrage and Kallifatides, 2016), although it seems that norms such as shareholder value have been added to – rather than replacing – traditional stakeholder norms in Swedish corporate boards (Jonnergård and Larsson-Olaison, 2013).

3. Defining shareholder- and worker-elected representatives' assumptions on board work

According to Budd and Bhave (2008) and Tapia et al (2015), most research on industrial relations has emerged from four different perspectives: unitary (employer and employees basically share a common interest, e.g. Bacon, 2003); pluralist (employer and employees has different interests that need to be mended, e.g. Clegg, 1975); radical (the conflict of interest between employer and employees can never be overcome, e.g. Hyman, 1975); and egoist (labour markets are no different from other markets, e.g. Budd & Bhave, 2008). As mentioned above the radical perspective is not included in this paper. In table 1 below, some of the features of the perspectives are gathered.

Perspective	Egoist	Unitary	Pluralist
View of employer	Profit maximizing.	Profit maximizing with self-interest to align its interest with employees.	Profit maximizing or stakeholder value. Divergent interest from employees.
View of employees	Utility-maxing (survival and income). Rational.	Fulfilment. Motivated by intrinsic rewards.	Equity and voice. Psychological beings with moral worth and democratic rights.
View on market	Key driver, ideally perfect competitive	Important for establish broad terms of condition for employment, not deterministic	Imperfect competitive, imbalances in bargaining power
The employment contract	Mutually advantageous trade in a free market by self-maximizing agents. Market solutions.	Long-term partnership with a unity of interest. Trust and harmony. Managed conflict.	Bargain between stakeholders with pluralist economic interests and unequal bargaining power. Need for regulation.
Key beliefs	Freedom and individual self-interest yield optimal outcome through free market transactions.	Corporate policies can align the interests of employers and employees.	Optimal outcome is achieved when there is a balance between employer and employee interests.

Table 1: Perspectives on employer-employee relationship (developed from Budd and Bhava, 2008, p. 13; 2009, p. 56 and Tapia et al, 2015, p. 16)

According to Budd and Bhava (2008) the different perspectives could be understood as frames of reference, that is the understanding that different actors draw on when making sense of a given situation (such as board work), or ideologies, that is in a normative sense how the actor perceive how the world ought to be. As may be seen in table 1 the assumptions⁴ of the perspectives differ. The issue dealt with in this paper is the way these assumptions may vary between different parties and different perspectives and how this may be reflected at the level of board of directors. A first step in specifying this is to determine how the different perspectives would materialise in actual board work and guided by research from corporate governance on boards.

3.1 Unitary perspectives among directors on WRB

In industrial relations the unitary perspective could be understood as a management perspective. It is about creating policies and practices that align the interest of the employer and the employees (e.g. Bacon, 2003), where the employer's strive for profit-maximisation does not occur at the expense of the employees' interest of fulfilment (Budd & Bhava, 2009). Hence, there is a common interest between the actors presenting itself in the structure of the corporation as a legal entity.

In corporate governance research, one prevailing view of the corporate board concerns resource provision by directors. This is the resource dependency theory (e.g. Pfeffer, 1972; Pfeffer & Salancik, 1978). According to resource dependence theory, the role of the board is to decrease the uncertainty of the firm and, in so doing, to act as guardians of the corporations as such. Hence, the main responsibility of the board is then towards the legal entity - the corporation (see Blair and Stout, 2001). Besides resource dependency theory also stewardship theory (e.g. Donaldson & Davies, 1991) has been used in research on corporate boards to capture this aspect. The focus of the stewardship theory is not board as such but rather the managers that the board oversees, and the managers intrinsic motivation when running the corporate operations. Stewardship theory will simply see the managers as stewards and then role of the board becomes different - you provide resource and support rather than control (Donaldson & Davis, 1991).

Unitary view on industrial relations paired with the resource dependency theory has implications for WRB and board work. A director, regardless if they are elected by the shareholders or by the employees would need to go beyond the representation of their "home-constituencies" - board work is not to favour one group on the expense of the other, it is about sacrifice from all groups for a common good, and that common good is to favour the corporation as such. To cut back dividends to reinvest in the corporation could in the short run harm shareholders. To close plants and lay off employees to distribute cash to shareholders will hurt employee interest. Nevertheless, both decisions could be in the interest of the corporation. The primary interest of the corporate entity is - like all persons - survival. The board of directors could further this interest by for instance provide strategy formulation and other resources.

⁴ In this paper we apply Budd & Bhava (p. 93) definition of assumptions as "...beliefs about human behavior and the nature of various institutions.

3.2 Pluralistic perspectives among directors on WRB

In industrial relations, the pluralist perspective starts from the notion that the employment relationship is based on different interests that sometimes are in conflict and sometimes are aligned (Clegg, 1975). The power balance between the employer and the employee tend to be tilted in favour of the employer, hence mechanism (such as a labour union, and WRB) needs to be introduced to balance the relationship (Budd & Bhava, 2009).

In corporate governance research a strong theoretical perspective is the stakeholder theory (Freeman, 2010; Donaldson & Preston, 1995). The corporation is not viewed as a legal entity, instead it is viewed as something created by the stakeholders that should act in the interest of these stakeholders. The stakeholder theory is formulated both as a managerial theory and a normative theory (Donaldson & Preston, 1995), where the managerial branch would focus on act of balancing different interests surrounding the corporation, while the normative would prescribe action on behalf of all legitimate stakeholders.

In a corporate structure, there are strong forces (product, as well as financial, markets) that would favour the shareholders. In some instances, this will come at the expense of other stakeholders. To balance this unequal relationship, directors on the corporate boards representing other stakeholders, could be introduced. The implication on actual board work would then be a strong sense of a mandate where different stakeholders are considered in the decision-making process. Certainly, the labour is but one stakeholder in the corporation, but directors elected by the unions would tend to be more open towards the interest of other stakeholders in broad sense (e.g. suppliers, surrounding society, including the environment).

3.3 Egoist perspectives among directors on WRB

In industrial relations, the egoist perspective founded on the (neo)-liberal idea of efficient markets. Labour markets are no different, and individuals strive based on their self-interest will create optimal outcomes on the labour market (Budd & Bhava, 2009).

The egoist perspective, and neoliberalism, follows a well-established neo-classical line of thought also present in corporate governance research. Contract theory (e.g. Alchian & Demsetz, 1972) turns the corporation into a mere legal fiction, with the employer as the central actor signing contracts with all other actors. This line of thought is picked up in the dominant corporate governance theory: the agency theory (Jensen & Meckling, 1976; Fama, 1980; Fama & Jensen, 1983). Financial markets pressure inside actors (such as managers and directors) to pursue shareholders' interests, potentially at the expense of other actors (Fama, 1980).

Such a view of the corporation has vast influence on board work. To focus on the signals from the financial markets (stock price movements) and to formulate incentive programs for management based on these movements, becomes a strong signal to put shareholders interest above all.

3.4 Propositions

The “translation” above of the perspectives from industrial relation into possible assumption for directors on the board implies that four propositions may be set out to guide the empirical research.

Arguable, the WRB approach acknowledge that shareholders and workers have different interests. This in turn ought to influence the assumptions and frame of reference of the two categories of board members, hence:

Proposition 1. The ER and SR differ in the degree they align to different perspectives on the firm and the board work

Acknowledging that shareholders elect themselves, or their representatives, to the boards, would lead us to assume that these directors should try to favour the interest of the shareholders. In addition, being investors, they may support ideas as the prominence of the market and the market forces, hence:

Proposition 2. SR tend to draw on an egoistic frame of reference

In a similar way the worker representative, elected to give voice to the employees may be expected to a lower degree comprise assumptions that give prominence of the market forces, hence;

Proposition 2b. ER tend to a lower degree than SR to draw on an egoistic frame of reference

Following the same line of thought, the workers elect their representatives to give a voice of the stakeholders, hence:

Proposition 3. ER tend to draw on a pluralistic frame of reference.

Proposition 3b. SR tend to a lower degree than ER to draw on a pluralistic frame of reference

While the egoistic and the pluralistic perspectives implies normative assumption of the firm's relation to its environment, the unitary rather focus on the way internal operation of the firm. The idea of the loyal CEO in the stewardship theory or the contribution of different resources by the directors on the board implied by the resource dependency theory, are both built on the idea of the survival of the firm as the main goal. In this area it is likely that no conflict in assumptions exist between ER and SR, hence preposition 4 are partly opposed from preposition on:

Proposition 4: There are no differences between ER and SR assumption within the unitary perspective

4. Method

4.1 The Survey

Data was collected through surveys complemented by archival data. Five surveys were sent out in 1994, 1999, 2004, 2009 and 2014 in order to study director perceptions and norms. In this paper we use the surveys from 1999, 2004, 2009 and 2014. The surveys were sent to directors of the largest and most traded corporations, listed on the Stockholm stock exchange, and to the board of directors of corporations targeted in the 1994 survey, which still existed and had not been de-listed. The table two below shows the population and the response rate:

Year	1999	2004	2009	2014
Total population	691	949	691	693
Response rate	42%	35%	27%	26%
Whereof employees' representatives	86 27%	61 18%	33 18%	33 18%

Table 2: Total population and response rate by employees' representatives

The survey included several questions whereof four questions are used in this paper: the assumptions of the board function, the assumptions of the role of the market, the assumptions of the responsibility of the board and the assumptions of the mandate of the director. All questions included several sub-items and was assessed on a 7-grade Likert Scale.

4.2 Operationalisation

We developed one measure for each perspective investigated. In a first step we logically classified sub-items of the survey questions mentioned above. The coherence of these logically developed constructs was tested with factor analysis (not reported here) which led to some adjustment in the constructs. A Cronbach Alfa was performed on the final measure indication an alfa for the egoist perspective 0,72, for the unitary of 0,65 and for the pluralist of 0,85. The content of the measures is listed in appendix 1.

4.3 Tests

In order to test for difference between ER and SR a one-way anova has been performed. As the variances were substantially different in the three constructs, we choose to test the differences between the perspectives within each year with a Wilcox ranking test.

5. Results

First, we test whether the construct of egoistic, pluralistic and unitary significant differ between each other at different point in time. Table three shows the mean and standard division between the perspectives, while table four shows the differences in means between different perspectives.

Assumption		1999	2004	2009	2014
Egoist	Mean	4,18	4,40	4,52	3,97
	St div	1,016	,867	,989	,628
Unitary	Mean	5,12	5,24	5,02	5,02
	St div	,651	,561	,628	1,267
Pluralist	Mean	4,07	4,21	4,33	4,33
	St div	1,263	1,442	1,2672	,554

Table 3: Means and standard divisions of the perspective

Differences between groups	1999	2004	2009	2014
Egoist/unitary	0,000	0,000	0,000	0,000
Egoist/pluralist	0,124	0,005	0,002	0,001
Unitary/pluralist	0,000	0,000	0,000	0,000

Table 4: Wilcoxon signed rank test; significance level 0,05.

As may be read in the table the unitary perspective significant differ from the other two perspectives, while the egoistic and pluralistic perspectives do not significant differ in 1999 but all other years. We therefore continue to see if these differences are due to a difference in assumptions between shareholder representatives and employee representatives.

Table five shows the results from the test of the differences in assumptions between employee elected directors and the shareholder elected directors.

Year		1999	2004	2009	2014
Egoist	Mean SR	4,92	4,61	4,64	4,01
	Mean ER	3,16	3,52	3,97	3,78
	F	216,47	104,05	13,42	4,60
	Sign	0,000	0,000	0,000	0,033
Unitary	Mean SR	5,02	5,18	4,99	4,9923
	Mean ER	5,24	5,51	5,15	5,1531
	F	3,59	17,24	1,72	1,72
	Sign	0,589	0,000	0,192	0,192
Pluralist	Mean SR	4,00	4,13	4,35	4,2031
	Mean ER	4,23	4,53	4,20	4,3549
	F	2,144	3,72	0,36	0,38
	Sign	0,144	0,550	0,541	0,541

Table 5: Differences between shareholder elected and employees selected directors over time.

The only difference between the two categories of board members that is significant over time regards the egoistic perspective. Shareholder representative tend to in a larger degree possess this perspective than employee representative. However, this does not imply that the perspective dominates amongst the shareholder representative. The mean for the unitary perspective has been highest at all points of measurement. Regarding the pluralistic perspective there are no significant differences between the categories of board directors, and regarding the unitary the categories differ significantly only in 2004. This implies that we can preposition one may be partly rejected, preposition 2b may be not be rejected, while preposition 4 may not be rejected.

6. Discussion and conclusion

In this paper, worker representation on corporate boards (WRB) has been studied from the perspective of the involved actors. This was done in the empirical setting of Scandinavian Social-Democratic WRB (see further Jackson, 2004) highlighting the tension between corporate governance and industrial relations. The ambition was investigating in whether the three, often considered as incommensurable, perspectives on industrial relations; unitary, pluralist, and egoist (see further Budd & Bhav, 2009; Tapia et al, 2014) were possible to operationalize and describe differences between different categories of board members. To bridge the industrial relations theories a few theories from corporate governance was employed. To guide the empirical study four prepositions were set out, and the following discussion will centre on these prepositions.

Firstly, a striking result of the empirical study is the consistency over time and between the two different categories of directors, and thereby rejecting proposition 1 of this paper, while supporting proposition 4. Directors on the boards in the largest listed Swedish corporations primarily takes a unitary stance towards the corporation and their own assignment as directors of the board. This is regardless if they are elected by the shareholders or the employees. A unitary perspective, as it is outlined in this paper, is to priorities the corporation interest over e.g. shareholders and other stakeholders, acknowledging the position in industrial relations research that there is no conflict of interest between the employer and the employee (e.g. Bacon, 2003). With regards to corporate governance research we connected the unitary notion to the well-established resource dependency theory (e.g. Pfeffer & Salancik, 1978) and the stewardship theory (e.g. Donaldson & Davies, 1991). On one hand, it is reasonable, that person occupying a seat on corporate board primarily acknowledge the interest of that very entity. But on the other hand, it runs counter to dominant notions in law, industrial relations, as well as corporate governance research. Corporate law in Sweden prescribe profit maximisation on behalf of the shareholders. Swedish law also prescribes WRB, as a pluralistic stance to balance also other stakeholders' interests, reasonable in line with dominant thought in industrial relations research. Finally, it is not what could be expected from a corporate governance research perspective either, with its strong focus on control and the creation of shareholder value.

Hence, a reasonable claim regarding WRB from the perspective of the involved actors is that strong unitary frames of references (Budd & Bhav, 2009) are drawn upon. This is true for both categories of directors (SR and ER). Obviously, this runs counter to proposition two and three, were we expected the worker representatives to be pluralistic and the shareholder representatives to be more egoistic. Instead we found the highest mean for both categories in the unitary perspective. This might be due to that the unitary perspective deals with how to generate value for the firm, not to allocate the income of the firm. Processes of aggregation of value may be easier to agree on than processes of allocation. Alternatively, when a pluralistic group of people enters a room with egoist people (preposition 2 and 3), they form a common perception, and then the unitary stance is a good compromise. This is in line with Levinson (2000) findings regarding how beneficial the ER was considered by both the managers and the SRs.

Secondly, in the empirical part we identified one statistically significant difference between the two categories, hence small support for proposition 1. In the early surveys the SR clearly held a stronger egoist perception than the ER. The SR favoured the shareholders and held a more positive view of the role financial markets could play in the governance of the corporation. One could claim that the SR had a stronger contract theoretical (e.g. Jensen & Meckling, 1976; Fama, 1980) understanding, or built more heavily on neo-liberalism, than did the ER. This was in line with our formulated preposition 3. Given the strong position that contract theory occupies in for instance management education (e.g. Ghosal, 2005) and the role this theory has had for creating the understanding of corporate governance (Weinstein, 2012) the findings are reasonable.

The third finding relates to the same phenomenon and is perhaps more interesting. In the later parts of the surveys (2009 and 2014) the difference between the ER and SR when it comes to the egoist understanding disappeared, and it was the SR that converged on the ER. It might be a far stretch to claim that the SR finally was socialised in line with the ER, rather the 2008 financial crisis seems to be more plausible. In that sense an externally generated crisis generated an internal consistency among the directors between the different categories. At the same time, the general global trend of financialization (e.g. Lazonic & O'Sullivan, 2000), also apparent in Sweden (e.g. Belfrage & Kallifatides, 2018), is supposed to place the financial markets at the centre of the governance of the corporations. When the directors then lose faith in financial markets, one might wonder what will come instead.

In this paper we have specified three general perspectives from the research in industrial relation into middle range theories about which assumptions that are underlying for different categories of board members in the work on the board. This specification has shown to be fruitful for understanding and the describing differences and similarities between different types of directors. The main conclusion is that Swedish directors - regardless if they are elected by shareholders or employees - has much in common for how they understand the corporation and their own role therein. In general, they tend to priorities the corporation at the expense of the interest groups they are representing. Given the context this is not a surprising conclusion. The traditional Swedish model has been built upon the idea of consensus and a strong discourse of the importance of industrial growth. However, as the traditional Swedish model has been partly dismantled the last twenty years, we had expected an increased (rather than decreased) difference between shareholder representatives and worker representatives. This seems not to be happened and we are left with the question of if and where the conflicts of interest between different interest groups are handled in the corporate governance system.

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[1] The distinction between 'public' and 'private' in Swedish corporate law only concerns capital requirements, a form of creditor protection, and the present-day distinction between 'listed' and 'non-listed' concerns minority shareholder protection, all under the same umbrella of the AB.

Appendix 1: The construct of the measures

All items are measured with a Likert scale 1-7

Unitary (Cronbach alfa 0,654)

Item included:

Companies spread risk most effectively through diversification.

Survival is always the company's most important objective.

Generated profits shall primarily be re-invested in the company.

The best way for a board to fulfil its functions is to contribute its industrial knowledge and experience to the company

The board's role is to formulate guidelines for the CEO's work

The best way for a board to evaluate a company is via an ongoing dialog with the top management.

The best way for a board to fulfil its functions is to actively participate in the formulation of the company's strategy.

The board bears responsibility for the consequences of the company's actions even if they are not the result of board decisions

The board bears responsibility above and beyond what the law prescribes

As a board member, I am personally responsible for the decisions the board makes.

Pluralist (Cronbach alfa 0,854)

Items included:

The board is responsible for the organization of the company's operational activities.

The board is responsible for the company's environmental impacts.

The board is responsible for the company's tax policies.

The board is responsible for the company's relations with labour unions

The board is responsible for the company's working environment.

The board is responsible for seeing to it that the company honours its agreements.

Egoist (Cronbach alfa 0,718)

When investing on the stock market the investors' time horizons are long enough to assure a healthy industrial development in the company

The interests of shareholders is always the company's first priority

The best way for a board to fulfil its functions is to design good reward schemes for the company's top management.

The board' primary responsibility is to the owners.

As a board member, I represent my own opinions rather than the opinions of particular interest groups