

WestminsterResearch

<http://www.westminster.ac.uk/westminsterresearch>

**Pension Schemes, Sustainable Investing and the Promise and
Challenge of Governance Innovations**

Cooper, E.

This is an electronic version of a PhD thesis awarded by the University of Westminster.

© Ms Emmeline Cooper, 2021.

The WestminsterResearch online digital archive at the University of Westminster aims to make the research output of the University available to a wider audience. Copyright and Moral Rights remain with the authors and/or copyright owners.

**Pension Schemes, Sustainable Investing and the
Promise and Challenge of Governance Innovations**

Emmeline Cooper

A thesis submitted in partial fulfilment of the
requirements of the University of Westminster for the
degree of Doctor of Philosophy

June 2021

Abstract

The thesis is motivated by a contemporary paradox: beneficiaries' occupational pension contributions, as invested through their pension schemes, form significant financial flows. But almost all beneficiaries are disengaged from the governance decisions determining these flows. Moreover, if beneficiaries are dissatisfied with the performance of their pension scheme, opportunities to exit are absent or limited in pensions systems with a (quasi-)mandatory second pillar, where the market impulse is stifled. This thesis offers a new perspective on how to understand and respond to this paradox. Drawing upon Hirschman's *Exit, Voice and Loyalty* (1970), I argue that in the face of either absent or limited opportunities for exit, governance innovations which enhance beneficiary voice should be considered. In particular, voice has the potential to bring benefits to pension scheme governance which, given the recent turn to sustainable investing, addresses the complexity of governing schemes in the best interests of beneficiaries.

Taking Hirschman's suggestion of voice as an alternative to exit seriously, I draw upon influential democratic (deliberative and participatory democracy) and strategic management (stakeholder) perspectives which theorise on engaging with publics for decision-making. I distil their normative concerns into an integrative conceptual framework, that includes seven qualities of voice: (a) inclusive engagement; (b) deliberative communication; (c) informed engagement; (d) transparency; (e) influence; (f) articulating value; and (g) feasibility.

The idea of enhanced forms of voice is likely to be challenged as infeasible in pension schemes and on matters of sustainable investing. I address this critique by presenting a qualitative, interpretative analysis of two governance innovations that engage beneficiaries: the Member Council and the Delegate Assembly. Both models are integrated into sustainability-focused pension organisations situated in mature, multi-pillar pensions systems, where beneficiaries have no or restricted

opportunities to exit. The empirical findings explore how the practice of these models shape the realisation of the qualities of voice.

Although I take the normative ambitions of voice seriously, I do not take a polemical stance that ignores the structural and contextual challenges to realising its promise. Instead, I draw out the locally specific conditions in each case study that enhance or encroach upon the realisation of voice. By drawing connections with the literature on citizen engagement in public governance, I examine the promise and challenge of institutionalised voice for pension schemes. I argue that while there are significant and pervasive obstacles, the conditions of pension schemes also provide an institutional setting conducive to voice. Moving forward, I suggest ways in which voice in pension scheme governance might be further enhanced and enriched.

Acknowledgements

This thesis would not have been possible without support from colleagues, friends and family. Many thanks to Professor Graham Smith for his guidance, detailed comments, and his openness to alternative theoretical perspectives. Also thank you to my second supervisor, Dr Dan Greenwood, for his helpful feedback and encouragement.

Thank you to those who offered me the opportunity to present my work at seminars and conferences. In particular, thank you to: Maximilian Schormair, Dirk Ulrich Gilbert and Abraham Singer and participants in the Business Ethics Quarterly Paper Development Workshop. Also, many thanks to Rod Dacombe, and the UCL Public Policy Research Network, Pauline Gleadle, Emilio Marti, David Seidl, Andreas Georg Scherer and colleagues at the University of Zürich.

Additionally, the UK Political Studies Association provided impact funding to attend a pensions industry conference. And the University of Westminster provided funding to attend the Business Ethics Quarterly Paper Development Workshop, at the Society of Business Ethics Conference, USA. I owe a huge debt of gratitude to the pensions organisations that were happy for me to speak to them and feature as case studies. Many thanks for your time, and your trust.

Thank you to my dear friends who provided inspiration and company throughout the process of completing the thesis: Kate L, Santwana, Renate, Rachel, Shireen, Kate B, Olivia, Kirianne, Sue, Jane, Shailja, Sherri, Khumo, Anna and Alice. Thank you also to Christine, Daniel, Monica and Kuba, as well as Liz, Mark, Lucy, Bruce, Katy and, of course, Morris.

Finally, and most of all, I would like to thank my family for their enormous support, from the bottom of my heart, without whom this thesis would not have been started, nor completed.

Author's Declaration

I declare that all the material contained in this thesis is my own work.

Voice is essentially an art constantly evolving in new directions

Albert O. Hirschman, *Exit, Voice and Loyalty*

Contents

Introduction	10
1. A Portrait of Pension Schemes and their Governance.....	20
Pensions and society.....	21
Pension schemes and their governance	24
Pension scheme governance: Boards and other actors.....	28
Pension scheme regulation.....	31
Pension scheme governance: An agency theory perspective	34
Concluding comments	36
2. Sustainable Investing and the Governance of Beneficiaries’ Best Interests.....	38
Corporate social responsibility and sustainability	39
A typology of corporate social responsibility theories	40
Sustainable investing	44
Sustainable investment instruments	46
The question of sustainable investing and governing ‘best interests’	48
Concluding comments	53
3. Three Theories of Voice: Stakeholder, Participatory and Deliberative Theories.....	54
Stakeholder theory	56
Participatory democracy.....	63
Deliberative democratic theory.....	69
Concluding comments	77
4. Analysing Pension Scheme Governance: A Conceptual Framework of Voice	80
Towards a conceptual framework of voice.....	80
A conceptual framework of voice	81
Table 1: A Conceptual Framework of Voice.....	83
Qualities of the conceptual framework.....	86
Inclusive engagement	86
Deliberative communication.....	87
Informed engagement	89
Transparency.....	93
Influence	95
Articulating value	97
Feasibility	99
Concluding comments	100

5. Research Design and Case Study Method.....	102
Research approach	103
Defining and researching governance	103
Research strategy.....	105
The case method.....	106
Identifying cases and gaining access.....	107
Research ethics, informed consent and anonymity	109
Documentary evidence	110
Qualitative interviews	111
Data analysis and representation	113
Concluding comments	115
6. A Case Study of a Governance Innovation: The Member Council	116
Pensions in the Netherlands	117
Pension scheme background	118
Sustainable investing approach	119
Origins of the Member Council.....	119
The Member Council: Characteristics.....	120
Qualities of the Member Council.....	123
Inclusive engagement	123
Deliberative communication.....	127
Informed engagement	130
Transparency.....	134
Influence	136
Articulating value	142
Feasibility	144
Concluding comments	146
7. A Case Study of a Governance Innovation: The Delegate Assembly	150
Pensions in Switzerland	151
Scheme backgrounds	152
Sustainable investing approach	153
Origins of the Delegate Assembly.....	154
The Delegate Assembly: Characteristics	156
Qualities of the Delegate Assembly	158
Inclusive engagement	158
Deliberative communication.....	162
Informed engagement	166

Transparency.....	170
Influence	172
Articulating value	175
Feasibility	178
Concluding comments	179
8. The Promise and Challenge of Voice.....	182
Inclusive engagement	184
Deliberative communication.....	189
Informed engagement.....	194
Transparency.....	199
Influence	203
Articulating value	206
Feasibility	208
Concluding comments	209
Conclusion.....	212
The Member Council.....	215
The Delegate Assembly.....	216
The promise and challenge of voice	218
Appendices.....	224
Appendix 1: Details on Participation.....	225
Appendix 2: Interview Guide	226
Appendix 3: Nvivo Codes	230
Appendix 4: Documentary Sources.....	231
Appendix 5: Interviewees	233
References	234

List of Tables

Table 1: A Conceptual Framework of Voice.....	83
Table 2: Summary of Design Characteristics of Member Council Model.....	121
Table 3: Summary of Design Characteristics of Delegate Assembly Model.....	157

List of Figures

Figure 1: 'Pension Fund Investment Management: Institutions and Services'.....	31
--	----

Introduction

Most people would rather not think about occupational pensions – an unappealing cocktail that mixes considerations of our own inevitable ageing along with personal finance. It is a tippie which few like to savour. But the retrenchment of state pensions and longer life-expectancies have meant that occupational pensions, sometimes referred to as second pillar pensions, are becoming increasingly important. The UK policy of automatic enrolment, established in Pensions Acts from 2007 (Department of Work and Pensions, 2020) exemplifies this trend and has resulted in the number of eligible employees with an occupational pension increasing from 10.7 million in 2012 to 18.7 million in 2018 (Department of Work and Pensions, 2020).

Other than participating as a contributor or recipient, beneficiaries are by and large disengaged from their occupational pensions. This disengagement sits oddly with the significance of their contributions, as invested by pension schemes. Global pension fund assets at the end of 2019 stood, in total, at \$39.5 trillion (£30 trillion), equivalent to a quarter of global bank assets (FSB, 2020). Given the scale of these assets, where and how pension schemes invest are consequential for firms, for society and for the environment. This is of particular importance to beneficiaries who rely on their schemes to provide a pension and ensure a good quality of life in old age.

It is this contrast, a contemporary financial paradox, which forms the kernel of this thesis. This observation is not new, but surprisingly few have addressed its

implications. Peter Drucker (1993) highlighted nearly thirty years ago how beneficiaries were disengaged with their pensions. Since then, occupational pensions – from here on I will refer to them simply as ‘pensions’ – have become even more important as financial and social institutions.

The origins of my own interest in pensions lie in headwinds of the financial crisis. At this time I was teaching a series of courses on business and society. This literature includes those perspectives that see ‘responsible’ or ‘sustainable’ business as a transformative model for business-society relations (Carroll, 2016), as well as those who believe, from very different vantage points, its aspirations are misplaced (Banerjee, 2014; Friedman, 1970). Given this debate, I became very interested in the role of those actors with most leverage over corporations, whose interests would have most influence: their investors. Pension schemes are an increasingly significant investor group, giving rise to ‘pension fund capitalism’ (Drucker, 1993). Given this growth, the investment behaviour of pension schemes, particularly as ‘sustainable investors’ and as active owners, is consequential for corporate behaviour. But also, pension schemes are an institutional bridge, as investors, between corporations and the ‘ordinary’ individual, the beneficiary who is a member of an occupational pension scheme. It is this understanding of the position of pension schemes, as linking institutions which connect corporations to individuals, which underpins this thesis.

At the heart of pension scheme governance are the fiduciary duties, or their equivalents, that require schemes to act in the best interests of beneficiaries. But how are these duties expressed in the governance of pension schemes? How and for whom are these decisions made? Board members are relied upon to use their good judgement. These boards mainly comprise representatives of employers, employees and/or unions and sometimes, in the UK, independent board professionals (The Pensions Regulator, 2017). Given that elections are widely used to select these board participants, some might argue that beneficiary interests are well met in these governance arrangements. However, the fiduciary duties inevitably create a form of decision making that is isolated from beneficiaries’ preferences. For fiduciary duties to be met, it is not necessary for board decision

making to be close to or to engage with beneficiaries. It is sufficient for fiduciaries to act in the best interests of beneficiaries, based on their own understanding. Voice is present here, but in a weak and highly diminished form. Indeed, the isolation of board decision making from beneficiaries entrenches a principal-agent relationship, along with its associated risks (Clark and Urwin, 2008).

If a beneficiary is dissatisfied with the decisions her pension scheme makes, that fails to act in her best interests, can she choose to leave the scheme and join another? In pension systems operating a (quasi-)mandatory second pillar, such as the UK, the Netherlands and Switzerland (Ebbinghaus, 2011), the market impulse is largely stifled. While employers can choose pensions providers, the choices available to beneficiaries themselves are either highly limited (opting out, at best) or absent. In these circumstances, finding a new pension scheme, involves finding a new employer first.

Given this highly undesirable situation, I turn to Hirschman's *Exit, Voice and Loyalty* (1970). Hirschman argued that in the face of declining organisational performance, individuals (whether consumers, citizens, members, beneficiaries) have three choices: leave the organisation (exit), complain (voice) or remain with the hope of improvement (loyalty). The focus of Hirschman's argument is primarily addressing circumstances where exit and voice co-exist, examining the interplay between the market and the non-market, and their interaction with the status quo, namely loyalty.

Where exit is an option, he identifies voice as well-suited to specific circumstances, for example, in those where goods require large financial outlays and when individuals are members of an organisation rather than simply consumers. Hirschman states that members are more likely to voice concerns because an individual is a member of fewer organisations in comparison with their extensive transactions as consumers. He argues this improves the cost-benefit calculation for an individual contemplating voice. Additionally, members can be smaller in number than consumers in a marketplace, therefore accounting for a larger proportion of sales and giving rise to more influence. In this scenario, the cost-

benefit calculation is again tipped towards voice. I would add that the designation of membership in itself is likely to initiate the sentiment of commitment (in Hirschman's terms 'loyalty') that can foster voice. There are striking similarities between his description of the optimal conditions for voice, and the conditions of the pensions industry, whatever the system type.

Hirschman characterises voice as 'any attempt at all to change the practices, policies, and outputs of the firm from which one buys or of the organisation to which one belongs. Voice is here defined as any attempt at all to change, rather than to escape from, an objectionable state of affairs'. He goes on to discuss the types of activities which could count as voice, such as 'individual or collective petition to the management directly in charge, through appeal to a higher authority with the intention of forcing a change in management, or through various types of actions and protests including those that are meant to mobilize public opinion' (1970: 30).

While Hirschman examines the interplay between exit, voice and loyalty in various scenarios, this thesis is based on a specific set of conditions; in (quasi-)mandatory pension systems exit does not effectively exist as an option. Hirschman argues that in these circumstances voice is the only available option to express dissatisfaction. Following Hirschman, I characterise voice as an attempt to change policies that result in dissatisfaction. Unlike Hirschman, I do not focus on the types of activities initiated by individuals or publics, such as petitions or wider social movements. Instead, the focus of this thesis is on the potential role of institutionalised entities, as established by the pension schemes themselves, to engage with and facilitate the voice of beneficiaries. The case studies of the Member Council and the Delegate Assembly, which I discuss in chapters six and seven, are illustrative of governance innovations that have been established by schemes to elicit beneficiary voice in pension schemes.

As Hirschman points out, economists understand a great deal about exit – the market mechanism. And, to a limited degree, political scientists also address the

potential of exit for realising socially and politically desirable conditions¹. In contrast, voice is largely considered the domain of political science, and specifically addressed in the study of democratic systems and governance.

In this thesis I take Hirschman's argument for voice as an alternative to exit seriously. To be clear, I do not make the argument that boards are defunct. Rather, my argument is that board decision making can be strengthened by governance innovations which enhance beneficiary voice. Indeed, forms of voice have been widely organised into public governance settings (Smith, 2009), as well as in corporate settings (Lee, 2019; Whittington and Yakis-Douglas, 2020) to inform the decision making of either elected representatives in the case of the former, or senior executives in the case of the latter. In public governance, mini-publics such as citizens juries and assemblies are used to inform decision making on complex, technical matters. Similarly, stakeholder forums and other consultative models are part of the standard tool kit of the strategic management of firms. Despite the widespread influence of voice in these other fields, to the best of my knowledge, this thesis is the first to examine the effectiveness of institutionalised voice in pension schemes. It offers a novel perspective on the place, value, and potential of voice in pension scheme governance. By synthesizing the theoretical and analytical resources from democratic theories and stakeholder theory, and applying my conceptual framework to two case studies of innovation, the thesis initiates a wider conversation on the potential of institutionalised beneficiary voice in pension schemes.

The relevance of voice in pension schemes is additionally underscored by a recent trend: the turn to sustainable investing. I argue that this adds further complexity to governing pension schemes in the 'best interests' of beneficiaries. On matters where the materiality of sustainability concerns are clear, the course of action is straight forward. But sustainability issues should not be over-simplified. In some

¹ As an example, see the work of political scientist Mark E. Warren (2011) who discusses exit in democratic theory. More recently, Ilya Somin argues that exit mechanisms ('foot voting') are able to realise similar, if not better, democratic qualities ('better-informed and more thoughtful decision making') than ballot box voting (Somin, 2020: 39).

circumstances there may be a lack of evidence or in others evidence may be ambiguous. In other cases, sustainable investing may raise wider questions about whether monetary value, as captured by the risk-adjusted return, is the best way to define the value of a pension for beneficiaries.

Hirschman argues that through voice, a consumer is able to improve the policies and outcomes of an organisation. In this thesis, I suggest that voice has the potential to provide pension schemes with knowledge that will enable them act in the best interests of their beneficiaries.

To understand the promise of voice, I turn to three prominent and influential theories that address the benefits of voice for decision making, organisations and individuals: stakeholder theory, participatory democracy and deliberative democracy. Stakeholder theory suggests that closer engagement with beneficiaries may reveal their preferences towards sustainability, providing a source of knowledge for organisations to draw upon in the creation of value. It also argues that stakeholder communication processes are the means through which ethical issues can be addressed in strategic decision making. Theorists of participatory democracy stress the place of participation on knowledge creation, and the beneficial consequences of this knowledge for individuals and society more widely. In pension scheme governance, active participation offers the possibility of improving beneficiary knowledge not only on pensions or investment matters, but also on wider governance matters. The value of participatory democracy for understanding pension scheme governance therefore lies in its capacity to understand how knowledge imbalances between beneficiaries and schemes can be addressed, and the consequences of this, not only for schemes as organisations, but for individuals, and wider society. Deliberative democratic theories argue that through deliberation, participants become more informed, more engaged, and more able to participate on complex issues where preferences are undeveloped. It is argued that public deliberation (in contrast to private acts, such as voting), encourages participants to consider not just their own but also the perspectives of others; not just their individual interests but also wider interests. Additional, epistemic advantages are also realised from the deliberative process.

Drawing on these three theories, I discuss the potential of voice for pension scheme governance and the specific task of sustainable investing.

Critics may question if forms of voice are feasible in pension schemes, or may wonder if the ambitions of stakeholder, participatory and deliberative democratic theories can be fully realised in practice. I address this critique by turning to real-life examples of voice. At the heart of this thesis' empirical enquiry is the following research question: how have pension schemes engaged more closely with pension scheme beneficiaries on sustainable investing, and through which models? To answer this, the empirical analysis is framed by the following questions: how, and to what extent, are the social actors involved sensitive to the qualities in the conceptual framework of voice?; in what ways, and to what extent, do these models realise the qualities in the conceptual framework of voice?; and finally, what are the implications of these findings for the potential of voice in pensions governance?

Two case studies of governance innovations are examined: the Member Council (from the Netherlands) and the Delegate Assembly (from Switzerland). Both models are situated in sustainability-focused schemes situated in mature, multi-pillar pensions systems (Ebbinghaus, 2011), where beneficiaries have restricted or no opportunities to exit. The value of empirically examining these examples is that (quasi-)mandatory settings provide an opportune setting for voice, enabling the practice, and value, of voice in sustainability-orientated pension schemes to be examined in more detail and its potential explored.

Although in this thesis I take the normative ambitions of voice seriously, I do not take a polemical stance that ignores the structural and contextual challenges to realising its promise. In the analysis of the case studies of the Member Council and the Delegate Assembly, I draw out the locally specific conditions which enhance or encroach upon the realisation of voice, and its qualities. I then elaborate on the promise and challenge of voice in further detail, drawing upon not only my own empirical case study findings, but also more established experiments with voice in public governance. As a result, the comparisons I draw between the case study

findings and the broader evidence also reveal the pervasive problems and challenges to the realisation of voice. Moving forward, by identifying how other models of public engagement have been designed to address these challenges, I indicate future opportunities for strengthening and enriching institutional voice in pension scheme governance.

My argument is laid out in the following steps. To begin, in chapter one I present a portrait of pension schemes; their historical origins, place in society and their function. This is followed by an overview of their governance, as expressed in law and in regulations, and in terms of the internal and external actors involved. Finally, I examine the insights agency theory brings to understanding pension scheme governance. Chapter two introduces sustainability and responsibility, initially as concepts that address the role of business in society and then as concepts that have influenced investment strategies and their practices. To conclude this chapter, I examine the questions arising from sustainable investing for pension scheme governance. I argue that sustainability raises complex governance problems on how beneficiaries' best interests can be understood and known by fiduciaries, or their equivalents.

In response to these problems, in chapter three, I present three theories of voice: stakeholder theory, participatory democracy and deliberative democratic theory, and examine their potential for understanding and reshaping the context of pension schemes and sustainable investing. I argue that these theories offer accounts of rationality, knowledge and preference formation that contrast with the dominant agency perspective. As such, they offer theoretical resources for understanding how voice can help address the questions arising in pension scheme governance and sustainable investing.

In chapter four, I combine these theories of voice into a normative integrative conceptual framework of voice that can be used to empirically assess pension scheme governance. This chapter draws on Smith's (2009) *Democratic Innovations*, an assessment of institutionalised voice in public governance settings. Smith's own work was informed by Dahl's (1998) criteria for a democratic

process. This approach dovetails well with Hirschman (1970) who referred to Dahl's views on democratic participation himself in *Exit, Voice and Loyalty*. Despite the multi-disciplinarity of this thesis, there is a natural affinity between its theoretical elements and their respective approaches to understanding institutional design and effectiveness.

My conceptual framework brings together the concerns of stakeholder theory, participatory democracy and deliberative democracy. Stakeholder theory contributes an emphasis on the place of plural perspectives in releasing firm value. Participatory democracy focuses on the one hand, on the value of active participation for enhancing knowledge, but equally, on the significance of realising genuine influence. And finally, deliberative democracy emphasises the importance of the democratic characteristics and conditions required for deliberative public communication. By blending these the central concerns of these three theories together into one conceptual framework, I define the effective use of voice as the realisation of: (a) inclusive engagement; (b) deliberative communication; (c) informed engagement; (d) transparency; (e) influence; (f) articulating value; and (g) feasibility. The value of this framework is twofold: first, it builds on the theoretical discussions within these three prominent theories and by blending them together provides a framework for a normative understanding voice, suitable for the institutional context of pension schemes. Second, it can also be applied to empirical examples of voice, guiding the analysis of their effectiveness.

In chapter five, I explain my choice of a qualitative theoretical lens, and the value of this method for examining the practice of governance. In the following chapters six and seven, I apply this conceptual framework to two qualitative case studies of governance innovation in pension schemes: the Member Council model and the Delegate Assembly. This term is derived from two sources. In his book *Democratic Innovations*, Smith (2009) examined citizen engagement in policy-making. Similarly, Clark and Urwin (2010) described *governance innovations* in the pensions industry. By discussing these case studies of enhanced beneficiary voice as governance innovations, this thesis offers possible extensions to both of these usages. Drawing upon documentary evidence and governance actors'

interpretations of the practice of voice, the ways in which the two case study models realise the conditions for the normative qualities of the conceptual framework are assessed.

In chapter eight, I examine the potential and challenge of institutionalised voice in further detail. Drawing upon the findings from the two case studies and comparing these, I identify parallels with the literature on citizen engagement in public governance and establish a deeper level of insight on their effectiveness. By highlighting how other forms of voice have addressed similar challenges, I identify how the weaknesses of voice can be addressed, and how its effectiveness in pension scheme governance can be enhanced and enriched. To finish, a short concluding chapter draws the thesis findings together, and identifies a future research trajectory for advancing knowledge on beneficiary voice in pension scheme governance.

1. A Portrait of Pension Schemes and their Governance

To understand the promise and challenge of voice in pension scheme governance, we must first appreciate their distinctiveness as institutions. To begin with, the significance of pension schemes for beneficiaries and the relatively weak position of beneficiaries are important to acknowledge. Beneficiaries invest a proportion of their income to secure retirement income and a good quality of life in old age². In parallel to this, in (quasi-)mandatory pensions systems (Ebbinghaus, 2011), beneficiaries are limited or unable to exit their scheme and choose another pension provider. As a consequence, beneficiaries are disempowered: they are strongly encouraged or directed to participate in schemes, and to invest considerable sums, but they have weak links to the decision making that guides performance. In this context, understanding the way in which pensions are governed enables us to understand why voice – as an alternative to exit – holds promise.

Even among OECD countries, pension provision varies considerably. Provision is shaped by historical legacies in welfare state policies, bodies and systems of law, contemporary political-economic configurations and demographic trends. Despite this diversity, it is possible to draw out some broad themes on the structural features of pension scheme governance, and their historical and legal context. To

² In the UK, the minimum contribution from employees from 2019 onwards is 5% of their salary (Office for National Statistics, OCPSS, 2019).

set the scene for the later empirical chapters, which are located in specific country contexts, the discussion in this chapter focuses on pensions in three mature multi-pillar systems: the Netherlands, Switzerland and the UK (Ebbinghaus, 2011). These countries' pension systems are characterised by a basic universal state pension, along with well-established mature occupational pension provision (Ebbinghaus, 2011), referred to as the second pillar. Building on Ebbinghaus' typology, these countries share (quasi-)mandatory occupational pension provision, with limited beneficiary access to exit. They also all have relatively high levels of investment as a proportion of GDP (Ebbinghaus and Wiß, 2011; OECD, 2019³).

In this chapter I begin with a discussion of pension schemes in society, covering their significance not only for beneficiaries, but also as institutional investors. Next, I examine the legal context of pension schemes and their functional responsibilities. Informing my later empirical discussion of interpretations of pension scheme practice, I discuss the types of activities governance involves, along with the range of internal and external actors. Following this, the regulatory context, and the normative notions of good governance are discussed. Finally, I view pension scheme governance through the agency lens, the most widely used theoretical perspective on pension scheme governance. Together, these elements present an in-depth portrait of the institutional setting of pension schemes, creating the backdrop for later discussions on the promise and challenge of voice.

Pensions and society

One of the oldest occupational pension schemes is the Chatham Chest, a weather-beaten trunk that is on display at the Royal Maritime Museum in London. Originating from 1590, this trunk was established by a benevolent ship owner, as an early collective pension for wounded sailors (National Maritime Museum, no date). Occupational pensions only emerged at scale during the 19th century as

³ After the US – which holds over half of all OECD pensions assets – the UK has the second largest pensions market (USD 2.8 trillion) in the OECD. The Netherlands has the fifth with USD 1.5 trillion. Switzerland has the 7th with just under USD 1.0 trillion (OECD, 2019b).

large-scale employers, such as governments, utilities and large corporations, began to be established. Given their financial stature, these employers could make a credible commitment to delivering an employee pension, and the benefits this provided to the employer created the incentive to do so (Sass, 2006). As Laboul and Yermo (2006) note, economic theory argues that organisations reap the benefits of pension schemes through improved human resource management (e.g. lower turnover) and improved productivity. Additionally, the possibility of using pension schemes as sources of internal finance, as part of book-reserve finance systems, was an additional early incentive. Alongside these benefits, the union movement has also contributed to the growth of occupational pensions and the shift in expectations that a good employer provides an occupational pension (Ghilarducci, 2006).

In recent years, the significance of occupational pension provision for retirement income has grown. There has been a 'retrenchment' of public pension provision in the UK (Munnell, 2006) as well as in the Netherlands (Anderson, 2011). Most recently, the UK Pension Acts from 2007 made it a requirement for employers to enrol eligible employees in an occupational pension scheme (Department of Work and Pensions, 2020; The Pensions Regulator, 2021); a move which encourages employees to participate through requiring them to opt-out, rather than opt-in. In the wake of this Act, participation in occupational pension schemes in the UK is likely to increase further, making them an increasingly important source of income in retirement. This policy change has moved the UK system even closer to the Netherlands and Switzerland, both of which operate (quasi-)mandatory pension systems. The implication of mandatory or opt-out pensions systems is that the exit mechanism is either absent or diminished. The question of voice, is therefore particularly pertinent in this context, given that alternative options for expressing beneficiary dissatisfaction are unavailable.

In parallel to their social welfare role, occupational pension schemes are increasingly significant as a group of institutional investors (Davis, 2008; Clark, 2000; Hawley and Williams, 2000; Useem and Mitchell, 2000). In total, global pension fund assets at the end of 2019 stood, in total, at \$39.5 trillion (£30 trillion),

equivalent to a quarter of global bank assets (FSB, 2020). Furthermore, they have grown by more than 80% over the last 10 years (FSB, 2020). As early as the 1990s Peter Drucker discussed ‘pension fund capitalism’ (Drucker, 1993) to describe their prominence as institutions, and later the term ‘fiduciary capitalism’ (Hawley and Williams, 2000) was coined.

In recent years, pension schemes have experienced challenging times and reassessed their ability to meet their liabilities (Clark and Urwin, 2008). As a result of increasing life expectancy, market volatility, the use of marked-to-market accounting practices that reflected market volatility, and a steep fall in long-term bond interest rates, increasing numbers of pension schemes have been in a position of deficit rather than surplus (Clare and Wagstaff, 2013). The 2008-9 financial crisis dealt a further blow to their performance, resulting in the closure of some defined benefit plans and losses among some defined contribution plans (Clark and Urwin, 2010). By the end of 2014, pension schemes were operating in an environment of low returns, low interest rates and low growth in advanced economies (OECD, 2015). And the future economic outlook is not good: even before COVID-19 there was a high risk of further market volatility or even ‘serious financial distress’ (Borio, 2016), but the current pandemic has created immense economic disruption and instability.

In parallel to these trends, interest in sustainability has gathered pace. Sustainable investing is an investment approach that takes into account the influence of non-financial considerations such as social, governance and environmental considerations upon long-term investment performance. Broadly speaking, it is based on an appreciation of the interconnectedness of the performance of investments with their wider social and environmental context. It has been argued that given pension schemes’ long-term investment horizons, as well their tendency to invest in a cross section of the economy (meaning that overall portfolio performance will reflect the performance of the economy as a whole), sustainable investing is a particularly relevant investment approach for pension schemes (Hawley and Williams, 2000). The UN initiated PRI (Principles for Responsible Investment) is an example of an NGO/industry organisation that seeks

to encourage consideration of sustainability concerns in investing. The increasing number of PRI signatories (PRI, 2020) reflects growing interest in sustainable investing, and its move from a niche industry to a mainstream investment approach⁴.

Given the societal, financial, and social welfare significance of pension schemes, it is surprising that their governance, and the way in which decisions are made, are so rarely discussed. It also reveals a curious paradox, between the collective financial significance of beneficiaries' pension contributions and their disengagement with the decisions made on their behalf. In the following section I examine pension scheme governance in detail. By understanding how decisions are made, on what basis, by whom, and for whom, this chapter lays the foundation for understanding the implications of sustainable investing for pension schemes, and the relevance of voice for this context.

Pension schemes and their governance

Pension schemes provide beneficiaries with their retirement benefits, delivering the 'pension promise' (Clark and Monk, 2008). They 'are beneficial organisations combining various administrative and organizational tasks with a vaguely defined but widely accepted mandate – that they act on behalf of beneficiaries' best interests' (Clark, 2006: 483). An occupational pension 'scheme' is the organisational entity responsible for the administration and governance of the pension 'fund', that is, the portfolio of assets which are used to deliver the individual pension benefits to a beneficiary (Aschcroft et al., 2011). Pension schemes are arranged for employees, with the benefits provided to these individuals or other family members with entitlements.

There are a variety of collective terms in use, such as 'members', 'participants' and 'beneficiaries'. In this thesis I refer to beneficiaries, in the same way as the Pensions Regulator (UK), to describe all individuals who are either actively

⁴ Established in 2006, there are now 3,038 PRI signatories as of December 2020 (PRI, 2020).

contributing, or receiving pensions as part of an occupational pension. Beneficiaries are:

Active members, who are building up benefits in the scheme; pensioners who are receiving a pension from the scheme; deferred members who have left the scheme but still have benefits; prospective members who are able to join the scheme in the future if they become eligible; widows and widowers of members; dependents of members; former spouses who have been granted pension credits within a scheme; and in some cases the employer who may be entitled to receive funds from the scheme in the case of a surplus or winding up. (2007, no page)

Pensions are arranged either as defined contribution or defined benefit pensions. In defined contribution pensions, the level of retirement benefit is not guaranteed by the employer and the beneficiary bears the financial risk of the investment's performance. In defined benefit pensions, the retirement benefit is guaranteed, with the employer bearing the financial risk (Kakabadse et al., 2003). Pension schemes in the Netherlands are predominately defined benefit, average salary schemes (Bonoli and Häusermann, 2011). Defined benefit pensions are also still commonplace in Britain⁵, although the trend is moving towards defined contribution schemes. In Switzerland they are largely defined contribution (Anderson, 2011) and, as in Britain, there is also a growing increase in the number of schemes offering defined contribution.

The tasks and functions of pension schemes involve three core activities: the administration of contributions; the determination of value and beneficiary eligibility; and the management of scheme assets (Clark, 2004). The latter involves

⁵ The Department of Work and Pensions' 2009 survey of pension provision shows that around a third of private sector employees (32%) have a pension in a defined benefit scheme, around a sixth (14%) have a pension with a defined contribution scheme, and around an eighth (7%) have a pension which is part of a hybrid scheme (2010: 18). Many pension schemes are closing down their defined benefit plans to new members (and in some cases even to current members) (Kadabakse, 2003).

optimising the trade-off between risk and reward, maximising performance within a risk budget, and creating value for all stakeholders (Clark and Urwin, 2010).

The dominant agency perspective in corporate governance identifies the necessity of separation between executive and board decision making, for example through independent boards and the separation of CEO and Board chair (Daily et al., 2003). In pension schemes, some have argued that there is a less clear separation between the role of the board and the executive in scheme activities (Thomas, 2011). This suggests that pension scheme governance is more susceptible to governance risks than corporate bodies.

Understanding the governance of pension schemes therefore involves an appreciation of how governance tasks and functions are controlled, and by whom. The OECD define the governance of pension schemes as:

All the relationships between the different entities and persons involved in the functioning of the pension plan. Governance also provides the structure through which the objectives of the pension plan are set, and the means of attaining those objectives and monitoring performance. It is the mirror image of the corporate governance of the public limited company, which consists of the set of relationships between the company's management, board, shareholders, and other stakeholders. (2002: 2)

These tasks and functions are fulfilled by diverse governance forms, depending upon the scheme's setting and its jurisdiction. Among the multi-pillar pension systems of the UK, Netherlands and Switzerland (Ebbinghaus and Wiß, 2011), pension scheme governance forms are either institutional (the Netherlands and Switzerland) or trust types (UK) (Stewart and Yermo, 2008). The institutional type includes pension foundations or associations that are independent entities, with legal personality and capacity, with their own governing board. Contractual types also exist around the world, and these involve a segregated pool of assets without legal personality and capacity that is governed by a separate entity (e.g. bank, insurance company or pension fund management company). The trust type has a

combination of institutional and contractual characteristics: the trustees legally own (have legal title to) the pension assets and must administer these in the interest of the beneficiaries, according to the trust deed, although trustees are not legally part of the trust (Stuart and Yermo, 2008).

Pension schemes' fiduciaries or their equivalents⁶, are responsible for acting in the best interests of beneficiaries (Ambachtsheer, 2016; Stewart and Yermo, 2008). These duties are themselves based on principles which gain their legitimacy from socially accepted moral imperatives (Clark 2006). While the legal context will differ between pensions (Johnson and de Graaf, 2009), there is a common understanding that all pension fiduciaries have the responsibility to act in the best interests of their beneficiaries. This responsibility involves the duty to act prudently and the duty of loyalty (PRI/UNEP, 2019). As Hawley et al. note:

While the exact formulation of fiduciary duty varies between jurisdictions, the main concepts are relatively consistent. Fiduciaries are generally required to discharge their duties: (a) solely in the interest of participants and beneficiaries; (b) for the exclusive purpose of providing benefits; (c) impartially, taking into consideration differing interests of various participant and beneficiary groups; (d) with the care, skill, and prudence exercised by similar fiduciaries, including as to diversification of investments; (e) incurring only costs that are appropriate and reasonable; (f) in accordance with governing law and documents. Duties (a) through (c) are often referred to as the duty of loyalty, while (d) is called the duty of prudence or standard of care. All must be grounded in the specific context – that is, the nature of the pension promise and success in delivering on it. (2011: 7)

These duties establish the legal authority of the fiduciaries. In the mature, multi-pillar pension systems that are the focus of this thesis, this authority is given

⁶ I refer to 'fiduciaries or their equivalents', following Galler's interchangeable use of the terms 'fiduciaries' or 'trustees' to describe 'persons or entities with discretion in the management of pension plan assets to whom the prudent person rule applies' (2002: 69).

expression in the foundation board's or trustee board's decision making. These legal duties rightfully identify the interests of the beneficiaries as paramount, but there are implications to their execution as a fiduciary duty. From the perspective of democratic theory, these duties require the boards to interpret and *make a claim to know* (Saward, 2010, italics added) beneficiaries' best interests. Essentially, for fiduciary duties to be met, it is not necessary for board decision making to be close to – to engage with – beneficiaries. To fulfil these duties, it is sufficient for fiduciaries or their equivalents to make a claim to know, and act on this knowledge, in the best interests of beneficiaries. As another democratic theorist Hannah Pitkin notes, a trustee must act on behalf of others but *'is under no obligation to listen, or respond, to beneficiaries' wishes'* (Pitkin 1967: 130, italics added).

Pension scheme governance: Boards and other actors

Understanding pension scheme governance involves a recognition of the actors involved and their roles and their characteristics (e.g. functions, interests). Similarly, theoretical discussions of corporate governance also focus on actors involved (e.g. executives and non-executives), their roles and characteristics, and the impact of these on governance effectiveness. In each national context, the structure of pension scheme governance arrangements and their responsibilities are defined by regulation and legislation. But within these bounds, individual pension schemes have some discretion in their governance arrangements. This section provides an overview of the actors involved in the tasks of pension scheme governance.

Whether a pension scheme is located in the UK, Switzerland or the Netherlands, they will have a central decision-making board that is the most important decision-making entity in the pension scheme. The board is 'the ultimate decision-maker, having overall responsibility for strategic decisions such as setting the investment policy, choosing the investment manager(s) and other service providers, and reviewing the fund's performance' (Stewart and Yermo, 2008: 5). Additionally,

they are involved in ‘determining the management structure of the fund, determining the parameters of the risk budget (and) designing the performance benchmark(s) against with the fund is to be compared’ (Kadabakse et al., 2003: 382-3). Eligibility to participate in the board is determined by national legislation, however, most OECD countries share a requirement to have board members that represent both employers and employees. In Switzerland and the Netherlands there should be an equal number of employer and employee representatives (Stewart and Yermo, 2008), while in the UK at least one third should be member-nominated (The Pensions Regulator, 2006). As Stewart and Yermo (2008) note, the involvement of employees on the board can help address the risk of agency problems and serve to strengthen the alignment of the board’s interests with the interests of employees, as well as enhancing communications with the wider membership. There are, however, also problems associated with their involvement: specifically, the implications of limited knowledge among employee representatives for effective governance decision making (Clark, 2004; Ambachtsheer et al., 2008) and the implications of this for generating the necessary levels of challenge to realise good governance. Ambachtsheer et al. (2008) argue that, while there is no expectation that trustees should have the same level of expertise as professionals, they should:

Be capable of strategic thinking. This means they should insist on clear linkages between the pension contract, how the organization defines, measures and manages risk, and how outcomes are measured and rewarded. It is up to management to show the board how this is best accomplished through a liability-anchored, risk budget-based investment process. (2008: 17)

There is the additional possibility that conflicts of interest will arise within boards (Coco and Volpin, 2007). As Ebbinghaus and Wiß (2011) note, occupational pensions are part of labour relations, which can add an additional horizontal conflict of interest – between employer, employees and retirees or between employer associations and trade unions. Conflicts of interest may relate to negotiations on occupational pensions, either at the individual level or as part of

the collective bargaining, and will be influenced by the extent to which labour relations are contentious or consensual, centralised or decentralised (Ebbinghaus, 2006). Given this, it is essential to have a clear policy to guide board members' behaviour (Thomas, 2011).

Governance decision making takes place in boards which meet on a regular basis for discussion and decision making, supplemented by additional sub-committee meetings, for example on investment strategy (Fox 2010). The frequency of meetings and the extent to which subcommittees are used are likely to differ depending on the size of the scheme. The size of pension schemes is recognised as a factor which impacts on the effectiveness of their governance arrangements and governance outcomes (Thomas, 2011). The lack of capacity of smaller schemes and the proportionally higher costs mean they are regarded as less effective, with Clark going as far as to say 'pension fund governance is an issue of size and scale as it is an issue of proper rules and procedures' (Clark, 2004: 25).

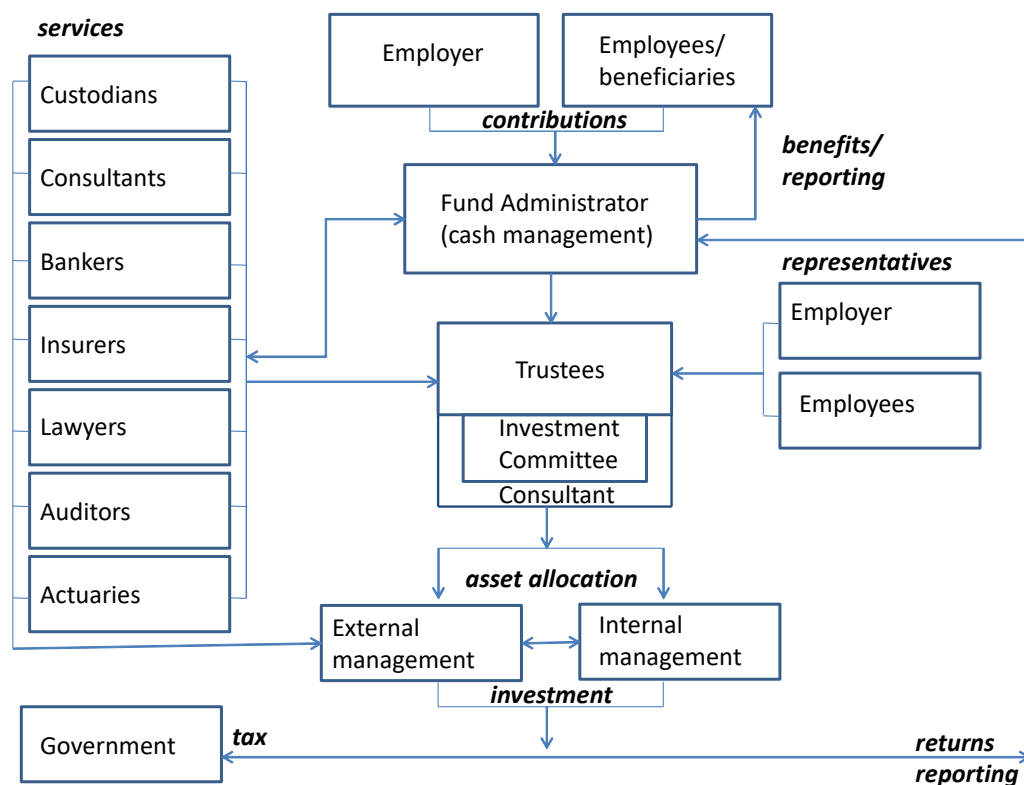
Aside from the board, a wide variety of other actors are also involved in pension scheme governance, performing functions that are determined through market, supervisory or other legal relations. Pension schemes are particularly heavy users of external service providers, with the ratio of external to internal costs around 10:1 (Clark and Urwin, 2008). Schemes will evaluate the performance of investment service providers and manage these contracts, often using external consultants to help with this process (Clark, 2006: 490).

Clark (2000) provides clarity on the range of actors involved, based on a trustee model of governance, widely used in common law jurisdictions⁷. Figure 1 illustrates the breadth of actors drawn upon by a pension scheme to meet its responsibilities. It illustrates the board as the central authority in pension scheme governance, with some responsibility delegated to sub-committees such as the investment committee. The work of the scheme is supported by a range of

⁷ This overview is based upon a single employer pension fund (or scheme) that is jointly trusted and relatively immature, in that there are more beneficiaries contributing funds than those receiving pensions. It is also assumed that the fund is of a sufficient size to choose between the internal and external management of functions.

external service providers, including actuaries and auditors. The management of the investment may be done by an internal investment team, but often this is a contractual relationship with an external investment manager. They will report on investment returns to the fund administrator who will be involved in scheme management, such as providing annual benefit statements and making transfers in and out of the scheme, but also communications and reporting to participants and beneficiaries.

Figure 1. Pension Fund Investment Management: Institutions and Services (Clark, 2000: 73)



Pension scheme regulation

Regulatory and statutory legislation shape the 'rules and procedures' of pension scheme governance (Clark and Urwin, 2010; Clark, 2004). As Fox (2014) notes, in the UK particularly important legislation is the Pension Schemes Act (1993) and the Pensions Act (1995), which expanded the regulation of pension schemes and created regulatory bodies in order to monitor their governance. This was extended

in the Pensions Act (2004) to address not only scheme level governance, but also governance at the industry level, including the creation of the Pensions Regulator. This Regulator performs a supervisory function, as well as developing codes of good practice. Further Acts addressed, among other issues, the governance of disputes between beneficiaries and schemes (the Pensions Act 2007), as well as employer responsibilities (the Pensions Act 2008 and 2011). As Anderson (2011) notes, in the Netherlands, occupational pensions were regulated by a regulatory framework PSW Pensioen en Spaarfondswet, replaced by the Pension Act (PW – Pensioenwet) in 2007. In addition, the Pension and Insurance Authority (PVK) has been, since 2004, integrated into the Dutch central bank. The Pension Act provides the regulatory framework for occupational pensions, but the social partners have significant freedom to govern their pensions, negotiated as part of collective wage agreements. In Switzerland regulation has been relatively limited. In 2003 the BVG-LPP law established cantonal-level supervision of occupational pension providers, along with requirements at scheme level such as the composition of boards and the use of external experts within governance decision making. An additional extra-parliamentary Committee for Occupational Pensions is a permanent committee that includes representatives of the confederation, employers, trade unions and insurance companies. It has responsibilities for public pension funds but also supervises occupational pensions and their reform (Bonoli and Häusermann, 2011).

Pension schemes also self-regulate by meeting standards of practice accepted across the industry. This approach has been particularly influential in Switzerland, although concerns have been raised by the limited uptake of the voluntary industry-wide code (Stewart and Yermo, 2008). In the UK, the Myner's Report (2001) looked at the investment decision making among institutional investors and as well as influencing later statutory legislation, developed a set of 'comply or explain' principles for pension schemes to meet in order to achieve best practice in investment decision making. In the Netherlands, regulation has been more active, with the regulator (the central bank) assessing the Principles of Pension Fund Governance, which was developed as part of the Pensions Act (2007). While

voluntary codes often focus on a limited number of financial or legal areas of risk, growing attention is being given to sustainability and the consideration of ESG issues, and how (if at all) they take into account members' views, for example by the Pensions Regulator in the UK (OECD, 2019a).

Further sources of influence on pension scheme behaviour are the bodies operating at national and international levels which produce recommendations on normative notions of good governance. There are industry bodies, such as the UK National Association of Pension Schemes which represents the interests of schemes, and also aims to share best practices between schemes (e.g. NAPF, 2005). Internationally the OECD (e.g. OECD, 2002; Stewart and Yermo, 2008), the World Bank and the Stanford Institutional Investors Forum provide policy papers and best practice recommendations (e.g. Clapman and Waddell, 2010), along with the Rotman International Centre for Pension Management which produces research based reports with governance recommendations. These organisations focus on common themes, developing recommendations for good governance in pensions. They focus on the need for transparency in governance (Dorfman, 2011; Clapman and Waddell, 2010), along with the value of self-assessment for board effectiveness (Stewart and Yermo, 2008). The necessity for the effective delegation of duties, and clarity of board responsibilities are also widely addressed (Stewart and Yermo, 2008; Clapman and Waddell 2010; Dorfman, 2011). Additionally, suitable procedures for the selection and operation of governing bodies and managing institutions are highlighted (Dorfman, 2011), along with a focus on ensuring trustees have the right core competencies (Stewart and Yermo, 2008; Clapman and Waddell, 2010). An additional focus is on effective leadership from both the board and executive staff (Clapman and Waddell, 2010; Dorfman, 2011). Related to this is the necessity of ensuring any conflicts of interest are effectively addressed (Stewart and Yermo, 2008; Clapman and Waddell, 2010).

Pension scheme governance: An agency theory perspective

There is widespread interest in understanding, and improving, the corporate governance of modern corporations (Daily et al., 2003). In academia, a plethora of textbooks on corporate governance exist, along with corporate governance special interest groups and specialist journals. Given the scale of the pensions industry, it is surprising that the governance of pension schemes and other institutional investors is not more widely addressed (Schneider, 2000). It is particularly odd given that agency problems are even more significant in this institutional context (Clark and Urwin, 2008). Needless to say, within the specialist literature, on pension scheme governance analyses are heavily influenced by agency theory (e.g. Clark and Urwin, 2008; Benson et al., 2011), which is the most dominant theoretical approach in corporate governance research more generally (Daily et al., 2003). Agency theory raises questions about effectiveness of pension scheme governance arrangements for realising their task. In particular, it highlights the limited capacity of pension schemes (agents) to act in the 'best interests' of beneficiaries (principals), as well as the effectiveness of oversight mechanisms (monitoring) available to beneficiaries.

Agency theory defines the relationship between the beneficiary and the pension scheme as one between a principal (the beneficiary) and an agent (the scheme, comprised of its executive and governance functions). The relationship is described as a contract which involves the delegation of decision-making authority to the agent, on behalf of the principal (Jensen and Meckling, 1976). It carries a number of assumptions, including notions about individuals – that they act only according to self-interest, that they have bounded rationality and have an aversion to risk. Additionally, it is based upon further organisational notions: that there is partial goal conflict and information asymmetry between principals and agents, and that efficiency is the criterion for identifying organisational effectiveness (Eisenhardt, 1989). Based on these presuppositions, it examines the character of goal conflict between agents and principals, and the optimal contract (either behaviour or outcome orientated) which addresses this problem (Jensen and Meckling, 1976; Eisenhardt, 1989).

While a pension scheme should, according to law, act in the interests of beneficiaries, this theoretical perspective clarifies the barriers to achieving this. It highlights issues related to information asymmetries, which lead to the problem of moral hazard (e.g. agents engaging in unobservable behaviour which does not benefit the principal). Principal-agent relationships will result in higher agency costs for the principals (Jensen and Meckling, 1976), and attempts will be made to reduce these costs to a minimum using governance mechanisms based on behaviour (such as monitoring systems) or outcomes (such as incentive systems) (Schneider, 2000; Hess and Impavido, 2003).

For pension schemes, principal-agent problems are exacerbated due to a number of market and industry characteristics. First, although the beneficiary-pension scheme relationship is the most central, pension scheme governance also involves further principal-agent relationships: another principal in the form of a defined benefit plan sponsor (e.g. an employer) will be present (Clark and Urwin, 2008), and mandates exist with investment management firms (who will act as an agent to the pension scheme principal). Taken altogether, it becomes clear how the investment of beneficiaries' capital is governed through varied principal-agent relationships between multiple actors (Schneider, 2000), whose motivations may not all be aligned (Benson et al., 2011). These may create additional agency costs, all of which will be borne by the beneficiary (Benson et al., 2011) or the 'ultimate principals' (Hokisson et al., 2013: 674).

Additionally, in pension schemes the asymmetries in knowledge between pension schemes and beneficiaries are arguably greater than those between shareholders and executive management in corporate governance, the classic focus of agency theory. Furthermore, beneficiaries have greater difficulty in monitoring their agents (Clark and Urwin, 2008), given limited access to information (for example, there are no mandatory AGMs). The same could also be argued for pension scheme boards, in the role of principals, in relation to both their executive management of the pension scheme and to their mandated asset management firms (both working as their agents). Certainly, pension scheme boards have characteristics (low levels of remuneration, limited number of board meetings)

that are likely to make monitoring of any agents more difficult (Eisenhardt, 1989). In contrast to publicly listed corporations, there exists no market for control based upon the possibility of a drop in share value, and the threat of a replacement of the management team (Clark and Urwin, 2008).

While agency theory clarifies the characteristics – and problems – that are generated in pension scheme governance, it does not explain the whole story. In particular, the assumption of self-interested individuals with *a priori* interests, which exist by virtue of an actor's position and circumstances does not recognise the role of communication in governance decision making. Governance also involves processes of collective opinion formation and transformation, which lead to particular decisions being taken by decision making bodies. Indeed, it is commonly accepted that the exchange of information, opinions and collective deliberation are part of any well governed board, and there will also be an exchange of views between the board and external governance actors too (such as actuaries or consultants). These communicative exchanges will inform and shape the interests of board members and external parties. As O'Barr and Conley (1992) show in their account of pension scheme management, it is not wholly financial concerns that shape governance decision making but also socially derived understandings. In seeking to understand how opinions and interests are formed, it becomes clear that other theories are necessary to enhance our understanding of how communicative exchanges shape governance decision-making.

Concluding comments

This chapter began with an introduction to the societal, economic and financial significance of pension schemes. I outlined the unique position of pension schemes as institutions and the distinctive relationships they have with their beneficiaries. To understand the relevance of voice for this setting, it is important to understand in more detail how pensions are governed. The chapter examined the legal foundations of their governance, stressing their implications for how pension schemes may engage (or not) with beneficiaries. I then examined the

functions and legal duties of pension schemes and the internal and external actors involved in governance. I turned to the regulation which shapes pension schemes, and the normative notions of good governance circulating among international institutions and academic institutes. And finally, I discussed the insights from agency theory on understanding the problems found in pension scheme governance. Nonetheless, it is clear that agency theory's focus on the *a priori* preferences of principals and agents provides a partial theoretical understanding of the governance of pension schemes. Later in the thesis I address this critique by drawing on normative democratic and strategic management theories to understand more fully the potential of communication in governance. But before I examine these as alternative theoretical perspectives, in the next chapter I turn to sustainable investing and consider its implications for the governance of pension schemes.

2. Sustainable Investing and the Governance of Beneficiaries' Best Interests

The turn to sustainable investing in the investment industry (Sparkes 2002; Sievänen et al. 2013) has intensified in recent years and reflecting this many pension schemes are considering sustainability matters in their investment strategies. This trend is particularly advanced in the UK, where the pensions regulator requires schemes to report on how they address sustainability (OECD, 2019). This chapter provides a conceptual backdrop to this trend and examines the implications for pension scheme governance. While I primarily discuss sustainable investing, I also draw on other areas such as corporate social responsibility and environmental, social and governance (ESG) investing. These terms have different origins, theoretical influences and are often applied to distinct economic entities or fields (e.g. corporate social responsibility is applied to a broad set of corporate activities, while ESG is predominantly used in the fields of finance and investing). At the simplest level, they all share the consideration of non-financial issues when understanding the responsibilities of economic actors⁸.

In this chapter I begin by introducing responsibility and sustainability as concepts and I draw upon Garriga and Melé's (2004) typology of theories of corporate

⁸ One recent example of the way in which responsibility and sustainability issues are combined is the formulation of the Swiss citizens' initiative on the responsibilities of Swiss corporations ('Konzernverantwortungsinitiative') voted on 29 November 2020. The initiative argues that corporations should have a responsibility to protect the environment and human rights by meeting the same minimum standards abroad as they do in Switzerland.

responsibility to identify the rationales that underscore them. Next, the ways in which these concepts and rationales are interpreted in the investment industry are covered, along with a brief overview of the types of investment instruments that shape practice. To conclude, I consider the implications of sustainable investing for pension scheme governance and examine the ways in which sustainable investing raises complex governance questions.

Corporate social responsibility and sustainability

Since the early stages of capitalism, there have always been innovative business leaders with a strong sense of social responsibility (Carroll, 2009; Carroll and Shabana, 2010). The origins of contemporary corporate responsibility are commonly seen to be in the mid-20th Century (Melé 2004; Carroll and Shabana 2010), with Bowen's *Social Responsibilities of the Businessman* (1953) regarded as a seminal text on the normative responsibilities of economic actors (Carroll 2009; Jamali et al., 2009). Bowen argues that businesses should 'follow those lines of action which are desirable in terms of the objectives and values of our society' (Bowen, 1953: 6; Garriga and Melé 2004). Since then, social responsibility has remained a contested field. Some two decades later, the economist Milton Friedman influentially argued that managers of firms have only a responsibility to manage the firm in the interests of the shareholders, and they do not have the 'political' responsibilities which would be required to invest this money in other activities (Salazar and Husted, 2009). In *The Social Responsibilities of Business is to Increase its Profits* he states:

There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, i.e. it engages in open and free competition without deception or fraud. (Friedman, 1970, no page)

It was the emergence of environmentalism that introduced the wider notion of 'sustainability' to the debate on the responsibilities of economic actors. The publication of the Brundtland report *Our Common Future* (1987) commissioned by

the UN World Commission on Environment and Development raised public awareness of the concept of sustainability. The Brundtland report's definition of sustainable development as meeting 'the needs of the present without compromising the ability of future generations to meet their own needs' (1987: 39) captures the essence of sustainability. Its legacy is that the purpose of achieving the long-term flourishing of ecology, society, growth and human life is no longer a niche concern (Portney, 2015). With hindsight, some criticise the Brundtland definition of sustainable development for its lack of precision (White, 2013), while others argue that it has been falsely appropriated by the corporate world, reflecting a form of corporate 'green-washing' (Siano et al., 2017). Notwithstanding these concerns on its use and abuse, its malleability has also been seen as part of its success, with one author of the report describing how the term sustainability was used as a 'bridge' concept to help engage a range of actors – including the private sector – to address environmental and social challenges (Desai, 2007). Certainly, it has impacted the finance industry in this way, and provided a way of framing the consideration of wider environmental and societal issues in investment strategies.

A typology of corporate social responsibility theories

Why would pension schemes choose to invest in a way that considers sustainability? Garriga and Melé's (2004) typology of corporate social responsibility theories simplifies the diversity of perspectives in this field. Their framework focuses on corporate social responsibility, but it can equally be applied to understanding the motivations behind sustainable investing. Based on Parsons' theory of social systems (1961), Garriga and Melé start with the hypothesis that corporate social responsibility theories are related to either 'adaption to the environment (related to resources and economics), goal attainment (related to politics), social integration and pattern maintenance, or latency (related to culture and values)' (2004: 52). Using this hypothesis, they classify corporate social responsibility theories into the following four groups: instrumental theories that focus on wealth creation, political theories that focus on duties and rights,

integrative theories that focus on societal-business dependencies, and ethical theories.

The most famous exponent of the instrumental theory of corporate social responsibilities is Friedman's (1970) contribution. As discussed earlier, he argues that businesses should focus on maximising shareholder value, so long as this is done within the ethical and legal limits of a society. This focus on shareholder value is not simply a means of maximising material benefits, but it is the ethical responsibility of managers who have no political rights to use the firm's resources in ways that do not benefit the shareholders. However, as Friedman also suggested, this aim does not exempt the corporation from contributing towards the public good. He argued that corporations stand to gain by making social investments and suggests that such investments could, for example, lead to better quality employees, lower wage bills or, more negatively, 'lessen losses from pilferage and sabotage' (Friedman, 1970, no page). An instrumental perspective is also present in the extensive literature which aims to justify the 'business case' for corporate social responsibility and sustainability, thereby linking social investments with improved financial performance (e.g.; Orlitzky et al., 2003; Carroll and Shabana, 2010; Aguinis and Glavas, 2012). Theories that can be considered instrumental also look at how the competitive advantage of a firm can be improved through wider social investments, given the firm has the best knowledge and resources to solve firm-relevant problems (Porter and Kramer 2002), or how the human, organisational, physical and environmental resources and capabilities of a firm, can contribute to its competitive advantage. Additionally, developing new consumer markets among the poor (Prahalad, 2002) and cause-related marketing (Varadarajan and Menon, 1988) by associating firms with charities are also taken to be ways to improve the financial performance of a firm through strategically marketing social or ethical issues.

Political theories are those which explore the political dimensions of corporate responsibility or sustainability, and their power in shaping markets as well as society. One example, 'corporate constitutionalism', explores how businesses, as social institutions, have social power which is exercised through their own actions

and in relation to external constituency groups. This, in turn, defines and limits the functional power of business (Davis 1960). 'Integrative social contract theory' (Donaldson and Dunfee, 1994) elaborates on the implicit consensus (social contract) between business and society, and the responsibilities that this relationship entails. 'Corporate citizenship' similarly emphasises the rights and responsibilities of the firm but based on the political concept of individual citizenship. Within this theory, corporate citizenship is taken to be simply a means to philanthropy or social investment, while others conceive it more broadly, to include a concern with the protection of citizenship, in situations where governments have failed to do so (Matten et al., 2003). More recent authors, such as Scherer and Palazzo (2011a), continue this tradition by conceptualising the corporation as a multi-national political actor, and explore its responsibilities through a political lens.

Integrative theories argue that businesses have a responsibility to respond to social values and, notably, to integrate them into their business so that business practice reflects these social values. By doing so, businesses realise legitimacy and even social prestige. When society provides unclear signals as to its expectations of a firm, a 'zone of discretion' (Ackerman, 1973) emerges. It is argued that firms should aim to diminish this zone, through corporate social responsiveness (Ackerman and Bauer, 1976). The process of integrating social issues into corporations through 'institutionalization' is emphasized by Ackerman (1973), as well as by those who use the concept of 'issues management' to describe a process which 'prompts more systematic and effective responses to particular issues by serving as a coordinating and integrating force within the corporation' (Garriga and Melé, 2004: 58). Other integrative theories hold that corporations should meet the principle of public responsibility, not only responding to legal and governmental regulation, but also to more disparate and fluid concerns such as public opinion and 'emerging issues' (Preston and Post, 1981). In addition, stakeholder management is focused less on society at large and more on specific groups of people who are affected directly by a corporation's activities. Stakeholder management involves the consideration and integration of these

wider actors' views in the management of the corporation. Stakeholder management is less of a conceptualisation of a business' social responsibilities and more of a process through which a dialogue between a business and society is created.

The beginnings of corporate social performance theory lie in the 1970s (Sethi, 1975), with Carroll (1979) introducing it as a three-dimensional concept⁹. Later, Wood (1991) established a corporate social performance model that pulls together a number of different integrative theories. Beginning with the principles of corporate social responsibility (at institutional, organisational and individual levels), processes of corporate social performance (such as issues or stakeholder management), and corporate outcomes (such as social impact) follow.

Ethical theories of corporate responsibility and sustainability derive from a normative standpoint. Examples include a refashioning of stakeholder management theory (Freeman 1984), based on the principle that stakeholders have legitimate interests and that these interests have 'intrinsic value' (Donaldson and Preston, 1995). A multitude of authors have re-interpreted stakeholder management inspired by diverse ethical theories, ranging from the liberal theories of Rawls and Kant, through to libertarian and feminist conceptions, and the ethical concerns of Aristotle (Garriga and Melé, 2004).

Garriga and Melé's (2004) typology of corporate social responsibility theories, as I have discussed above, provides an insight into how different orientations and motivations (instrumental, political, integrative, and ethical) may shape understandings and applications of corporate social responsibility. Similarly, the concept of sustainability may be informed and shaped by these orientations and motivations. In the following section I examine the integration of these concepts into strategies and practices in the investment industry.

⁹ This definition has been more recently updated as: first, meeting economic, legal and ethical responsibilities (Schwartz and Carroll, 2003); second, an understanding of the social responsibilities and issues need to be identified; and third, a clarification of the philosophy (or strategy) used to respond to these issues (Carroll, 2009).

Sustainable investing

Given the breadth of concepts and theories in the literature on corporate responsibility, it is perhaps unsurprising that there is a similar degree of heterogeneity in the use of these concepts in the investment industry, including references to 'ethical', 'responsible' and 'sustainable' investing. In addition to these, the term environmental, social and governance ('ESG') investing has become widely used, perhaps because it does not identify a particular normative rationale, but rather describes an investment which involves the consideration of any of these issues. Some authors have noted a change in the use of concepts over recent years – moving from 'ethical' to 'socially responsible', and most recently to 'sustainable' investing (Sparkes, 2002; Sparks and Cowton, 2004). Capelle-Blancard and Monjon (2012) confirm this widespread perception, using a content analysis of 671 academic and 27,500 newspaper articles on the theme between 1980 and 2010. They show that there has been a decline in the use of the word 'ethics', arguing it has unfashionable religious connotations. Others have also suggested that the phrase 'ethical investment' comes with too much 'negative baggage' (Sparkes 2002: 12). While some argue that these different terms – ethical, responsible and sustainable – are based upon different rationales and as such inform different types of investment strategies (Woods and Urwin 2010), others stress the commonalities between them (Sandberg et al., 2009; Sievänen et al., 2013). The following definition was coined by the industry body, Eurosif:

Sustainable and responsible investment ('SRI') is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long term returns for investors, and to benefit society by influencing the behaviour of companies. (2018: 12)

By far the most common rationale for sustainable investing is the instrumental rationale that emphasises the business (and investor) benefits of considering non-

financial criteria¹⁰. Non-financial criteria, whether related to corporate performance or wider social or environmental risks that corporations face, are seen as necessary in any accurate financial assessment of value and risk. And this rationale is particularly appealing to pension schemes and other institutional investors who are either concerned about reducing the investment universe through screening, or which believe their fiduciary duties limit any wider consideration of sustainability (Woods and Urwin 2010). The following quote, taken from the website of RobecoSAM, an asset management firm, typifies this rationale:

We passionately believe that the integration of sustainability criteria into traditional financial analysis helps us to evaluate companies' quality of management and future performance potential. This in turn enables us to identify attractive investment opportunities that can generate long lasting value for our clients. In short, a focus on sustainability leads to better informed investment decisions... mainstream investors still underestimate the impact of long-term sustainability trends on companies' ability to succeed in the long term. This can lead to market inefficiencies that investors who focus on sustainability factors can exploit. (2013: 2)

Although the instrumental rationale for sustainable or responsible investing is now widespread, in its early days responsible investing was justified primarily on ethical grounds. The responsible investment movement gained momentum in the 1970s as a result of concerns about the ethical behaviour of corporations, and their contribution to social injustices – particularly in the US (Sparkes, 2002; Sandberg et al., 2009). Religious groups were involved in creating the industry in the UK, with churches involved in the set-up of the first ethical fund and screening agency (Sandberg et al., 2009). An ethical rationale for investing is based upon integrating ethical principles into the investment decision making process (Domini 2001: 16).

¹⁰ The UN/industry led NGO Principles for Responsible Investment (PRI), which seeks to encourage sustainable and responsible investing, has produced advice which presents a legal justification for undertaking responsible investing for pension schemes (Freshfields Bruckhaus Deringer, 2005).

And despite the strength of the instrumental perspective, some, such as Richardson (2009), argue against the prioritisation of instrumental over ethical rationales, arguing that the business case is not always present, and that ethical grounds for responsible investing remain important. For others, ethical investing represents not only a different rationale, but also a particular investment practice (Sandberg et al., 2009), with ethical investing achieved through negative screening, while socially responsible investing involves positive screening and best-in-class approaches, along with shareholder activism (Capelle-Blancard and Monjon, 2012). Given the stances taken by these scholars, investment rationales and investment practices are best viewed not as distinct, but as fully intertwined.

Sustainable investment instruments

Alongside the growing interest in the concept and theories of sustainable investing has been growth in the amount of assets invested. According to the Global Sustainable Investment Alliance (2018), sustainable investment assets, at the beginning of 2018, stood at \$30.7 trillion (£22.1 trillion), a figure which had increased by a third in two years¹¹. Given that sustainable investing can be described by its investment practices, it is useful to understand what these practices involve. While some pension schemes may have their own internal investment management functions, for many pension schemes this task is provided by an external asset manager. A pension scheme's sustainable investment strategy is articulated through a range of 'instruments' (Eurosif, 2005) which will be drawn upon at different stages in the investment process. The instruments developed for equities and bonds, the most popular asset classes among pension schemes, are widely used (Wood, 2011).

Sustainable investing is realised through two distinct strands of practices: data-driven practices and practices related to shareholder rights. Data-driven practices

¹¹ 'GSIA uses an inclusive definition of sustainable investing, without drawing distinctions between this and related terms such as responsible investing and socially responsible investing' (2018: 7). The report covers the following markets: Europe, the United States, Japan, Canada, and Australia and New Zealand.

are based on the assembly and analysis of non-financial data, on which evaluation and valuation practices will be applied (Leins, 2020). As Wood (2011) and Eurosif (2005, 2014) show in their overview of sustainable investment, a widely used evaluation and valuation practice is screening. This involves identifying particularly high performing assets according to a particular standard, or the removal or exclusion of low performing assets according to a particular standard. Other forms of screening involve the evaluation of relative performance compared to peers, sometimes referred to as best-in-class. In addition to these, investment strategies may target particular themes or particular impacts, the latter referred to as impact investing. A second set of practices are driven by pension schemes' shareholder rights. Again, drawing on Wood (2011) and Eurosif (2005, 2014), these practices reflect either active or passive ownership strategies. In the case of active ownership this might involve participating in voting at AGMs, the filing of shareholder resolutions, or behind the scenes engagement with executives over poor sustainability performance. Asset managers will be responsible for the delivery of a sustainable investment strategy, and achieving this will involve other actors providing data, analysis, management or engagement services.

In this section, I have introduced the contemporary origins of the concepts of corporate responsibility and sustainability, as they have been applied to economic actors. Garriga and Melé's (2004) typology of theories provides a framework for understanding the theories motivating investors' choice to invest sustainably. Building on the observation that investment practices are integral to understandings of sustainable investment, I have illustrated the two strands of investment practices which define this investment activity. This discussion raises an important question: given pension schemes' fiduciary duties – discussed in detail in the previous chapter – in what ways do pension schemes approach sustainability and how do they govern their decision making in this area?

The question of sustainable investing and governing ‘best interests’

Given the long-term investment horizons of pension schemes, some have argued that they are particularly well suited to the long-term investment considerations which characterise sustainable investing (Hawley and Williams 2000; Willis Towers Watson, 2017). Furthermore, this interest in sustainable investing is likely to grow as a result of (a) the growth in private pension assets, in response to the retrenchment of state pension provision (Munnell, 2006), and (b) the real-world impact of unsustainable investing becoming more visible, shifting societal norms towards greater acceptance of sustainability considerations (Willis Towers Watson, 2017).

As I have noted earlier, motivations and rationales for investing sustainably are likely to be diverse. Among those pension schemes committed to sustainable investing are those serving beneficiaries from religious organisations with clear ethical principles. There are other committed schemes which are interested in sustainable investing for instrumental reasons – that is, they believe that sustainable investing will have a positive material impact on the fund’s financial performance, or alternatively, they believe there will be no negative financial impact (but that wider societal or environmental benefits will accrue). And there are also likely to be other pension schemes that are involved in some kind of strategic ‘green-washing’ behaviour; these schemes will claim commitment but lack any genuine integration of sustainability issues in their investment strategies.

But there are also many pension schemes that remain unconvinced about the instrumental rationale for a consideration of sustainability issues, and believe their fiduciary duties preclude them from considering them (Woods and Urwin, 2010), despite the legal advice (Freshfields Bruckhaus Deringer, 2005). Indeed, the turn to sustainable investing challenges the status quo and the assumptions underpinning pensions professionals’ practice (Aspinall, 2018).

The UK Law Commission on the Fiduciary Duties of Investment Intermediaries was tasked with addressing the fiduciary duties of investment intermediaries, to

address uncertainties and misunderstandings among trustees and their advisors¹². Within this Commission, Dr Magda Raczynska and Professor Duncan Sheehan's viewpoint illustrates the perspective of those who have serious concerns about the integration of sustainable investing in pension schemes:

In a large pension fund – or even most smaller ones – the idea that one could identify the scheme members' views is worrisome. The most that could be done is to go on the basis of some democratic opinion poll, but that would seem to fetter the trustees' discretion, and in any case leave a sour-taste at the pure majoritarianism of the mechanism... The idea that the membership of the Universities' Superannuation Scheme has a view on investing in arms firms for example seems to us implausible. (2014: 119)

These perspectives identify the perceived tensions presented by sustainable investing, highlighting the problem that, in their eyes, fiduciary duty is to act in beneficiaries' best interests but these are difficult to ascertain when wider non-financial considerations are taken into account. Knowing beneficiaries' best interests is difficult because of the plurality in ethical viewpoints among beneficiaries, and because it is often assumed that views must be held by every single member for them to be considered in their collective best interests. From this perspective, sustainable investing is a headache for pension schemes: it reveals the difficulty in knowing the best interests of others, and the difficulty of knowing if these interests are shared.

Indeed, sustainable investing that is not either based on a pre-determined shared ethical perspective or undertaken for instrumental reasons raises a number of complex problems for pension schemes. First, sustainability questions in this context may involve 'technical' knowledge (e.g. on financial considerations and their application to investment strategies) which pension scheme beneficiaries do not have, leading to relatively uninformed preferences. Second, sustainability is a concept that is underscored by long-term considerations, and an orientation

¹² This was undertaken following a recommendation in *The Kay Review of UK Equity Markets and Long-Term Decision Making* (2012).

towards the future. However, institutions generally are incentivised to focus on the short-term (MacKenzie, 2018; Smith, 2021). In pensions governance specifically, a lack of clarity by trustees on the period over which investment performance is judged can lead to the problem of short-termism (Myners 2001), as can the structure of incentive compensation (Ambachtsheer, 2016). Third, sustainability questions will inevitably involve the articulation of values that address concerns that are wider than simply the risk-adjusted return of investments, but consider the flourishing of ecology, society, growth and human life (Portney, 2015).

How sustainability values can be articulated, and considered in pension scheme investment strategies, is unclear, and raises further dilemmas. First, of all, there is the question of the extent to which values are shared and in agreement, and how consensus is defined and identified in practice¹³. Second, values may be plural, and may be driven by non-financial concerns. Pluralism may exist at the individual level (a single individual's judgements may be informed by plural values), as well as between individuals (some individuals will have different values to others). Pluralism inevitably introduces complexity into decision-making, and this has implications for how effectively decision-making on behalf of others should be governed. In the legal context of a pension scheme, for governance to be lawful and legitimate, there will need to be a course of action that is considered by fiduciaries or their equivalents as fair and in the 'best interests' of all beneficiaries, despite the existence of plural values.

Plural values also raise the spectre of incommensurability. Values are incommensurable when two or more options cannot be judged using the same criteria; no single yardstick is available to enable comparison and to form the basis of a judgement between them. For example, Smith (2003) and O'Neill (1997) highlight how environmental issues give rise to incommensurability challenges

¹³ Legal advice from Freshfields Bruckhaus Deringer clarifies that 'a decision-maker may integrate ESG considerations into an investment decision to give effect to the views of the beneficiaries in relation to matters beyond financial return... A decision-maker who chooses to exclude an investment or category of investments on this basis will need to be able to point to a consensus amongst the beneficiaries in support of the exclusion' (2005: 12).

when both economic values and environmental values inform decision-making. The tendency to attempt to reduce environmental values to economic terms misrepresents these values in decision making. Even in the absence of incommensurability, value pluralism can still lead to ‘hard choices’, where different options are ‘on a par’, with no obvious way to choose between them. When such conditions are present, rational decision-making, in its widely accepted conceptualisation, is challenged (Chang, 2017).

When pension scheme beneficiaries give expression to sustainability or social concerns that are broader than simply a focus on the financial risk-adjusted return, problems in the appraisal of options, judgement and decision-making will surface. For example, when beneficiaries express a wish to divest from coal, from investments in manufacturing that involve child labour, or from real estate that favours financial return over the provision of affordable housing, they are introducing values that may not be commensurate with the economic values which guide a sole focus on risk-adjusted return. In the latter case, how can the desire to invest in affordable housing (motivated by normative concerns) be appraised alongside the desire to maximise the risk-adjusted return of a scheme (a goal motivated by financial concerns)? Incommensurability is not necessarily a given – there may be scenarios when plural values can be concurrently realised in neat ‘win-win’ moments. In other investment decisions, such as in the real estate example included above, this may not be the case. In these contexts, it is not necessarily clear on what basis, and how, pension schemes should appraise the options available to them¹⁴. In the absence of simple solutions to these challenges, pension schemes must find ways of navigating this complex terrain (Mitchell et al., 2016).

Policymakers have suggested that one solution might be to understand beneficiaries’ preferences better (The Law Commission (UK), 2014; European High-Level Working Group on Sustainable Finance, 2018; House of Commons

¹⁴ See the WDR documentary: Schmutzige Geschäfte mit der Rente (2020) for an insight into beneficiaries’ non-financial ecological and social concerns.

Environmental Audit Committee, 2018). These policy recommendations assume that all beneficiaries have well-defined sustainability preferences, and that these can be integrated into decision making to meet the 'best interests' of beneficiaries. But the issues highlighted previously, namely beneficiaries' limited knowledge on sustainability questions, and the existence of plural values, will make this challenging. Given these barriers, how can the governance of pension schemes be shaped to better inform and understand beneficiary preferences; to handle the existence of plural – often conflicting – values?

In these circumstances, where complex value-based decision making is involved, does sustainable investing become impossible? How can pension schemes really *know* what beneficiaries' interests are, and the extent to which they are shared? Fiduciary duties grant boards the responsibility to act on behalf of the beneficiaries, in their best interests. But the complexity of these judgements is clearly increased in sustainable investment.

Smith (2003) argues that communicative processes that inform, engage, and enlarge citizens' perspectives can have value in governing complexity. If communication and engagement with citizens has informed complex decision making in environmental policy making, do they have a value in pension schemes and sustainable investing? If the answer is a cautious yes, then theories that focus upon communication – theories of voice – such as stakeholder theory, participatory democracy and deliberative democracy may be relevant in this context. While each of these theories have distinctive histories and theoretical foci, they all share two similarities: (a) an engagement with publics in governance decision-making; and (b) an appreciation of the value of communication in this engagement. These theories provide three alternative ways of considering the value of communication in addressing the governance of complex decision-making.

Concluding comments

Since the 1950's the concept of corporate social responsibility and, following the Brundtland report in 1987, sustainability, have shaped contemporary perspectives on the role of business. Garriga and Melé's (2004) typology of corporate social responsibility theories provides an insight into how different orientations and motivations (instrumental, political, integrative, and ethical) shape varied understandings and applications of corporate social responsibility, sustainability or environmental, social and governance ('ESG') investing. In sustainable investing, approaches are not only defined by concepts and motivations but are also shaped by investment practices. These practices are either data-driven, involving the assembly and analysis of non-financial data, or driven by pension schemes' shareholder rights, reflecting either active or passive ownership strategies.

Among pension schemes, there are diverse orientations towards sustainable investing, ranging from the committed to the unconvinced. For some schemes it can be a headache; it raises complexity in knowing the best interests of others, and the degree to which interests are shared. Further difficulties arise from beneficiaries' limited technical knowledge, the incentivisation of the short-term, and the difficulty of articulating values that are broader than a focus on the risk-adjusted return on investments. When these broader values are expressed, problems in the appraisal of options, judgement and decision-making will surface. In these circumstances, where complex value-based decision making is involved, how can fiduciaries or their equivalents govern sustainable investing? Given this complexity, could communicative processes that inform, engage, and enlarge beneficiaries' perspectives play a role? In the following chapter I look to three theories of voice – stakeholder theory, participatory democracy and deliberative democracy – to explore their alternative theoretical perspectives and examine the role of communication in governing sustainable investing.

3. Three Theories of Voice: Stakeholder, Participatory and Deliberative Theories

Can stakeholder, participatory and deliberative theory – three theories of voice – provide guidance for understanding the benefits of involving beneficiaries in the governance of sustainable investing in pension schemes? Agency theory, emerging from a rational choice perspective, identifies how effective pension scheme governance is restricted by the problems symptomatic of agency relations, specifically: asymmetries in knowledge, and lack of monitoring mechanisms for beneficiaries. As discussed in the previous chapter, sustainable investing makes that task even more complex given that it can bring value pluralism into decision making, and decisions may be characterised by incommensurability problems (Smith, 2003) or ‘hard choices’ (Chang, 2017). Both agency problems, and the questions arising from sustainable investing, make effective governance in this area complex. Given these problems, policy makers have suggested that, in some circumstances, beneficiaries preferences should be better understood and addressed in decision making (The Law Commission (UK), 2014; European High-Level Working Group on Sustainable Finance, 2018; House of Commons Environmental Audit Committee, 2018). This chapter takes this suggestion as a starting point and examines three prominent theories of voice and their inclusion of ‘publics’: stakeholder, participatory and deliberative theory. These ‘theories of voice’ have a shared normative focus on understanding and engaging with publics, whether customers, employees, citizens or others. I have defined these theories collectively as ‘theories of voice’, but each has its own history, with different

disciplinary foci and addressing specific theoretical concerns. Stakeholder theory has generated a significant literature over the last thirty years (Laplume et al., 2008), as well as influencing private and public governance. Participatory democracy and deliberative democracy have both emerged from within the field of democratic theory. Participatory democracy's influence has not only been on considerations of the workplace but also community development in the UK and internationally (e.g. Chambers, 1999; Cornwall, 2002). Deliberative theory has been hugely influential as a democratic theory but has also informed developments in citizen participation in policy-making during the last twenty years (Fischer, 2012; Smith, 2009). Each of these theories represent a distinctive strand of theorising about the place of publics in public and private governance. Given their distinctiveness, each theory is illustrated in turn, along with the criticisms they face and their relevance for the governance of sustainability in pension schemes. Following this, the extent to which these theories present solutions to the questions raised by the governance of sustainable investing is discussed.

The chapter begins with stakeholder theory. This theory's relevance for this research lies in its strategic focus on the benefits organisations realise when they engage publics in their decision making. Stakeholder theory argues that organisations should engage with all those who can help create value, considering business and ethics in the strategic management of organisations. Where stakeholder theory is weakest is in its under-acknowledgement of multiple and conflicting interests, and how these can be addressed through models of stakeholder management in practice.

Next, I turn to participatory democracy, perhaps a more surprising choice for any discussion of pension scheme governance. Participatory democracy is concerned with the democratic benefits of non-institutional actor involvement in firms and public governance. Given the growing significance of pension schemes as societal and financial institutions, there are good reasons for considering the democratic qualities of pension scheme governance in the same way that the democratic qualities of the firm are considered by participatory democrats. The theory brings an emphasis on active participation as a form of learning, which is particularly

relevant to contexts such as pension schemes, where knowledge asymmetries are prevalent.

Finally, the relevance of deliberative democratic theory for the context of pension scheme governance is examined. This theory focuses on the value of communication for democratic decision making. The theory's focus on the conditions, processes and possibilities of deliberation make it particularly insightful for examining the potential of voice in pension scheme governance, and in particular, for the consideration of preference transformation.

By examining each of these theories in turn, this chapter explores the variety of ways voice in organisations can be normatively theorised. They provide fresh theoretical perspectives on the value of engaging with wider publics in organisational decision making; for individuals, for organisations and for wider society.

Stakeholder theory

Stakeholder theory, the pre-eminent 'theory of voice' in the field of business and management, presents an argument for why a wider group of actors' interests – not only the interests of shareholders – should be considered in the decision making of firms. Its relevance to pension schemes and sustainable investing lies, first, in its significant influence in management studies and second, because it explores the intertwining of moral and business decision making in organisations, and how firms create value. Focused predominantly on the work of Freeman (and his co-authors), a leading author in this field (Laplume et al. 2008), I outline the theory's main characteristics, identifying the ways it addresses problems found in pension scheme governance, and questions raised by sustainable investing. Beginning with a discussion of the theory's historical background, assumptions and claims, I examine how stakeholders are defined, how the theory understands value creation, and its mutual recognition of business issues and ethics in organisational decision making. As well as examining areas of contestation, I look

at the theory's relevance, and implications, for the context of agency relations in pension schemes and the challenge of sustainable investing.

Freeman published his book *Strategic Management: A Stakeholder Approach* in 1984. It was not the first time the term 'stakeholder' had been used: the first recorded mention was in 1963 in a Stanford Research Institute report to describe the myriad of actors – not just the shareholders – who are critical to organisations and their success (Freeman et al., 2010). Freeman's stakeholder theory, shaped by the discussions he was having with his colleagues in the Wharton School, University of Pennsylvania (Freeman et al., 2010), has become influential in the field of strategic management and beyond. The theory has been influential not only in the academic literature – receiving peak attention in 1999 (Laplume et al., 2008) – but has also influenced organisational governance in the public and private sectors, such as New Labour's approach to new public management in the late 1990s and early 2000s (Prahakar, 2003). Based on pragmatist assumptions, stakeholder theory addresses the question of how organisations can contribute to human flourishing (Freeman and Wicks, 1998; Freeman et al., 2010). It considers three interrelated problems: (a) the problem of how value is created and traded; (b) problems between ethics and capitalism; and (c) the managerial mind-set and how managers think about value creation and business ethics (Freeman et al., 2010). Freeman's work is underpinned by an understanding of social science as a moral endeavour which examines how we can live better (Freeman et al., 2010: 74).

The 'stakeholder theory' umbrella includes an enormous diversity of perspectives and empirical applications (Parmar et al., 2010; Scherer and Palazzo 2011b; Hasnas, 2013). Although this diversity facilitates theoretical innovation, it has also generated conflicting assumptions and claims among theorists (Scherer and Palazzo, 2011). Following Gallie's (1956) seminal argument, Miles (2012) characterises stakeholder theory as an essentially contested concept which is subject to ongoing discussion and debate. Scherer and Palazzo's (2011b) meta-theoretical framework and Donaldson and Preston's (1995) taxonomy of the field have both sought to make some sense of the variety of assumptions, metaphors

and theories that are used. Donaldson and Preston (1995) identified three distinctive approaches in the stakeholder literature: (1) descriptive/empirical stakeholder theories, which empirically examine and potentially explain the characteristics of business-stakeholder relationships; (2) instrumental representations, which identify the links between stakeholder management and company performance; and (3) normative conceptions, which link moral or philosophical principles to business management. The theory has been highly influential in discussions of sustainability and the firm (e.g. Jones et al., 2018), but so far it has not been widely discussed in relation to pension schemes and sustainability.

One of the central characteristics of stakeholder theory is its consideration of wider groups of actors, 'stakeholders', rather than only the financiers to whom the firm has legal responsibilities. This broader perspective contrasts with an agency perspective, which presents a more simplified account of firm actors, and their relations. 'Stakeholders', defined by Freeman, are those who 'have a stake in or claim on the firm', as well as those 'without whose support, the business would cease to be viable' (Freeman et al., 2010: 26). Stakeholder theorists therefore have an openness towards a range of interests that are formally outside, but related, to the firm. The nature of the firm's relationship to these interests will determine which ethical stance is taken, whether collaboration, cooperation or containment (Dunham, Freeman and Liedtka, 2006). Stakeholder theory therefore opens-up a conversation about the significance and value of wider actors for strategic decision making. It is the active management of the business environment, stakeholder relationships, and the creation of shared value which lies at the heart of stakeholder theory (Freeman and McVea, 2017).

The goal of stakeholder management is the realisation of 'value', not defined, for example, by the risk-adjusted return on investment, but as a broader social phenomenon that is realised for stakeholders as well as the organisation. As Freeman and his colleagues argue, stakeholder theory asks 'how we could redefine, re-describe, or reinterpret stakeholder interests so that we can figure out a way to satisfy both, or to create more value for both' (Freeman et al., 2010:

15-16). It is through effective stakeholder management that maximum value is created and distributed. Central to stakeholder theory's conceptualisation of value is that both business and ethical decision making are entwined. In contrast with scholars who focus on corporate social responsibility as a separate domain of management, stakeholder theorists discuss corporate social responsibility as a consideration that is an intrinsic part of value creation. For stakeholder theorists, creating value in its broadest sense involves the joint consideration of business and ethics, through the process of stakeholder management. This distinction is significant; stakeholder management becomes the means of realising value for business and society. As Freeman and Moutchnik state:

CSR [corporate social responsibility] is built on false conceptual distinctions such as (1) facts and values; (2) business and ethics; (3) social and economic; (4) business and social, and others. It is almost an apology about business being about the money and self-interest, so that some 'social' compensation is necessary. If you change the underlying narrative of business to see it as 'creating value for all stakeholders', then CSR just isn't necessary. This is a subtle but important point: as long as we continue to talk about CSR as separate from 'the business', then we are implicitly approving of the old narrative of business. (2013: 6)

Stakeholder theorists have no single definition of a stakeholder. Stakeholders are defined by the organisation at hand, their model of value creation (Freeman, 2015), and their industrial context (Parmar et al., 2010). Not all stakeholders will be equally important (Freeman and McVea, 2017), and their relative importance may change over time. The principles underlying stakeholder identification are critical in shaping which stakeholders are defined as more or less significant. One approach is to evaluate them as either primary stakeholders, upon whose support an organisation needs to exist, or secondary stakeholders, who have no formal claim to the firm, and the firm has no duties towards other than moral duties (Gibson, 2000). Another approach, taken by Phillips et al. (2003), distinguishes between stakeholders according to meritocratic values (those who make the greatest contribution to the firm), and according to moral values (those to which

a firm has the strongest moral obligation). Mitchell, Agle and Wood (1997) typologise stakeholder identification into three categories: identification based on power/resources; identification based on perceived legitimacy; and identification based on a degree of urgency. Stakeholders are therefore identified, first as a result of the organisation, its model of value creation and its context. And second, as a result of the principles which underscore their identification.

In contrast with the widespread use of stakeholder theory in discussions of corporate governance, it has not been widely applied to pension scheme governance. Notable exceptions are Ambachtsheer (2008; 2016) and De Kruijf and de Vries (2014). Ambachtsheer et al. (2008) identify communication with stakeholders – particularly beneficiaries – as central to the effective governance of pension schemes. De Kruijf and de Vries (2014) also identify pension scheme stakeholders, and discuss them in terms of four bilateral relationships: '(1) retired and active plan members; (2) employers (organisations) and employees (trade unions); (3) government and pension funds; and (4) the board of pension funds and the participants in those funds' (2014: 334). Additionally, they characterise these stakeholder groups by their varied levels of knowledge, and varied levels of influence on pension scheme governance. Both of these applications of stakeholder theory illuminate how it can enhance understandings of pension scheme governance by clarifying: first, the breadth of actors significant to pension schemes; second, these actors' motives and interests; third, the nature of their relationships to each other (and not only in principal-agent arrangements); and finally, their varying levels of knowledge and influence.

But there is a further aspect of stakeholder theory which is particularly enlightening for understanding pension scheme governance and sustainable investing. The goal of stakeholder management is the realisation of 'value': not simply value as defined as the risk-adjusted return on investment, but value as a social phenomenon, created through relationships (Freeman et al., 2010). Stakeholder theorists understand strategic management as the means through which maximum value can be created and distributed. And central to effective stakeholder management, and its creation of value, is the consideration of ethical

issues in business. For stakeholder theorists, corporate sustainability is not a separate concept, or a separate domain of management – sustainability considerations are part of effective stakeholder management (Freeman and Moutchnik, 2013: 6). From this perspective, sustainable investing can therefore be realised if a pension scheme's significant stakeholders regard sustainability as part of the 'value' of a pension. Stakeholder theorists argue that effective stakeholder management is the means of realising this outcome.

Stakeholder theory illustrates how organisations identify value by engaging with stakeholders. It suggests that if these stakeholders value 'sustainability', then effective organisations will respond to this in their model of value creation. But the theory leaves many questions unanswered. Laplume et al. (2008) have collated criticisms of stakeholder theory, which include critiques of its theoretical assumptions (e.g. Balmer, Fukukawa and Gray, 2007), its breadth (e.g. Kline, 2006), its divergence (e.g. Donaldson, 1999), its effectiveness (e.g. Child and Marcoux, 1999), and its relevance for smaller enterprises (e.g. Perrini, 2006). One of the most pertinent criticisms relevant to this discussion of pension schemes is that the theory fails to address, and even exacerbates, existing agency problems in organisations. Specifically, Heath and Norman (2004) argue that stakeholder management creates a multi-principal environment, with each principal (or stakeholder) having varied and potentially conflicting interests. This makes management decision making and accountability more complex and performance less easily assessed. It is argued that, perversely, it increases the likelihood of agents pursuing their own interests, rather than realising socially responsible outcomes. Jensen (2002) argues that stakeholder theory fails to identify a single valued objective for the firm, and therefore lacking clarity on the purpose of management decision making. According to these critiques, stakeholder theory adds further complexity to principal-agent relations, rather than simplifying or remedying them.

A second important line of criticism is that stakeholder theory does not sufficiently discuss hierarchy and inequality among stakeholders – some stakeholders will be more important than others within an organisation's management decision

making (Gioia, 1999), and their relative positions will be informed by the firm's legal obligations. Freeman acknowledges that stakeholders will have varied viewpoints (2004) and that executives must make attractive trade-offs between these (Freeman et al., 2010). However, the practical question of how stakeholders' views can be best integrated into management decision making is left open.

The method of stakeholder input is an open question. Everything from stakeholder representation on boards of directors to informal and non-specific 'concern' for stakeholders by decision-makers has been suggested. However it is achieved, it is important for the sake of ethics, psychological well-being, and organizational success that stakeholders be accorded some say in determining not only how much of the organization's outputs they receive, but how those outputs are created. (Phillips et al., 2003: 490)

Fourth, while the stakeholder perspective argues that stakeholders' concerns should be 'intermeshed' together (Freeman and Moutchnik, 2013: 4), the question remains: which conditions, structures, processes and procedures best realise this 'intermeshing'? Some theorists have developed practical models for bringing stakeholder perspectives into management decision making, such as Driver and Thompson's (2002) 'corporate senate'. This is presented as a place where 'established interests could be finally bought together into a decision making or advisory arena alongside the other (stakeholder) interests' (2002: 125). But further understanding of the models of stakeholder management, and the principles which underscore them, are needed since these design choices shape the form, structure and scope of stakeholder influence. This will clarify how stakeholder management can be achieved in practice, whether in corporations or in pension schemes.

Stakeholder theory is best understood as a theory offering an alternative set of assumptions to agency theory and articulating a contrasting theoretical narrative on management and value creation. It does not directly refer to principal-agent problems such as asymmetrical information and knowledge, or the challenges of monitoring. Instead, it develops a normative argument for the consideration of a

wider range of stakeholders in the creation of value. There are two aspects of stakeholder theory that are particularly relevant for the context of pension schemes and investing: its focus on stakeholders (i.e. primarily beneficiaries in this context) in the value creation process, and its consideration of business and ethics as intertwined. For stakeholder theorists, both these considerations are addressed through effective stakeholder management. The theory has been criticised on a number of grounds. First, that it offers little insight into the practicalities of achieving multi-stakeholder goals, and how these can be managed (Gioia, 1999; Jenson, 2002). And second, the claim that it exacerbates rather than remedies principal-agent problems (e.g. Heath and Norman, 2004). But a concern which is even more relevant is the lack of detail on how stakeholder interests should be considered, as well as on the types of structures and processes which enable effective stakeholder management. Stakeholder theory offers a valuable normative perspective on the benefits of engaging with significant actors, but leaves much open as to how stakeholder management is accomplished.

Participatory democracy

Participatory democracy emphasises the active engagement of publics in the governance of organisations, and has influenced the governance of social movements (della Porta, 2013), workplaces (Pateman, 1970) and international development institutions (Chambers, 1999; Cornwall, 2002). This section explores how participatory democracy can enlighten us about involving members in pension scheme governance. Currently, participating in a pension scheme simply denotes membership, with fiduciaries or their equivalents responsible for governance decision-making. Participatory democracy emphasises a different type of participation which empowers individuals in the decision making of institutions.

In this section I refer to ‘participatory’ democracy and ‘active participation’ to describe the type of involvement of members in the governance and decision making of pension schemes. Starting with an examination of the normative

commitments of participatory democracy, I then discuss the value and implication of this theory to pension scheme governance, and the challenges presented by agency theory. Critiques of the theory, along with problems of taking a participatory approach to pension scheme governance are explored, assessing the relevance of participatory democracy for this context.

Active participation has been conceived since the 1960s as a form of democratic experience and action, presenting a distinctive alternative to elite liberal theories of representative government. Participatory principles formed the basis of the organisation of student protest movements at that time (Hilmer, 2010; Florida, 2017), as well as alternative forms of political theory. Penncock summarises the participatory purpose as an impulse to:

Maximise the opportunities for all citizens to take part themselves, to share in making decisions that will affect their lives, and of course in the deliberations and group activities of all kinds that lead to these decisions... it is valued for its assumed contribution to self-development as much as for its advancement of personal interests through public policy. (1979: 441)

Carol Pateman's *Participation and Democratic Theory* (1970) is arguably the fundamental text in this tradition of theorising responds to elite liberal democratic theories by developing 'a participatory theory of democracy'. Re-interpreting Mill's argument for small-scale democracy as well as Cole's argument for guild institutions, Pateman (1970) theorises the value of democratic workplaces. She argues that the significant impact of workplaces on individuals' lives and well-being is the basis of the normative case for greater democratic control by workers in decision making. It is the institutional significance of workplaces which underscored her argument for democratisation along participatory lines.

The basis of Pateman's (1970) theory is the notion that active participation is an educative process where democratic learning takes place. She argues that through active participation in decision making citizens develop democratic knowledge and skills are developed, which can then be exercised in other areas of their life. In

Pateman's eyes, participatory democracy is a way of learning by doing. She quotes Mill:

We do not learn to read or write, to ride or swim, by being merely told how to do it, but by doing it, and it is only by practicing popular government on a limited scale, that the people will ever learn how to exercise it on a larger. (1970: 31)

This focus on the learning that takes place in participatory institutions is a distinctive part of Pateman's participatory democracy. She sees workplace participation as means of educating and building the capacities of citizens. The learning that they gain – about democratic decision making and control – will, she argues, support their engagement in democratic politics more widely. Participatory democratic workplaces, society and politics are conceptualised as mutually reinforcing spheres of activity – with active participation in one sphere supporting active participation in others.

Although Pateman's classic contribution was published almost 50 years ago, the concept of the workplace as an incubator for improved societal democratic relations continues to be influential (e.g. Estlund, 2003). In *Strong Democracy* (2003), Benjamin Barber emphasises active participation as a catalyst for the development of common, shared interests and a wider sense of citizenship. The common thread between both Pateman (1970) and Barber (2003) is the notion that participatory democracy – whether in the workplace or elsewhere – strengthens individuals' active participation in democracy more widely.

There have been a number of different criticisms of the participatory perspective. Warren (1996a) questions the radical democratic argument that it is a lack of knowledge, experience or skills, or even opportunity, that limits active participation in politics. Rather, he argues, individuals may choose to avoid complex and demanding politics entirely out of choice. He suggests that participatory democracy is unlikely to realise its ambitious goals for an engaged

citizenry, arguing that it over-simplifies the varied reasons for individuals' lack of engagement with democratic politics.

Cooke and Kothari (2002) criticise the assumption that active participation in governance leads to greater control. In their discussion of participatory structures in international development, they argue that these structures too often fail to realise their goals. Rather than empowering participants, institutionalised participation co-opts. International and national development institutions use participatory structures to gain buy-in into institutional pre-arranged goals, and participatory structures serve to de-politicise these goals rather than democratising them (Cooke, 2013). Indeed, there are many instrumental reasons why institutions may establish participatory processes with citizens, not least of which is the avoidance of litigation (Irwin and Stansbury, 2004). These critical perspectives highlight that citizens and institutions will have varying – and potentially conflicting – objectives and the institutionalisation of participatory opportunities may not necessarily realise its ambitions for the empowerment of citizens in institutional contexts.

Along with these theoretical critiques, one of the most significant challenges to participatory democracy is the impact of economic, social and cultural inequalities on active participation. Active participation demands time and skills, and this too often leads to the dominance of those with available time, fewer financial constraints, confidence, and perceived eloquence. This creates democratic inequality where already more privileged interests can easily dominate over the interests of the poor, less educated, female and those from minority ethnic or cultural groups. As Bachrach and Botwinick (1992) highlight, participatory democracy can fail not only because of existing inequalities, but because the time-intensive mode of active participation which, in contrast with other democratic modes such as voting, requires a relatively high level of commitment. This inevitably limits who takes part and raises the question of whether participatory democracy tends to foster rather than constrain social and economic inequalities, essentially creating a participatory elite. Mansbridge's (1983) influential study of participatory decision making in a New England Town Meeting and workers'

cooperative illustrates this problem clearly, identifying how individuals tended to under-acknowledge the very real impact of inequalities on their own and others involvement in participatory structures. For participatory governance to be democratic, it must successfully address the economic, social and cultural inequalities, and their impact on shaping who actively participates.

The response of participatory theorists to these persistent challenges has been varied. Some have argued that while active participation may foster inequalities in the short-term, the longer-term implications of participatory democracy lead to greater equality, as a result of increased worker control (Bachrach and Botwinick, 1992). Rather than assume that these inequalities will be minimised in the future, Cornwall (2002) suggests that the active participation of the least empowered should be facilitated. This 'tactical' approach involves informing, educating and developing the political capabilities of the excluded. The participatory budgeting process of Porto Alegre, in its early years (1989–2004), is one of the most commonly cited examples of a participatory structure that actively sought to reduce exclusion, with incentives to promote engagement among economically marginalised groups (Ganuza and Baiocchi, 2012). As well as seeking to realise equality in active participation, it also aimed to provide an educative and empowering learning process, and allocate genuine control over local decision making (Baiocchi, 2001).

Given the ambitions of participatory democracy, and its predominant focus on firms and public governance, in what way does it have relevance for the problems of pension scheme governance and sustainable investing? Active participation in decision making stands in direct contrast to the principal-agent relationship; rather than a principal relying on an agent to act in their best interests, in participatory structures individuals have the opportunity act for themselves. As Pateman (1970) highlights, participation facilitates learning and the creation of knowledge. While Pateman stresses its value in learning about democratic governance, it is also the case that those actively involved in governance learn about the business or organisation, its strategies, management and performance. After all, active participation in governance involves shaping decisions on these

matters and learning about democratic processes happens as a consequence of this participation. In pension scheme governance, active participation therefore offers the possibility of improving beneficiary knowledge and addressing the knowledge imbalances that agency theory highlights. The value of participatory democracy for understanding pension scheme governance therefore lies in its capacity to address the knowledge imbalances between beneficiaries and schemes. The theory's value is less clear when the practicalities of governance are considered more closely. More specifically, two particular questions arise: can participatory learning really bridge the knowledge gap between beneficiaries and finance professionals – especially when it is widely observed that fiduciaries or their equivalents often lack sufficient understanding (Clark, 2004)? And who can, and would, participate actively in pension scheme governance?

(Quasi-)mandatory pension systems seek to extend *participation* in pension schemes, that is, to expand their membership. But as of yet, there is less policy interest in the *participatory* engagement of beneficiaries as active participants in scheme governance. Participatory democracy has primarily considered the engagement of workers in firms and citizens in public governance, but elements of this theory are relevant to pension schemes and sustainable investing. Through active participation in decision making beneficiaries themselves have greater influence. And the learning that active participation fosters enables beneficiaries to become more knowledgeable – addressing the knowledge imbalances identified by agency theory. Participatory democracy has been criticised from multiple perspectives, and one of the most pertinent is that it fails to address – and even exacerbates – inequalities. Those with the most time, resources and skills more likely to actively participate in governance and shape the form and outcome of decisions; those who are time-poor, lacking in skills or confidence are likely to be under-represented. Such inequalities are likely to be heightened even more in pension schemes. The risk remains that a particular stratum of time-rich and educated beneficiaries, or established interest groups, will take the opportunity to become involved, and dominate participatory processes (Irwin and Stansbury, 2004). A further risk is the instrumental use of participatory processes to serve a

scheme's own institutional goals, rather than reflect beneficiary interests. These challenges reflect the complexity of realising participatory goals in the context of pension schemes. While participatory theorists argue there are ambitious benefits to be realised by greater citizen involvement in decision making, there are many challenges to their achievement in practice.

Deliberative democratic theory

Deliberative democracy provides a third theoretical perspective on voice, again emerging from democratic theory. As a body of literature, it contains diverse theoretical influences, with the work of Rawls (1971), Habermas (1984, 1996) and the American pragmatists informing its theoretical presuppositions (Florida, 2017). Just like stakeholder theory and participatory democracy, deliberative democratic theorists address the question of voice and how a public can be involved in decision making. Its primary focus is on the conditions required for voice, and its value for collective interest formation and decision outcomes (for example, the epistemic benefits of deliberation). This section presents a discussion of the theory's central characteristics, pulling out the assumptions, concepts and debates which are particularly relevant to pension scheme governance and sustainable investing. Most deliberative democratic theorists focus upon democracy in the public domain, and on matters of collective public interest – as reflected in the theoretical focus on deliberation among a public, and in the empirical focus on constitutional, political, state or policy issues. However, the influence of deliberative democratic theory has stretched to civil society organisations and, more recently, to the governance of private institutions such as firms (Scherer and Palazzo, 2007; Scherer et al., 2016; Schormair and Gilbert, 2020).

Deliberative democratic theory developed not only in response to competing democratic theories, including participatory democracy, but also in response to the conditions of contemporary liberal democracies during the latter part of the 20th Century. These include a widespread disenchantment with politics and lack of

trust in politicians; low levels of political awareness and limited and unequal levels of political participation; and highly partisan media outlets that entrenched conflict (Chappell, 2012). The theory stands in contrast to aggregative voting-centred theories (Talissee, 2015); agonism's focus on the inherent conflicts found in liberal democracies (Mouffe, 2000); and pluralism's focus on the competition between interest groups (Chappell, 2012). It critiques assumptions of the self-interested individual with exogenous preferences (Chambers, 2003; Freeman, 2000) and instead focuses on the role and value of deliberation – the exchange of reasons on a fair and equal basis – as a means of shaping preferences and crafting collective democratic decisions.

Deliberative democracy, broadly defined, is thus any one of a family of views according to which the public deliberation of free and equal citizens is the core of legitimate political decision making. (Bohman, 1998: 401)

A distinctive aspect of deliberative democracy, in comparison to stakeholder and participatory theories, is the attention given to the form of rationality which communication according to deliberative principles fosters. Habermas' (1996) elaboration of communicative rationality informs many deliberative democratic theorists' work. He argues that communication forms the basis of the social co-ordination of action, through the creation of claims which are mutually understood as valid. As Dryzek succinctly summarises: 'communicative rationality finds its grounding in the linguistic interaction of collective life' (1990: 220). It is through public communication that a shared, collective rationality forms, and this is the basis of decision making around commonly agreed upon actions.

Deliberative democratic theory shares with stakeholder theory and participatory democracy an interest in the involvement of a wider public in organisational decision making. But deliberative democracy focuses not only on their inclusion, but also the conditions necessary for their free and equal participation (Cohen, 1996; Smith, 2009). Deliberation stands in contrast to forms of instrumental and coercive behaviour that restrict freedom, looking instead to conditions that foster mutual respect (Gutmann and Thompson, 1996) and trust (Sanders, 1997).

Equality among individuals and perspectives are regarded as essential: individuals should have equal opportunity to participate and be active deliberators; and all perspectives should be expressed and considered (Smith, 2003).

Deliberation is taken to generate distinctive benefits, such as an openness to and understanding of the perspectives of others (Freeman, 2000). Communicative rationality orientates individuals towards collective interests and a common good rather than the pre-determined interests of the individual (Talisso, 2012). Deliberative democracy's treatment of preferences further distinguishes it from agency theory – and more broadly social and rational choice theory in political science (Dryzek, 2000). Rather than treating preferences as pre-given and essentially determined by an actor's position and circumstances, deliberative democratic theory recognises their flexibility and their potential transformation under democratic conditions (Elster, 1986). Public deliberation, it is argued, creates the circumstances whereby individuals' preferences are voiced, listened to and tested. Through mutual listening, engagement, and reflection – a deliberative exchange between individuals – more considered preferences emerge. Transformation does not necessarily equate to significant change; rather preferences are now held for good reason. The theory conceptualises preferences not as something that are fixed, but as mutable under democratic conditions.

Deliberation not only helps realise a shared understanding of the common good, but for some theorists it is the process that realises *the most valid* conceptualisation of the common good. Deliberation is taken to be the most effective process for realising an outcome that in the best interests of the collective; an argument which is often known as the epistemic justification for deliberation: 'democratic deliberation and agreement is the best (if not the only) means we have for ascertaining truth about the common good and laws that best promote it' (Freeman 2000: 384). Central to this epistemic formulation is the idea that deliberation is informed: both in terms of information on the matters at hand, but also in understanding the views, reasons and justifications of others. Talisso describes the deliberative process as:

A respect for other citizens that is manifested by providing them with reasons for our beliefs and preferences and by listening to the reasons they in turn provide. The underlying assumption is that in the public, deliberative forum participants need to go beyond sharing their opinions and reasons, to presenting reasons that others can also accept, involving a shared process of their consideration. (2012: 210)

A further justification for democratic deliberation is that it enhances the accountability and legitimacy of institutional decision making. In contrast to elite deliberations which take place behind closed doors, accountability is strengthened because of the public nature of deliberation – citizens are able to hear and see for themselves how opinions and arguments are made. Accountability, among deliberative democrats ‘is primarily understood in terms of ‘giving an account’ of something, that is, publicly articulating, explaining and most importantly justifying’ (Chambers, 2003: 308). This deep understanding of accountability is not just between institutions and those who they govern, but also among the governed themselves, between members of a deliberating public. It is the *public* aspect of deliberation, as a form of social interaction, that is central to realising enhanced accountability. It is not only accountability that is strengthened by democratic deliberation, but even more significantly, legitimacy is also reinforced. For Rawls, one of the benefits of deliberative communication on decisions, and their justification with reasons that all can accept as democratic citizens, is that it fosters more legitimate political institutions (Freeman, 2000: 379).

Deliberative democratic theory is not without its critics, who address its weaknesses from different vantage points. It has been criticised by Pincione and Tesón (2006), who question its assumptions from a rational choice perspective. At the centre of their argument is a concern with the epistemic claims made by deliberative democrats: deliberation cannot meet epistemic standards because citizens do not have a sufficiently informed understanding of the social world. They point to the use of rhetoric by lobbyists and politicians, who have an incentive to distort and mislead citizens, leading to spurious arguments in deliberations. In such circumstances, they argue, the best epistemic outcome is

unlikely to be realised through deliberation. While Pincione and Tesón (2006) state they are not against deliberation as an activity – as a *freedom* – they do remain unconvinced by the epistemic claims of theorists.

Like other theories of voice, inequality manifests itself as a further challenge to deliberative democracy. Economic and social inequalities limit freedom, equality and the expression of liberty, respect and fairness for all in deliberative processes (Sanders 1997: 349). Deliberative democratic theorists can be accused of under-acknowledging the impact of these inequalities and the exclusions they foster. Deliberation – as a source of democratic agency – may reinforce these social and economic inequalities in a way that other democratic procedures manage to avoid. Furthermore, as Sanders (1997) and Young (2000) highlight the deliberative ideal tends to promote ‘rational’ communication over others, devaluing norms of communication that are based on emotion, testimony, rhetoric or cultural practices. Given that these latter norms are more common forms of expression among citizens with lower levels of formal education, the result is that these perspectives are less likely to be present, heard, or valued in deliberations. Such critics argue that rational communication is reified by deliberative democrats over other forms of communication. This important and influential critique against the deliberative ideal has also been reiterated in the literature on deliberation in corporations (Dawkins, 2015).

A final prominent critique argues against the claims that democratic deliberation delivers institutional legitimacy. Pennington (2010) argues that institutional legitimacy comes, not from an effective deliberative process, but from institutional performance (Pennington, 2010: 169). If institutional policies serve the needs of their citizens effectively then they will achieve legitimacy among citizens. In contrast, effective deliberative procedures which leads to bad policy outcomes will not enhance institutional legitimacy. For Pennington (2010), it is therefore the institutional policy outcomes that should be the focus of the discussion rather than deliberative procedures.

While these critics raise pertinent concerns, second generation deliberative democrats have broadened the conceptualisation of deliberation, away from a focus on reasons to include a wider range of expression (Bächtiger et al., 2018), in ways that are sensitive to broader approaches to what counts as deliberation (Young, 1996; 2000). Additionally, the emerging literature on the design of citizen engagement models influenced by deliberative democracy also has addressed the type of conditions necessary to ensure the realisation of equality (Siu and Stanisevski, 2012) as well as reason-giving (Collingwood and Reedy, 2012). Despite these criticisms, evidence is emerging that the boarder public have higher levels of confidence and trust in deliberative institutions when compared to established bodies such as legislatures (Warren and Gastil, 2015).

The application of deliberative ideas to corporate governance (Scherer and Palazzo, 2011b) indicates the merit of considering the place of deliberation in forms of voice in pension schemes. Communicative rationality presents an alternative form of rationality – distinct from the instrumental rationality which grounds agency theory and social choice theory (Dryzek, 2002). Viewing pension scheme governance through the lens of deliberative democracy starts with an acknowledgement of the need to create conditions for communicative rather than instrumental forms of rationality. Looked at in this way, pension scheme governance can be understood, not only in terms of the various actors (e.g. principals, agents) and their pre-determined interests, but also in terms of the mode of communication between these actors, and the potential of democratic deliberation for generating mutual interests and collectively agreed actions.

Deliberative democratic theory provides an alternative way of conceptualising and addressing the problems of knowledge and monitoring raised by agency theory. From a principal agent perspective, knowledge describes a position of understanding on governance decision making and organisational performance. Deliberative democratic theory also addresses the idea of informed and knowledgeable citizens, but focuses on how this knowledge is created through a fair and equal process of public deliberation and reason giving. Through processes of public deliberation it is argued that citizens become more informed,

knowledgeable and able to contribute to better decision outcomes. They are also able to bring to bear their 'local' or experiential knowledge that is difficult for fiduciaries or their equivalents to access. In the case of pension schemes this process of knowledge creation may include, for example, shared understandings of organisational performance. If the communicative basis of knowledge is accepted, then the ideal of deliberative democracy suggests shared knowledge can be created between principals and agents, limiting the knowledge imbalances between them.

Similarly, just as agency theory highlights the problems beneficiaries have monitoring their pension schemes, so deliberative democrats discuss the potential of deliberation to enhance accountability of institutions. The two theories are focused on different concepts, but they are not unrelated. Accountability describes a commitment by an institution to be transparent about actions, performance and their consequences. In contrast, monitoring describes simply the ability of a principal to have oversight of institutional actions, performance and their consequences. Accountability encapsulates monitoring, and more accountable institutions are more easily monitored. If democratic deliberation in institutions improves accountability, as is claimed, then it should also improve the availability of monitoring opportunities. For pension scheme governance, the implications are that forms of public deliberation will enhance beneficiaries' opportunities to monitor their schemes.

Deliberative democratic theory has particular merit for the issue of sustainable investing. In its simplest form, sustainability describes the consideration of environmental and social factors, in the long-term. This simple formulation hides the complexity involved in making sustainability decisions, which involve the expression of values. Deliberative democratic procedures may be particularly valuable in this context (Smith, 2003). A genuine consideration of plural perspectives, through open and inclusive engagement with others, is more likely to result in a decision-making process which reflects a breadth of values, and includes consideration of values which prioritise wider, collective sustainability concerns. Deliberation is a process under which these more public good

considerations are given due weight. This perspective suggests that democratic deliberation may be particularly well-suited to the complexity of sustainable investing. Like stakeholder theory, it is a theory which seeks the inclusion of plural values and opinions. But in contrast to stakeholder theory, it provides greater clarity on the characteristics and conditions required for shared preferences and notions of the common good to develop. These qualities make it particularly relevant for the challenges raised by sustainable investing.

Of all the criticisms of deliberative democracy, perhaps the most pertinent for the context of pension schemes, is the challenge of involving the public on a free and equal basis. Deliberations with pension scheme beneficiaries will be influenced by wider socio-economic inequalities and societal discriminations. And the complexity involved in judging investing and sustainability is likely to exacerbate the problem further, with potential epistemic advantages to more educated members. This is where mini-publics and other similar models, discussed in more detail in chapter eight, offer pertinent insights into how publics can be informed in practice, to provide opinions on complex or contested policy questions. Such institutions are designed to ensure the inclusion of a diverse group of participants and through facilitation and learning ensure that they are in a position to engage in informed deliberations. Their capacity to bring forward reasoned recommendations on highly complex issues, including scientific and technological developments, indicates how these challenges might be ameliorated in the context of pension schemes. Any institutionalisation of deliberation in this context would require an approach which directly acknowledges and addresses the challenges of inequality and epistemic deficits.

The theoretical language of deliberative democracy helps us to reconsider the assumptions and claims of pension scheme governance as theorised in agency theory. Based on the concept of communicative rationality, it discusses the place of public deliberation in democratic decision making, and the conditions required for its success. Through informed public deliberation, based on a fair and equal exchange of reasons, deliberative democrats have argued this creates the conditions for the transformation of preferences and the development of shared

understandings of the common good. For institutions, it is argued that deliberative democracy delivers the best decision outcome (the epistemic argument), as well as enhanced institutional accountability and legitimacy. Despite the critiques to deliberative democracy, it is clear that this theoretical perspective offers a valuable lens through which to view the specific challenges found in pension scheme governance and sustainable investing.

Concluding comments

This chapter examined three theories of voice – stakeholder theory, participatory and deliberative democratic theory – and analysed their relevance for pension scheme governance and the challenges presented by sustainable investing. Agency theory clarifies how pension scheme governance is characterised by pervasive knowledge asymmetries between principals and agents, and a lack of monitoring opportunities for principals. Sustainable investing introduces the additional problem of incommensurability – the problems of comparing and evaluating options that have no common denominator for comparison, or give rise to ‘hard choices’ (Chang, 2017). In this context how can pension schemes understand their beneficiaries’ values, the extent to which they are shared, and govern effectively?

The three theories have distinctive assumptions and differing theoretical goals. However, they all share a normative concern with the role of publics in organisational decision making. Each of these theories of voice bring a different contribution to the discussion of these challenges. Stakeholder theory focuses on the concept of value, the role of stakeholders in defining value, and the intertwining of moral and business issues. Using this theoretical perspective, sustainable investing will become a reality if it represents value to its various beneficiaries. This particular perspective lacks detail on how stakeholders should be involved in this process of value creation, as well as lacking an acknowledgement of the presence of competing interests and plural opinions, and how these can be managed in practice.

Participatory democracy, a theory of voice which emerged from democratic theory, brings another contribution to the discussion of pension scheme governance and sustainable investing. The active participation of beneficiaries in pension scheme governance develops beneficiaries' knowledge vis à vis their pension scheme. Active participation enables beneficiaries to become more knowledgeable not only about democratic governance, but also managerial matters, including sustainable investing. One of the major challenges to participatory democracy is the impact of social and economic inequalities on differential rates of active participation, although theorists and practitioners acknowledge this, and have sought to address this theoretically and in practice. Participatory democracy illustrates how the act of participating can become a learning process, diminishing some of the knowledge asymmetries identified by agency theory.

Deliberative democratic theory, based on an understanding of communicative rationality, examines the value of informed, open, reason-based public deliberation, and its place in transforming preferences and developing shared interests and understandings of the common good (Freeman, 2000); notions that are relevant for decision making on sustainability in pension schemes. Deliberative democratic theory has been critiqued on a number of grounds, including its reification of reason over other communication styles, leading to inequality within deliberation (Young, 2000). However, it offers potential answers to the specific challenges found in pension scheme governance and sustainable investing. The theory's focus on the development of shared understandings through deliberative communication, as well as enhanced accountability through deliberation are both highly relevant. Building upon this theoretical basis, it is possible to imagine that public deliberation may play a part in developing shared understandings of sustainability, as well as contributing to enhanced accountability within governance decision making.

These theories of voice have predominately been applied to firms or to public institutions, and each of these initiate a distinctive theoretical conversation on governance. Each, in their own way, challenges the assumptions of agency theory

and develops normative claims – for individuals and for organisations – on voice, and its benefits. In this chapter I have identified the ways in which their central arguments are relevant to understanding pension scheme governance and the task of sustainable investing. Going forward, in the following chapter I will synthesise their concerns into one conceptual framework which I will later use to guide an understanding, and assessment, of institutionalised voice in practice.

4. Analysing Pension Scheme Governance: A Conceptual Framework of Voice

In this chapter, I distil the normative ambitions of stakeholder theory, participatory democracy and deliberative democracy into an integrative conceptual framework of voice. The framework assembles the main insights from these theories to guide the empirical analysis of voice in pension schemes. Integrative conceptual frameworks such as this are beneficial for several reasons: first, by integrating three theories of voice, it provides a robust theoretical basis for this analysis; second, it links theoretical ambitions with the practice of voice; and third, it enables the comparison of the practice of voice across different sites or cases. As such, this framework provides a basis for analysing the empirical practice of voice, and the extent to which voice realises normative aspirations of stakeholder theory, participatory democracy and deliberative democracy.

Towards a conceptual framework of voice

The conceptual framework outlined in this chapter merges perspectives from stakeholder, participatory and deliberative theories together into a synthetic structure; inevitably incorporating some features which are common, as well as some features which are either unique to one particular theory or are articulated in notably different ways. By blending their concerns, the conceptual framework provides a theoretically-grounded, integrated conceptual framework of voice that has been specifically designed for clarifying the normative aspirations of voice in

pension scheme governance. Although the aim is clarification of the normative building blocks of voice, in practice – as will become clear in the later empirical chapters – these qualities can be interrelated, with the realisation of one quality affecting the realisation of others in the framework. The purpose of this framework is, however, to articulate the conceptual distinctiveness of these qualities. These qualities serve as conceptual steppingstones, enabling this thesis to move from the three normative theoretical literatures to empirical research assessing voice, and its realisation, in practice.

A conceptual framework of voice

Stakeholder theory, participatory democracy and deliberative democracy all make normative claims on the value of voice. These three theories have been chosen because of their influence; each one has significantly shaped academic theorising in their own fields and have, as a result, influenced how organisations integrate publics into their decision making. The approach adopted resonates with the frameworks developed for assessing citizen engagement in public governance. Smith's (2009) analytical framework is a significant influence on this thesis, but other frameworks address similar criteria developed from democratic theories or concepts (e.g. Renn et al., 1995b; Rowe and Frewer 2004; Dalton et al. 2006; Papadopoulos and Warin 2007; Fishkin, 2012). In contrast to these previous frameworks which tend to focus predominately on democratic characteristics, I have specifically additionally included the concept of value. To ignore the economic aspect of pension schemes would reflect a failure to understand that their purpose is to deliver a pension. As a result, this integrative framework combines the democratic (participatory and deliberative) theories that are more closely associated with voice in public governance, with the strategic management theory (stakeholder theory) which is most closely associated with voice in private governance. I therefore examine not only the democratic qualities of voice, but also the way in which voice contributes to the creation of value – the ultimate economic purpose of the pension scheme.

Each of the theories have their own concerns, emphasising particular normative values, particular understandings of how publics should be engaged in decision making, and particular claims about the benefits of such a process. Inevitably their disciplinary boundaries determine their focus, with each presenting a partial understanding of what voice could be, and what it could achieve in organisations. By extracting and synthesising their concerns, this conceptual framework reflects not only their commonalities, but also the breadth of their aspirations. The purpose is to provide a relatively concise framework, with explicit normative theoretical origins, which can be used to assess voice in practice; to understand the ways in which, and extent to which, the conditions (Thompson, 2008) for these normative aspirations are realised.

Stakeholder theory brings an emphasis on how plural perspectives in organisational governance can enhance value. Participatory democracy emphasises, on the one hand, the role of active participation for enhancing beneficiary knowledge, and also the necessity of linking participation to influence. And finally, deliberative democracy emphasises the mode of communication, its place in transforming preferences and developing shared interests and understandings of the common good. By blending insights from these three theories together into one conceptual framework, voice in pension scheme governance can be elucidated in terms of: (a) inclusive engagement; (b) deliberative communication; (c) informed engagement; (d) transparency; (e) influence; (f) articulating value; and (g) feasibility. These qualities each represent facets of the concept of voice, providing conceptual clarity specifically designed for context of pension schemes and the task of sustainability investing.

In the table overleaf, I summarise these qualities, their definitions, empirical research questions, and similarities with related concepts in the literature.

Table 1: A Conceptual Framework of Voice

Qualities of voice	Origin	Definition and example research questions	Similarities with other theoretical understandings/frameworks
Inclusive engagement	Deliberative democratic theory; participatory theory, stakeholder theory	<p>A focus on democratic inclusion</p> <p><i>Who is involved? Are the participants sufficiently representative of beneficiaries?</i></p> <p><i>Does the design of the voice model enhance or limit inclusion and how does it do this?</i></p>	<p>Representation and inclusivity (Beetham, 2012; Fishkin, 2012)</p> <p>Input Legitimacy (Geissel, 2012)</p> <p>Inclusiveness (Smith, 2009)</p> <p>Openness and Access (Papadopoulos and Warin, 2007)</p> <p>Participant Selection (Fung, 2006; Gastil et al., 2012)</p>
Deliberative communication	Deliberative democratic theory	<p>A focus on deliberative communication</p> <p><i>Are key features of democratic deliberation realised?</i></p> <p><i>How inclusive is the communication (in terms of individuals' participation, and in terms of the plurality of perspectives expressed)?</i></p> <p><i>Is there respectful engagement with others' opinions?</i></p> <p><i>Is there a commitment to forms of consensus or constructive decision making?</i></p>	<p>Deliberative engagement (Fishkin, 2012)</p> <p>Democratic process (Geissel, 2012)</p> <p>Degree of engagement of participants (Beetham, 2012)</p> <p>Communication and decision mode (Fung, 2006)</p> <p>Quality of deliberation (Papadopoulos and Warin, 2007)</p>

Informed engagement	Participatory theory, deliberative democratic theory	<p>A focus on the degree to which participants are informed, and decision making is based upon informed judgements</p> <p><i>To what extent are participants informed?</i></p> <p><i>How is their knowledge enhanced through participation?</i></p> <p><i>How are executives and board members informed on beneficiary perspectives?</i></p>	<p>Impact on participants (Beetham, 2012)</p> <p>Civic education (Geissel, 2012)</p> <p>Considered Judgement (Smith, 2009)</p>
Transparency	Deliberative democracy	<p>Extent to which publics are aware of voice</p> <p><i>How is the process made explicit to participants?</i></p> <p><i>How is it communicated to a wider public?</i></p> <p><i>How can publics respond to this?</i></p>	<p>Publicity, Transparency and Accountability (Papadopoulos and Warin, 2007)</p> <p>Transparency (Smith, 2009)</p>
Influence	Participatory theory, deliberative democratic theory	<p>Focus on the degree of influence in decision-making</p> <p><i>Are forms of voice given formal decision-making authority?</i></p> <p><i>What other types of informal influence exist?</i></p> <p><i>In what ways is influence exhibited?</i></p>	<p>Input to policy debate and policy outcomes (Beetham, 2012)</p> <p>Connections to policy process (Fishkin, 2012)</p> <p>Authority and power (Fung, 2006)</p> <p>Popular control (Smith, 2009)</p>

Articulating value	Stakeholder theory	<p>Focus on how articulations of sustainable value are realised</p> <p><i>Do forms of voice enable expressions of sustainable value?</i></p> <p><i>Do forms of voice enable diverse expressions of sustainable value?</i></p>	<p>Information on stakeholders' utility function (Harrison et al., 2010)</p> <p>Salience given to plural perspectives (Mitchell et al., 1997)</p> <p>Creating value for stakeholders (Ambachtsheer, 2016)</p>
Feasibility	Dahl (1998)	<p>Focus on the feasibility of voice</p> <p><i>Are forms of voice practical, given the resources required – whether the costs placed on participants or organisers?</i></p>	<p>Effectiveness (Fung, 2006, Geissel, 2012)</p> <p>Efficiency and Effectiveness (Papadopoulos and Warin, 2007)</p> <p>Efficiency and Transferability (Smith, 2009)</p>

Qualities of the conceptual framework

Inclusive engagement

'Inclusive engagement' is a key quality of this conceptual framework and is related to the question of equality, a value that is central to the concept of democracy (Dahl, 1989). Equality itself is subject to varied interpretations among political theorists, for example whether it is equality in capacities and resources, equality of access, equality of participation or equality of outcomes (Saward, 2016). In this framework, the quality 'inclusive engagement' refers to an understanding of equality that is grounded in participation. Models of voice are premised on the idea of publics engaging – of taking part – in decision making. Inclusive engagement therefore involves the participation of all relevant publics and without this engagement, the normative aspirations of voice are diminished. For the context of pension schemes and sustainable investing, inclusive engagement is best understood as the engagement of the full breadth of beneficiaries. These will include beneficiaries of differing status in relation to the scheme, such as employees contributing to the scheme or pensioners receiving a pension. It will also address the inclusion of beneficiaries who differ according to socio-economic characteristics, which will shape their capacity, resources and access to participate. Inclusivity in this context, involves the participation of all significant publics in pension scheme governance.

Achieving inclusive engagement in practice is challenging. Experience from public governance has identified patterns of differentiation in participation, with not all citizens equally represented (Cooper and Smith, 2012). Unequal participation on the basis of gender, race, family status, income, knowledge and skills or other characteristics is widespread, and consistently pose a challenge to the principle of equality of engagement. These varied socio-economic characteristics combine in multiple ways to affect citizens' participation or lack of participation. Such characteristics are manifested first, in structural barriers such as a lack of time to participate, for example because of the demands of work or caring responsibilities,

or through lack of financial resources. For pension schemes which have beneficiaries geographically dispersed across regions, the additional structural barrier of distance is also relevant. But constraints are also manifested at the individual level, such as an individual's beliefs about their capacity and aptitude to participate, informed by their perceptions of the knowledge and skills required. It could also be manifested in individuals' beliefs on whether their interests, and their personal norms of expression, will be perceived as legitimate by others (Young, 2000). For questions which appear technical and demanding such as pensions and investing, these types of individual beliefs are likely to significantly influence beneficiaries' sense of entitlement to participate and inform their tendencies towards engaging.

It is not just the weave of wider socio-economic inequalities, and their manifestation, that is relevant here. The design of public engagement mechanisms is a factor which can further help or hinder the realisation of inclusivity (Fung, 2006; Smith, 2009). The design details of how voice is realised (e.g. the selection and recruitment procedures), and other practicalities (e.g. the when, where and how voice takes place) will shape participation. By considering the underlying conditions that are likely to create unequal participation, forms of voice can be specifically constructed to limit their impact.

For pension scheme governance, the issue of inclusive engagement is just as challenging (if not more so) as in public governance. In this context, two critical questions can be used to guide assessments of models of voice. First, who is involved, and are they representative of the wider beneficiaries? And second, in what ways does the design of a model of voice (e.g. selection procedures, but also practicalities) determine the degree of inclusion?

Deliberative communication

Deliberative communication, derived from the literature on deliberative democracy, is a second quality within this framework of voice. This quality is concerned with the extent to which the types of communication in forms of voice

evoke the normative aspirations of democratic deliberation. This is a process that can be roughly summarised as involving mutual listening, the exchange of opinions and beliefs, and the reasons behind these, in a way in which others can test and potentially accept (even if they are not in agreement) (Freeman, 2000; Talisse, 2012). Inevitably, any summary of deliberative democratic ideals tends to oversimplify what is a diverse and contested range of arguments. For the purposes of this empirically orientated conceptual framework, the deliberative democratic literature is useful for two reasons. First, it shines a spotlight on the mode of communication taking place in models of voice; a focus on deliberation, rather than on other modes of communication, which may involve the exchange of opinions but may be underscored by other principles such as aggregation, expertise or strategic negotiation (Fung and Wright, 2003). Second, it is valuable because it focuses on the norms which should be present to enable democratically grounded deliberation to take place.

These theoretical norms have been condensed into a variety of criteria to determine forms of deliberative communication in practice. In their Deliberative Quality Index, Steenbergen et al. (2003) classify democratic deliberation according to the following characteristics: open, free participation in a debate; the justification of assertions through 'the orderly exchange of information and reasons between parties' (2003: 25); the consideration of the common good (including self-interest that serves the common good); treating others with respect; undertaken with the purpose of consensus (although its realisation is not a requirement); and participation in an authentic way that is without deception.

More recently, Gastil et al. (2012) have defined effective public deliberation by the existence of: (1) an analytic process that seeks to inform, clarify, understand and evaluate trade-offs; (2) a social process that seeks to enable inclusive participation, mutual comprehension and understanding; and (3) a final decision-making process that effectively addresses the problem, in a manner that draws upon democratic decision rules. The conditions for effective deliberation may be considered to be determined by the design of a model of voice. In practice, the way in which participants engage with each other plays a significant role. This is

an aspect of engagement which is not totally in the control of any organiser or facilitator. Indeed, one of the criticisms deliberative democrats have faced is their lack of acknowledgement of power differentials, its strategic use among participants, and the implications for constraining deliberative democratic ideas (Mansbridge, 2015).

In the face of these limitations, what are the ways in which voice can be designed to ensure effective deliberation? For pension scheme governance, a concern with deliberation would translate into an examination of the conditions created for engagement, and the extent to which they enable deliberative norms to flourish. Steenbergen et al. (2003) and Gastil et al. (2012) provide a detailed picture of how deliberative communication can be conceptualised in practice. By considering these frameworks in light of, first, the context of pension scheme governance and second, in relation to the priorities of other qualities of the conceptual framework, the quality of 'deliberative communication' in this framework focuses on three indicators. It examines: the inclusiveness of communication, first, as understood as presence, in terms of all individuals who are present actively participating in a dialogue or communicative exchange. And second, in terms of the inclusiveness of content; that is, that individuals participating in a communicative exchange are able to express themselves fully and plural perspectives are realised. Deliberative communication also involves respectful engagement with others and their opinions or beliefs and a commitment to constructive decision making. By addressing these areas, the extent to which forms of voice used in pension schemes are able to evoke the ideals of deliberative democrats can be illustrated and examined.

Informed engagement

Informed engagement is central to both deliberative democratic theory and participatory theory, but the benefits of informed participants are perceived quite differently. Deliberative democratic theorists argue that the informed understanding developed through deliberation contributes to the conditions for

preference transformation (Elster, 1986), as well as delivering better epistemic outcomes (Estlund, 1997). Participatory theorists take a different perspective; they stress how voice is essentially an educative process, through which participants 'learn' how to participate. From a participatory perspective, active engagement can imbue participants with a deeper understanding of, and capacity to act, in wider forms of democratic decision making (Pateman, 1970).

Given the emphasis in both of these theories on learning and its benefits, informed engagement should be regarded as central to any conceptual framework of voice. For pension scheme decision making and sustainable investing, informed engagement involves the joint consideration of multiple forms of knowledge. Scheme executives, and firms that offer services to the scheme, bring forms of technical and bureaucratic knowledge into the decision-making process (e.g. financial, actuarial, regulatory expertise). Beneficiaries, on the other hand, will bring forms of non-professional, lay knowledge that is formed by the conditions of their lives, reflected in their common sense, and which can be described as experiential knowledge (Petts and Brooks, 2006). While there is a tendency to value technical or bureaucratic knowledge more highly than lay or non-professional knowledge (Petts and Brooks, 2006), a central goal to forms of public engagement on scientific or technical topics is the joint consideration of these multiple forms of knowledge, and, in some instances their integration or co-production, in governance decision-making (Petts and Brooks, 2006; Edelenbos et al., 2011; Fischer & Gottweis, 2013).

How can forms of voice realise informed engagement among its participants on questions involving technical or bureaucratic expertise? The greatest asymmetry will be between professionals and non-professionals. But there will also be asymmetries among participants, where some are more informed on particular aspects or facets of an issue than others. Knowledgeable participants may be informed by a range of sources: their own professional training, their prior experience (for example, in judging similar issues), or from exposure to an issue from mass and social media. While these knowledge asymmetries cannot be removed, the task of voice is to ensure participants are sufficiently informed to

participate as equally as possible. In some institutionalised forms of voice, information or evidence on technical or bureaucratic matters have been provided to citizen participants to inform their discussions (Brown, 2014). The design of voice, how it is organised, and the framing of its questions will shape how this knowledge is provided to participants, and its depth and breadth. Any form of voice will always involve critical decisions about the inclusion of technical or bureaucratic knowledge; for example, on the depth of technical knowledge required, the relevance of different points of view for the discussion, the legitimacy of sources, and the appropriateness of various types of evidence. To avoid 'bias' creeping onto the design of voice (Collingwood and Reedy, 2012) the decisions which judge the legitimacy, and relevance, of different strands of knowledge require careful consideration.

There are various strategies that can be put in place to ensure that engagement is informed, and to mitigate against the impacts of unbalanced information provision. The first is to ensure the context of the issue under discussion, the breadth of perspectives represented in the issue is understood, and to consider their own perspectives and motivations. This combination of research and reflection will not necessarily remove bias, but it will make implicit assumptions more explicit, reducing blind-spots and unbalanced assumptions early on. The second is to engage relevant stakeholders in the early stage of the design process, for example in the form of an advisory committee, to ensure diverse perspectives inform the design and scope of voice, and for these experts to be used as a sounding board to address which evidence, and how it should be integrated into a model's design.

Informed engagement involves not only the inclusion of technical or bureaucratic knowledge, but also the inclusion of a public's experiential knowledge – their non-professional or lay perspective. The three theories of voice drawn upon in this thesis (stakeholder theory, participatory democracy and deliberative democracy) highlight the lack of knowledge of governing actors (i.e. agents) on the perspectives, attitudes and understandings of their publics (i.e. principals). Forms of voice will bring this non-professional, lay knowledge into discussions and

deliberations. The realisation of this perspective requires the full participation of a lay public and expression of the plurality of their perspectives.

How voice is designed (and implemented) will shape how successfully this form of knowledge is elicited and integrated. For example, the openness of technical or bureaucratic experts to this knowledge, and the extent to which it is taken seriously (or not) will shape its influence. Equally, the way in which the design provides opportunities for participants to express this knowledge in breadth, and in full, will also contribute to its realisation. Again, including this form of knowledge successfully requires attention to the plurality of lay perspectives, and voice should be designed to allow opportunities for the full breath of perspectives to be expressed (a matter which was discussed in more detail in the previous qualities 'inclusive engagement' and 'deliberative communication').

Given these normative arguments, empirical analysis of voice should examine several questions about the type and nature of informed engagement. For example: in what ways are participants informed on technical or bureaucratic matters? On what types of issues or perspectives are they informed? And what are the sources, processes or means through which they become informed? How, if at all, are different types of knowledge valued? And similarly, in what ways can executives or board members become more informed on beneficiary perspectives? Finally, is this form of knowledge taken into serious consideration? By exploring these questions, voice in pension schemes can then be evaluated by the extent to which they effectively facilitate and realise an informed understanding on not only technical and bureaucratic knowledge, but also the non-professional, experiential knowledge of beneficiaries.

Transparency

Transparency (or publicity) addresses the visibility and openness of voice, both to the participants involved and to a wider interested public, which can be distinguished as internal transparency and external transparency respectively (Smith, 2009; Raphael and Karpowitz, 2013). Transparency is central for forms of public engagement (Rowe and Frewer, 2000), given that without sufficient transparency, models of voice will fail to operate as legitimate governance entities – particularly those without standard formal accountabilities (Parkinson, 2006). Transparency is not only valuable for the obvious reason it develops trust and aids accountability, but also because it can improve the quality of decision making. As deliberative democrats highlight, transparency can have benefits for the quality of deliberation itself as ‘having to defend one’s policy preferences in public leans one towards using public reason’ (Chambers, 2004).

Although the appeal of transparency at first appears uncontroversial, its desirability is more complex than other qualities in the framework. For example, while greater transparency may ensure decisions are taken with due consideration of the best interests of others, it may equally lead participants to communicate in non-deliberative ways, such as strategically or symbolically to wider publics (Chambers, 2004; 2005). These types of consequences may be more likely when issues are highly controversial, creating forms of outrage and attracting one-sided media reporting. Therefore, while it is widely regarded that transparency is an essential aspect to forms of public engagement in governance, it has not only advantageous but also disadvantageous qualities, with the latter surprisingly little acknowledged (Fung, 2013).

Transparency is, however, central to discussions of public engagement in public governance, with transparency and publicity to participants, and to a wider public, commonly focused upon in evaluative frameworks (Smith, 2009; Papadopoulos and Warin, 2007). To understand the extent to which transparency has been realised a number of questions should be posed. If the essence of transparency is understood as an openness or availability of information, this can be achieved

through two means: the most limited form of transparency involves enabling publics' access to information (i.e. publics have the right to enquire and to receive information), and an extension to this involves the proactive communication of information (i.e. information provided to the public, for example through targeted communications). Transparency also involves an appreciation of the content of the information that is being made transparent, and its salience to the public and to the matters of governance. Extending this, is the question of whether this information is sufficiently informative to enable publics to engage further with institutions, on the basis of this transparency (Fung 2013; McCarthy and Fluck, 2016). Seen in this light, transparency is defined not just by accessibility or communication, but also by the creation of the conditions under which publics have the capacity to respond to this information.

In any discussion of transparency, the question of who is gaining access to information, and who is able to respond to it, is of significance. For pension scheme governance, transparency should not only be in place for beneficiaries participating, but also for the wider population of beneficiaries who are the non-participating public, arguably a type of constituency. Understanding the extent to which voice is transparent therefore involves, in the first instance, understanding how (the means through which) transparency is realised, understanding what information is being made transparent (the content); understanding for whom (which publics) transparency is realised; and finally, understanding how these publics have the capacity (if at all) to respond to this information. Both the participating and non-participating public should have access to information which helps them understand, and follow, a form of voice and have opportunities to respond to this information. By drawing these definitional understandings of transparency together, this conceptual framework can be used to gauge the extent to which a voice realises transparency.

Influence

Influence is essential to the concept of voice; without influence voice provides no genuine alternative to exit. Further, an absence of expected influence will result in a corrosion, rather than strengthening, of trust in institutions (Rowe and Frewer, 2000). Some scholars of public engagement conceptualise influence very broadly, in terms of the impact of public engagement models on wider public opinion formation (La Font, 2014), or their impact within a wider deliberative system (Mansbridge et al., 2012). In contrast, I examine influence in the same way as the other qualities in the framework: as a quality realised at the organisational level, on an organisation's decision making.

Influence in decision making comes in many different forms, ranging from de jure or de facto decision-making authority, to forms of diffuse organisational influence that may impact perceptions or attitudes among decision-makers. In public governance scholarship, influence has been elucidated by examining the ways in which it shapes a public policy-making process. For example, Fishkin (2012) and Beetham (2012) have identified the links between forms of public engagement, policy-making and policy outcomes, in particular exploring the ways in which influence can be identified, when de jure or de facto authority is absent. Similarly, Goodin and Dryzek (2006) arrive at eight types of policy influence, characterised as: making policy, being taken up into the policy process; informing public debates; shaping policy through market testing; legitimating policy; confidence/constituency building; popular oversight; and resisting co-option.

A common approach in studies of public participation understands influence in terms of the gradations of power or control. Arnstein's widely cited ladder of citizen participation (1969), discusses influence in terms of eight steps: manipulation, therapy, informing, consultation, placation, partnership, delegated power and citizen control. This approach is underscored by the assumption that sponsoring authorities share more or less power with the public, depending upon the position on the ladder. More recently, Gaventa (2006) has developed a typology along three dimensions (level, spaces, forms), which recognises that

sources of power are often distributed outside a sponsoring public authority, and identifying how these expressions of power may impact on the realisation of localised influence.

These types of power-orientated scales are useful for illuminating how influence is constrained. Participatory democrats typically view delegated decision-making authority or control as the most desirable form of influence (e.g. Pateman, 1970; Arnstein, 1969). While genuine influence is certainly necessary if voice is to have any value, direct control may not always be suitable or feasible. For example, consultative or advisory forms of voice may be more appropriate depending on the governance problem (Fung, 2006), whether for legal reasons (e.g. legal authority is held by another entity) or when a public engagement process cannot practically include all relevant publics. Does this mean that, in these circumstances, public engagement will fail to realise any benefits? Most forms of voice instigated by organisations fill the grey area defined by consultation, advice and collaboration. Given this, it is even more essential to understand which conditions enable forms of voice in these settings to effectively influence decision making.

In recent years there has been increasing interest among scholars in understanding in more detail how the design features and conditions of public engagement models shape their influence (Barratt et al., 2012; Font et al., 2018; Pogrebinshi and Ryan, 2018). One of the findings to emerge from this research is the question of the degree and form of institutional embeddedness. In contrast with many models of public engagement, the practice of voice in pension scheme governance is likely to be highly institutionally embedded. Mapping influence empirically is tricky; there may be instances of policy changes or impacts of decision making that can be clearly related to forms of engagement, but instances of lack of influence are rarely acknowledged or documented. In addition, there will be genuine moments of 'soft' influence and a willingness to listen to a public, but equally other moments where there is much 'talk' about voice, but little interest in grasping the implications, and even less interest in change.

To summarise, understanding the influence of voice in pension schemes will involve identifying, the form of voice, the degree of authority granted, and the basis of that authority (whether de jure or de facto). It will also involve establishing on which policy areas beneficiaries are able to engage and how their participation links to decision making processes. But in addition to this, influence will also be the result of the context of the scheme, particularly executive and fiduciaries' (or their equivalents) willingness to listen and respond to beneficiaries. It is therefore not only the formal characteristics of voice which shape influence, but also decision-makers' attitudes to the engagement of beneficiaries will be an indicator of its likely degree of influence.

Articulating value

Articulating value in this conceptual framework addresses the capacity of models of voice to enhance understandings of value. In particular, it asks how effective they are at enabling beneficiaries themselves to articulate their understandings of value. In essence, delivering value in a pension scheme involves delivering a pension – a product – that beneficiaries consider beneficial to their interests, and worth contributing to. As such, value is not a given, but a subjective concept (Garriga, 2014). This notion of value is derived from stakeholder theory, and the specific focus of this research is the beneficiaries' articulations of value¹⁵. I draw on the stakeholder definition of 'value' to examine how, and to what extent, forms of voice are able to realise beneficiaries' articulations of value. Stakeholder theory is particularly well suited to the context of sustainable pension schemes because its notion of value is based upon the assumption that business and ethics are intertwined. Stakeholder theorists argue that by considering both jointly, through their management of stakeholder relationships, companies create value (Freeman et al., 2010). Indeed, in sustainability orientated pension schemes, beneficiaries in these schemes will take into account diverse considerations when making a

¹⁵ Rather than on wider stakeholder theory themes, such as the multiplicity of stakeholders, the jointness of their interests, and the management of these (Freeman, 2010).

judgement on value, not only the risk-adjusted return, but also the scheme's performance according to sustainability concerns, considerations that address both 'business' and 'ethics'.

Voice will only be effective if they enable beneficiaries to articulate the breadth of financial and non-financial considerations that inform their notions of value. This raises two challenges. First, beneficiaries will have different values, perspectives, expectations, and aspirations, informed by issues such as age, gender and the size of their pension pot, as well as their orientation towards sustainability values. There is no one 'beneficiary perspective' on value, but instead the existence of plural perspectives, which will be influenced by varying individual situations, as well as assumptions, expectations and aspirations. Second, the challenge of sustainability is that it raises difficult questions about what to value. This may give rise to incommensurability problems, or hard choices which are 'on a par' – not incommensurable – but nevertheless difficult to choose between (Chang, 2017) in decision making. The task for voice is to find ways to understand and appreciate pluralities, and achieve ways of reconciling these, in order to achieve effective scheme decision making that realises value for beneficiaries.

Despite these challenges, for voice to be effective it should contribute to creating a better – a deeper, clearer – articulation, and understanding of, what 'sustainable value' means to beneficiaries, and essentially what they see as a 'good deal' (Harrison and Wicks, 2013). There will be other sources of knowledge on how beneficiaries perceive the value offered to them. For example, complaints data, market research, competitor analysis and regulatory insight will also contribute towards conceptualisations of the value offered by a pension. But for this specific discussion, it is clear that forms of voice should enable beneficiaries to articulate what value means to them in a way that is informative and enlightening.

Understanding these processes empirically is difficult, and raises the question of how forms of voice can provide insight on beneficiaries' perceptions of value. Stakeholder theorists would argue that stakeholder management offers a better understanding of stakeholders 'utility function' (Harrison et al., 2010). The focus

of this thesis is in understanding the ways in which beneficiaries' notions of value are elicited. What kinds of insight do models of voice realise, and how can they be characterised? In what way does the model elicit the breadth of considerations that inform beneficiaries understandings of value, or what a 'good deal' means to them? And to what extent does the model enable plural understandings of value to be articulated? While many of these questions are similar to those guiding the quality 'deliberative communication', the crucial difference here is that this quality is focused not only on the form of communication, but also on content; specifically, the way in which models of voice elicit understandings of the value beneficiaries wish to realise from their pension.

Feasibility

Voice in pension schemes should be designed in a way that is feasible for their institutional context and address the practical issues of organising voice effectively. While the question of feasibility may appear obvious, practical concerns do have an impact on the realisation of other qualities in the framework. Dahl (1998) weighed up feasibility alongside democratic concerns in discussions of the merits of different forms of democracy. He argued, for example, that direct democracy failed as a democratic model because it was simply impractical in highly populated, geographically dispersed nation states. Feasibility is therefore an important quality that represents the appropriateness of voice for its context.

One of the criticisms of models of voice which seek to include a wide public is that they are impractical. First because it is difficult to enable large groups of individuals to be jointly present to participate simultaneously in voice. And second because of the time involved; the public have a range of other tasks they engage with (employment, caring responsibilities, hobbies, family and friends), leaving little time for participation. For institutions such as pension schemes, which may be national in scope, and extensive in terms of size of membership, these practical questions are even more pertinent than they are to public authorities. Alongside the issues of size and scale are also the financial (Rowe and Frewer, 2000) and non-

financial resources involved in funding forms of voice. In particular, given that beneficiaries generally wish to keep pension administration costs as low as possible, it is clear that benefits need to be seen from voice for it to be considered, as an effective use of resources. In particular, beneficiaries participating in voice, along with other participants such as employers or unions, should have the impression the model realises the expected benefits, given their own resource commitments in terms of time and effort.

For pension scheme governance, voice is a feasible solution if it is designed in a way that is suitable to the context of the scheme (e.g. size and scale), and for the resources available (from the scheme but also the participants). While these practicalities may appear banal compared with other qualities, they can have a decisive impact on the effectiveness of voice, and its realisation of the wider qualities of the conceptual framework.

Concluding comments

By developing an integrative conceptual framework of voice, the aim of this chapter has been to condense and simplify the varied normative claims of stakeholder theory, deliberative democracy and participatory democracy into one over-arching framework. Its purpose is to function as a device which can be used to assess the effectiveness of models of voice in pension schemes, assessing the extent to which they realise their normative claims. It brings together seven qualities of voice: (a) inclusive engagement; (b) deliberative communication; (c) informed engagement; (d) transparency; (e) influence; (f) articulating value; and (g) feasibility. Taking each of these qualities in turn, I have examined the way they are interpreted, either informed by stakeholder theory, deliberative democracy or participatory democracy. Based on these interpretations, I have developed a series of research questions which can be used to guide the empirical analysis, assessing institutional voice as it is applied to the context of pension schemes. By taking this approach, the conceptual framework bridges the varied normative ambitions of these three theories and the practice of voice in the governance of

pension schemes. In the chapters that follow, I draw upon this conceptual framework to assess two case studies of voice in pension scheme governance, first, the Member Council and following this, the Delegate Assembly.

5. Research Design and Case Study Method

As I have discussed in the introduction, the foundation of this thesis can be found in Hirschman's seminal study of the decline in organisations: *Exit, Voice and Loyalty* (1970). Hirschman outlines the various actions available to individuals who are dissatisfied with the performance of an organisation. By drawing upon theories that examine forms of voice and their normative benefits, and by focusing my empirical research on innovative examples of voice in pension schemes, I take the promise of voice for organisational governance seriously, reflecting a humanistic approach to academic research (Neesham, 2017). At the same time, I also recognise that while voice is a beguiling idea, it may not be the panacea that democratic and stakeholder theorists suggest, particularly for pension schemes. The aim of this thesis is to explore not only the promise, but also the challenge of voice in the context of pension schemes and sustainable investing.

Building on the conceptual framework of voice, as covered in the earlier chapter, I seek to apply this framework to empirical exemplars of governance innovations in beneficiary voice. In this short chapter, I explore in more detail the theoretical and conceptual foundation of this second part to the thesis; discussing the research design choices and strategies employed, and the methods of data collection and analysis.

Research approach

Defining and researching governance

The concept of governance has gained traction in recent decades, to understand phenomena stemming from the twin trends of increased interdependence (globalisation) and increased interest in citizens influencing the decisions that affect them (democratisation) (Chhotray and Stoker, 2009). As a concept, it is widely used to guide academic inquiries both into corporate (Monks & Minow, 2012) and government (Bevir & Rhodes, 2003) decision-making and control. Not only influential in academic research, it is also widely used in policy discourses, describing organisational effectiveness as 'good governance' (Agere, 2000). Despite its widespread usage, it remains an amorphous concept, capturing a breadth of features which can be summarised as the who, what, how, why and for whom of organisational decision-making and control. Chhotray and Stoker succinctly describe the concept as seeking 'to understand the way we construct collective decision-making' (2009: 2). Understandings of pension scheme governance tend to be framed by an agency theory perspective, a body of knowledge which conceptualises the nature of the principal-agent relationship and the consequences of this for decision-making and control. But less attention is paid to understanding pension scheme governance in terms of its formal structures and entities – in terms of its institutional design. Related to this, is the lack of attention to understanding institutional designs as a social practice, and the consequences of this for decision-making and control.

This thesis, influenced by trends in sociological theory, conceptualises the institutional design of governance as a social practice (Schatzki, 2014). By viewing governance in this way, I do not see it, for example, only as a concept that describes the design of boards or other decision-making entities, and their formal responsibilities. Instead, governance is viewed as a social practice that is manifest in the social interactions of the social actors involved, and which is connected (in both more or less direct ways) to formal organisational decision making. To understand governance as social practice, this thesis is informed by constructivist-

interpretative (Yanow, 2006) ontological and epistemological assumptions (Hay, 2011). Specifically, the analysis of governance is informed by theoretical traditions that emphasise the position of social actors in interpreting reality (Yanow, 2006; Bevir and Blakely 2018), and their role in creating meaning (Berger and Luckman, 1966). Consequential to these assumptions is the recognition that governance can be understood through social actors' interpretations of their interactions. As Colin Hay writes 'social and political realities are then, encountered through our interpretations of them – through the meanings they hold for us and the meanings we make out of them' (2011: 170). Understanding governance in this way demands a research approach that directly engages, on an empirical basis, with social actors, exploring the practicalities and arrangements of governance bodies and how they operate, the experiences of these social actors, and specifically, their interpretations of these experiences. This understanding implicitly regards these individuals as 'knowledgeable agents' who are capable of interpreting their own social world (Gioia, 2018). It is through actors' interpretations that we gain an insight into the beliefs and understandings which constitute practice, and the ways in which practice is shaped by contextual and structural features and conditions.

Interpretative approaches have been widely adopted in the study of organisations (Schwartz–Shea and Yannow, 2011; Gioia, Corley and Hamilton, 2013), as well as in the study of public deliberation (Parkinson, 2006; Talpin, 2012; Lee and Romano, 2013). Despite this, interpretative philosophies and the application of qualitative methods to the study of pension scheme governance are – to my knowledge – extremely rare. This seems somewhat surprising given that the institutions themselves are so significant for so many people, and given the capacity of qualitative research to generate 'unique, memorable, socially important and theoretically meaningful contribution(s) to scholarly discourse and organizational life' (Gephardt, 2004:461). A qualitative approach is particularly well suited for developing a deeper understanding of amorphous concepts such as 'governance', as well as being ideally suited to understanding novel forms of governance innovation where commonly agreed concepts and data do not yet exist (Reinecke, Arnold and Palazzo, 2016).

This sociological conceptualisation of governance as a social practice, along with a commitment to conceptualising those involved in governance as interpretative agents, forms the ontological and epistemological foundation of this thesis. The thesis does not foreground the theoretical examination of practices or interpretations. Rather, the core of the case study analysis is shaped by the normative concerns of stakeholder, participatory and deliberative democratic theories. The focus of the analysis is the way in which the qualities in the conceptual framework (derived from these theories) are realised through the social practice of governance.

Research strategy

The early stages of this thesis began with a reading of the literature on pension scheme governance, along with the professional pension press. The issue of sustainability was gaining more and more traction in these professional publications, and it was clear that there was an active debate and expert opinions were mixed. To fine tune my knowledge and crystallise my research questions further, I arranged scoping interviews with one NGO actor involved in campaigns addressing pension scheme investing, two executives involved in pension scheme governance, and one asset manager. The knowledge gained through these interviews, coupled with my understanding of citizen engagement in public governance, fed into the development of the research questions for this thesis. In a nutshell, the central empirical research question at the heart of this thesis is: how have pension schemes engaged more closely with pension scheme beneficiaries on sustainable investing, and through which models? To answer this research question, and in light of my sociological articulation of governance as a social practice, the thesis is framed by the following sub-questions: in what ways, and to what extent, do these models realise the qualities in the conceptual framework of voice?; how do the governance actors involved in forms of voice interpret these models?; and finally, what are the implications of these empirical findings for appreciating the potential of voice in pension scheme governance more generally?

The case method

To answer the research questions set out above, I use the case method. Employing a mixture of documentary analysis and qualitative interviews, I draw conclusions from two distinctive qualitative case studies of models of voice in pension schemes. Case studies have become an influential method in the social sciences (e.g. Stake, 1995; Yin, 2009), particularly among researchers studying organisations (e.g. Eisenhardt, 1989; Gioia, et al., 2010). They are often used when the research question requires the consideration of the wider social context, and where the boundaries between the specific study area and context are difficult to separate (Yin, 2009). Equally they are helpful when theoretical knowledge about an emergent research area is very limited. A case study approach therefore helps to unravel an understanding of both the organisational context of the phenomena of voice, as well as the specific characteristics of how it is institutionalised through model design and practice. To do this, multiple sources of evidence are drawn upon, for example, interviews with different actors from different vantage points, documentation and in some cases observation (Yin, 2009). These multiple sources are triangulated to develop interpretations, improving the validity of the conclusions.

A case study design was chosen for this thesis for several reasons. First, it enables access to information that is not in the public domain or available through the academic literature. Information on pension scheme governance is generally only publicly available in limited forms, often describing formal arrangements. This provides very limited insight into the practice of governance arrangements, and social actors' interpretations, including their perceptions of effectiveness. Additionally, as far as I am aware, there are few theoretically-informed secondary sources describing in detail the way in which governance is practiced in pension schemes; drawing on secondary data was therefore not an option for this thesis. Second, a case study approach offers distinctive theoretical benefits. A case study analysis allows a focus on depth and context, and this is an especially relevant approach for qualitative, interpretative research that is concerned with meaning in its specific social setting (Stake, 1995; Simons, 2009), and with reference to

multiple sources of evidence. Through triangulating interviews with social actors and careful reading of corporate documentation, a case study account enables a fuller picture of the practice of governance. Additionally, this approach enables a specific governance innovation to be identified as a 'case' of interest, with the particularity and details of the design features and actors' interpretations analysed. This enables a rich, more complete picture of voice, and how it fits within the institutional setting.

Identifying cases and gaining access

This thesis examines three pension schemes and organisations which can be described as trendsetters in the way they have opened up their decision making to beneficiaries, to address the challenge of sustainable investing. By examining these novel forms of voice, this thesis aims to draw out the promise and challenge of voice, not only in relation to these three trendsetting organisations, but also for pension schemes more widely.

Identifying these schemes was not a straight forward task. As I have mentioned above, there is limited secondary evidence, and academic literature, on pension scheme governance. But information is particularly scarce on models which seek beneficiary engagement in pensions governance. Given this lack of case material, I began looking for empirical cases to research. As an outsider to the pensions and investment industry, I was concerned it might be difficult to find, and gain access to, relevant organisations. Indeed, identifying pension schemes which met the right criteria for the research was a great challenge – my interest in innovative examples inevitably meant that I was looking for schemes that are few and far between, and with no established links with industries I had to work hard to find them.

To advance my search, I attended an industry 'field' conference organised by the Principles for Responsible Investing in London, receiving impact funding from the Political Science Association. I approached this conference as an anthropologist would, observing and interacting with as many participants as possible and asking

for ideas on possible pension schemes for case studies. The conference provided an insight into the issues and debates that concerned the industry most, as well as how members of this industry would respond to the proposed research. Unfortunately, no suitable case study came to light. I had better luck at a sustainable finance networking event, which led to a chance conversation with a pension scheme manager from the Netherlands. This led to further conversations where I explained the research and its goals in more detail and eventually to the agreement by a Dutch pension organisation, PGGM, to participate in the research as the first case study – the Member Council model. A tip from a colleague in Basel, Switzerland, led to the second case study – a combination of two highly similar pension schemes, Abendrot and Nest, both based in Switzerland and both implementing the Delegate Assembly model. The titles given to these two case studies – the Member Council and the Delegate Assembly – are English translations of their respective names in original Dutch (*Ledenraad*) and German (*Delegiertenversammlung*).

These three organisations – and the two models of voice which they represent – are ideal research sites for the analysis of voice and sustainable investing. Each are based in (quasi-)mandatory pension settings with limited or no exit, which provides a fertile context for the cultivation of forms of voice, given that exit is limited. They all share a history in taking sustainable investing seriously and their consideration of sustainability is not simply an instrumental matter, but involves the joint consideration of sustainability values as well as risk-adjusted return. In the case of the Delegate Assembly, two pension schemes were chosen because the schemes discussed themselves their similarities to each other. Given this, the opportunity to explore the application of the Delegate Assembly model in two different contexts enabled an even better, more rigorous, insight into the model and the shape of its application.

While there is much to be learnt from the analysis of exemplar cases, one of the critical questions to address is how to interpret the findings from these cases, and their implications for wider pension schemes. In the empirical chapters, each case study model (the Member Council in chapter six and the Delegate Assembly in

chapter seven) is presented as an individual governance innovation of voice. In these chapters the central focus is on understanding how, and the extent to which, each particular model realises the qualities in the conceptual framework. Following Stake, these cases are therefore studies in 'particularization, not generalisation... There is emphasis on uniqueness, and that implies knowledge of others that the case is different from, but the first emphasis is on understanding the case itself' (1995:8).

However, it is also possible to draw intriguing and insightful conclusions by comparing these two cases, and drawing further comparisons between these and the extant literature on citizen engagement in public governance. In chapter eight I use these comparisons to identify the ways in which the Member Council and the Delegate Assembly can be effectively enhanced. To achieve this, I compare the case study findings with wider theoretical and empirical findings on public engagement in public governance. Furthermore, in the final conclusion, I go somewhat beyond Stake's (1995) focus on particularization, and instead draw out implications of these cases, and their respective models, for understandings of pension scheme governance more broadly.

Research ethics, informed consent and anonymity

Before fieldwork began, research ethics clearance was secured from the University of Westminster. As part of this, I provided participants from the schemes with information about their participation, making it clear that they were able to withdraw from the research at any time, and that individuals would not be named in the research. A copy of the 'Research participation' form is provided in Appendix one. Specific confirmation from the pension schemes, PGGM, Abendrot and Nest was sought to ensure they are happy to be named in this thesis, and each of the schemes were provided with a preview of the empirical chapters for their comments.

Documentary evidence

Documentary evidence, mainly identified through the PGGM, Abendrot and Nest websites, have been used to build up an informed understanding of the legal and organisational context of each of models (see Appendix four for a list of all the documentary evidence used in the case studies). This evidence includes annual reports, documents describing governance structures and their related committees and other entities, and decision outcomes recorded in regular minutes, contracts or memos. The documents for the Member Council case study are in Dutch and those for the Delegate Assembly models are in German, and I have translated all the information quoted or referenced in these documentary sources myself by drawing on my own knowledge of German and, particularly for the Dutch documents, by using the online translation software Deep L. For the German documentation I confirmed my translation with a native German speaker and, as I discuss below, both case study chapters were sent to each participating scheme for their approval of the factual representation of the pension scheme.

These sources of documentary evidence provide important contextual information on the structure and organisation of these schemes, their approaches to sustainable investing, and the ways in which beneficiaries have been engaged in scheme governance – background details which included in the first part of each case study. Second, in some instances these sources raised further questions about the model, and its practice. To ensure my case study accounts of each model were accurate, I made further contact with the pension schemes by email, to address a handful of questions and clarify my understanding. Once the complete chapters of each case study were complete, I sent these to each participating pension scheme and while one picked up minor points, no schemes replied with concerns about the analysis and interpretation presented in these chapters, confirming that the case study representations of the Member Council and Delegate Assembly are sound from the perspectives of the executives involved.

Qualitative interviews

The qualitative fieldwork component consisted of mainly semi-structured single interviews, and in three cases, group interviews, with beneficiaries and executives. Almost all interviews were undertaken in English, with the exception of one beneficiary interview for Abendrot. In a few instances individual Dutch or German words were used and these I translated. While there did not appear to be any major problems emerging from this approach, I took care to send copies of the interview transcripts to the interviewees to enable them to identify any misunderstandings (none of which surfaced).

Interviews for the Member Council case study took place in October 2017 in Zeist, Netherlands. In total, I interviewed seven individuals, including the two main executives involved in managing the Council and five of the Member Council participants. Two group interviews were undertaken with Member Council participants for practical reasons, given that interviewees had travelled to Zeist to participate in a Member Council meeting on the day and time was limited.

Interviews for the Delegate Assembly case study took place in December 2016 and October-November 2020, in Basel (Abendrot) and Zürich (Nest). As a result of Covid-19, the later interviews took place as phone interviews, rather than in person. In total, for the Delegate Assembly, I interviewed three executives (one in Nest and two in Abendrot – again for practical reasons, undertaken as a joint interview), along with two beneficiaries (one who had attended the Assembly in Abendrot and one who had not).

Across the interviews, five women and seven men were interviewed, three aged between 36-45, six aged between 46-55, one aged between 56-65 and two aged between 66-75. Further demographic details can be found in Appendix five.

Across both cases, the executive interviews were 'elite' interviews with figures who were knowledgeable about their organisation's governance and investment management, along with beneficiaries who were participating in the scheme, and in most cases in the model. The interviews sought to elicit their detailed

interpretations of practice and the way in which it realised, or failed to realise, the qualities in the conceptual framework. These interpretations provide insights that enabled me to compare, and triangulate, interpretations of practice with formal documentation and draw conclusions on the realisation of qualities of voice. Within my analysis, I assume that executives and beneficiaries, due to their distinct positions in the scheme, are likely to have differing interpretations of governance generally, and the voice specifically. Reflecting this assumption, attention is paid in the case study chapters to the multiplicity of social actors' interpretations, and where there are notable differences among beneficiary and executive interpretations, this is highlighted.

The qualitative semi-structured single and group interviews with executives and beneficiaries, aimed to create socially-grounded interpretations, providing insights and understandings of organisational life that could not be realised through more positivist approaches (Ercan et al., 2016). The interviews were guided by an interview schedule that covered broad questions on: how sustainable investing is defined, and acted upon; the governance of the scheme and the place of beneficiaries within this; the model and its procedures; and communications broadly defined (for further details on the interview questions see the Interview Guide, Appendix 2). Through asking these questions and by following up with further probes and prompts, the interviews elicited interpretations of governance practice.

In contrast to qualitative traditions that take a wholly inductive approach (Hay, 2011), these interviews were guided by normative theories of voice, as illustrated in the conceptual framework in the previous chapter. These qualities of the conceptual framework structured the main areas of the topic guide and the question areas, but care was taken to ensure the questions were broad in their conceptualisation, and questions were phrased in an open-ended way. Interviewees were asked to reflect on their experiences and prompts and probes were used to elicit an interpretation of practice. In response to my questions, interviewees' interpretations touched on some of the qualities in the conceptual framework in a relatively direct way (e.g. inclusiveness), while others were not

addressed directly, but were alluded to in their broader interpretations of practice (e.g. deliberative communication, articulating value).

As with all cases of qualitative interviews in organisations, interviewees may have had an interest in presenting their organisation in the best possible light. To mitigate this as much as possible, I prompted interviewees to consider the tensions, challenges and surprises, as well as success stories, in their experiences of governance. Within the interview itself, when comments were ambiguous, I would sometimes use the technique of 'playing-back' my interpretation of what the interviewee had said to confirm my understanding. While I used this technique sparingly, so as to avoid 'leading' future answers, techniques such as this are helpful at ensuring clarity in the understanding of ambiguous or complex answers. Following Flick (2018), care was taken to ensure a degree of triangulation between sources and between interviewees. Documentary evidence was compared with interview findings, and on issues where there was a lack of clarity, I contacted the pension schemes directly with follow up questions. Furthermore, in the Member Council case, I observed a Council meeting to gain an impressionistic account of its operation, and to compare this with interviewees' own interpretations of practice. Unfortunately, I did not observe a Delegate Assembly.

Data analysis and representation

The analysis process began in the interview itself; decisions are taken during an interview to follow up on a particularly intriguing comment, or the choice is made to turn to another question when it is anticipated it will provide a more insightful response. This analysis continues after the interview as initial thoughts and hunches are developed about the effectiveness of the interview questions, and the types of knowledge they are eliciting. Each of the interviews was transcribed by myself and in order to move from text of the interview – which described the experience and interpretations of the interviewees – towards a theoretically-framed analysis and notes were taken on emergent themes.

To advance this analysis further, the transcripts were coded several times by following the common qualitative technique of thematic coding (Boyatzis, 1998). The first level of open inductive coding was developed with the goal of finding the codes that emerged from the data (Strauss and Corbin, 1998). In this round of coding, I identified a range of disparate themes, including larger abstract themes (e.g. 'knowledge'), as well as more granular codes that represented an interesting, but less abstract, theme (e.g. 'concerns of wider membership' or 'listening to beneficiaries'). Following this, the transcripts were re-coded deductively, explicitly using the conceptual framework qualities (see Appendix 3 for an overview of codes) and reflecting a form of theoretical coding (Strauss and Corbin, 1998). While my overall interpretation is framed by the theory-driven themes of the conceptual framework, the earlier wave of open-coding brought further depth to my understanding.

Throughout this coding process, notes and interpretations were concurrently developed. Once the coding had been completed for each case study, the evidence available for each quality of the conceptual framework was reviewed and interpreted. Where evidence had been coded multiple times with open as well as theoretical codes, the differing codes were considered and contrasted against each other, as a means of reviewing my interpretation. This helped to identify the full breadth of themes that each element of evidence represents as well as generating a sense that saturation was accomplished by the developing storyline (Strauss and Corbin, 1998). As a result of this iterative process, an empirically grounded narrative which reflects on the qualities of the conceptual framework was produced.

This process was completed for each case, and within the writing process of the chapters further nuance in the analysis was developed, for example by highlighting the degree of difference or similarity in the interpretations of different actors (beneficiaries or executives). In the case of the Delegate Assembly model, additional variation between the two schemes is also acknowledged and made explicit in the analysis, whenever this was theoretically notable. In chapters six and seven, the analysis of each case is derived from a within case comparison (that is,

the effectiveness of a model in realising ‘inclusiveness’ is judged in comparison with its realisation of other qualities, such as ‘deliberative communication’, rather than in comparison with another model). Following this, in chapter eight, the two case study models are brought into comparison, with conclusions drawn from across the case studies and woven into an analysis of the promise and challenge of voice.

Concluding comments

This chapter explores the theoretical and conceptual foundations of the empirical part of this thesis; the analysis of two case studies of governance innovations using the conceptual framework. Moving away from an agency perspective on governance, this thesis is framed by a sociological understanding that views the institutional design of governance as a social practice. Two case studies of governance innovations – the Member Council and the Delegate Assembly – are the focus of this empirical part of the thesis. These are exemplar models in the institutionalisation of voice in pension schemes, situated in schemes with a history of sustainable investing. By empirically engaging with social actors’ interpretations the thesis offers an insight into the understandings which constitute governance practice, and the ways in which practice is shaped by contextual and structural features and conditions. These insights were collected through qualitative semi-structured interviews with beneficiaries and executives. Complementing this, is the analysis of documentary evidence in the form of organisational reports and documents. Together, these sources of evidence were analysed using the conceptual framework. In the chapters that immediately follow, each case study model – the Member Council and the Delegate Assembly – are presented individually. Afterwards, the two cases are compared and further comparisons are made with the extant literature on the institutionalisation of voice in public governance.

6. A Case Study of a Governance Innovation: The Member Council

This chapter is the first of two case studies and illustrates the Member Council model – a governance entity that has been specifically adapted to bring a beneficiary voice into decision making at PGGM Coöperatie U.A (PGGM), a sustainability-orientated pension organisation, based in the Netherlands. As a governance body, the Member Council has statutory responsibilities, but it predominantly functions as an advisory body that informs the executive on beneficiaries’ perspectives and provides challenge to decision-makers. As such, it represents a governance innovation that introduces beneficiary voice into decision making. The Member Council model provides an insight into the practice of voice in a sustainability-focused pension organisation.

Drawing upon scheme documentation and qualitative interviews with the central actors involved in the Member Council, the first part of the chapter provides an introduction to the model by situating it in the pensions system in which it operates and its legal and organisational implications. The history and background of the scheme is discussed, followed by its approach to sustainable investing. Following this, I outline the characteristics and position of the governance innovation involving voice in the organisational structure vis à vis other governance entities. Building on this descriptive introduction, the main part of the chapter explores the practice of the model, as interpreted by the actors involved: the beneficiaries and executives. Drawing on the conceptual framework

developed earlier in this thesis, an analysis of how the Member Council realises the qualities of voice is presented. This analysis focuses in particular on two central questions: (i) in what ways, and to what extent, are the conditions for each of the qualities of voice realised?; and (ii) how does the practice of the Member Council shape their realisation?

Pensions in the Netherlands

The Netherlands has a multi-pillar pension system (Ebbinghaus, 2011) in which occupational pensions provide additional benefits, on top of the state pension. As Anderson (2011) – whose work I draw upon in detail below – notes, the state and occupational provision are closely tied together, with the state pension serving as a minimum, upon which occupational pensions are paid above this basic level. Occupational pensions have had a long history in the Netherlands prior to the establishment of the state pension in the late 1950s. They are hugely significant, offering an almost universal form of coverage, with 90% of wage earners participating. While specific arrangements for contributions and benefits are determined at the scheme level, there are some broad patterns in the provision. Pensions are predominantly defined benefit, although a mix of defined benefit and defined contribution is also commonplace. In recent years, there has been an increasing shift from final salary to average salary schemes (Anderson, 2011).

Distinctive to this system is the importance of social partners, such as the employer organisations and unions. These actors are involved in the negotiation of pension entitlements as a part of collective wage agreements. The *Sichting van der Arbeid* (STAR) is a significant part of this, and functions as a negotiating forum for labour and business interests. In addition, two pensions industry organisations (Vereniging van bedrijfstakpensioenfondsen [VB] and Stichting voor Ondernemingspensioenfondsen [Opf]), along with elderly associations, (the Association of Elderly Organisations (CSO), with five member organisations) are important organisations with significant lobbying influence.

Pension schemes in the Netherlands take different forms: company schemes, mandatory sectoral schemes, non-compulsory schemes and schemes for particular professions. The particular scheme in the case study is a professional scheme for the healthcare and welfare sector. The governance of occupational pensions is regulated by the Pension Act (2007), with the regulatory authority residing in the Dutch central bank. The governance of company and sectoral schemes must include employers and unions as representatives, as well as employee representatives, in their administrative boards. The involvement of pensioners representatives in the administrative board or the establishment of participants' councils (deelnemersraad) is also recommended by the regulator as a voluntary governance body that functions as an advisory council on important issues.

Pension scheme background

The Member Council is a governance entity which serves PGGM Coöperatie U.A. (PGGM), a pension administration organisation established in 2007 by the social partners in the health and welfare sector in the Netherlands (PGGM Profielschets Ledenraad, 2020 [translation]). In terms of size, PGGM is a large pension organisation and manages assets of over €215 million (£194 million) (PGGM N.V. Annual Report, 2019). Although it serves various clients, Pensioenfonds Zorg en Welzijn (PFZW), the mandatory pension scheme for the health and welfare sector, is its largest client with a base of approximately 755,000 members (PGGM Profielschets Ledenraad, 2020 [translation]). The Member Council is part of the organisational structure of PGGM and PGGM is an administrative body that has a service-level agreement with PFZW. Given this, PGGM is the main focus of this case study, but references are also made to PFZW and its members.

Sustainable investing approach

PGGM has had a long history of engaging with questions of responsible and sustainable investing, and is a high-profile participant in international industry and civil society initiatives addressing sustainable investing in pension schemes (e.g. the Institutional Investors Group on Climate Change, IIGCC). It portrays itself, both internally to its beneficiaries and externally to the industry, as an organisation with sustainable investing central to its purpose, along with its focus on return. According to an executive, it is consistently named the most responsible investor in the Netherlands, and the organisation is guided by its strategic goal to create a 'valuable future', which includes its approach to responsible investment. In its Annual Responsible Investment Report it states:

As a pension investor, we aim to achieve an optimal return for our clients while maintaining a responsible risk profile. Within this core task, we pay particular attention to responsible investment based on the conviction that this can reduce risks and offers opportunities to make a good return with investments that contribute to social and environmental solutions. This is especially true in the long period in which the money of our clients is entrusted to us. (2018: 5)

Origins of the Member Council

A documentary which investigated the investment of employees' pension contributions into weapons manufacturers was a decisive moment for this scheme. PGGM had already gained a reputation for investing responsibly and for being a thought leader in this area, partly in response to previous demonstrations by beneficiaries against its investment strategy. But this time the complaints from beneficiaries were louder and larger and the pension scheme was inundated with criticisms. According to an executive, the sentiment of the beneficiaries was: 'I am curing, or taking care of people every day, and my pension fund is killing them. This can't be true'. As a result of these beneficiary protests – a moment of crisis – they realised it needed to address beneficiary concerns about their investment

strategy. It was a pivotal moment and one executive (interviewee A) commented that through this experience they ‘learned the hard way’ about the potency and relevance of sustainability concerns to its beneficiaries. This prompted this scheme to rethink their approach to engaging with beneficiaries and they looked for ways to integrate the views of beneficiaries into scheme governance with, as one executive (interviewee B) remarked, renewed ‘energy, focus and strategy’. The Member Council was already a model for bringing employer and union interests together, with members appointed by these organisations. These governance arrangements were adapted and the Member Council, the most important governance body, was expanded to engage a wider group of beneficiaries in its decision making.

The Member Council: Characteristics

This pension scheme was not new to the concept of sustainable investing but executives commented that they needed to improve. To this end, the Member Council model was enhanced with beneficiary perspectives, to challenge the organisation’s actions and performance, and to strengthen legitimacy. As one executive summarised:

[The Member Council] is a place ‘where they can bring in all their ideas: what we are doing well and what we are doing wrong... We need them to bring the voice, to understand what we are doing and to agree on what we are doing’.

Interviewee A, PGGM Executive, October, 2017

The Member Council is a model of beneficiary engagement which represents an adaptation and expansion of beneficiary voice in an already existing governance entity. As of 2012, the updated Member Council includes 45 members: 15 members from the employers’ organisations, 15 members from unions, and 15 directly elected beneficiary members. There is the aspiration that the council must ‘reflect the members and the social environment of the cooperative. This concerns age distribution, male/female, regional and sectoral distribution’ (PGGM Profielschets Ledenraad, 2020: 4 [translation]). In a pension system where

beneficiary voice in pension scheme decision making has been negligible, it represents a novel development (Apostolakis et al., 2016). A summary of the key design characteristics of this model is illustrated in Table 2 below.

Table 2: Summary of Design Characteristics of Member Council

Mode of Selection	Election
Role Title	Representatives
Who participates in the Member Council?	Beneficiaries Employers Unions
Regularity	4 meetings per year
Length of term	2 x 4-year term
Size	Small (45 in total, 15 beneficiary members)

The expanded Member Council included a larger number of members, including beneficiaries, who were identified from each of the employer organisations participating in this multi-organisation pension scheme. In this move, the Member Council was opened out to a wider group of actors who were representatives of beneficiary rather than of employer or union interests. Executives were unsure whether the new opportunities would pique beneficiaries’ interest. They were surprised to receive 17 applicants for every available position; bringing into question the assumption that beneficiaries lack motivation to participate in governance practices. As one Member Council participant commented:

They thought that not many people would apply, and now there are three positions [in my organisation] and still a lot of people apply. So, I think with the members, they like to be involved. There are always more people who apply than positions.

Interviewee D, PGGM Member Council participant, October 2017

In the formal organisational structure, the Member Council is described as the highest governing body, and its role is to ‘think about and discuss the direction and

policy of the cooperative and act as a link between the members and the Cooperative Board' (PGGM Profielschets Ledenraad, 2020: 3 [translation]). However, it is the cooperative board that is the company's shareholder, and has responsibility for the 'identity, mission, vision and (financial) policy frameworks of the cooperative and the interests of the members' (PGGM Profielschets Ledenraad (2020: 3 [translation])). In addition to these two bodies, there also exists a supervisory board of PGGM N.V, overseeing a part of PGGM that provides commercial services. The result is very complex organisational structure. While the Member Council may be defined as the highest governing body, these other boards play a highly significant role supervising the organisation's varied activities. In essence, the Member Council's purpose can be summarised as a mixture of statutory, consultative and beneficiary engagement responsibilities. Its function is to: (a) meet its statutory responsibilities: e.g. amendment of the articles of association, appointment of the members of the co-operative council, appointment of accountant, approve of any change or the dissolve of the organisation; (b) fulfil an assessment role: providing a sounding board for the co-operative board; (c) fulfil an ambassador's role: bringing in members' wishes and signals from the outside (PGGM Profielschets Ledenraad, 2020 [translation]).

On sustainable investing, the Member Council's remit is largely advisory: Member Council members are free to express their views and challenge existing sustainable investment policy, but responsibility for defining the investment strategy is held by the investment arm of the PFZW (health and welfare pension scheme). Oversight of this is provided by a separate investment board of employer and union representatives. Member Council participants are encouraged to liaise and discuss policy with this investment board, but they do not have control on decision making in this area.

Qualities of the Member Council

Inclusive engagement

The aim of the Member Council is to express, in the words of an executive, the 'raw reality' of the social and healthcare workers' lives and bring this perspective into governance decision making. But the question of 'whose reality?' is a pertinent one. Does the Council involve the full breadth of beneficiaries, who will have differing legal positions in relation to the pension scheme (e.g. active or retired beneficiaries), as well as varied socio-economic positions (e.g. ethnicity, gender, age, social class)? Does the model's procedures and processes enhance or diminish the realisation of inclusive engagement among beneficiaries?

There is an awareness in this scheme, among both executives and Member Council participants, of the necessity of ensuring inclusive engagement in the Member Council. There is an aspiration that the delegates represent each of the six professional sectors represented in the scheme, from across each of the regions the scheme covers, and to ensure the involvement of a mix of ages and both male and female beneficiaries (PGGM Profielschets Ledenraad, 2020 [translation]). In 2012, there were 260 members who submitted applications for 15 positions.

Despite the aspiration to achieve inclusive engagement, the model still suffers from a lack of diverse representation, including an overrepresentation of older working age employed males (35-60 years), but an underrepresentation of women and pensioners. As an executive (interviewee B) comments, 'When you look at the Member Council, you could say it's a little bit too old and a little bit too male, but the elderly people and the women, that is not yet realised'. Other socio-economic characteristics, such as ethnicity or social class have not been actively considered in the selection procedure. A Member Council participant offers a similar perspective on the pensioner presence:

The representation of the pensioners is not very good in the organisation. I think it is one of the main goals in the future to make it [better]. You don't

have much communication [as a pensioner], mostly it's the working people.

Interviewee E, PGGM Member Council participant, October 2017

Another Member Council participant (interviewee E) adds 'The people who are at work, they hear about PFZW. The pensioners living in a small village somewhere, they don't hear about PFZW, they don't have any contact, and this is a problem'. Underscoring the notion of inclusive engagement is the belief that the presence of participants with differing characteristics will translate into the articulation of differing perspectives or interests. But in this institutionalisation of voice, even when selection procedures have been successful – for example in terms of regional representation – this did not necessarily translate into the representation of regional perspectives or interests. As one executive (interviewee B) says, 'The connection with the local, that is important. And we are not that good in it, because... we are very nationally focused.' Member Council participants highlight that the lack of integration of regional perspectives contributes to a disjuncture – 'an indifference' – among beneficiaries towards the scheme and its policies, especially when they are themselves unaffected by the problems the scheme is addressing. As one Member Council participant (interviewee F) comments, 'I also think that it is psychological [and] that when you don't experience a problem, you are indifferent to solutions that are made somewhere [else] in the [country]'. Among executives and Member Council participants there was therefore a sense that beneficiaries' engagement with the Council tends to be ignited by issues which directly affected them, and that problems experienced by others, elsewhere in the country, are perceived as less interesting and were rarely a source of engagement.

Member Council participants are conscious of the structural problems of achieving inclusive engagement, problems that are likely to be related to gender. The demands of work in the social and healthcare, along with the informal care that these professionals – often women – undertake, impact upon their capacity to participate in the Council, indicating the gendered impact of engagement. As one female Council participant (interviewee D) highlights, 'I mean, how many times

when you are working, when you have a job. How much time do you have available to get involved? We try as much as possible to support the organisation'. It is not just lack of time that is highlighted, but the consequences of working in the health and social care sector, 'I think they are interested, but they work so hard for earning the money, I think they are so tired from working, that that's the problem.'

Indeed, it is this sense of their colleagues' exclusion, and their lack of understanding of their financial situation, that motivates several participants to get involved in the Member Council.

The reason why in 2011 I applied, that year I was responsible for a kindergarten and I was responsible for a lot of young girls (the employees), and they had no knowledge of a contract or a pension, and that was one of the main reasons I applied for this job. Looking for ways to support people in looking forward to their future. And a lot of people who work in care started when they were young, around 18–19, and never looked around because they are so involved in their job. They don't care about tomorrow or the day after tomorrow.

Interviewee C, PGGM Member Council participant, October 2017

While the inclusive engagement of all relevant publics is a goal that is fundamental to normative conceptions of voice, achieving inclusivity in practice requires attention to the organising principles, structures and processes and an appreciation of how these may limit the engagement of particular groups. Attention should not only be focused on their initial recruitment, but also the extent of their continued participation. Indeed, Member Council participants described the varied participation patterns, with some participants attending regularly and others too often absent or even unable to complete their full term.

One proposal developed to enhance inclusivity was a recommendation to increase the number of Member Council participants, and thereby expand the opportunity for diversity. In the words of one beneficiary member (interviewee D) 'You should have more [beneficiary] members because you have more stories'. Although this proposal was agreed at the Member Council back in 2012, it had not progressed further at the time of the interviews. An executive (interviewee B) explains that one reason why the proposal has not been realised is that it would replace

employer and union representatives with an expanded number of beneficiary members, a move that pushed against ‘vested interests.’ This suggests the employer and union representatives were resistant to the idea that their representation would be diminished, and beneficiary member numbers would be strengthened. As a result, this interest in strengthening beneficiary voice led, not to a stronger beneficiary presence, but instead to a review of the role of employers’ representatives on the Council. As an executive explains:

The goal was set – in the end we will have only ‘free members’ [beneficiary members] in the Member Council – but what they didn’t decide on was the transition period. So this was the first step in 2012 and then we thought we’d do the second step in 2016, but there was no step! And there was a discussion between the Member Council and the board and one of the things that really surprised me is that there were less calls in the Member Council for this next step ‘Why didn’t we take the next step?’. We want to improve democracy really, but there is now a governance working group of the board, looking at the role of the employers because the employers’ representatives find it very difficult.

Interviewee B, PGGM Executive, October 2017

The Member Council model illustrates the way in which inclusivity is conceptualised in pension schemes, through an aspiration to reflect the diversity of organisations participating in the scheme, their regions, and the age and gender profile of beneficiaries. But this case study reveals how, in practice, this aspiration is difficult to achieve, with female and pensioner participation in the Member Council model low. Given that the scheme represents the interests of health and social care employees – a largely female workforce – this lack of engagement by female participants is particularly striking. Additionally, the question of whether the Council sufficiently represents the views of ethnic minority members, and those from differing social classes, is largely unacknowledged. The executives and Members of the Council are sensitive to the issue of inclusive engagement and have a willingness to improve and address this problem. But their limited success with increasing the number of beneficiary Member Council members on the Council highlights the gap between their wish to ensure inclusivity, and their ability to achieve the organisational changes necessary for this to take shape.

Deliberative communication

‘We are the ‘free members’, we can talk, we can say things out of the book.’

Interviewee C, PGGM Member Council participant, October 2017

Central to achieving beneficiary voice in governance is the necessity of creating communication that has deliberative qualities – inclusiveness, respectfulness, and orientated around forms of consensus or constructive decision making. Among Member Council participants there is a sense that they can express themselves freely and with openness, giving the impression that that the mode of communication in the Member Council realises a sense of inclusiveness. Reflecting this, participants in the Member Council describe themselves as ‘free members’; a distinct category of membership that contrasts with employer or union members of the Council. This identity reflects their feeling that they have fewer restrictions than other members and are able to raise a range of issues at the Council. This freedom is not always accepted, in fact, and it has been contested by other members of the Council who questioned whether the free members should be raising issues that lie outside the Council’s mandate. Following a discussion on this issue, a decision was taken to allow all contributions by Member Council participants, even if they touched on these wider issues. A strength of this model is therefore that it affords participants the opportunity to raise varied concerns and interests. Describing her impression of the beneficiary participants in the Member Council, an executive says:

The ‘free members’ are elected – they are the most active. They really go for themselves and they want to be in the Members Council. The other ones are more from their own organisation – they have their own interests. They have to manage with their back office. So the fifteen ones, they are really active; they really believe in the pension scheme, they really believe they want to make the pension better.

Interviewee A, PGGM Executive, October 2017

And a Member Council participant comments:

In every meeting we do, people often talk about the labour market and that there are no people to find to do the work... And that’s a subject that

people often say “Well that’s not for here, and the pension scheme can’t do anything about it”. Well, that is the reality of where we work. And I know that the pension scheme can’t solve everything but it’s good to know that this is what we care about.

Interviewee D, PGGM Member Council participant, October 2017

The design and format of the Member Council is arranged so that discussions take place among a relatively small group (45 members), who are meeting regularly, with each individual allocated time in the meeting to contribute at least once to the discussion. The meetings are organised to begin with an interactive session facilitating beneficiary contributions and perspectives, followed by a discussion of the formal responsibilities. Additional special items of interest for learning or discussion are also sometimes included. Although there is a commitment to ensuring beneficiary contributions on a wide range of issues, the extent to which it truly enables the expression of their plural perspectives is an important question. Despite the attempts made to create an interactive discussion, the impact of time limitations is highlighted by beneficiaries, suggesting insufficient time in the meeting for either the beneficiary perspective to be fully expressed, or to generate shared interests or jointly identified issues for beneficiaries to work together on. On the latter issue, beneficiaries had previously discussed initiating meetings outside of the Member Council meetings, but ultimately this idea was rejected on the basis that it amounted to a ‘pre-cooked dinner’, with implications for the effectiveness of the Member Council meetings.

In the beginning it was about how to manage things, we suggested once to run some meetings before (the Council) but our Chairman said no... he called it “Pre-cooked dinner” and the problem is of course that we see each other five times a year; we are now trying to organise a community for the members of the council. But its slow, there is now the new possibility to use your phone, but it’s not completely working at the moment. But that we hope will increase the contact between the members of the Member Council.

Interviewee C, PGGM Member Council participant, October 2017

Although the realisation of respectful engagement with the viewpoints and perspectives of others is central to deliberative communication, evidence from the

Member Council shows how difficult it can be to maintain. One Member Council participant recalled how a board member was dismissive of a Member council perspective. This illustrates how, even in organisations committed to beneficiary involvement, and where the body is afforded with formal responsibilities, respectful engagement can still be difficult to achieve among technical and bureaucratic experts.

For me there was one time, when one of our free colleagues said something to the Board and one member of the Board really said “We don’t have anything to say about that”. They want a Member Council and they say we’re the highest bosses, but you don’t say to your highest bosses that you can’t say something about that subject. And I really found that a breaking point in our working relationship.

Interviewee D, PGGM Member Council participant, October 2017

An additional feature of deliberative communication is the capacity to communicate in a manner which is conducive to consensus or achieving constructive decision making. The Member Council is designed to function as both a consultative and decision-making model. As an executive (interviewee A) concisely summarises, ‘We need them to bring the voice, to understand what we are doing and to agree on what we are doing’. The ways in which the Member Council creates the conditions for constructive decision making is illustrated by its involvement in providing feedback on a poorly designed energy deal offered to beneficiaries. In this example, the Member Council played a role in moving the scheme forwards, from a position of receiving complaints to a renewed more popular policy. As one executive explains:

It wasn’t very green energy. It was very poor on sustainability. And then we got complaints. And then we had a discussion (in the Member Council) ‘Okay, how should we do it, because we also have members who say “Give me the best price, I don’t care?”’. So how should we weigh those different trade-offs? And that’s where we are learning, we had a special meeting on this – they gave us feedback, and then we made a policy on this. It’s also a learning curve for the organisation.

Interviewee B, PGGM Executive, October 2017

The qualities of deliberative communication were realised in a variety of ways in the Member Council model. The very fact that Member Council participants called themselves ‘free members’ indicates the type of participation they feel able to achieve. And when they faced a degree of resistance, their freedom to raise any issues – even those outside their mandate – was re-established. This case study also shows that, even in organisations committed to bringing beneficiary voice into decision making, resistance among other governance actors can be strong and consequential for creating the conditions for deliberative communication. While there is a sense that very little is out of bounds, there is also a perception that the time available for the Council restricts the depth of discussions, and the ability of Member Council participants to develop shared interests and themes to work on. Notwithstanding these challenges, this model does, however, go some way in establishing the conditions for constructive decision making.

Informed engagement

The Member Council exposes the prevalent knowledge asymmetries – not only on technical and bureaucratic matters, but also on non-professional and lay perspectives – between executives, advisors and beneficiaries. But in what ways – if at all – does this model manage to overcome these asymmetries and create the conditions for informed engagement with decision-making? While the Member Council has an important role to play in providing oversight of the scheme, beneficiary members highlight their difficulty in participating in technical discussions and challenging decisions, ‘The difficulty is that we see each other four times a year and all the people who are working here have immense advantage and knowledge’ (interviewee C). It is not only the scope of their board role which creates challenges, but the limited frequency of meetings, the lack of contact between beneficiary members outside of the meetings and the demands of their day jobs, making oversight and challenge more difficult. While these issues are not unique to this board, beneficiaries are conscious of how these difficulties shaped their effectiveness as board members.

In addition to the practical constraints they face, the educational background of the executive staff, compared with the beneficiary members, present a socio-educational barrier which beneficiary members find hard to scale. As an executive notes:

And that is sometimes difficult because the representatives from the employers' organisation are highly educated people – sometimes they are the Chairman of the board of a big hospital, and they have to deal with someone who works as a cook. And that is difficult to work with all those different people.

Interviewee A, PGGM Executive, October 2017

And alternatively, from the perspective of a Member Council participant:

You know, I think, most members of the Member Council are, well, highly educated. A lot of people from universities and I think there should be more people from the floor, just workers, not only the highly level but people like me, you know. Sometimes I feel very lonely because I think 'Oh' when I read their CV.

Interviewee G, PGGM Member Council participant, October 2017

But a knowledge and experience gap also exists between the Member Council participants and the wider beneficiaries, especially younger colleagues or those with little formal education. This imbalance in technical and bureaucratic knowledge levels is immediately apparent to Member Council participants:

A lot of my co-workers are educated at a middle level. And at the pension scheme a lot of people are educated at a higher level or an executive level. And sometimes the things they write, the words they use, they are not really similar to the words my colleagues use. There's a gap.

Interviewee D, PGGM Member Council participant, October 2017

Profound socio-economic and educational differences exist between the beneficiaries and executives in pension schemes, making the conditions for effective informed engagement difficult to realise. By drawing upon a medical metaphor and comparing the relationship between a Member Council participant and a finance professional with that of a patient facing a doctor, an executive

neatly illustrates the experience of feeling uninformed compared with others, and of the knowledge asymmetries that characterise pensions.

Talking as a financial amateur is the same [feeling] that you feel when you are a patient and you are talking to the professionals in healthcare. It's the same kind of distance and it's our goal to really cross this distance, to close this gap.

Interview B, PGGM Executive, October 2017

While this low level of understanding of pensions and investing matters among beneficiaries, and the knowledge asymmetries between beneficiaries and executives are endemic across this industry, in many ways the Member Council is well-suited to addressing this problem. The involvement of beneficiaries in quarterly meetings, over a sustained period of time (two terms of four years), provides the opportunity for member participants to extend their technical and bureaucratic knowledge over time to inform their contributions and decision-making in the Council.

Indeed, the Member Council format has been adapted to address the question of knowledge asymmetries and work to advance beneficiary members' understanding. To this end, the Member Council meetings have evolved into a different, more beneficiary-friendly, structure. Originally crafted in highly technical financial language, the language has been simplified, and the meeting format has been structured into clearly defined parts focusing on (a) a dialogue on emerging themes from beneficiaries; (b) meeting the statutory responsibilities of the board; and (c) special items of interest for learning or discussion. The inclusion of part (c) enables the discussion of topics which inform and educate beneficiaries, improving their knowledge on technical matters. For example, when discussing a presentation designed to educate on asset management an executive (interviewee B) explains that this was organised so the Member Council participants 'Know how it works in the system and how – if you want to have influence – you can go to the Member Council, or call your members (the employer or union representatives) in the investment board.' This illustrates how knowledge asymmetries are manifested in practice. But it also indicates how the board

provides the impetus to limit their effect in small, but notable ways. The Member Council cannot fully remove differences in technical understanding that exist between executives and beneficiaries, but its attempts to minimise these ensure Member Council participants are able to play their role more effectively.

But this understanding of knowledge asymmetries is not the whole story. From a deliberative democratic perspective, it is the very existence of multiple forms of knowledge, and asymmetries or differences between these, which justify the value of public deliberation. Seen through this lens, the aim of the Member Council is not only to inform beneficiary members about technical matters in pension governance, but rather the other way around: to educate pension scheme executives and other actors about the lived experience of beneficiaries and their non-professional and lay perspectives. Indeed, executives themselves understand the benefits of the Member Council as bringing about learning in both directions. For the executives, there are instrumental benefits to a better understanding of the beneficiary perspective, as one executive (interviewee A) remarks, 'It is really a belief that we need to be in touch with them. We need this for the business model'.

Participants in the Member Council are acutely aware of the limitations of their technical and bureaucratic knowledge and the difficulties in gaining an advanced understanding of the organisation and the relevant issues involved in decision making. The experiences of the Member Council participants nicely illustrate the knowledge asymmetries that are widely discussed in the literature on pension scheme governance. To address this issue, the procedures of the Member Council have been adapted in a way to make participation, and the technical and bureaucratic issues the Council is handling, easier to understand. But not all types of knowledge differences are detrimental. In fact, as deliberative democrats argue, beneficiaries' non-professional, lay knowledge is also a resource to be drawn upon in decision-making, and these perspectives are particularly vital for discussions of sustainability. The characteristics of the Member Council – in particular, the investment in participants' technical and bureaucratic learning, the time allocated to hearing beneficiaries' experiences and concerns, and members

ongoing participation over a number of years – each play a role in contributing to the conditions for an informed means of engagement.

Transparency

Transparency is central to effective governance and a lack of transparency can damage the legitimacy of voice and its decision-making outcomes. In the Member Council model, significant steps are taken to ensure its transparency, but despite this, the model and its activities remain complex for beneficiaries to understand and engage with. Understanding how effectively transparency is realised involves: first, an appreciation of how it is realised; second, what information is provided; for whom this is available; and finally, an appreciation of whether beneficiaries are able to respond to this information and engage more closely in with the organisation.

Given the Member Council is a legal part of the governance structure of PGGM, basic information on the Member Council, such as who is eligible to be involved, the electoral basis of their selection, and the Council's broad purpose is publicly available to all who may be interested on its website. Although this information provides the basic background of the Council, there remains limited information on how the specific responsibilities of the Council are addressed, including the breadth of themes that it tackles. This lack of detailed public information is mirrored in beneficiaries' own difficulties in understanding their responsibilities as Council Members.

Overall, the scheme is an active communicator with its beneficiaries about pension matters. It employs a wide range of traditional and digital media (print, direct marketing, online communities) to communicate with its members and generate further discussion, and these methods are also used to communicate information on the Member Council, and between Council members. To help bring the Member Council closer to its beneficiaries once a year it has a meeting at one of its member institutions.

We find that every time the people at the scheme say “I didn’t know it was like this”. You know it’s really good and they should do it more often, just to realise that it is a very different world.

Interviewee D, PGGM Member Council participant, October 2017

But despite efforts to communicate, there remains a lack of widespread awareness among beneficiaries about the Council. As one Member Council participant (interviewee F) describes, ‘I don’t think they are aware of the existence of the Member Council. I think that’s the problem, that we are invisible.’ But it is not just lack of awareness which is the problem, but also a lack of clarity and understanding of the purpose of the Council, and the ways in which the Council is seeking to influence the broad range of issues – not just pensions – that impact upon beneficiaries’ professional lives.

A Member Council participant describes how he informs beneficiaries of Member Council discussions and gathers information on their concerns to bring these back to the Council; a process of translation between beneficiaries and decision-makers, referred to as ‘investorship¹⁶’. But it is difficult to explain the strategic priorities of the organisation to fellow beneficiaries, which are complex for beneficiaries to understand.

For instance, [in] mental health care there are not enough [staff]. There is really a problem to get people educated and stick them to the organisation where they work. And my colleagues are not aware that PGGM are trying to address the problem, brainstorm about solutions... So they are surprised [when they hear about it] and then it’s off the table. So that surprises me – if I was in their position, I would ask a lot of questions: ‘How does it work and what are they doing?’ But they don’t... It’s not in their range of thinking, if a pension organisation is trying to solve problems of education, I think they go blank. That’s it.

Interviewee F, PGGM Member Council participant, October 2017

This lack of understanding is likely to restrict beneficiaries’ ability to respond to the Member Council, as well as engage further with their pension scheme. As an

¹⁶ The term ‘investorship’ is used by interviewees. In PGGM documentation this is referred to as an ‘ambassador’ role (PGGM Profielschets Ledenraad, 2020: 4).

executive reiterates, the innovative strategies they develop are not common sense, and this presents a communications challenge:

I think it's not logical what we do there. It's not what we are used to. We think this is a financial industry, they make money. And they suddenly see an organisation who says "It's not only money we fix, but it's also your well-being". It's a mix up in their heads.

Interviewee B, PGGM Executive, October 2017

Despite the efforts invested in ensuring the transparency of the model, awareness and comprehension of the Member Council among beneficiaries is difficult to realise. And even among Member Council participants, understandings of the Council, its responsibilities, their role and areas of influence developed incrementally, through participation, rather than from prior information.

In the beginning it is very difficult... you think you have a say in everything and that is not the case. So you have to learn, what can I say that has an effect and what can I think about, but it doesn't affect me and I can't do anything about it. So, for me that was very difficult.

Interviewee D, PGGM Member Council participant, October 2017

This lack of understanding exists despite the varied and advanced communications used by the scheme. This case nicely illustrates the difficulty of realising transparency when forms of innovative governance, and their strategies, challenge taken for granted assumptions about the strategic purpose of an organisation. In these contexts, despite the use of varied communication channels, transparency is still difficult to realise. Notwithstanding these problems, the high numbers of applications to participate in the Council (mentioned at the beginning of this chapter) indicates that, among a minority of beneficiaries at least, the scheme is managing to provide sufficient information about the Council to raise awareness and pique their interest in engaging further.

Influence

The degree to which the Member Council realises influence over decision making is a critical question, but it is a complex picture that emerges. Member Council

participants and executives provide an insight into the areas where they have had influence (such as in the development of strategy), as well as areas where their role seems arguably more ceremonial (such as in meeting their statutory responsibilities). The Member Council model illustrates how the influence afforded to models of voice is not simply shaped by statutory powers and decision-making responsibilities, but also by the willingness of executives to listen to beneficiary perspectives and respond seriously to their views or recommendations.

There is a clear commitment to beneficiary involvement in the Member Council among executives, and to the realisation of the Council's influence. The Council is regarded as integral to realising beneficiary voice. As an executive describes:

We try to connect our financial business world with the people who are working in the care sector, who are not really financial or business like. And we learn a lot about it. It's a hard task but we really try hard to make the voice of the members [heard] in the asset managers organisation. And today the Member Council will also have a session with Asset Management and so they will speak about the assets, but I'm sure the members will say what they think about it, and not all the financial complicated stuff, but how they feel we should invest.

Interviewee A, PGGM Executive, October 2017

Influence is not only seen as something that should have a direct link to policy-making or strategic development, but also is seen as something that can be achieved through understanding the beneficiary perspective better. Discussing the relevance of beneficiary engagement from a democratic perspective, an executive (interviewee B) says: 'I think people call this informal democracy. Because there is no true direct relationship or (formal) influence but due to this contact you get the talk of the people on the floor, up to the pension fund board'. This executive stressed the way in which diffuse rather than direct influence could be realised through contact and engagement with beneficiaries and their perspectives.

The Member Council's responsibilities do not include oversight over all areas of policy-making. Instead, its role involves specific statutory responsibilities, along

with a consultative 'client' role for wider policy-making. This latter role does not offer full control, but enables the expression of values, opinions, and recommendations, as well as the capacity to challenge decision making. As an executive (interviewee B) explains: 'You could only organise inspiration, but I also believe there should also be a discipline, there should be a bite in the barking dog.'

Identifying influence is complex, and there are differences of opinion between beneficiaries and executives on whether influence is fully realised. Even though the Member Council is defined as the highest governing body, as the quote in the 'deliberative communication' section highlighted, in practice their authority is diminished if other governing actors refuse to respond to their questions. And furthermore, in the areas where the Council has statutory authority, the Council appears to not fully exercise this, and instead closely follow executive recommendations, making this appear a largely ceremonial exercise. On these responsibilities, a Member Council participant (interviewee D) highlights the knowledge barriers which limit the effectiveness of their challenge, when discussing their responsibility on approving the choice of accountant: 'What should we say? "No this isn't a good accountant?" I don't know'. A different perspective is offered by an executive, who argues that the simple act of involving beneficiaries in the Council strengthens its position as a 'disciplining instrument', which can be used to manage the performance of external service providers, such as accountants. Commenting on the same scenario he reflects:

We have KPMG. And two years ago, there was a problem with KPMG [and it] remains KPMG". But I know for sure that in the next meeting the CFO will say "It was a close call in the Member Council, because of your reputation". So, it still has some kind of impact, that you [the Member Council participants] brought the issue to the table.

Interviewee B, PGGM Executive, October 2017

On policy-making where the Member Council has a consultative role, there is a sense from both participants and executives that the Council has greater influence. Indeed, one Member Council participant (interviewee D) believes that they 'wouldn't be here, we would have quit' if they had no impact. But needless

to say, this perspective was also tempered with realism about the scope of their impact. In this respect, there is a sense that patience is important, ‘You hope you have an immediate impact on things you say in the Council, but I think that’s not possible. But what we see is that the things we say, they are taken care of.’

On sustainability questions the influence of the Member Council is mixed. Notably, its mandate does not include direct control over sustainable investing; this is controlled by the asset owner, which is PFZW, the pension scheme for health and welfare. This responsibility is held by the investment arm of this organisation, with oversight by a separate board which includes only employer and union representatives. This distinction between the advisory role of the Member Council and the control afforded to the investment board is notable. Justifying this separation, an executive (interviewee B) says, ‘Sometimes Chinese walls are good’. However, it is not immediately clear why this particular ‘Chinese wall’ is necessary, given that to be a Member Council participant, an individual must also be a member of the health and social care pension scheme – so there is a legitimate link between the two. The lack of formal ties between these two decision-making entities can therefore be attributed to a prioritisation of professional knowledge. As a result, while the Member Council participants can express their perspectives on sustainable investing, ultimately, they do not have any direct control of the definition of the investment strategy. As one Member Council member explains, ‘We also talk about investing in, well, it’s difficult because not everything is our responsibility. But we talk about how PGGM invests in the things that are close to our heart.’ In this area, the Member Council is designed to offer opinions and recommendations rather than control and this is justified by demarcating investing as a professional activity involving technical knowledge:

There is a tension between involving people and professionalism. Even if you are involved, you know one thing but you don’t know it *better* than the risk manager or the asset managers – so it should never be an executive role. It should always be a non-executive role, an advisory role. It should never be a “Tick the box, what kind of company do we invest in? Ok we do BP but we don’t do X”. That’s not going to be a wise decision. But to give guidelines, or to give in the end maybe guiding principles.

Interviewee B, PGGM Executive, October 2017

The Member Council has a stronger influence on sustainability questions where they impact on operational issues. As mentioned earlier, an example was the decision to advertise an offer on fossil fuel-based household energy to beneficiaries. In this discussion, the Member Council participants criticised the product for not reflecting their sustainability ambitions. Why, they questioned, does a pension organisation which invests sustainably offer non-environmentally friendly products to beneficiaries as offers? An executive explains the significance of this challenge and how they responded:

And that's where we are learning, we had a special meeting on this – they gave us feedback, and then we made a policy on this. It's also a learning curve for the organisation.

Interviewee B, PGGM Executive, October 2017

Similarly, there is evidence the Member Council influences strategic policy-making, for example by identifying the themes for the impact investing agenda.

So we started with the Member Council, they were really creating a first draft. And what we did afterwards – the second step – was in the executive board we discussed it: “Okay, we have the societal agenda, we need the themes and the themes are being chosen by the Member Council: What do you think of the three themes?” And then they said “We agree”. It is difficult to alter the choice by the member council... because they were a well-founded [choices]. That was the first step and the second step really was having the stakeholder interviews.

Interviewee B, PGGM Executive, October 2017

The Council has also brought attention to wider beneficiary concerns and has developed solutions to address these. For example, one issue raised in the Council has been the question of the costs of healthcare and insurance where, as one beneficiary member (interviewee C) highlights, since the introduction of beneficiary members to the Council ‘we see progress in thinking about these things’. Additionally, one beneficiary Member Council participant suggested a mortgage product for employees in the health and social care sector, which the pension scheme subsequently developed and offered to its members. An executive gives her impression:

Yes, they do have influence. It's not like they have day to day influence. But we talked about impact investing and they really did have influence on the way we are doing that... And the other way is the CEO is always at the meetings four or five times a year. So it's not something that I can pinpoint, but it's really important that you can hear that four or five times a year. And you have each time to tell, what you are doing, what is going well and what is going wrong... That has an influence.

Interviewee A, PGGM Executive, October 2017

The Member Council is designed as a governance entity with specific statutory responsibilities, but also as an 'internal client' for eliciting beneficiary views and providing a forum for challenge. It is perhaps unsurprising that this concept of a 'client body' has developed within a pension scheme, a place where beneficiaries have a very specific legal position¹⁷. This suggests that models seeking to extend beneficiary engagement in pension schemes may develop into quite distinctive forms, which will shape the conditions for realising influence. In the Member Council's areas of formal decision-making responsibility, the evidence suggests that the Council has a tendency towards acquiescence and the approval of executive recommendations. It is in its consultative role that the influence of the Member Council is best illustrated. While direct responsibility for sustainable investing is not part of the Member Council responsibilities, the Council is nonetheless utilised as a model to hear beneficiaries' opinions on sustainable investing – influence may well exist, but it is indirect. In other strategic and operational areas, the Member Council exerts greater influence over the types of considerations addressed in scheme decision making, for example in its impact investing themes, in its central role in creating innovative financial products for beneficiaries, and its contribution to strategy development. Overall, the Member Council illustrates various strains of influence possible with beneficiary engagement, some more direct and easy to identify than others.

¹⁷ A discussion of fiduciary duties was covered in chapter two.

Articulating value

Connecting with beneficiaries' understanding of value is central to the purpose of the expanded Member Council model. The move to include beneficiaries in the Council originated from a sense that the scheme had wandered too far away from beneficiaries' values, as one executive describes (interviewee A) 'We have learned a little bit the hard way sometimes, when we were investing in weapons and our members told us "We don't want you to do that"'. Consequently, the Member Council was expanded to include beneficiary participants and bring into the Council their perspectives. Right from the start, both economic and non-economic factors were considered relevant to beneficiaries' understandings of value. But how does the Member Council elicit understandings of value; what kind of insights are articulated in this model; and to what extent does it enable the articulation of plural considerations of value?

The involvement of the beneficiary participants in the Member Council is not only to introduce the beneficiary perspective as an end in itself, but to use this knowledge to inform strategic discussions on what type of value the pension could offer to beneficiaries. Based on the notion of a 'valuable future' (PGGM Profielschets Ledenraad, 2020 [translation]), the Council is used to elicit the economic and non-economic considerations important to beneficiaries, and mould these into an understanding of the quality of life beneficiaries aspire to achieve in retirement. The 'valuable future' concept clearly reflects an understanding of value as proposed by stakeholder theorists, and the Member Council is instrumental in realising this understanding. As an executive describes:

What we really see is the mission of this [scheme] is the 'valuable future', for the 'good old days' [retirement]. And part of that is the pension, and what we really see is that to be honest it is only a small part, but it's also informal care, health care, purchasing power, which are also important for your 'good old days'.

Interviewee B, PGGM Executive, October 2017

In the words of a Member Council participant:

For me it means using the money of the people, who work in all the organisations that PFZW is for, investing in things that really interest them and also making sure that they invest, use the money, to lower the cost of living so that they [the beneficiaries] have more money to spend on other things, among them, having a good life.

Interviewee D, PGGM Member Council participant, October 2017

By identifying and establishing what a 'valuable future' could mean to beneficiaries, the scheme is able to ensure its products provide the value that beneficiaries seek. An executive (interviewee F) describes how the Member Council enables the scheme to 'know a lot about our clients and it's a connection, so we have value for the participants because we do things that [they] find interesting. So that's the advantage.' By providing an insight into what beneficiaries find important, the scheme is able to stay close to beneficiaries' priorities, and this is viewed as bringing strategic advantages. In the pensions system in which the scheme operates, characterised by automatic enrolment and restricted exit, competitive pressures from other schemes are currently limited. However, when discussing the expected opening up of the pensions market to greater competition, both executives and beneficiaries have concerns as to whether the 'valuable future' concept would be able to survive and compete against other schemes. As an executive explains:

What we worry about is that when we have no mandatory scheme is that people will choose something cheaper and not better... We know other companies which are 50% cheaper, but their return is very low because they don't have a very sophisticated asset management strategy.

Interviewee B, PGGM Executive, October 2017

There are two ways in which the Member Council is involved in eliciting understandings of value. The first is through the discussions at the Member Council meetings. Within this meeting structure, participating members can express their perspectives on the pension scheme, and its value to them. A Council discussion mentioned earlier – on the topic of energy offers provided to beneficiaries – is an example of how the Council members flagged up an issue that

led to, as an executive describes, a 'learning process'. The second is the contribution of Member Council participants to formal strategy development by involving the Member Council in the 'valuable future' strategy.

Central to the understanding of value defined by stakeholder theorists is the necessity of realising the breadth of understandings of value, encompassing economic and non-economic considerations. How effective is the Member Council at achieving an understanding of the diverse considerations that will inform beneficiary notions of value? The involvement of beneficiaries in the Member Council enables a broader range of issues to be part of Council deliberations than would otherwise be the case. Ideas suggested by beneficiaries have led to new financial products, for example an innovative mortgage product specifically suited to the pay patterns of health and social care workers. In addition, insights are collected from the wider beneficiary base through the 'investorship' process, involving Member Council participants engaging with their colleagues to better understand their aspirations and expectations of the pension scheme. As one executive describes (interviewee A) 'we don't just want the voice of one person we want the voices of many more people'. In this way, the Member Council is able to bring the perspectives of their colleagues into the Council discussions and expand the range of considerations that are taken into account, informing the Council's discussions of how value can be realised for beneficiaries.

Feasibility

Bringing in beneficiary voice into the Member Council model involved expanding an already existing governance entity; it did not involve a re-design of the pension scheme governance structure, or the inclusion of an additional entity. To understand the viability of the Member Council as an institutionalised form of voice involves an appreciation its feasibility for this particular context.

The Member Council meetings take place at the pension scheme offices, where there are facilities to accommodate it. Two executives are involved in managing beneficiary participation in the Council. For the Member Council participants, their

participation involves leave from their employer for each meeting and travel to the pension scheme offices, travel and accommodation expenses are reimbursed, and members receive a quarterly allowance (PGGM Profielschets Ledenraad, 2020 [translation]). In between meetings, along with meeting preparations, Member Council participants engage with their colleagues on discussions around pensions and older age (as part of the investorship process) in preparation for Council meetings. The role of the Member Council participant is not insignificant and requires an investment in time, and a willingness to learn, both of which have their demands. Attempts have also been made to establish a dialogue among the Council participants, using an online community forum, but this has had limited success. Participation in the Council brings opportunity costs to participants, and to a lesser degree to their employer, and the attitude of the employer who will be granting them leave may also have an impact on how often they participate. While there are, as one Member Council participant (interviewee D) describes, ‘a lot of people who always show’, and who do this on a regular basis for several years, participation is not uniformly good and there are others who Member Council members describe as too often absent. How to handle the issue of absenteeism has been discussed, but not resolved by the Council. Similarly, some Member Council participants have resigned from their position.

There is a perceptible feeling among executives that the involvement of the beneficiary members in the Member Council is the right fit for this particular pension organisation, and brings real advantages to the organisation’s strategic decisions. However, such a model also highlights, in the words of one executive (interviewee B) ‘There are also problems with democracy, it takes a lot of time – it’s complex.’ This executive highlights two challenges: first the amount of time involved to reach Council decisions; and second, the necessary knowledge required in understanding complex decisions, and in managing the interaction between beneficiary viewpoints and professional advice (for a more detailed discussion of this point, see ‘influence’). Of course, managing such a process is not straight forward and it demands skilled executives. From the beneficiary perspective, despite the discussion of the difficulties and problems they face,

there is enthusiasm and interest in their involvement in the Council. Arguably, it is unlikely that executives and beneficiaries who have chosen to invest their time and efforts into the Member Council will find the model lacking. But that still leaves the question of whether the Member Council model is viewed as effective by the wider beneficiaries in the pension scheme. With awareness and understandings of the Member Council among the wider beneficiaries being generally low (see 'informed engagement'), it is likely that (non-participating) beneficiaries' perceptions of the effectiveness of the Member Council are partial and limited.

The Member Council illustrates one model for bringing beneficiary voice into decision-making. It nonetheless requires resources – not only executive time – but also in terms of time commitment from the Member Council participants themselves, who are engaged on a regular basis for a number of years. The overall impression of the effectiveness of the model is positive among those involved in the Council, and they highlight that there has been an improvement in how the Council has addressed beneficiary concerns – the defining purpose of the model. Given this, the model appears to go some way to realising the quality of feasibility.

Concluding comments

In this chapter I have analysed how the Member Council model integrated beneficiaries into scheme decision making. Drawing upon scheme documentation and qualitative interviews, the Model is described through the eyes of the actors involved, through their inter-subjective interpretations of the model in practice. Based on these interpretations, the chapter has addressed the ways in which, and the extent to which, the conditions of the Member Council realise each of the qualities of the conceptual framework.

The Member Council model is particularly strong at realising the conditions for four qualities in the conceptual framework: deliberative communication; informed engagement; articulating value; and feasibility. There is a clear commitment to ensuring the characteristics of deliberative communication, and this is perhaps

most clearly reflected in participants' own description of themselves as 'free members'. In addition to this, the Council design helps create the conditions for ensuring beneficiaries' contributions form the basis of constructive decision making. Knowledge asymmetries, both in technical matters and in values, are central to any understanding of beneficiary engagement in pension schemes. Both of these knowledge asymmetries surfaced in the Member Council, and the meetings themselves have been adapted to minimise their impact. The design of the Member Council, and the way in which beneficiaries are involved over a long period of time, has the potential to alleviate some of these problems. The commitment of the scheme to stay closely aligned to the values of the beneficiaries indicates how these knowledge asymmetries are also be viewed as a resource rather than an obstacle in decision making. On realising value, the Member Council represents an interesting example of how beneficiary involvement can create an opportunity for beneficiaries to articulate the value they want from their pension scheme. Understanding what forms of value beneficiaries seek from their pension is a central motivating factor in expanding the Member Council. The 'valuable future' strategy exemplified this approach, both the framework of the strategy itself, and in the Member Council's involvement in defining its central themes. In addition to their contribution to this strategy, there is a sense that the involvement of beneficiaries in Council meetings had brought a greater diversity of perspectives into strategic discussions, which informed and shaped notions of 'value' in the scheme. Finally, the Member Council is a feasible way of bringing beneficiary voice into scheme decision making. While it requires resources and commitment, the overall impression is that it offers a practical model that successfully brings beneficiary concerns into decision making.

The Member Council model is somewhat less effective at realising the conditions for transparency and influence. Ensuring the transparency of the Member Council model is difficult to realise. The scheme communicates using a diverse variety of methods with its beneficiaries. But there are low levels of awareness of the Member Council, and even Member Council participants' understanding of the Council is limited and develops slowly through their participation. The scheme

itself appears to have a well-resourced and fairly impressive approach to communications, so the weakness here may not be the communications per se, but rather the complexity of the communications task: the involvement of the beneficiary members in the Member Council, and its purpose, is quite a challenge to communicate and clarify, and this makes the conditions for transparency harder to realise. Despite this challenge, the strong interest among beneficiaries in taking part in the Council indicates a degree of success in realising the transparency of the Council. Central to the concept of voice is the notion of influence, but in what ways did the Member Council create the conditions for influence? The Member Council has specific statutory responsibilities, often approving executive recommendations, but it also acts as an 'internal client' for eliciting beneficiary views on a wider range of topics and concerns, and on these areas its influence was more visible. In particular, its influence on the 'valuable future' strategy, in the area of impact investing and its role in co-creating new financial products, illustrate the ways in which the Member Council exhibited influence. Nevertheless, it is notable that on sustainability issues, given that the investment policy was not part of its mandate, its influence was advisory and diffuse rather than directly influential.

The Member Council model is weakest at realising the conditions for inclusive engagement. There is an aspiration that the model includes beneficiaries from differing member organisations, and from across different regions, in terms of gender and in terms of age. But realising this goal in practice has been challenging. Additionally, to be fully inclusive, the Council should not only ensure these organisational, regional and democratic characteristics are addressed, but also consider wider socio-economic characteristics, such as ethnicity, and social class. Among those involved in the Council, there is an awareness of this issue and a willingness to address it, although their limited success in increasing the number of 'free members' on the Council highlights the gap between their wish to ensure inclusivity, and their ability to achieve the organisational changes necessary for this to take shape.

At its simplest, the Member Council model illustrates one way in which beneficiaries can be integrated into pension scheme governance. Furthermore, this in-depth case analysis, based on interviews with executives and beneficiaries and drawing upon scheme documentation, has identified how, and the extent to which, this particular model realises the conditions for each of the qualities in the conceptual framework. While there is significant commitment to beneficiary involvement among the executives and beneficiaries interviewed, realising the conditions for each of the qualities in the conceptual framework is challenging and is achieved with varying degrees of success. As a model it therefore illustrates the potential, as well as the barriers, to expanding beneficiary involvement in pension scheme governance. Through this detailed analysis of one particular case, two sets of wider implications emerge: what do these findings tell us about the promise and challenge of voice more generally? And in what ways can voice in pension schemes be further enriched? These considerations will be addressed in chapter eight and the conclusion of the thesis. But before I turn to these issues, a second governance innovation involving voice, the Delegate Assembly, is analysed in the following chapter.

7. A Case Study of a Governance Innovation: The Delegate Assembly

This second case study chapter illustrates the Delegate Assembly model – an entity that was established as part of the governance of two very similar sustainability-orientated pension schemes, Nest and Abendrot, both located in Switzerland. Like the Member Council model, the Delegate Assembly is an attempt to integrate beneficiary voice into pension scheme decision-making, and again it has statutory responsibilities but is largely a consultative forum. It is a large scale, annual, assembly model that is institutionalised in both Nest and Abendrot – two pension schemes that are located in the same national pension system and share strong historical, strategic and organisational similarities. Given these strong similarities, evidence from these two schemes (Nest and Abendrot) are combined together, and the Delegate Assembly is presented as a single case study of the integration of beneficiary voice into the governance of these sustainability-focused pension schemes.

I assimilate evidence from these two schemes' documentation, along with qualitative interviews with executives and beneficiaries to build up a picture of the model as it is applied in practice. I begin by situating it in its context, namely the pension system in which it operates and its legal and organisational implications. The history and background of these two schemes are introduced, followed by their approaches to sustainable investing. The development and position of the Delegate Assembly within their governance structures is then outlined, along with

its central characteristics. Moving on from this background, the main body of the chapter explores the practice of the model, as interpreted by the actors involved: the beneficiaries and executives. Following the same structure as in the previous chapter, the Delegate Assembly is discussed in terms of its realisation of the qualities of voice addressed in the framework. Again, the two overriding questions shaping the analysis are: (i) in what ways, and to what extent, are the conditions for each of these qualities of voice realised?; and (ii) how does the design and practice of the Delegate Assembly shape their realisation? These questions underpin my analysis of the Delegate Assembly's realisation of the following qualities from the conceptual framework: (a) inclusive engagement; (b) deliberative communication; (c) informed engagement; (d) transparency; (e) influence; (f) articulating value; and (g) feasibility. These qualities distil the essence of the theories of voice covered in earlier chapters. While these qualities offer conceptual clarity, the empirical evidence also reveals, to some degree, the way in which these qualities are related to each other.

Pensions in Switzerland

Drawing extensively on the work of Bonoli and Häusermann (2011), this section provides an overview of the context of the pension schemes in this case, and in particular the Swiss three pillar pension system. The first pillar in the Swiss system is a redistributive mechanism that provides universal coverage, designed to meet the basic needs in retirement. The second pillar supplements this through the provision of occupational pension schemes that are mandatory for all employees over and above a minimum earnings threshold. Like the Netherlands, this second occupational pillar has a long history and is widely used to provide an improved standard of living in retirement, on top of the basic public provision. The third pillar is a less widely used form of private pension provision, which is non-mandatory and is supported by tax concessions (Bonoli and Häusermann, 2011). Occupational pensions are a significant industry in Switzerland. The total assets under management of occupational pension schemes were around CHF 875 billion (£700

billion) at the end of 2018, with more than 4 million of beneficiaries in a country of 8.5 million (Schweizerische Eidgenossenschaft Bundesamt für Statistik, 2020).

As Bonoli and Häusermann (2011) note, occupational pension provision in Switzerland is governed with relative freedom on administrative, finance and governance structures and practices compared with other countries. Pension schemes may be public or private, and in the latter case they are governed by foundations ('Stiftungen'). Smaller firms have their own specific arrangements as a member of a collective foundation ('Sammelstiftungen'), while larger firms have their own corporate foundations. Occupational pensions in Switzerland are mainly offered as defined contribution schemes, but each of the smaller firms in collective foundations can have their own specific arrangements on contributions and benefits. While pensions had traditionally been lightly regulated in Switzerland, a major development was the BVG-LLP law (2003), which had implications for scheme governance and its supervision by authorities designated at the regional, cantonal level. In particular, the law states that each foundation's board of trustees must involve an equal representation of the employers and the insured (Art 50-51). In addition to this, it states that two external actors are involved in governance: a board of control that supervises annual accounts and a publicly licensed expert who checks if the legal obligations are fulfilled. Swiss law also specifies that each insured individual receives an annual report, which provides an overview of savings, insurance conditions, administration charges, and expected benefits at age c.65, a requirement that is lighter than in other countries (Bonoli and Häusermann, 2011).

Scheme backgrounds

Nest and Abendrot are two sustainability-orientated pension schemes that share many organisational and governance characteristics, not least of which is their use of the Delegate Assembly model in the governance of each scheme. Both schemes have collective foundation status (Sammelstiftung) and were founded in the early 1980s, with a dual focus on sustainability and self-governance (Nest, no date[a];

Suter, 2017). An executive (interviewee I) described both schemes as sharing many similarities, describing them as ‘established players’, representing a specific corner of a ‘consolidated’ pensions market in Switzerland. In terms of size, these two pension schemes are significantly smaller in terms of number of beneficiaries and assets under management compared to the scheme discussed in the first case study, although still significant. In 2020, Nest had 24,748 beneficiaries and CHF 3 billion (£2.5 billion) in assets under management (Nest, no date[b]). In 2019, Abendrot had 12,670 beneficiaries and CHF 2 billion (£1.7 billion) in assets under management (Abendrot, no date[a]). They are both multi-employer pension schemes, serving a diverse collection of small to medium sized companies operating in different sectors. Given their commonalities, these two schemes have been drawn together into one case study, representing the Delegate Assembly model. Where there are notable differences between the schemes’ use and practice of the Delegate Assembly model, or simply small details idiosyncratic to one scheme, I draw attention to this by identifying which scheme is the source of the data.

Sustainable investing approach

Both pension schemes are committed to ensuring their investment strategy is guided by ethical, social and ecological considerations, whilst also seeking a sufficiently competitive risk-adjusted return. An executive from Abendrot outlines their approach to sustainable investing:

We start from the ethical part anyway, because that’s the reason for being for our Stiftung. We believe in being responsible. We are coming from that side; now, obviously it should be return-focused.

Interviewee H, Abendrot Executive, December 2016

This strategy is described in their newsletter:

Our investments not only yield a return, but also meet our sustainability requirements. Strict social, ethical and ecological criteria are central to this. More important to us than maximising profits is to provide the best possible service to our affiliated companies and policyholders.

(Abendrot Info 58, 2016: 28 [translation])

Nest describes itself in its annual report as ‘the ecological ethical pension fund’ (Nest Geschäftsbericht, 2018 [translation]), which prides itself on its performance as the most sustainable pension scheme in comparison to its peers (Nest, 2019). Reiterating this, an executive explains:

Our reason to be is to generate pensions for the beneficiaries, and the goal is to do this in the most sustainable way. In the sense of [doing our] part, helping society and the economy to get more sustainable for future generations.

Interviewee J, Nest Executive, December 2016

Both schemes are guided by an understanding of value that has parallels with the conceptualisation of value developed among stakeholder theorists, that is, a mutual interest in achieving both ethical and business objectives.

Origins of the Delegate Assembly

The schemes were founded by two groups of colleagues, with close connections forming between these two pension schemes. These pension schemes were early trailblazers in terms of their sustainability focus, and their origins lie in radical ‘68 movements¹⁸. They were founded with sustainability principles as central to their purpose, and their novel offer to beneficiaries has been to provide an alternative to large-scale finance institutions. As one executive described, ‘We don’t want big finance, we want sustainable finance’ (Abendrot). In addition to having

¹⁸ Personal communication with Abendrot [translation].

sustainability core to their identity, the schemes were also created with the principle of direct democracy guiding their governance arrangements. In the words of an executive at Nest:

Back in the day, they came up with this idea: we want to have our own pension fund, and the power of *Mitsprache* (transl.: participation), and that's the idea of how it was founded, and really the purpose was to give the Delegate Assembly a lot of power; because all the big ones, the corporates and even pension funds they are not thinking of us, they are doing what they want. We do not know what happens with our pension money. And so that was an ideology that was unique to this scheme when it started.

Interviewee J, Nest Executive, December 2016

While these pension schemes have professionalised over time and have had to adapt their strategies in response to changing regulations¹⁹, they have continued to maintain their dual interest in sustainability and self-governance. Over time, they have shifted from being radical experiments – in the eyes of a local conservatively-minded newspaper, ‘The wild idea of madmen’²⁰ – to, as an Abendrot executive (interviewee I) describes, ‘established players which ensure sustainability from their roots, which are Nest and Abendrot.’

The introduction of regulatory restrictions has limited the scope of the authority of the Delegate Assembly and now the foundation board has greater responsibilities. This regulatory change diluted the schemes’ strong commitment beneficiary voice through the Delegate Assembly²¹, a change that was not popular among the schemes. Despite this change, the Assembly maintains a place, although to a more limited degree than originally conceived, as a model for

¹⁹ ‘The structural reform of the 2nd pillar enacted by the federal government encroached on the organisational autonomy of the delegates’ assembly in Nest, which was hard fought for at the time. The non-transferable and irrevocable competence now lies with the Board’. (Nest, no date[c] [translation]).

²⁰ Abendrot (no date[b] [translation]).

²¹ In personal correspondence with Abendrot, they stated ‘The structural reform defined in detail the non-transferable and irrevocable duties of the supreme body (foundation board) of the pension funds in the BVG Art. 51a. According to this law, only the foundation board is responsible for these tasks and decisions and they cannot delegate them to the Assembly of Delegates [translation]’.

beneficiary engagement. Summarising its own stance, Nest states that it wishes 'to preserve elements of grassroots democracy and intends to continue to involve the insured in the formation of opinion by means of consultation and consultative votes'²². In Abendrot, the importance of beneficiary engagement is stated in its key principles, 'With us, the affiliated companies have the say. At the Assembly of Delegates they have a say in all important questions and elect our highest body, the Foundation board' (Abendrot Info 60, 2017 [translation]).

As collective foundations both schemes have a foundation board ('Stiftungsrat') as their main governing body, which consists of a minimum of four employer and employee representatives. The foundation board is the main decision-making entity of the scheme but the Delegate Assembly has, in principle, control over the board, given that the Assembly's statutory responsibilities include electing the members of the foundation board on an annual basis.

The Delegate Assembly: Characteristics

The Delegate Assembly model is used in these pension schemes to enhance beneficiary voice. This Assembly is an annual meeting operating as an entity in the governing apparatus of these two pension schemes. It is defined as such in their constitutions. Each participating employer organisation is invited to send delegates to the Assembly. An average of around 100-600 people attend each Delegate Assembly.

The Delegate Assembly has statutory responsibilities: the presentation of the annual report and annual statement of accounts, and the approval of the scheme administration costs. In addition, the delegates elect the candidates for the

²² 'The fact that in foundations the board of trustees makes the important decisions did not fit into Nest's basic democratic understanding. The intention was to exhaust the legal possibilities in favour of democracy and go to court for this. Nest was not willing to give way on the question of the sphere of influence of the Assembly of Delegates (DV). The complaint was filed in 1987 and Nest was proved right. An important piece of democracy was thus saved: The Assembly of delegates decided on the form of organisation at Nest. These rights were later restricted again by democratic means'. <https://nest-info.ch/portraet/geschichte/>. (Nest, no date[c] [translation]).

highest governing body of the organisation, the Stiftungsrat (the foundation board). The process of approval is undertaken by raising hands with cards.

Alongside these statutory responsibilities, the Delegate Assembly is used for the purpose of informing and consulting. For example, informal discussions and a Q&A session are used to ensure awareness and understanding of members' opinions.

A summary of the design characteristics of Delegate Assembly, as organised in both these schemes, is outlined in Table 3 below.

Table 3: Summary of Design Characteristics of Delegate Assembly

Design characteristics of Delegate Assembly Model	Abendrot (Pension Scheme 1)	Nest (Pension Scheme 2)
Mode of Selection	Elected in larger organisations and appointed in smaller organisations, by the Pension Fund Commission, a body located at each Employer organisation ¹	Elected by the Pension Fund Committee ⁴ , a body located at each employer organisation
Role Title	Delegate	Delegate
Who participates in Assembly?	Beneficiaries, employer ²	Beneficiaries, employer ²
Regularity	Annual	Annual
Length of term	1 year ¹	To be determined by each member firm
Size	Large (>150 Delegates ³) No of delegates per firm proportionally stratified by size of membership	Large (>150 Delegates ³) No of delegates per firm proportionally stratified by size of financial contribution

Note: ¹ Abendrot Urkunde (2007) [translation]. ² Abendrot: personal communication [translation]. Nest (no date[d] [translation]).³ Abendrot (1): 3-600 (From interview [translation]). Nest: c.150, Notebene Magazine 49 (2019) [translation]. ⁴ Nest Stiftungsurkunde + Geschäftsordnung (2014) [translation].

Qualities of the Delegate Assembly

Inclusive engagement

A strong democratic commitment underpinned the establishment of the Delegate Assembly model in the governance of these two pension schemes, and this interest in engaging with beneficiaries, on a democratic basis, continues to this day. The inclusiveness of the model is heavily determined by the selection procedures for delegates. This procedure ensures that beneficiaries attend from each of the member organisations that the scheme serves. In both pension schemes, this involves allocating a number of places in the Delegate Assembly, based upon the size of the organisation's membership. While this principle of selection is shared by both pension schemes, the detail of how it is realised differs. In Abendrot the number of allocated places is determined by the number of employees, while in Nest this is determined by the sum of insured wages invested in the pension scheme²³. The delegates present will therefore be inclusive of all the organisations that are part of the scheme, but opportunities for beneficiaries to participate will be predicated by the size (according to different criteria) of their member organisations.

The model itself – an assembly – provides the opportunity for a large number of beneficiaries to participate, between 100-600 people. This is a large-scale event in the governance of any pension scheme. It is an annual event, located in either Basel (Abendrot) or Zürich (Nest), and as such does not require a significant travel time by the delegates, nor is there a need to make a sustained commitment as a delegate over several years for a fixed term. As well as meeting its constitutional responsibilities, the Delegate Assembly is organised as a social event sometimes involving music performances, and always an Apéro (drinks for informal networking), so that beneficiaries can make contact with those administering the

²³ In their documentation, Abendrot provide a sliding scale of between 2-10 delegates, and Nest a scale of between 2-6, which can be extended upwards. This provides an indication of the number of delegate places available to the majority of member organisations (Abendrot, Organisationreglement, 2020 [translation]; Nest Stiftungsurkunde + Geschäftsordnung, 2014 [translation]).

scheme and cultivate links with other organisations. In Nest, the Delegate Assembly is designed to 'function as a meeting place: people who have known each other for a long time via telephone or email can get to know each other personally. The affiliated companies can establish contact with each other and exchange information' (Nest Porträt, 2020 [translation]). The Assembly is designed to cultivate a degree of intimacy between the beneficiaries and the pension scheme and provides business networking opportunities for their member organisations. Each of these characteristics make it a model that should be practical and appealing to beneficiaries, but there are mixed impressions of its effectiveness. An Abendrot executive describes it as:

A direct exchange, also with members of the foundation board because after the meeting there is an Apéro. And a lot of them stay, and it is a bit social. And I think it is important to give them a good feeling, that they are in the right organisation.

Interviewee I, Abendrot Executive, December 2016

In contrast, a beneficiary delegate describes it as an event where:

There are too many people there, and it is very anonymous, I know (the executive staff members), but with the others you can't build a network. (Although) I remember I once said something critical and afterwards people came to me and we swapped business cards.

Interviewee K, Abendrot Delegate Assembly participant, October 2020
(Translation from German)

The selection procedure for delegates is determined at the level of the employer, organised by the relevant Pension Fund Commission (PVK). Each participating organisation in the scheme has a Pension Fund Commission, which is responsible for the choice of pension scheme, its administration, and communications with beneficiaries²⁴. These bodies manage the interface between the pension scheme and the beneficiaries in general, and they have a specific role to play in the

²⁴ 'Each affiliated company has its own staff pension fund commission. It decides on the choice of pension scheme for the company. The PVK also monitors the payment of pension fund contributions to Abendrot and ensures that the registration of the persons to be insured is correct. It is also responsible for ensuring that the insured persons are well and quickly informed about changes to regulations or other changes'. (Abendrot, no page[c] [Translation]).

selection of delegates for the Assembly, whose details they provide to the pension scheme prior to the Assembly. There is considerable room for flexibility in how this is achieved, as this procedure is determined at the employer level. As one scheme executive notes, the recruitment depends:

Entirely on the situation. The large companies have regulations that describe how the election of the members of the PVK are conducted. Often there is a works committee that elects its members from among the employees, and the members of the executive board and management elect their members from among themselves. In smaller companies, the members are often appointed without a large election taking place²⁵.

Indeed, one beneficiary comments that she has not received any information about the Assembly, suggesting that in some organisations the PVK may be either opaque in its recruiting process, or inactive in recruiting delegates. Both schemes, so much smaller in size than the scheme in case study one and with largely local employers as members, do not have to concern themselves with a lack of regional connection. To address the issue of pensioner participation, Nest requires representatives from its Retirement Commission (ReKo), a pensioner body, to attend the Assembly. But there is limited oversight in Abendrot and Nest of who is participating in the Assembly and whether they represent the full range of socio-economic backgrounds participating in the schemes. As an executive in Abendrot (interviewee H) remarks on the issue of inclusivity, 'I think like everywhere, I think there is maybe the 80/20 rule, with the members, I think 20% are really active, they follow things we do, they ask questions. And the rest are just happy'.

Although the Delegate Assembly model has many characteristics that are likely to encourage participation, the problem with delegating the selection procedure to the PVKs in each organisation is that there is limited insight into who is being selected to participate (and how), and of the extent to which the Delegate Assembly ultimately reflects the characteristics of the beneficiary population as a whole. Oversight of the selection process is difficult to achieve given that it is the responsibility of each of the PVKs located at each employer organisation, which

²⁵ Personal correspondence with Abendrot.

have their own locally determined practices of selecting delegates. In this respect, selection at the employer level may be practical, but may not necessarily be the most successful at ensuring inclusiveness. Indeed, the question of inclusivity is arguably hampered by low levels of engagement reflecting, in Hirschman's (1970) terms, a predisposition of the majority to 'loyalty' rather 'voice'. Two beneficiaries describe the difficulties of recruiting delegates:

In our NGO because we are big, we have nine seats [delegate places]. Others have two to three seats. The people [beneficiaries] get this invitation and we always ask: Does anyone want to come along? We still have free places. But practically nobody wants to come along... They are satisfied that we are doing the work because they have other issues, it is too far removed, and a complex topic. I find that many people are afraid and have a certain frustration with numbers and so on. And we are an NGO, we are committed people with an interest in the [sustainability] agenda... that is the problem.

Interviewee K, Abendrot Delegate Assembly participant, October 2020
(Translation from German)

And it is not a fault of the member companies, the employees may also take it for granted that they're in a pension fund chosen for them, and they don't really ask a lot of questions... if you want to go to the Delegate Assembly, then it's up to you to take the initiative.

Interviewee L, Abendrot scheme member, November 2020

The quality 'inclusive engagement' describes the equal participation of all relevant publics in an institutionalised form of voice. For pension schemes, this involves beneficiaries with differing legal positions, as well as varied socio-economic characteristics (e.g. ethnicity, gender, age, social class). The Delegate Assembly model illustrates how relatively large numbers of beneficiaries can be engaged through events that are integrated into pension scheme governance structures. Given its size, the model creates some of the conditions for realising inclusivity. However, its inclusiveness is diminished by the delegate selection procedures; first, by the rules governing how many delegates can participate, and second, by the selection procedures organised at each member organisation; both of which shape the opportunities available to beneficiaries to participate in the Assembly; inevitably with beneficiaries in some organisations having greater opportunities

than those in other organisations. Given that these procedures will shape who is participating, it is important to consider if the active and interested delegates who participate – the engaged 20% – represent the full breadth of beneficiary socio-economic characteristics and the myriad of perspectives and interests.

Deliberative communication

The Delegate Assembly provides, in the words of one executive, a ‘platform to ask questions’. Does that translate into the conditions for realising deliberative communication? As a form of communication characterised by inclusiveness (both in terms of participation and in terms of the diversity of perspectives), respectful engagement with others and their opinions or beliefs, and a commitment to either consensus or constructive decision-making, deliberative communication presents a challenge to the Delegate Assembly model.

The Assembly model is centred around a Q&A format, a format which has a limited capacity to foster in-depth deliberation. In the assemblies, board members are positioned separate to the beneficiaries, on a stage, while the beneficiaries form the audience. As a Nest executive describes, ‘the main organiser is the CEO himself. He organises the presentation and then he gives different parts to different speakers because the whole foundation board is there’. The format allows for a relatively large number of beneficiaries to put questions to the foundation board, with the potential to engage with a large number of participants. However, in practice, as an executive in Nest (interviewee J) highlights, beneficiaries are motivated for different reasons to be part of the scheme and these varying motivations will shape their propensity to ask questions, and the issues which are of most concern. For example, some are attracted to the scheme because of its relatively low administration costs and local character, whilst others work for sustainability charities and place great value on its sustainability-focused investment strategy. In both schemes, executives mention how the Delegate Assembly can become a platform where strongly held interests are expressed very clearly, while the views of those with more uncertain or

ambiguous opinions are less commonly raised. This acknowledgement, by the executives involved, indicates a degree of openness about limitations of the model. A beneficiary delegate questions the model's effectiveness in this respect, but for a different reason; his interpretation is that many critical voices, along with the voices of smaller member organisations, are too often silent. While the design of the Assembly appears, in theory, to offer a large number of beneficiaries the opportunity to participate, particular voices and perspectives are clearly voiced more than others.

I think the ones that have been with us from the beginning, for a long time, most of them share the same values of sustainability. The ones who [find] this very, very important, they care more and are the ones who have the questions and want to know more. And maybe the companies who are with us for the reason we have a good simple system, access, and our administrative costs are okay and within their framework, and they think the investments are going well, but they are not very involved in sustainability, maybe they think it is just fine and they have less questions.

Interviewee J, Nest Executive, December 2016

Obviously, there are certain interests that can be expressed quite aggressively by certain partners who have stronger views than others. So, the key is to balance those within the framework.

Interviewee H, Abendrot Executive, December 2016

I am always amazed how many critical people sit there and do not ask any questions. There are very, very, few people who ask questions in the Delegate Assembly. We are one of the largest member companies, with many people working with us. We have a weight because we are big... But I don't know if it would be the same if we were a small company with three or four employees, and I would ask critical questions. I'm not sure that the management would give the same attention to me, as a small company. We are taken very seriously by the management. And if we have any questions, these would be answered immediately.

Interviewee K, Abendrot Delegate Assembly participant, October 2020
(Translation from German)

In both schemes, the Delegate Assembly provides a place for questions and answers, and both schemes' instincts are to respectfully engage with beneficiaries' perspectives. But it remains an open question as to whether the full breadth of opinions are expressed. Discussing how the opinions expressed at the Assembly are considered by the foundation board, a Nest executive suggests the board 'don't like to make the decisions that are against the general opinion'. But it is a reasonable question to ask whether the Assembly is an effective arena for identifying this 'general opinion'?

Despite this commitment to the Assembly and to hearing beneficiary perspectives, there is a sense among executives that the Q&A format limits how much in-depth deliberation can be realised in this model. Both schemes tend to approach difficult questions by taking them back to the scheme's executive staff and finding ways in which they could be addressed outside of the Assembly, with any subsequent changes in policy communicated later, in one scheme (Nest) via the beneficiary newsletter. This approach has not always been viewed by delegates as adequate. In particular, in Abendrot, it created the impression that delegates' concerns were not being addressed with sufficient seriousness by the scheme, and with the depth of consideration they deserved.

Certain questions arose, not only about sustainability but also [other] questions [and these] were brushed off at meetings where people were told "We will come back to you later". They didn't feel taken seriously and they start thinking "Well, maybe they are changing their standards because they are big, they feel like bankers now". So it's a very subtle kind of thing which you have to touch base with them and show yourselves responsive.

Interviewee H, Abendrot Executive, December 2016

In what ways, and to what extent, does the Delegate Assembly model realise the conditions for consensus or constructive decision-making? Executives in both schemes suggest that, given their status as pioneers in sustainable investing, there is already a significant degree of consensus among member organisations and their beneficiaries. An executive in Nest (interviewee J) summarises the perspectives of their members, 'A lot of the insured companies, they are designed with sustainability in mind, many of the insured are working in the social sector.

And they also do not accept arms manufacturing. Therefore, we have hopefully shared ideas’.

In their accounts of the Assemblies, executives and participants describe events characterised more by acquiescence than heated debate. While there have been increasing numbers of challenging questions on sustainable investing in recent years, executives observe that the Assemblies are places where delegates have tended to approve their approach, rather than contest their decision-making. However, the nature of the sustainability challenge is that it raises value-based questions which may well contest an established strategy; in this scenario the Assembly should function as a place where these contestations can be aired and constructively addressed. The use of voting procedures is one way the Delegate Assembly model is able to judge opinion in aggregate – in particular, in Nest the Assembly has the right to change the scheme’s sustainable investment strategy subject to a voting procedure at the Assembly²⁶. But where the Assembly model is less effective is in providing the time necessary to establish an in-depth insight into beneficiaries’ interests and concerns, and the degree to which they are shared and there is convergence – arguably the first step in any form of constructive decision-making. In one scheme (Abendrot) an executive suggests that the Assembly itself simply does not provide sufficient insight into beneficiaries’ expectations on sustainability. To remedy this, additional meetings were introduced at member organisations, as better way to understand beneficiaries’ perspectives. The implications of this approach are that there is less sharing of perspectives between different member organisations, and opportunities for deliberation are diminished:

Usually, it starts with a letter. Then they come to the Delegate Assembly where they try to raise their hand and ask the questions and stuff. Because we felt there was more of this happening we just thought in order to not make these meetings ten hour meetings lets go pro-actively to them, and meet them and put these questions on the table and ask them one by one.

²⁶ The affiliated companies have a consultative right of co-determination over the investment policy (Nest Geschäftsbericht, 2018 [translation]).

So, we are meeting with these people and we are also saying we want to more formally include you in this sustainability discussion.

Interviewee I, Abendrot Executive, December 2016

Does the Delegate Assembly model enhance or hinder the conditions necessary for effective deliberative communication? It is a model which enables a large number of beneficiaries to contribute their perspectives on sustainability – at first glance, it could be expected that this helps cultivate the conditions for inclusive forms of deliberative communication. In practice, the Q&A format is not a highly inclusive procedure and some delegates, particularly those from larger member organisations with a stronger interest on sustainability, are more likely to speak up in Assembly meetings. Furthermore, while there is certainly a commitment by the schemes to respectfully consider beneficiaries' views, executives acknowledge that the Delegate Assembly is not necessarily the right format, or at least is not sufficient on its own, to provide enough in-depth insights on beneficiaries' views on more controversial areas. Given these two weaknesses, the model can be viewed as having a limited capacity for realising the conditions required for deliberative communication.

Informed engagement

'Informed engagement' describes the necessity for beneficiaries to participate on an informed basis. It involves addressing the existence of knowledge asymmetries; the ways through which participants are informed on technical matters; but also, the way in which participants' non-professional lay knowledge is integrated; and the extent to which the model enables decision-making which is based upon knowledgeable judgements.

Low levels of knowledge, and interest, among the public on pensions brings an additional test to the institutionalisation of voice in this setting. Pensions are generally not viewed as a riveting topic, and the implications of policy changes on performance are largely invisible in the short term. Forms of voice therefore need to not only engage beneficiaries, but also to do so in a way that non only informs

them of technical or bureaucratic matters, but also integrates the breadth of beneficiaries' non-professional lay knowledge into these discussions. However, among executives in these two schemes, there is a palpable awareness of the limited nature of people's knowledge of, and engagement with, the technical complexity of their pensions. As one executive (interviewee I) observes, 'The system is very complicated. I know that because when I have private discussions with friends. If you start to discuss it, after five minutes they cut this [off] because they don't want to listen to it. It's too complicated'.

The executives in this scheme are not only surprised by their friends' lack of knowledge about their own pensions, but also describe the 'strange' lack of engagement of many of their beneficiaries in the management of their own pension pots, even though for many it is the largest asset they have. As this executive (interviewee I) continues, 'A lot of these people don't know a lot about their pension... they don't care about it. Even though it's the most money they have, they leave [their employer] and they don't care'.

This lack of awareness is not only a result of lack of interest, and the complexity of the issues involved, but originates from a lack of understanding of the way in which the pension system in general works for beneficiaries. There is some recognition that the socio-economic background of beneficiaries has an effect, for example in the case of migrant workers, whose levels of understanding will be even lower.

You see it's not visible normally, it's not money you [see]. If you come from another culture it may be different. They don't know that all these deductions are actually in your favour, it's not disappearing into a government body. No, it is your own money, it's your saving and your employer actually contributes the same amount. So, it's growing, and so in the end you [should] be interested.

Interviewee H, Abendrot Executive, December 2016

Given that beneficiaries have low levels of technical knowledge about pensions, the Delegate Assembly model is used by both schemes to better inform delegates about technical and bureaucratic matters and to answer their questions. The board present at the Assembly on administration topics such as the annual report,

financial statements and administrative costs, along with other updates, for example on the wider Swiss social security system. And an executive in Nest describing the Assembly format, illustrates how it has been used as a place to inform beneficiaries about investment strategy and portfolio management.

Mostly [the Assemblies] inform about the past year: the annual report; the activities of the scheme; all the figures and all the new members in comparison with last year. And there is a presentation, [which] the foundation board is presenting. And one point is the investment, [a presentation of] what happened in the last year and sometimes people are free to ask whatever they want. Sometimes there are questions and sometimes not.... [the investment management] was not communicated with clarity one year... so they didn't know [what the approach was] and afterwards a year later we explained how it works. And then because after this, some of the bigger companies some NGOs also asked, can you provide further details. And we decided we will do this at the Delegate Assembly.

Interviewee J, Nest Executive, December 2016

However, the effectiveness of the Assembly in informing participants also relies on the participants themselves engaging with the information. As one beneficiary notes:

People are invited but they haven't looked at the important information. I would guess that many of the beneficiaries have not looked at the Annual Report properly. They have no idea in what Abendrot invests – it is a topic that is too far away'. [But the beneficiaries] get an invitation, it's very dry and there is this dry meeting agenda. Yes, it's not made to be simple. What should I say? There is no difference between a local civic assembly, where I also receive the same documents and I think "there is so much paper, what am I expected to do with this?" So, I stay at home.

Interviewee K, Abendrot Delegate Assembly participant, October 2020

The design of the Assembly enables key decision-makers to share technical and bureaucratic information with beneficiaries, as well as offering beneficiaries the opportunity to share their non-professional lay perspectives. Inevitably, the exchange of these sources of knowledge and their joint consideration is limited by the constraints of the Q&A format, which is poor at enabling a detailed, in-depth, informed discussion between the governing body, executives and beneficiaries. The practicalities of this format limit the extent to which informed engagement

can take place, both on technical and bureaucratic matters and on gaining an understanding of beneficiaries' lay perspectives. These limitations are recognised by an executive in Abendrot, whose response to this problem is to ask for questions in advance of the Assembly.

In the past, we had some critical questions and it was very difficult to respond at the meeting, because it is a question of time and you are not prepared, you don't have the right slides to show. So, this year, for the first time, we asked them to bring up the questions in advance, so we can prepare for it.

Interviewee H, Abendrot Executive, December 2016

Another executive added:

Or decide if there are too many questions, so we can say "We come to you and explain."

Interviewee I, Abendrot Executive, December 2016

The idea of developing communication channels outside the Assembly exposes the limitations of the Assembly format for realising informed engagement. Such an approach addresses this problem by enabling schemes to develop a more in-depth, nuanced understanding of beneficiaries' lay perspectives and concerns in specific organisations. While this approach can enhance the conditions for informed engagement in this respect, it can diminish how well-informed beneficiaries themselves are of the perspectives of others, a valuable characteristic of public assemblies. These impacts can be mitigated by how these alternative communication channels are utilised; if they are used as a replacement to the Assembly, the Assembly itself could become a largely ceremonial matter. Alternatively, if they are used as a means of ensuring more informed participation in the Assembly, they could also enhance informed engagement in the Assembly itself.

All governance structures in pension schemes operate in an environment characterised by knowledge asymmetries. These make closer engagement with beneficiaries all the more necessary, but equally make beneficiaries' participation

all the more difficult. A limitation specific to the Assembly model is that while the Q&A format offers engagement, it has limited capacity to generate in-depth understanding on both technical and bureaucratic matters, as well as beneficiaries' non-professional lay perspectives, and this makes the conditions for informed engagement more difficult to realise. Whether the more localised practices being developed by executives to supplement the Assembly will help ameliorate these problems or create new asymmetries is an open question.

Transparency

The transparency of the Delegate Assembly is central to its perceived legitimacy. Gauging transparency involves identifying how information on the Assembly is communicated; what information is available, who accesses it; and the capacity of publics to act upon this information. In both of these schemes, basic information on the Delegate Assembly is widely accessible, for Assembly participants as well as for wider beneficiaries and the general public. In particular, information is provided on the place of the Delegate Assembly in the constitution of the scheme, the selection procedures for delegates, and the purpose of the Assembly – all accessible via publicly available documents on the schemes' websites. In Abendrot, minutes from the Assembly from recent years are also available in this way. Furthermore, information on the Delegate Assembly is communicated through the schemes' annual newsletters, which inform the wider beneficiary membership of the Delegate Assembly, delivered via email as well as being publicly available on scheme websites. This represents a degree of public transparency, based on the principle of accessibility, that is uncommon in many pension schemes. In the words of one beneficiary (interviewee K), 'There is wonderful transparency from Abendrot. You can find everything on the internet, practically everything' (translation from German).

However, given that neither of these pension schemes have an extensive communications infrastructure in place, targeted communications have not been a priority. When discussing how they achieved transparency of the Assembly,

executives in both schemes recognise that communications, including on the role and function of the Delegate Assembly, are not heavily resourced. Speaking of their interest in expanding their communications to beneficiaries, an executive at Abendrot (interviewee I) says, 'We are thinking about building up a team. But it is not a major constraint. We do it happily I think because we see it in the interests of the organisation.'

A beneficiary suggests moving beyond publicly accessible information towards a greater use of direct communications would be welcome:

I would find it really cool if they would do more external communications and if they would proactively, like an email once a quarter, show where their investments have shifted and why they have shifted. And give a bit more insight. And especially Abendrot because they are doing so much good stuff, they can be proud of what they are doing.

Interviewee L, Abendrot pension scheme member, November 2020

Given that the Delegate Assembly model is a long-standing governance body established from the earliest days of the scheme, taking place on an annual basis for many years, it is likely that there is a relatively high level of awareness of its existence and function. In addition, the schemes provide basic information and contact details on their website, which can be accessed by beneficiaries and the wider public, along with the production of a newsletter directed at beneficiaries. Effective transparency is not simply about the provision of general information on the Assembly, but also providing the conditions to enable publics to digest and respond to the issues and decisions raised at the Assembly. On this matter, wider communication channels play a role; for example, the meetings which take place outside the Assembly with beneficiaries at their workplaces provides a place to raise questions prior to, and after, the Assembly itself. These meetings may offer an opportunity to enhance beneficiaries' engagement with the assembly model, with the issues it addresses, and the decisions it takes.

Influence

The Delegate Assembly was established as a central component of these two pension schemes, grounded in a commitment to self-determination. In the early days, these Assemblies had a greater degree of influence than they have today. As mentioned in the earlier part of this chapter, a significant change to the Delegate Assembly was the introduction of regulatory restrictions, which reduced the formal influence of the Delegate Assembly to a body with a largely consultative role rather than with binding authority.

At the beginning when [this scheme] was founded, it was all about 'Selbstbestimmung' (transl.: self-determination) and that's why the pioneers, back in the day, they came up with this idea: we want to have our own pension fund, and we have the power to 'Mitsprache' (transl.: participate) and that's the idea how it was founded anyway and really the purpose was to give the Delegate Assembly a lot of power to try and maintain the central democratic principle underlying the scheme.

Interviewee J, Nest Executive, December 2016

Although the mandate of the Delegate Assembly can be described as consultative today, the Assembly maintains its position as a central body in the governance of the scheme. Revealingly, an executive in Nest (interviewee J) describes how the scheme was involved in actively disputing the regulatory changes to the governance structure. These schemes exhibit continuing commitment to responding to the views of beneficiaries, creating a favourable setting for the Delegate Assembly, even in its diminished form.

Maybe if the Assembly vote against the opinion of the foundation board on an issue, even if it is consultative and not binding, they [the foundation board] will really go and discuss it again.

Interviewee J, Nest Executive, December 2016

The Delegate Assembly has statutory responsibilities that include the election of the foundation board, and the approval of organisational changes. In these aspects, the Assemblies normally approve executive recommendations, rather than initiating a highly contested discussion. The Assembly therefore largely

functions as a forum for the expression of opinions and for consultative voting. As part of the Assembly, delegates are given the opportunity prior to the Assembly to shape its agenda: they can suggest topics that they would like to see covered in the CEO's presentation.

The critical thing to say is that the Delegate Assembly has no real power as such. It's not like a shareholder meeting. But through the board appointments it can influence the future direction of the Foundation Board. Obviously, if they disagree and dissent, if you have 90% of the people against approving, then it is noticed that something is awfully wrong.

Interviewee H, Abendrot Executive, December 2016

In both schemes, the Assembly almost always meets its statutory responsibilities by following the recommendations of executives. One executive from Abendrot (interviewee I) summarises the Assembly's action on its statutory responsibilities as, 'Approval, approval of certain things: marketing changes, organisational changes, and then they have to approve the cost of the administration'. When asked what would happen if the Assembly would, in fact, disagree with the recommendations, the reply is: 'It should not happen basically, they should approve things'. Explaining further, this executive holds the assumption that conflict over recommendations rarely happen because the executives would hear disagreements from letters or calls before the Assembly. This suggests that while the Assembly itself has a prominent role, wider communications with member organisations outside of the Assembly also inform how topics are approached, and decisions are shaped, in the Assembly.

While the statutory responsibilities appear to be administered by the Assembly with little disagreement or controversy, there is a sense among the pension schemes that delegates are, in recent years, expressing more disquiet about sustainability matters, perhaps reflecting the growing prominence of these concerns in the media, and the wider growth in sustainable investing. But how have these opinions impacted scheme decision-making? Discussing how they have responded to beneficiaries' comments, executives in both cases describe a process of taking note of beneficiaries' concerns, considering them after the Assembly and

if there is an impact on scheme decision-making, informing beneficiaries afterwards about the outcome, for example, through the newsletter. As a Nest executive describes:

When the questions come up or where there were issues that were [raised], that comes from the audience to us, we take it up of course and handle it internally. There is an internal process or position and then the communication of this after the Delegate Assembly... in a newsletter that goes to everybody. And so if there is a decision that was based on the Delegate Assembly, that is going to be communicated to everybody.

Two years ago, they exactly asked about an investment invested in a high-yield fund and somebody actually found out that one portion was private service provider who is also involved in transportation of army people. And they asked about this and it was the foundation board who said "Ok, we didn't know, but that's against our rules so we are going to divest". And we checked it, and we asked the asset manager if we could take this out of our fund, and they said "No, it's not possible". And we said "We're going to divest from your fund". It came from the Delegate Assembly, it was taken seriously, looked at and we took action. So, they have power.

Interviewee J, Nest Executive, December 2016

Executives have noticed problems with how effectively the model addresses beneficiaries' concerns. As one executive at Abendrot (interviewee H) concedes, 'Meetings where people were told we will come back to you later, they didn't feel taken seriously'. Similarly, a beneficiary highlights his own sense that the Assembly fails to adequately address the critical questions raised, especially when they are raised by only a small proportion of the Assembly.

If I wanted to have influence, I would apply for a position on the foundation board, as a simple beneficiary I am not naïve, it is very, very, limited. I can have a lot of influence if I apply for the board and work on the board. Otherwise, I have influence because I am one to ask questions... there are too few people who say something, who say anything. When there are 600 people there and two to three say something, they can forget it.

Interviewee K, Abendrot Delegate Assembly participant, October 2020
(Translation from German)

The question of influence, and its communication, is crucial. The Assembly model has statutory decision-making responsibilities and consultative functions. While the statutory responsibilities are not insignificant and include voting rights over the appointment of the board, in both schemes these are very rarely (if ever) in disagreement with the prior executive recommendations. And in terms of their influence on consultative matters, the extent of the Delegate Assembly's influence is shaped by the schemes' commitment to the concept of the Assembly, and their willingness to respond to beneficiaries' concerns. There is some evidence of the ways in which the Delegate Assembly has influenced sustainable investment policy, as highlighted by the executive in Nest. But there is also evidence, stemming from Abendrot, that beneficiaries are aware of the limitations of the Assembly for expressing their viewpoints, and shaping decision-making. While it is crucial that models such as the Delegate Assembly realise the influence they claim to offer, equally crucial is the need to communicate to beneficiaries the shape of that influence. Indeed, the particular characteristics of this model – an annual Assembly involving different beneficiary participants each year – arguably makes it more difficult for beneficiaries to observe the way in which their participation is influencing scheme decision-making. It is therefore not only a question about realising the conditions for sufficient influence, but also ensuring that this influence is effectively communicated.

Articulating value

Both of these pension schemes conceptualise value as encompassing both financial and non-financial considerations within the same judgement, a conceptualisation that has parallels with value as it is understood by stakeholder theorists. How is the Delegate Assembly used to elicit beneficiaries' conceptualisation of value their pension offers? This approach has been operationalised in these two pension schemes as an investment strategy framed by ethical principles and guidelines, and within these parameters their goal has been to achieve a competitive risk-adjusted return. As an executive describes:

We start from the ethical part anyway because that's the reason for being in our foundation. We believe in being responsible. We are coming from that side. Now, obviously it should be return focused... our restraints are the ethical guidelines and within that we have to manage those returns... [We are] a pioneer in socially responsible investment, everyone of us who is working in the investment team and also the investment committee is involved in SRI [socially responsible investing], it is not separated from the general investment, but it goes together.

Interviewee J, Nest Executive, December 2016

The Delegate Assembly provides an opportunity to identify the matters that are important to beneficiaries, and therefore realise an insight into the considerations that inform their understandings of value. As one executive remarks, by drawing on this knowledge, schemes can stay closely tied to beneficiaries' concerns and interests, ensuring they provide the value that beneficiaries seek. And the recent growth in sustainable investing among other pension schemes creates an extrinsic market pressure and intensifies the necessity to meet beneficiaries' expectations and deliver the value they seek from their pension.

I think also because it is a bit more of a values-based organisation, you want to understand that those values are still reflected in the insured base, let's say. It's not that you want to grow away. So, it ensures that the values are still represented in the Foundation, as much as the Delegate Assembly... this gives us the feeling that we're still on track and we represent their interests. Because it's not only a return-based investment opportunity – whether we are in or out with the markets... here, it is also the values. As I said the interaction is quite critical for us to live, as we promised, with a sort of ethical background.

Everybody is talking about [sustainability], and we have to define ourselves as new because we come from this forty-year history of ethical background... We have to take the initiatives to sell it, to say "We have been there forever with this" and we actually do know more than the others again because the others only do the window dressing, with this fig leaf.

Interviewee H, Abendrot Executive, December 2016

The Delegate Assembly elicits beneficiaries' articulations of the value they seek from the pension predominantly through the Q&A sessions, in which delegates pose questions, in public, about areas of scheme performance, or aspects of the

investment strategy on which they have questions. Additionally, there is the opportunity for beneficiaries to express their opinions through consultative voting, on the limited areas on which it is used. In theory, the Assembly's strength lies in its capacity to engage with large numbers of delegates, potentially eliciting a broad range of economic and non-economic considerations that are central to beneficiaries' understandings of value. However, as noted earlier, the breadth of participation is limited. And when delegates do participate, the Q&A format typically generates a quick, immediate response rather than an in-depth exchange of opinions, reasons and justifications. The Assembly itself therefore lacks the capacity to provide insight into how beneficiaries weigh up or prioritise conflicting considerations.

Apart from this one event, the Q&A tends to lead to defensive 'answers' rather than a feeling of a genuine communicative exchange. As one executive (interviewee H) observes about their experience of the Assembly, 'We can't be on the defensive all the time, we have to be pro-active and engage those people because we have to define our USP anew, in a sense'. Executives in Abendrot acknowledge the shortcomings of the Assembly for developing the type of interactive exchanges that would elicit beneficiaries' in-depth understandings of the value they seek from their pension. And to address this issue, as noted earlier, they are considering developing further channels of communication outside the Assembly; a move which reflects the limitations of the Assembly model.

Both of these pension schemes consider sustainability in their conceptualisation of value, an approach which bears similarities with value as it is understood by stakeholder theorists. The Delegate Assembly therefore has an important role to play in enabling beneficiaries' to articulate their understandings of value. But what types of insights does the Assembly elicit? Notwithstanding the barriers to achieving inclusive engagement and deliberative communication, in principle, the Assembly model has the capacity for involving large numbers of beneficiaries and a breadth of beneficiary perspectives, capturing a plurality of financial and non-financial considerations. In practice, the model has limited capacity for generating in-depth communicative exchanges that elicit a detailed understanding of these

varied beneficiary perspectives, the reasons and justifications of their considerations, as well as the ways in which these are prioritised by beneficiaries. While the Delegate Assembly therefore provides a source of insight into how beneficiaries understand value, it does not create the conditions for an in-depth articulation.

Feasibility

The Delegate Assembly has been a central part of the governance structure of these two schemes since their establishment, both of which were founded with the principle of ‘Mitsprache’ as part of their purpose. As an executive from Nest (interviewee J) simply put it, ‘We really want to have these discussions’. In terms of its feasibility and suitability for its context – the Assembly appears to be a relatively successful model.

While it involves preparation from the executive and event management, these are not particularly onerous tasks on an annual basis. The model is relatively easy for delegates to participate in and requires no ongoing commitment. It therefore represents a model of achieving beneficiary voice that requires limited executive resources and is easy to participate in for beneficiaries. No doubt, the approach taken here is shaped by the context of these pension schemes; the smaller membership and their position as regional schemes. Despite these practical advantages, participation in the Assembly is far from being a given. One beneficiary admits that travelling an hour to attend the Assembly is not something she would automatically do, and suggests a way to make participation easier:

I can't see why they could not do some kind of hybrid version of it where people can also participate virtually if they want. There would be the main [event] as well, but at least people could follow and ask questions. People can get better informed and I think that would definitely be an option.

Interviewee L, Abendrot pension scheme member, November 2020

There may also be potential in using, as this beneficiary suggests, a combination of face-to-face and digital technologies to encourage wider participation in the

future, particularly given that these technologies have become more routinised in 2020-21. While the integration of digital technologies with the face-to-face event will make attendance more feasible for some beneficiaries, but inevitably digital participation will create a more distant form of engagement.

Concluding comments

In this chapter, I have explored how these two pension schemes – together forming one case study – have engaged beneficiaries in the governance of their scheme. Based upon scheme documentation and qualitative interviews, the Delegate Assembly model is illustrated from the perspective of the actors' involved in the Assembly, through their inter-subjective interpretations of the model in practice. Grounded in these interpretations, the chapter has examined, the ways in which, and the extent to which, the conditions of the Delegate Assembly realise each of the qualities of the conceptual framework.

The Delegate Assembly model is particularly strong at realising two qualities. First, there is a commitment across both pension schemes to be transparent to their beneficiaries and the wider public, with extensive documentation provided on their websites. The transparency of the Delegate Assembly is arguably well served by its simplicity as a design. Second, the Delegate Assembly it is not time consuming to organise, or to participate in, making it highly feasible and is particularly well suited to small pension schemes with a lean administrative infrastructure.

The Delegate Assembly model has mixed success in realising the conditions for two further qualities. First, it has a limited capacity to generate informed engagement. Like the Member Council model and indeed any form of beneficiary engagement in pension scheme governance, the Delegate Assembly operates in a context of low levels of knowledge among beneficiaries. It goes some way to remedying this situation by providing information to delegates on scheme performance and wider issues affecting the scheme. However, the Q&A format of the scheme limits the depth of both the technical and values-driven

communication that can take place. The opening up of parallel communication channels have been developed precisely to address this weakness. In addition, the Delegate Assembly's record on influencing scheme decision-making is mixed. The influence of the Delegate Assembly is more visible on its consultative rather than its statutory decision-making responsibilities. Both schemes note a greater willingness in recent years among beneficiaries to voice their concerns, perhaps reflecting a move away from the acquiescence of earlier years towards a greater willingness to address controversies. This acquiescence suggests that beneficiaries may have limited expectations of the types of influence that is possible to realise; for example one beneficiary is somewhat sceptical about the influence he can wield in a Q&A session. In terms of the impact of these interventions at the Assembly, there is evidence in Nest that sustainable investment strategies have been reconsidered in light of delegates' concerns. The evidence from Abendrot highlights not only the importance of ensuring the Assembly has influence, but also of effectively communicating the influence of delegates' interventions at the Assembly afterwards.

Where the Delegate Assembly is weakest is in realising the conditions for inclusive engagement, deliberative communication and articulating value. Both schemes are committed in principle to engaging beneficiaries in their governance and the design of the models offers a large number of beneficiaries the possibility to attend and participate. However, delegates are selected at their employer organisation, through their Pension Commissions, and the extent to which the delegates – the active 20% – are representative of beneficiaries is an important question. The evidence suggests there is limited demand to participate and the same faces are present each year. Another weaker area is its capacity for realising the conditions for inclusive deliberative communication. There is the tendency for opinionated delegates to voice their views louder and stronger than those with less well developed or strongly held perspectives, diminishing not only their inclusiveness, but also their capacity to develop deliberative forms of communication.

Finally, both schemes in this case study have a commitment to sustainable investing encompassing both financial and non-financial. But the Assembly's limited capacity for deliberative communication, in turn, impacts upon the effectiveness of the model for enabling the articulation of value. Articulations of value are constrained by the narrow focus of the Q&A format. Procedures such as these are weak at eliciting deliberative qualities that enable value to be articulated in the round: in-depth communicative exchanges on understandings and justifications of value, and the ways in which differing understandings are considered and prioritised by beneficiaries.

The Delegate Assembly provides an insight into how voice in pension scheme governance is practised. Drawing upon interviews with executives and beneficiaries and scheme documentation, this chapter has analysed the capacity of this model for realising the conditions for each of the qualities in the conceptual framework. While the Delegate Assembly, like the Member Council, is one in-depth case, these findings raise the question of how voice in pension schemes be further enriched. In the next chapter, I explore in more detail the structural and contextual conditions which enhance or encroach upon the realisation of voice, and the ways in which the challenges to voice can be mitigated.

8. The Promise and Challenge of Voice

In the previous chapters, I have analysed two cases of voice in pension scheme governance – the Member Council and the Delegate Assembly. Both models have been developed in (quasi-)mandatory systems (Ebbinghaus, 2011), to address the challenge of governing sustainable investing. This chapter seeks to build on these individual case studies and consider the implications for voice in pension schemes. To do this, I extend my analysis by weaving several strands together. First, I offer comparisons across the cases studies, and examine how model design shapes the realisation of qualities from the conceptual framework. Next, taking a wider lens, I examine how structures and contextual features, for example, socio-economic inequalities and discursive norms, shape the realisation of the qualities from the framework. Finally, I address how these challenges can be mitigated. By drawing on the experiences of democratic innovations in public governance, I identify which techniques and approaches can minimise these challenges, as well as their potential, and relevance, for voice in a pensions setting.

The literature on democratic innovations in public governance examines ‘processes or institutions that are new to a policy role, policy issue or level of governance, and developed to reimagine or deepen the role of citizens in governance processes by increasing opportunities for participation, deliberation and influence’ (Elstub and Escobar, 2019: 14). This literature studies various models for public engagement typologised initially as popular assemblies, mini-publics, direct legislation, and e-democracy (Smith, 2009), with later scholars adding participatory budgeting, collaborative governance and digital hybrid

models (Elstub and Escobar, 2019). This literature is valuable for this discussion of voice in pension schemes for two reasons. First, the comparison between the Member Council model and the Delegate Assembly model often centres around the small scale, in-depth, frequent, format of the former and the large scale, diverse, annual, model of the latter. This comparison is reflected in the democratic innovations literature, which considers the effectiveness of smaller-scale (e.g. consensus conferences) against larger scale (e.g. G1000 in Belgium) models (Smith, 2009; Setälä and Smith, 2018; Harris, 2019). This relatively mature discussion of the impact of design characteristics provides a valuable body of knowledge to draw upon, enhancing understandings of the relative merits of Member Council and the Delegate Assembly models.

A second important feature in this literature is the detailed description, and analysis, of model procedures, which offer alternative solutions to the challenges of institutionalising voice in pension scheme governance. Many of the examples I discuss in this chapter are specifically taken from the sub-literature on mini-publics, a particular family of public engagement models that includes consensus conferences (Blok, 2007) and deliberative polling (Fishkin, 2009). These models differ in significant ways from the Member Council and Delegate Assembly model, and they have their own strengths and weaknesses. They are generally consultative bodies, which stand outside normal representative governance structures, with participation based on simple random or stratified random selection, and involving participants in facilitated deliberations for the purpose of delivering recommendations on a particular public policy question. I also draw on the 21st century town hall meeting model (Lukensmeyer and Brigham, 2005) which is conducted on a significant scale, involving up to 10,000 participants (Lukensmeyer, 2010). These models, while distinguishable by their different recruitment procedures, are particularly relevant because they have been widely used to engage citizens in policy-making questions which are characterised by knowledge asymmetries between technical or bureaucratic actors and the wider public; a problem that has been shown to be particularly pronounced in pension schemes. For both of these reasons, this literature on innovations in public

governance provides an important resource in assessing the potential and challenges of the Member Council and the Delegate Assembly models.

Third, a growing body of scholars are questioning how patterns of civic participation are shaped by digital technologies, and the consequences of this for inequalities in participation (Dahlberg, 2001; Zhang, 2010; Gilman and Peixoto, 2019; Moore et al., 2021). Throughout this chapter I touch on the potential and limitations of digital participation, and implications of this for public engagement in decision-making. In a nutshell, this chapter therefore brings together the analysis, and comparison, of the case study models with the broader themes discussed in this complementary literature on democratic innovations, including the use of digital technologies in this field. By weaving these distinct strands together, I elaborate on the promise and challenge of voice in pension schemes.

Inclusive engagement

The Member Council and the Delegate Assembly have both been designed to bring the voice of the beneficiaries into scheme decision making, so the extent to which these models are inclusive, that is, reflective of the diversity of the breadth of legal and social characteristics of beneficiaries and their varied perspectives, is a critical question. The findings from both the Member Council and the Delegate Assembly cases highlight how, even when there is a commitment to realising inclusive forms of voice, developing selection procedures that meet this aspiration can be difficult.

This finding is not unique to the pensions setting. Participation in models of deliberative engagement in public governance is also unevenly patterned, with social and economic characteristics shaping who participates (Ryfe and Stalsburg, 2012). A wide literature exists on the ways in which socio-economic characteristics impact upon participation in political and civic governance. By drawing on this literature, useful comparisons can be made which enable a better understanding of the problems of realising inclusion in voice in pension schemes. As Ryfe and Stalsburg (2012) note, active participation has been repeatedly associated with three characteristics: higher levels of formal education, higher socioeconomic

status, and greater integration in social networks. They argue that education fosters the skills and confidence that can aid participation, as well as a sense of connection to civic matters. Similarly, higher social status contributes to human capital which promotes integration in social networks. In addition, life stage and psychological attributes are also significant. Specifically, biographical factors, for example, family responsibilities, and the degree of financial and social freedom, influence the tendency to participate. Psychological factors such as an ability to enjoy making sense of complex information, a high sense of personal efficacy, and an openness towards conflict also influence if, and how, individuals choose to participate.

But it is not only these socio-economic, structural, and psychological characteristics which shape participation. The two cases presented in this thesis provide further evidence of how the design of institutionalised voice affects its inclusiveness. In the Member Council, inclusiveness is shaped by the use of electoral procedures for selection. It is widely acknowledged that elections tend to be more exclusionary than other selection procedures as specific people, notably the most confident who are typically white, male and middle-aged, are more likely to put themselves forward (Mansbridge, 1999; Urbaniti and Warren, 2008). The limited number of positions will also constrain who is able to participate; by design, any process of election restricts how many people can be involved. In contrast, the Delegate Assembly is open to a larger number of participants, but it is not a fully open meeting; each participating member organisation is offered a handful of places, within the range of between 1 to 15 places. Looking at these procedures at an even more granular level reveals how the locally determined institutional arrangements for selecting delegates – for example whether it is through invitation or self-selection – will additionally shape the inclusiveness of this procedure. Executives in both case studies acknowledge the need for inclusiveness, and in the Member Council there is an aspiration to realising this. But the case studies show there has been limited success in achieving inclusiveness in practice.

While realising inclusiveness is a perennial problem, the literature on public engagement discusses how a variety of recruitment procedures have been experimented with to address this challenge, involving variations in electoral practices and random sampling (Fung, 2006; Ryfe and Stalsburg, 2012). One technique which has been used is to target communications to communities of individuals who are likely to be underrepresented. This involves publicising open meetings more widely among communities less likely to participate, such as low-income and minority communities (Fung, 2006). But it could also involve taking an 'outreach' approach and actively recruiting participants by drawing on established networks of community organisations working with 'hard to reach' communities. For example, the 21st Century Town Hall meeting model uses outreach to connect with potential participants who do not commonly get involved in civic decision-making (Lukensmeyer and Brigham, 2005). Alternatively, an interview process was developed by the Birmingham Race Action Partnership in the UK to identify suitable 'community advocates' to participate. This use of interviews, as part of a broader capacity building and recruitment procedure, was driven by an interest in ensuring candidates combined both socio-economic characteristics (in this instance, ethnicity) with epistemological characteristics (specialist knowledge and skills). This represented an innovation that was a significant change from the previous use of elections to identify community representatives (Smith and Stephenson, 2005).

For pension schemes, these approaches have some relevance and potential. By publicising opportunities more widely to beneficiaries least likely to participate, the numbers of underrepresented beneficiaries can potentially be boosted. These types of communications could be direct targeted or targeted via groups within employer organisations. This type of approach is particularly relevant for larger scale models such as the Delegate Assembly. The approach taken by the Birmingham Race Action Partnership may be relevant for smaller models such as the Member Council, and may help ensure that the participants, as a whole, are not only socio-economically representative of beneficiaries, but bring the relevant level of interest and commitment to the role.

Another technique that is growing in popularity is the use of random or stratified random sampling. These side-step many of the factors which shape participation or non-participation, and the problems of under-representation or bias that may be a consequence of this. While random sampling is favoured by some (Fishkin, 2009), stratification procedures are widely used to improve representativeness, particularly of minorities, or in mini-publics involving small numbers of participants (Setälä and Smith, 2018). Recruitment may involve stratification to ensure participants reflect basic demographic profiles, such as gender, ethnicity and age. In procedural terms, stratification involves identifying the proportion of participants that should have particular socio-economic characteristics for the whole group to be representative. Naturally, each individual will be representative of multiple characteristics. This approach is particularly useful to ensure minorities are represented, given that they may not be selected in a pure random sampling procedure if their occurrence in the wider population is small. Random selection ensures all those with particular characteristics have an equal chance of being selected and if an individual declines, then another randomly selected individual with the same characteristics is invited instead. The combination of stratification and random selection have been used in a wide variety of models in public governance as a way of ensuring the final group of participants reflect the breadth of socio-economic characteristics in the population. A classic example of this approach is the seminal case of the Citizen's Assembly on Electoral Reform in British Columbia, which involved randomly selected citizens, stratified to ensure representation of electoral district and gender (Goodin and Dryzek, 2006; Setälä and Smith, 2018). Other well-known mini-public models using this technique are citizens juries and consensus conference (Setälä and Smith, 2018).

For pension schemes, this approach may have relevance, given that forms of random and stratified random sampling manage to enhance inclusiveness (i.e. the participants reflect the socio-economic characteristics, and status, of the wider beneficiaries), as well as encouraging the participation of individuals who are less likely to engage (for whatever reason). Furthermore, given that individuals have a relatively strong connection, as *members* of a scheme, they are arguably even

more likely to accept the invitation to participate than those who are invited on the basis of their residence, which is common to forms of voice in public governance.

A further procedure that can encourage wider participation is the use of honorariums. This is payment, in addition to covering the expenses of participation such as childcare and travel costs. Widely used in mini-publics and in some other forms of consultation, honorariums serve as a financial and symbolic acknowledgement of the time and effort participants invest. As a result, the importance of participation is elevated and given greater weight, helping to meet any additional, unexpected, financial costs incurred through participation, as well as incentivising those who might not otherwise participate. This approach is particularly relevant of high commitment models such as the Member Council, but a more paired down approach can also work as an effective incentive for larger scale models such as the Delegate Assembly.

Finally, digital technologies have been widely discussed as democratising technologies and, in the context of voice, having the potential to ameliorate the problem of limited inclusiveness. Indeed, in the Delegate Assembly case study, one beneficiary suggested that digital technologies could be one way of improving participation. Reflecting this interest, there has been a move towards digital methods of engagement, known as 'civic tech' (Gilman and Peixoto, 2019), which have opened up new opportunities for publics in governance decision-making. Does the move towards the digital ameliorate the unequal patterns of participation in practice? While this is a nascent field of research, the emerging picture is that participation in digital engagement mechanisms reflects or compounds existing structural and socio-economic inequalities (Dahlberg, 2001; Zhang, 2010; Gilman and Peixoto, 2019). The patterns of participation and the way in which they are shaped by socio-economic characteristics, such as gender, life course, race and class (Robinson et al., 2015), are manifested in complex ways. There is evidence of women and men participating in digital technologies differently (Dahlberg, 2001; Albrecht, 2006; Kennedy et al., 2021), with this digital divide less pronounced in countries with greater gender equality in general

(Robinson et al., 2015). Specifically, women's participation is less frequent, of lower intensity, more narrowly focused, and women tend to report lower levels of internet skills, contributing to a more disadvantaged position. Ethnicity and life stage can also affect internet use and proficiency (Robinson et al., 2015). This emerging evidence suggests that digital technologies will provide no easy solutions to the problems of inclusiveness in voice in pension schemes, and the barriers to inclusion present an enduring challenge to the engagement of publics in governance.

Realising inclusiveness – the inclusion of all types of beneficiaries – is a challenge to the efficacy of models of voice. And in both of these case studies, the evidence indicates that participants are not representative of the full breadth of beneficiaries. This is not surprising, as the structural, socio-economic and individual influences that pattern civic engagement also shape who participates in pension scheme governance. One way to approach this problem is to learn from the experiences of public engagement models and consider how techniques such as random stratified sampling, targeted communications and methods of outreach, and honorariums can help facilitate participation from the full breadth of pension scheme beneficiaries. These procedures described will not mitigate all the social, economic and individual factors that lead to non-participation. However, they have been widely used in public governance precisely because they do go some way to addressing the problem and improving the inclusiveness of voice.

Deliberative communication

Deliberative communication appears to hold much promise for addressing the complex decisions faced in sustainability investing. It is a form of communication that centres around the creation of free and fair conditions and mutual respect, facilitating the expression of varied perspectives and interests and their underlying reasons. While deliberative democratic theorists articulate its characteristics and benefits in theoretical terms, empirical researchers have identified the types of

conditions that could realise deliberative communication. Realising these in practice is no easy task (Mutz, 2006), given the demands it places on institutions.

Both the Member Council and the Delegate Assembly illustrate how design and practice shapes the realisation of deliberative communication, with notable differences in their effectiveness. The Member Council model has many qualities which help it achieve an enhanced degree of deliberative communication – in particular, ongoing participation over a long period of time, which facilitates trust and respectfulness; the capacity for learning; and the potential for realising consensus or constructive decision making. The institutional commitment to open and inclusive communication results in the sense that members are ‘free’ in making their contributions. The practical limitations of the Q&A format of the Delegate Assembly restricts the realisation of deliberative communication. Specifically, the infrequency of the event, and the number of participants involved, results in less time available for participants to express their views in sufficient depth and explore the perspectives of others. In addition to this, the scale of the Assembly impacts upon who participates. A majority of individuals find the public expression of opinions daunting and have a tendency towards silence – a finding that was evident in the Delegate Assembly, as well as the Member Council. This leaves the minority of skilled and confident public speakers to dominate – individuals who often have more strongly held views (Fiorina, 1999).

These findings are not surprising. In New England town meetings, a long-standing model of civic participation, there is a tendency for fewer to speak than attend, with an average of 5 minutes of talking time per speaker (Bryan, 2004). Reflecting on the limitations of public hearings, Lee notes, ‘collaborative and deep participation is often contrasted with the comparatively thin two-minutes-at-a-microphone model of gathering public input at hearings’ (2019: 10). This suggests that smaller group settings are better suited to deliberative communication. But even in small group settings, realising the deliberative ideal is still challenging. Powerful social norms shape individuals’ communicative behaviour in groups in any institutional context (Poletta and Gardner, 2018). And these norms which are culturally specific, and gendered, can generate a sense of fear about the social

acceptability of viewpoints (Scheufele, 1999), or of offending others (Wyatt et al., 1996). These shape individuals' willingness to express themselves fully, and in a way that realises forms of deliberative communication.

Deliberation in small group settings is also affected by the degree of heterogeneity of values and opinions between individuals, and the implications of these on group dynamics. Mutz (2006) illustrates that deliberative communication is harder to realise among groups with heterogeneous opinions, given that trust – a precondition of deliberation – is less prevalent. At the same time, Sunstein (2002) has highlighted the tendency for the collective opinion of homogeneous groups to move further to the extreme of opinion and away from the centre, making people less willing to value alternative views or arguments. Both of these findings confound the assumptions and claims of deliberative theorists, and suggest that realising deliberative communication, even in small group settings, is not a straightforward matter.

By drawing on the literature on deliberation in public governance, we can see that deliberation is not only constrained by the size and scale of assemblies, but also by norms, group characteristics and dynamics in small-scale settings (whether in face to face or digital settings). But this literature also highlights the ways in which designs can be adapted to realise deliberation. Specifically, models that manage most effectively to realise the conditions for deliberative communication are ones that, whatever the number of participants, are designed to ensure small-scale interactions among participants, with the additional support of an external, impartial, facilitator. Facilitators are responsible for guiding discussions in an unbiased manner, and their value is that their interventions can enhance the deliberative quality of small group discussions. They do this, first, by establishing empathy and trust between participants; second by enabling participation among the more marginalised and less likely to speak up (Abdullah et al., 2016); and third, by the inclusion of alternative, competing arguments – arguments that might (for many different reasons) be complex or difficult to raise and discuss, and require a facilitator to create the right conditions for their expression. Finally, by identifying

where participants share common interests or concerns, they help set the groundwork for consensus or constructive decision making.

Two models which have successfully integrated facilitators into very large-scale formats are the 21st century town hall meeting model (Lukensmeyer and Brigham, 2005) and deliberative polling (Fishkin, 2009)²⁷. Both of these models, while having their own individual procedures and techniques, share an interest in generating recommendations from deliberations between large and diverse groups of citizens to inform public dialogue or a policy process. In these very large-scale models, facilitators are central to the realisation of deliberative communication at scale. In deliberative polling, participants are randomly assigned into small groups and the discussions are guided by facilitators.

[Participants are] encouraged to ask questions arising from the small group discussions to competing experts and politicians in larger plenary sessions. The moderators attempt to establish an atmosphere where participants listen to each other in a safe public space and no one is permitted to dominate the discussion. (Fishkin, 2009: 26)

These two models are highly ambitious, resource heavy, spectacular engagement events. The conclusion to draw here is not necessarily that these complex large-scale models are suitable for small, lean, pension schemes. Instead, such models would be feasible at an industry level, for example if commissioned by pensions industry bodies or regulators. Instead, the lesson to be learned for pension governance at scheme level is the way in which facilitators help realise deliberative communication. The evidence from public governance suggests the judicious use of facilitators to guide small-group discussions may be one way to enhance the deliberative capacity of large-scale events, such as the Delegate Assembly, but

²⁷ As an example, *AmericaSpeaks* used the 21st Century Town Hall meeting model in 'Listening to the City', a high-profile project which addressed rebuilding of the world trade center site. This involved 4,500 members of the general public, alongside a further 800 involved in online deliberations (Lukensmeyer and Brigham, 2005). The 21st Century Town Hall meeting model can include up to 10,000 people (Lukensmeyer, 2010). Slightly smaller in scale, a recent deliberative poll involved 500 American voters in 'America in One Room', a discussion of issues relevant to the 2020 presidential election organized by the Center for Deliberative Democracy (no date).

these techniques are also relevant for smaller-group events such as the Member Council meeting. For this technique to be effective, facilitators should be as impartial as possible, and be sensitive to the expression of varied forms of knowledge, as well as difference, challenge, conflict, and collaboration (Escobar, 2019). When these skills are absent, moderation will fail to have any positive influence on the quality of deliberative communication.²⁸

Digital technologies have been used to facilitate deliberative citizen engagement through real-time, moderated, digital deliberation models addressing policy questions. These forms of deliberation are inevitably hampered by the unequal participation in digital spaces (as mentioned previously), as well as the technical infrastructure required to deliver the relatively sophisticated digital models used for policy-making (Grönlund et al. 2009; Smith et al., 2013). There is a small amount of evidence which suggests that digital participation models, when structured and moderated effectively, have managed to realise deliberative qualities which are similar in some ways to face to face deliberations (Grönlund et al. 2009). Nevertheless, the evidence in this area is still emergent and mixed (Kennedy et al., 2021). Reflecting this, there are also varied assumptions and hypothesis on the value of digital technologies. For example, while it is widely acknowledged that the social distance afforded to anonymous users in digital spaces may serve to foster inclusion, at the same time it can also encourage non-deliberative forms of communication, such as the expression of aggressively confrontational positions by others. In fact, recent research reveals the complex relationship between anonymity and the quality of digital deliberative communication. Moore et al.'s (2021) study of online discussion platforms suggests that the anonymity offered to participants impacts on deliberation in a non-linear way, with higher quality deliberation achieved when a mid-level of anonymity is offered (neither totally anonymity nor total identification) to

²⁸ The question of facilitator skills is an important point. In 21st Century Town Hall Meetings volunteers had one day's training in moderation before the event. Their independence was enhanced given they were external to the public institution. Following this idea, one solution is to train scheme members in moderation which would enhance their skills, as well as the quality of deliberation.

participants in online settings. While evidence is emergent in this area, it is clear that unique characteristics of digital technologies, such as the offer of anonymity, do not provide easy solutions to realising the conditions for deliberative communication.

Deliberative communication may appear an ambitious theoretical ideal, but the Member Council and the Delegate Assembly provide insightful cases of the possibility of creating the conditions for deliberative communication in voice in pension schemes. The smaller scale Member Council model is most effective at realising an approximation of deliberative communication in practice. However, even in small scale groups deliberative communication can be challenging to achieve. One tried and tested solution to this problem is the use of trained facilitators to guide group discussions, a technique that has been widely used in models in public governance. A similar approach could be taken in pension schemes; ideally with independent, experienced facilitators but the possibility of training beneficiaries may also be a practical solution. And the widespread use of facilitators across a variety of models in public governance indicates its effectiveness, when done well. By drawing upon these tried and tested techniques, it should be possible to enrich the quality of deliberative communication in voice in pension schemes.

Informed engagement

Significant technical and bureaucratic knowledge asymmetries are prevalent in all forms of pension scheme governance, whatever the pension systems they operate in. Both the Member Council and the Delegate Assembly operate in environments with these knowledge asymmetries – balanced in favour of the executives. In addition, sustainable investing adds further complexity by creating knowledge asymmetries – balanced in the opposite direction – on beneficiaries' values towards sustainability. Achieving informed engagement involves addressing these asymmetries.

Both the case study models are designed to address the question of limited technical knowledge among beneficiaries. For example, in the Delegate Assembly, the board present the Assembly with information on the annual report, financial statements and administrative costs, along with other updates, for example on the wider Swiss social security system. In the Member Council, as well as the provision of administrative information, executives additionally arrange for external finance specialists to enhance learning on financial investment. In both cases this information and learning provide the basic groundwork for informed participation, rather than significantly shifting the balance in the knowledge asymmetries between beneficiaries and executives. On asymmetries in understandings of beneficiary values, both models provide the opportunity for executives, trustees and other governance actors to gain an insight into the perspectives of beneficiaries. However, it is in the in-depth, frequent, member council meetings, where beneficiaries can express in greater depth the 'raw reality' of their working lives and perspectives, where beneficiaries are most likely to inform and enhance governance actors' understandings of beneficiaries' values.

Although these asymmetries are particularly pronounced in pension schemes, a similar pattern of asymmetries in knowledge and values is also present in public administration, between governance actors and their publics. They are commonly present when policy making involves: judging complex technical problems shaped by multiple sources of knowledge; matters where there are potentially conflicting expert opinions (Joss, 1998); and policy questions which require an understanding of public values and forms of local, non-technical knowledge, first to create workable solutions, and second to gain public acceptance (Renn et al., 1995a).

Given this, the challenge of knowledge asymmetries on policy questions that involve both technical and bureaucratic knowledge and value judgements has been extensively discussed in the public governance literature. Mini-publics such as consensus conferences, citizens juries, citizen assemblies, planning cells, deliberative opinion polls and the G1000 in Belgium (Setälä and Smith, 2018) are relevant for this discussion. Each of these models illustrate how serious efforts can be made to tackle the technical and bureaucratic asymmetries, along with gaining

a deeper understanding of public values and perspectives. Notably, these models do not simply aim to bridge 'gaps' in understanding. Influenced by deliberative democratic theorising, they also seek to create a social process of mutual learning among both expert and public participants (Scheufele, 2011; Joss, 1998). Integrating expertise is not a simple matter (Roberts et al., 2020), and realising the ideal learning processes is challenging in practice. The way in which mini-publics provide multiple sources of expert knowledge, as well as enabling participants to actively identify which sources of expertise they believe are the most relevant, contributes towards the creation of a learning process, rather than just an exchange of knowledge.

One of these mini-public models, the consensus conference (Joss, 1998; Jensen, 2005; Blok, 2007), is a particularly relevant example. The value of examining the consensus conference model is the insight it provides into how to bring in diverse, technical and bureaucratic perspectives into a public deliberation process, and offer the opportunity for experts to learn about a public's values and perspectives.

This model was developed in Denmark in the 1980s to engage publics in deliberations on science and technology questions (Joss, 1998). Since then, it has been used on issues such as gene therapy (Joss, 1998), biomonitoring (Nelson et al., 2008) or genetically modified foods (Dryzek et al., 2009). While its design has many facets, one which is particularly relevant is the way in which it seeks not simply to re-balance technical and bureaucratic knowledge asymmetries, but to create a two-way learning process between actors with scientific expertise and a lay public (Jensen, 2005). In procedural terms, this model brings together a group of randomly selected members of the public, stratified according to key socio-economic characteristics. Their goal is to deliberate on a policy question, guided by a facilitator and supported by an advisory committee of experts. On this basis, a public report with citizens' recommendations is produced (Blok, 2007; Dryzek et al., 2009).

Technical experts play a central role in this model and are involved not only in engagement with participants but also in an advisory committee that helps

formulate the question to be deliberated (Dryzek et al., 2009). The advisory committee is also involved in providing balanced briefing materials for citizens and in preparing a list of experts and advocates that the citizens can call to hear further evidence or testimony (Blok, 2007; Dryzek et al., 2009). In this sense, expert knowledge is front and centre in this procedure and the model appears to seek to integrate technical expertise, while maintaining its focus on public values and deliberation. In addition, the model exposes experts to citizen's questions, generating the potential for them to become better acquainted with, and affected by, citizens' perspectives.

Like all forms of voice, this approach has its shortcomings. In this particular model, there is always the risk that a public's deliberations and recommendations are shaped excessively by experts' perspectives. Specifically, deliberations will be influenced by the assumptions and claims which experts draw upon to formulate their contributions, and related to this, by the diversity of expert perspectives presented. Biases will be present although these can be mitigated, to a degree, by ensuring a breadth of expert viewpoints. This diversity of perspectives offers deliberating participants the opportunity to realise a more critical, reflexive understanding of individual expert claims (Blok, 2007). The role of expertise in mini-publics such as the consensus conference is therefore most effective when it is presented in multiple, diverse forms, providing a 'wide variety of frames (which) expose stakeholders to all sides of the debate and to all possible ways of making sense of the issue' (Scheufele, 2011). While consensus conferences are designed to offer a process of mutual learning, among both experts and a public, in reality, there is a stronger weight placed on participants' scientific and technical learning, rather than the learning by experts on the public's values (Jensen, 2005). Notwithstanding these limitations, the consensus conference offers a valuable example of how highly technical, diverse, forms of knowledge can be integrated into voice in order to mitigate asymmetries in knowledge and values.

The consensus conference provides a way of visualising how procedures can be developed which seriously engage with the question of knowledge asymmetries. While this model has mainly been used on policy issues of national importance,

similar principles have been adopted in other models such as citizen's juries, citizen's assemblies, deliberative opinion polls and planning cells (Harris, 2019; Setälä and Smith, 2018), which have been more widely used at local and regional levels of governance. Some of these have also been delivered with digital technology, and there is emerging evidence this does not appear to compromise the capacity of this model to improve participants' knowledge on policy issues and enhance the kind of learning that will lead to attitude change (Luskin et al., 2006).

Another variation on the mini-public model has been developed, where it has been adapted as a long-term advisory group, rather than just as a one-off event. This approach in many ways shares similarities with the Member Council. The Toronto Planning Review Panel (no date) was an advisory panel of 32 residents, randomly selected among interested citizens, to be representative of the population, and charged with providing informed public input on planning initiatives over several years. In contrast to the consensus conference, the Toronto panel shows how a mini-public can be institutionalised as a 'go-to' longer-term advisory group, to address emergent policy questions as they appear on the horizon. Of course, the risk with the long-term engagement of a mini-public is that it can lead to citizens becoming co-opted into institutional agendas (Cooke and Kothari, 2002) or increase the potential for conflicts of interest. To a degree, these problems can be addressed by ensuring the members are regularly refreshed, through the use of time-limitations on the 'term' of individuals' participation.

In summary, the problem of asymmetries on technical and bureaucratic knowledge and on beneficiary values are pervasive problems in pension schemes, and they pose a particular challenge to the governance of sustainable investing. Voice cannot remove these asymmetries, but the experiences of models such as consensus conference show how serious efforts can be made to improve a public's knowledge of technical and bureaucratic matters, as well as expose members of the public to the variety of professional perspectives. And the consensus conference model also highlights that these techniques have the potential to bring benefits, not only for beneficiaries' knowledge, but also for pensions professionals who, through their interactions with the public, gain a deeper insight into the

values that underpin beneficiary expectations, perspectives, and values. Although consensus conferences and other mini-publics are typically resource intensive procedures, models such as these provides inspiration for reconsidering how forms of voice can attend to the asymmetries in knowledge and understandings of values that are so prevalent in pension scheme governance.

Transparency

The transparency of voice, sometimes discussed in terms of ‘publicity’ (Karpowitz, and Raphael, 2014), describes the visibility of its purpose, its procedures, its links to decision making, and its influence. Without sufficient transparency, forms of voice will not be regarded by those participating, and those affected by its decision-making, as legitimate entities in the governance of a pension scheme. Like many of the qualities discussed in this study, although transparency is highly desirable (Chambers, 2004), achieving it can be surprisingly challenging and involves practical as well as theoretical considerations.

While pension schemes are institutions are well placed to realise transparency among their beneficiaries, the Member Council and Delegate Assembly models exhibit varying degrees of success. Indeed, the scale and scope of institutionalised voice can help or hinder the realisation of transparency (Smith, 2009). In the Member Council case study, information is distributed through a fairly impressive communication strategy involving face to face, digital and print communications with wider beneficiaries. In addition to this, the ‘investorship’ process, which seeks to connect a wider public of beneficiaries to the work of the Member Council, serves as a conduit for information about the Council and provides beneficiary feedback. Despite these varied communications, the Member Council model, as well as its strategy, remains complex for beneficiaries to understand. Given this, transparency is achieved to a degree, but not in its fullest sense, and the Member Council remains a distant decision-making body for most beneficiaries. In the second case study, the Delegate Assembly model, there is also a strong interest in ensuring transparency, although limited resources are allocated for this task.

Transparency is largely achieved through the provision of information via the website and printed newsletters. The breadth of information made available to beneficiaries helps realise an impressive degree of transparency. In addition to this, the use of meetings at member organisations outside the Assembly may play a role in enhancing its transparency. The fact the Assembly is a long-standing element in the scheme's governance arrangements and its similarities to the assemblies used in civic governance in Switzerland may also make it easier for beneficiaries to understand the model, making transparency easier to realise, and the additional meetings outside the Assembly provide the opportunity to increase beneficiaries' engagement with the model.

Discussions of transparency among scholars have highlighted the links between transparency and model design, drawing attention to how the ties between a model and its wider public, constituency or membership shapes the necessity for transparency. Transparency is particularly important in models that have no formal authority (Fung, 2003) and when participants are not elected by a constituency of voters, but are randomly chosen or self-selected (Parkinson, 2006). These circumstances create weak ties between a model of public engagement and its participants on the one hand, and their wider public on the other, and transparency becomes a critical means to ensuring forms of voice are legitimate and accountable to those who will be affected by their recommendations or decisions. This conclusion suggests that realising transparency in the Delegate Assembly, a model that draws upon procedures of self-selection rather than election, is particularly important. Transparency is also more important in models that engage participants in significant learning and preference transformation (Smith, 2009). When participants' understanding of an issue departs from the common understanding held by the broader public (in a sense, their constituency), the shared epistemological ties between participants and the wider public are weakened, and necessitates a stronger degree of transparency in order to maintain the legitimacy of the model. This suggests that transparency is also pertinent, for a different reason, for the Member Council model.

In some ways, the institutional setting of pension schemes arguably makes realising transparency easier than in other contexts. Forms of voice in public governance – for example, mini-publics or forms of community consultation – are often one-off projects, sometimes with limited authority and with weak links to policy making or decision-making procedures, along with weak ties to a large-scale public with diverse, plural interests. In these contexts, transparency cannot always be sufficiently achieved through communications and can be undermined by limited media coverage or media representations that are not fully accurate (Smith, 2009; Cooper and Smith, 2012; Karpowitz, and Raphael, 2014). These factors make transparency all the more necessary, but make the task even more challenging.

Pension schemes provide a more fertile environment for transparency. First, forms of voice take place regularly and are established as governance entities. Second, the ‘public’ – a group of pension scheme beneficiaries – are easier to identify and communicate with, and communications can be easily adapted to meet their particular circumstances. Third, while pensions are an unappealing topic for the majority, beneficiaries’ interest may be more easily ignited on these matters than on wider public policy questions. Although still low, a public’s interest is likely to be greater on issues which address their own finances and their own retirement, rather than on policy matters which address broader public or collective concerns.

Such circumstances create fertile conditions for the development of more innovative forms of communications with beneficiaries; communications which aim to not only to inform about a model, but also to engage them more closely in its areas of concern. The ‘investorship’ model in the Member Council is an interesting example of how the pension scheme setting offers novel opportunities for connecting institutionalised voice with a wider public. This process encourages Council participants to translate between their colleagues and the participants in the Member Council, sharing information across this divide. Similarly, in the Delegate Assembly model additional meetings established outside the assembly, and taking place at member organisations’ offices, can also be seen as a means to enhance the transparency of the Assembly among non-participating beneficiaries.

This has the potential of generating in-depth discussions, creating forms of engagement that enable beneficiaries to act, and respond, to the themes raised in the Assembly.

The value of these additional forms of communication channels which take place outside of the Member Council and the Delegate Assembly may not just be in the enhanced transparency they offer. The systemic perspective developed by Mansbridge, both on representative systems (2017) and deliberative systems (Mansbridge et al., 2012) considers not only formal entities (such as models of voice like mini-publics, among others), but also the informal interactions (such as the spontaneous talk between individuals) that take place within democratic systems. Mansbridge's concept of 'recursive representation' involves a form of recursive communication where actors 'take in what the other is saying, update, revise, and respond on the basis of their own experience, then listen to the others' response' (2017: 9). For Mansbridge, recursive communication is valuable for normatively justifying and legitimising the representative relationship. In the pension scheme context, this concept aptly describes, and identifies, the normative value of the additional communication channels which take place outside the Member Council and Delegate Assembly. In the case of the Member Council, the investorship process connects the Member Council participants with wider beneficiaries providing a means of, in Mansbridge's terms, recursive communication in 'electoral representation' (2017: 7). The additional channels of communication developed outside of the Delegate Assembly also offer recursive communication between the executives and beneficiaries, reflecting what Mansbridge would describe as recursive communication in 'administrative representation' (2017: 20). In one sense, therefore, these two case studies illustrate what Mansbridge's concept of 'recursive representation' might look at an institutional level, when recurrent communicative exchanges are used to supplement the institutionalised models of voice. These communication channels have the potential to not only enhance the transparency of voice, but the additional recursiveness they bring can also enhance its effectiveness, and its legitimacy, more broadly. While recursive communications have the potential to

strengthen forms of representation, there always remains the risk that any closely interconnected communications among a tight knit group of individuals will diminish the capacity of these individuals to critically reflect on each other's preferences (Papadopoulos, 2012²⁹), potentially leading to a form of co-option. For recursive channels of communication to work effectively, there should be a commitment to making contact with a breadth of diverse beneficiaries. If this is achieved, then there is, as the systemic lens (Mansbridge et al., 2012) identifies, great value in these forms of complementary communication channels, which link models of voice and their decision-making to beneficiaries more broadly.

Influence

Of all the qualities discussed in this study, the influence of models of voice on decision making is particularly pertinent. Hirschman (1970) offers voice as an alternative to exit on the basis that it influences decision making and contributes to improvements in organisational performance. In this thesis, the influence of an institutionalised form of voice is conceptualised as an outcome of its design, including its statutory and informal (e.g. consultative) authority, and the way in which these are practised. Furthermore, gaining clarity and typologising the impacts across all forms of voice is complex given the diversity of models and their goals (Barrett et al., 2012). Alongside this, identifying the form of influence in a particular empirical setting is analytically difficult given that influence can be diffuse, long-term, and hard to trace. As Pogrebinschi and Ryan (2018) note, instead of addressing influence, scholars have largely focused instead on the internal effectiveness of the procedures of public engagement. More recently, there has been a trend towards studies that seek to understand models' influence better, examining how procedural and policy characteristics of models in public governance shape variations in the impact of participatory processes (Barratt et al., 2012; Progrebinschi and Ryan, 2018; Font et al., 2018).

²⁹ Papadopoulos refers to 'loose coupling' (2012: 149) as the preferable organisational arrangement for avoiding this type of risk.

The way in which voice influences policy-making is shaped by the mandate of models, and whether they are afforded *de jure*, *de facto* or some degree of advisory or consultative authority. While models which have statutory powers (e.g. the well-known participatory budgeting model of Porto Alegre) are fascinating, the majority of models are established as consultative or advisory bodies, with the mandate to offer recommendations for consideration by other governance entities. In the pension schemes included in this study the forms of voice in each case are unusual in that they have a mixture of both statutory and consultative responsibilities and the findings from the Member Council and the Delegate Assembly illustrate the complex and varied ways in which influence is shaped by model design and its interpretation.

In terms of their statutory responsibilities, in both cases, these follow their respective executive recommendations. This could be evidence of a lack of genuine influence of the beneficiaries over these responsibilities, or it could signify a form of ‘anticipatory internalisation’ (Goodin, 2003: 224) on behalf of the executives. This describes the way in which the preferences of others (i.e. beneficiaries) are pre-emptively internalised by other actors (i.e. executives) so that executive recommendations reflect beneficiary interests. As Goodin (2003) points out, while this might be regarded as simply good strategy, there is a strong argument that public forums, and the necessity to present your arguments and claims publicly to others, are more likely to foster this type of pre-emptive internalisation.

In addition to these statutory responsibilities, both models have a consultative or advisory role, through which they can potentially influence substantive governance and sustainability issues. In the first case study, the Member Council, is conceived of as a ‘client’ body – reflecting the legal context of pension schemes – with a mixture of advisory and oversight functions. Influence is most apparent in the operational aspects of decision making, and on some specific policy agendas. On sustainable investing the Council has less direct influence, and its role is limited to providing ‘guidelines or references’ for other governance entities to address. Among beneficiaries and executives involved in the Council, there is a sense that

it does realise influence, but this can be time consuming and diffuse, that patience is required, and it tends to be observable over recurrent meetings. In the second case study, although there is evidence that comments from the Delegate Assembly have influenced sustainable investment policy in one of the schemes, the model design realises a narrow form of influence focused on specific investment choices, rather than influence over larger strategic considerations. In contrast to the Member Council, it appears that the lack of in-depth deliberations at the Assembly, along with its limited frequency which makes sustained analysis of wider strategic questions less likely. Furthermore, holding one Assembly per year makes it harder for beneficiaries to have a clear sense of how their participation in the Assembly is influencing scheme decision making.

What are the implications of these findings from these two institutional settings? First of all, both illustrate the way in which model design can shape how voice affects influence. The comparison between the two also suggests that influence may be easier to realise, and to recognise, in smaller scale, recurrent models than infrequent, larger scale events. On the issue of recognising and communicating influence, lessons can be drawn from the models used in public governance. In particular, the participatory budgeting model involves an annual cycle which involves local citizens in decision-making on public services. As part of the preparatory stage in each cycle, the population can hold the main governance entity (the local government) to account for its performance in the previous year (Passos Cordeiro, 2004). By integrating an explicit review procedure, the model addresses the question of its influence in its own procedures, enabling participants to review for themselves whether sufficient influence has been realised. This simple review procedure could provide a powerful way of raising awareness of how beneficiaries' input is responded to within scheme decision-making.

In previous sections in this chapter I have focused on how experience with voice in public governance can offer fresh thinking and techniques for the application of voice in pension schemes, but it may be that the situation is reversed here. That is, the institutional setting of the pension schemes – in particular the existence of a fiduciary relationship between schemes and their beneficiaries – may enhance

the influence of voice. Pension scheme's fiduciary duties to act in the 'best interests' of beneficiaries provides a strong legal context which will shape how scheme's respond to beneficiary preferences as they are expressed in forms of voice, even if these models are only granted consultative or advisory roles. Indeed, as the Member Council illustrates, the conceptualisation of the Council as a 'client body' arguably gives it more authority – a remit that combines consultation with oversight – than many consultative bodies in public governance are granted. And, as mentioned, the recurrent nature of this model – a characteristic which again contrasts with many forms of voice in public governance – is likely to enhance their influence on decision making. Influence is more likely to be realised in forms of voice institutionalised in pension settings, than those in public governance settings.

Articulating value

Realising value for their beneficiaries is the central purpose of pension schemes. And forms of voice should enable beneficiaries to articulate the value they want from their pension. Beneficiaries' articulation of value is not the only source of information on this matter; information on complaints, market research and forecasting, competitor analysis, and insight into regulatory trends, among other data, will also be used to define a pension product, and its value for beneficiaries. However, for voice to function effectively in a pension setting, it should enable beneficiaries to articulate their own, plural, understandings of value. Notions of value will not necessarily be succinctly expressed in product terms by beneficiaries, but rather expressed indirectly when they articulate their often nebulous needs, goals, expectations and aspirations for their pension and retirement, as well as their wider social and environmental concerns. For pension schemes facing the challenge of sustainable investing, understanding these as beneficiaries' articulations of value will help better inform their governance and management of these matters.

Although some have examined the link between forms of voice and policy impact, or outcomes (Bryson et al., 2012; Newig et al., 2013), in the main much of the focus of public governance scholarship focuses on effective procedures (e.g. Fung, 2006; Papadopoulos and Warin, 2007; Geissel, 2012;). In contrast, stakeholder theorists place less emphasis on the procedures of stakeholder management, and instead place greater emphasis on its realisation of value; the extent to which stakeholders' goals and needs are satisfied by an organisation (Preble, 2005). For stakeholder theorists, understanding value does not necessarily require stakeholders to articulate for themselves what value means to them, nor do they discuss the procedures by which this articulation could be realised. As this study has shown, the application of forms of voice to pension schemes, and the dilemma of sustainability investing, draws our attention to the importance of understanding what value means for beneficiaries, specifically, how it can be articulated, and the necessary procedures and conditions for this to be realised. Put another way, it raises the question of whether forms of voice can provide a forum for beneficiaries to articulate the value they want from their pension.

The findings from the Member Council and Delegate Assembly show how articulations of value can be realised in two different forms of voice. In the Member Council beneficiaries can articulate value including not only economic concerns, but also wider considerations that they regard as important for a good quality of life in older age. The 'investorship' process has the potential to bring further, more diverse, articulations of value from beneficiaries not participating in the Council into these discussions. The Delegate Assembly also enables beneficiaries to articulate the value they want from their pension, and through their questions beneficiaries can address either economic or wider considerations that relate to value. Given its size, the Assembly itself has the potential to bring in a range of diverse articulations. Where this model is lacking is in its capacity to elicit in-depth articulations of value or with conflicting considerations. Both cases, in their different ways, illustrate some of the promise of voice for eliciting beneficiaries' articulations of value.

Nabatchi (2012) is unique in the field of public administration for linking how the design of public engagement models can generate understandings of public value. She develops a series of theoretically generated propositions of ideal design features which, she argues, are more likely to achieve understandings of public value. These theoretically-grounded propositions reflect many of the conclusions I have drawn from the empirical analysis of voice. In particular, both the Member Council and the Delegate Assembly are designs characterised by (a) interests rather than adversarial positions; (b) moderate to high levels of decision authority; (c) the use of informational materials; and (d) the use of multiple events. In addition, the Member Council model is also characterised by (e) deliberative communication. The significant overlap between the design characteristics of these two models, and Nabatchi's propositions, suggests that they are well placed to generate articulations of value among beneficiaries. Where there are lacking, according to Nabatchi's analysis (which reiterates my own analysis earlier in this chapter), is in their limited use of (f) small-scale group formats; (g) moderated discussions; (h) recruitment open to a broad public; and (i) recruitment that minimises self-selection bias. In essence, the empirical findings from the Member Council and Delegate Assembly model confirm Nabatchi's propositions and provide initial findings on how voice can be designed to enable the articulation of value.

Feasibility

When voice is considered as an institutional practice, discussions eventually turn to the question of feasibility; a necessary quality in any form of governance. The two different forms illustrated in this study, the Member Council and the Delegate Assembly, are both highly feasible models which are straightforward to manage and do not require significant resources. This is perhaps unsurprising given that both have been developed by pension schemes themselves to fit within their specific institutional settings. The balance they achieve between scale and recurrence make them particularly viable models; the Member Council is a smaller-scale, frequent event, whilst the larger-scale Delegate Assembly is run on

an annual basis. As with all forms of voice, both require investment of resources and have opportunity costs for those involved – they require management time, as well as time from the beneficiaries and their employers. The Member Council is significantly more demanding than the Delegate Assembly in this respect. But overall, involvement in both models is not overly onerous. Indeed, it may be that beneficiaries are willing to contribute more time rather than less; the evidence from the use of mini-publics in public governance is that citizens are willing to participate for multiple weekends, and unlike the question of pensions, many of these are addressing policy questions which will not so directly affect participants. In this sense, both the Member Council and the Delegate Assembly are very practical, highly feasible ways of integrating beneficiary voice into the governance of each of these pension schemes.

Does the use of digital technologies help enhance the feasibility of voice? The evidence is mixed on the efficiency benefits of digital forms of engagement. Some see the digital sphere as offering efficiency benefits as the costs of project managing a face-to-face event are reduced. Achieving these efficiencies and benefits, whilst still realising the wider qualities in the conceptual framework, requires a close attention to the implications of digital technologies. As mentioned earlier in this chapter, digital technologies do not offer a simple answer to the challenges of realising voice. While the thoughtful design of digital platforms for public engagement can address some of these, they cannot resolve many democratic concerns (King, 2018).

Concluding comments

In this chapter I explore the promise and challenge of voice for the context of pension schemes and sustainable investing. By interweaving empirical findings and theoretical discussions, this chapter presents an in-depth elaboration of the value, and potential, of these models for the pensions context.

One of the most revealing – and perhaps surprising – conclusions to emerge from this analysis is that pension schemes offer, in some respects, a particularly fertile

environment for forms of voice compared to examples of public governance. As member organisations, pension schemes offer a setting which is conducive to voice, given that members of an organisation are more 'invested' in the organisation and therefore arguably have a strong incentive to participate. As organisations with a fiduciary relationship to beneficiaries, they are likely to take the outcomes of models of voice seriously, even if these models only have an advisory or consultative role. And transparency to beneficiaries is arguably more easily achieved here than in public governance, which involves communications with a much 'harder to reach' general public. In fact, both the Member Council and the Delegate Assembly reveal how pension schemes are well placed to develop enhanced communication channels which, viewed through the systemic lens, can realise forms of iterative preference formation through 'recursive representation' (Mansbridge, 2017).

The comparison of the Member Council and the Delegate Assembly models identifies how their design and practice shape the realisation of voice. This analysis largely centres around the contrast between the in-depth, more frequent, smaller model of the Member Council and the diverse, less frequent, larger scale model of the Delegate Assembly. While these two models realise a number of the qualities of voice in slightly different ways, they each have their strengths: the former model is particular adept at realising deliberative communication and influence; the latter at realising diverse articulations of value.

In both cases voice is contingent on wider structural and contextual conditions. These create perennial challenges, particularly in the realisation of the qualities of inclusiveness and deliberative communication. Indeed, I argue that many of the challenges faced by institutionalised voice in pension schemes are also faced by forms of public engagement in public governance. While there was early enthusiasm on the democratising potential of digital technology and the role of 'civic tech' to mitigate these challenges, this optimism has not been borne out by the current research where the findings are largely mixed on its value for addressing the challenges of public deliberation and engagement.

Given this discussion, how should the potential of the Member Council and the Delegate Assembly, and the challenges they face, be viewed? By drawing on the approaches and techniques used to engage citizens in public governance – particularly those developed for mini-publics – I argue that the structural and contextual challenges which inhibit the effective realisation of voice can be mitigated to some degree. Indeed, it is possible to imagine how both these models could be enhanced further by adopting the tried and tested procedures from innovations in public governance. In essence, the analysis reveals how the Member Council and Delegate Assembly models can be enhanced by seven key embellishments. These would involve, first, addressing the inclusiveness of recruitment procedures to boost underrepresented groups (for example through targeted communications and recruitment procedures, stratified random sampling, or honorariums). Second, by involving facilitators in the moderation of discussions, whether these take place among smaller settings such as the Member Council or larger settings such as the Delegate Assembly. Third, by reconsidering how the design of voice can effectively address asymmetries in knowledge and values, by taking inspiration from other models which integrate diverse forms of expert knowledge with lay knowledge. Fourth, by building on the relative ease of communications in a pension scheme and enhancing this to not only improve transparency of the model itself, but also the quality of voice outside the model. Fifth, by ensuring influence on decision-making and ensuring clarity and communication of this influence to beneficiaries. Sixth, by ensuring participants have the opportunity to articulate fully the value they want from their pension scheme. And seventh, by ensuring models of voice are feasible for the scheme's size and to encourage participation. Taken together, these embellishments identify how the promise of these two forms of voice can be more fully fulfilled, and their challenges further diminished.

Conclusion

This research began with a contemporary paradox: beneficiaries' occupational pension contributions, as invested through their pension schemes, form significant financial flows. However, almost all beneficiaries are disengaged from the governance decisions determining these flows. Moreover, if beneficiaries are dissatisfied with the performance of their pension scheme, either in monetary terms or in its broader social impact, opportunities to exit are absent or limited in pensions systems with (quasi-)mandatory systems (Ebbinghaus, 2011), where the market impulse is stifled. This thesis offers a new perspective on how to understand and respond to this paradox. Drawing upon Hirschman's *Exit, Voice and Loyalty* (1970), I argue that in the face of either absent or limited opportunities for exit, institutional models which seek to enhance beneficiary voice should be considered. In particular, voice has the potential to bring benefits to pension scheme governance which, given the recent turn to sustainable investing, addresses the complexity of governing schemes in the best interests of beneficiaries. Forms of voice provide a forum through which beneficiaries can articulate the value they want from their pension – including their perspectives towards sustainability.

Hirschman (1970), argued that in the face of declining organisational performance, individuals (consumers, citizens, members, beneficiaries) had three choices: leave the organisation (exit), complain (voice) or remain with the hope of improvement (loyalty). Hirschman describes voice as:

An attempt at all to change the practices, policies, and outputs of the firm from which one buys or of the organization to which one belongs. Voice is here defined as any attempt at all to change, rather than to escape from, an objectionable state of affairs. (1970: 30)

This thesis takes Hirschman's definition of voice as its starting point. Like Hirschman, I characterise voice as an attempt to change policies that result in dissatisfaction. But while Hirschman sees the only opportunities for voice as those initiated by publics (petitions, consumer advocacy groups, etc.), I examine forms of voice established and institutionalised by pension schemes to engage more closely with their beneficiaries.

To fully understand the implications of Hirschman's theorising on voice for pension schemes, this thesis starts with a portrait of pension scheme governance, including an overview of its historical, legal, and organisational context. I examine the specific conditions present in mature, multi-pillar pensions systems (the Netherlands, Switzerland and the UK) operating on a (quasi-)mandatory basis. Pension schemes have fiduciary duties to act in the best interests of beneficiaries. Some may argue that through the election of employee representatives as board members, a form of voice – reflective of trusteeship or its equivalent – already exists. However, the fiduciary duties that define board responsibilities inevitably create a form of decision making which is isolated from beneficiaries' preferences. For fiduciary duties to be met, it is not necessary for board decision making to be close to – to engage with – beneficiaries. It is sufficient for fiduciaries to act in the best interests of beneficiaries, based on their own understanding. In this legal context, voice is present but in a weak and highly diminished form. Indeed, the isolation of board decision making from beneficiaries entrenches a principal-agent relationship, along with its associated risks (Clark and Urwin, 2008).

The growing trend among pension schemes to invest sustainably adds further complexity. On matters where the materiality of sustainability concerns is clear, the course of action is straight forward. But sustainability issues should not be over-simplified. Sustainable investing may challenge the assumption that

monetary value, as captured by the risk-adjusted return, is the best way to achieve the value beneficiaries seek from their pension. Faced with these complex considerations, this thesis takes Hirschman's suggestion of voice as an alternative to exit seriously. I draw upon influential democratic (deliberative and participatory democracy) and strategic management (stakeholder) theories that theorise aspects of public engagement in governance. Distilling their normative concerns into an integrative conceptual framework of voice, I develop a conceptual guide for analysing forms of voice according to the following seven qualities: (a) inclusive engagement; (b) deliberative communication; (c) informed engagement; (d) transparency; (e) influence; (f) articulating value; and (g) feasibility.

Some might argue that enhanced forms of voice are infeasible in pension schemes and on matters of sustainable investing. In the second part of this thesis, I address this critique by turning to governance innovations which strengthen beneficiary voice. The practice of voice in pensions schemes is ahead of theory in this respect, with innovations already existing among sustainability orientated schemes. By empirically examining real-life examples of voice, and assessing these according to the conceptual framework, the characteristics of voice are revealed, and its capacity for understanding preferences for sustainable investing is explored. Two case studies are examined, with each representing different models of beneficiary engagement – the Member Council (the Netherlands) and the Delegate Assembly (Switzerland). Both models are in sustainability-focused schemes situated in mature, multi-pillar pensions systems (Ebbinghaus, 2011), where beneficiaries have restricted or no opportunities to exit.

The analysis of these two case studies is premised on a conceptualisation of governance as a practice (Schatzki, 2014), and that there is value in understanding social actors' interpretations of this practice (Schwartz-Shea and Yanow, 2014). The two qualitative case studies draw on documentary evidence and qualitative interviews, and explore the practice of the Member Council and the Delegate Assembly. Specifically, they attend to the ways in which, and extent to which, the qualities of voice in the conceptual framework are realised.

The Member Council

The Member Council is a model that illustrates the potential, as well as the barriers, to expanding beneficiary involvement in pension scheme governance. This model, located in a sustainability-orientated pensions organisation in the Netherlands, is composed of 45 participants: 15 of whom are beneficiary participants or 'free members', 15 are union participants and 15 are employer participants. The model has both statutory and advisory responsibilities and although it is described as the highest governing body, it performs only an advisory function on sustainability. It is a small-scale model, meeting on a frequent basis, with participants taking part for a four-year term. While there is significant commitment to beneficiary involvement among the executives and beneficiaries interviewed, realising the conditions for each of the qualities of voice is, however, challenging and achieved with varying degrees of success.

The Member Council is particularly strong at realising the conditions of four qualities from the conceptual framework: deliberative communication, informed engagement, articulating value and feasibility. Calling themselves 'free members', there is a sense that beneficiaries have the opportunity to express their perspectives in the Council – reflecting a form of deliberative communication – and that the conditions for constructive decision making are created, realising a form of inclusive engagement. The Member Council reveals the pervasive knowledge asymmetries in technical and bureaucratic matters, and in perspectives and values on sustainability. The Council alleviates these, to some degree, by providing information, opportunities for development and through beneficiaries' long-standing (four year) involvement which will cultivate learning over time. On value, the Member Council illustrates how models of beneficiary engagement can be used to elicit beneficiaries' expectations of the value they want from their pension scheme. The 'valuable future' strategy, and the Member Council's involvement in this, exemplifies this approach. There is a sense that the involvement of beneficiaries in Council meetings has brought a greater diversity of perspectives into strategic discussions, which has informed notions of 'value'. The Member Council therefore illustrates how beneficiary perspectives and values

on sustainability can be viewed as a resource rather than an obstacle to decision making. Finally, the Council appears a feasible model of beneficiary engagement. While it requires resources and commitment from all involved, these are not so onerous that it becomes impractical.

The qualities of transparency and influence are achieved in this model with mixed success. Although there are varied communications with beneficiaries, realising transparency of the Member Council remains a challenge, with a lack of awareness among beneficiaries at large. This may be reflective of the complexity of the communications task, rather the lack of communications per se. Influence is essential to voice, but the task of tracking influence is complex. The Member Council has statutory responsibilities, but it is in its advisory role, as an 'internal client', that its influence is more visible. In particular, the involvement of Council members in shaping the 'valuable future' strategy, the impact investing strategy and in devising new financial products illustrate the ways in which influence has been realised. On sustainable investing, its influence has been more diffuse and harder to identify.

Relative to the other qualities, inclusive engagement is least realised in the Member Council. Although organisational, regional and demographic characteristics are used to guide the selection process of beneficiaries, there is an acknowledgement that participation among older and female beneficiaries is limited, and inclusiveness needs to be better addressed. Wider considerations of ethnicity and social class could also be integrated into the selection procedure. While an increase in the number of 'free members' on the Council could potentially enhance inclusiveness, the Member Council's experience illustrates the difficulties of achieving this.

The Delegate Assembly

The Delegate Assembly is a model that operates in two sustainability-orientated multi-employer pension schemes in Switzerland. Like the Member Council, the Assembly reveals the ways in which voice can be enhanced in pension schemes,

along with the constraints that limit its potential. The Assembly has limited statutory responsibilities, along with a consultative function on wider topics, including sustainability. It is a large-scale event with 100-600 beneficiaries attending on an annual basis. Along with the formal voting procedures, a Q&A procedure gives beneficiaries the opportunity to put questions to executives and board members. While both schemes were founded with a strong commitment to engaging beneficiaries in decision making and the Assembly has many strengths, the model reveals the difficulties of realising voice in pension schemes.

Guided by the qualities of the conceptual framework, I identify that the Delegate Assembly is particularly effective at realising transparency and feasibility. The simplicity of the Assembly concept, along with the extensive documentation provided on the schemes' website fosters a high degree of transparency. The limited resources required from the schemes for the organisation of the Assembly, as well as from beneficiaries in their participation, make the model highly feasible and suitable for pension schemes with lean administrations.

In terms of realising informed engagement and influence, the model has mixed success. The Q&A format limits the depth of the discussions that beneficiaries participate in, prompting executives on one scheme to open up parallel communication channels outside the Assembly to understand beneficiaries' perspectives better. Tracing the influence of public engagement on decision making is always complex. In terms of the statutory responsibilities of the Assembly, the evidence suggests it tends to approve executive or board recommendations, indicating either a very limited influence, or perhaps also, that beneficiaries' preferences are considered prior, as a form of 'anticipatory internalisation' (Goodin, 2003). In its consultative functions there is a small amount of evidence that beneficiaries' questions in the Q&A have impacted upon investment strategies, but also evidence that the overall tone of the Assembly is defined more by acquiescence rather than engaged debate – raising the question of whether beneficiaries even have the expectation of influence. In essence, the narrowness of the Q&A format, combined with the limited participation, serves to create, at best, a very thin form of influence from the Assembly.

Inclusive engagement and deliberative communication are more weakly realised qualities. Given that the selection of delegates takes place at the member organisations, there is little oversight of who is participating, and whether they are representative of beneficiaries in socio-economic terms. The evidence suggests there is limited demand to take part and the same faces are present each year. Furthermore, the capacity of the model to realise in-depth forms of deliberative communication is constrained by the tendency for opinionated delegates to participate more prominently than those with less well developed, or strongly held, perspectives. Finally, the limitations of the model for realising deliberative communication have knock-on effect on the model's capacity to realise in-depth articulations of value. Articulations of value are constrained by the narrowness of the Q&A format which is weak at eliciting communicative exchanges on value, justifications of these understandings of value, and the ways in which these differing understandings are considered and prioritised.

The promise and challenge of voice

Although I take the ambitions of voice seriously in this thesis, I do not take a polemical stance that ignores the structural and contextual challenges to realising its promise. In the case analysis of the Member Council and the Delegate Assembly, summarised above, I draw out the locally specific conditions that enhance or encroach upon the realisation of voice, and its qualities. This approach runs consistently through the case studies and the final chapter. In the latter, the promise and challenge of voice is discussed not only in relation to the case study findings, but also in relation to wider governance innovations. Comparisons between the case study findings and broader findings reveal the pervasive problems and challenges to the realisation of institutionalised voice, along with the techniques and approaches developed in public governance to mitigate these.

The findings from both the Member Council and the Delegate Assembly cases highlight how, even when there is a commitment to realising inclusive forms of voice, realising this in practice is challenging. This is not unique to this setting. The

knowledge built up on political and civic participation identifies the persistent challenges to realising inclusion in the engagement of publics. One solution is to learn from the experiences of public engagement models and adapt recruitment procedures, for example through the use of stratified random sampling in recruitment which is widely used in citizens juries, consensus conferences and citizens assemblies (Setälä and Smtih, 2018). Targeted recruitment is another alternative technique which is used to identify individuals with the right mixture of knowledge and skills and individual characteristics. Additionally, honorariums serve as financial and symbolic acknowledgement of the time and effort participants invest. Such techniques cannot mitigate all the barriers to inclusiveness, but they have been used with success.

The Member Council and the Delegate Assembly both illustrate how the design and practice of voice shapes the realisation of deliberative communication. By examining and comparing these models, the intimacy of the Member Council appears to realise deliberative communication better than the large-scale ‘two minutes at the microphone’ (Lee, 2019: 10) model of the Delegate Assembly. But wider theorising and evidence suggest that deliberative communication can be difficult to achieve even in small-scale settings. The lessons from public governance show that deliberative communication is enhanced when independent, skilled, facilitators help create the conditions conducive to deliberation. For this to be successful, impartiality is central, along with a sensitivity towards the varied expressions of knowledge and their manifestation in forms of challenge, conflict and collaboration (Escobar, 2019).

Both the Member Council and the Delegate Assembly operate in environments with significant knowledge asymmetries on technical and bureaucratic matters, balanced in favour of the executives. Sustainable investing adds further complexity by creating knowledge asymmetries on beneficiaries’ values towards sustainability, balanced in the opposite direction. Unsurprisingly, the way in which the Member Council and the Delegate Assembly realise informed engagement mirror their realisation of deliberative communication. Examination and comparison of the two indicates that the smaller scale of the Member Council

appears to be stronger at informing participants and realising knowledgeable judgements. By interweaving expertise with lay public knowledge, models developed to engage publics in science and technology questions, such as consensus conferences (Joss, 1998), identify how knowledge asymmetries can be better handled. These models have facilitated mutual learning across the expert/public divide and the same principles have been applied to policy questions at regional and local levels of governance.

The Member Council and the Delegate Assembly models exhibit varying degrees of transparency. In the Member Council model, a fairly comprehensive communication strategy is in place but, reflecting the widespread knowledge asymmetries, the model remains distant and complex for beneficiaries to understand. The Delegate Assembly takes a more traditional approach to communications, and this goes some way to achieving a degree of transparency; arguably helped by its long-standing central position in the scheme's governance structure and the simplicity of the model. The wider literature identifies the importance of transparency, particularly for models when participants are not elected by a constituency (e.g. as in the Delegate Assembly) (Parkinson, 2006) or when the epistemological ties between participants and the wider public are weakened through participant learning (e.g. as in the Member Council) (Smith, 2009). However, given that pension schemes need only be transparent to their beneficiaries – their members – and not to a wider diffuse public or citizenry, they are, in fact, well placed to realise transparency of their models of voice. They stand in a better position than public authorities using voice to address public governance questions. With this in mind, wider beneficiary engagement with the Member Council through the 'investorship' process, and the use of additional meetings alongside the Delegate Assembly model are both illustrative of the innovative ways pension schemes can ensure not only transparency is realised, but also wider forms or 'recursive communication' (Mansbridge, 2017) outside of the model itself.

If voice is to offer a realistic alternative to exit, influence must be present. Given that influence may not always be reflected in obvious changes of policy or

strategy, but rather forms of anticipatory internalisation (Goodin, 2003) or small-scale incremental impacts over an extended period of time, identifying influence is complex. The Member Council and the Delegate Assembly both have some statutory responsibilities, for example over the election or selection of board members or the choice of accountants – on these matters beneficiaries in both models largely follow the recommendations of the executive. Within their consultative remit the evidence of influence is mixed. In the Member Council there is some evidence of influence over strategy, areas of impact investing and product development, while in the Delegate Assembly influence is more directed to specific investment choices, although the model makes influence both difficult to realise, and for beneficiaries to observe. These two models, and their comparison, illustrate, first, how the design and practice of voice determines its influence. Second, they highlight the value of introducing a review procedure into forms of voice, enabling beneficiaries to judge for themselves if sufficient influence has been realised. And finally, they illustrate how the pension scheme setting, a legal context shaped by fiduciary duties to beneficiaries, provides favourable conditions for realising influence.

One of the aims of institutionalising voice in a pensions setting is to elicit beneficiaries' perspectives on the value they want from their pension. Value will be expressed through beneficiaries' varied needs, goals, expectations and aspirations for their pension and retirement. For pension schemes facing the dilemma of sustainable investing, understanding these as articulations of value provides insightful information to inform governance and management decision making. The Member Council and the Delegate Assembly both provide forums for articulating value. The former manages to realise this in a more in-depth way, as illustrated by Council members contribution to the 'valuable future' strategy. Whilst the Assembly cannot realise in-depth considerations, its size enables it to elicit a diverse range of articulations of value. The two cases demonstrate how voice can stimulate discussions of value, understood with reference to not only economic, but also wider considerations.

Finally, the feasibility of institutionalising voice is an important consideration. The consideration of voice inevitably, eventually involves the weighing up of practical concerns alongside the proposed benefits for individuals and organisations. With this in mind, it is worth highlighting that the Member Council and the Delegate Assembly are both feasible forms of voice, which place limited burdens on organisers and participants. The evidence from the application of mini-publics in public governance show that members of the public are willing to give up a significant amount of time to participate in addressing policy questions (for example, many require participation over a full weekend, or longer). The models are designed to balance scale with frequency: the smaller-scale Member Council meets frequently throughout the year; the larger-scale Delegate Assembly meets annually. Both require investments of time and effort, but neither model appears to be onerous and unpractical. This is perhaps unsurprising, given that both were designed, right from the start, to fit within their own institutional context.

To summarise, this thesis has examined institutionalised voice as a governance innovation for sustainable investing in pension schemes – and explored its promise and challenges. As I argue in chapter two, underneath the talk, strategies and trends of sustainable investing lie complex questions which pension schemes will need to address if they are to govern with legitimacy. By examining the Member Council and the Delegate Assembly, this thesis highlights how voice can be used to address the questions raised by sustainability, through its institutionalisation in pension scheme governance.

Are the two cases of innovation included in this thesis simply fascinating curiosities, or do they offer wider lessons for other pension schemes operating with diverse governance arrangements, and situated in different pensions systems? The findings presented in this thesis indicate that while these forms of voice have indeed developed within very specific circumstances, notably in (quasi-)mandatory pensions systems, they could be easily replicated elsewhere. In chapter eight, I discussed the commonalities to voice, whether institutionalised in a pension or in a public management setting. If such commonality exists across

these two sectors, it is not hard to imagine that the practice of voice can be transferred with ease across pension systems and across schemes.

The Member Council and Delegate Assembly models are examples of innovations that have developed in schemes that are intrinsically motivated to address sustainability, and to enhance beneficiary engagement. As such, they represent exemplars of innovation, rather than examples of standard practice. For schemes that are keen to be at the forefront of governance trends, this thesis therefore provides a rich source of knowledge. But it also raises the question of how to better understand the characteristics and conditions of schemes that are less intrinsically motivated to institutionalising voice. Future areas of research should address the varied barriers – for example, legal and regulatory barriers, the structural barriers found within the pensions industry, as well as the cultures of professional practice – which may constrain the adoption of forms of beneficiary voice.

This thesis not only has implications for developing the practice of pension scheme governance, but also raises further theoretical questions at the intersection between sustainability and governance. Given the shift towards sustainability, not only among pension schemes but among organisations more widely, it develops an argument that should be of wide interest. Grounded in the work of democratic, stakeholder and public governance scholars, this thesis rests on the argument that forms of beneficiary voice can help inform decision-making on the complex questions which sustainability raises. The examples of the Member Council and the Delegate Assembly provide an initial empirical basis for these claims. Understanding in greater detail the ways in which sustainability-orientated interests and preferences can be cultivated in pension schemes requires further research. This inevitably requires an attention to not only the formal structures of the institutional design of voice, but also to their practices and processes. By addressing these questions, pension scheme governance can be crafted in the future to better reflect beneficiaries' 'best interests'.

Appendices

Appendix 1: Details on Participation

Forschung Teilnehmen/Research Participation Details

Deutsch

- Alle Daten werden anonymisiert und es wird sichergestellt, dass kein Teilnehmer und keine Organisation in den Daten und jeglichen Veröffentlichungen identifizierbar ist. Daten werden nach der Richtlinien des UK Data Protection Act 1998 aufbewahrt.
- Jegwegliche sensiblen kommerziellen Informationen werden vertraulich behandelt.
- Im Interview wird es um 'Corporate Governance' Prozessen gehen. Es wird in einem offenen, semi-strukturierten Dialog geführt. Es steht Ihnen frei, welche Fragen Sie beantworten wollen.
- Mit Ihrer Einwilligung würde ich gerne das Interview für die später Analyse aufnehmen. Die Abschrift wird ihn zugestellt, um Ihnen die Möglichkeit zu Klarstellungen oder Änderung zu geben.
- Als Studentin Universität Westminster folgt dieses Forschungsprojekt den ethische Richtlinien der Universität sowie den Richtlinien der UK Social Research Association.
- Sie können sich jederzeit ohne Angabe von Gründen aus dem Forschungsprojekt zurückziehen. Sie haben das Recht, sich über die Forschung zu beschweren. Alle Fragen oder Beschwerden richten Sie bitte an mich oder meine Doktorväter G.Smith@westminster.ac.uk und Dr. Dan Greenwood, D.Greenwood2@westminster.ac.uk.

English

- The interview is voluntary.
- All data will be anonymised and no individuals or organisations will be identifiable from any publications arising from it. All data will be stored securely according to the Data Protection Act 1998.
- Commercially sensitive information will be treated with confidentiality.
- The interview will involve questions around corporate governance processes and practices. It will be semi-structured, taking the form of a conversation. You are able to decline answering particular questions, if you wish to.
- Ideally, I would like to make an audio recording to help with the later analysis of the interviews. The transcript of the recording will then be sent to you afterwards, providing you with the opportunity to make clarifications or changes.
- As a student at the University of Westminster the research project is guided by the University's ethical guidelines, as well as the guidelines of the Social Research Association.
- You are able to withdraw from the research at any time and also have also the right to make a complaint about the research if you wish. Any queries or complaints can be directed to myself and my supervisors, Professor Graham Smith, G.Smith@westminster.ac.uk or Dr. Dan Greenwood, D.Greenwood2@westminster.ac.uk.

Appendix 2: Interview Guide

Question	Goal
Introduction (of myself, the project) The interview format Permission to record	Introduction
<p>1. What does sustainable investing mean to you at 'X' (pension scheme)?</p> <p><i>Probe:</i> long-term/sustainable? Ethical? Environmental? Social? Governance? Material impact on performance?</p> <p><i>Probe:</i> And how is sustainable investing (SI) different to other approaches to investing?</p>	<p>To clarify definitions and understandings of sustainable investing</p> <p>Probe used to pull out further key characteristics</p>
<p>2. How do you govern your sustainable investing?</p> <p><i>Probe:</i> which bodies are responsible for making governance decisions? (main bodies and sub-bodies)</p> <p>Who is involved in these?</p> <ul style="list-style-type: none"> - How are they nominated/elected/selected/chosen? - By whom? <p>What external professionals are involved? What is their role? How are they chosen? How is their performance governed?</p>	<p>Discuss governance in the round</p>
<p>3. Who is your sustainable investing communicated to?</p> <p>Members/beneficiaries? Which members/beneficiaries? (retirees, active employees, non-employed members and their spouses)</p> <p>Stakeholders? Which ones? e.g. Government? Professional bodies? Suppliers? Investee companies? Media outlets?</p>	<p>An overview of communications broadly considered</p>

Question (continued)	Goal
<p>For each (members and stakeholders) <i>Probe:</i> What is communicated?</p> <ul style="list-style-type: none"> - Your principles/definitions of SI? - Governance arrangements of SI? - Investments and tools used in SI e.g. strategic asset allocation, tools such as best in class, screening or shareholder engagement. - Management of investment (e.g. selection of asset managers and other service providers)? - Performance information? Against which benchmarks if any? - Other? <p>Why do you communicate this?</p> <p>What are the challenges of communicating?</p> <p>What is the impact of communicating these?</p>	
<p>Part A: Members/beneficiaries</p> <ol style="list-style-type: none"> 1. How does X pension scheme see the role of its members/beneficiaries in its governance? 2. Why do you involve members/beneficiaries? <p><i>Articulating value</i></p> <ol style="list-style-type: none"> 3. And what specific ways are there for members to participate in your sustainable investing strategy?...Tell me about these... <p>Part B: Stakeholders</p> <ol style="list-style-type: none"> 1. How does X pension scheme approach the involvement of stakeholders in its governance? 2. Why do you involve stakeholders? Or Why do you not? <p><i>Articulating value</i></p> <ol style="list-style-type: none"> 3. And what specific ways are there for stakeholders to participate in your sustainable investing strategy?...Tell me about these.... 	<p>Understanding perceptions of beneficiaries and other stakeholders, in relation to governance issues</p>

Question (continued)	Goal
<p>For both part A and part B, for each specific involvement activity, <i>Probe</i>:</p> <p><i>Goal</i> What is the aim of this procedure? Informing? Discussion/Deliberation? Decision-making? Other?</p> <p><i>Frequency</i> How often does it take place? (Regular or ad hoc?)</p> <p><i>Inclusiveness</i></p> <ul style="list-style-type: none"> - Who is entitled to take part? - Who is selected (and how?) - Who actually takes part, in the main? - What type of involvement do they have? Why? <p><i>Informed engagement/Deliberative Communication</i></p> <ul style="list-style-type: none"> - What information is provided to inform discussions (beforehand, during?) - Where does the information come from? (From whom? From what sources?) - To what extent are differing opinions included? How? Why? Why not? - What is the response/reaction? <p><i>Probe</i>: Are these differing professional opinions? Are these differing member/stakeholder opinions?</p> <p><i>Influence</i></p> <ul style="list-style-type: none"> - What is the role of participants? - What types of issues do participants discuss? (e.g. understandings of sustainable investing, investment allocation (and tools), investment management, performance) - What issues do you think participants are capable of engaging with? - Are their views taken into account in decision-making? - How do they feed into decision making? - How? Why? By whom? - What impact - if any - does this have? (examples...) - Are there specific members of staff with responsibility for engagement? <p><i>Transparency</i></p> <ul style="list-style-type: none"> - How is the procedure made clear to those participating? - How is it made clear to wider members (and other stakeholders)? 	<p>Followed by a detailed discussion of how members/beneficiaries are involved</p>

Question (continued)	Goal
<p>Governance linkages</p> <ul style="list-style-type: none"> - Is this (procedure) linked to other governance bodies? Which? <p><i>Probe:</i> And how? Through decision-making processes? Through personnel participating in both? Other?</p> <p>Feasibility/efficiency</p> <ul style="list-style-type: none"> - To what extent do resource constraints have an impact on this procedure? - Is efficiency a concern? - Are people interested in being involved? - Is it difficult to engage individuals? - Why, why not? <p>Transferability/Feasibility</p> <ul style="list-style-type: none"> - To what extent do you think it is possible for other pension schemes to take a similar approach? - Why, why not? - What changes would need to take place for other pension schemes to do this? <p><i>Probe:</i> Changes in the pension schemes? Changes in the market? Changes in regulation?</p> <p>Self-evaluation</p> <p>What are the benefits (of this participatory procedure)? And the drawbacks? What are the challenges? <i>Probe:</i> challenges to participating successfully, challenges that result from the participation? And what is the impact? Why do other pension schemes not do this? If they are not doing this, what are they not realising?</p> <p>Regulation</p> <p>What changes in regulation would help you improve participation in sustainable investing? <i>Probe:</i> Member/Beneficiary? Stakeholder? <i>Probe:</i> Why?</p>	
<p>Thank you</p> <p>Details on research goals and timetable Are further documents available about the pension scheme? Would it be possible to follow up with interviewee any further questions? What other pension schemes globally are engaging with others on sustainable investing? Discussion of whether other interviews are possible in the organisation.</p>	Summing up

Appendix 3: Nvivo Codes

Higher Level 1 Code	Level 2 NVivo Code (examples)
Sustainability and sustainable investing	'Growth in competition in sustainable investing', 'What is responsible investing', 'What is sustainable investing', 'History of SI/RI'
Origins and history of voice	'History of org and beneficiary engagement',
Governance arrangements and role	'Organisational structure', 'Beneficiary Engagement Model', 'Voice Mechanisms', 'Representation: Beneficiary Engagement Role'; 'Role of leadership', 'Scheme characteristics', 'Challenge of fulfilling Council role'
Inclusive Engagement	'Unequal participation', 'Beneficiaries lack of interest', 'Interest among beneficiaries'
Deliberative communication	'Values of Beneficiaries', 'Expressing values', 'Plural Perspectives', 'Democratic communication', 'Bringing the raw reality into the organisation', 'Concerns of wider membership', 'Disagreements/conflict'
Informed Engagement	'Concerns of wider membership', 'Issues raised at Beneficiary Engagement Model, 'Knowledge and Knowledge imbalances', 'Achieving member interests',
Transparency	'Transparency', 'Beneficiary surprise', 'Engaging with wider membership', 'Online communication of investments', 'Online community-driven communications', 'Information flow'
Influence	'Listening to beneficiaries', 'Beneficiary Bord member influence on SI strategy', 'Responsiveness', 'Learning', 'Use of complaints'
Articulating value	'Organising sustainability', 'Value concept', 'What informs SI'; 'Why SI', 'Sustainable Value', 'Bringing in complexity', 'Beneficiary communication on sustainable investing', 'Generating new ideas', 'Institutional benefits of voice', 'Business model requires it', 'Learning', 'Sense of responsibility towards beneficiaries', 'Idea generation for product development'
Feasibility/	'Efficiency'
Transferability	'Transferability'
Challenge (cross-cutting)	'Challenge of fulfilling Beneficiary Engagement Model', 'Challenge to the organisation', 'Challenges limiting success', 'Limitations of Beneficiary role', 'Beneficiaries lack of interest', 'Disagreements/conflict', 'Bringing in complexity', 'Knowledge and knowledge imbalances', 'Unequal participation'
Promise (cross-cutting)	'Success', 'Improving Voice – member ideas', 'Value concept' 'Bringing the raw reality into the organisation', 'Business model requires it', 'Democratic benefits of communication', 'Generating new ideas', 'Institutional benefits of voice', 'Learning', 'Sense of responsibility towards beneficiaries', 'Idea generation for product development'; 'Product development', 'Voice as an idea of its time', 'Why involve members', 'Why voice'

Appendix 4: Documentary Sources

Abendrot (no date[a]). *Beindruckende Zahlen*. Available from <https://www.abendrot.ch/ueber-uns/abendrot-in-zahlen/> [Accessed 06 November 2020].

Abendrot (no date[b]). *Publikationen*. Available from <https://www.abendrot.ch/ueber-uns/publikationen/> [Accessed 20 April 2020].

Abendrot (no date[c]). *Die Sammelstiftung, in der die Versicherten bestimmen*. Available from <https://www.abendrot.ch/ueber-uns/organisation/> [Accessed 21 April 2020].

Abendrot (2007). *Abendrot Urkunde*. Available from <https://www.abendrot.ch/fileadmin/editors/PDFs/Stiftungsurkunde.pdf> [Accessed 24 February 2021].

Abendrot (2016). *Abendrot Info 58*. Available from https://www.abendrot.ch/fileadmin/editors/PDFs/Abendrot_Info/abrot_info58.pdf [Accessed 24 February 2021].

Abendrot (2017). *Abendrot Info 60*. Available from https://www.abendrot.ch/fileadmin/editors/PDFs/Abendrot_Info/abrot_info60_Herbst_2017_D.pdf [Accessed 24 February 2021].

Abendrot (2020). *Abendrot Organisationreglement*. [https://www.abendrot.ch/fileadmin/editors/PDFs/Reglemente/2020.10.01 Organisationsreglement.pdf](https://www.abendrot.ch/fileadmin/editors/PDFs/Reglemente/2020.10.01_Organisationsreglement.pdf) [Accessed 24 February 2021].

Nest (no date[a]). *Sicherheit, saubere Anlagen, langfristige Performance*. Available from <https://nest-info.ch/portraet/unabhaengige-sammelstiftung/> [Accessed 26 April 20].

Nest (no date[b]). *Fakten und Zahlen*. Available from <https://nest-info.ch/aktuell/fakten-undzahlen/> [Accessed 06 January 2020].

Nest (no date[c]). *Die Geschichte der Nest*. Available from <https://nest-info.ch/portraet/geschichte/> [Accessed 20 April 2020].

Nest (no date[d]). *Überblick über die Organisation von Nest*. Available from <https://nest-info.ch/portraet/aufbau-der-sammelstiftung> [Accessed 14 August 2020].

Nest (2014). *Nest Stiftungsurkunde + Geschäftsordnung*. Available from <https://nest-info.ch/service/reglement/urkunde> [Accessed 24 February 2021].

Nest (2018). *Geschäftsbericht*. (2018). Available from <https://nest-info.ch/archiv/geschaeftsberichte> [Accessed 24 February 2021].

Nest (2019). *Notebene 49*. Available from https://nest-info.ch/fileadmin/webdaten/archiv/notabene/notabene_49_de-web.pdf [Accessed 29 April 2020].

Nest (2020). *Nest Porträt*. Available from [https://nest-info.ch/fileadmin/webdaten/PDF_D/publikationen/Nest Porträt DE 12-2020.pdf](https://nest-info.ch/fileadmin/webdaten/PDF_D/publikationen/Nest_Porträt_DE_12-2020.pdf) [Accessed 24 February 2021].

PGGM (2018). Annual responsible investment report. Available from <https://www.pggm.nl/en/our-services/responsible-investment/> [Accessed 19 April 2020].

PGGM (2020). *Profielschets ledenraad 2020*. Available from <https://www.fnv.nl/getmedia/928fcfeb-a1e3-4d52-9565-0041c199e608/Profielschets-Ledenraad-PGGM.pdf> [Accessed 24 February 2021].

PGGM N.V. (2019). *Annual report 2019*. Available from <https://www.pggm.nl/en/about-us/annual-reports/> [Accessed 24 February 2021].

Appendix 5: Interviewees

Interviewee	Age	Gender	Position	Pension scheme (case study)
A	46-55	F	Executive	PGGM (Member Council)
B	46-55	M	Executive	PGGM (Member Council)
C	56-65	M	Member Council participant	PGGM (Member Council)
D	36-45	F	Member Council participant	PGGM (Member Council)
E	66-75	M	Member Council participant	PGGM (Member Council)
F	46-55	M	Member Council participant	PGGM (Member Council)
G	66-75	F	Member Council participant	PGGM (Member Council)
H	46-55	M	Executive	Abendrot (Delegate Assembly)
I	46-55	M	Executive	Abendrot (Delegate Assembly)
J	36-45	F	Executive	Nest (Delegate Assembly)
K	46-55	M	Delegate Assembly participant	Abendrot (Delegate Assembly)
L	36-45	F	Pension scheme member	Abendrot (Delegate Assembly)

References

Abdullah, C., Karpowitz, C.F. and Raphael, C. (2016). Equity in school forums: An interview with John Landesman. *Journal of Public Deliberation*, 12 (2), 12.

Abendrot (no date[a]). *Beindruckende Zahlen*. Available from <https://www.abendrot.ch/ueber-uns/abendrot-in-zahlen/> [Accessed 06 November 2020].

Abendrot (no date[b]). *Publikationen*. Available from <https://www.abendrot.ch/ueber-uns/publikationen/> [Accessed 20 April 2020].

Abendrot (no date[c]). *Die Sammelstiftung, in der die Versicherten bestimmen*. Available from <https://www.abendrot.ch/ueber-uns/organisation/> [Accessed 21 April 2020].

Abendrot (2007). *Abendrot Urkunde*. Available from <https://www.abendrot.ch/fileadmin/editors/PDFs/Stiftungsurkunde.pdf> [Accessed 24 February 2021].

Abendrot (2016). *Abendrot Info 58*. Available from https://www.abendrot.ch/fileadmin/editors/PDFs/Abendrot_Info/abrot_info58.pdf [Accessed 24 February 2021].

Abendrot (2017). *Abendrot Info 60*. Available from https://www.abendrot.ch/fileadmin/editors/PDFs/Abendrot_Info/abrot_info60_Herbst_2017_D.pdf [Accessed 24 February 2021].

Abendrot (2020). *Abendrot Organisationreglement*. https://www.abendrot.ch/fileadmin/editors/PDFs/Reglemente/2020.10.01_Organisationsreglement.pdf [Accessed 24 February 2021].

Ackeman, R.W. (1973). How companies respond to social demands. *Harvard University Review*, 51 (4), 88-98.

Ackemian, R. and Bauer, R. (1976). *Corporate social responsiveness*. Virginia: Reston.

Agere, S. (2000). *Promoting good governance: Principles, practices and perspectives*. London: Commonwealth Secretariat.

- Aguinis, H. and Glavas, A. (2012). What we know and don't know about corporate social responsibility: A review and research agenda. *Journal of Management*, 38 (4), 932-968.
- Albrecht, S. (2006). Whose voice is heard in online deliberation?: A study of participation and representation in political debates on the internet. *Information, Community & Society*, 9 (1), 62-82.
- Ambachtsheer, K.P. (2016). *The future of pension management*. Hoboken, NJ: John Wiley & Sons.
- Ambachtsheer, K.P., Capelle, R. and Lum, H. (2008). The pension governance deficit: Still with us. *Rotman International Journal of Pension Management*, 1, 14-21.
- Anderson, K.M. (2011). The Netherlands: Adapting a multipillar pension system to demographic and economic change. In: Ebbinghaus, B. (ed.) *The varieties of pension governance: Pension privatization in Europe*. Oxford: Oxford University Press, 293-316.
- Apostolakis, G., Kraanen, F. and van Dijk, G. (2016). Pension beneficiaries' and fund managers' perceptions of responsible investment: A focus group study. *Corporate Governance*, 16 (1), 1-20.
- Arnstein, S.H. (1969). A ladder of citizen participation. *Journal of the American Institute of Planners*, 35 (4), 216-24.
- Ashcroft, J., Yermo, J. and Stewart, F. (2011). Regulatory and supervisory context for occupational pension provision. In: Thornton, P. and Fleming, D. (eds.) *Good governance for pension schemes*. Cambridge: Cambridge University Press.
- Aspinall, N. (2018). ESG and actuaries: Everything you need to worry about. Available from <https://www.actuaries.org.uk/system/files/field/document/ESG%20and%20actuaries-%20Nico%20Aspinall.pdf> [Accessed 24 February 2020].
- Bachrach, P. and Botwinick, A. (1992). *Power and empowerment: A radical theory of participatory democracy*. Philadelphia, PA: Temple University Press.
- Bächtiger, A., Dryzek, J.S., Mansbridge, J. and Warren, M. (2018). Deliberative democracy: An introduction. In: Bächtiger, A., Dryzek, J.S., Mansbridge, J. and Warren, M. (eds.) *The Oxford handbook of deliberative democracy*. Oxford: Oxford University Press, 2-25.
- Baiocchi, G. (2001). Participation, activism and politics: The Porto Alegre experiment and deliberative democratic theory. *Politics & Society*, 29 (1), 43-72.

- Balmer, J.M., Fukukawa, K. and Gray, E.R. (2007). The nature and management of ethical corporate identity: A commentary on corporate identity, corporate social responsibility and ethics. *Journal of Business Ethics*, 76, 7-15.
- Banerjee, S.B. (2014). A critical perspective on corporate social responsibility: Towards a global governance framework. *Critical Perspectives on International Business*, 10 (1-2), 84-95.
- Barber, B.R. (2003). *Strong democracy participatory politics for a new age*. Berkeley: University of California Press.
- Barrett, G., Wyman, M., Schattan, V. and Coelho P. (2012). Assessing the policy impacts of deliberative civic engagement. In: Nabatchi, T., Gastil, J., Leighninger, M. and Weiksner, M.G. (eds.) *Democracy in motion: Evaluating the practice and impact of deliberative citizen engagement*. Oxford: Oxford University Press, 182-201.
- Beetham, D. (2012). Evaluating new vs old forms of citizen engagement and participation. In: Geissel, B. and Newton, K. (eds.) *Evaluating democratic innovations: Curing the democratic malaise?*. London: Routledge, 56-68.
- Benson, K., Hutchinson, M. and Sriram, A. (2011). Governance in the Australian superannuation industry. *Journal of Business Ethics*, 99, 183-200.
- Berger, P.L. and Luckmann, T. (1966). *The social construction of reality: A treatise in the sociology of knowledge*. Garden City, NY: Anchor Books.
- Bevir, M. and Blakely, J. (2018). *Interpretivist social science: An anti naturalist approach*. Oxford: Oxford University Press.
- Bevir, M. and Rhodes, R.A.W. (2003). *Interpreting British governance*. London: Routledge.
- Blok, A. (2007). Experts on public trial: On democratizing expertise through a Danish consensus conference. *Public Understanding of Science*, 16, 163-182.
- Bohman, J. (1997). Deliberative democracy and effective social freedom: Capabilities, resources and opportunities. In: Bohman, J. and Rehg, W. (eds.) *Deliberative democracy: Essays on reason and politics*. Cambridge, MA: MIT Press, 321-348.
- Bohman, J. (1998). Survey article: The coming of age of deliberative democracy. *The Journal of Political Philosophy*, 6 (4), 400-425.
- Bonoli, G. and Häusermann, S. (2011). Switzerland: Regulating a public-private heritage of multipillar pension governance. In: Ebbinghaus, B. (ed.) *The varieties of pension governance: Pension privatization in Europe*. Oxford: Oxford University Press, 318-345.

- Borio, C. (2016). *The movie plays on: A lens for viewing the global economy*. Available from <http://www.bis.org/speeches/sp160210.htm> [Accessed 10 March 2016].
- Bowen, H. R. (2013) [1953]. *The social responsibilities of the businessman*. Iowa City: University of Iowa Press.
- Boyatzis, R.E. (1998). *Transforming qualitative data: Thematic analysis and code Development*. Thousand Oaks: Sage.
- Brown, M.B. (2014). Expertise and deliberative democracy. In: Elstub, S. and Mclavert, P. (eds.) *Deliberative democracy: Issues and cases*. Edinburgh: Edinburgh University Press, 50-68.
- Brundtland, G. (1987). *Our common future*. New York: World Commission on Environment and Development.
- Bryan, F.M. (2004) *Real democracy: The New England town meeting and how it works*. Chicago: University of Chicago Press.
- Bryson, J.M., Quick, K.S., Schively Slotterback, C. and Crosby, B.C. (2012) Designing public participation processes. *Public Administration Review*, 73 (1), 23-34.
- Capelle-Blancard, G. and Monjon, S. (2012). Trends in the literature on socially responsible investment: Looking for the keys under the lamppost. *Business Ethics: A European Review*, 21 (3), 239-250.
- Carroll, A.B. (2009). A History of corporate social responsibility: Concepts and practices. In: McWilliams, A., Crane, A., Matten, D. and Siegel, D.S. (eds.) *The Oxford handbook of corporate social responsibility*. Oxford: Oxford University Press, 20-40.
- Carroll, A.B. (2016). Carroll's pyramid of CSR: Taking another look. *International Journal of Corporate Social Responsibility*, 1 (1), 3-8.
- Carroll, A.B. and Shabana, K.M. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews*, 12 (1), 85-105.
- Center for Deliberative Democracy (no date). *America in one room*. Available from <https://cdd.stanford.edu/2019/america-in-one-room/> [Accessed 24 February 2021].
- Chambers, R. (1999). *Whose reality counts? Putting the first last*. London: Immediate Technology Publications.
- Chambers, S. (2003). Deliberative democratic theory. *Annual Review of Political Science*, 6, 307-326.

- Chambers, S. (2004). Behind closed doors: Publicity, secrecy and the quality of deliberation. *The Journal of Political Philosophy*, 12 (4), 389-410.
- Chambers, S. (2005). Measuring publicity's effect: Reconciling empirical research and normative theory. *Acta Politica*, 40 (2), 255-66.
- Chang, R. (2017). Hard choices. *Journal of the American Philosophical Association*, 3 (1), 1- 21.
- Chappell, Z. (2012). *Deliberative democracy: A critical introduction*. London: Palgrave Macmillan.
- Chhortray, V. and Stoker, G. (2009). *Governance Theory and Practice*. Palgrave Basingstoke: Macmillan.
- Child, J.W. and Marcoux, A.M. (1999). Freeman and Evan: Stakeholder theory in the original position. *Business Ethics Quarterly*, 9 (2), 207-223.
- Clapman, P. and Waddell, C. (2011). *Clapman report 2.0. model governance provisions to support pension fund best practice principles*. Stanford: The Stanford Institutional Investors' Forum Committee on Fund Governance.
- Clare, A. and Wagstaff, C. (2013). *Pension scheme governance in a risk focused world*. London: Cass Consulting, Cass Business School.
- Clark, G.L. (2000). The functional and spatial structure of the investment management industry. *Geoforum*, 31 (1), 71-86.
- Clark, G.L. (2004). Pension fund governance: Expertise and organizational form. *Journal of Pension Economics & Finance*, 3 (2), 233-53.
- Clark, G.L. (2006). The regulation of pension fund governance. In: Clark, G.L., Munnell, A.H. and Orszag, M.J. (eds.) *The Oxford handbook of pensions and retirement income*. Oxford: Oxford University Press, 483-500.
- Clark, G.L. and Monk, A.H.B. (2008). Conceptualizing the defined benefit pension promise: Implications from a survey of expert opinion. *Benefits Quarterly*, 24 (1), 7-18.
- Clark, G.L. and Urwin, R. (2008). Best-practice pension fund governance, *Journal of Asset Management*, 9, 2-21.
- Clark, G.L. and Urwin, R. (2010). Innovative models of pension fund governance in the context of the global financial crisis. *Pensions: An International Journal*, 15, 62-77.
- Cocco, J.F. and Volpin, P.F. (2007). *The corporate governance of defined benefit pension plans: Evidence from the United Kingdom*. London: London Business School.

- Cohen, J. (1996). Procedure and substance in deliberative democracy. In: Benhabib, S. (ed.) *Democracy and difference: Contesting the boundaries of the political*. Princeton, NJ: Princeton University Press, 95-119.
- Collingwood, L. and Reedy, J. (2012). Listening and responding to criticisms of deliberative civic engagement. In: Nabatchi, T., Gastil, J., Leighninger, M. and Weiksner, M.G. (eds.) *Democracy in motion: Evaluating the practice and impact of deliberative citizen engagement*. Oxford: Oxford University Press, 234-257.
- Cooke, B. (2013). *Rules of thumb for participatory change agents in participation: From tyranny to transformation? Exploring new approaches to participation in development*. London: Zed books.
- Cooke, B. and Kothari, U. (2002). *Participation: The new tyranny?*. London: Zed Books.
- Cooper, E. and Smith, G. (2012). Organizing deliberation: The perspectives of professional participation practitioners in Britain and Germany. *Journal of Public Deliberation*, 8 (1), Article 3.
- Cornwall, A. (2002). Locating citizen participation. *IDS Bulletin*, 33 (2), 49-58.
- Dahl, R. (1998). *On democracy*. New Haven: Yale University Press.
- Dahlberg, L. (2001). Computer-mediated communication and the public sphere: A critical analysis in *Journal of Computer-Mediated Communication*, 7 (1), JCMC714.
- Daily, C.M., Dalton, D.R. and Cannella Jr., A.A. (2003). Corporate governance: Decades of dialogue and data. *Academy of Management Review*, 28 (3), 371-82.
- Dalton, R.J., Cain, B.E. and Scarrow, S.E. (2006). Democratic publics and democratic institutions. In: Cain, B.E., Dalton, R.J. and Scarrow, S.E. (eds.) *Democracy Transformed?* Oxford: Oxford University Press, 251-275.
- Davis, K. (1960). Can business afford to ignore corporate social responsibilities? *California Management Review*, 2, 70-76.
- Davis, R.B. (2008). *Democratizing pension funds*. Vancouver: UBC Press.
- Dawkins, C. (2015). Agonistic pluralism and stakeholder engagement. *Business Ethics Quarterly*, 25 (1), 1-28.
- De Kruijf, J.A.M. and De Vries, M.S. (2014). Governance and stakeholder involvement in the Dutch pension industry lessons for developing countries. *Public Administration and Development*, 34 (4), 332-344.
- della Porta, D. (2013). *Can democracy be saved? Participation, deliberation and social movements*. Cambridge: Polity.

- Department of Work and Pensions (2009). *Employers' pension provision survey*. Available from <https://www.gov.uk/government/publications/employers-pension-provision-survey-2009-rr687> [Accessed 01 May 2016].
- Department of Work and Pensions (2020). *Automatic enrolment evaluation report 2019*. Available from <https://www.gov.uk/government/publications/automatic-enrolment-evaluation-report-2019> [Accessed 26 November 2020].
- Desai, N. (2007). *Framing sustainable development The Brundtland report – 20 years on*. United Nations Commission on Sustainable Development. [https://www4.ti.ch/fileadmin/DT/temi/sviluppo_sostenibile/documenti/Rapporto o Brundtland.pdf](https://www4.ti.ch/fileadmin/DT/temi/sviluppo_sostenibile/documenti/Rapporto_Brundtland.pdf) [Accessed 29 April 2018].
- Domini, A. (2001). *Socially responsible investing: Making a difference and making money*. Chicago, IL: Dearbon Trade.
- Donaldson, T. (1999). Making stakeholder theory whole. *Academy of Management Review*, 24 (2), 237-241.
- Donaldson, T. and Dunfee, T.W. (1994). Towards a unified conception of business ethics: Integrative social contracts theory. *Academy of Management Review*, 19, 252-284.
- Donaldson, T. and Preston, L.E. (1995). The stakeholder theory of the corporation: concepts, evidence and implications. *Academy of Management Review*, 20 (1), 65-91.
- Dorfman, M.C. (2011). Governance: Summary findings. In: Rajkumar, S. and Dorfman, M.C. (eds.) *Governance and investment of public pension assets: Practitioners' perspectives*. Washington DC: The International Bank for Reconstruction and Development/The World Bank, 3-12.
- Driver, C. and Thompson, G. (2002). Corporate governance and democracy: The stakeholder debate revisited. *Journal of Management & Governance*, 6, 111-30.
- Drucker, P.F. (1993). *Post capitalist society*. Oxford: Butterworth-Heinemann.
- Dryzek, J.S. (1990). *Discursive democracy: Politics, policy, and political science*. Cambridge: Cambridge University Press.
- Dryzek, J.S. (2002). *Deliberative democracy and beyond: Liberals, critics and contestations*. Oxford: Oxford University Press.
- Dryzek, J.S. (2009). Democratization as deliberative capacity building. *Comparative Political Studies*, 42 (11), 1379-1402.
- Dryzek, J.S., Goodin, R.E. and Tucker, A. (2009). Promethean elites encounter precautionary publics: The case of GM foods. *Science, Technology & Human Values*, 34 (3), 263-288.

- Dunham, L., Freeman, R.E. and Liedtka, J. (2006). Enhancing stakeholder practice: A particularized exploration of community. *Business Ethics Quarterly*, 16 (1), 23-42.
- Ebbinghaus, B. (2006). *Reforming Early Retirement in Europe, Japan and the USA*. Oxford: Oxford University Press.
- Ebbinghaus, B. (2011). Introduction: Studying pension privatisation in Europe. In: Ebbinghaus, B. (ed.) *The varieties of pension governance: Pension privatization in Europe*. Oxford: Oxford University Press, 4-19.
- Ebbinghaus, B. and Wiß, T. (2011). The governance and regulation of private pensions in Europe. In: Ebbinghaus, B. (ed.) *The varieties of pension governance: Pension privatization in Europe*. Oxford: Oxford University Press, 352-381.
- Edelenbos, J., Van Buren, A. and Van Schie, N. (2011). Co-producing knowledge: Joint knowledge production between experts, bureaucrats and stakeholders in Dutch water management projects. *Environmental Science & Policy*, 14 (6), 675-684.
- Eisenhardt, K.M. (1989). Building theories from case study research. *The Academy of Management Review*, 14 (4), 535-550.
- Elster, J. (1986). The market and forum: Three varieties of political theory. In Elster, J. and Hylland, H. (eds.) *Foundations of Social Choice Theory*. Cambridge: Cambridge University Press, 103-32.
- Elstub, S. and Escobar, O. (2019). Defining and typologising democratic innovations in In: Elstub, S. and Escobar, O. (eds.) *Handbook of democratic innovation and governance*. Cheltenham: Edward Elgar Publishing, 11-31.
- Ercan, S.A., Hendriks, C.M. and Boswell, J. (2017). Studying public deliberation after the systemic turn: the crucial role for interpretive research. *Policy & Politics*, 1-36.
- Escobar, O. (2019). Facilitators: The micropolitics of public participation and deliberation. In: Elstub, S. and Escobar, O. (eds.) *Handbook of democratic innovation and governance*. Cheltenham: Edward Elgar Publishing, 178-195.
- Estlund, C. (2003). *Working together: How workplace bonds strengthen a diverse democracy*. Oxford: Oxford University Press.
- Estlund, D. M. (1997). The epistemic dimension of democratic authority. *Modern Schoolman*, 74 (4), 259-276.
- European Union (2018). *European high-level working group on sustainable finance*. Available from https://ec.europa.eu/info/publications/sustainable-finance-high-level-expert-group_en [Accessed 04 November 2020].

- Eurosif (2005). *SRI toolkit 2004-5*. Available from <http://www.eurosif.org/publication/pension-fund-toolkit-2004-2005/> [Accessed 30 April 2016].
- Eurosif (2014). *SRI study 2014*. Available from <http://www.eurosif.org/sri-study-2014/> [Accessed 01 May 2016].
- Eurosif. (2018). *SRI study 2018*. Available from <http://www.eurosif.org/wp-content/uploads/2018/11/European-SRI-2018-Study.pdf> [Accessed 29 November 2020].
- Financial Stability Board (FSB) (2020). *Global monitoring report on non-bank financial intermediation 2020, Monitoring data set*. Available from <https://www.fsb.org/2020/12/global-monitoring-report-on-non-bank-financial-intermediation-2020> [Accessed 26 February 2021].
- Fiorina, M.P. (1999). Extreme voices: A dark side of civic engagement. In: Skocpol, T. and Fiorina, M.P. (eds.) *Civic engagement in American democracy*. Washington, DC: The Brookings Institution Press, 395-426.
- Fischer, F. and Gottweis, H. (2013). The argumentative turn in public policy revisited: Twenty years later. *Critical Policy Studies*, 7 (4), 425-433.
- Fischer, F. (2012) Participatory governance: From theory to practice. In: Levi-Faur, D. (ed.) *The Oxford handbook of governance*. Oxford: Oxford University Press, 458-469.
- Fishkin, J.S. (2009). *When the people speak: Deliberative democracy and public consultation*. Oxford: Oxford University Press.
- Fishkin, J.S. (2012). Deliberative polling: Reflections on an ideal made practical. In: Geissel, B. and Newton, K. (eds.) *Evaluating democratic innovations: Curing the democratic malaise?*. London: Routledge, 71-89.
- Flick, U. (2018). *An introduction to qualitative research*. London: Sage.
- Florida, A. (2017). *From participation to deliberation*. Colchester: ECPR.
- Font, J., Smith, G., Galais, C. and Alarcon, P. (2018). Cherry-picking participation: Explaining the fate of proposals from participatory processes. *European Journal of Political Research*, 57 (3), 615-636.
- Fox, A. (2010) *An exploration of the governance and accountability of UK defined benefit pension schemes*. PhD thesis submitted to the University of Dundee. Available from [https://discovery.dundee.ac.uk/portal/en/theses/an-exploration-of-the-governance-and-accountability-of-uk-defined-benefit-pension-schemes\(85699d70-c916-4c85-910e-bb0ab103e120\).html](https://discovery.dundee.ac.uk/portal/en/theses/an-exploration-of-the-governance-and-accountability-of-uk-defined-benefit-pension-schemes(85699d70-c916-4c85-910e-bb0ab103e120).html) [Accessed 30 April 2018].

- Fox, A. (2014). Governance and accountability in UK pension schemes. In: Hawley, J.P., Hoepner, A.G.F., Johnson, K.L., Sandberg, J. and Waitzer, E.J. (eds.) *Institutional investment and fiduciary duty*. Cambridge: Cambridge University Press, 31-45.
- Freeman, R.E. (1984). *Strategic management: A stakeholder approach*. Boston, MA: Pitman.
- Freeman, R.E. (2010). Managing for stakeholders: Trade-offs or value creation. *Journal of Business Ethics*, 96 (1), 7-9.
- Freeman, R.E. (2015). *Differentiating stakeholders*. Available from <http://redwardfreeman.com/stakeholder-management/> [Accessed 25 November 2015].
- Freeman, R.E., Harrison, J.S., Wicks, A.C., Parmar, B.L. and De Colle, S. (2010). *Stakeholder theory: The state of the art*. Cambridge: Cambridge University Press.
- Freeman, R.E. and Moutchnik, A. (2013). Stakeholder management and CSR: Questions and answers. *Uwf UmweltWirtschaftsForum*, 21, 5-9.
- Freeman, R.E. and McVea, J.F. (2017). A stakeholder approach to strategic management. In: Hitt, M.A., Freeman, R.E. and Harrison, J.S. (eds.), *Handbook of strategic management*. Oxford: Blackwell Publishing, 189-207.
- Freeman, R.E. and Wicks, A.C. (1998). Organization studies and the new pragmatism: Positivism, anti-positivism and the search for ethics. *Organization Science*, 9 (2), 123-140.
- Freeman, R.E., Wicks, A.C. and Parmar, B. (2004). Stakeholder theory and the corporate objective revisited. *Organization Science*, 15 (3), 364-369.
- Freeman, S. (2000). Deliberative democracy: A sympathetic comment. *Philosophy and Public Affairs*, 29 (4), 371-418.
- Freshfields Bruckhaus Deringer (2005). *A legal framework for the integration of environmental, social and governance into institutional investment, produced for the Asset Management Working Group of the UNEP Finance Initiative*. Available from https://www.unepfi.org/fileadmin/documents/freshfields_legal_resp_20051123.pdf [Accessed 01 May 2018].
- Friedman, M. (1970). The social responsibility of business is to increase its profits. *The New York Times*. Available from <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html> [Accessed 29 April 2018].
- Fung, A. (2003). Survey article: recipes for public spheres: Eight institutional design choices and their consequences. *The Journal of Political Philosophy*, 11 (3), 338-367.

- Fung, A. (2006). Varieties of participation in complex governance. *Public Administration Review*, 66 (1), 66-75.
- Fung, A. (2013). Infotopia unleashing the democratic power of transparency. *Politics & Society*, 41 (2), 183-212.
- Fung, A. and Wright, E.O. (2003). *Deepening democracy*. London: Verso.
- Galler, R. (2002). 'Prudent person rule' standard for the investment of pension fund assets. Paris: OECD.
- Gallie, W.B. (1956). Essentially contested concepts. *Proceedings of the Aristotelian Society*, 56 (1), 167-198.
- Ganuza, E. and Baiocchi, G. (2012). The power of ambiguity: How participatory budgeting travels the globe. *Journal of Public Deliberation*, 8 (2), article 8.
- Garriga, E. (2014). Beyond stakeholder utility function: Stakeholder capability in the value creation process. *Journal of Business Ethics*, 120, 489-504.
- Garriga, E. and Mele, D.N. (2004). Corporate social responsibility theories: Mapping the territory. *Journal of Business Ethics*, 53, 51-71.
- Gastil, J., Knobloch, K. and Kelly, M. (2012). Evaluating deliberative public events and projects. In: Nabatchi, T., Gastil, J., Weiksner, G.M. and Leighninger, M. (eds.) *Democracy in motion: Evaluating the practice and impact of deliberative civic engagement*. New York: Oxford University Press, 208-228.
- Gaventa, J. (2006). Finding the spaces for change: A power analysis. *IDS Bulletin*, 37 (6).
- Gephardt, R. (2004). Qualitative research and the academy of management journal. *Academy of Management Journal*, 7, 454-462.
- Ghilarducci, T. (2006). Organised labour and pensions. In: Clark, G.L., Munnell, A.H. and Orszag, M.J. (eds.) *The Oxford handbook of pensions and retirement income*. Oxford: Oxford University, 381-398.
- Gibson, K. (2000). The moral basis of stakeholder theory. *Journal of Business Ethics*, 26 (3), 245-257.
- Geissel, B. (2012). Impacts of democratic innovations in Europe: Findings and desiderata. In: Geissel, B. and Newton, K. (eds.) *Evaluating democratic innovations, curing the democratic malaise?*. Abingdon: Routledge, 163-183.
- Gilman, H.R. and Peixoto, T.C. (2019). Digital participation. In: Elstub, S. and Escobar, O. (eds.) *Handbook of democratic innovation and governance*. Cheltenham: Edward Elgar Publishing, 105-116.
- Gioia, D. (1999). Practicability, paradigms, and problems in stakeholder theorising. *The Academy of Management Review*, 24 (2), 228-232.

- Gioia, D.A., Corley, K.G. and Hamilton, A.L. (2013). Seeking quality and rigor in inductive research. *Organizational Research Methods*, 16 (1), 15-31.
- Gioia, D.A., Price, K.N., Hamilton, A.L. and Thomas, J.B. (2010). Forging an identity: An insider-outsider study of processes involved in the formation of organizational identity. *Administrative Science Quarterly*, 55 (1), 1-46.
- Global Sustainable Investment Alliance (2018). *Global Sustainable Investment Review*. Available from www.gsi-alliance.org/trends-report-2018/ [Accessed 30 November 2020].
- Goodin, R.E. (2003). *Reflective democracy*. Oxford: Oxford University Press.
- Goodin, R.E. and Dryzek, J.S. (2006). Deliberative impacts: The macro-political uptake of mini-publics. *Politics & Society*, 34 (2), 219-244.
- Grönlund, K., Strandberg, K. and Himmelroo, S. (2009). The challenge of deliberative democracy online – A comparison of face-to-face and virtual experiments in citizen deliberation. *Information Policy*, 14 (3), 187–201.
- Gutmann, A. and Thompson, D.F. (1996). *Democracy and disagreement*. Cambridge, MA: Harvard University Press.
- Gutmann, A. and Thompson, D.F. (2004). *Why deliberative democracy?*. Princeton, NJ: Princeton University Press.
- Habermas, J. (1984). *The theory of communicative action vol. 1. Reason and the rationalization of society*. Boston, MA: Beacon Press.
- Habermas, J. (1996). *Between facts and norms: Contributions to a discourse theory of law and democracy*. Cambridge, MA: MIT Press.
- Habermas, J. (2006). Political communication in media society: Does democracy still enjoy an epistemic dimension? The impact of normative theory on empirical research. *Communication Theory*, 16 (4), 11-426.
- Harris, C. (2019). Mini-publics, design choices and legitimacy. In: Elstub, S. and Escobar, O. (eds.) *Handbook of democratic innovation and governance*. Cheltenham: Edward Elgar Publishing, 45-59.
- Harrison, J.S., Bosse, D.A. and Phillips, R.A. (2010). Managing for stakeholders, stakeholder utility functions, and competitive advantage. *Strategic Management Journal*, 31, 58–74.
- Harrison, J.S. and Wicks, A.C. (2013). Stakeholder theory, value and firm performance. *Business Ethics Quarterly*, 23 (1), 97-124.
- Hasnas, J. (2013). Wither stakeholder theory? A guide for the perplexed revisited. *Journal of Business Ethics*, 112 (1), 47-57.

- Hawley, J.P., Johnson, K. and Waitzer, E. (2011). Reclaiming fiduciary duty balance, *Rotman International Journal of Pension Management*, 4 (2), 4-16.
- Hawley, J.P. and Williams, A.T. (1997). The emergence of fiduciary capitalism. *Corporate Governance*, 5 (4), 206-213.
- Hawley, J.P. and Williams, A.T. (2000). *The rise of fiduciary capitalism*. Philadelphia: University of Pennsylvania Press.
- Hay, C. (2011). Interpreting interpretivism interpreting interpretations. *Public Administration*, 89 (1), 167-182.
- Heath, J. and Norman, W. (2004). Stakeholder theory, corporate governance and public management: What can the history of state-run enterprises teach us in the post-Enron era?. *Journal of Business Ethics*, 53 (3), 247-265.
- Hess, D. and Impavido, G. (2003). Governance of public pension funds: Lessons from corporate governance and international evidence. *World Bank Policy Research Working Paper* 3110. New York: Washington.
- Hilmer, J.D. (2010). The state of participatory democratic theory. *New Political Science*, 32 (1), 43-63.
- Hirschman, A.O. (1970). *Exit, voice and loyalty: Responses to decline in firms, organizations and states*. Cambridge, MA: Harvard University Press.
- Hokisson, R.E., Arthurs, J.D., White, R.E. and Wyatt, C. (2013). Multiple agency theory: An emerging perspective on corporate governance. In: Wright, M., Siegel, D.S., Keasley, K. and Filatotchev, I. (eds.) *Oxford Handbook of Corporate Governance*. Oxford: Oxford University Press, 673-702.
- House of Commons Environmental Audit Committee (2018). *Greening finance: Embedding sustainability in financial decision-making. Seventh report of session 2017-2019*. House of Commons, Available from <https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/1063/1063.pdf> [Accessed 07 June 2019].
- Irvin, R. and Stansbury, J. (2004). Citizen participation in decision making: Is it worth the effort?. *Public Administration Review*, 64 (1), 55-65.
- Jamali, D., Sidani, Y. and El-Asmar, K. (2009). A three country comparative analysis of managerial CSR perspectives: Insights from Lebanon, Syria and Jordan. *Journal of Business Ethics*, 85, 173-192.
- Jensen, C.B. (2005). Citizen projects and consensus-building at the Danish board of technology on experiments in democracy. *Acta Sociologia*, 48 (3), 221-235.
- Jensen, M.C. (2002). Value maximisation, stakeholder theory, and the corporate objective function. *Business Ethics Quarterly*, 12, 235-256.

- Jensen, M.C. and Meckling, W.H. (1976). Theory of the firm: Managerial behaviour agency costs and ownership structure. *Journal of Financial Economics*, 3 (4), 305-360.
- Johnson, K.L. and de Graaf, F.J. (2009). Modernizing pension fund legal standards for the twenty-first century. *Rotman International Journal of Pensions Management*, 2 (1), 44-51.
- Jones, T.M., Harrison, J.S. and Felps, W. (2018). How applying instrumental stakeholder theory can provide sustainable competitive advantage. *Academy of Management Review*, 43 (3), 371-391.
- Joss, S. (1998). Danish consensus conferences as a model of participatory technology assessment: An impact study of consensus conferences on Danish parliament and Danish public debate. *Science and Public Policy*, 25 (1), 2-22.
- Joss, S. and Durant, J. (1995). The UK national consensus conference on plant biotechnology. *Public Understanding of Science*, 4 (2), 195-204.
- Kakabadse, N., Kakabadse, A. and Kouzmin, A. (2003). Pension fund trustees. *European Management Journal*, 21 (3), 376-86.
- Karpowitz, C.F. and Raphael, C. (2014). *Deliberation, democracy and civic forums*. Cambridge: Cambridge University Press.
- Kay, J. (2012). *The Kay review of UK equity markets and long-term decision making*. Available from <https://www.gov.uk/government/collections/publications> [Accessed 24 February 21].
- Kennedy, R., Sokhey A.E., Abernathy, C., Esterling, K.M., Lazer, D.M.J., Lee, A., Minozzi, W. and Neblo, M.A. (2021). Demographics and (equal?) voice: Assessing participation in online deliberative sessions. *Political Studies*, 69 (1), 66-88.
- King, M. (2018). *Deliberation and decision making online: Evaluating platform design*, PhD thesis, University of Westminster. Available from <https://ethos.bl.uk/OrderDetails.do?uin=uk.bl.ethos.788043> [Accessed 30 November 2020].
- Kline, W. (2006). Business ethics from the internal point of view. *Journal of Business Ethics*, 64, 57-67.
- Laboul, A. and Yermo, J. (2006). Regulatory principles and institutions. In: Clark, G.L., Munnell, A.H. and Orszag, M.J. (eds.) *The Oxford handbook of pensions and retirement income*. Oxford: Oxford University Press, 501-520.
- La Font, C. (2014). Deliberation, participation, and democratic legitimacy: Should deliberative mini-publics shape public policy?. *Journal of Political Philosophy*, 23 (1), 14-63.

Laplume, A.O., Sonpar, K. and Litz, R.A. (2008). Reviewing a theory that moves us. *Journal of Management*, 34 (6), 1152-1189.

Lee, C.W. (2019). 21st Century town hall meetings in the 1990s and 2000s: Deliberative demonstrations and the commodification of political authenticity in an era of austerity. *Journal of Public Deliberation*, 15 (2), 2.

doi: <https://doi.org/10.16997/jdd.330>

Lee, C.W. and Romano, Z. (2013). Democracy's new discipline: Deliberation as organizational strategy. *Organization Studies*, 34 (5-6), 733-753.

Leins, S. (2020) 'Responsible investment': ESG and the post-crisis ethical order, *Economy and Society*, 49 (1), 71-91.

Lukensmeyer, C.J. (2010). Learning from the past, committing to the future: A practitioner's view of our democracy. *Public Administration Review*, 70 (1), 273-283.

Lukensmeyer, C. J. and Brigham, S. (2005). Taking democracy to scale: Large scale interventions – for citizens. *The Journal of Applied Behavioural Science*, 41 (1), 47-60.

Lushkin, C., Fishkin, J.S. and Iyengar, S. (2006). *Considered opinions on U.S. foreign policy: Evidence from online and face-to-face deliberative polling*. Stanford Center for Deliberative Democracy, Stanford University. Available at <https://cdd.stanford.edu/2006/considered-opinions-on-u-s-foreign-policy-face-to-face-versus-online-deliberative-polling/> [30 November 2020].

Mackenzie, M.K. (2018). Deliberation and long-term decisions: Representing future generations. In: Bächtiger, A., Dryzek, J.S., Mansbridge, J. and Warren, M. (eds.) *The Oxford handbook of deliberative democracy*. Oxford: Oxford University Press, 252-270.

Macpherson, C.B. (1977). *The life and times of liberal democracy*. London and New York: Oxford University Press.

Mansbridge, J. (1983). *Beyond adversary democracy*. Chicago: University of Chicago Press.

Mansbridge, J. (1999). Should blacks represent blacks and women represent women? A contingent "yes". *Journal of Politics*, 61 (3), 628-57.

Mansbridge, J. (2015). A Minimalist definition of deliberation. In: Heller, P. and Rao, V. (eds.) *Deliberation and development: Rethinking the role of voice and collective action in unequal societies*. Washington, DC: World Bank, 27-50.

Mansbridge, J. (2017). Recursive representation in the representative system. Harvard Kennedy School Faculty Research Working Paper Series, RWP17-045.

- Mansbridge, J., Bohman, J., Chambers, S., Christiano, T., Fung, A., Parkinson, J., Thompson, D.F. and Warren, M.E. (2012). A systemic approach to deliberative democracy. In: Parkinson, J. and Mansbridge, J. (eds.) *Deliberative systems: Deliberative democracy at the large-scale*. Cambridge: Cambridge University Press, 1-26.
- Matten, D., Crane, A. and Chappie, W. (2003). Behind de mask: Revealing the true face of corporate citizenship. *Journal of Business Ethics*, 45 (1-2), 109-120.
- Marquetti, A., Schonewald da Silva, C.E. and Campbell, A.I. (2012). Participatory economic democracy in action: Participatory budgeting in Porto Alegre, 1989-2004. *Review of Radical Political Economics*, 44 (1), 62-81.
- McCarthy, D.R. and Fluck, M. (2016). The concept of transparency in International Relations: Towards a critical approach. *European Journal of International Relations*, 23 (2), 416-440.
- Melé, D.N. (2008). Corporate social responsibility theories. In: McWilliams, A., Crane, A. , Matten, D. and Siegel, D.S. (eds.) *The Oxford handbook of corporate social responsibility*. Oxford: Oxford University Press, 48-67.
- Miles, S. (2012). Stakeholder: Essentially contested or just confused? *Journal of Business Ethics*, 108, 285-298.
- Mitchell, R.K., Agle, B.R. and Wood, D.J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22 (4), 853-886.
- Mitchell, R.K., Weaver, G.R., Agle, B.R., Bailey, A.D. and Carlson, J. (2016). Stakeholder agency and social welfare: Pluralism and decision making in the multi-objective corporation. *Academy of Management Review*, 41 (2), 252-75.
- Monks, R.A.G. and Minow, N. (2012). *Corporate governance* 5th ed. Chichester: John Wiley & Sons.
- Moore, A., Fredheim, R., Wyss, D. and Beste, S. (2021). Deliberation and identity rules: The effect of anonymity, pseudonyms and real-name requirements on the cognitive complexity of online news comments. *Political Studies*, 69 (1), 45-65.
- Mouffe, C. (2000). Deliberative democracy or agonistic pluralism. *Political Science Series*, 72. Vienna: Institute for Advanced Studies. Available from https://www.ihs.ac.at/publications/pol/pw_72.pdf [Accessed 10 December 2020].
- Munnell, A.H. (2006). Employer-sponsored plans: The shift from defined benefit to defined contribution. In: Clark, G.L., Munnell, A.H. and Orszag, M.J. (eds.) *The Oxford handbook of pensions and retirement income*. Oxford: Oxford University Press, 359-380.

- Mutz, D.C. (2006). *Hearing the other side deliberative versus participatory democracy*. New York: Cambridge University Press.
- Myners, P. (2001). *Institutional investment in the United Kingdom: A review*. Available from <http://uksif.org/wp-content/uploads/2012/12/MYNERS-P.-2001.-Institutional-Investment-in-the-United-Kingdom-A-Review.pdf> [Accessed 30 April 2015].
- Nabatchi, T. (2012). Putting the 'public' back in public values research: Designing public participation to identify and respond to public values. *Public Administration Review*, 72 (5), 699-708.
- NAPF (2005). Pension scheme governance - fit for the 21st century. *A Discussion Paper*. Available from <https://ecgi.global/code/pension-scheme-governance-fit-21st-century-discussion-paper-napf> [Accessed 30 April 2016].
- National Maritime Museum (no date). Available from <https://collections.rmg.co.uk/collections/objects/3284.html> [Accessed 25 February 2021].
- Neesham, C. (2017). Philosophical foundations of qualitative organizational research. In: Mir, R. and Sanjay, J. (eds.) *The Routledge companion to qualitative research in organization studies*. New York: Routledge, 21-39.
- Nelson, J.W., Kangsen Scammell, M., Gasior Altman, R., Webster, T.F. and Ozonoff, D.M. (2008). A new spin on research translation: The Boston consensus conference on human biomonitoring. *Environmental Health Perspectives*, 117 (4), 495-499.
- Nest (no date[a]). *Sicherheit, saubere Anlagen, langfristige Performance*. Available from <https://nest-info.ch/portraet/unabhaengige-sammelstiftung/> [Accessed 26 April 20].
- Nest (no date[b]). *Fakten und Zahlen*. Available from <https://nest-info.ch/aktuell/fakten-undzahlen/> [Accessed 06 January 2020].
- Nest (no date[c]). *Die Geschichte der Nest*. Available from <https://nest-info.ch/portraet/geschichte/> [Accessed 20 April 2020].
- Nest (no date[d]). *Überblick über die Organisation von Nest*. Available from <https://nest-info.ch/portraet/aufbau-der-sammelstiftung> [Accessed 14 August 2020].
- Nest (2014). *Nest Stiftungsurkunde + Geschäftsordnung*. Available from <https://nest-info.ch/service/reglement/urkunde> [Accessed 24 February 2021].
- Nest (2018). *Geschäftsbericht*. (2018). Available from <https://nest-info.ch/archiv/geschaeftsberichte> [Accessed 24 February 2021].

Nest (2019). *Notebene* 49. Available from https://nest-info.ch/fileadmin/webdaten/archiv/notabene/notabene_49_de-web.pdf

[Accessed 29 April 2020].

Nest (2020). *Nest Porträt*. Available from [https://nest-info.ch/fileadmin/webdaten/PDF_D/publikationen/Nest Porträt DE 12-2020.pdf](https://nest-info.ch/fileadmin/webdaten/PDF_D/publikationen/Nest_Poträt_DE_12-2020.pdf) [Accessed 24 February 2021].

Newig, J., Adzersen, A., Challies, E., Fritsch, O. and Jager, N. (2013). Comparative analysis of public environmental decision-making processes: A variable-based analytical scheme. *INFU Discussion Paper* 37/13.

www.leuphana.de/fileadmin/user_upload/Forschungseinrichtungen/infu/files/infu-reihe/37_13.pdf [Accessed 15 February 2021].

Niemeyer, S. and Jennstal, J. (2018). Scaling up deliberative effects - Applying lessons of mini-publics. In: Bächtiger, A., Dryzek, J.S., Mansbridge, J. and Warren, M. (eds.) *The Oxford handbook of deliberative democracy*. Oxford: Oxford University Press, 330-341.

O'Barr, W.M. and Conley, J.M. (1992). *Fortune & folly the wealth and power of institutional investing*. New York: Irwin Professional Publishing.

OECD (2002). *Guidelines for pension fund governance*. Available from <http://www.oecd.org/pensions/private-pensions/34799965.pdf> [Accessed 10 March 2016].

OECD (2015). *Pensions in focus*. Available from <http://www.oecd.org/daf/fin/private-pensions/Pension-Markets-in-Focus-2015.pdf> [Accessed 10 March 2016].

OECD (2019a). *Pensions at a glance 2019*. Available from <http://www.oecd.org/els/public-pensions/oecd-pensions-at-a-glance-19991363.htm> [Accessed 30 November 2020].

OECD (2019b). *Pensions markets in focus*. Available from <https://www.oecd.org/pensions/private-pensions/pensionmarketsinfocus.htm>. [Accessed 30 November 2020].

Office for National Statistics (2015). *Occupational pension schemes survey UK: 2014*. Available from <http://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionssavingsandinvestments/bulletins/occupationalpensionschemesurvey/2015-09-24#main-points> [Accessed 27 April 2016].

Office for National Statistics (2019). *Occupational Pension Schemes Survey, UK: 2018 (OPSS)*. Available from <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionssavingsandinvestments/bulletins/occupationalpensionschemessurvey/2018> [Accessed 19 November 2020].

- O'Neill, J. (1997). Value pluralism, incommensurability, and institutions. In: Foster, J. (ed) *Valuing nature: economics, ethics and environment*. London: Routledge.
- Orlitzky, M., Schmidt, F. L. and Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies*, 24, 403-441.
- Papadopoulos, Y. (2012). On the embeddedness of deliberative systems: Why elitist innovations matter more. In: Parkinson, J. and Mansbridge, J. (eds.) *Deliberative systems: Deliberative democracy at the large-scale*. Cambridge: Cambridge University Press, 125-150.
- Papadopoulos, Y. and Warin, P. (2007). Are innovative, participatory and deliberative procedures in policy making democratic and effective?. *European Journal of Political Research*, 46 (4), 445-472.
- Parkinson, J. (2006). *Deliberating in the real world: Problems of legitimacy in deliberative democracy*. Oxford: Oxford University Press.
- Parmar, B.L., Freeman, R.E., Harrison, J.S., Wicks, A.C., Purnell, L. and De Colle, S. (2010). Stakeholder theory: The state of the art. *The Academy of Management Annals*, 4 (1), 403-445.
- Parsons, T. (1961). An outline of the social system. In: Parsons, T., Shils, E.A., Naegle, K.D. and Pitts, J.R. (eds.) *Theories of society*. New York: Free Press.
- Passos Cordeiro, A. (2004). Porto-Alegre: The City Budget. In: Bruce, I. (ed.) *The Porto-Alegre alternative direct democracy in action*. London: Pluto Press, 63-84.
- Pateman, C. (1970). *Participation and democratic theory*. Cambridge: Cambridge University Press.
- Pennock, J.R. (1979). *Democratic political theory*. Princeton: Princeton University Press.
- Pennington, M. (2010). Democracy and the deliberative conceit. *Critical Review*, 22 (2-3), 159-184.
- Perrini, F. (2006). SMEs and CSR theory: Evidence and implications from an Italian perspective. *Journal of Business Ethics*, 67, 305-316.
- Petts, J. and Brooks, C. (2006). Expert conceptualisations of the role of lay knowledge in environmental decision making: Challenges for deliberative democracy. *Environment and Planning*, 38 (6), 1045-1059.
- PGGM (2018). Annual responsible investment report. Available from <https://www.pggm.nl/en/our-services/responsible-investment/> [Accessed 19 April 2020].

- PGGM (2020). *Profielschets ledenraad 2020*. Available from <https://www.fnv.nl/getmedia/928fcfeb-a1e3-4d52-9565-0041c199e608/Profielschets-Ledenraad-PGGM.pdf> [Accessed 24 February 2021].
- PGGM N.V. (2019). *Annual report 2019*. Available from <https://www.pggm.nl/en/about-us/annual-reports/> [Accessed 24 February 2021].
- Phillips, R., Freeman, R.E. and Wicks, A.C. (2003). What stakeholder theory is not. *Business Ethics Quarterly*, 13, 479-502.
- Pielke Jr., R.A. (2007). *The honest broker: Making sense of science in policy and politics*. Cambridge: Cambridge University Press.
- Pincione, G. and Tesón, F.R. (2006). *Rational choice and democratic deliberation: A theory of discourse failure*. Cambridge: Cambridge University Press.
- Pitkin, H. (1967). *The concept of representation*. Berkley: University of California Press.
- Pogrebinschi, T. and Ryan, M. (2018). Moving beyond input Legitimacy: When do democratic innovations affect policymaking?. *European Journal of Political Research*, 57 (1), 135-152.
- Polleta, F. and Gardner, B.G. (2018). The forms of deliberative communication. In: Bächtiger, A., Dryzek, J.S., Mansbridge, J. and Warren, M. (eds.) *The Oxford handbook of deliberative democracy*. Oxford: Oxford University Press, 71-81.
- Porter, M.E. and Kramer, M.R. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review*, 80 (12), 56-69.
- Portney, K.E. (2015). *Sustainability*. Cambridge, MA: MIT Press.
- Prabhakar, R. (2003). *Stakeholding and new labour*. Basingstoke: Palgrave.
- Prahalad, C.K. (2002). Strategies for the bottom of the economic pyramid: India as a source of innovation. *The Society for Organizational Learning Journal*, 3 (4), 6-18.
- Preble, J. (2005). Toward a comprehensive model of stakeholder management. *Business and Society Review*, 110 (4), 407-431.
- PRI (2020). *About the PRI*. Available from <https://www.unpri.org/about-the-pri> [Accessed 26 November 2020].
- PRI/UNEP Finance Initiative (2019). *Fiduciary duty in the 21st century final report*. Available from <https://www.fiduciaryduty21.org/> [Accessed 30 November 2020].
- Raphael, C. and Karpowitz, C.F. (2013). Good publicity: The legitimacy of public deliberation communication. *Political Communication*, 30, 17-41.
- Rawls, J. (1971). *A theory of justice*. Cambridge, MA: Harvard University Press.

- Reinecke, J., Arnold, D. and Palazzo, G. (2016). Qualitative methods in business ethics, corporate responsibility, and sustainability research. *Business Ethics Quarterly*, 26 (4), 8-22.
- Renn, O., Webler, T. and Wiedemann, P. (1995a). A need for discourse on citizen participation: Objectives and structure of the book. In: Renn, O., Webler, T. and Wiedemann, P. (eds.) *Fairness and competence in citizen participation: Evaluating models for environmental discourse*. Dordrecht: Kluwer Academic Publishers, 1-16.
- Renn, O., Webler, T. and Wiedemann, P. (1995b). The pursuit of fair and competent citizen participation. In: Renn, O., Webler, T. and Wiedemann, P. (eds.) *Fairness and competence in citizen participation: Evaluating models for environmental discourse*. Dordrecht: Kluwer Academic Publishers, 339-368.
- Richardson, B. (2009). Keeping Ethical investment ethical: regulatory issues for investing for sustainability. *Journal of Business Ethics*, 87, 555-72.
- RobecoSAM (2013). *Sustainability – the essence of value*. Available from https://issuu.com/robecosam/docs/robecosam_corporate_brochure_us [Accessed 20 November 2020].
- Roberts, J., Lightbody, R., Low, R. and Elstub, S. (2020). Experts and evidence in deliberation: Scrutinising the role of witnesses and evidence in mini publics, a case study. *Policy Sciences*, 53, 3-32.
- Rowe, G. and Frewer, L.J. (2000). Public participation methods: A framework for evaluation. *Science, Technology, & Human Values*, 25 (1), 3-29.
- Rowe, G. and Frewer, L.J. (2004). Evaluating public-participation exercises: A research agenda. *Science, Technology, & Human Values*, 29 (4), 512-56.
- Rowe, G., Marsh, M. and Frewer, L.J. (2004). Evaluation of a deliberative conference using validated criteria. *Science, Technology, & Human Values*, 29 (1), 88-121.
- Ryan, M. and Smith, G. (2012). Towards a comparative analysis of democratic innovations: Lessons from a small-N fuzzy set of participatory budgeting. *Revista Internacional de Sociología*, 70 (2), 89-120.
- Ryfe, D.M. and Stalsburg, B. (2012). The participation and recruitment challenge. In: Nabatchi, T., Gastil, J., Leighninger, M. and Weiksner, M.G. (eds.) *Democracy in motion: Evaluating the practice and impact of deliberative citizen engagement*. Oxford: Oxford University Press, 45-56.
- Salazar, J. and Husted, B.W. (2009). Principles and agents: Further thoughts on the Friedmanite critique of corporate social responsibility. In: McWilliams, A., Crane, A., Matten, D. and Siegel, D.S. (eds.) *The Oxford handbook of corporate social responsibility*. Oxford: Oxford University Press, 138-151.

- Sandberg, J., Juravle, C., Hedesström, T.M. and Hamilton I. (2009). The heterogeneity of socially responsible investment. *Journal of Business Ethics*, 87, 519-533.
- Sanders, L.M. (1997). Against deliberation. *Political Theory*, 25 (3), 347-376.
- Sass, S. (2006). The development of employer retirement income plans: From the nineteenth century to 1980. In: Clark, G.L., Munnell, A.H. and Orszag, M. J. (eds.) *The Oxford handbook of pensions and retirement income*. Oxford: Oxford University Press, 76-97.
- Saward, M. (2010). *The representative claim*. Oxford: Oxford University Press.
- Saward, M. (2016). Fragments of equality in representative politics. *Critical Review of International Social and Political Philosophy*, 19 (3), 1-18.
- Schatzki, T. (2014). Practices, governance, and sustainability. In: Strengers, Y. and Maller, C. (eds.) *Beyond behaviour change: Intervening in social practices for sustainability*. London: Routledge, 15-30.
- Scherer, A.G. and Palazzo, G. (2007). Toward a political conception of corporate responsibility: Business and society seen from a Habermasian perspective. *Academy of Management Review*, 32 (4), 1096-1120.
- Scherer, A.G. and Palazzo, G. (2011a). The new political role of business in a globalized world: A review of a new perspective on CSR and its implications for the firm, governance, and democracy. *Journal of Management Studies*, 48 (4), 899-931.
- Scherer, A.G. and Palazzo, M. (2011b), Where is the theory in stakeholder theory? A meta analysis of the pluralism in stakeholder theory, *IOU Working Paper No. 123*, University of Zürich. Available from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1722612 [Accessed 10 December 2020].
- Scherer, A.G., Rasche, A., Palazzo, G. and Spicer, A. (2016). Managing for political corporate social responsibility: New challenges and directions for PCSR 2.0. *Journal of Management Studies*, 53 (3), 273-298.
- Scheufele, D.A. (1999). Deliberation or dispute? An exploratory study examining dimensions of public opinion expression. *International Journal of Public Opinion Research*, 11 (1), 25-58.
- Scheufele, D.A. (2011). Modern citizenship or policy dead end? Evaluating the need for public participation in science policy making, and why public meetings may not be the answer. *Joan Shorenstein Center on the Press, Politics and Public Policy Research Paper Series*, 34. Available from https://shorensteincenter.org/wp-content/uploads/2012/03/r34_scheufele.pdf [Accessed 12 September 2020].

- Schneider, A. and Scherer, A.G. (2015) Corporate governance in a risk society. *Journal of Business Ethics*, 126, 309-323.
- Schneider, M. (2000). When financial intermediaries are corporate owners: An agency model of institutional ownership. *Journal of Management and Governance*, 4 (3), 207-37.
- Schormair, M.L. and Gilbert, D.U. (2020). Creating value by sharing values: Managing stakeholder value conflict in the face of pluralism through discursive justification. *Business Ethics Quarterly*, 31 (1), 1-36.
- Schwartz-Shea, P. and Yanow, D. (2014). *Interpretive research design: Concepts and processes*. London: Routledge.
- Schweizerische Eidgenossenschaft Bundesamt für Statistik (2020). *Pensionskassenstatistik 2018*. Available from <https://www.bfs.admin.ch/bfs/de/home/statistiken/soziale-sicherheit/berufliche-vorsorge.assetdetail.12527055.html> [Accessed 26 November 2020].
- Setälä, M. and Smith, G. (2018). Mini-publics and deliberative democracy. In: Bächtiger, A., Dryzek, J.S., Mansbridge, J. and Warren, M. (eds.) *The Oxford handbook of deliberative democracy*. Oxford: Oxford University Press, 301-311.
- Siano, A., Vollero, A., Conte, F. and Amabile, S. (2017). 'More than words': Expanding the taxonomy of greenwashing after the Volkswagen scandal. *Journal of Business Research*, 71, 27-37.
- Schwartz, M.S. and Carroll, A.B. (2003). Corporate social responsibility: A three-domain approach. *Business Ethics Quarterly*, 13 (4), 503-5.
- Sethi, S.P. (1975). Dimensions of corporate social performance: An analytical framework. *California Management Review*, 17 (3), 58-6.
- Siu, A. and Stanisevski, D.A. (2012). Deliberation in multicultural societies: Addressing inequality, exclusion, and marginalization. In: Nabatchi, T., Gastil, J., Leighninger, M. and Weiksner, M.G. (eds.) *Democracy in motion: Evaluating the practice and impact of deliberative citizen engagement*. Oxford: Oxford University Press, 84-99.
- Sievänen, R., Hannu, R. and Scholtens, B. (2013). The drivers of responsible investment: The case of European pension funds. *Journal of Business Ethics*, 117 (1), 137-151.
- Simons, H. (2009). *Case study research in practice*. London: Sage.
- Smith, G. (2003). *Deliberative democracy and the environment*. London: Routledge.
- Smith, G. (2009). *Democratic innovations: Designing institutions for citizen participation*. Cambridge: Cambridge University Press.

- Smith, G. (2019). Reflections on the theory and practice of democratic innovations. In Elstub, S. and Escobar, O. (eds.) *Handbook of Democratic Innovation and Governance*. Cheltenham UK: Edward Elgar, 572-582.
- Smith, G. (2021). *Can democracy safeguard the future?* Cambridge: Polity Press.
- Smith, G., Peter, J. and Sturgis, P. (2013). Taking political engagement online: An experimental analysis of asynchronous discussion forums. In *Political Studies*, 61, 709-730.
- Smith, G. and Stephensen, S. (2005). The theory and practice of group representation: reflections on the governance of race equality in Birmingham. *Public Administration*, 83 (2), 323-343.
- Somin, I. (2020). *Free to move: Foot voting, migration and political freedom*. Oxford: Oxford University Press.
- Sparkes, R. (2002). *Socially responsible investment: A global revolution*. Chichester: John Wiley & Sons.
- Sparkes, R. and Cowton, C. (2004). The maturing of socially responsible investment: A review of the developing link with corporate social responsibility. *Journal of Business Ethics*, 52 (1), 45-57.
- Stake, R.E. (1995). *The art of case study research*. London: Sage.
- Steenbergen, M.R., Bächtiger, A., Spörndli, M. and Steiner, J. (2003). Measuring deliberation: A discourse quality index. *Comparative European Politics*, 1, 21-48.
- Stewart, F. and Yermo, J. (2008). Pension fund governance challenges and potential solutions. *OECD Working Papers on insurance and private pensions* 18. Paris: OECD Publishing.
- Strauss, A.L. and Corbin, J. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory* 2nd ed. Thousand Oaks: Sage.
- Sunstein, C.R. (2002). The law of group polarization. *The Journal of Political Philosophy*, 10 (2), 175-195.
- Talisse, R. (2012). Deliberation. In: Estlund, D. (ed). *The Oxford handbook of political philosophy*. Oxford: Oxford University Press, 205-209.
- Talpin, J. 2013. What can ethnography bring to the study of deliberative democracy? Evidence from a study on the impact of participation on actors. *Revista Internacional de Sociologia*, 70 (2), 143-163.
- Toronto Planning Review Panel 2015-2017, (no date) Available from <https://participedia.net/case/4594> [Accessed 25 February 2021].
- The Law Commission (2014). *Fiduciary duties on investment intermediaries no 350*. Available from

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/325508/41342_HC_368_LC350_accessible.pdf [Accessed 19 March 2016].

The Pension Law Review Committee (1993). *The report of the pension law review committee: Vol. 2 Research*. Available from <https://www.gov.uk/government/publications/the-report-of-the-pension-law-review-committee-vol-2-research> [Accessed 30 April 2018].

The Pensions Regulator (2021). Automatic enrolment workplace pension duties. Available from

<https://www.thepensionsregulator.gov.uk/en/employers#:~:text=Under%20the%20Pensions%20Act%202008%2C%20every%20employer%20in,an%20employer%20and%20you%20have%20certain%20legal%20duties.>

The Pensions Regulator (2007). *Trustee guidance*. Available from <https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-guidance/trustee-guidance> [Accessed 16 June 2015].

The Pensions Regulator (2017). Professional trustee description policy. <https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/professional-trustee-description-policy.ashx> [Accessed 24 February 2021].

The Pensions Regulator (2006). *Code 08 Member-nominated Trustees and Member-nominated directors – Putting in place and Implementing Arrangements*. Available from <https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-8-mnt-mnd-putting-arrangements-in-place> [Accessed 30 November 2020].

Thomas, E. (2011). Good trusteeship. In: Thornton, P. and Fleming, D. (eds.) *Good governance for pension funds*. Cambridge: Cambridge University Press, 67-84.

Thompson, D. (2008). Deliberative democratic theory and empirical political science. *Annual Review of Political Science*, 11, 497-520.

Urbaniti, N. and Warren, M. (2008). The concept of representation in contemporary democratic theory. *Annual Review Political Science*, 11, 387-412.

Useem, M. and Mitchell, O.S. (2000). Holders of the purse strings: Governance and performance of public retirement systems. *Social Science Quarterly*, 81 (2), 489-506.

Varadarajan, P.R. and Menon, A. (1988). Cause-related marketing: A coalignment of marketing strategy and corporate philanthropy. *Journal of Marketing*, 52 (3), 58-58.

Warren, M.E. (1996a). What should we expect from more democracy?: Radically democratic responses to politics. *Political Theory*, 24 (2), 241-270.

- Warren, M.E. (1996b). Deliberative democracy and authority. *The American Political Science Review*, 90 (1), 46-60.
- Warren, M.E. (2011). Voting with your feet: Exit-based empowerment in democratic theory. *American Political Science Review*, 105 (4), 683-701.
- Warrick, S. and Cochran, P.L. (1985). The evolution of corporate social performance model. *Academy of Management Review*, 10(4). 758-769.
- WDR. (2020). *Schmutzige Geschäfte mit der Rente*. Available from <https://www.youtube.com/watch?v=-aI3VbY-XOk> [Accessed 25 February 2021].
- White, M.A. (2013). Sustainability: I know it when I see it. *Ecological Economics*, 86, 213-217.
- Whittington, R. and Yakis-Douglas, B. (2020). The grand challenge of corporate control: Opening strategy to the normative pressures of networked professionals. *Organization Theory* 1, 1-19.
- Willis Towers Watson (2017). *The asset owner of tomorrow*. <https://www.thinkingaheadinstitute.org/research-papers/the-asset-owner> of tomorrow [Accessed 30 November 2020].
- Wood, D. (2011). *Handbook on responsible investment across asset classes*, 2nd ed. Boston: Institute for Responsible Investment, Boston College, Carroll School of Management. Available from https://iri.hks.harvard.edu/files/iri/files/iri_handbook_on_responsible_investment_across_asset_classes.pdf [Accessed 10 December 2020].
- Wood, D.J. (1991). Corporate social performance revisited. *Academy of Management Review*, 16 (4), 691-718.
- Woods, C. and Urwin, R. (2010). Putting sustainable investing into practice: A governance framework for pension funds. *Journal of Business Ethics*, 92, 1-19.
- Wyatt, R.O., Katz, E., Levinsohn, H. and Al-Haj, M. (1996). The dimensions of expression inhibition: Perceptions of obstacles to free speech in three cultures. *International Journal of Public Opinion Research*, 8 (3), 229–247.
- Yanow, D. (2006). Qualitative-interpretative methods in policy research. In: Fischer, F., Millar, G.J. and Sidney, M.S. (eds.) *Handbook of Public Policy Analysis*. New York: Routledge, 405-416.
- Yin, R.K. (2009). *Case study research design and methods*. London: Sage.
- Young, I.M. (2000). *Inclusion and democracy*. Oxford: Oxford University Press.
- Zhang, W. (2010). Technical capital and participatory inequality in e-deliberation. *Information, Communication & Society*, 13 (7), 1019-1039.