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Reference:

Van der Brempt Olivier, Boone Christophe, van Witteloostuijn Arjen, van den Berg Annette.- Toward a behavioural theory of cooperation between managers and employee representatives in works councils
Economic and industrial democracy - ISSN 0143-831X - (2015), p. 1-30
DOI: <http://dx.doi.org/doi:10.1177/0143831X15578721>

**Toward a behavioural theory of cooperation between managers and employee
representatives in works councils**

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Acknowledgement

We gratefully acknowledge the advice and recommendations of the editor and our anonymous reviewer. We would further like to acknowledge the financial support of the agency for Innovation by Science and Technology (IWT, grant nr. SBO 90061) and the Odysseus program of the FWO for funding this research.

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Abstract

This paper builds a comprehensive behavioural framework of cooperation between management and employee representatives in a works council setting. We do so by applying insights from organizational behaviour in the works council setting as we believe that this discipline's long-standing research tradition on (work) group processes and outcomes may provide the necessary theoretical building blocks to unravel cooperation among managers and employee representatives. Our framework suggests that cooperation is a complex phenomenon that is largely driven by the extent of ideological and educational differences between management and employee representatives, procedural justice, and perceived organizational support. A series of case studies of Belgian works councils provide illustrations of this framework. The overall contribution of this paper is a grounded and testable behavioural framework of how cooperation can develop between management and employee representatives in a works council context.

Keywords: cooperation, works councils, group composition, and procedural justice.

Introduction

Works councils are probably the most widespread form of industrial democracy in continental European workplaces. This observation has stimulated an impressive research tradition as to their impact on firm performance in terms of profitability, labour turnover, productivity and innovation (for reviews, see Addison, 2009; Addison, Schnabel and Wagner, 2004). Although these studies often report that works council's presence may have a significant effect, the cumulative evidence is mixed. For example, some studies suggest that works council's presence reduces profitability (Addison, Schnabel and Wagner, 2001) and employment growth (Addison and Teixeira, 2006), while others find a positive impact on both measures of performance (Frick and Möller, 2003; Jirjahn, 2008). This current state of the art indicates that we need further work to develop an explanation as to why the effect of works councils on firm performance is negative, positive or neutral.

One suggested explanation is that cooperation might fuel the behavioural processes that causally link works council's presence to firm performance (Jirjahn and Smith, 2006; van den Berg, van Witteloostuijn and Grift, 2011). For example, by actively sharing and discussing shop floor information, managers and employee representatives (in short, ERs) may solve shop floor grievances, leading to a more productive and committed workforce (Freeman and Lazeur, 1995). Dilger (2006) indeed finds that works councils that are perceived as cooperative are particularly successful in reducing personnel turnover, and Askildsen, Jirjahn and Smith (2006) show that works councils primarily have a positive impact on environmental investments and product innovations when management holds a positive view toward employee involvement in decision-making. Moreover, Nienheuser (2009) finds that the assessment of work arrangements is more positive when human resource managers regard works councils as more cooperative. In this sense, Jirjahn and Smith (2006) conclude that some of the conflicting results in the works council literature may be due to a

failure to distinguish between differences in (un)cooperative relations between ERs and management teams.

Drawing on this state of the art, we, therefore, argue that a full understanding of the works council's impact on the firm requires further study of the antecedents explaining cooperation between managers and ERs. In prior work, some scholars have already begun to explore how particular firm-level context attributes affect cooperation in a works council setting. For instance, Jirjahn and Smith (2006) find that a qualified workforce (i.e., more white-collar employees, rather than blue-collar employees) correlates positively with cooperative works council relations. Hübler and Jirjahn (2003) report that the coverage of the firm by a collective labor agreement may arouse cooperation by keeping distributive conflicts out of the firm. The economic condition of the firm also appears to be important as good performance facilitates cooperation, while bad economic conditions may put both parties to the test (van den Berg, Grift and van Witteloostuijn, 2011). Similarly, a reorganization may pit managers and ERs against each other as both parties strive to attain competing interests.

We take this research a step further by developing a framework of the behavioural drivers of cooperation at the micro level by focusing on the characteristics of and interactions between the people who represent management and employees. We do so as case study research suggests that not only the firm-level context, but also the demographic characteristics, attitudes and actions of group members may have a clear impact on cooperation between managers and ERs (Kotthoff, 1994; for a review see Frege, 2002). The current paper integrates theories from organizational behaviour research to develop a behavioural theory of cooperation between managers and ERs. Subsequently, we use a series of case studies of Belgian works councils to illustrate the practical relevance of our theoretical framework.

We start from organizational behaviour research as we believe that this discipline's long-standing research tradition on cooperation in work groups offers essential theoretical building blocks to develop a behavioural theory of cooperation between managers and ERs. In particular, we value its input-throughput-output approach, explaining how team-level input variables (i.e., group member characteristics and group composition) affect team-level outcomes (i.e., cooperation and performance) through their impact on team-level throughput variables (e.g., behavioural processes and affective states). We believe that these theories can be applied to the works council setting as representatives of the employer (managers) and of the employees (ERs) face the same complex and multifaceted dynamics as other work groups to execute works council's tasks.

Extending this view, we argue, in line with organizational behaviour's factional group theory (Li and Hambrick, 2005), that management and ERs do not inherently form a coherent group, but rather consist of subgroups as they belong to and represent two different organizational stakeholders – i.e., capital versus labour. Such factional structures have been found to reduce trust and, in turn, cooperation as it pits members of different subgroups against each other (i.e., managers vs. ERs), stimulating them to favour their own in-group, while distrusting and stereotyping members of the out-group (Polzer, Crisp, Jarvenpaa and Kim, 2006; Song, 2008; Hewstone, Rubin and Willis, 2002). This negative effect tends to be stronger when additional demographic differences correlate with the factional schism. In line with this, we propose that trust and, in turn, cooperation between managers and ERs will be lower when the factional structure is emphasized by larger differences in ideology or level of education. The size of this correlation relates to what we refer to as factional distance in ideology or level of education, respectively.

Additionally, our framework proposes that works councils may not only pit managers against ERs and vice versa, but also that a single faction (within the management group or

employee delegation) may subdivide in subgroups as managers and ERs often represent different departments or functional groups. This may negatively affect cooperation through spill-over effects of internal conflict and power dynamics such as coalition formation. On top of this, with respect to the organizational setting, our framework suggests that the behavioural context may dampen the negative impact of works council's factional composition on cooperation. In line with theories on procedural justice (Lind, 2001) and perceived organizational support (Rhoades and Eisenberger, 2002), we argue that management can stimulate a cooperative atmosphere by taking decisions in a fair manner, and that the firm can facilitate cooperation by maintaining a supportive culture. The impact of both contextual variables runs through their positive effect on trust.

So, in all, our contribution to the extant literature is that we identify building blocks of a behavioural theory of cooperation between managers and ERs by reviewing insights from the organizational behaviour literature that might be applicable in the works council context. Methodologically, we proceed in four steps. Firstly, we use organizational behaviour literature to argue that, irrespective of whether managers are legally mandated members of a works council or not, they form together with ERs a work group focusing on works councils' legal tasks. Secondly, we elaborate on Li and Hambrick's (2005) input-throughput-output framework of group functioning as a starting point for our behavioural framework of cooperation between managers and ERs. Finally, we illustrate our framework based on observations and interviews in six Belgian works councils. The paper is concluded with an appraisal and discussion.

Theoretical background

Organizational behaviour defines a work group as “an intact social system that performs one or more tasks within an organizational context” (Bettenhausen, 1991: 346). Examples of social entities that satisfy this definition are top management teams, board of

directors and alliance teams. Likewise, we argue that works council's presence in the workplace also prompts the instalment of a work group composed of managers and ERs. The underlying idea is that works councils are "institutionalized bodies for representative communication between one employer ("management") and the employees ("workforce") of one single plant or enterprise ("workplace")" (Rogers and Streeck, 1995: 6). As delineated in national and European labour law, representative communication refers to ERs' legal rights (i.e., task) to receive information, give advice, and sometimes co-decide on matters related to the economic and social performance of the firm such as innovations and work practices. To execute these tasks, some institutional settings formally mandate both managers and ERs to the works council setting (e.g., France and Belgium). Yet, other institutional settings do not (e.g., the Netherlands and Germany). Nonetheless, also in these institutional settings, managers and ERs have to interact on a frequent basis to execute works council's rights. This is, for example, illustrated by Eberwein and Tholen (1990) who find that 50 per cent of German senior managers regard a works council as an important partner for discussion, despite the fact that management is no formal member of the works council. Taken together, although managers are not always formal members of the works council, we believe that managers and ERs form a work group responsible for performing works council rights. In the remainder of the paper we use "works council" in the broad sense including all forms of manager – ERs work groups.

Given this starting point, organizational behaviour suggests that in such a group setting cooperation results through a context-specific input-throughput-output process. That is, a work group converts input (i.e., group composition and group members' characteristics) into throughput variables – i.e., behavioural processes (such as information processing, communication and decision-making) as well as the affective states associated with these dynamics (such as trust and emotional conflict). In turn, these behavioural processes and

affective states determine the group's output (i.e., group and firm performance). The particular processes linking these variables depend on the group's context and the outcome variable(s) under consideration as these set the parameters against which a group has to perform (Forbes and Milliken, 1999; Joshi and Roh, 2009). Building on this perspective, we believe that cooperation and the processes inducing cooperation are likely to depend on the input and context factors that are specific to managers and ERs. In the following section, we elaborate on these particular distinctive features. Subsequently, we propose the factional group theory as a starting point for our behavioural framework as we believe that the notion of factional groups relates closely to the distinctive features of managers and ERs in and around works councils.

The distinctive group features of works councils

Although works councils are similar to other work groups in organizations in multiple ways, they differ due to the nature of their membership composition. We distinguish three particular features. First, most work groups are composed of rather independent group members striving to attain one single goal such as top management teams and product development teams. This is, however, not the case for works councils as managers and ERs are representatives of two different organizational stakeholders: i.e., capital versus labour. This entails that group members may not always strive to attain the same goal. Generally, managers are likely to focus on maximizing firm profits, while ERs will seek to defend the rents of labour such as higher wages and less intensive work regimes. Although these interests may sometimes align, this is often not the case. This makes the relation between managers and ERs a sensitive mixed-motive setting where both parties have to balance their individual interests with those of the group.

Second, most groups are more or less horizontal in their formal power structure, such as boards of directors and product development teams. In contrast, managers and ERs are

pushed apart by a vertical gap because the former represent the formal authority and apex of the firm and the latter the hierarchically lower employees.

Third, ERs do not form a coherent group; rather, they act on behalf of different subsets of the workforce. For example, ERs in German works councils are elected in function of the gender distribution in the firm. Also, Belgian ERs are likely to be set apart as they are (a) legally mandated to belong to one of the four nationally present trade unions (except junior managers), and (b) elected by different subsets of the workforce (i.e., junior managers, white-collar, blue-collar and young employees). As a result, they are likely to focus primarily on the interests of their own constituency rather than on the collective interests of the workforce. Likewise, managers may also consist of different subsets as they typically belong to different departments such as sales, marketing, and production. This may induce preference diversity within this faction, too.

Following organizational behaviour research, we argue that these three distinctive group features are likely to serve as crucial ‘input’ variables, determining cooperation between managers and ERs or at least serve as the background against which managers and ERs have to cooperate.

The factional group framework as a theoretical lens

Driven by these three features, we believe that the factional group approach may serve as a crucial stepping stone to gain deeper insight into cooperation between managers and ERs. A factional group is a group composed of “members who are drawn from, and are expected, to some degree, to represent a small number of social entities that exist outside the boundaries of the group” (Li and Hambrick, 2005: 797). An example of a factional group is a strategic alliance team as the managers in this group belong to different parent firms (Hambrick et al., 2001). Another example is a government to the extent that its members belong to different political parties. Likewise, we believe that works councils also induce the instalment of a

factional group as it brings together managers and ERs who belong to, and act on behalf of, two different organizational stakeholders: i.e., capital versus labour. In some settings, ERs and managers may hold an additional factional structure, too, when they represent different constituencies such as subsets of the workforce or departments.

According to Li and Hambrick (2005), factional groups are particularly likely to split up into subgroups as group members tend to use their affiliation to different social entities to divide their groups in subgroups such as ‘managers versus ERs’, ‘top managers of firm A versus top managers of firm B’ or ‘Liberal ministers versus Socialist ministers’. This so-called social categorization process has been shown to reduce cooperation as group members focus on their own subgroup, while distrusting and stereotyping members of other subgroups (Lau and Murnighan, 1998; Hewstone, Rubin and Willis, 2002). For example, strategic alliance teams are inherently divided into as many subgroups as parent firms involved because managers particularly focus on and identify with the interests of their own parent firms rather than with the collective interests of the joint venture (Hambrick et al., 2001). As a result, members of one firm might fear that the representatives of another firm will free ride on their efforts, and might not trust that they will consider their interests. This appears to be one of the major reasons why so many joint ventures teams fail to cooperate (Das and Teng, 1998). Similarly, research on negotiations finds that people tend to trust less when they act as a representative than when they act as independent group members (Song, 2008). Lack of trust affects cooperation as “trust promotes productive, effective and cooperative working relations in organizations, social dilemmas and negotiation settings” (De Cremer and Tyler, 2007: 639). It prompts the perception that the other party will not abuse the focal party’s cooperative actions, leading to mutual cooperation (Mayer and Gavin, 2005). Generalizing this research to the works council setting suggests that the affiliation of managers and ERs to different

organizational stakeholders induces a factional schism within the group, which is likely to reduce cooperation through its negative impact on trust.

This factional schism may become particularly disruptive for trust and, hence, cooperation when emphasized by additional demographic differences (Li and Hambrick, 2005; Polzer, Li, Xin and Tsui, 2006) – for example, when two factions of managers do not only represent different interests, but also differ in gender, values and/or educational background. These additional differences encourage the social categorization process by emphasizing the dissimilarity between the factions (Lau and Murnighan, 1998; Hambrick et al., 2001). The width of this factional schism is what we call factional distance. Past research has drawn on this paradigm to explain how the dispersion of group members across different geographical sites may induce a factional schism in the group, leading to lower levels of trust (Polzer et al., 2006). This negative effect increased when group members located at different geographic locations also differed in nationality. Moreover, it has also been used to elucidate how top managers' affiliation to the controlling family in a top management team may reduce firm performance by inducing a factional schism in the group, dividing the group in family and non-family top managers (Minichilli et al., 2010).

An initial behavioural framework of cooperation

The discussion above suggests that the factional group paradigm might be highly applicable to explain cooperation between managers and ERs. Below, we build on, and extend this theory to introduce some particular antecedents of cooperation in and around works councils. Firstly, our analyses focus on how differences in ideology and the level of education *between* factions may negatively affect cooperation through their negative impact on trust. We place these two characteristics central in our framework as organizational behaviour research suggests that especially the demographic differences closely-related to the group's task are likely to stimulate social categorization (Lau and Murnighan, 1998; Polzer et al., 2006).

Secondly, we propose that the factional group theory may also apply to the management and ERs' factions individually as their members often belong to, and represent different sub-factions, such as departments, hierarchical groups and electoral constituencies. We suggest that these factions *within* managers and ERs may affect cooperation through spill-over effects and divide-and-conquer strategies. Thirdly, we extend the factional group perspective by explaining how particular behavioural characteristics of the *works council's context* may mitigate the negative impact of both factional distances on trust and cooperation. Together this introduces the following behavioural framework (see Figure 1). Below, we consecutively elaborate on each of these propositions.

[Insert Figure 1 about here]

Between factions

Factional distance in a works council setting. Although the factional group perspective does not explicitly differentiate among demographic differences, past research suggests that especially demographic differences closely-related to the group's task may stimulate social categorization (Lau and Murnighan, 1998; Polzer et al., 2006). That is, a demographic difference is more likely to pit group members of different factions against each other when the group task emphasizes their relevance. For example, "retirement and pension issues may activate faultlines based on age, the potential presence of a glass ceiling may generate sex-related antipathies, resource allocation decisions may lead to group fragmentation based on members' occupational roles, and a desire for serious organizational change might pit young liberals against older conservatives (aligning two characteristics -- age and political leaning -- with a high degree of collinearity)" (Lau and Murnighan, 1998: 328).

Following this idea, we argue that particularly a factional distance in ideology and level of education will push managers and ERs apart. We define factional distance in ideology

as the extent to which management and ERs hold different perspectives toward the outcomes and strategies of the firm. Differences in this characteristic are likely to stimulate social categorization dynamics as they colour a person's opinion to a variety of works council topics, such as work schedules, redundancies, innovation and workforce flexibility. Indeed, research in political psychology emphasizes that a person's ideology reflects his/her values and attitudes toward society and organizational life (Tedin, 1987; Jost, 2006). Likewise, Chin, Hambrick and Treviño (2013) show that the political ideology of the chief executive officer has a clear impact on the firm's expenditures on corporate social responsibility policies.

Factional distance in education refers to differences in educational level between managers and ERs. In practice, it entails that both factions use other mental models, apply different problem-solving techniques and speak different technical languages. These differences are highly apparent to managers and ERs as works council's rights imply that both factions have to discuss a variety of complex topics, such as the economic performance of the firm, health-safety regulations, and work time regimes. This also suggests that communication and transparency are crucial. Yet, past research shows that differences in mental models, technical languages and problem-solving methods increase the likelihood for miscommunication and lower levels of transparency as group members interpret group tasks differently (Cronin and Weingart, 2007).

Given the salience of ideological and educational differences to managers and ERs in the works council setting, we propose that wider differences in these two differences are especially likely to push both parties apart. This will stimulate managers and ERs to favour their own in-group members, and have less trust in the actions of the out-group (Hewstone et al., 2001). In turn, managers and ERs are less likely to cooperate as they do not trust the other faction to consider their interests and to act towards mutual beneficial results (De Cremer and

Tyler, 2007). In short, wider differences in ideology and level of education are likely to reduce cooperation through their negative impact on trust.

Proposition 1a: Factional distance in ideology has a negative impact on cooperation between management and ERs through lack of trust.

Proposition 1b: Factional distance in level of education has a negative impact on cooperation between management and ERs through lack of trust.

The combined effect of both factional distances. Building further on the factional group model, one might suggest that trust and thus cooperation are particularly likely to decrease when a wide factional distance in ideology interacts with a wide factional distance in education. In this case, both distances are likely to boost each other, inducing a larger gap between both factions (Li and Hambrick, 2005; Hambrick et al., 2001). Thatcher and Patel (2011) indeed report that particularly the correlation of gender and race differences stimulates task and emotional conflict. Bezrukova, Jehn, Zannutto, and Thatcher (2009) find that the correlation of differences in gender and age has a negative impact on group performance. Similarly, Bezrukova, Thatcher, Jehn and Spell (2012) show that faultlines based on the correlation of differences in level of education, functional background and tenure have a negative impact on group performance.

Other studies do, however, suggest that a *wide* factional distance in ideology may interact with a *small* gap in education to reduce cooperation between managers and ERs. The underlying reasoning is the following. De Brabander and colleagues (De Brabander and Thiers, 1984; De Brabander and Edström, 1977) emphasize that in a power asymmetric setting, such as the relation between the formally powerful managers and the formally less powerful ERs, a more powerful party will only cooperate with a less powerful party when this enables the powerful party to attain its goals (De Brabander and Edström, 1977). However, when this is not the case, the powerful party will use alternative approaches to attain its goals

– such as withholding information and coercion. Such strategies have been shown to stimulate distrust and conflict, leading to lower levels of cooperation (Das and Teng, 1998). Power games are more likely to occur when managers and ERs are similar in education, but differ largely in ideology. Then both factions strive to attain different goals, but are equally highly educated, providing ERs with the necessary tools to challenge and scrutinize management's actions and strategies. This might reduce the likelihood that managers will try to attain their goals through cooperation, stimulating more distrust-generating power strategies and thus lower cooperation. In sum, this suggests that the combination of both factional distances may differently affect trust and thus cooperation in and around works councils.

Proposition 2a: A wide factional distance in education has a stronger negative impact on trust and hence cooperation when factional distance in ideology is high rather than low.

Proposition 2b: A small factional distance in education has a stronger negative impact on trust and hence cooperation when factional distance in ideology is high rather than low.

Within factions

Until now we treated management and ERs as monolithic factions. This may, however, not always be the case. After all, managers may be internally divided as they represent the interests of different departments, such as production, marketing, and human resources. Likewise, ERs are often elected by different subsets of the workforce such as gender groups, trade unions or hierarchical groups. Following the factional group perspective, such a within-factional structure may split a faction in smaller sub-factions, especially when these sub-factions also differ from each other on additional demographic characteristics. Once this categorization process has occurred, it is likely to induce discomfort, reduce cooperation and stimulate conflict within the faction (Larkey, 1996; Nishi, 2013; Tajfel and Turner, 1986).

This may negatively affect overall cooperation between managers and ERs as the internal conflict within factions will spill over to overall cooperation between factions. Keenan and Carnevale (1989) indeed find that competition within a group spills over to an unrelated between group negotiation task, leading to lower levels of cooperation in the second group task. A group suffering from internal conflict is slower to make concessions, proposes more competitive final offers and makes less integrative suggestions during subsequent negotiations than a group that does not suffer from internal conflict (Keenan and Carnevale, 1989). Havely (2008) shows that this carry-over hypothesis also holds in case of intragroup conflict on the economic outcomes of a directly related intergroup negotiation task. “Specifically, subgroup conflict decreased the teams’ ability to implement mutually beneficial trade-offs (i.e., employ logrolling) vis-à-vis the other team, thus causing both parties to leave value on the bargaining table” (Havely, 2008: 1694).

Furthermore, this within-factional structure may also reduce overall cooperation between managers and ERs through power dynamics such as divide-and-conquer practices. That is, the within-factional structure will introduce a wide variety of preferences among members of a same faction. This preference diversity hampers a group’s ability to develop a single strategy and to commit whole-heartedly to this strategy (Hinsz, Tindale, and Vollrath, 1997; Kerr and Tindale, 2004). A more united faction (e.g., management) may use this disunity (e.g., among ERs) to steer group decisions by developing opportunity-driven coalitions or by pitting the different sub-factions against each other (Crump, 2005; Van der Brempt, 2014). These divide-and-conquer practices are likely to decrease cooperation between managers and ERs as it stimulates the exclusion of dissident actors or parties. This is in line with research showing that practices oriented at including all organizational or team members stimulate overall cooperation and group member identification (Nishii, 2013; Shore, Randel, Chung, Dean, Ehrhart and Sing, 2011). In contrast, exclusion reduces trust and

satisfaction. Together, this suggests that the internal division of a faction in smaller sub-factions may reduce cooperation between managers and ERs through a spilling-over effect and divide-and-conquer practices.

Proposition 3: To the extent that ERs or managers are internally set apart by a wider factional distance, cooperation within the faction will deteriorate.

Proposition 4a: To the extent that ERs or managers cooperate less internally, trust between ERs and management will be lower.

Proposition 4b: To the extent that ERs or managers are internally set apart by a wider factional distance, trust and thus cooperation will be lower between management and the more distinctive sub-faction than between management and the more similar sub-faction of ERs.

Works council's context

Some works council research elaborates on how firm-level characteristics may affect cooperation between managers and ERs (Jirjahn and Smith, 2006; van den Berg et al., 2011). For example, Hübler and Jirjahn (2003) suggest that industry-level rather than firm-level bargaining may stimulate cooperation as it keeps conflict over terms of employment out of the firm. Others suggest that positive firm performance may encourage cooperation as it implies that the firm has sufficient financial resources to consider ERs' propositions (van den Berg et al., 2011; Van der Brempt, 2014). We share this perspective and acknowledge that these and other works council context characteristics may directly affect cooperation. Moreover, some of them may also moderate the relation between factional distance and trust/cooperation by pushing both parties further apart. In line with the discussion above, we may for example propose that firm-level rather than industry-level bargaining may exacerbate the negative impact of factional distance on trust/cooperation as both factions are likely to hold opposing interests towards these topics. Also, the economic performance of the firm may moderate the

relation between factional distance and trust/cooperation so that more negative economic results may stimulate the social categorization process as it probably implies that managers and ERs have to discuss more conflicting topics such as layoffs, reorganizations and more demanding working time regimes.

In this study, we go beyond these objective firm-level characteristics to introduce new behavioural features that may also moderate the negative relation between factional distance and trust/cooperation. Organizational behaviour research proposes that particularly two such characteristics may be very salient in the works council context: i.e., procedural justice and perceived organizational support. Below, we elaborate on their underlying mechanisms.

Procedural justice. Organizational behaviour conceptualizes procedural justice as the fairness of the decision-making process as perceived by those who have a stake in, but limited control over, its outcome (Johnson, Korsgaard and Sapienza, 2002). It typically implies decision rules such as “consistency (e.g., the process is applied consistently across persons and times), bias suppression (e.g., decision makers act neutral), accuracy of information (e.g., procedures are not based on inaccurate information), correctability (e.g., appeal procedures exist for correcting bad outcomes), representativeness (e.g., all subgroups in the population affected by the decision are heard from), and ethicality (e.g., the process upholds personal standards of ethics)” (Colquitt, 2001: 388).

Research consistently finds that managers who use these procedures can engage employees to act in a cooperative manner, such as organizational citizen behaviour and acting towards firm goals (for a meta-analysis, see Colquitt, Conlon, Weslon, Porter and Yee, 2001). The underlying idea draws on fairness heuristic theory. This perspective suggests that employees are often reluctant to cooperate with managers as they fear that the latter will use their input for unilateral gain. However, procedural justice may overcome this conflict of interest by signalling employees that managers will not use their formal power, but rather that

they are willing to treat labour in a fair manner. Building on this theory, we propose that procedural justice may not only positively affect cooperation; it may also moderate the negative impact of both factional distances on cooperation. That is, by demonstrating procedural justice, managers show that they cannot be de-individualized to untrustworthy representatives of another faction; rather, they signal that they are willing to cooperate with ERs striving to attain collective outcomes. This collective perspective may reduce the salience of factional differences by stimulating feelings of trust, reciprocity and collectiveness (Hogg, van knippenberg and Rast, 2012). This will reduce the likelihood of dysfunctional social categorization, and thus low cooperation.

Proposition 5: The negative impact of a wide factional distance in ideology/education on trust and hence cooperation is reduced when management behaves in a procedurally just manner.

Perceived organizational support. This construct refers to “employees’ general belief that the organization values their contribution and cares about their well-being” (Rhoades and Eisenberger, 2002: 698). It includes practices such as fair wages, investments in the well-being of employees, and providing training and education (Miller and Lee, 2001). Theory suggests that employees use the presence or absence of these practices to infer how much the firm values and favours them (Rhoades and Eisenberger, 2002). When employees believe this is the case, they tend to reciprocate these actions by showing favourable actions towards the firm’s goals. For example, it stimulates employees’ performance, information processing, collaboration and initiative (Miller and Lee, 2001). Moreover, it also yields benefits for employees such as feelings of being valued, respect and approval as well as access to information and aid when needed (for a review, see Rhoades and Eisenberger, 2002). This in turn reduces employee absenteeism and turnover.

We propose that perceived organizational support may also positively moderate the relationship between both factional distances and cooperation. The underlying idea is that high levels of perceived organizational support may emphasize a relational identity defined by cooperation (Hogg et al., 2012). By investing in the well-being of their employees and showing that they value the input of their employees, the firm stresses that managers and ERs should not regard each other as competitors, but rather as two actors striving to maximize collective outcomes. In so doing, the organizational context may reduce the salience of the factional differences between managers and ERs, and thus reduce the likelihood for distrust and competition. This relates closely to Hogg et al. (2012) who propose that such a cooperative relational identity may be one of the ways by which groups acting in a mixed-motive setting may reduce distrust.

Proposition 6: The negative impact of a wide factional distance in ideology/education on trust and hence cooperation is reduced when the organization is characterized by a supportive organizational climate.

Illustrative cases: method

In this section, we elaborate on the methods used to select and analyse our illustrative cases. The aim of this qualitative approach is not to conduct a full-blown case study, but rather to explore and illustrate the practical implications of our initial framework. Moreover, we use these cases to suggest some possible ways to operationalize the constructs discussed in our initial framework. Below, we provide some background on the case setting, case selection, data sources and data analysis.

Case setting

Prior research emphasizes that works councils differ widely across institutional settings. Some works councils (e.g., in Germany and Austria) hold far-reaching rights of information, consultation and codetermination, whereas in other countries works council

rights are restricted to the limited information and consultation rights depicted by the European Union. Another difference is the role of trade unions. In some countries, such as in Sweden, trade union representation is the sole employee representation institution, while works councils form the dominant codetermination platform in, for example, Germany. Yet most countries' works council arrangements are located somewhere in between both extremes.

Despite this variation, most research on the relationship between works council presence and firm performance has focused on the "extreme" setting of Germany. Given that institutional variation may affect cooperation (van den Berg et al., 2011), we believe that Belgium forms a potentially insightful and hence valuable research setting because of its intermediate position between very light (e.g., the UK) and very strict (e.g., Germany) cases. Belgian works councils hold extensive rights of information and consultation, but their rights of codetermination are restricted to only a few practices, such as working rules and annual holidays. Moreover, Belgium has a dual system: the trade unions represent the employees with respect to wage negotiations, whilst the works councils hold the information, consultation and codetermination rights. As a result, Belgium is located betwixt-and-between both extreme positions.

Belgian works councils feature three particular characteristics worth mentioning here. Firstly, both employee and management representatives formally sit in the works council, which is chaired a top manager of the firm. This characteristic can also be found in France and Luxembourg, but not in most other countries. Secondly, similar to most other countries, works councils are mandatory by law in workplaces employing 50 or more employees¹. Thirdly, Belgian ERs, just like in France, have to be member of a trade union (i.e., the Socialist, the Christian, the Liberal, or the Neutral trade union), which is not the case in most

other countries². Particularly the first and third characteristic are relevant in the context of this paper, as these may well be the source of (extra) factions.

Case selection

Eisenhardt (1989) emphasizes that cases should be selected in line with the research questions at hand. Following this guideline, we selected six works councils that differ with respect to their factional composition. Table 1 provides a summary of the six cases' important features. In particular, we made sure that the cases are different regarding the distance in ideology and education between management and ERs.

Factional distance in ideology is operationalized based on the legal requirement that Belgian works council ERs must be member of one of four trade unions (i.e., the Socialist, the Christian, Liberal, or Neutral trade union), with these unions representing highly different perspectives as to firm objectives. The Socialist trade union explicitly emphasizes that capital (managers) and labour (employees) have irreconcilable goals. In contrast, the Christian, Liberal and Neutral trade unions stress that managers and employees have a common aim: the continuity of the organization. Hence, factional distance in ideology between management and ERs in a works council is operationalized as the relative number of ERs associated with the Socialist trade union (see Column 2 in Table 1).

We operationalize a factional distance in education based on the assumption that an employee's functional position determines the mental models (s)he uses, the technical language (s)he speaks and the problem-solving techniques (s)he applies. Following this reasoning, we argue that blue-collar ERs differ more from management in these characteristics than white-collar ERs. Hence, an effort was made to also ensure that the cases varied with respect to the relative number of blue-collar ERs (see Column 3 in Table 1).

Table 1 further elaborates on some particular characteristics of the firms in which the selected cases are embedded. Column 4 reports that the firms operate in three different

industries: two operate in the textile industry, two in the electro-mechanical machinery industry and two in the chemical industry. It is important to note that at the moment of our study the textile and electro-mechanical machinery industry in Belgium experienced economically tough times, while the chemical industry did not. The Belgian textile industry faced strong competition from low-cost countries, while the electro-mechanical machinery industry suffered from reduced governmental subsidies in sustainable energy. In contrast, the website of the chemical industry (www.essencia.be) stated that the chemical industry is the biggest exporter in Belgium, with one of the highest levels of productivity in the world.

Despite this between-industry variance, we do not notice large differences in individual firm performance. This is shown in Column 5 of Table 1. In particular, it shows the decile in which the firm is situated in comparison to the other firms in their industry (4-digit NACE BEL 2008 codes) with respect to firm performance as operationalized as the net return on total assets before taxes in 2010. We do not consider the return on total assets for firm F as this joint venture firm sells its products to its parent firms for a price solely focused on reimbursing the firm's costs. We notice that all firms except one score around average. That is, firm E scored significantly higher than the other firms in our sample on firm performance. Yet, as we elaborate upon later in this paper, this beneficial economic situation had no particular positive effect on the employer-employee relationship as the firm was undergoing a reorganization, which caused a lot of uncertainty (see the section titled *Factional distance in ideology*).

Finally, Column 6 of Table 1 indicates that all firms are medium-sized with employment ranging from 173 to 1,655 employees (fte).

[Insert Table 1 about here]

Data sources

The data were collected through both interviews and observations. Per works council, we interviewed two managers (i.e., the chair of the works council and a production or human resources (HR) manager) and at least one ER of each functional category (i.e., young³, a blue-collar employee and a white-collar representative or junior manager) and trade union. If the employees of different categories were representing different trade unions, we interviewed one ER of each trade union. The total number of interviews per works council ranged from four to seven. We followed a semi-structured interview protocol, which initially addressed the level of cooperation, the relationship among and across management and ERs, as well as the topics that each of the respondents perceived as relevant for cooperation. The interviews were recorded so that the interviewer could fully focus on the respondent's answers. On average, the interviews took between 60 and 90 minutes, with a few exceptionally long interviews of three hours. Moreover, after every interview, the initial protocol was updated and improved, based on the gathered information.

In addition, we observed at least one works council meeting per firm. Given that these observations and interviews were largely executed at the same time, all works councils were largely discussing similar topics – i.e., determining the date of the annual holiday – next to a few firm-specific topics. During these meetings, we focused especially on the demonstrated level of cooperation, the interaction and social climate between and among management and ERs, as well as the composition of the works council. As a general rule, all observations, thoughts and impressions were written down within 24 hours after conducting the observations and interviews. Thus, the data were collected based on the principles of source and method triangulation (Eisenhardt, 1989). Multiple respondents, sources and methods were used to mitigate the impact of retrospective sense-making and improve the internal validity of the emerging constructs and relations between constructs.

Data analysis

The data analysis process entailed three phases: coding, within-case analysis and cross-case analysis. Firstly, after transcribing the interviews, the data were coded. This process was conducted by two researchers: the same one who had conducted the interviews and observations, as well as a researcher who was not involved in the data collection. For coding the data, we developed a coding scheme based on our initial framework. In particular, we categorized the interviews in sections related to (1) cooperation, (2) the organizational context, and (3) differences in ideology and education based on definitions and scales used in the organizational behaviour literature. We also used these definitions and scales to categorize the statements in more fine-grained clusters, such as mutual consensus, collaboration and constructive interaction for cooperation (see result section for the particular definitions and coding schemes used to categorize these interviews). Moreover, this initial broad coding scheme was further specified during the coding process when iteration between one or more interviews and the works council/organizational behaviour literature suggested additional concepts or refinements of concepts. After independently coding the data, both researchers discussed their coding practices and labels. When they held different opinions, they discussed their differences until they reached agreement. Moreover, while coding the data, both researchers were not aware of the works council's composition. These procedures were applied to limit confirmation bias, to ensure maximum openness for new constructs and to enhance internal validity.

Secondly, the purpose of the within-case analysis was to evaluate how the factional distances in ideology and education affect cooperation, as well as how this relation is influenced by the organizational context. We applied a two-step evaluation process. For one, the relevant variables per case were identified and displayed in a tabular form. Here, all concepts found in the interviews were brought together and scored (high, moderate or low). A

works council scores low (high) on a particular concept (e.g., cooperation) when all managers and ERs hold a similar negative (positive) perception. In contrast, works councils may score moderately (1) when both managers and ERs show moderate perceptions, or (2) when some members score high and others low. By triangulating the data of multiple respondents (i.e., managers and ERs of different ideologies and hierarchical groups in the firm), we reduce the likelihood that the characteristics of a single respondent such as his/her ideology or level of education determine our results. Subsequently, these tables were used to illustrate our behavioural framework of the determinants of cooperation in works councils.

Thirdly, to identify patterns across cases, the case-specific tables and behavioural frameworks were rearranged from a case-specific format to a cross-case construct-by-construct format. Then, these tables and case-specific frameworks were used to structure our case-based observations and to link them to our behavioural theoretical framework

Illustrative cases: observations

Trust: the origin of cooperation

Before discussing the impact of factional distance and organizational context on cooperation, we elaborate on the concept of trust. Trust refers to the willingness of a party to be vulnerable to the actions of another party (Mayer, Davis and Schoorman, 1995). Our data suggests an operationalization of trust which incorporates management's and ERs' perception of each other's integrity, honesty and respect. This operationalization relates closely to other conceptualizations of trust used in organizational behaviour such as those of Robinson (1996) and Mayer et al. (1995). Also, cooperation was operationalized in line with the literature, which defines cooperation typically as the collective contribution of energy and resources to attain group outcomes (Smith et al., 1995; Chatman and Flynn, 2001; De Cremer and van Knippenberg, 2002). In particular, building on our data analysis, cooperation refers to high

levels of mutual consensus, collaboration and constructive interaction. Table 2 summarizes the distribution of cooperation and trust across the six cases.

[Insert Table 2 about here]

The results shown in Table 2 indicate that cooperation varies across the six cases, and that this variation relates closely to trust. In fact, the six cases can be equally distributed over three different levels of cooperation and trust: B and C score high, A and D score average, and E and F score low on trust and cooperation. Works councils B and C are in the high-cooperation category. The human resource (HR) manager of B indicates that “Most of the time we make decisions through consultation and dialogue.” An ER points out that “There are discussions about each relevant topic. [...] We are involved in so many activities that we do not have enough time for other things.” Similarly, management and ERs express that they trusted each other: “There is mutual respect” and “We believe in the intentions of the other party.” Moreover, a white-collar ER argues that “If I would meet the HR manager outside the firm, then I will be kind to him. There is really no reason to call him names, and this is mutual.” In turn, the HR manager stresses that “we sit there [at works council meetings] without hidden agendas.”

The impact of trust on cooperation becomes clear when we regard the multitude of discussions among management and ERs. For example, in works council B, they recently worked together to outsource some activities, to change working regimes, and to implement a lean project. Each of these activities entailed many different meetings in which managers explained their plans, actively discussed alternatives, and answered the questions of the workforce. ERs indicate that they believe that they cooperated so elaborately because management has trust in them: “I think that if management would expect us to behave unconstructively, then they would not involve us in decisions”. Likewise, the production

manager states that “You clearly see that there is trust in the works council. [...] We can freely share information without being afraid that they will misuse it.”

In the moderate-cooperation works councils, we find that management and ERs work together, but that the interactions are more political. For example, an ER of works council D states that “You cannot be really open [...] you always have to be careful which information you give them.” Moreover, management and ERs describe their relationship as a “tug-of-war”: “The goal is to get as much of the rope as possible, but never let it break.” Nevertheless, they cooperate on a variety of topics, such as overtime, developed a booklet with HR-related policies, *et cetera*. With respect to trust, they argue that “a certain level of respect” and “a trusting relationship” are necessary to reach their goals, but that “This does not mean that you should simply follow management.” Also in works council A, we find evidence of political activity. We elaborate on this in the subsection titled “multilevel factions and power dynamics”.

In the two low-cooperation works councils, we find that trust is regarded as a necessity to induce cooperation and change the “us-them” into a “we-all” climate. However, both cooperation and trust are largely lacking. Both parties expect the other party to lie, break their word, and unilaterally strive for the maximization of their own interests. An ER of works council F distrusts management so badly that he asked the interviewer not to record the interview, because he expected that management would use the recording against him. These high levels of distrust stimulate both management and ERs to postpone or block discussions of more sensitive topics, such as that regarding the annual holidays.

Work group composition, trust and cooperation

Factional distance in ideology. Table 2 summarizes the quantitative data that we used to ground our arguments on factional distance in ideology. Column 2 of Table 2 describes the variance of factional distance in ideology across the six cases. A higher percentage refers to

management and ERs holding more different ideologies as to the outcomes of the firm. These data suggest that, on average, a larger factional distance in ideology has a negative impact on trust between management and ERs. For example, works council F features highly different goals and scores low on trust, whereas the opposite pattern can be noticed in works councils A, B and C.

The interview data confirm this pattern. For example, the management and ERs in works council F stress that they hold highly different and irreconcilable goals. As an ER argues: “We regard them [the managers] as competitors; this is maybe a bit too crude, but we certainly do not regard them as supporters.” He continues by arguing that “In the end, management’s function is to have as few employees as possible, to work as cheaply as possible, and to make as much profit as possible, while we want more employees and more wages for the employees.” Following upon this, he states that under these circumstances he could never trust management. In contrast, the CEO of works council F points out that “The ERs should believe that we do not participate to profit from them [...] If we keep believing that they are only after one thing [money], then it will never work.”

All this is quite different in works councils A, B and C. In effect, the majority of management and ERs in cases A, B and C describe the ideological differences as small and reconcilable. For instance, the plant manager of works council C’s organization indicates that, “Sometimes, the ERs hold opinions that do not match with the goals of the firm, but we always try to find a common solution.” In support of this view, an ER points out that “We [ERs] cannot always agree with management, but most of the time we find common solutions.”

In addition, we also find that not only the relative number of Socialist ERs has an impact on goal differences, but also the announcement of a restructuring program. An ER of works council E argues that “The relationship was okay, but now they want to restructure for

as little money as possible. This makes the situation highly difficult.” Moreover, he indicates that this induced distrust and disrespect: “We do not trust them. [...] Both parties have determined their goals, and now we are going to reach as much of our goals as possible. No deviation!” Taken together, this suggests that not only a person’s ideology may affect the amount of goal differences between management and ERs, but also the economic situation of the firm or the topics at hand.

Does the negative impact of factional distance in ideology on trust runs through social categorization dynamics? This is indeed what the data suggest. For example, the management and ERs of works council F indicate that “There are truly two parties” and that “You have one side of the table and you have the other.” An opposite pattern is reported in works councils A, B and C. Here, management and ERs fail to form a strict coherent team, but they also do not split into two competing factions. For example, the HR manager of works council A states that “There is no friendship, but certainly a form of collegiality between management and ERs, irrespectively. We sit in the same boat”, while the CEO of works council C remarks that “Since the last elections⁴, we have a really good team. [...] They understand that the survival of the firm is crucial.” Taken together, these observations provide some clear illustrations of proposition 1a.

Factional distance in education. The quantitative data are reported in Column 3 of Table 2. Here, a higher proportion refers to a larger factional distance in education. Neither the table, nor the interview/observation data suggests that a factional distance in education directly reduces cooperation; rather, the data seems to suggest that, on average, the factional distance in education and ideology interact so that a lower proportion of blue-collar ERs inhibits trust/cooperation if the works council is characterized by a higher proportion of Socialist ERs. This is clear from the comparison of the high-trust works council B with the

low-trust works council F: a smaller educational gap seems to have an especially negative impact on trust when management and ERs are set apart by different ideologies.

Our observations of the works councils' meetings suggest that especially the ERs in works councils A and C are less educated than those of works council B, D, E and F. They scrutinized the received information less elaborately and asked less often for clarifications. Moreover, the ERs in works council C failed to notice a variety of ways in which management could alter a previous agreement with respect to the annual holiday. In line with this, a white-collar ER states that "The blue-collar ERs should be sharper with respect to the financial information" and "They should ask more in-depth questions." In contrast, we observed that ERs in works councils B, D, E and F scrutinized every piece of information, asking a multitude of questions during the meetings.

However, the nature of these questions and the atmosphere during the meetings varied widely across the works councils. In works council B, and to a lesser extent in works council D, the questions clearly signalled trust and cooperation, whereas competition and personal attacks characterized the questions in works council E and F's meetings. An ER of works council D states that "In comparison to other firms with less educated ERs, we [management and ERs] have a climate of intellectual discussion." Similarly, in works council B, the ERs asked informative questions and challenged the management's arguments. However, they almost never threatened, shouted or cursed during these interactions. In contrast, the ERs of works council E and F did all these things. Together, the data provides illustrations in line with proposition 2b, but not with propositions 1b and 2a.

Multi-level factions. The data provide no illustrations for the idea that the management faction may sometimes consist of sub-factions. Yet, it does suggest that the employee delegation may consist of smaller sub-faction as their members represent the interests of different constituencies – i.e., those employees belonging to their trade union and

functional group. In five out of the six works councils (B, C, D, E and F), this has no impact on trust and cooperation between management and ERs. Interviewees attribute this to the fact that although ERs stand for different subgroups of employees, they tend to regard each other as belonging to the same unitary group. ERs observe, for example, that “There is a good relationship”, that “Gaps among ERs are rising exponentially, however not in our firm.” As a result, they argue that they work together as one team: “We often meet”, and “We work well together.”

However, in works council A, the ERs perceive the sub-factions to differ largely from each other in terms of goals, tenure and experience. As an ER states, “We behave on a different level” and “We hold highly different goals.” Moreover, a Socialist ER indicates that “The Christian ERs have more experience” and “They follow the actions of management.” These differences push the different sub-factions apart. This, in turn, limits cooperation between the three different sub-factions (Socialist blue-collar, Christian blue-collar and the Christian white-collar ERs): “We almost never meet” and “There is only superficial interaction with the other factions.”

This has severe consequences for trust and cooperation between management and ERs. That is, the Socialist ERs perceive that they are neglected by management, and that managers clearly favour their Christian counterparts. The production manager points out that “I primarily give information to the ERs with higher tenure and who succeed at reconciling the opinions of both management and ERs [i.e., those affiliated with the Christian trade union]. As a result, I also reinforce their position.” So, management cooperates with the ERs who are more like themselves, whilst disregarding their dissimilar counterparts. Together, these observations and interview quotes provide some illustrations in line with propositions 3, 4a and 4b.

Organizational context, trust and cooperation

Procedural justice. The data analysis of our cases suggests that procedural justice stimulates trust in management. In particular, we find that management is perceived to behave particularly fairly when they act transparently (the information is open and clear), consistently (decisions are consistent over time and across persons) and neutrally (managers make unbiased decisions). In so doing, our observations provides some illustrative evidence on how procedural justice may reduce the negative impact between factional distance in ideology and cooperation.

In all six works councils, we see that managers adhere to the works council's right for information: "All legal information is openly shared. In this respect, we are an exemplar firm" (works council F), "They share all legal information" (works council B), or "The economic information is shared openly" (works council A). Although this is a necessary condition, the strict sharing of information is not sufficient to guarantee trust. Instead, we find that the manner in which management shares information is highly important. In works councils A, B and C, the ERs emphasize that the received information is transparent. For example, an ER of works council B states that "The information is explained very plainly and clearly by the financial director" and "Management succeeds at giving us a clear long-term perspective." Some other examples are: "We try to make the information as transparent and simple as possible" (HR manager works council C), and "The economic information is explained very well" (works council A). In contrast, ERs in works councils D, E and F perceive the information as "not sufficient" and "not clear enough". This reduced trust by making ERs uncertain about the future: "The dialogue is complex because management cannot give a clear and transparent vision for the future. [...] As a result, the workforce gets annoyed because they want clarity and certainty" (works council D).

Although the information is not clear in works council D, the HR manager seems to stimulate trust by behaving consistently: "The HR manager's style is highly direct. As a

result, we always know what we will get” and “If we [ERs] have the legal right for information, then we get this information; otherwise, we do not.” In works council B, management is even better in stimulating trust through consistency. Here, all HR policies as well as management’s actions are highly consistent. For example, when management abolished beer for blue-collar employees, they also prohibited wine for managers. In contrast, works councils A and F score really low on consistency: “You never know why someone was fired” (works council A), “All our behaviours are consistently monitored and clocked to save money, while in contrast management spends a lot of money to clean one machine” (works council A) or “The Christmas presents and new year’s reception were cancelled, while at the same time management received new cars” (works council F).

A third aspect of procedural justice is bias suppression. Works council B scores particularly high on this: “Sometimes, we think that the HR manager defends only the rights of management, but when you look back at a solution, you actually see that it was the other way around. No one got punished.” The HR manager describes his role as similar to a “UN-soldier”. One moment, he tries to defend the goals of management; the next, he defends the right of the workforce. To a lesser extent, this is also true for the plant manager of works council C’s organization. Managers who apply transparency, consistency and bias suppression toward the ERs seem to be trusted more by the latter than those who do not. Together, the data provide some illustrations in line with proposition 5.

Perceived organizational support. The data suggest that especially ERs in works councils B and C perceive that they are embedded in a supportive organizational culture, whereas their counterparts of the other four works councils express that their firm is primarily focused on achieving its financial goals. For example, in works council B, the firm organizes social events and a yearly team-building day, applies an open-door policy and a profit-sharing scheme, has weekly meetings between ERs and HR managers, and invests in the plant’s

machinery. Furthermore, as an HR manager emphasizes, “We need to limit the distance between management and employees. We try to achieve this by wearing no suit, visiting the floor weekly, and paying attention to the individual.” Not only the Human Resource Department shows clear concern for the workforce, but also the line managers do this by organizing regular meetings with ERs.

A similar pattern can be observed in works council C. The plant manager formulates this as follows: “I try to make decisions not only based on financial figures, but also based on human capital issues.” This general policy is translated in a profit-sharing scheme for all employees, the use of internal promotions, a company newsletter, open-door policies, investing in machines, and extensive training in communication and coaching for first-line managers. Moreover, the plant manager also knows the names of almost every employee, and visits to the work floor on a daily basis to talk with employees. This combined with the fact that “Being a textile company in Western Europe is not evident” creates much respect for management from the workforce and the works council’s ERs.

In contrast, ERs in works councils A, D, E and F stress that management’s actions, and particularly those of the HR Department, are primarily driven by financial motives, adopting a de-individualized approach. As an ER of works council D comments, “The HR department should know what is of interest to the people in the company. They stand too far from the people. [...] They never come to the work floor to have a friendly conversation with the people.” Similarly, a Socialist ER of works council A indicates that the firm used to be committed to its employees, while “Now they only come to me when I have done something wrong.” In works councils D and F, this was reflected in discussions about a kitchen for employees: “We used to have a kitchen sponsored by the firm. Now, we have to pay for it ourselves” and “We have been discussing for six months about a frying pan of 50 Euros, while expats’ children go to international schools, which cost 15,000 Euros per year.”

Additional examples of the perceived financially-driven de-individualized culture are the abolishment of the Christmas gifts (works councils E and F), outsourcing activities (works council F), limited safety investments (works council F), and absence of personal consideration for employees (works councils A, D, E and F).

As to the effect of these differences in perceived organizational support on trust and cooperation, a first argument can be found in organizational support theory (Rhoades and Eisenberger, 2002). According to this theory, organizational support stimulates employees' trust and commitment by inducing reciprocity and fulfilling employees' socioeconomic need for respect, approval and care. This argument is reflected in the following observation of a Socialist ER: "If you invest in your personnel, perhaps you will make a bit less profit, but you will not have strikes and less absenteeism. Then, people are going to work for you and they are going to want to do things for you." Similarly, an ER of works council A remarks that "The former managers came to the work floor and talked to you for a few minutes. This was nice. It really motivates you." The data also suggest an additional explanation for perceived organizational support's positive impact on trust in management. That is, perceived organizational support induces trust because ERs have to deal with fewer complaints from employees. In this respect, the HR manager of works council B states that "The problem of the works council's ERs is that they are only confronted with the negative perceptions of the workforce, while the good news never reaches them." However, when the workforce perceives that the firm supports them, they will feel less inclined to complain. As a consequence, the works council's ERs will be confronted with a less negative constituency, which makes them less negative toward the firm and its management. All in all, these cases provide some initial illustrations on how perceived organizational support may stimulate cooperation despite the possible negative impact of the group's factional structure.

Discussion

This study provides the building blocks for a behavioural theory of cooperation among management and ERs in a works council setting. In particular, firstly, we argue that the affiliation of managers and ERs to different organizational stakeholders is likely to reduce trust and, in turn, cooperation by turning group members towards the unilateral interests of their own factions. We propose that this social categorization process is particularly likely to occur when both parties also differ in ideology and level of education. Secondly, our model suggests that works councils may not only divide in managers vs. ERs, but each faction may also internally subdivide as their members often represent the interests of different functional departments, gender groups or trade unions. This may not only reduce trust and cooperation within these factions, but may also affect overall trust and cooperation through spill-over effects and divide-and-conquer practices. Finally, we argue that particular attributes of the works council's context may reduce the negative impact of factional distance in ideology and level of education on trust/cooperation by introducing a more collective climate. In particular, we propose that managers can do so by taking decisions in a fair manner, and the firm can do this by showing consideration towards their employees. Our cases provide some illustrations of most of these ideas, suggesting what our framework may mean in practice.

By introducing this behavioural framework, we contribute to the works council literature in at least two ways. First, our theoretical framework is, to the best of our knowledge, one of the first to introduce managers and ERs as a work group. In so doing, this paper does not only introduce a new approach to works councils, but also introduces a wide range of organizational behaviour theories explaining how works councils may affect firm performance. In this manner, we respond to Frege's (2002) call for more theories linking attributes of managers and ERs to works council outcomes.

Second, we suggest a series of clear propositions explaining the conditions under which managers and ERs are likely to cooperate. Future research can use these as a starting point to resolve the mixed evidence associated with the current input-output approach. Especially, we stress that cooperation between management and ERs in a works council context may constitute a key missing link in the theory that seeks to explain the effect of work council presence on firm performance. Future research may test the predictions implied by our propositions, and further refine the suggested framework along the way.

Despite its clear contributions, our study holds some limitations, raising some interesting avenues for future research. First, this study draws heavily on the factional group approach (Hambrick et al., 2001; Li and Hambrick, 2005). Although we are convinced of the particular relevance of this framework to explain cooperation in and around works councils, we do emphasize that we only get a glimpse of all possibilities offered by the organizational behaviour tradition – or, in other words, of all possible sources of conflict between managers and ERs. One organizational behavioural theory that may prove to be highly valuable is the power asymmetry framework of Bunderson and Reagans (2011). They propose that power asymmetry in and by itself may not be negative for cooperation within a team; rather, its impact depends on how the powerful actors use their power. When powerful actors use their power to attain collective outcomes – i.e., a socialized use of power – this is likely to stimulate cooperation by signaling the importance that powerful actors attach to collective interests above and beyond their individual goals. In contrast, a more personalized use of power is likely to reduce cooperation as it signals that powerful actors only focus on their unilateral outcomes. In line with this research, we might consider how cooperation may depend on how management uses its power. Moreover, we can also draw on this framework to explore whether ERs have some influence on group decisions and how they use this influence: socialized or personalized.

Second, given that little is known about the behavioural drivers of cooperation (Frege, 2002) we decided to focus on the subjective micro-mechanisms of cooperation at the expense of more objective sources of conflict that are also known to affect cooperation. This choice was also motivated because other scholars have already focused on the latter. For example, Hübler and Jirjahn (2003) suggest that the introduction of an industry-level collective labour agreement may stimulate cooperation. Other studies emphasize that a recent reorganization or low firm performance may also reduce cooperation (Van der Brempt, 2014; Sapulete, 2013). We propose that future research may benefit from the integration of these objective sources of conflict into our behavioural framework. One may, for example, suggest that firm-level, rather than industry-level bargaining may also push managers and ERs further apart, stimulating the negative impact of factional distance on trust and cooperation. Unfortunately, we have no information on this matter in our cases. Yet, we do report, as a by-product of our cases, that a recent reorganization may indeed reduce cooperation between managers and ERs by pushing both parties further apart.

A third limitation is that our framework stops short of discussing the ways in which cooperation may affect firm performance. We draw on a few studies emphasizing that cooperation may stimulate firm performance (Dilger, 2006; Pfeifer, 2010), as well as on Freeman and Lazear (1995), who implicitly propose that cooperative processes – such as information exchange and advice – drive the positive relation between works council presence and firm performance. However, the impact of cooperation may not always be positive. This is in line with a few findings by Frick (2002) and Dilger (2002). These two studies focus on the impact of a fivefold works council typology conceptualized as ‘antagonistic’, ‘tough’, ‘cooperative’, ‘passive’ and ‘excluded by management’ on HRM outcomes and product innovation, respectively. Frick (2002) reports a very strong positive impact of antagonistic works councils on the number of high-performance work practices, and Dilger (2002) finds

that the tough and the cooperative works council types stimulate the introduction of flexible working-time arrangements, contrary to the other three types. Yet, at the same time, Dilger (2002) also shows that more involved works councils induce less negative effects than works councils that are less involved; and these works councils also have a stronger positive effect on product innovation. In sum, this suggests that the impact of cooperation may not be as straightforward as initially proposed. If we regard cooperation as a sensitive balance between maximizing management's and labour's interests, we might argue that cooperation may perhaps not always stimulate exceptional firm performance (such as high profitability), but rather average but more stable levels of firm performance.

A fourth avenue for future research relates to the measures used in our illustrative cases. Some of these are proxies – such as factional distance in ideology and level of education – and others emerged as a result of our data analyses. Although these conceptualizations are in line with organizational behaviour research, we argue that future research needs to further study the validity of these measures. This holds primarily true for the validity of our two distance measures as our operationalization inherently assumes that all managers are similar on these characteristics. Yet, recent research suggests that top managers may also differ from each other in their political ideologies, education, values, *et cetera* (Gray and Kish-Gephart, 2013; Chin, Hambrick and Treviño, 2013). We tried to limit this bias by triangulating our data based on multiple methods (observations, interviews and quantitative data) and respondents (managers and ERs of all hierarchies and ideologies). Nevertheless, we acknowledge that ignoring these differences among managers may perhaps have coloured our illustrations as they might also stimulate conflict among managers. For these reasons, it would be highly interesting if future research would test the validity of our measures and try to incorporate both the characteristics of managers and ERs in measuring factional distance.

This paper suggests implications for practice, too. It emphasizes that both management and ERs should be careful in deciding on the composition of a works council. If possible, they have to limit the differences between factions. However, given that this is not always an option, due to legal requirements, management can apply the variety of methods suggested in the paper to induce procedural justice and perceived organizational support to stimulate trust and cooperation.

Notes

1. Belgian labour law distinguishes between health and safety committees and works councils. The former are legally mandated in workplaces employing at least 50 employees, while the latter are installed in workplaces with 100 or more employees. While the distinction in tasks between both councils was really clear before 2008, the implementation of the European Directive 2002/EC/14 has eroded it. That is, health and safety committees still primarily grant ERs with information, consultation and to some extent codetermination rights on the health and safety of the personnel, while works councils focus on the economic and social functioning of the firm. Yet, in workplaces without works council (i.e., employing between 50 and 99 employees), the health and safety committees have been granted more or less similar rights for information and consultation on the social and economic functioning of the firm, previously restricted to works councils. Therefore, we argue that works councils are implemented in workplaces, employing at least 50 employees.
2. One exception is the representatives of the junior management. They can belong to one of these three trade unions, or they can belong to the so-called neutral trade union (NCK) or when they gather sufficient votes of the other junior managers, they can take part in the works council as independent members.
3. No representatives of the young employees were present in our sample. In general, a firm only holds a representation of young employees when the firm employs at least 25 employees younger than 26 and when at least one of them wants to represent their group.
4. In Belgium, ERs are elected every four years. In this quote, the CEO refers to the 2008 elections.

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Tables and figures

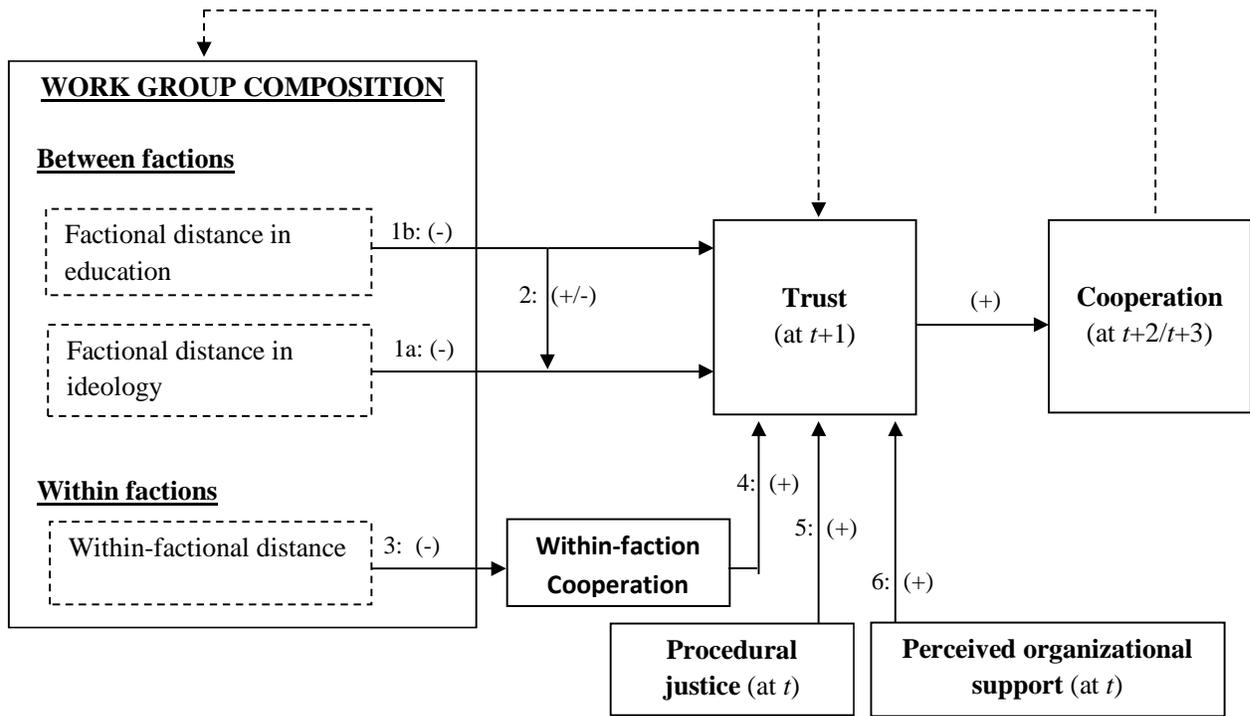
Table 1: Characteristics of the cases

Works Council	Percentage of Socialist ERs	Percentage of blue-collar ERs	Industry	ROA 2010 (decile)	Workforce size (FTE)
A	25%	75%	Textile	3 th	475
B	30%	50%	Electro-mechanical machines	4 th	780
C	40%	100%	Textile	6 th	173
D	40%	70%	Chemical	5 th	929
E	41%	53%	Electro-mechanical machines	1 st	1655
F	70%	50%	Chemical	/	635

Table 2: Overview of cooperation and trust

Works Council	Percentage of socialist ERs	Percentage of blue-collar ERs	Cooperation			Trust		
			<i>Working together</i>	<i>Willingness to find consensus</i>	<i>Constructive interaction</i>	<i>Integrity</i>	<i>Respect for each other</i>	<i>Honesty</i>
A	25%	75%	Moderate	Moderate	Low	Moderate	Moderate	Moderate
B	30%	50%	High	High	High	High	High	High
C	40%	100%	High	High	High	High	High	High
D	40%	70%	Moderate	Moderate	High	Moderate	High	Low
E	41%	53%	Low	Low	Low	Low	Low	Low
F	70%	50%	Low	Low	Low	Low	Low	Low

Figure 1: A behavioural framework of cooperation*



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- * Numbers refer to propositions in the text and signs to their direction
 - Direct effect
 - > Feedback effect