

Industrial Relations & Conflict Management

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Building Trust and Constructive Conflict Management in Organizations

 Springer

Industrial Relations & Conflict Management

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Building Trust and Constructive Conflict Management in Organizations

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Foreword

Social dialogue is imprinted in my Christian democrat political conviction and in my professional career. As a young professional, I worked for an SME organization in my home country for more than 10 years and I am grateful that I got the opportunity to experience social dialogue first-hand and at all levels: company, sectorial, regional, national and European. So when it comes to social dialogue, I see it as much more than just a part of my portfolio. Indeed, I consider it a prerequisite for a competitive and fair social market economy.

Social partner organizations have invaluable knowledge of the economy and the labour market. They play a crucial role in setting social and economic benchmarks, including wages and aspects of social protection. They can help identify those sectors that will bring jobs in the future and foresee those skills that will be demanded. And their views are immensely useful to take the pulse of innovation in the work place and contribute to the design of policies and legislation related to work.

Social dialogue is a cornerstone of the European social model and is anchored in the Treaties. In a social market economy, non-state actors – and in particular organized labour and management – are purposefully given the responsibility to make agreements about issues which are of their direct concern and where they are often better placed than the public legislator to intervene.

It is in this spirit that the European Commission facilitates the dialogue and collective bargaining of social partners at European level. For matters of European employment and social policy listed in article 153 of the Treaty on the Functioning of the European Union (TFEU), this horizontal dimension of subsidiarity is rooted in articles 154 and 155 TFEU.

There is a great diversity of structures and traditions of industrial relations across EU Member States. The globalization of our economies, the changing world of work and the individualization of employment relations have presented notable challenges to social partner organizations. In Central and Eastern Europe, social dialogue underwent a difficult transformation following the fall of communism. As a result, in some Member States, we are faced with very low or declining numbers of trade union representation and membership of employers' organizations.

The recent crisis in the EU has taken a further toll on social dialogue, in particular in the later stages of the recession, as the Commission's *Industrial Relations in Europe 2014* report has underlined. While in some Member States, strong social dialogue structures have actually helped weather the storm, the industrial relations systems in others have undergone changes and remain weaker and more fragmented.

In several cases, including in the Member States most affected by the crisis, the economic crisis triggered an acceleration of pre-existing trends, such as the decline in collective bargaining coverage and the shift to more decentralized collective bargaining. Faced with economic uncertainty, employers and workers have found it more difficult to agree on the correct policy mix or on the required reforms. Where consensus was lacking, governments and public authorities have more often taken decisions without social partner support.

President Juncker has expressed the ambition to be a President of social dialogue. As Commissioner responsible for Employment, Social Affairs, Skills and Labour Mobility, my objective is to let the recovery from the crisis also encompass industrial relations at all levels. This includes the organizational level – the dialogue between management and employee representatives or works councils – which is the focus of this publication.

To back the political ambition of this Commission, we have evidence on our side. Our *Industrial Relations in Europe 2014* report has shown that countries with strong social dialogue institutions and well-functioning industrial relations, where there is strong trust and constructive conflict management, are among the most competitive economies in the EU. Furthermore, these countries have proved to be more resilient to the crisis and better equipped to find solutions to socioeconomic challenges.

Now that the recovery is slowly starting to take off, the Commission is strongly committed to giving a new impetus to social dialogue, in full respect of the autonomy of social partners, so it can deliver to its full potential.

The Commission seeks to involve social partners more closely in EU economic governance, both at national and European level. Their increased involvement can shape reform programmes and increase ownership of the Commission's country-specific recommendations. We also want the social partners on board in key policy initiatives such as the Digital Single Market, the Energy Union, migration, trade, justice or transport policies, to name just a few. We want to have an open discussion and exchange of ideas on these key policy areas that go beyond the "traditional" social dialogue matters of employment and social affairs, but which have a huge impact on workers and businesses. And to achieve this, trust is indispensable.

From my personal experience as participant in industrial relations at all levels, I know that trust-based and constructive relations between the involved representatives is a prerequisite for finding mutually satisfying solutions to complex problems. Trust starts at company level. As highlighted in Eurofound's European Company Survey, companies with higher levels of mutual trust between managers and workers' representatives tend to score better in terms of well-being in the workplace, as well as in their performance. The Survey reveals that, despite the crisis, a majority

of managers (84 %) and employee representatives (67 %) report a “good” or “very good” work climate.

The Commission therefore supports mutual learning, training and capacity building, including “re-building” in the case of those countries where traditionally solid industrial relations have been weakened by the crisis. We invest in trust building offering financial support to joint projects and autonomous activities of the social partners. It should be clear that strong and representative social partners also matter for the quality of social dialogue at EU level.

Tripartism cannot produce results without a healthy bipartism. Mutual trust is essential to allow for a fruitful partnership between representatives of employees, employers and public institutions. That is why I welcome the contribution this handbook will make to further understand constructive conflict management and the building of cooperative industrial relations. I am convinced that a trusting social partnership at all levels will allow us to better face the challenges ahead and strengthen the European social market economy.

European Commission, Brussels, Belgium

Marianne Thyssen

Contents

1 Building Trust and Constructive Conflict Management in Organizations	1
Patricia Elgoibar, Lourdes Munduate, and Martin Euwema	
2 Myths and Fantasies in Discussing the End of Organized Labor: What Do We Mean When We Say There Is a Crisis of Labor Relations?	15
Miguel Martínez Lucio	
3 The State of Art: Trust and Conflict Management in Organizational Industrial Relations	29
Ana Belén García, Erica Pender, and Patricia Elgoibar	
4 Trust and Managing Conflict: Partners in Developing Organizations	53
Dean Tjosvold, Paulina Wan, and Moureen M.L. Tang	
5 Negotiations in the Workplace: Overcoming the Problem of Asymmetry	75
Ray Fells and Peter Prowse	
6 The Tree of Trust: Building and Repairing Trust in Organizations	93
Roy Lewicki, Patricia Elgoibar, and Martin Euwema	
7 Interventions for Building Trust and Negotiating Integrative Agreements Between Management and Works Council	119
Aukje Nauta, Cristel van de Ven, and Henk Strating	

8	Trust and the Role of the Psychological Contract in Contemporary Employment Relations	137
	David E. Guest	
9	Building a Collaborative Workplace Culture: A South African Perspective	151
	Barney Jordaan and Gawie Cillié	
10	Regulation of Influence: An Ethical Perspective on How to Stimulate Cooperation, Trust and Innovation in Social Dialogue	169
	Barbara Kożusznik and Jarosław Polak	
11	Mutual Trust in Industrial Relations from a Legal Perspective	185
	Jesús Cruz Villalón	
12	Women in Industrial Relations: Overcoming Gender Biases	195
	Leire Gartzia, Alejandro Amillano, and Josune Baniandrés	
13	Constructive Conflict Management in Organizations: Taking Stock and Looking Forward	213
	Lourdes Munduate, Martin Euwema, and Patricia Elgoibar	

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Chapter 1

Building Trust and Constructive Conflict Management in Organizations

Patricia Elgoibar, Lourdes Munduate, and Martin Euwema

Marikana Mines, Rustenburg, South Africa August 2012 was a tragic month in South Africa, and the cause of this drama was an organizational conflict. At the Marikana platinum mine, around 3000 workers walked off the job after management failed to meet with them. The miners stopped working because they wanted to be heard, so to make sure that they would draw attention, they froze the working chain. The miners felt exploited when they compared the amount of money that the company was making with their low salaries. But the problem was not only about money but also about safety and health – miners considered they were taking too many risks such as exposure to dust or falling rocks... So, the workers thought it was legitimate to fight in order to get some recognition for their work through a raise of the salary and an improvement in the working conditions.

Two miners were killed by the police on the day that the strike started. This incident escalated the conflict at a fast speed. On the following days, violence continued escalating and the South African Police Service opened fire on a group of strikers. In total 34 people were killed, and more than 78 were wounded, mostly miners but also police officers and security guards. This incident was recorded as the single most lethal use of force by South African security forces against civilians since the Sharpeville massacre during the apartheid era.

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Garment Textile Factories, Karachi, Pakistan A terrible accident occurred on the 11th of September 2012, when a fire appeared inside the factory. The whole factory caught fire when a boiler exploded and the flames ignited chemicals that were stored in the building. Nearly 300 people were killed that day. Workers were said to be unable to escape because the doors were locked. It is thought that this was to prevent them from leaving their shifts early. Moreover, many of the windows of the factory were covered with iron bars, which made it difficult for workers to escape at the time of the fire and consequently many of the deaths were caused by suffocation. Unfortunately, the rescue operation was temporarily hampered by large crowds outside the factory who wanted to find out if their family member was trapped by the fire.

Many potential reasons for the dramatic consequences of this accident were related to the working conditions inside the factory. One reason was the lack of adequate safety standards. Another reason was that the firefighting equipment was scarce at the factory. Therefore, workers could not stop it at the beginning. Moreover, fire exits were not built or shut to make space for storage, which prevented workers from escaping the building. Finally, training the staff had probably never been a consideration. They were surprised, shocked and did not know what to do when the fire appeared in the factory. Although the origins of the fire are still under investigation, a previous agreement on safety conditions and offering training taking into consideration workers needs could have prevented the dramatic consequences of this accident.

Technology and Automotive Factories, China The 2010 Chinese labor unrest refers to a string of labor-related protests and strikes. The reason was embedded in the frustration of the workers due to the lack of pay raises and improvement in working conditions despite the Chinese economic growth in the last years. Consequences of these protests include around 14 employee suicides at Taiwan-owned electronics manufacturer Foxconn. Suicides were committed by male and female workers between 17 and 25, most of them jumping off the building. Labor activists stated the suicides supported their assertion that numerous labor abuses take place at Foxconn (Foreman 2010). However, economic conditions external to the company also might have been influential. The labor unrest includes also several strike actions at Honda factories in Guangdong and strikes in Toyota factories across China in 2010.

Fast Food Companies, United States In 2010, the average annual wage for a fast food industry employee was 12.28 thousand U.S. dollars. According to the Social Security Administration, the average national wage for the same year was 41.67 thousand U.S. dollars – almost three and half times higher than that of a fast food worker. In December 2013 thousands of fast food and retail workers went on strike across the United States in over 100 cities to fight for income equality. The current situation was that the minimum wages were differing between \$7.25 and \$8.50 per hour, depending on the state. The demonstrators were asking for a raise in the salary

to fifteen dollars an hour, the right to form a union without retaliation and better working conditions. It was a national wide strike across hundreds of U.S cities including Boston, Detroit, New York City, Oakland, Los Angeles and St Louis. The movement started having political support; president Obama renewed a long-neglected pledge to raise the federal minimum wage, which is \$7.25 an hour to \$9 dollars at first and then, in early 2014, to \$10.10. In April 2015 Mc Donalds announced the raise on average worker wage to about \$10 an hour; however, the increase will not benefit workers at the vast majority of the restaurants, because they are operated by franchises, which make their own wage decisions (Reuters, April, 2015).

Teachers, Municipalities Association, Denmark Denmark has a long history of cooperative relations between the three parties involved in the industrial relations system: state, employers and employees organizations (Hyman 1994). The cooperative industrial relations tradition places employees as business partners in this country (Rocha 2010). All parties are strongly involved in the governance of organizations, the relations are traditionally trust-based and parties share information and make decisions jointly (Euwema and Elgoibar 2012; Knudsen and Bruun 1998; Kristensen and Rocha 2011). However, also in this near-ideal context we can find organizational conflicts. This was the case in March 2013 when the Municipalities Association (KL), closed the schools in an effort to dismantle long-standing teacher privileges that the teachers' union refused to concede in negotiations. During the first days of April, the 4-week-long "lockout" of teachers came to an end, and as a result, schools are now valued even more highly by the more than 600,000 pupils and about 60,000 teachers who were affected. After the conflict everyone worked together and the majority felt that there were no negative effects on cooperation inside the school (Wandall 2013).

These examples illustrate organizational conflicts taking different forms, leading to diverse consequences and happening around the world. They serve as a depiction of some of the most extreme manners and consequences organizational conflicts can take such as killings, suicides, poverty, and financial and reputation losses. The seriousness of these consequences makes us reflect on the importance of exploring the causes and factors behind these conflicts and the need of finding more efficient ways of conflict resolution inside organizations. This is the seed of this handbook.

Understanding the Constructive Potential of Organizational Conflicts

Organizational conflicts refer to clashes of interests, and results in disputes of varying intensity between labour and management (European Commission 2010). With or without financial crisis, managers' and workers' interactions are interdependent

with some interests being compatible and others incompatible, inevitably resulting in organizational conflicts (Bacon and Blyton 2007; Walton et al. 1994). Managers often are faced with pressures from technological developments, markets, and from shareholders to change their organization to be more innovative and productive, which usually implies the reduction of labor costs. At the same time they are in need of engaged and innovative employees. Under these conditions, workers often feel they are not sufficiently involved in the decision making processes, their interests are not really taken into account, with resistance to change as result (Cummings and Worley 2014).

Indeed, conflicts are as natural to organizational life as waves are to the sea (Coleman et al. 2013). Conflicts take different forms, from social dialogue disagreements and peaceful conflict resolution, to strikes including strong violence and others affecting not only the parties involved in the conflict but also the customers, something visible with actions in public transport or the airline industry (i.e. Iberia, Air France, Lufthansa).

Conflict management research recognizes (Tjosvold et al. 2014) that conflicts are part of organizational life. Conflicts are not necessarily destructive (De Dreu and Gelfand 2008; Euwema et al. 2014). Parties need to accept conflicts as part of the organizational dynamics and learn to deal with them effectively and efficiently. A constructive way of conflict management is possible (Coleman et al. 2014). This volume includes examples of such constructive conflict management, demonstrating that a joint problem solving approach results in optimal outcomes. Such a conflict positive organization is most productive and sustainable, with a base in cooperative structures and relations (Tjosvold 2008). Constructive conflict management in this book is built on the assumption of recognition of the different interests of the parties involved and negotiations to meet acceptable solutions for both parties. When fundamental needs and interests are not met, exploitation can be the result. This book is dealing with the promotion of trust and constructive conflict management, and reduction of exploitation or other forms of unilateral use of power. Destructive conflicts are typically aimed at reducing the power sources of the other party (Glasl 2013), at often very high costs, economically, socially and personally (Fisher 1994).

One important antecedent as well as a consequence of cooperation in organizations is mutual trust (Deutsch 1983; Kim et al. 2008) As Nahapiet and Ghoshal point out: “trust lubricates cooperation, and cooperation itself breeds trust” (1998, p.255). There is ample evidence that constructive conflict and trust are tightly and positively related (Hempel et al. 2009; Bijlsma and Koopman 2003; Lewicki et al. 2006). Gambetta (1988, pp. 217–18) strengthens the link between trust and cooperation explicitly:

[...] when we say we trust someone or that someone is trustworthy, we implicitly mean that the probability that he will perform an action that is beneficial or at least not detrimental to us is high enough for us to consider engaging in some form of cooperation with him.

The current handbook explores this dynamic relation between cooperative structures, behaviors and trust in different ways. Particularly when stakes are high

and conflicting, a trusting relationship can help to negotiate in an integrative way, and find optimal solutions for all parties involved. So this handbook addresses the issue of how to build trust. And relatedly, how to rebuild trust after escalated conflict. Can employees trust each other when some of them have gone on strike, while others continued working? How can management and workers rebuild trust, when economic interests of all have been impacted, workers have been fired, and both sides have been accused publically of malpractices? These questions are core to this handbook.

Building on Trust as a Crucial Component for Constructive Conflicts

Trust is an essential factor to build intra-organizational relations and cooperation (Coleman et al. 1990; Fukuyama 1995; Putnam 1993; Kramer and Tyler 1996), and it has positive outcomes at interpersonal and team level in organizations. Interpersonal trust in the workplace has been shown to have a strong and robust influence on a variety of organizational phenomena including job satisfaction, stress, organizational commitment, productivity and knowledge sharing (Dirks and Ferrin 2001; Doney et al. 1998; Kramer 1999; Kramer and Tyler 1996; Mooradian et al. 2006). Trust at team level contributes to team satisfaction (Costa 2003), decision making effectiveness (Alge et al. 2003), innovation and constructive conflict resolution (Tsai and Ghoshal 1998; Euwema et al. 2014), or information sharing (Howorth et al. 2004) among others.

In relation to conflict, trust leads to more cooperative behaviors, while low trust leads to more competitive conflict behavior (De Dreu et al. 1998; Dirks and Ferrin 2001; Gambetta 1988; Lewicki et al. 1998; Ross and LaCroix 1996). Trust leads to more collaborative negotiation behaviors and to more integrative negotiation outcomes in interpersonal and intergroup negotiations (Lewicki et al. 1998; Ross and LaCroix 1996; Taylor 1989). A successful cooperative conflict resolution requires a maximum gathering and exchange of information between management and employees in order to help identify problems and areas of mutual concern, searching for alternative solutions, assessing their implications, and achieving openness about preferences to select optimal solutions (Bacon and Blyton 2007; Johnson and Johnson 1989; Tjosvold 1999). Trust gives parties the confidence to be open with each other knowing that the shared information won't be used against them (Zaheer and Zaheer 2006). Indeed, trust at different levels is a critical competence within organizations (Lewicki et al. 1998). There is however still a lack of studies analyzing trust in industrial relations at organizational level. That is, between management and employees in general, and between management and representatives of workers in particular (for an overview of previous studies see Garcia, Pender and Elgoibar, Chap. 3 in this volume).

Trust is a crucial and at the same time a vulnerable component of any relationship, easy to break and difficult to repair (Lewicki et al. 1998). Consistent with theorizing on social exchange theory (Blau 1964) interdependent transactions have the potential to generate high quality relationships including mutual trust. Recent studies conclude that particularly under the current crisis mutual trust is perceived by workers and managers as key for healthier industrial relations which promote more integrative decisions in organizations (Munduata et al. 2012; Euwema et al. 2014).

Through the different chapters in this book, issues on trust and conflict management at organizational level are explored from diverse disciplines – such as sociology, psychology, law and business – in different countries at different continents, and following evidence driven research. The authors take different perspectives and show how building on trust and dealing with conflicts in a constructive way becomes crucial in modern day organizational conflicts. Before giving an overview of the chapters in this volume, we summarize the current challenges that industrial relations agents face at organizational level.

Current Challenges in Organizations

Nowadays, the rapidly changing socioeconomic environment leads organizations to high speed adaptation, jeopardizing traditional industrial relations issues such as national or sectoral collective bargaining negotiation (European Commission 2015). In these circumstances, industrial relations' agents at organizational level face several challenges affecting both the trust between the parties and the promotion of constructive conflict management. Here, we introduce these challenges, which are further developed in the following chapters of this volume.

1. Decrease of working conditions. As some of the examples in this introduction make painfully clear, increasing job quality, working conditions, and decreasing precarious work stays a major challenge. This is evident in many developing countries. However also in western societies the decrease in the quality of work and the increase of job insecurities create tensions in the workplace and rise inequalities of wages and incomes (Bosch 2015; Keune 2015). A weak position of trade unions is seen in many societies. And also in western societies, the position of trade unions decreases. The tendency towards individualized employment relations furthermore hinders an improvement of collective labor conditions, and results in inequalities among employees, with risk or erosion of trust.
2. Deinstitutionalization and alternative forms of employees' representation. Almost universally trade unions membership has been in decline (Hyman 2015; Sen and Lee 2015). This makes workers search for new forms of employee representation parallel to the unionized system (Hayter 2015). This is a challenge for the trade unions as well as for the management. Both parties share the need to attract competent and motivated employees to negotiate efficiently

- (Euwema et al. 2014; Visser 2010). The decline in traditional industrial relations institutions urges the renewal of trade unions (Sen and Lee 2015). (See more in Martinez Lucio, Chap. 2 in this volume).
3. Globalization. Many businesses have become international; they are transnational in ownership and in their production strategies (Hyman 2015), and act in the context of global markets. This is challenging both for organizing collectives of workers, and challenging for industrial relations agents, who need to understand the new international dynamics with special attention to the employment regulations. This handbook shows cases in diverse contexts such as South Africa, China, Australia, Europe and the United States to offer a global perspective of industrial relations. Indeed, the traditions and practices largely differ.
 4. Decentralization in collective agreements from sectoral to organizational level and the decrease in the collective bargaining coverage. Decentralization of collective bargaining was seen as a measure to better align wages with productivity at local and firm level. There is a clear trend towards framework agreements, which makes more and more room for negotiation and decision making at company levels (European Commission 2015; Gold et al. 2010; Marginson 2015; Visser 2010). Flexibility in agreements clearly challenges social dialogue in organizations. Where 20 years ago agreements were negotiated on most important issues between employers and unions at national or sectoral level, today, negotiations on working conditions, health and safety, working hours and pay become issues at the table at organizational level (Carley and Marginson 2010; Molina and Miguelez 2013). In addition, the stricter regulations and the changing practices make it increasingly difficult to extend collective agreements to a wider share of employees (Bosch 2015; European Commission 2015).
 5. Individualization of employment relations. A steady decline exists in the percentage of workers whose wages are set by collective agreement (European Commission 2015; Keune 2015). While collective rights protect workers and express solidarity, more and more employers and workers are negotiating individually. This is due to the “desire and ability of employees to manage their career individually, and the scepticism concerning the relevance of collective labour relations” (Keune 2015, p. 48), challenging the role of industrial relations actors at organizational level and affecting the asymmetry of power relations between capital and labor (Keune 2015).
 6. Participative decision making processes. Societies with a strong social dialogue perform better (European Commission 2015). Social dialogue as a form of employee participation in the organizations increases the need of employees’ competences and this is becoming a challenge to industrial relations actors (Euwema et al. 2014). Another challenge linked to participative processes is the power asymmetry (see Fells and Prowse, Chap. 6 in this volume) and the dimensions of equity and voice (Budd 2004) which are further developed in Chaps. 9 (Jordaan and Cillie) and 12 (Gartzia, Amillano, and Baniandres) in this volume. As Hyman (2015) wrote recently “the balance (or imbalance) of social power can be decisive in determining outcomes”, therefore the balance of power in participative decision making process becomes a challenge.

7. Adaptation to environmental changes. New laws and regulations and new needs such as sustainability and green issues require decisions to be taken collectively, often at organizational level. These decisions usually impact work procedures as well as labor contracts. For example, replacing company cars for access to public transport. Therefore, workers should be involved in the decision making which will bring higher commitment to the decisions taken (Richardson et al. 2010).
8. Supporting diversity and gender equality. Hayter (2015) affirms that inequality and insecurity are the most significant labor problems of our era. At organizational level, industrial relations agents play a key and demanding role in ensuring workers equality and security. Promoting diversity and gender equality in industrial relations has become a priority (see Gartzia, Amillano and Baniandres, Chap. 12 in this volume).
9. Digital workplace. Rapid advances in technology have changed the way of working and are promoting the so called “new ways of working”, where employees are able to work free of time and place constrains. These new forms of work challenge traditional forms of management and teamwork, as well as impact the balance and boundaries between work and private life. Conditions under which these forms of work can be implemented are debated widely, related to issues of voluntariness of working at home, equality, health and safety and management (Dhonst and Van Hootegen 2015; De Spiegelaere et al. 2014).
10. Ageing and youth employment. Managing differences between generations and rights of starters has become a major issue in many societies. Youth (un)employment is a significant problem in certain countries during the last economic crisis. In Europe – with significant country differences – an overall of 23 % of young people aged between 15 and 24 years can’t find a job (Mascherini et al. 2014). This percentage gets higher in countries such as Spain (54 %) or Greece (57 %) (Eurostat 2014). Industrial relations agents face challenges in trying to improve access to the labor market for young people and in offering quality in those positions (European Commission 2015). Older employees protect their rights, however face collective layoff in many situations, creating social dilemma’s between different groups of employees.

This handbook should be of interest for practitioners (i.e. employers, human resources managers employees, employee representatives, union leaders and policy makers) as well as researchers and students interested in labor relations, trust and conflict management. This handbook contains, including this introduction, 13 chapters, which are shortly described below.

In Chap. 2, Martinez Lucio shows a portrayal of current industrial relations and explains the decline of workers representation linking it to the difficulties that representatives face due to the complexity of the labor environment demands. The chapter proposes the need of an expert knowledge and detailed interventions.

In Chap. 3, Garcia, Pender, and Elgoibar offer an overview of previous research on trust and conflict management in industrial relations and address the relation between trust and conflict management at this level in organizations.

In Chap. 4, Tjosvold, Wan and Tang explore the interrelation between trust and conflict management. Following the theory of cooperation and competition, Tjosvold and colleagues demonstrate that open minded discussions are the key to manage conflicts constructively and trust in the relationship. The authors analyze implications for constructive conflict management and trust building in Chinese and other traditional Asian organizations questioning the common theorizing that avoiding conflict is very useful in China.

In Chap. 5, Fells and Prowse analyze how the asymmetries between employers and employees regarding information exchange, nature of the parties, privacy and strategic motivation influence negotiation outcomes. The authors argue that these asymmetries shape the negotiators behavior towards competition. This competitive influence can be mitigated when trust is earned between the parties, and this can be achieved by three elements: respect and legitimacy; consistency of approach; and exchange of information. Several cases are presented as practical illustration.

In Chap. 6, Lewicki, Elgoibar and Euwema explore the concepts of trust, distrust, trust building, and trust repair between management and employee representatives. The authors present the ‘Tree of trust’, to analyze the levels of trust and distrust in the organization, and present interventions to reduce distrust as well as rebuild trust.

In Chap. 7, Nauta, Van de Ven and Strating use an action research approach to demonstrate the need of addressing trust explicitly as a tool that leads towards integrative and socially innovative agreements. The authors explain three cases in which they intervened to restore or reinforce trust between management and employees (and their representatives) in Dutch organizations. Intervention methods used depend on the specific needs, and include appreciative inquiry; golden circle word cloud; and interests’ cards.

In Chap. 8, Guest focuses on the current individualization of employment relations and explores the relevance of psychological contract as a conceptual framework. The link between trust and psychological contract is explored as well as the dynamic nature of the psychological contract. Guest argues that there is need for a psycho-social or collective psychological contract in organizations, as framework for employment relations.

In Chap. 9, Jordaan and Cillie focus on how to build and implement a collaborative workplace culture and “conflict wise” organizations. Relying primarily on their experiences in South African industrial relations, they analyze how to improve the level of trust through voice, engagement, efficacy and equity, at individual and collective level in organizations. These interventions should be based in a framework of consultative management. The authors put forward suggestions for organizations to become ‘conflict wise’ by overcoming union and employer resistance.

In Chap. 10, Kozusznik and Polak explore the global decline in trust and analyze the paradox of trust in industrial relations from an ethical perspective. Additionally, they describe the relations of trust with openness and transparency. They argue that modern organizations should embrace openness and exchange of thoughts and ideas, accepting that all parties in organizations should have a balanced influence on decision making. To achieve this, they introduce the concept of *deinfluentialization*,

deliberately reducing ones use of power, particularly by the most influential actors, to promote dialogue and trust.

In Chap. 11, Cruz Villalon explores the role of labor law in relation with mutual trust in organizations. He argues that labor law originally is conceived as reactive, in the sense of a system which responds to lack of trust, however labor law can and should be a tool to promote trust in organizational relations. He pays special attention to the differences, compatibility and complementary of hard and soft law. Hard law includes the traditional system, in which power is attributed to the main actors; and soft law, including alternative dispute resolutions systems, as efficient instruments to develop trust.

In Chap. 12, Gartzia, Amillano and Baniandres review evidence that, despite many positive developments, conditions of employment such as wages, job security, or access to power positions still often disadvantage female employees. The chapter identifies strategies that might help women overcome current obstacles and gender biases, and highlight the role of (and benefits for) industrial relations agents in such transformation toward gender equality.

In the final Chap. 13, Munduate, Euwema and Elgoibar elaborate on a common assumption of the chapters included in this handbook that states that trust and cooperation are fundamental elements of contemporary employment relations. These assumptions arise from the strong believe that employers and employees are essentially and positively dependent on each other. The authors address the question of whether cooperative outcome interdependence per se is a necessary and sufficient condition for constructive conflict resolution using the analytic frameworks provided by social exchange theory, and theory of cooperation and competition, and set an agenda for future research as well as focal points for industrial relations at organizational level.

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Chapter 2

Myths and Fantasies in Discussing the End of Organized Labor: What Do We Mean When We Say There Is a Crisis of Labor Relations?

Miguel Martínez Lucio

Since the 1970s and especially the 1980s a general discussion has focused on the idea of trade unions being an increasingly irrelevant part of the European economy and society. There has been an ongoing discussion and set of interventions that have pointed to how economic and social changes – and increasingly political ones – have led to a hostile set of environments for worker representatives and trade unions especially. From the notion that workers are more individualized, to the fact that employers are more mobile and can withdraw from unionized environments, to the way governments have limited the rights of trade unions in terms of collective bargaining in some instances, there is seen to be a significant shift away from the more organized and bargaining based culture which some regard as having determined European labor relations.

However, what exactly do we mean when we speak of a crisis of trade union representation as in the case of Europe which has more systematic and – in general – legalistic systems of worker representation? What are its causes and what are its effects? In particular, is it a straightforward development, given that there are multiple factors and changes? How does the trade union movement respond to these changes and what does that mean in turn? Is it really a crisis of trade union roles or is it more a case of competing pressures and complexities which require an enhancement of trade union representation given that these social changes in fact also challenge the social and organizational roles of management and the state, let alone just trade unions?

There is an uneven understanding of labor and employment relations – and unions – academically beyond the specialist study industrial relations and labor history, and perhaps we need to be cautious of the fact that what we are seeing is

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more complex, with ramifications for other social actors and not just the labor movement. In this chapter I will argue that questions of change are multi-dimensional, that trade unions have indeed developed innovative strategies in relation to them, and that a much deeper challenge is the question of how worker representatives cope with the breadth of changes within the workplace, labor market and the social context. I will start with a basic outline of this question of trade unionism, how its decline is to be understood, and how we need to think more positively about trade union engagement. I will end with a discussion on the deeper crisis of change within organized labor in relation to this issue of having to cope in the face of fragmentation and the multiple roles brought about by this change. The argument is that there is more an issue of overloaded agendas and problems of coping and managing the question of representation and rights. This has ramifications in terms of how conflict is managed and or developed: it means that a range of new conflicts and tensions around emerging social issues and new forms of exploitation at work are not always systematically addressed and engaged with.

Understanding Organized Labor

The debate on trade unionism varies in terms of its role and contribution. Amongst those more aligned to the trade union movement there has always been a concern with the manner in which trade unions act primarily as organizations defending their members' immediate economic interests (as discussed by Lenin; see Hyman 1975). However, there is also a perspective that sees trade unions as capable of being transformative bodies that challenge the power of hierarchies and the injustices of capitalist society (see Hyman 1975 for a discussion of these optimistic and pessimistic approaches to trade unions and their role in a broader political sense). This narrative of uncertainty is common and shows that – even when trade unions were significant, deemed to be politically important, and having some type of influence over economy and society – their longer term impact has always been a subject of discussion: do they sustain unfair practices within a capitalist system or do they contribute to the broader distribution of economic resources?

Within the sociological and economic study of trade unions we can see this tension in terms of the broader role of trade unions. On the one hand, there has always been a view that argues that, in defending the conditions of one part of the 'core' workforce, trade unions have reinforced an insider/outsider relation between those with core or stable jobs and those without them. Many academics have pointed to how this duality within the workforce has been reinforced through gender and ethnic hierarchies, as for long periods of time trade unions were seen as the preserve of male workers from the majority ethnic background (see Grint 2005 for a discussion). What is more trade unions can become bureaucracies which do not always respond to the needs of its membership or the workforce at large – although this

critique emerges from both the right and the far left of the political spectrum albeit for different purposes (the former to question trade unions and view them as obstacles to individualised labor markets, and the latter to view them as obstacles to a more emancipatory critique of those types of labor market). More recently, in countries such as Spain, we have seen the conservative right portray them as organizations that block a greater mobility of labor, whilst the new left sees them as locked in the system of a corporatist state (criticisms which are more ideological than consistent in the eyes of many commentators; see Fernández Rodríguez and Martínez Lucio 2013).

Yet one has to be cautious about the decline – or supposed decline – in trade union influence as it cannot be linked to this supposedly ‘closed’ or ‘exclusionist’ role they have played, for this would ignore the way they have contributed to major social, economic and political developments. Many also forget the fact that unions change, develop, reflect their environments and contribute in quite complex ways. Historically they have contributed in very innovative ways, as in the case of the UK since the mid-nineteenth century. They have been pioneers in a range of developments (Martínez Lucio 2014), including democratic practices in terms of meetings and policy-making procedures at the organizational level, and more broadly they have intervened in political developments as in the emergence of the Labor Party. They have been central to arguments about the development of the welfare state and welfare support more generally as well as having been pioneers of democratic processes within companies through collective bargaining and various forms of industrial democracy. Since the mid- to late-twentieth century they have responded to the greater call for gender and racial equality by opening themselves up, and in some cases leading debates where once many trade unionists would have been less inclined to do so. They have driven health and safety agendas and been pivotal in widening the concerns with the negative effects of work in terms of labor intensification. Health and safety representatives are an important feature of many British workplaces where trade unions are present. In effect, the role of unions has been diverse and has pushed forward in some cases a more social sensibility within employment and the workplace.

Quite often the understanding of this historical role is lost in the new wave of anti-unionism outlined above which has emerged from various quarters, and that sees trade unions as linked to specific questions of wages and industrial conflict. The question of worker representation and unions has been the subject of gross misrepresentation, regardless of the labor and employment relations (formerly industrial relations) subject area and the insights of academia and its study of trade union innovations. What this means is we are left with an uneven picture of what unions do and why they do it.

Understanding the Question of Decline and the Nature of Trade Union Renewal

If we are to move away from a political or ideological understanding of decline then we must begin to understand the different levels of change that trade unions are facing in the environments they operate in. It may be these changes are related or reducible to general changes in the system of capitalism, such as in a move to a more globalised economy and a more rampant form of capitalist behaviour. Whether these are responsible for all the subsequent social and political changes, such as the fragmentation of the workforce or the even more explicit employer orientation of the state, is another matter. However, given our limited space here, we should focus on the question of the different dimensions of change and how they affect the power and role of trade unions and worker representatives more generally. Using an updated framework presented a decade ago by the author (Martínez Lucio 2006) we can outline the way unions have been challenged through structural changes in the realm of the political, the economic and the social (see Table 2.1).

Firstly, within the workplace and employing organizations there is the process of the decentralisation of, and in, production; and this takes on two characteristics. There has been greater emphasis on cost centres, teams and line management on the one hand; and local management decision-making, albeit within a more financialized set of controls, within industry on the other hand (Thompson 2011). Capital increasingly desires to develop greater organizational sensitivity to markets and responsiveness in terms of its workers. Central to this is the question of outsourcing and the greater use of a more agency-based and indirect labor force (MacKenzie and Forde 2006). This creates highly complex spaces which are difficult to organize (MacKenzie 2010), and this corresponds to a new logic of the firm.

Secondly, the way management subsequently evokes the market and links worker interests to that of the customer in terms of the need to placate customer demands becomes more visible. The cult of the customer and greater performance management (see Du Gay and Salaman 1992; Garrahan and Stewart 1992) is an important development which aims to swerve loyalties away from the union and the collective.

Table 2.1 The crisis of organized labor

Dimensions of activism	Crisis of organized labor
Workplace	Decentralisation in the firm and the workplace through teams, cost centres and outsourcing
Management and labor utilisation	New forms of labor utilisation through the quality and consumer paradigm
Social context of work	Fragmentation and individualisation of the workforce
State and regulation	Changing state roles and its decentralisation
The global dimension	Globalisation: the new international dynamic and the gaps in labor in the face of Multinational Corporations (MNCs)
The communication sphere	New forms of communication and the decline of public space and collectivism

The space of production and service delivery is contested with direct forms of engagement between managers and workers becoming focused around business agendas.

These changes at the production and workplace level have been well catalogued in recent years (Stewart et al. 2009). Yet – thirdly – they coincide with social changes in the workforce in the form of their greater diversity and a greater degree of individualisation and change. There are many reasons that lead to this and one could argue that the workforce has always been fragmented with a core male constituency which has been protected (Jenkins et al. 2002). What these new changes mean is that trade unions are locked into representing parts of the workforce and are unable to reach out, given their identity and policies, to less protected or new constituencies of workers. In this volume Guest (2016) argues that the classic employment contract has given way to a new form of individualised psychological contract: this means that workers are more concerned with questions of learning, dignified treatment, transparency, and personal development and not just traditional issues in terms of basic conditions and wages. This view presupposes that many workers engage in a professional or advanced form of workplace – and does not quite engage with more vulnerable and exploited forms of work – but the narrative is important because it suggests that social changes lead to new issues that require a new employer-employee dialogue and sensibility.

At the level of the political, the state is seen as withdrawing from being the protector of the social wage and the role of trade union collective rights. This fourth dimension means that unions cannot easily rely on the state and its political allies within it since the capacity of the state and the orientation of it as an ensemble of institutions has been undermined and has shifted towards a more market driven agenda. This neo-liberal shift in the state has made it more difficult for the unions to influence the politics of work and employment (Howells 2005). In great part this is due to employers breaking their national allegiances and national proclivities, preferring instead to be more mobile between national economic regimes so as to suit their economic objectives for lower labor costs (although the extent of that mobility is questionable; see Lillie and Martínez Lucio 2012 for a discussion). In effect, employers are not forced to work with and engage over the long term with organized labor at the national level, and this can be seen as a fifth dimension: new global developments can fundamentally undermine national regulatory systems, and actors as trade unions are locked into national spaces in terms of their organizational habits. This global shift parallels the changes in the communicative sphere – a sixth dimension – as information and the media are much more diverse and multi-polar, focusing on a more individualised set of communications and activities. The question of social fragmentation is mirrored in the decline of the utility and reach of the trade union message through meetings and traditional publications (Greene et al. 2003).

Hence, change and decline are complex and diverse: they are clearly linked but they operate at different levels, breaking (perhaps) the reach, influence, loyalties, message and relations trade unions have. Social and economic change reduces the ambit of trade union influence. However – and here comes the ironic twist – one can also see a way in which revitalisation could occur through the dimensions outlined

Table 2.2 Revitalisation and change

	Crisis of organized labor	Union change and revitalisation
Workplace	Decentralisation in the firm and the workplace	The enhancing of collective issues and a new politics of production
Management and labor utilisation	New forms of labor utilisation through the quality and consumer paradigm	The development of a new consumer politics and alternative views of quality management
Social context of work	Fragmented boundaries in social terms and the decline of conflict	New forms of social movement unionism and links between production and consumption issues; migration and new collective identities; new forms of strategic labor conflict and media informed activism
State and regulation	Changing state roles and its decentralisation	Operationalising the state and service provision through social actors such as unions, developing training and inclusion projects
The global dimension	Globalisation: the new international dynamic and the gaps in labor	Networked unionism and new transnational structure
The communication sphere	New forms of communication and the decline of public space and collectivism	Technology and virtual representation

above and as summarised in Table 2.2 which further expands previous work by the author (Martínez Lucio 2006).

The trade union ‘revitalisation’ issue is one that has generated a range of literature and which forms an important part of the labor and employment relations agenda (Frege and Kelly 2004; Simms et al 2012). Trade unions can be highly creative bodies with a strong set of formal and informal structures which are to varying degrees responsive to change. In terms of the dimensions above it was argued almost 20 years ago in a pioneering study by Peter Fairbrother (1994) that decentralisation can contribute to a greater degree of trade union activism within the workplace due to the issues and problems emerging from it in terms of the abuse by management of performance measures or the fallibility of line managers in the face of new forms of people management. Taylor et al. (2003) have pointed to how trade unions are responding in various contexts to the way performance management and control are deployed, and raising the issue of stress and burn-out in political ways. The reassertion of management prerogative through new workplace practices forces unions to reconsider their agendas. In the motor industry, Stewart and Martínez Lucio (1998) noted that the development of labor intensification measures and quality involvement mechanisms led to a new politics of production where health and safety issues, questions of working time and general problems of workplace dignity have become much more significant and contested. Hence, decentralisation and organizational change in the broad sense of the term, coupled with the greater exposure of the

workplace to economic and market pressures, is giving rise to a new set of initiatives and issues.

What is more trade unions have become much more aware of the need to organize and address workers that are indirectly employed or working through employment agencies (MacKenzie 2010). These strategies are common in the USA and the UK where employers are targeted and workers organized in order to raise the issues of poor working conditions and low wages. Trade unions are therefore developing a more flexible set of networks and activists to work beyond the main organized workplaces, even in places such as the Netherlands (see Connolly et al. 2014). This runs parallel with the greater attention being paid to equality strategies by trade unions, especially in various parts of the OECD area (Kirton and Greene 2010).

At the level of the state, trade unions have not been slow to engage with learning resources and the agenda of training, for example, and therefore play new roles in offering support for the personal development of workers (Stuart 2007). Social dialogue in the EU and in many national contexts has, since the late 1980s, begun to see highly innovative workplace and community learning strategies aimed at marginalised and less flexible workers. In the case of the UK, the state during the Labor Governments of 1997–2010 supported a range of innovation projects by trade unions that addressed the needs of vulnerable workers in terms of rights and information (Stuart et al. 2013). Some have argued that such strategies, or those that are focused on particular and piecemeal strategies, rely on the state (see McIlroy's 2008 critique of learning strategies and state funding of trade unionism), though they seem to represent a level of social dialogue activity which concerns the renewal of trade union roles around a range of agendas such as female activist training and disability support.

At the global level the last 20–30 years have seen a greater level of coordination between national trade unions through a range of sectoral and confederal transnational organizations. There are also increasing numbers of Transnational Collective Agreements signed in leading MNCs, such as Volkswagen and Banco Santander, between senior management and trade unions which provide a framework of support for union and workers' rights: they may not be that extensive but they form a new level of activity and support (Hammer 2005). In fact we are seeing trade unions engage with a range of communicative strategies to support such developments and create ongoing forms of dialogue across boundaries which assist with the coordination of company focused campaigns and negotiations (Greene et al. 2003). One cannot yet speak of a 'golden age' of international industrial relations but there are ever increasing examples and developments in terms of international trade union campaigning, organising and negotiation.

So speaking of an age of crisis and decline needs to be nuanced when discussing trade unions. We have seen innovation and change, but we are not yet able to see a fundamental and Copernican revolution in the way the employment relation is regulated, though there are more than enough signs of a transformation of union sensibilities and strategies.

However, since 2006, when the ideas were outlined in terms of Tables 2.1 and 2.2, the situation and context for labor rights, let alone trade unions, has seen a set

of serious challenges which have further undermined such renewal or revitalisation efforts. These represent an intensification of some of the negative trends outlined in Table 2.1.

Firstly, the economic crisis in various nation states started by the financial and banking crisis has brought a wave of state restructuring and withdrawal from social policies in such countries as Portugal, Spain and the UK. The restricting of welfare rights and resources have been paralleled by the emergence due to ongoing outsourcing and flexible employment measures of a more marginalised workforce which on this occasion is also affecting the middle classes and more educated levels of the workforce. The employment experiences – or lack of experience – are extremely negative and we are seeing a more extensive and embedded precarious workforce especially across a range of social categories (Standing 2011). The challenge to the trade unions is that organising such workers is difficult given their distance from the organized and standardised dimensions of the labor market: what is more in some cases the unions are seen to be the representatives of a more protected workforce in cases such as in Spain and its new social and political movements as exemplified by *Podemos*.

To add to this social and economic challenge, there have secondly developed in many national contexts, especially in the south of Europe, a range of public policies aimed at weakening industrial relations and collective bargaining rights in particular. This was common in the UK and the USA in the 1980s, but this neo-liberal turn in state policy in relation to collective rights has been more apparent recently in southern and eastern European countries. For example, time off for trade union duties as well as resources are being challenged in a range of contexts.

Thirdly, the changing character of management – that other side of the negotiating table when it comes to social dialogue (or the third part of the negotiating table if you prefer the ‘tripartism’ metaphor) – has brought a change of orientation given the ongoing ‘Americanisation’ of management education and practice, with its emphasis on marketisation and its denial or ignoring of worker rights (Boltanski and Chiapello 2005; Dubin 2012). We are seeing an active anti-trade union politics linked to a more aggressive right-wing political discourse. It is not just a case of social or labor orientation amongst management – or the lack of it – but also the ongoing limitations placed on human resource managers in relation to such orientations by the ever increasing financialisation of management (Thompson 2011). We are seeing a crisis in the autonomy and social orientations of management irrespective of the rhetoric of corporate social responsibility. This is so often missed in debates on trade unions, i.e. the capacity and orientation and inclinations of management in relation to social agendas and their ability to support trade unions and broader social initiatives. The problem is this is not a crisis of labor relations but a crisis of regulation and representation generally: that is to say it a crisis of the complex and once mutually supportive relations (even if there were tensions) that formed the nature of industrial relations and management during the latter half of the twentieth century especially in Europe.

What we are seeing is a new environment which is challenging the renewal process of organized labor. It is deepening the structural crisis in many ways, especially as the state continues to retreat from a more active and supportive role. Social dialogue in general terms requires some aspects of mutual engagement, and state and employer actors are less engaged than they were in the past in this respect: the crisis of organized labor, if one can call it that, is partly manufactured for political reasons as well.

Rethinking What We Mean When We Say There Is a Crisis of Labor Relations: The Issue of Coping and Engagement with a More Diverse and Fragmented Workforce

We need to be aware of the complex nature of change in labor relations. We need to be sensitive to the ways regulatory spaces (see Mackenzie and Martínez Lucio 2005) are shaped and reshaped: how they are contested and engaged with. There are multiple challenges to organized labor, but you could argue they are also challenges to the question of social responsibility and social organisation and even management generally. So the challenge that is re-emerging is that we need to think closely as to this narrative of relevance in relation to trade unions because the crisis is not one of *relevance* since in many respects unions are more required and relevant than ever before given the changes at work and in employment. Furthermore, I would argue that the challenge to organized labor is not one of irrelevance but of coping with complex changes and an intense array of new workplace and work related politics and issues – in fact one could argue that this is the case regarding human resource management as well.

The issue is that the needs and demands of workers in an uncertain and precarious age are getting even more uncertain. In a seminal piece on trade union revitalization Wever (1998) argued that trade unions respond to change by organizing new members through coordinating multiple social interests in the face of the failures of capitalism. In effect trade unions can address the diverse needs of workers and the role of public goods by field enlarging their role: ‘Union power has long been built on an encompassing understanding of the needs of workers in capitalist society, joining solutions to social welfare problems with solutions to public goods problems and/or market failures’ (Wever 1998, p. 403).

Furthermore, and more specifically, in research across a range of projects Munduate et al. (2012) argued that we need to understand how worker representatives have to be understood across a range of practices and arenas within their work. They point to a range of challenges and tasks as follows which now constitute the complex realities of workplace representatives.

As presented in Table 2.3, what we see if we look closely at the list below is that the trade union and worker representative has *multiple and even competing* forms of *relevance* which require a range of resources and supports. The world of work has

Table 2.3 Challenges and tasks of the new worker representative

Flexibility and work: the challenge of engaging with diverse worker roles;
Employability: the challenge of learning and personal development of workers;
Social dialogue and trust building: the challenge of trust building within the organisation;
Corporate social responsibility: the development of broader union roles in social terms;
Mediation of conflict at work: the importance of representing individual cases and mediating individual and collective conflicts;
Competences and abilities of trade unionists: the question of development for representatives themselves;
Membership and attracting people to union roles: the marketing and recruitment function of the trade union;
Enhancing union influence: building profiles and image to sustain influence;
Pressures on trade unionists and workplace representatives and at work generally: dealing with the challenge of trade union roles in terms of work–life balance and others.
(Munduate et al. 2012)
In addition one could add:
Equality and new workplace issues agenda: awareness of diversity in the workforce;
Increasing legal regulation, law and the individual: the increasing regulation of employment in individual terms.

become more fragmented and more complex, not less complex. The question of representation requires highly specialised knowledge and detailed intervention – in many cases this is highly individualised. There are a multiplicity of issues and an evolution of a complex workforce and context. Much responsibility is falling on trade unions and trade unionists to pick up the pieces and especially those related to the crisis of management and other work issues, as well as the crisis of the state and enforcement.

The challenge – therefore – is to develop a broader vision of regulation and social rights, including social partner responsibilities. The need to support representation requires partnering or joint action with other bodies (the state and/or employer and/or civil society) in a deeper and more sustained manner based around an alternative democratic narrative of representation and diversity – one which the state and employers respond to in very uneven ways. The question is to how you partner and with whom – as no social or economic actor can achieve objectives purely in terms of their own structures. Levesque and Murray (2010) argue that when we think of trade union power we must think in terms of questions such as internal solidarity, network embeddedness, the narratives that frame their action and resources/capabilities. It is clear the challenges are emerging across all these dimensions to some extent but the latter point is especially relevant for this chapter as in the face of extensive change and fragmentation trade unions find that they are left with less resources (human and other) for coping with the challenge of representation and subsequent mediation. Thus the support of worker representation is a major feature of not just ‘union power’ but the ‘representation of workers’ and the enactment of duties and rights within the firm. Building trust requires independent and autonomous representative mechanisms which can ensure that the new demands of the workforce and the working environment are met in socially oriented terms.

Conclusion

So we need to rethink what it is we mean when there is a crisis of labor representation: the world of work is multiplying in terms of issues and we need to think of capacity, politics, regulation and the general social and political effort that is now required to create genuine support and meaningful interventions at work. A crisis is not about decline per se, it is also about being able to *cope* in the face of ever complex demands. This is a crisis of coping and representation for all the social actors and agents committed to social dialogue and democratic engagement (even perhaps to the 'social' aspects of management itself), no matter how we define social dialogue in general. In the end, the question of fairness and regulation and dignity needs voice and that in turn needs trade unions, so this is an important issue. David Guest in this volume (Chap. 8) talks of a move from the classic industrial relations contract to the new psychological contract based on broader and more individualised relations and discussions between the employing organisation and the worker. However, this shift – which may not be that systematic anyway – requires agents and structures to negotiate and sustain these relations and their 'agreements'. In that sense the older industrial relations structures may have much to say and contribute as guardians of such psychological contracts.

Trade unions remain highly significant actors within democratic societies of one form or another. Their role can be ambivalent as they couple corporate and social interests in various ways. The changes we have seen in the European Union especially since the 1970s have not eliminated trade unions as in many cases they remain valid and even capable of administering political and economic influence. What I have argued is that we need to understand the complex and diverse challenges to regulation. We also need to understand the way trade unions have responded to these, even if the current context has seen the very system of regulation and rights challenged in some cases. However, the challenge I bring out is that we need to look at the crisis or changes as being linked to the *multiplicity of roles and the diversity of workers and needs* that have emerged alongside a more hostile political climate. In a more fragmented context organisation is always a challenge, but if these fragments and diverse spaces are to sustain a semblance of civilised and social conduct then representation and democratic engagement is a fundamental prerequisite. Trade unions are essential to these prerequisites if we are to sustain a social perspective and in fact even try to deepen it with the spheres of work and employment. In that sense the generation of trust and dialogue is a matter for the state and all actors to consider. Without the preconditions of support through legal rights of a collective and individual nature – plus the role of the public sphere in developing a framework of learning and support – then the space of the firm which is fairly limited in its democratic inclinations anyway tends to further reduce the scope for the enactment of worker rights.

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Chapter 3

The State of Art: Trust and Conflict Management in Organizational Industrial Relations

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The aim of this chapter is to explore the role of trust and conflict management in Industrial Relations (IR) within organizations. First, we offer a short review of trust and conflict management from different theoretical perspectives. Secondly, this chapter offers an overview of key empirical studies on trust and conflict management in the specific context of industrial relations. We summarize findings relevant for the different partners and set an agenda for future research.

Introduction: Trust and Conflict Management

The autumn of 2014 was dramatic for Air France-KLM; one of Europe's largest airlines, was the protagonist of the longest airlines' strike since 1998. After the announcement from Air France-KLM of their intention to cut out 800 positions and carry on other supplementary savings in order to better resist the wild competition from low cost companies, the Air France pilots reacted going on a strike which lasted 2 weeks. This resulted in an estimated loss of over €500 million, which together with the already poor financial results that book year, was enough to wipe more than a fifth off its estimated full-year core profit (Mediapart 2014).

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Trust from co-workers in the company's management politics was already very weak, and this last announcement resulted in further uncertainty and destruction of an already damaged relation between management of Air France and their employees. The conflict management of the French pilots was said to be competitive, aiming to win on the expense of the company; however, despite continued deadlock with managers over the development of the firm's low-cost operations, pilots suspended the strike when the final decision was not taken.

A break down on trust, at all levels, resulted from these negotiations which ended up with unfulfilled expectations over the table of Air France. Also, tensions between different groups of employees (pilots, crew and ground staff), and between Air France and KLM increased. This case shows the strong interconnection between competitive conflict management (in the form of forceful reorganizations, strikes, and power play between the parties) in a context with already original low levels of trust, and the resulting further break downs of an already stressed social climate.

Could these industrial relations have been more constructive? We believe indeed, this was possible. Let's go back a few years, and across the channel, to the UK, for a second case.¹

Employment relations at 'PCT' -a primary care NHS trust in the UK- were anything but friendly. Conflicts of interest were dealt within an adversarial and confrontational manner. As one union representative put it: "It was 'them and us', batter the barricades the old fashioned way. If there was a problem just hit it head on". Union-management relations were characterized by mistrust and suspicion and, in consequence, issues were directly dealt with through formal channels. Furthermore, when these formal grievance and disciplinary hearings took place, they were conducted in an adversarial manner.

This was the scenario before Saundry and colleagues in 2008 implemented training in mediation for both HR managers and union representatives. The focus of this training was on shifting attitudes, bringing issues out, and encouraging an open and informal dialogue. A union representative explained that this acknowledged the fact that they do have issues and promoted trust development between both parties. The development of trusting relationships between the HR professionals and trade union representatives involved in the mediation scheme shaped attitudes to conflict and fostered a much clearer focus on resolution as opposed to confrontation. This attitude also passed on to other employees, as they observed and learnt from behaviors of key actors, who represented them and who they trusted. Even union recruitment saw a positive impact due probably to an improvement of the image of unions, now seen as collaborative and effective.

The case study at PCT is an example of how investing in constructive attitudes in order to foster high-trust relations and particularly to encourage a more co-operative approach to conflicts pays off in many ways, such as an improvement in the company's ability to resolve disputes or higher and better union recruitment.

The limited availability of resources for organizations (Carley and Marginson 2010) together with tendencies towards deregulation, more flexible labor arrangements and individualized contracts (so called i-deals), has placed labor negotiations more at

¹Example based on the case study by Saundry et al. (2013).

the organizational level, certainly in Europe (Glassner et al. 2011). More conflictive issues are now at the table of works councils and other bodies of employee representation, such as health and safety committees. The attitudes and abilities of both parties when managing conflicts, combined with the conflict strategies they implement, will determine in practice the quality of the agreements they will reach and therefore the improvements for both workers and organizations (Elgoibar 2013; European Commission 2012; Visser 2010).

That being the case, a review on what has been researched on trust and conflict behaviors by the different parties at the table, is essential to understand the decision making processes that will lead to labor agreements in the short future. We start with defining the key concepts, and present the limited research afterwards.

Defining Trust: The Long-Term Perspective

Industrial relations traditionally have developed on a basis of fundamental conflict and adversarial relationships between parties. The history of industrial relations is full of the struggle for workers' rights, and during the industrial revolution, relations were typically not based on trust (Van der Brempt 2014). Also today, we see in many societies and organizations opposition against unionization of employees, and even hostile relations between unions and organizations. Furthermore, the challenges of the current global market create a hostile environment in which distrust is as likely to be created as trust (Lewicki et al. 1998; Lewicki, Elgoibar and Euwema, Chap. 6 in this volume). Trust within industrial relations, trust between employers and employees, therefore is not evident. However, at the same time, employers trust employees to work in their organizations, and vice versa. Many companies recognize the vital importance of good relations, and the investment in developing such relations (Euwema et al. 2015). On the other hand unions emphasize the need of cooperation and trusting relations with employers (Munduate et al. 2012). There evidently is also a base for trust between these social partners, and for organizations to exist, cooperation is essential.

Some definitions of trust emphasize expectations, predictability, and confidence in others' behavior (Dasgupta 1988; McAllister 1995; Sitkin and Roth 1993). Yet other definitions emphasize that trust involves expectations of other's benevolent motives in situations that involve a conflict between self and collective interests (Holmes and Rempel 1989; Mayer et al. 1995; Rousseau et al. 1998). A generally accepted meaning of trust is the inclusion of vulnerability that involves acting in anticipation of positive behaviors of the other party in the future. In this sense trust is commonly defined as a belief (or expectation) about others' benevolent motives during a social interaction (Boon and Holmes 1991; Holmes and Rempel 1989; Hosmer 1995; Rempel et al. 1985; Rousseau et al. 1998).

Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another (Rousseau et al. 1998, p. 395).

Lewicki and colleagues (1998) point out that trust should be differentiated from distrust (see Lewicki, Elgoibar and Euwema, Chap. 6 in this volume). Trust concerning positive expectations of the other party and distrust concerning negative expectations from the other party.

Social Exchange Theory (SET) serves as a framework for exploring this relationship to understand how trust, loyalty and mutual commitment are evolved over time (Cropanzano and Mitchell 2005). The SET framework is primarily concerned with the factors that mediate the formation, maintenance, and breakdown of exchange relationships and the dynamics within them. Trust plays an important role in this framework. Both Blau (1964)² and Holmes (1981) identified trust as a key outcome of favourable social exchanges (see more in Munduate, Euwema and Elgoibar, Chap. 13 in this volume). When relationships conform to the norms of reciprocity and when the pattern of exchange is perceived as being fair, parties are more likely to believe that they will not be exploited (Blau 1964). Trust is proposed to be important in relationship development because it allows parties to be less calculative and to see longer-term outcomes (Scanzoni 1979). Put another way, through trust a party is able to expect fairness and justice in the long-term and therefore does not have to demand it immediately.

The long term perspective between social partners is an important issue in industrial relations not only for trust development but also for the structurally interdependent situation between them. How parties negotiate over interests, such as collective labor agreements or conditions for reorganization, or how they solve conflicts when it comes to (violations of) rights, depends to a large extent to the BATNAs (Best Alternative to a Negotiated Agreements) of parties. This is the perceived best alternative to negotiating. Usually within organizations, the BATNAs of employers and employees are interdependent. They are linked, so that in case of impasse one party's best alternative is the worst alternative for the other party. And what is more important, if one executes his best alternative in case of impasse, this situation directly affects and seriously damages the other party and viceversa. Typical BATNA's for employers are to close a production plant and move it to another –low wages– country, or replace groups of workers for other categories of workers, with usually less rights. BATNA for collectives of employees usually is limited to actions hindering the employer (i.e. going on strike). In the Air France-KLM conflict described above, the 2 weeks strike by Air France pilots had very negative consequences both for the financial outcomes and the social climate of the company as well as for the trust relationship between parties, in the same way that a potential lockout would have been disastrous for pilots. The example also shows that parties try to limit or weaken the alternatives of the other party, through making specific deals with subcontractors, or using publicity to influence other stakeholders. Therefore, in the industrial relations field negotiations between parties should focus on how to minimize the financial and social cost of disputes, including damage in trust relationships, more than maximizing gains.

²“The establishment of exchange relations involves making investments that constitute commitment to the other party. Since social exchange requires trusting others to reciprocate, the initial problem is to prove oneself trustworthy.” (Blau 1964, p. 98)

Defining Conflict and Conflict Management

Conflict is a component of interpersonal interactions, neither inevitable nor innately bad, however commonplace (Deutsch 2006; Schellenberg 1996). Conflict in the context of industrial relations is often approached as an intergroup conflict: capital versus labor, employers versus employees. Also at the organizational level, ‘management’ versus ‘workers’ has been a classic distinction. However, managers nowadays usually also are employees of the company. And management and employees together might line up against ‘capital’, for example in cases of multinational companies intending to close local branches. So, more blurred lines occur. Works councils are in many countries composed of both, employer and employee representatives (from now on referred to as ERs), which defines the classic labor-management conflicts now as a special form of intragroup or intra-organizational conflict, instead of inter-group conflict (Van der Brempt 2014). In organizations, management and ERs meet in different bodies. Here, the factional group paradigm might be helpful. Factional groups are defined by Li and Hambrick (2005, p. 794) as: “groups in which members are representatives, or delegates, from a small number of (often just two) social entities and are aware of, and find salience in, their delegate status”. The intergroup conflicts in the organization are thus represented at an intragroup level, in bodies such as the works council.

Social conflict has been defined in many ways. In this chapter we use the definition by Van De Vliert et al. (1995) who consider a conflict between two or more parties, when at least one of these parties is frustrated or annoyed by the other party. Conflict management is the response to this experience, according to the same authors. Comparably, conflict behavior is often defined as one parties’ reaction to the perception that one’s own and the other party’s current aspiration cannot be achieved simultaneously (Deutsch 1973; Carnevale et al. 1981; Rubin et al. 1994). It is both what people experiencing conflict intend to do, as well as what they actually do (De Dreu et al. 2001; Van de Vliert 1997). Conflict management encompasses the cognitive, emotional and behavioral responses in conflict situations. In the context of industrial relations at organizational level, parties typically meet to negotiate. However, this can include all kinds of different responses, varying from highly competitive, to highly cooperative. In the next paragraph we elaborate three theories on conflict management, before exploring the specific studies from our literature review in the context of industrial relations.

Conflict Management Theories

Several theories have addressed conflict management and conflict behavior. We discuss here shortly three of the most relevant theories, which are: the theory of cooperation–competition (Deutsch 1973), the Dual-Concern model (Blake and Mouton 1964), and the Conglomerate Conflict Behavior theory (Van de Vliert et al. 1995).

Theory of Cooperation and Competition

Deutsch' classic theory of competition and cooperation proved useful analyzing conflict in many contexts, including management and employees, and identifying constructive ways to managing it (Deutsch 2002; Elgoibar 2013; Tjosvold and Chia 1989). This well verified theory of the antecedents and consequences of cooperation and competition hardly had been used to study industrial relations in organizations, however allows insights into what can give rise to constructive or destructive conflict processes, also in employment relations (Elgoibar 2013; Munduate et al. 2012). The core of the theory is based on the perceived interdependence of parties. Positive interdependence promotes openness, cooperative relations, and integrative problem solving. Perceived negative interdependence on the other hand, induces more distance, less openness, and promotes competitive behavior, resulting in distributive bargaining (Tjosvold et al. 2014).

Dual-Concern Model

Among the most popular and broadly validated classifications of conflict behaviors is the dual-concern model (Blake and Mouton 1964; Pruitt and Rubin 1986; Rahim 1983; Thomas 1992; Van de Vliert et al. 1999). The model implies that the way in which parties handle conflicts can be described, and is determined by two concerns: concern for self (own interests) and concern for others (relational interests). These two concerns define usually five different conflict management strategies: forcing, avoiding, accommodating, compromising and problem solving (De Dreu et al. 2001).

This model is used both as a contingency model: describing under what condition what conflict management strategy is used best (Van de Vliert et al. 1995); however also as a normative model: promoting the idea that “integrating or problem solving” is the most effective strategy to manage conflicts, particularly for joined outcomes and long term relations (see more in Tjosvold, Tang and Wan, Chap. 4 in this volume; De Dreu et al. 2001; Tjosvold and Chia 1989; Tjosvold et al. 1999, 2014; Tjosvold and Morishima 1999).

Conglomerate Conflict Behavior theory

In industrial relations and in negotiations more generally, integrative solutions not necessarily imply also a strong impact on the decision making by both parties. Particularly when it comes to negotiations and decision making on conflictive issues between management and employees, competitive actions sometimes are needed to achieve a power balance. This was already recognized by Walton and McKersie (1994) and developed in the theory of Conglomerate Conflict Behavior (CCB) (Van De Vliert et al. 1995)

Tjosvold et al. (1999), define forcing and problem solving strategies as opposed. Other authors (Thompson and Nadler 2000) argue that parties in a conflict, in order to achieve their own outcomes and reach mutual agreements at the same time, try to combine both types of conflict behaviors (cooperative and competitive) (Elgoibar 2013). This is the basic assumption of the Conglomerate Conflict Behavior Theory (Van de Vliert et al. 1995; Munduate et al. 1999). This theory states that most conflicts and negotiation situations are complex and mixed motive. Therefore, the combination of different conflict management strategies is most common, and can be beneficial. Strategies, being either cooperation and competition, or forcing, avoiding and problem solving, are combined sequentially or simultaneously, or both. Several studies have demonstrated that competing behaviors (such as forcing), and cooperative behaviors (such as problem solving) do not necessarily exclude one another, however the combination of strategies contributes to effective outcomes (Euwema and Van Emmerik 2007; Komorita and Parks 1995; Munduate et al. 1999; Sheldon and Fishbach 2011). Most of these studies were conducted in organizational conflicts, however not related to industrial relations, including worker representatives and management.

Trust and Conflict Management in the Context of Industrial Relations: A Review

Trust and conflict management have received a lot of attention in the academic literature during the past 20 years, particularly in the field of organizational behavior. Surprisingly however, the organizational behavior studies focus on direct relations within organizations, while industrial relations typically focus more on trust and conflict between employers and unions. In this search we focus on the organizational level, and see what empirical studies have been conducted on trust and conflict management between employer/management on one side, and worker representatives on the other. We conducted a systematic literature review.³

We reviewed the literature of the past 20 years. The criteria for inclusion of papers was that they were published in peer reviewed journals and were referring to the organizational level. We included in our search both qualitative and quantitative studies. We found in total 11 papers addressing trust, 5 papers addressing conflict management, and 14 papers addressing both topics simultaneously. A selection of studies using quantitative data are summarized in Table 3.1. A selection of the studies analyzing qualitative data are summarized directly in the text.

³We searched Psycinfo, Business Source Premium and Web of Science. We searched for papers reporting studies that clearly aimed to investigate the different roles of trust between partners in industrial relations (e.g. managers, union representatives, employee representatives, union negotiators...) conflict management, conflict behaviors and grievance resolution. We used the following search terms: industrial relations, organizational level / organizations, trust, conflict management, bargaining, indirect participation, employee representative, union representative, shop steward and works councils. In addition we used a snowballing method to find relevant publications, and included academic publications in books, and dissertations.

Table 3.1 Previous studies analyzing trust and conflict management in industrial relations

Author and year of publication	Topic	Sample	Findings
<i>Trust in industrial relations</i>			
Bartram et al. (2008)	Trust as a motive for becoming a representative.	Members of the Australian Nursing Federation (n = 1020)	Union commitment and low trust in the employer were positively associated with becoming a representative.
Guest et al. (2008)	Does partnership at work increase trust?	Union representatives (n=656) and non-union representatives (n = 238) in Great Britain	There is no association between representative participation and trust. Lower employee trust in management where there is representative participation.
Holland et al. (2012)	Relationship between employee voice arrangements and employees' trust in management.	Australian employees (n = 1022)	Direct participation is associated with higher trust. Employee trust in employers increased with a more direct voice. Where employees perceived that management attitudes were opposed to unions, trust in management was likely to be lower. Union voice was associated with lower trust in management.
Kerkhof et al. (2003)	Instrumental and relational determinants of trust in management among members of works councils.	108 works councils in The Netherlands	Works council members who think that the council is influential or effective, and those who think that decision-making procedures are fair and that they are respected, report more trust in management. Over time, the only predictor of trust in management is procedural justice.
Nichols et al. (2009)	The relation between tenure and employee trust in management.	3037 British employees	Association between unions in workplaces and low trust in management.
Nienhueser and Hossfeld (2011)	The effects of trust on the preferences for decentralized bargaining.	Personnel managers (n = 1000) and works councilors (n = 1000) in Germany	Mutual trust doesn't affect the managers' preference for decentralized bargaining. Mutual trust is positively related to the preference for decentralized bargaining and for bargaining at the plant level for the WCs.

Yoon-Ho et al. (2015))	Effects of trustworthiness on the adoption of high performance work systems.	1353 ERs and managers in Korea	Mutual ability, benevolence and integrity had a positive relationship with the adoption of high performance work systems.
<i>Conflict management in industrial relations</i>			
Bacon and Blyton (1999)	Implications of co-operation and conflict for employees and trade unions.	300 ERs in the UK	The study didn't find evidence of any association revealed between cooperation and a greater role for trade unions. Workplace co-operation (in the steel industry) remains part of a traditional gainsharing package and an 'alliance of insiders' than an HRM partnership or union incorporation. The study's results suggest questioning the ability of cooperation to deliver important aspects of organizational competitive advantage.
Bacon and Blyton (2007)	Conflict for mutual gains Negotiation patterns of union negotiators.	21 departments across two integrated steelworks	Managers secured lower Manning and increased productivity in negotiations both in departments characterized by cooperation and by conflict. Mutual gains were secured only where union negotiators pursued conflict tactics during bargaining. When union negotiators adopted more conflictual bargaining tactics, more employees reported pay increases and greater satisfaction with team working agreements 'Mixed' bargaining approaches in other departments were less successful.

(continued)

Table 3.1 (continued)

Author and year of publication	Topic	Sample	Findings
Elgoibar (2013)	Conflict behavior of ERs' in Europe	2304 European ERs	ERs use conflict patterns rather than single behaviors. Spanish ERs use mostly competitive patterns while Belgium, Denmark, Germany and the Netherlands use mostly cooperative patterns. ERs' commitment to the company and to the union affects perceptions of cooperative management differently in Spain than in Germany. Perceived social support is negatively related to accommodating behavior for female ERs in Spain but not in The Netherlands.
Tjosvold et al. (1999)	Complaint handling on the shop floor: cooperative relationships and open-minded strategies.	39 supervisors and 29 union employees in British Columbia.	Cooperative goals, compared to competitive and independent, promote open-minded discussions of complaints that result in efficient resolutions benefiting both parties.
Tjosvold and Morishima (1999)	Grievance resolution: perceived goal interdependence and interaction patterns.	54 incidents	Cooperative goals promote the direct, open-minded consideration of opposing views which leads to quality solutions efficiently developed Need to structure cooperative interdependence and guide skill training in grievance handling
Trust and conflict management in industrial relations			
Elgoibar et al. (2012)	Trust in management, union support and conflict behavior in ERs in Spain.	719 Spanish representatives	Representatives use mostly a competitive conflict pattern in Spain combined with cooperative behavior- Trust is negatively related to competitive conflict management. Union support is positively related to competitive behavior by ERs.

<p>Euwema et al. (2015)</p>	<p>Managers' perceptions of conflict management and trustworthiness of ERs, and trust between both.</p>	<p>614 European managers</p>	<p>Cross-cultural differences among European ERs trustworthiness, conflict management and trust perceived by the management. Competitive conflict management by ERs is related to more influence on traditional issues; while cooperative conflict management is related to more influence on innovative issues. Trust between ERs and management, and ERs' cooperative conflict management are related to more satisfactory agreements ERs' abilities perceived by the management are positively related to their influence on decision making, however nor integrity neither benevolence. Industrial relations climate of trust is strongly related to cooperative conflict management style, however not related to competitive conflict management by ERs.</p>
<p>Van der Brempt (2014)</p>	<p>Opening the black box of works council effectiveness: the role of group composition, trust and perceived influence.</p>	<p>Management and chairs of 640 works councils in Belgium.</p>	<p>Cooperation between social partners is promoted if there is less difference in ideological characteristics. Procedural justice and perceived organizational support may positively affect trust within works councils. As the distance in ideology increases, ERs' trust in management and group effectiveness decreases. Distance in education does not have a negative impact on trust in management or works council effectiveness.</p>

Trust in the Context of Industrial Relations

The empirical literature on trust in the context of industrial relations is surprisingly thin and are mostly case studies. We describe shortly the papers presented in Table 3.1. Bartram et al. (2008) used a sample of Australian nurses to study how trust in management and union commitment affected the likelihood of becoming an ER, amongst other relationships. They found that low trust in the employers' good will made it more likely for employees to become representatives. Union commitment was also found to be positively related to the likelihood of becoming an ER.

Guest et al. (2008) explored in the UK if partnership at work led to increased trust at different levels of the organization. The results indicated that representative participation was not associated to any of the measures of trust. Employees reported lower trust when these types of representation were present compared to the organizations in which they were absent. Direct participation however did relate positively to higher levels of trust.

Holland et al. (2012) used Social Exchange Theory to examine the relationship between direct and union voice arrangements, perceived managerial opposition to unions and employees' trust in management. Using cross-sectional data from a sample of Australian employees. They found a positive relationship between direct voice and employees' trust in management. They also found that union voice and perceived managerial opposition to unions were negatively related to employees' trust in management.

Kerkhof et al.'s longitudinal study (2003) explored the antecedents of trust in management among works council members in The Netherlands. ERs were more likely to trust managers who provided them with fair treatment, whereas providing them with influence in the decision making processes was deemed less important.

Nichols et al. (2009) analyzed the data from the British 2004 Workplace Employment Relations Survey to see what factors affected trust in management. Following their expectations, they found that employee trust in management deteriorates with greater length of service (that is, years of workplace exposure).

Trust was seen as an antecedent of preference for decentralized bargaining in a study by Nienhueser and Hossfeld (2011) among 1000 personnel managers and work councilors in Germany. They found no effect of trust from the management's perspective. However, for works council members mutual trust had positive effects on the preference for decentralized bargaining and for bargaining at the plant level.

Yoon-Ho et al. (2015) collected surveys from 1.353 Korean labor representatives and managers to examine weather mutual trustworthiness – ability, integrity, and benevolence- between employee representatives and management is an important antecedent for the adoption of high performance work systems (HPWS). The results indicated that all three components of mutual trustworthiness had a positive relationship with the adoption of HPWS.

In addition, Timming carried out two qualitative studies in this topic. In the first one (Timming 2006) he addressed trust in a European work councils and found that trust relations were characteristically sub-optimal both between worker and

employers' representatives and also among the workers themselves. The second case study explores the dynamics of cross-national trust relations between workers' representatives, finding a low level of trust between the two delegations of workers –one in the UK and one in The Netherlands- of the case (Timming 2009).

Conflict Management in the Context of Industrial Relations

Conflict in the context of industrial relations in organizations can be related to a variety of issues. As we observe in the studies found, these issues include: reaching agreements, the compliance to agreements, negotiating working hours or policies on inclusion. Handling complaints that the agreements on working hours are not respected by management, or grievances about injustice in the workplace, are however also classic conflictive issues related to formal industrial relations in the organization (Gordon and Miller 1984; Euwema et al. 2015).

Bacon and Blyton (1999) surveyed British union representatives in order to explore the different outcomes resulting from cooperative vs. competitive industrial relations. They found that cooperative relations were related to some positive outcomes for employees, such as better conditions and involvement. However, they didn't find a link with other HRM aspects nor with a greater role of trade unions.

Bacon and Blyton (2007) studied among twenty-one departments (across two integrated steelworks) conflict for mutual gains and negotiation patterns of union negotiators. They concluded that when union negotiators adopted more conflictual bargaining tactics, more employees reported pay increases and greater satisfaction with team working agreements. 'Mixed' bargaining approaches used in other departments resulted to be less successful. Another key finding was that managers secured lower staffing and increased productivity in negotiations both in departments characterized by cooperation and by conflict. Mutual gains were secured only where union negotiators pursued conflict tactics during bargaining.

Another study (Elgoibar 2013) among 2,304 European ERs explored the antecedents and conflict behaviors of European ERs. ERs use conflict patterns rather than single behaviors, supporting the CCB theory (Van de Vliert et al. 1995). More specifically, in Spain ERs use mostly competitive patterns while Belgium, Denmark, Germany and the Netherlands's ERs use more cooperative patterns. ERs' commitment to the company and to the union showed to affect cooperative conflict management differently depending on the industrial relations system, this was showed in a comparison between Spain and Germany.

Based on the theory of cooperation and competition, Tjosvold, Morishima and Belsheim (1999) explored whether cooperative goals promote open-minded negotiations between employees and supervisors, which in turn lead to better resolutions for both parties. To do so they carried out interviews with supervisors and union employees in British Columbia. The hypotheses were supported and the authors concluded that cooperation and open-minded negotiation skills can facilitate

integrative solutions to workplace conflicts. The study by Tjosvold and Morishima (1999) on grievance's resolution between management and union representatives concluded, that cooperative goals promote direct, open-minded consideration of opposing views which leads to quality solutions. Cooperative goals also induced an open-minded discussion of diverse views resulting in high-quality and integrative solutions. When management and ERs perceive competitive goals, this leads to close-minded interactions, defaulting efficient agreements. This study signaled the need to structure cooperative interdependence and guide skill training in grievance handling.

Regarding qualitative studies, Cutcher-Gershenfeld (2011) studied escalated collective labor conflicts, through a case study method where more than 300 negotiators were involved in negotiations on how to bargain, and first reach agreement on this in order to overcome intractable conflicts. This study focused on the importance of being able to differentiate between intractable and manageable conflicts.

Lewin et al. (2012) also carried out a qualitative study, in this case to focus on what makes dispute resolution procedures work. Based on process and outcome assessments, they argue that public sector labor and management best use mutual gains negotiations. Dennison, Drummond, and Hobgood (1997) studied collaborative bargaining in two public universities through the follow up of the development of interest-based bargaining. Process and outcomes were assessed. In doing so they adopted a process which enabled them jointly to: identify the issues, analyze the interests underlying those issues, develop options reflecting those interests, evolve the means of assessing the options, and finally articulate outcomes deemed efficient, legitimate, mutually acceptable, supportive of collaboration, and worthy of joint commitment.

Studies Addressing Both Conflict Management and Trust

The number of quantitative studies addressing the relationships between different levels of trust and conflict management in the context of industrial dialogue appear to be scarce. Elgoibar et al. (2012) used the Spanish industrial relations context for exploring the conflict pattern from worker representatives and the relation to trust in management and union support. Surveys among 719 representatives showed that Spanish representatives use mostly a competitive conflict pattern combined with a cooperative behavior, and that the low level of trust in management is related to a greater use of the competitive behavior. Additionally, the high level of union support in Spain seems to stimulate competitive conflict behavior. Focusing this time on the perceptions of employers, Euwema et al. (2015) surveyed more than 600 European managers and interviewed 110 managers from 11 EC member states on their perceptions of the role, attitudes and competencies of ERs. They found that trust between managers and ERs is strongly related to a cooperative conflict management style by ERS, however not related with competitive conflict management.

Additionally, the results showed that high level of trust between ERs and management together with ERs' cooperative conflict management were two factors related to the achievement of better agreements. Furthermore, competitive conflict management by ERs was related to more influence on traditional collective bargaining issues, while cooperative conflict management was related to more influence on innovative issues.

Van der Brempt (2014) used both qualitative and quantitative data with the aim of shedding light on the demographic and contextual antecedents of works council effectiveness at the team-level. A multiple case study of six Belgian works councils led to the development of a comprehensive framework of cooperation between management and ERs in a works council setting. Consequently, this framework was tested through two empirical studies using a dataset of 640 Belgian works councils. The results showed that procedural justice and perceived organizational support may positively affect trust within works councils and in doing so, it reduces the negative impact of factional distance in ideology on trust and cooperation. Additionally, it was found that as the distance in ideology between managers and employees in WCs increases, ERs' trust in management decreases, and so does group effectiveness. This negative relationship is moderated by the organizational and industrial context of the works council.

Several authors used case studies to understand the role of trust and conflict management in labor relations. Butler et al. (2011) explored the resilience of partnerships in companies which were downsizing. Trust moderates the relation between influence of trade unions, competitive strategies and the stability of the partnership. Trust was high at local level, however it was the limited trust at national level that hindered negotiations. Multilevel trust therefore is important to achieve a constructive negotiation climate.

Caverley et al. (2006) analyzed how the degree of trust affects an integrative collective bargaining process in two Canadian public sector cases. They conclude that the level of trust was based on previous negotiations and the expertise and negotiation style of the negotiators.

Danford and colleagues (2014) assessed the efficacy of partnership in the context of 'expert labor' sectors through three case studies analyzing the cooperative relationship between union representatives and management, the influence of unions in these settings, and the attitudes of coworkers towards these cooperative attitudes. The study finds that in all three cases the union is seen by its members as a weak, insubordinate entity in terms of collective influence over management policy. In the two organizations characterized by high-trust and cooperation, they saw partnership to be more effective for individual member representation than for collective influence.

Ericsson et al. (2015) interviewed 78 Swedish managers and blue- and white-collar workers to find out how they managed the financial crisis. One of the conclusions from this study was that trust between employer and employee was an important ingredient in creating the conditions for loyalty and for reaching integrative agreements.

The labor-management partnership cases of Borg Warner and British Airways were reviewed by Evans et al. (2012) in order to examine whether cooperation, mutual trust and mutual gains can be achieved in partnership contexts in the UK. The authors analyzed why neither of the cases resulted in mutual gains. They stated that the lack of manager support of union membership in both cases led to low trust of employees in management, which made satisfaction with the outcomes almost impossible.

Garaudel et al. (2008) explored two French restructuring cases using Walton and McKersie's theoretical framework and providing evidence of the potential of integrative bargaining in restructuring. They argue that any restructuring situation, even in an unfavourable context displays an integrative potential, in that employers' and employees' risks are closely interrelated and these risks can be successfully addressed in a cooperative way.

In line with this, Miller et al. (2010) show the benefits of interest based bargaining in a US case. This study showed the success of the 2000 interest-based contract negotiation at Kaiser Permanente, however not free of future challenges to this approach to negotiation. Among the key factors enhancing this achievement were an effective coordination in a complex environment, deadline pressure, good management of internal negotiations, investment in training, effective leadership accompanied by facilitation, as well as creative brainstorming and a solid establishment of ground rules, and the role of interest-based processes in an organization's daily routine.

Korshak (1995) studied how to create labor-management cultural change during labor negotiations for twelve different companies which were heavily unionized and had a history of confrontational labor relations. Among the key learnings was that a shared vision of labor relations makes it easier to accomplish the common goal of creating a better relationship with the workers and unions. Moreover, it became key to avoid creating a bureaucracy that would turn that movement for cultural change into an entity seeking only to perpetuate itself and the status quo. Trusting and empowering the principal players over agents, helped to establish a constructive conflict culture.

McKersie et al. (2004) examined a case of an agreement based on interest-based negotiations (IBN) in the company Kaiser Permanente. In their first case study, they analyzed what enabled effectiveness of a complex labor-management negotiation. McKersie and colleagues (2008) also carried out a case study regarding IBN based on the 2005 national contract negotiations between Kaiser Permanente and the Coalition of Kaiser Permanente Unions. They found that IBN techniques were used more and were effective when the parties shared interests, however when they were in greater conflict they would tend to use more traditional positional bargaining. High levels of trust facilitated using IBN, but tensions between the parties first had to be released before any type of tactic, IBN or traditional, could be effective.

Conclusions and Future Research

Summarizing our literature search, we come to eight conclusions.

1. There is a lack of empirical, and particularly quantitative studies relating trust and conflict management between management and ERs in organizations. Also, the complexities in this context, such as typically multiparty, multi issue, representative negotiations, are rarely addressed in these studies.
2. Looking at the outcome of the studies on trust, we can conclude that trust has deserved more attention, than distrust. All studies underscore the relevance of trust to develop constructive relations, also in the context of industrial relations in the organization. Less is clear what types of trust and what interventions contribute to the development of trust. Rebuilding trust after industrial relations conflicts has received very little attention so far (see Lewicki et al., Chap. 6 in this volume). Several studies emphasize to focus on trust as a multilevel issue, particularly in large companies.
3. The conglomerate conflict behavior model offers a good perspective to analyze conflict behavior in industrial relations agents, as this model emphasizes the combination of different conflict management strategies in complex conflict situations.
4. There is a lack of descriptive studies at the level of trust and conflict management strategies by ERs in Europe, as well as worldwide. It is important to assess these levels, as both parties at the table tend to use stereotypes of the trust, trustworthiness and conflict behaviors. These stereotypes usually are negative, and reinforce competitive patterns, depending on the context.
5. Future studies should integrate trust and conflict management by both sides at the table in sound empirical studies to gain a better understanding of the conflict dynamics, and related outcomes, both in the short and long terms.
6. The proposition based on our review is that organizations investing in a trusting relation with ERs, empowering these representatives in decision making, and introducing models of constructive controversy, will have more constructive conflict management, reach more integrative and innovative agreements, which results in long term effectiveness of the organization.
7. Investing in a culture of constructive controversy for industrial relations gives a foundation to manage crisis, and search for integrative potential even in threatening conditions. This requires the empowerment and inclusion of principal parties, in addition to agents (representatives).
8. Trust and constructive conflict management go hand in hand. Accepting the dual realities of trust and distrust, cooperation and competition offers the best base to develop long term constructive relations in organizations.

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Chapter 4

Trust and Managing Conflict: Partners in Developing Organizations

Dean Tjosvold, Paulina Wan, and Moureen M.L. Tang

Although conflict and trust have often been considered incompatible, recent studies indicate that managing conflict cooperatively and trust can reinforce each other. This chapter uses recent research to understand how cooperative goals strengthen trust and how trust promotes open-minded discussions that help protagonists resolve their conflicts constructively. These open-minded discussions very much contribute to making industrial relations practices effective. Trust is defined as expectations that another person will promote one's goals. Cooperative goals strengthen trust as collaborators understand that they can promote their own goals by helping others reach their goals. Trust is critical for fostering open-minded discussions that result in strengthened relationships and mutually beneficial resolutions. In contrast, competitive goals are a basis for suspicious expectations that fosters closed-minded interaction that in turn results in fragmented relationships and deadlock or imposed decisions. Considerable research identifies various strategies that managers and employees have to develop cooperative goals, trust, and open-minded discussions. Then they are empowered to manage their conflicts directly and constructively with each other as they resolve their grievances, negotiate compensation, and in other ways strengthen the work relationships between employees and managers.

Organizations foster the coordination among diverse people and groups to accomplish tasks that individuals working alone cannot. But coordinating diverse people is challenging. Industrial relations (IR) researchers have forcefully argued that conflict pervades organizations, in particular employees have their own interests and goals that are not only different but often are at odds with management's (Boxall 2014; Burgess et al. 2014; Buttigieg et al. 2014; Macneil and Bray 2014). To develop fair organizations, employees should be able to voice their frustrations and concerns and work for arrangements that further their interests (Budd 2004).

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Recognizing that harmonious, cordial industrial relations is a critical basis for industry and economic development (Premalatha 2012), IR researchers argue that grievance and complaint handling systems should be used to resolve injustices and frustrations (Kougiannou et al. 2015; Whalen 2008). Managers and employees must manage many conflicts for organizations to meet needs for efficiency and profit while supporting employee wellbeing and integrating demands from internal and external stakeholders (Boxall 2014; Greer et al. 2013). This chapter argues that managers and employees need to manage their conflicts cooperatively to use IR procedures effectively and realize IR values.

Trust is widely recognized as facilitating coordination but there is uncertainty about how trust can be developed when many organizations experience severe divisions and conflicts. This chapter uses the theory and research on cooperative and competitive approaches to managing conflict to identify the conditions and dynamics by which trust can be developed. It argues that cooperative goals provide a strong basis for trust that in turn helps managers and employees discuss their conflicts open-mindedly, resulting in strengthened relationships and mutually beneficial resolutions. It reviews research to identify practical ways that managers and employees can strengthen their cooperative goals, trust, and open-mindedness. Cooperatively managing conflict and trust are not only compatible but reinforce each other in making teams and organizations fair and effective.

The chapter has six sections. Arguing that common definitions of trust and conflict frustrate understanding how they can reinforce each other, the first section defines trust as expectations of goal facilitation and suspicion as expectations of goal frustration. The second part shows that common definitions of conflict as opposing interests confound conflict with competition and defines conflict as incompatible activities. The third section outlines the theory of cooperative and competitive approaches to managing conflict and identifies how it helps develop our understanding of how cooperative goals promote trust that encourages open-minded discussions and constructive conflict. The fourth part describes how trust and suspicion can very much affect how stable cooperative and competitive approaches are. The fifth part summarizes research on how managers and employees can strengthen cooperative goals, trust, and open-minded discussion abilities that together contribute substantially to constructively resolved conflict and effective industrial relations. The final section argues that recent research has documented that the cooperative goals develop trust and constructive conflict applies to China despite common theorizing that avoiding conflict is very useful in China.

Defining Trust

The idea that conflict and its management can contribute to trust seems contrary to the main currents of organizational behavior and industrial relations theorizing. Trust is associated with warm relational bonds and positive affect where people value each other and listen carefully and work together cooperatively and productively whereas conflict is associated with frustration, hostility, and competition

(Kougiannou et al. 2015). This chapter argues that influential definitions of trust and conflict contribute to the conclusion that trust and conflict are inimical. Unconfounded definitions of trust and conflict help develop an understanding how they can reinforce each other.

Trust is a popular term with strong, positive connotations. Mirroring the complexity and power of the term trust, researchers have suggested that trust has several dimensions. This chapter argues that trust can be usefully defined as expectations of assistance (Deutsch 1962; Huff and Kelley 2003). In goal interdependence terms, trust is the expectation of goal facilitation. Colleen trusts Raymond to the extent that Colleen believes that Raymond will promote her goals.

This section argues that defining trust as expectations of facilitation restricts the definition to one dimension and thereby contributes to the theorizing on trust. Although one dimension, the definition of expectations of goal facilitation is very central to common definitions of trust. Indeed, widely accepted definitions of trust suggest the conditions that result in expectations of goal facilitation.

Defining Trust with Several Dimensions

Mayer et al. (1995) argued that people trust others when they consider them to have capabilities and characteristics needed to implement their commitments, have a positive intention toward the trusting person, and are committed to principles of fairness and honesty. McAllister (1995) defined affect-based trust as high emotional involvement with feelings of genuine caring and concern for the trusting person's welfare. Cognition-based trust involves perceptions that the other person is responsible, reliable, and competent, such as beliefs that people approach their jobs with professionalism and dedication. People trust others when they know they will respond caringly, reliably, and constructively when they share their problems. In their review of literature, Ferrin et al. (2008) found researchers defined trust as perceived ability, perceived integrity, positive and confident expectations, and trusting actions.

Researchers have theorized that a willingness to accept vulnerability is central to trust (Ferrin et al. 2008; Mayer et al. 1995). Trust involves risk-taking, as positive expectations may not be fulfilled (Mayer et al. 1995). Rousseau et al. (1998) argued that trust occurs when people have positive expectations, but only when the trusting person feels vulnerable and that vulnerability was not exploited. Balliet and Van Lange (2013) argued that trust has been associated with situations where people are vulnerable because they have incompatible interests; trust is particularly important when others might reasonably be expected to pursue their goals at the expense of others.

Ferrin and Gillespie (2009) concluded that the best approach is to consider trust as a family of concepts rather than impose a definition. Each study should then explicitly adopt a definition from among several common ones. However, there are shortcomings with this open approach to defining trust. Discussions and theorizing about trust can be confusing as people easily slip from one dimension of trust to

another; they are unsure whether others consider trust as meaning positive expectations, ability, benevolence, or integrity, or a combination. When trust significantly predicts to outcomes, it can be unclear which dimension of trust should be considered the antecedent. Using the same term but meaning different things frustrates communication and theorizing.

Trust as Expectations of Goal Facilitation

We realize that defining trust as expectations of assistance may seem too narrow and that this definition seems not to capture the full meaning of when people use the term. Defining trust as expectations of goal facilitation has the advantage though that it restricts trust to one dimension and thereby contributes to communication and the development of the empirical base for the antecedents and outcomes of trust. In addition, trust defined as expectations of assistance has powerful effects on interactions and outcomes. This section argues that widely adopted definitions of trust include conditions that develop expectations of goal facilitation. However, the conditions that promote trust should be documented through research rather than assumed in the definition.

Definitions of trust have emphasized that trust occurs when people believe the trusted others are capable, competent, reliable, caring, and concerned (Mayer et al. 1995; McAllister 1995). These perceptions, we hypothesize, very much strengthen the expectation of goal facilitation. Knowing that people have both the capacity and the motivation to assist us, we are likely to expect goal facilitation. We expect others to help us when we believe they care for us and have the abilities and intention to follow through on commitments.

Defining trust as expectations of goal facilitation also recognizes that trust involves vulnerability. Colleen expects assistance from people she depends upon and can impact her goals. But she also realizes that though she expects Raymond to promote her goals, he may not, leaving her frustrated. Expecting assistance recognizes dependence and vulnerability. Raymond can choose to help or frustrate her goals, or in behavioral terms, can increase or decrease her costs and benefits (Thibaut and Kelly 1959). Trust as expectation of goal facilitation derives from recognizing dependence on others and therefore vulnerability to them.

It may be that the more vulnerable people believe that others might adversely affect their goals, the more significant the role of trust. However, as with other antecedents of trust, the effects of the degree of vulnerability on trust should be studied rather than assumed in the definition of trust.

Defining trust as expectations of goal facilitation is an elegant solution that improves communication. Though it is one dimension, expectations of assistance play a very powerful role in groups and organizations. The following sections develop the understanding that trust very much affects the dynamics and outcomes of relationships, in particular conflict management, and thereby the effectiveness of teams and organizations.

Suspicion as Expectations of Goal Frustration

Trust is sometimes also considered in terms of the absence of suspicion. However, researchers have argued that trust should be defined and measured independently from suspicion (Lewicki 2014). This chapter defines suspicion as expectations of frustration. Colleen suspects Raymond to the extent that she believes Raymond will frustrate her goals.

Trust and suspicion are distinct variables, though normally negatively correlated: An increase in expectations of facilitation usually decreases expectation of goal frustration. Although we typically do not expect people to facilitate our goals and frustrate our goals equally, we certainly can expect both facilitation and frustration in that the person may harm as well as help us. After making a mistake, we may expect our teammate will help by forgiving us but we might also suspect that she will frustrate us by blaming us. Trust and suspicion are often unrelated; for example, we typically do not much trust or suspect people we do not know. The relationships between trust and suspicion should be studied and documented, not assumed in their definitions.

Defining Conflict

Conflict pervades organizations and comes in many kinds and sizes (Gelfand et al. 2012). Conflicts can involve two persons or many countries. Conflict can be exciting and stimulating or traumatizing and depressing. Personalities, situations, and ideas all have an impact on the frequency and outcomes of conflict. Employees may look forward to the excitement of conflict, then in other situations they sacrifice their interests to avoid conflict. As with trust, it has proved difficult to define such a pervasive and important phenomenon as conflict.

Prominent social psychological and organizational scholars have proposed that conflict arises from opposing interests involving scarce resources and goal divergence and frustration (Mack and Snyder 1957; Pondy 1967; Schmidt and Kochan 1972; Lewicki et al. 1997; Rubin et al. 1994). However, defining conflict as opposing interests confounds conflict with competition defined as incompatible goals and leads to believing that conflict is always a “war” of one against another as they fight to see who will win and who will lose.

Deutsch (1973) has provided the unconfounded definition of conflict as incompatible activities; one person’s actions interfere, obstruct or in some way get in the way of another’s. Conflict occurs when one person’s ideas, information, expectations, and preferences are incompatible with those of another as they seek an agreement. People in conflict discuss the pros and cons of their different views.

Cooperative and Competitive Approaches to Conflict

Research has demonstrated that it is not so much conflict itself that affects outcomes, as it is how partners discuss and deal with their conflict (De Dreu and Gelfand 2008). Deutsch (1973) theorized that how individuals believe their own goals are related very much affects the nature of relationships and interaction that they develop. Specifically, beliefs about how goals are related have been found to very much affect how conflicts are dealt with and thereby their consequences (Deutsch et al. 2014; Tjosvold et al. 2014).

Types of Interdependence

The theory of cooperation and competition assumes that individuals—and groups and organizations—pursue goals that they expect will promote their interests and values. However, they are interdependent in that the accomplishment of each individual's goals is affected by the actions of others that may facilitate or frustrate each other's goal accomplishment (Deutsch 1949, 1962; Johnson 1970; Johnson and Johnson 1989, 2005; Johnson et al. 2012). People reach very different conclusions about their interdependence, specifically how their goals and self-interests are related to each other. Cooperative and competitive interdependence have been found to very much affect the dynamics and outcomes of conflict management (Deutsch et al. 2014).

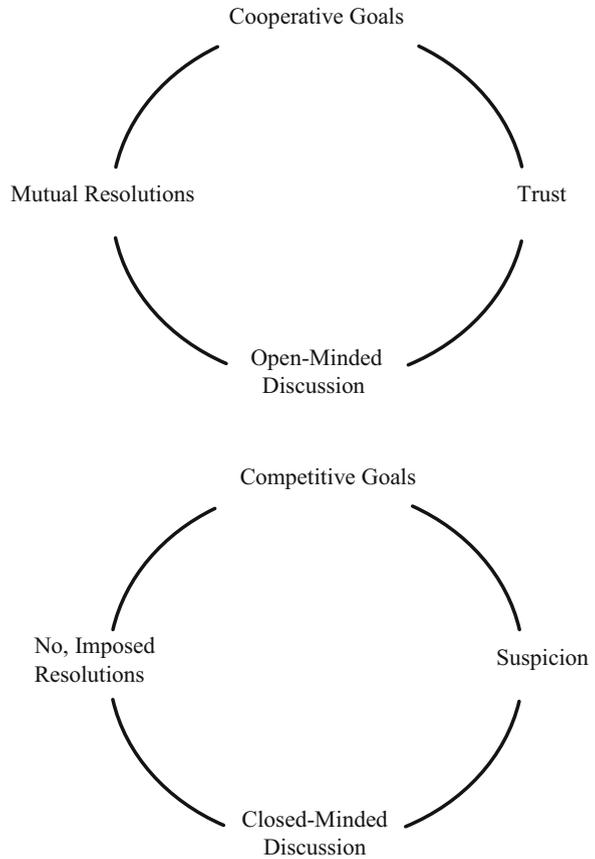
Cooperation exists when individuals perceive that they can reach their goals if and only if others with whom they are cooperatively linked also reach their goals—that is, there is a positive relationship among goal attainments. Collaborators then tend to promote each other's efforts to achieve their goals because, as they promote another's goals, they also promote their own.

Competition occurs when individuals perceive that they can obtain their goals if and only if the others with whom they are competitively linked fail to obtain their goals—that is, there is a perceived negative interrelationship among goal attainments. Therefore, they obstruct each other's efforts to achieve their goals because such obstruction makes it more likely that the obstructer will achieve his or her goals.

Goal Interdependence, Trust, and Open-Minded Discussion

This section argues that goal interdependence very much affects trust and suspicion that in turn affect how open-minded protagonists are in expressing their own views as well as listening and understanding others. The more open-minded the

Fig. 4.1 Open-minded discussion dynamics



interaction is between protagonists, the more likely they will manage their conflicts constructively by agreeing to high quality, mutual resolutions and strengthening their relationships (Tjosvold et al. 2014) (Fig. 4.1).

Cooperative Goals for Trust

Cooperative goals provide a solid foundation for trust because protagonists understand that can move toward their own goals by facilitating the goals of others (Tjosvold 1986). Recognizing that they have cooperative goals gives protagonists concrete evidence that they can trust each other; Colleen expects Raymond to facilitate her goals because then he simultaneously promotes his own goals.

Trust for Open-Mindedness

Studies suggest that cooperative goals and trust have constructive effects because they lead protagonists to discuss issues open-mindedly and constructively (Alper et al. 2000; Chen et al. 2005; Tjosvold 2008; Tjosvold et al. 2006). They are open with their own views, open to those of others, and open to new solutions that can resolve the conflict for mutual benefit.

Open-mindedness involves the search for evidence against one's favored beliefs and ideas and to weigh such evidence impartially (Cegarra-Navarro and Sánchez-Polo 2011). In open-minded discussion, protagonists develop and express their own views directly to each other. They want others to understand their position and to include their aspirations in any agreements. To supplement their own openness, protagonists also seek to understand opposing views; they listen and try to understand each other's position and arguments as they work to combine their ideas into new agreements acceptable to all. Evidence indicates that these aspects of openness are reinforcing and together constitute open-minded discussion (Tjosvold 1990; Tjosvold et al. 1992; Tjosvold and Halco 1992).

Open-minded protagonists ask questions for more information and understanding of opposing views. They put themselves in each other's shoes to understand each other (Johnson 1967; Johnson 1971a, b). Understanding other views creates an uncertainty about their own position, helping them be more open to consider alternative resolutions. Open-minded discussion helps protagonists develop and evaluate alternative resolutions so that they can implement the one they believe is most useful. They develop full, effective participation and mutual influence that leads to creating mutually beneficial resolutions (Tjosvold 1987; Tjosvold and Field 1983).

Many researchers, though they may employ various terminologies, have found that open-minded discussion is a foundation for constructive outcomes for managing conflict (Follett 1940; Pruitt and Carnevale 1993; De Dreu 2007; De Dreu et al. 2000; De Dreu et al. 2008; Rahim 1983, 1995; Johnson et al. 2006; Tjosvold 1985). In discussing open-mindedly, protagonists express their needs, feelings, and ideas. They let each other know what they want and believe is valuable so that they can develop resolutions that to the extent possible help both of them reach their goals.

For example, management and union representatives with cooperative goals felt they could rely on each other, convey an intention to work for mutual benefit, and express their opposing views directly to each other, and combined their ideas. With this open-minded discussion, they developed creative, quality solutions and used their resources efficiently (Tjosvold et al. 1999; Tjosvold and Morishima 1999). They resolved their grievances with positive feelings, satisfied both union and management, and improved procedures that would help them resolve future grievances.

With trust, protagonists confidently express their own views because they believe that the other will want to know and use them to help them accomplish their mutual goals. They also work to understand and integrate each other's ideas as they seek to develop resolutions beneficial to the other as well as themselves. Trust then plays a critical role in translating cooperative goals into mutually beneficial resolutions by fostering open-minded discussion.

Suspicion and Closed-Mindedness

Protagonists may conclude that their goals are competitive in that one's successful goal attainment makes others less likely to reach their goals. Then they treat conflict as a win-lose contest in that they want solutions good for themselves at the expense of the other's interests. Based on their understanding that their goals are competitive, they suspect others will frustrate their goals as this frustration helps them move toward accomplishing their own goals. Consequently, they discuss issues closed-mindedly (Alper et al. 2000; Chen et al. 2005; Tjosvold, 2008).

They are cautious in expressing their views fully because they believe that the other might use that information against them. They may overstate their own position to get their way and demand that others agree with their position. They are wary of integrating the other's ideas because doing so might help the other and harm themselves. Assuming others will not reciprocate openness and concessions and may even obstruct their efforts, protagonists are often inflexible. Their closed-minded discussions result in deadlocks or imposing a solution by the more powerful. Competitive goals result in destructive conflict resolution by fostering suspicion that in turn promotes closed-minded discussion.

Instability in Cooperative and Competitive Conflict Approaches

Cooperative goals, trust, open-minded discussion and the outcomes of mutually beneficial resolutions and stronger relationships are mutually reinforcing as are competitive goals, suspicion, closed-minded discussion, imposed decisions, and fragmented relationships (Deutsch 1973). However, these cycles can de-stabilize, even replace each other. Although goal interdependence has powerful effects on trust and suspicion, other conditions also affect trust and suspicion and thereby how open-mindedly and constructively protagonists discuss their conflicts.

Cooperative Become Competitive Conflict

Even when goals are cooperative, protagonists can become suspicious of each other and interact in closed-minded ways. Indeed, researchers have concluded on the basis of experimental studies that cooperative environments can be difficult to maintain (Kelly and Stahelski 1970; Komorita and Parks 1995). Observers have identified significant challenges to maintaining cooperative systems, such as project teams, worker cooperatives, kibbutz, alliances, and organizations (Hackman 1990; Tajfel 1981). Despite cooperative goals based on common tasks, shared identity, and espoused common goals, protagonists can suspect the others will not facilitate their goals and consequently discuss their views closed-mindedly, resulting in low quality solutions and relationships.

In support of this reasoning, considerable research has investigated the impact of conflict strategies by identifying the extent that they strengthen cooperative or competitive goals (Deutsch et al. 2014; De Dreu and Gelfand 2008). Employing closed-minded strategies convey that protagonists believe their goals are competitive. Studies suggest that such strategies as controlling influence attempts, dismissive comments, making very high demands, and failing to listen can intensify perceived competitive goals and suspicious and lead to unresolved issues and fragmented relationships (Tjosvold et al. 2014). For example, threats that communicate a lack of respect can convince the protagonists that they have to compete over who will be respected; they increase their suspicion that they will try to frustrate each other's goals and are unable to reach mutually beneficial resolutions (Tjosvold 1974). Cooperative goals do not ensure trust, open-mindedness, and constructive conflict.

Trust with Competitive Goals

Competitive goals, though evidence for being suspicious, do not mean that protagonists cannot interact open-mindedly with each other. Indeed, in their meta-analysis of social dilemma research, Balliet and Van Lange (2013) found strong support for their hypothesis that trust can be developed even when persons have the competitive goals of opposing interests. Highly trusting people can discuss issues open-mindedly and forge mutually advantage resolutions despite incompatible interests. They can use open-minded strategies to discuss their conflict that helps them emphasize that they also have cooperative as well as competitive interests and can reach mutually beneficial solutions (Deutsch et al. 2014).

Cooperative and Competitive Conflict Cases between Supervisors and Employees

We have interviewed managers and employees on incidences when they managed conflict with each other to supplement experimental and survey data. This section describes two cases that illustrate cooperative and competitive approaches to managing conflict between employees and their supervisors.

Cooperative Approach

Mr. Lai (names are fictitious) was a construction manager who used traditional ways to place decoration, like using screws to hang mirrors. However, his foreign supervisor insisted that they use glue. Believing the screws would last longer,

Mr. Lai did not want to accept his supervisor's suggestion but he also did not want to offend him. Finding the cafeteria a good time to talk, Mr. Lai decided to explain the reasons informally and sat together with the supervisor, discussing about the differences between foreign managers and Chinese employees, using their case as an example. They elaborated their own positions while listening carefully to each other. Together they considered the whole construction style, the customer's requirement, and evaluated the advantages and disadvantages of both solutions, they found it was better to use different ways according to different materials. The way the supervisor discussed their different views made Mr. Lai feel respected, giving him the confidence to develop a quality relationship with the supervisor. In his mind, he was lucky to work with a gentleman who was open-minded and trustworthy, providing him with chances to describe his thoughts.

Competitive Approach

Mr. Hu, a salesman for a healthcare company, had nearly completed negotiation with a customer for a big order when his supervisor re-plotted their selling regions. According to the plan, Mr. Hu had to pass the customer to his colleague who would then receive any commission. Thinking he had contributed to the business, Mr. Hu was unwilling to follow the supervisor's plan and appealed for compensation, but the supervisor emphasized the overall situation. To compromise, Mr. Hu suggested that he either finish the negotiation or pass the case to his colleague, but should share the commission with the colleague. However, the supervisor believed all employees should follow the company's regulations unconditionally. Believing the supervisor would never care for his benefit, Mr. Hu introduced the customer to another company from which he received the commission in a backhanded manner. Finally, Mr. Hu was fired for his betrayal, and the supervisor was demoted for contributing to the lost business.

Developing Constructive Conflict Management

Employees, supervisors, unions, and management are confronted with many and sometimes very difficult conflicts. But these conflicts can solve problems and strengthen relationships if they are managed effectively (Tjosvold and Tjosvold 2015). Research supports this chapter's analysis that developing cooperative goals, trust, and open-mindedness are direct, reinforcing, and powerful ways to empower employees and managers to deal with their conflicts constructively (Chen and Tjosvold 2007; Coleman et al. 2013; Hempel et al. 2009; Tjosvold 1999, 2007, 2008). This section summarizes research suggesting how managers and employees can develop cooperative goals, trust, and open-mindedness.

Strengthening Cooperative Goals

Research studies and professional practice suggest that developing cooperative goals empowers people to manage their conflicts constructively (Johnson et al. 2014). Indeed, there are direct and powerful ways to help protagonists realize that their goals are cooperative. The stronger and more overlapping the evidence, the more likely that people will believe that their important goals are cooperative.

Common Tasks

Managers can form employees into teams and ask the team as whole is to accomplish a task. The team should make one set of recommendations, develop and produce a new product, or solve a problem. Each team member signs off on the team's output, indicating that she has contributed and supported it. Factory workers, call center employees, and others who work primarily on individual tasks can combine their individual output to form a group average each week. They commit themselves to improving others' as well as their own output.

Tasks should be challenging to make it easier for protagonists to recognize that they cannot succeed working individually but need the combined consideration and effort of all team members to succeed. Challenging tasks that are probable, but difficult to achieve have been found to engage achievement needs. Then members can demonstrate that they have accomplished a task at a high level and have the internal feeling of being effective.

Roles to Divide Up the Work

Managers and employees can develop roles for individuals. Roles identify the major activities and tasks for the group to succeed and then distribute them to individuals and sub-groups; everyone knows what he or she should get done and how it complements the work of others.

Roles formalize the division of labor that is a central element of organizations. Managers and employees recognize and clarify how their roles are complementary. The team leader, assistant leader, researcher, and secretary discuss how their responsibilities supplement each other so that they recognize no one can be highly effective unless others do their jobs.

Reward Individuals Based on Joint Performance

Managers and employees understand that their own individual rewards depend upon joint progress. Everyone is rewarded or no one is rewarded. Intangible rewards can also be very powerful. Leaders appreciate and recognize joint success. The company newsletter describes their accomplishments and contributions. Protagonists throw a party to show that they appreciate each person's contribution to their joint success.

Promoting Trust

In addition to documenting the value of trust (Huff and Kelley 2003; Shockley-Zalabak et al. 2000), definitions and research on trust suggest how trust can be developed. Selecting and including people who are oriented to being trusting has long been thought useful, but can be difficult to implement. This section argues that managers and employees can develop trust by strengthening their personal relationships, appreciating each other's abilities, and recognizing their vulnerability.

Personal, Caring Relationships

Researchers have argued that caring, personal relationships are critical aspects of trust (Ferrin et al. 2008; Mayer et al. 1995; McAllister 1995). Knowing protagonists as individuals build feelings that they can count on each other whereas they are leery of those they do not know. Partners can discuss their experiences, feelings, and values and engage in "small talk" about family and themselves to strengthen personal relationships. Expressing warmth, friendliness, and concern further help collaborators believe that they will feel accepted, valued, and supported. They can communicate caring by responding to each other's special needs, celebrating their personal victories, and supporting them in times of crisis. Social gatherings such as Friday afternoon social hours, reward celebrations, and holiday parties encourage feelings of trust.

Appreciating Capabilities

Researchers have argued that recognizing the resources and abilities of each other is central to trust (Ferrin et al. 2008; Mayer et al. 1995; McAllister 1995). Getting to know others should highlight recognizing each other's skills and resources and how they can be applied so that to the extent possible they all reach their goals. They can

discuss how they have used their abilities to further each other's goals. They can give each other positive feedback about how they have used their abilities to help each other.

Vulnerability

Researchers have proposed that a willingness to accept vulnerability where they recognize that the other might exploit them is part of trust (Balliet and Van Lange 2013; Ferrin et al. 2008; Mayer et al. 1995; Rousseau et al. 1998). Recognizing that they are dependent upon each other, they understand that their goals can be frustrated as well as facilitated. They reveal to each other how they need each other's assistance to accomplish their goals.

Develop Open-Minded Skills

Managers and employees can develop the skills and procedures of open-minded discussion. It has four mutually reinforcing aspects: Develop and express own ideas, question and understand other views, integrate and create new ideas, and agree and implement a solution (Johnson et al. 2006; Tjosvold 1985). These dynamics suggest the challenges of discussing issues open-mindedly and how managers and employees can develop their skills to discuss conflict constructively.

Develop and Express Own Views

Expressing one's own needs, feelings, and ideas very much contributes to open-minded discussion. Collaborators need to know what each other wants and believes is valuable in order to develop resolutions that they all believe are mutually beneficial and constructive. A climate that helps team members feel safe to speak their minds very much contributes to teamwork (Edmondson, 2012).

To strengthen expression of own position, team members can learn to research their position, present the best case they can for it, and defend it vigorously. They learn to be effective advocates, persuasively presenting the best case possible for their positions. However, expressing own position needs to be supplemented with openness to the other's position.

Question and Understand Other Views

Conflict is an opportunity to know opposing positions as well as to develop and express one's own. Listening and understanding opposing views as well as defending one's own makes discussing issues more challenging but also more rewarding.

Collaborators learn to refute the opposing positions but in ways that foster more discussion. They point out weaknesses in each other's argument to encourage each other to develop and express their positions by finding more evidence and strengthening their reasoning. They identify weaknesses in the other's position while communicating that they want the other to strengthen the defense of his or her position.

Collaborators become less certain that their original position is adequate and complete and seek to understand opposing views. They learn to ask questions for more information about the logic and evidence supporting opposing views. They act on their curiosity by stop defending their own position to ask questions about other views (Tjosvold and Johnson 1977, 1978).

Role reversal asks team members to put themselves in each other's shoes and to present the opposing arguments as comprehensively and convincing as they can (Johnson 1967; Johnson 1971a, b). These re-statements of the opposing views communicate that the protagonists are listening to each other as well as deepening their understanding of the opposing position.

Integrate and Create Solutions

The creation of new alternatives lays the foundations for genuine agreement to a solution that team members accept and implement. Open-minded discussion helps them develop and evaluate alternative resolutions so that they can implement the one they believe is most effective. They also may develop more confidence in their relationships as they have exchanged views directly and show that they are trying to understand and integrate each other's ideas so that all benefit.

Collaborators may though have to engage in repeated discussions to reach an agreement or indeed they may be unable to create a solution that is mutually acceptable. They may, for example, be unconvinced that the evidence warrants modifying their original positions. They may have to continue to discuss their opposing views until they develop a mutually beneficial resolution.

Agree and Implement Solutions

Open-minded discussion has been found to contribute to the full, effective participation and mutual influence (Tjosvold 1987; Tjosvold and Field 1983). Laboratory and field experiments have shown that individuals involved in cooperative, controversial participation reach agreement and carry out that agreement (Richter and Tjosvold 1980; Tjosvold and Deemer 1980).

Teams and organizations can develop supportive norms and patterns to help team members be open with their ideas, open to other views, and integrate them. Managers and employees understand that they should seek the best reasoned judgment,

not winning; they criticize ideas, not people; they listen and learn everyone's position, even if they do not agree with it; they differentiate positions before trying to integrate them; and they change their mind when logically persuaded to do so.

Cooperative Goals and Trust for Conflict Management in China

The theorizing that cooperative goals develop trust and open-minded discussion that contribute to effective industrial relations practices and organizations may seem to be applicable in the West, but much less to Asian and other traditional societies. Indeed, commentators have argued that Asian organizations have not embraced Western style industrial relations with their emphasis on participation and open conflict management. For example in China, enterprise-level trade unions, rarely function as representatives of employee interests because they depend on the Chinese government and employers (Kim et al. 2014; Liu et al. 2011). Employee efforts to organize trade unions must join the All-China Federation of Trade Unions (ACFTU), the monopoly trade union approved by the Chinese government (Taylor et al. 2003). In Malaysia, trade unions have little influence on human resource management practices and workplace issues.

Indeed, it is often argued that Chinese develop trust and relationships through avoiding conflict. However, recent research using a variety of research methods, indicate that cooperative goals, trust, and open-minded discussions reinforce each other and contribute to making Chinese organizations effective. Studies also show that Chinese values such as social face and collectivism can be skillfully applied to promote open-minded conflict.

In an experiment (Tjosvold and Sun 2001), Chinese participants with cooperative goals were committed to mutual benefit, were interested in learning more about the opposing views, considered these views useful, came to agree with them, and tended to integrate them into their own decisions. They were more attracted to the other protagonist and had greater confidence in working together in the future than participants in the competitive condition.

Field studies provide evidence that these and other experimental findings apply to organizations in China. Chinese team members that discussed issues cooperatively and openly took risks effectively, innovated, and recovered from their mistakes (Tjosvold and Yu 2007). Supply chain partners in China that relied on a cooperative, open-minded approach to conflict, rather than competitive or avoiding approaches, had developed just relationships and thereby strategic advantage and innovation (Tjosvold et al. 2010). In Chinese top management teams, executives that relied on cooperative rather than competitive and avoiding conflict were rated by their CEOs as effective and their organizations as innovative (Chen et al. 2005).

Research also indicates that other Chinese values can be applied so that they strengthen cooperative goals, trust, and open-mindedness (Tjosvold et al. 2014).

For example, Chinese protagonists who valued collectivism, compared to individualism, felt cooperative, confident that they could work together to make decisions, asked questions, demonstrated that they understood the opposing arguments, accepted these arguments as reasonable, and combined positions to create an integrated decision (Tjosvold et al. 2010).

Experimental studies indicate that social face concerns, when expressed by confirming the face of protagonists, promote cooperative conflict (Tjosvold 1977; Tjosvold and Sun 2000, 2001). Emphasizing their cooperative goals, protagonists whose face was confirmed, compared to affronted, were interested in hearing more of the other's arguments, and worked to integrate and accept them. Results from field studies also indicate that confirmation of social face helped Chinese people discuss their frustrations cooperatively and productively (Tjosvold et al. 2003).

Chinese values, when skillfully applied, can be foundations for cooperative goals, trust, and open-mindedness (Tjosvold et al. 2014). More direct research is needed, but it seems that Chinese valuing relationships can develop open-minded discussion and constructive conflict and thereby contribute to effective industrial relationships.

Concluding Comments

Managing conflict constructively contributes to effective industrial relations that meet the demands of profit while supporting employee wellbeing over the long-run (Boxall 2014). Industrial relations professionals and researchers recognize that employees should have a voice in their work lives where they pursue just resolutions to their grievances, bargain collectively, and in other ways further their interests even if those interests are different from management (Boxall 2014; Burgess et al. 2014; Budd 2004; Kochan 2005; Macneil and Bray 2014).

Similarly, human resource management professionals and researchers recommend moving away from practices that try to control employees and embrace practices that involve and gain employee commitment (Chang et al. 2014). Not fully appreciated is that to exercise voice to develop fair organizations that engender commitment requires a great deal of constructive conflict management (De Dreu and Gelfand 2008; Deutsch et al. 2014; Tjosvold 1991). Without constructive conflict management, grievances fester and unjust, inadequate practices continue to frustrate (Tjosvold et al. 1999; Tjosvold and Morishima 1999). Employees have reasons to withdraw rather than commit to the organization.

Trust and conflict are recognized as vital ideas for understanding collaboration but also often thought to work in opposition. As research has shown that conflict is pervasive and potentially constructive, we need to understand how trust and conflict can reinforce and support each other. Otherwise, trust is apt to be considered irrelevant for the demanding, conflictful workplace. Trust may be relegated to being a nice sounding platitude rather than appreciated as a vital contributor to collaboration and developing effective organizations.

Studies document that trust can help partners manage their conflicts and that effectively managed conflict can strengthen trust. Indeed, people who open-mindedly use their conflicts for mutual benefit very much strengthen their trust of each other in that they have shown that they are committed to finding ways to facilitate each other's goals. Managing conflict competitively confirms suspicion where partners conclude that they want to frustrate each other's goals.

This chapter used the theory of cooperation and competition to develop our understanding of how cooperative and competitive goals, trust, and open-minded discussion reinforce each other (Deutsch 1973; Tjosvold 1986). The stronger the cooperative goals, the higher the trust and the more likely protagonists will open-mindedly consider each other's ideas; this open-mindedness helps protagonists integrate their views to develop mutually beneficial resolutions.

Theorizing on the links between goals, trust, and open-mindedness have important practical implications. Team members and other collaborators can develop a shared understanding of the kind of teamwork they want to develop (Tjosvold and Tjosvold 2015). They can apply research identifying various direct ways to strengthen their cooperative goals, trust, and open-mindedness. They are then prepared to manage their conflicts so that they resolve issues and make and implement high quality decisions that contribute to fair, high commitment, and productive organizations good for employees and for managers and customers.

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Chapter 5

Negotiations in the Workplace: Overcoming the Problem of Asymmetry

Ray Fells and Peter Prowse

A company was preparing to submit a tender for a construction project. The company had a good reputation and confidence in its tender proposal but it faced a major problem: work on the project was not due to start for 12 months but company's agreement with the union covering all the employees' terms and conditions was due to expire in 6 months. The company could use an estimated rate in its tender proposal but faced the real risk that the negotiated rates under the new agreement would be higher and might make the project unviable. (Like most construction unions, the union at this company had a reputation for militancy). On the other hand, if the company were to cover this risk by using a quite high calculation rate in the tender document then it would instead risk not winning the tender at all.

The CEO of the company called a meeting with the Union Secretary to discuss the company's dilemma. He needed to know what the wage rate would be in an agreement that was not due to be negotiated for a further 6 months. After some discussion, the two men shook hands on what the forthcoming rates would be and even though the handshake had no legal force the company used that rate in its tender document. It won the contract. When the parties later opened negotiations to renew the enterprise agreement, the Union's wage claim was the agreed handshake rate.

In this example, the company and union negotiators are operating in a situation of risk. They were in the highly competitive construction industry where high value projects could mean good profits and high wages, or catastrophic losses and unemployment. Management and the union have to find a way to negotiate their undoubted

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differences and reach agreements that suit both parties without putting at risk what is important to each of them.

A situation such as this reveals an important aspect of trust – the need for trust arises out of specific situations of risk. As Alan Fox (1985) pointed out, if there is no risk, there is no need for trust. At the same time trust emerges – or perhaps doesn't – from the broader context being experienced by those involved.

This chapter will take a negotiation perspective on the issue of trust in the workplace. Trust between two parties might be recognised as being either calculus- or identification-based (Lewicki and Wiethoff 2000), perspectives on trust that are described more fully in the Chap. 7 of this volume (Lewicki, Elgoibar and Euwema) in this volume. Here we examine the proposition that irrespective of the general level of trust between the parties, trust has to be exercised in specific situations though making decisions that involve a risk. Negotiators have to earn trust in a negotiation, not assume it.

However, the workplace – the context within which management and union negotiate – has a number of characteristics that work against the evolution of trust and cooperation. This chapter will first describe these workplace characteristics and offer them as one explanation why the goals of mutual gains or interest-based bargaining and partnership have generally failed to realise their potential (Cutcher-Gershenfeld et al. 2001; Deitz 2004; Guest and Peccei 2001). The key point is that the workplace context for negotiation is asymmetric and this necessarily impacts the way negotiators negotiate, irrespective of their best cooperative intentions.

We should, at this point, indicate a difficulty with the word, 'cooperation' – it has a range of meanings. Cooperation is typically contrasted with competitiveness but as Fisher and Ury (1981) rightly pointed out, what 'cooperation' often means in practice is that the negotiator tried the competitive approach and failed so attempts to be 'cooperative' which means finding ways to concede without giving too much away. So when negotiators are then described as being cooperative what they are doing is looking for information to create value. Or, to highlight the flexible meaning of the term 'cooperation' in a different way, when I negotiate I am being cooperative because I explain exactly what are my needs that must be addressed while at the same time expecting you to be cooperative by agreeing to accommodate those needs. We will return to the different meanings of 'cooperation' later in the chapter.

The critical examination of the context and processes of workplace negotiation presented in this chapter may help explain the difficulties in establishing workplace cooperation and trust but it does not condemn practitioners to competitiveness and disputation. Fortunately the analysis also provides a way forward. It shows key features of the negotiation process that can be addressed to build trust and enable the parties to address and resolve their differences more constructively. This approach to trust offers a pragmatic strategy for those seeking to establish workable management-union relationships and effective conflict resolution procedures.

Features of Collaborative Management-Union Bargaining and Relationships

Industrial relations are normally characterised as being conflictual, if not adversarial, with examples of industrial action – strikes or lockouts – making the headlines and shaping attitudes and public policy. Against this background there has been regular advocacy of new negotiation approaches, particularly the mutual gains or interest-based bargaining approach in north America (see, for example, Kochan and Osterman 1994) and models of partnership in the UK (see Johnstone et al 2009, for a review). Europe, meanwhile is adapting its model of social dialogue to meet the challenge of increasing economic and financial stringency (Gray 2009; Munduate et al 2012; Euwema et al. 2015). The notions of partnership and social dialogue encompass more than negotiations across the table and should provide a more benign context within which managements and unions can operate. They do not, however, guarantee collaboration when the parties meet to negotiate, particularly in times of crisis for the organisation.

Table 5.1 outlines different aspects of how negotiating more cooperatively reflects the requirements of the core interest-based model. The need for trust is inferred in all three lists (see also Friedman 1993) particularly because the negotiators would be negotiating in a very unfamiliar and potentially risky way. The negotiators also need different skills if they are to move away from their traditional (and therefore comfortable) positional approach so prior awareness and skill development programs are essential prerequisites (Cutcher-Gershenfeld 1994; Heckscher 1993; Hunter and McKersie 1992; Susskind and Landry 1991). It was also quickly

Table 5.1 Some aspects of successful collaborative bargaining

Factors that facilitate integrative bargaining Walton and McKersie (1965)	Conditions for successful integrative (win-win) negotiation Lewicki et al. (2006)	Tenets of mutual gains bargaining Heckscher (1993)
Motivation	Some common objective or goal	Commitment to the creative process
Information and language	Faith in one's problem solving ability	Shared ground rules of new process
Trust	Belief in the validity of one's own position & the other's perspective	Defer taking positions while exploring the facts
	Motivation and commitment to work together	Unprecedented degree of information
	Trust	Taking time to explore each other's real interests
	Clear and accurate communication	Making space for creative invention
	An understanding of the dynamics of integrative negotiation	

realised that the need to change attitudes should extend to the constituents so that they too understand the new approach that their negotiators are following (Cutcher-Gershenfeld 1994; Friedman and Gal 1991; Heckscher and Hall 1994). Another critical element is the exchange of information with phrases such as 'fluid maximum information' (Paquet 1995), and 'unprecedented degree' of shared information' (Heckscher 1993). While emphasising the benefits of a collaborative approach there was an early recognition that some issues may remain to be resolved through more competitive negotiation, (Cutcher-Gershenfeld 1994; Mandelbaum 1989; Stepp et al 1998), though the list of unresolved issues should be smaller and be dealt with less contentiously.

The notions of partnership and social contract imply a broader relationship than a negotiation one across the table though it is a matter of emphasis. A partnership cannot work without negotiation; and an ongoing negotiation relationship is a form of partnership. As Walton and McKersie (1965) pointed out, when managements and unions meet to negotiate a new labor contract what they are doing is renegotiating the terms of their interdependence and interdependence is at the heart of any genuine partnership.

Notwithstanding the advocacy of improved workplace relations a review of reported cases (see Table 5.2) indicates the extent of the challenge that the parties face in establishing an enduring management-union relationship wherein workplace conflicts can be constructively managed. A further point that can be made about these case studies is that there were two common antecedent conditions that gave rise to the attempt to develop new collaborative forms of relationship and bargaining. Virtually every instance was provoked by either an economic threat to the organisation, such as a declining market share, or a history of seriously damaging negotiations (or both).

The Workplace Context for Negotiation

The negotiators in the reported cases were motivated to try a new approach and in most cases they had also been trained in the principles and practices of the interest-based bargaining. In these cases, the lack of trust-building collaborative negotiation can't easily be attributed to either a lack of motivation or of ability. This suggests that there are other structural reasons for the level of competitiveness that seems to inevitably impact upon the process.

Much has been written on the theory and practice of negotiation by both academic researchers and practitioners. Some common characteristics emerge coupled with some underlying assumptions about the negotiation should work (see Table 5.3). First, negotiation involves an exchange of information. As a result of this exchange the parties are able to develop their agreement; the fuller the information exchange, the better the agreement. Second, negotiation is between two or more parties. Implicit here is that the parties are separate but individually coherent entities, such as two companies negotiating a supply contact or a number of departments in

Table 5.2 Examples of mutual gains bargaining

The case studies	Brief description
Mandelbaum (1989) Parallel integrative and traditional contract negotiations – public hospital (USA)	Cooperation on work organisation; tough bargaining on pay and other conditions
Ancona et al (1991) Three cases of contract negotiation (context not stated)	MGB process held in one, collapsed in two
Friedman and Gal (1991) Two regional contract negotiations in the same Telecommunications company (USA)	Both essentially deadline-oriented negotiations; one collaborative; one antagonistic, agreement rejected, strike
Bohlander and Campbell (1994) Establishing a new management-union partnership & contract – mining (USA)	Held to succeed, be a template
Post and Bennett (1994) Contract renegotiation – engineering company (USA)	Facilitated process; ‘excellent final results’; changed workplace, 18 months after the event
Korshak (1995) Contract renegotiations – industry level, hotels (USA)	Facilitated process; regarded as a good agreement, involved economic trade-off for security
Dennison et al (1997) Two cases of contract re-negotiation– academics (USA)	(i) Facilitated process; comprehensive strategic agreement, implementation issues, mediation (ii) Facilitated process to establish a first agreement.
Preuss and Frost (2003) City-wide hospitals management-union cooperation	A decade of cooperative negotiation but with increasing fragmentation and tension
^a McKersie et al (2004) Contract renegotiations, Kaiser, health (USA)	Successful labour contract – profit share etc
Caverley et al. (2006) Two cases of contract renegotiations- public sector: (i) social service; (ii) IT (Canada)	Facilitated processes; MGB ‘not universally used’
Bacon and Blyton (2007) Multi-department negotiations overwork reorganisation and de-manning – steel industry (UK)	Varied competitive & cooperative strategies
Garaudel et al (2008) Two cases of organizational restructuring- textiles; insurance (France)	Accommodative solutions, difficult but successful
^a McKersie et al (2008) Contract renegotiations, Kaiser Permanente (USA)	Collaboration on shared interests
Cutcher-Gershenfeld (2011) Major contract negotiations – car company (USA)	Restructured wages; efficiency; survival for both parties
Evans et al (2012) Two labor-management partnerships – engineering; airline (UK)	‘Cooperation’ but neither delivered mutual gains

^aSuccessive rounds of negotiation in the same organisation

Table 5.3 Some characteristics and assumptions about negotiation

<p>Information exchange</p> <ul style="list-style-type: none"> • That both parties have information about the context not known to the other, but will be willing to share. <p>The nature of the parties</p> <ul style="list-style-type: none"> • That negotiators are responsible agents for their constituents. • That the parties are separate and communicate through the negotiation process <p>The privacy of negotiation</p> <ul style="list-style-type: none"> • That the parties are pursuing their own interests though others may be affected by the outcome. <p>The strategic motivation of the parties</p> <ul style="list-style-type: none"> • That negotiators have alternatives to negotiation. • That both parties are motivated to achieve an agreement (provided it results in them being better off). 	 <div style="border: 2px solid black; padding: 10px; width: fit-content; margin: 0 auto;"> <p style="text-align: center; margin: 0;">COOPERATIVE NEGOTIATION</p> </div>
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a university deciding how to share the Faculty budget. Third, negotiation is essentially a private affair in that the parties set their own goals and pursue them. There is no obligation on them to take account of the impact on third parties (though for self-interested and ethical reasons they may choose to do so). Finally, negotiation involves the alternative of not negotiating in case of transactional negotiation. If you cannot get a good price from one supplier, there is another down the road that you can negotiate with.

When we consider the context of the workplace within which enterprise bargaining and other negotiations occur we find that these four core characteristics might not fully hold. Importantly, they do not apply equally to both parties. The implication of this asymmetry is that it shapes negotiators' behaviour more towards being competitive rather than to being cooperative (Table 5.4). If workplace negotiations are to be more constructive then the way the process is developed must address this inherent contextual nudge towards competitiveness that impacts upon the negotiators. Before exploring this further we will briefly examine each assumption as it applies to workplace negotiations and consider the impact of the workplace context on the behaviour of the negotiators. The asymmetry of the workplace context and its impact on negotiators' behaviour are summarised in Table 5.5.

Negotiation Involves the Parties Exchanging Information

The first assumption about how negotiations work relates to the parties' use of information. Research on negotiation (for example, Butler 1999; Thompson 1991) clearly shows that the negotiators achieve higher value outcomes if they exchange information and particularly information about their interests, the reasons behind

Table 5.4 The effects of asymmetry on negotiation

<p>Information exchange</p> <ul style="list-style-type: none"> • One side holds most of the information • Reluctance to share information <p>The nature of the parties</p> <ul style="list-style-type: none"> • One side’s constituency is more difficult to manage. • One side can communicate with the other side’s constituency, but not vice versa. <p>The privacy of negotiation</p> <ul style="list-style-type: none"> • Public pressure to settle is applied to one side more than to the other <p>The strategic motivation of the parties</p> <ul style="list-style-type: none"> • One side has the option to by-pass the negotiation. • One side’s core strategy may be to not negotiate at all. 		<div style="border: 2px solid black; padding: 10px; width: fit-content; margin: auto;"> <p>COMPETITIVE NEGOTIATION</p> </div>
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Table 5.5 Workplace asymmetry and its effects on negotiation

Assumptions of models of negotiation	The asymmetric context for workplace bargaining	The effect of the asymmetry on the negotiators’ behaviour
Information exchange That both parties have information about the context not known to the other, but will be willing to share.	Management typically has far more information about the context than the union or employees and often will be concerned to retain this information.	Given that management holds most of the pertinent information it has scope to be cooperative (or not). The union, with little new information to share, cannot reciprocate and so appears reactive and competitive.
The nature of the parties	Union negotiators are accountable to a larger and more diverse constituency than management negotiators.	The more diverse nature of the union constituency plus the clearer level of accountability will mean that union negotiators feel the constituency pressure more than management negotiators and so are more cautious and competitive (both in content and behaviour) in their reactions.
That negotiators are responsible agents for their constituents. That the parties are separate and communicate through the negotiation process.	Employees are constituents on the union side but the other party, management, also has a direct (employment) relationship with them. So management can communicate directly with its employees (the union negotiators’ constituency) whereas the union negotiators do not readily have an equivalent option.	Union negotiators can easily perceive that management actions to unilaterally inform employees of the progress of negotiations is an attempt to undermine their position vis a vis their membership, making them more defensive & competitive in their stance. The union negotiators do not have an equivalent reciprocal action and so can react only at the bargaining table itself.

(continued)

Table 5.5 (continued)

Assumptions of models of negotiation	The asymmetric context for workplace bargaining	The effect of the asymmetry on the negotiators' behaviour
The privacy of negotiation That the parties are pursuing their own interests though others may be affected by the outcome.	A presumption that industrial disputes will have an adverse effect on third parties and so striking workers should 'return to work and negotiate'.	If a negotiation goes public it can have unpredictable effects on the parties stance (i.e. either increased contention or conciliatoriness) depending on the weight of public opinion. Bringing externalities to the table is likely to induce competitive behaviour, particularly from the side under pressure.
The strategic motivation of the parties That negotiators have alternatives to negotiation.	Both parties have the alternatives of industrial action, arbitration etc.	If the effect of the legislative requirements on industrial action impact unevenly on the parties (e.g. it is easier to impose a lock out than it is to call a strike) then the party facing the most difficulties may react competitively (even though the intent of the provisions may have been to encourage concessionary behaviour).
	Management may have the alternative of recruiting new employees or of offering individual contracts to employees. The union has no equivalent alternatives.	If management adopts or threatens to adopt these strategies, the union has no equivalent reciprocal action and so has to respond to this clear threat to its position in the negotiation process (and in the workplace) in other ways.
That both parties are motivated to achieve an agreement (provided it results in them being better off).	The core strategy of one party, management, may be to have nothing to do with the other party at all.	The union negotiators will react competitively – in behaviour at least – to any indications by management of a union avoidance strategy.

their position – the ‘why’ behind the ‘what’. Once each party understands the situation of the other, and their mutual context, then they can use this enhanced understanding to build new solutions rather than merely argue the merits of their respective positions. However, it is assumed that both parties have information that is not known to the other party and that each party is willing to share it.

When negotiations occur in the workplace context this is not normally the case. Rather than each party coming to the table with information that it can contribute to provide a better understanding of the situation and so form the foundation for a better solution, it is the management that typically has far more information. Management has knowledge of the financial, market and technical aspects of the operation and about the possible new technologies or business systems that might contribute to more productive outcomes. Furthermore, managers may be reluctant to share this because of the idea that ‘information is power’ and to share it weakens

one's bargaining position. (Although a widely held belief, there is little research support for the 'information is power' approach to negotiation.)

The practical consequence is that it is management who controls the flow of information and there is little information that the union negotiators can give in return. The significance of this imbalance is that it is difficult for there to be an information exchange. Reciprocity, the matching of one person's behaviour by another (Brett et al 1998; Putnam and Jones 1982) is one of the processes through which trust is developed; where the provision of information by one side can not easily be reciprocated by the other it is more difficult to build trust across the table. Even when management does release information this does not necessarily lead to a development of trust. It depends, in part, on the motive for sharing the information. We noted above that one of the prime antecedent conditions for attempts at collaborative bargaining is an economic threat to the organisation. If management releases data about rising costs or falling market share the motivation for sharing this could be to get the other party to accept management's offer rather than be an offer of trust.¹ In these situations the union negotiators will have little new information to share and so cannot reciprocate. As a result they appear to the management negotiators to be reactive, unhelpful and not bringing anything new to the table except to reiterate the membership's demands. Reciprocity being what it is in a negotiation, the management negotiators react to this apparent (and perhaps real) competitiveness and so the information becomes a negotiation weapon rather than a building block for cooperation.

Because management holds most of the pertinent information it has scope to be cooperative (or not). In this situation, actions speak louder than words. In the lead up to a major negotiation on pay and conditions an employer invested heavily in training for interest-based bargaining for its own negotiators and for the union delegates. However, once the negotiations commenced, the management negotiators refused to explain what they wanted to achieve out of the negotiations and how the general strategies of the organisation translated into interests and priorities for the current round of negotiations. According to one of the union negotiators, management insisted that it was up to the union to put its claim on the table first, that is, requiring the union to negotiate positionally. The negotiations failed to make progress for several months and eventually involved industrial action.

The offer of information is one of those situations in negotiation that calls for the exercise of trust (Fells 2012). The negotiator has to make a judgement: 'if I offer this piece of information can I trust the other negotiator not to use it against me?' If the intention is to build trust for a more collaborative negotiation: 'if I offer this piece of information can I trust that the other negotiator will reciprocate and reveal some information too?' A further occasion for trust in this situation lies on the other side

¹ Here we return to the question of the meaning of cooperation. When information is given in support of a position, the expected cooperation is that the other party makes a concession; when it is given as an offer of trust then the expected cooperation is that the other party will similarly offer some information that might put it at risk (eg that notwithstanding their big pay claim a lot of members are concerned for their jobs).

of the table where the negotiator has to decide: ‘can I trust this information that is being given to be true?’ It is known that negotiators rarely give false information but it is often incomplete or misleading. Clearly the slow and steady exchange of relevant information by both parties, building on the information provided by the other, will help the negotiators trust each other. As the negotiations progress this will probably have a pay-off in the other critical situation where trust is called for. This is the situation where both parties realise that mutual concessions must be made to reach a point of agreement but the risk is that if one party goes first, the other may not reciprocate, resulting in position and image loss for the first negotiator. If the negotiators have learned to trust each other in the exchange of information they will be more confident to constructively manage the concession making process.

Negotiation Is Between Separate But Individually Coherent Parties

Negotiation occurs between two (or more) parties and it is generally assumed that these parties are separate from each other. Further, it is assumed the company, the workforce, the environmental agency, government department or whatever party the negotiator is representing is assumed to be a cohesive entity, not often recognising (apart perhaps in the preparation phase) that is often quite complex. We examine both these assumptions in the context of the workplace where negotiators are normally acting on behalf of their respective constituencies.

The importance for trust in constituency negotiations is clear: ‘can I trust the negotiator on the other side of the table to properly reflect the events at the negotiation table and also to accurately report back the views of their constituency?’ If the behaviour of the negotiators is such that those on the other side of the table have their doubts then competitiveness rather than trust will develop in the negotiations.

It has long been recognized that the negotiators are more competitive when negotiating on behalf of others (Klimoski and Ash 1974; Mosterd and Rutte 2000) – they push harder for their demands if only because they have to report back to the person or people they are representing about how well (or not) they have done. This applies to the management negotiators reporting back to their board as much as to union negotiators reporting back to the workforce. Negotiators on both sides can use the ‘my hands are tied’ ploy as a reason for not agreeing to the other’s position.

The pressure of constituency is clearly felt in workplace negotiations (Walton and McKersie 1965; Warr 1973). However, the constituency that the union negotiator has to represent is normally a far larger and more diverse a constituency than the group to which the management negotiators report to. There may be more than one union involved and their officials may need to manage the differing priorities of their memberships. When there is only one union it may still have to reconcile different aspirations. For example, lower paid employees typically prefer a flat-rate

increase in pay whereas higher paid workers prefer percentage increases; shift workers would want improvements to their allowances, day workers would prefer a higher base rate. While differences may emerge within a management team, such as between human resources and finance, we cannot easily envisage a situation where the Human Resource Manager puts a proposed workplace agreement to a vote of all managers in the organisation, requiring 50% + 1 for it to be approved. The more diverse nature of the union constituency, combined with the clearer level of accountability means that union negotiators feel the constituency pressure more than management negotiators. As a result they will be more competitive in how they pursue issues and more cautious in considering innovative proposals.

The other assumption about the party structure of negotiation is that they are separate such as the two companies negotiating their potential joint venture. In the workplace it is different. One party – the workforce – is employed by the other. This means that while negotiations are taking place management has the right to communicate through newsletter, meetings etc. directly with its employees there is no equivalent opportunity for union or employee representatives to communicate directly with those managers not at the negotiating table.² Perhaps the only way they have to communicate to the senior executive might be through a placard demonstration outside the main entrance. Hardly a constructive or conciliatory form of communication!

Negotiation Is Essentially a Private Affair

Another assumption of negotiation is that the parties pursue their own interests. When negotiating to buy a house the buyer and seller do not have to take account of the effect of their settlement price on other houses in the street. Workplace negotiations can be very public and not only when the trains stop running due to a drivers' strike or the planes stop flying due to a management lock-out. Public commentary on a dispute will often include comments on the alleged adverse effects of any 'high' settlement on companies and on jobs elsewhere. This public dimension has the effect of making any compromise also more public which can lead to negotiator intransigence rather than cooperation. Despite this, managements or unions will often attempt to invoke public support for the position they have taken at the bargaining table. This may be more effective for public service employees such as nurses than for the more highly paid airline pilots but going public with a dispute is a risky strategy and normally requires an effective 'back channel' for negotiations to

²A distinguishing characteristic of some European models of industrial relations is the right of employees to have a representative at company board level. The provision of this right brings a greater degree of balance in that a representative of the union/employee negotiators does have direct access to senior management. They do not, however, have access to the management group as a whole to directly explain to them the benefits of the union's position in the same way that management has access to employees to explain the benefits of the company's position.

be resumed quietly away from the public view (Friedman 1994). Relying on a back channel requires trust, trust that may have been put to the test by some of the public commentary and actions by the parties. Third party involvement may be required to rebuild the negotiation but maintaining direct negotiation is preferable.

Negotiation Involves the Alternative of Not Negotiating

The final assumption about negotiation to consider is that we don't have to; when negotiating, we always have alternatives. This key point has been rightly popularised through Fisher and Ury's (1981) use of the term BATNA – the Best Alternative to a Negotiated Agreement (also see Lax and Sebenius 1985). If we cannot reach a good price with a car dealer, we can always go to a dealer down the road, just as the dealer can always start to negotiate with another potential customer. One party's alternatives may be better than the other's but they are always there.

In the workplace context the legal framework will typically place constraints and obligations on the parties, particularly on the extent to which they can engage in industrial action (strike or lockout). In any workplace negotiation, the parties have to accept the legal framework as a given; it has been established through a broader political process. However, each party typically thinks that the legislative framework offers more support to the other side while unfairly constraining their own ability to secure a reasonable outcome; their respective interpretations of the law will encourage, at best, resigned cooperation but often be another point of contention to argue about over the negotiation table. The legislation may also place an obligation on how the parties should negotiate with a requirement that they should bargain in good faith. However even this legislative prompt to negotiate cooperatively can be used competitively if either of the parties so wish. For example, if one party wants to delay a settlement it can lodge a complaint that the other party is not bargaining in good faith and so delay the negotiations while the complaint is being investigated.

When Walton and McKersie (1965) defined 'collective bargaining' as the management and unions renegotiating the terms of their interdependence this was a recognition of the fact that once the negotiations (with any associated disputation) are over, then employment relations would be resumed (but, probably, on new terms). Brett (2014) notes that in this interdependent situation, the BATNA of one party is largely shaped by what the other party can do to it, and this is reflected too in Chamberlain and Kuhn's (1965) perception of power in collective bargaining, namely the ability to impose economic and other costs on the other party and so induce them to concede. The legislative framework may determine how either party may retaliate to the actions of the other but the employer does have some significantly different options that are not open to the union side. The employer may recruit an alternative labor force (though often only with considerable legal ingenuity

to get around existing employment obligations³). Where individual rather than collective employment relations are the policy objective of government (as in Australia from 1996 to 2009) employment law may permit employers to offer employees individual employment contracts that take precedence over any collectively negotiated agreements. There is a clear asymmetry of alternatives on either side of the negotiating table. The interdependence that is part of the employment context means that a union has to reach an agreement with the employer, but the employer can potentially achieve its objectives without reaching agreement with the union. Even if these management options are only in the background, they incline union negotiators towards a more defensive and competitive response to any of management's substantive proposals.

This brings us to the final assumption about negotiation and what is needed for it to work, namely that both parties are motivated to reach an agreement. In some situations management may invoke an individual contract strategy simply as a threat to induce the union negotiators to be more conciliatory. However, it may be part of a longer-term union avoidance or marginalisation strategy. That is, management may not want to reach agreement at all and, indeed, may feel that to have a less than constructive negotiation may actually help its longer term goal of disconnecting the union from any employee support. It is not surprising if the union (perhaps counter-productively) reacts competitively to any indications by management that it has a union avoidance strategy in play. Trust is unlikely to emerge in such a situation.

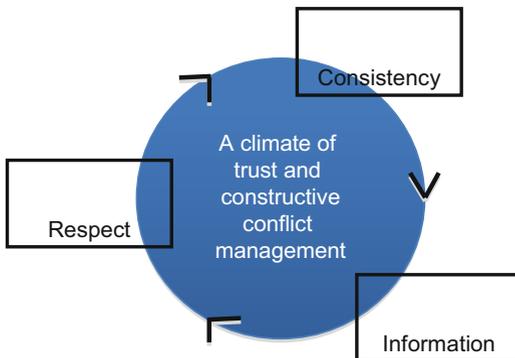
Trust and the Development of Constructive Negotiation and Conflict Management

We turn now to draw some practical implications from the asymmetric nature of the workplace context for the development of constructive negotiation and the trust that such negotiation requires. In doing so we must first recognise that some employers do not want to have to deal with unions in the belief that unions exist to get management to do things that they otherwise would not do (Hyman 1975). Indeed, much of labor law would not be necessary if past managements had wholeheartedly adopted a pluralist perspective and unions had responded in like manner. Other employers by choice or by legislative obligation do seek to develop negotiation relationships with unions and employee representatives. How, then, might the competitive influence of the workplace context be mitigated against or even overcome such that constructive relationships can be established?

Clearly trust is at the heart of the matter, but we have suggested that trust has to be earned through actions. We can identify three elements that would contribute towards a virtuous circle of trust building and constructive relationships (see Fig. 5.1).

³Such as declaring the existing company insolvent and establishing a new one, which then buys out the old one (cheaply because it is insolvent) but then recruits new employees. The lawyers who devised the scheme would then be retained to fight off any claims by ex-employees.

Fig. 5.1 The virtuous circle: a constructive cycle of workplace relations



The three main elements are showing respect to the other party and recognising its legitimacy; maintaining a consistency of approach, and engaging in the exchange of information. It is easy to envisage the outcome if the parties do not show each other respect, are inconsistent and withhold or misuse information. There will be a climate of mistrust and the way that conflicts are handled is then likely to exacerbate the situation further.

Showing Respect to the Other Party and Recognizing Its Legitimacy

For relationships to work they must be based on respect and legitimacy. To examine this aspect of workplace relations we must start with the last of the negotiation characteristics discussed earlier, namely the motivation of parties. If one party's core motivation is to not negotiate except when it has to then the other party will inevitably recognise this. It is very difficult to trust someone you believe really does not want to talk to you. Further, other actions by that party – and as we have shown, this is typically management because a union does not have an alternative not to reach agreement – are likely to be misinterpreted. For example, management may rightly seek to introduce teamwork as a way of improving productivity, but a suspicious workforce might resist this seeing it as a management ploy to change the allegiances of the employees.

Genuinely recognising and respecting the legitimacy of the other party can be both personal and organizational. At the interpersonal level it is demonstrated through open conduct during negotiation meetings such as not interrupting or not using derogatory terms to describe what the other negotiator has just said. At the organizational level – and here recognising the asymmetric obligation is important – it is demonstrated through management affording facilities to employee representatives, particularly time to consult with those they represent. This respect needs to be reciprocated and from the union side this will mainly

be at the interpersonal level but will also be shown, for example, in the way that union negotiators refer to the company when reporting back on negotiations and offers to their membership.

Maintaining a Consistency of Approach

The need for respect and legitimacy leads to another important point about developing trust and constructive relationships, namely the necessity for consistency. This can be demonstrated in a number of ways in the workplace. It is important for an organisation to have a consistent approach to resolving issues, and to always emphasise the need for a negotiated outcome. It would be inconsistent to try to establish a mutual gains approach to a forthcoming major pay negotiation if the company has consistently referred employee grievances to third party arbitration even if it was entitled to under the grievance procedure. If the union negotiators consistently challenge every interpretation by managers of the current agreement then they cannot expect anything other than a defensive attitude from the management negotiators when the agreement is due for renegotiation.

Engaging in the Exchange of Information

The third element of the virtuous circle is information exchange. As we have seen, management holds most of the information that is needed to build value-creating agreements and so the responsibility for building trust and cooperation in this respect lies with them. Providing a swath of information – usually bad sales or wage comparative data – just before a negotiation is due to start is not being cooperative, just the reverse. It signals to employees that management hadn't trusted them with any important information about business performance until that point, and is sharing it now only because they want the employees to moderate their wage demands.

Management needs to make a broader decision about the extent to which it is going to involve its workforce, and any workforce representatives, in the decision-making processes throughout the organisation. Cooperation reaps dividend and the investment in information sharing during the life of the agreement will pay off in the next major negotiation. This is no different from other areas of an organisation's operations. In the procurement area, for example, most companies rightly give emphasis to developing relationships with their suppliers and build value-adding partnerships by sharing information. The European model of social dialogue recognises the importance of information and the rights conferred on employees to have access to information provide a context for negotiations to progress beyond competitive bargaining into a more collaborative relationship (Bridgford and Stirling 1994).

Not all industrial relations systems provide these information rights and even where they exist, a preferred approach would be for management to develop its own open strategy rather than merely respond to employee requests. While the initial responsibility for information exchange lies with management, because it is they who have the information that needs to be shared, unions and worker representatives have an equal responsibility in how they receive and handle that information. Negotiation is two-sided; trust can be offered but if it is misused it may never be rebuilt (see Lewicki et al, Chap. 7 in this volume).

Trust and Constructive Conflict Management in the Construction Company

Returning to the case of the CEO and the Union Official we can find some reasons why they were able to trust each other's handshake in the context of an industry where competitive and even antagonistic relations between management and union are commonplace.

To recap the situation, the CEO had to trust that the Union Official would keep his word on pay rates when the next round of negotiations opened. We can add that the risk to the Union Official in shaking the CEO's hand was over the uncertainty of what the prevailing industry wage rates would be 6 months hence. He risked the company coming to the negotiation table pushing for a lower rate; he risked pressure from his members if they believed that their union should be getting them more.

This trust did not just happen and we can identify the three elements in the virtuous circle of respect/legitimacy, consistency, and information exchange. While not welcoming the union with open arms, the company puts no obstacles to its employees joining the union and is prepared to set work time aside for the union officials to meet with members. The consistency in its approach is maintained by making very clear to new site managers that the company's way of dealing with worker grievances and union representations is to find a solution that works, not stand on matters of managerial prerogative. It expects – and the union officials know this – that the officials will bring their members into line. This is the reciprocity that the union side delivers. The parties were consistent in the way they managed issues between them. When they meet the language between the negotiators on each side is not always polite – the description of a 'robust exchange' hardly does justice to it but the negotiators understand each other across the table. More importantly, each side has made it clear to the other that they want a negotiated solution to any problem, and do not want any issue to be escalated into external procedures (for example legal processes or industrial action). This mutual strategic motivation governs the way they handle individual grievances on site and the periodic company-wide pay negotiations. With regard to information, the management regularly updates employees and their union over the state of the company and future work flows. It does this consistently, not just when it wants the workers to moderate their pay claims. One of the union

officials states that he has no reason at all to disbelieve any of the information that the company provides him. With all three elements of the virtuous circle present, the key managers and union officials developed a level of trust between them, a trust that spread to on-site managers and the employees.

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Chapter 6

The Tree of Trust: Building and Repairing Trust in Organizations

Roy Lewicki, Patricia Elgoibar, and Martin Euwema

Industrial relations are prone to conflict by nature, and can experience various trust breakdowns, such as strikes, job actions or lockouts, making trust a critical competence inside organizations (Lewicki et al. 1998; Kramer 1999). The specific characteristics of industrial relations provide a challenging, highly demanded and understudied environment both for studying trust and for understanding trust repair.

There are many contributing factors to the fluctuating trust and distrust levels between management and unions or worker representatives (WRs): the structurally-required long-term relationship between the parties, the multi-issue nature of the negotiations (i.e. collective bargaining and grievance management), the double-role of the actors (e.g. members of their own group and agents), the differing value systems of the parties, the different expectations of fairness, and the diversity regarding the negotiating competencies of the industrial relations actors, not to mention public interests, media exposure, involvement of multiple and often competing labor unions, and conflicts of interests between employees in the organization, and sectorial or national agreements.

We believe all these features become relevant and even more complex when there are efforts to repair trust between managers and WRs. This chapter explores the concepts of trust, distrust, trust building, and trust repair (Dirks et al. 2009; Kramer and Lewicki 2010) and applies these concepts to the relationships between management and WRs—the key actors in the industrial relations drama. We introduce here the Tree of Trust to describe these components. We specifically focus on

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different theories of trust repair after escalated collective conflicts, often related with social actions and strikes.

The human drama often involves parties who trust and distrust each other at the same time
(Mc Knight and Chervany 2001, p. 28).

Trust in an Industrial Relations Context

Industrial relations are defined (Hyman 2005, p.10) as “the regulation of work and employment through some combination of market forces, state intervention and collective bargaining”. In this volume we focus on industrial relations at the organizational level, and here the primary actors are the elected WRs and the management of the company. Societies differ largely in the extent to which WRs are elected through and supported by unions, or the presence of other forms of worker representation in the organization, as well as the extent to which representatives are empowered, legally and by management.

Management and WRs usually meet in different formal bodies, such as the works council, to negotiate collective issues related to working conditions, manage conflict, and take organizational decisions (Conchon 2011; Van der Brempt 2014). In the European Union works councils have legal authority and an important say in strategic organizational decisions, as far as these decisions impact the workers. Under German law this is called ‘co-determination’. Examples of such decisions are mergers and acquisitions, downsizing, and restructuring, in addition to classic issues of pay, working conditions, or health and safety (see Nauta et al., Chap. 7 in this volume, for a definition of Works Council). In these cases, trust is a sensitive and essential issue (Argyris 1962; Dirks and Ferrin 2001; Jones and George 1998; Lewicki and Wiethoff 2000; Mayer et al. 1995; Kramer and Tyler 1996; Rousseau et al. 1998).

A “European-Style” Works Council in the United States?

In summer of 2014, the creation of a “European-style” works council at the Volkswagen plant in Chattanooga, Tennessee, fuelled controversy in a US region hostile to unions. After numerous setbacks, the supporters of organized social dialogue at the plant—the group’s only factory in the world without a works council—are on the verge of achieving their goal.

A works council, in the United States, would be unprecedented. In this country where whole sections of the economy are not covered by the federal law on social dialogue and where anti-union sentiment is strong, even in subsidiaries of European groups like Deutsche Telekom, worker participation in the management of a company depends entirely on the employer’s good will.

What seems to be motivating the Volkswagen workers in Tennessee to join the union, is not the potential to strike or to ask for better pay, but the prospect of taking part in the company's economic life through a works council.

The chair of Volkswagen's global works council, Bernd Osterloh, a member of the powerful German metalworkers' union IG Metall, said that production of the new model risked being allocated to the Volkswagen plant in Mexico if Tennessee's political representatives did not stop meddling in the company's internal affairs.

"Co-determination is a key factor in our success" he told in an interview widely covered by the US media.

Source: Fandos, C. (2014). *Equaltimes*, published 21.8.2014.

Studies have generally dealt with trust at either individual level (Dietz and Den Hartog 2006; Mayer et al. 1995; Lewicki and Bunker 1996) or at inter-organizational level, considering usually the trust between organizations (Dirks and Ferrin 2001; Fulmer and Gelfand 2012; Gillespie and Dietz 2009; Trapp 2011; Zaheer et al. 1998). Within organizations, trust is imperative for team building in organizations and thus also for specific team building-as in the case of works councils where management and worker representatives meet (Larson and LaFasto 1989; Van der Brempt 2014). In this chapter we study trust at the organizational level: trust between two or more groups of industrial relations actors within the same organization (Serva et al. 2005; Raes et al. 2011; Tsai and Ghoshal 1998). We refer to this level of trust as organizational trust. Trust at this level is critical and in need of further research (Fulmer and Gelfand 2012), particularly in an industrial relations context, but surprisingly, the problem has not been fully addressed.

One special characteristic of the afore-mentioned groups at organizational level is their diversity of values and interests. Delegations of management and WRs are usually not monolithic groups. WRs typically represent different groups of employees, e.g. doctors or nurses in the hospital, pilots or ground staff in airline industries, or different plants in a production firm. And these WRs can furthermore be members of various trade unions who hold diverse values and ideologies, as well as different interests and different levels of competences (Euwema et al. 2015). These 'factional groups' are defined by Li and Hambrick (2005) as groups in which members are representatives, or delegates, from a small number of social entities and are aware of, and find salience in, their delegate status. Research (e.g. Van der Brempt 2014) concludes that managers and WRs perceive each other as part of different social entities, and therefore also of different factional groups. In this chapter we focus on the relation between management and WR's, and intergroup trust, distrust and trust repair. Many of these principles also apply to relations between representatives of different groups of employees.

Following previous scholars working on trust at the organizational level (Deutsch 1973; Barney and Hansen 1994; Wise and Kuhnert 1996; Ross and LaCroix 1996), and building upon an earlier well-known definition of trust ('trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another' Rousseau et al. 1998, p. 395), and Ross and LaCroix's (1996, p. 315) inter-team definition of trust, we define organizational trust in a bargaining situation as "*the willingness to risk increasing his or her vulnerability to others whose behavior is beyond one's control; thus parties are confident that the other will not exploit the party's vulnerabilities*". A similar definition complementing the previous one was offered by Carnevale and Wechsler (1992), stating that trust "*involves faith or expectation of ethical, fair, and non-threatening behavior, and concerns for the rights of others*" (p.473). In addition, this level of trust was found to be shared among the group members (Fulmer and Gelfand 2012).

Different Types of Trust and Distrust in Organizational Industrial Relations

Lewicki and Wiethoff (2000) differentiate two types of trust: "calculus-based trust" (CBT) and "identification-based trust" (IBT) and also propose two types of distrust: "calculus-based distrust" (CBD) and "identification-based distrust" (IBD). In CBT, which is most often related to the workplace, people tend to operate on a reward/punishment system in which they (explicitly or implicitly) judge the benefits of trusting against the perceived costs of not trusting (Lewicki and Bunker 1996; Lewicki and Tomlinson 2014). In CBT relationships (which are usually about specific transactions within a relationship), trust is built slowly, one step at a time (like climbing stairs), as people engage in trust-building transactions. However, if mistakes happen—i.e. the transaction is not completed or one person violates the other's expectations— it is possible for an individual's trust to revert back one or more steps, and both parties may need to begin to rebuild the trust over again. In industrial relations, judgments of CBT are strongly linked to the perception of competences in the other group (Euwema et al. 2015). When managers perceive that WRs are capable, have the required knowledge to contribute to the decision effectively, and have the support of their rank and file, CBT will increase (Euwema et al. 2015). From the perspective of the WRs, their CBT in management depends on their belief that management will do the best for the whole organization, will take into account the interests of the workers (and not just the shareholders or other dominant stakeholders), and will share relevant information with them (Elgoibar 2013).

In contrast to CBT, Lewicki and Bunker (1996) define "identification-based trust" (IBT) as a deeper, more personal kind of trust. Through IBT, the parties come to know each other well and begin to understand and appreciate the perceptions, expectations and interests of one another. In time, they develop the ability to anticipate what the other would want in a given situation, and could take the initiative of

acting for each other's interests in certain situations. The bonds that draw these individuals together include common values; a common approach to similar situations based on anticipated mutual benefit; and, over time, the parties may actually develop a collective identity. It is as though both parties have learned a dance, and are able to lead and follow each other through complex moves and turns, trusting one another along the way. If this type of relationship can develop in industrial relations at organizational level, it will be much easier for parties to work together as a team, understanding each other's expectations, goals, and needs while still being 'loyal' to their respective constituencies (Lewicki and Tomlinson 2014). In organizations, this type of trusting relations regularly develops between the chairperson of the workers council and CEO or the director for social relations in the organization. The emergence of such trust relates not only to the personalities involved, but also to the divergent ideology of the parties. In organizations where industrial relations contain a strong ideology of "us against them", IBT is more challenging than where a cooperative approach towards industrial relations exists (Euwema et al. 2015).

As noted above, Lewicki et al. (1998) suggest that trust and distrust are fundamentally different from each other. While they define trust as confident *positive* expectations regarding another's conduct, distrust is defined as confident *negative* expectations regarding another's conduct. This proposition is in contrast to much of the existing theorizing on trust, which suggests that distrust is equivalent to 'no trust', or that distrust is on the opposite end of a single dimension of trust-distrust. Much recent research confirms that trust and distrust are indeed two distinct constructs (see Guo et al. 2015, for a recent review). In our view, high distrust occurs when we can confidently predict that the other will act in an untrustworthy manner, or attempt to take advantage of our trustworthy actions. According to Lewicki and Wiethoff (2000), like trust, there are two forms of distrust: calculative-based distrust (CBD) and identification-based distrust (IBD). Similar to CBT, CBD is also based in ongoing transactions with the other, but with the expectations that the other will attempt to take advantage of us, and that we will incur significant costs if we do not protect ourselves from these anticipated acts of exploitation. In the industrial relations context, a WR or management agent might have distrust for the other based on expectations on the issues at stake ('this management will never allow flex work'; 'It is unlikely management will keep their promise to pay every hour overtime, they will frustrate the implementation'), or based on reputation or past experiences with the other's agent. Management might also anticipate distrust based on their past experience with WRs: 'we can negotiate a new arrangement for compensation of work-related travel, however they will never want to give up their current rights voluntarily'; "They might say yes now, but only do this so as to buy time".

Identification-based distrust (IBD) is defined as confident negative expectations of the other, based on judgments about the parties' fundamental differences in personal values, dissimilarity of goals, and negative emotions toward the other. The parties recognize that they are committed to very different values, have different and even conflicting goals and do not have generally much in common. This might

Table 6.1 Combinations of two types of trust and distrust

	<i>Calculus based trust</i>	<i>Identification based trust</i>
<i>Calculus based distrust</i>	“They will deliver on issue A, however unlikely on issue B”	“They are good people, however they don’t understand why we need to change”
<i>Identification based distrust</i>	“I believe they will deliver as agreed, although I don’t trust their intentions at all”	“I trust our CEO really on his intention to seek a solution, however I don’t trust at all his willingness to confront the shareholders”

reflect in personal antagonistic feelings and dislike of the other party. In the industrial relations context, IBD could develop based on either a long history of inflammatory rhetoric, contentious negotiation tactics, bad chemistry between lead negotiators, and/or a significant pattern of contract violations and grievances. These reactions could be narrowly directed toward the other party’s agent, or could be extended more broadly toward management or the WR’s governing organization. Evidently, this distrust is reinforced often in public actions where both parties accuse each other and embrace classic stereotypes of one another.

Lewicki and Wiethoff (2000) emphasize that no single relationship is necessarily characterized by only one of these two forms of trust and distrust. First, trust and distrust can exist within the same relationship. And this is certainly true for industrial relations, where agents represent different and conflicting interests on a wide array of issues. For example, management and WRs might trust each other completely when it comes to agreements on work place safety (high CBT), while at the same time there exists high distrust on the willingness to cooperate on the planned reorganization (CBD). And at the same time WRs are quite skeptical and have low trust in the willingness of management to keep an agreement on paying overtime (low CBT). The relation between the Chair of this Works Council (the delegation of the WRs) and the CEO might be based on mutual respect and trust (IBT), however some of the WR members might completely distrust the CEO (IBD).

We can assess these relationships as presented in Table 6.1.

To have an accurate assessment of mutual trust, we should have separate information for each partner in the relationship. Management, for example, often expresses trust in the intention of WRs (IBT: ‘these are good people’), but has low trust in their competences (‘CBD: they simply lack the competences to understand what we try to realize and therefore we will go on strike’). This implies that the challenge often is the simultaneous management of trust and distrust in a hostile environment, in which parties may be just as inclined to distrust as they are to trust (Lewicki et al. 1998, p. 439).

Trust and distrust: (a) are conceptually and empirically different concepts; (b) can coexist; and (c) have different antecedents and consequences (Lewicki et al. 1998). The different combinations and their antecedents and consequences are presented in Table 6.2.

Table 6.2 Integrating trust and distrust

Trust/Distrust	Low distrust is characterized by no fear, absence of skepticism, absence of cynicism, low monitoring and low vigilance	High distrust is characterized by fear, skepticism, cynicism, watchfulness and vigilance
High trust is characterized by hope, faith, confidence, assurance and initiative	High trust–Low distrust: High value congruence Interdependence promoted Opportunities pursued New initiatives	High trust–High distrust: Trust but verify Relationship highly segmented and bounded Opportunities pursued and down-side risks protected Vulnerabilities continually monitored
Low trust is characterized by no hope, no faith, no confidence, no assurance and no initiative	Low trust–Low distrust: Casual acquaintances Limited interdependence Bounded, arm-length transactions Professional courtesy	Low trust–High distrust: Undesirable eventualities expected and feared Harmful motives assumed Interdependent managed Preemption: best offense is a good defense Paranoia

Lewicki et al. (1998)

Below we illustrate the application of this scheme to organizational industrial relations based on our interviews with WRs and with employers (Munduate et al. 2012; Elgoibar 2013; Euwema et al. 2015).

High Trust-Low Distrust

The “ideal relation” between social partners in the organization. Both talk about the relationship as: ‘we really trust each other here, and work closely together, even on sensitive issues’. Management and WRs perceive their relation as a partnership, where both play different roles, and perceive these roles as complementary—i.e. therefore positively interdependent.

High Trust-High Distrust

Here management and WR are closely monitoring each other, and trust is high on some aspects, however distrust is present at the same time on other aspects. “In our organization, we trust management in the decisions regarding financial issues, but

really not in the decisions regarding human resources”. “We trust the intention of management to support these changes; however we distrust the financial capacities to make the necessary investments in time”.

Low Trust- Low Distrust

Given the interdependence between management and WRs in most organizations, this possibility seems somewhat unlikely. However, in many organizations, the relations between management and works council are rather remote: “Meeting with WRs is a formal obligation. The works council is a toothless tiger, acting rather unpredictably.” “In our organization WRs are insignificant” “We as WR don’t feel we are taken seriously. We have our own playing field”.

Low Trust- High Distrust

In many organizations, this is typical for industrial relations. Management withholds information systematically for the works council, and the works council will leak any confidential information immediately to outside unions, or employees.

Distrust resulting from suspicion about the other’s intentions leads to information distortion (Bromiley and Cummings 1995), which has been shown to be a key antecedent of frustration and breach of trust, particularly from a WRs’ perspective (Munduate, et al. 2012):

The relationship between me and the management could be described in one word: opposition. I am never trusted in anything. And I don’t even want to do anything with the director to increase trust, not even talk to her (p.53)

“Management doesn’t consider us part of the decision making process. If they don’t trust us, we can’t trust them (p.50)

Although high trust and low distrust seems the ideal situation, it is not the panacea for industrial relations. Lewicki and colleagues (1998) explained that an unhealthy low level of distrust might result in greater chance of undetected fraud, cheating or exploitation. This occurs because one who strongly trusts the other may become blind to negative aspects of the other party, and hence can be excessively surprised and/or hurt when the other violates one’s trust, even in minor ways.

Similarly, low trust-high distrust does not make for a good approach, because this combination can contribute to a highly jaded view of the other party, in which none of the other’s words or actions can be believed or relied upon (Mc Knight and Chervany 2001). “Paranoid cognitions can emerge” (Lewicki et al. 1998, p. 451), such that—no matter what the other party does or says, their actions and words are interpreted suspiciously. In an industrial relations context, this is frequently related

to the strong ideology of the parties (Elgoibar et al. 2012). Hence, even as the parties approach their initial negotiating dialogue, their distrustful assumptions about the other party's interests and values are so strong that they are not able to reconcile these assumptions and make initial moves toward building trust and cooperation.

The Complexity of Organizational Industrial Relations: The Tree of Trust

Industrial relations in organizations usually are a complex network of formal and informal relations, where many actors meet through different channels and procedures. In these relations, trust and distrust go hand in hand, even in the relation between key players, and even in the same negotiation meeting. Industrial relations systems are designed to meet the divergent and conflicting interdependent interests between 'capital' and 'labor', with the assumption that negotiations need to be organized. We propose the 'tree of trust' as a metaphor for these complex relations. Figure 6.1 presents two trees: a trust tree and a distrust tree. Within each organization there always will be trust and distrust in the industrial relations interface. This is the natural effect of the division between capital and labor in organizing work in many contexts and economies.

First, we consider the tree of trust (the tree on the left). The tree of trust has different layers of branches, and this tree naturally grows with the size and complexity of the organization. On the left side, we see the hierarchical chain of command, with employees, direct supervisors, up to the level of top management. Leadership research shows the importance of the quality of these relations for effective organizational functioning, including consultation and participation in decision making. This can be in direct ways, where management meets with employees at different levels, or indirect ways, where employees participate through the 'chain of command' upward (Yukl 2012; Cummings and Worley 2014). On the right side, we see the worker organization, and different levels of employee representation. Here, again participation can be direct, however typically through employee representatives at different levels. Employees elect shop stewards, local works councils, national and global works councils. This can be either with the involvement of national workers' unions, or locally. When trust is lacking, employees will rely more strongly on the right side of the tree to protect their interests. As the earlier mentioned example of VW in the USA illustrates, low trust might result in the absence of the right part of this tree of trust. The branches on left and right side communicate. When there is a conflict between a manager and his team, the shop steward might meet with the manager or with HR in an attempt to solve the conflict. There is an international tendency to rely more and more on the left side of the tree through 'improved' management-directed human resource management, hence reducing organized representation (see Elgoibar et al., Chap. 1 and Martinez Lucio,

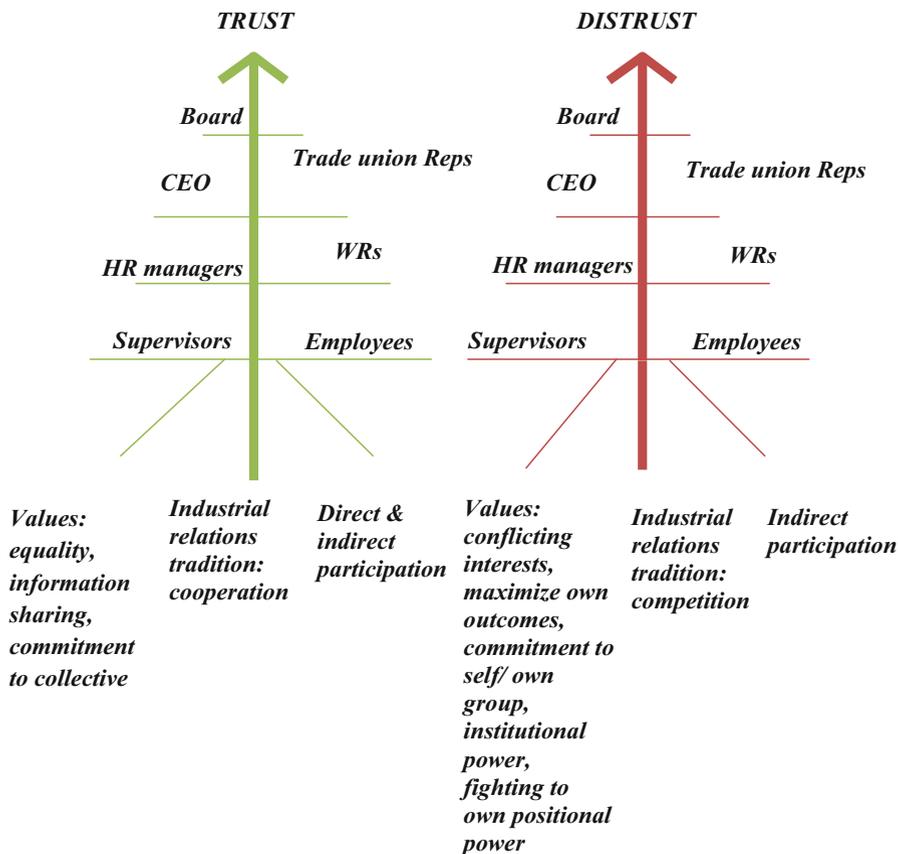


Fig. 6.1 The tree of trust

Chap. 2 in this volume). This contains risks for the tree, as idiosyncratic arrangements tend to take over. Our *first premise* therefore is:

1. *A healthy tree of trust has a balanced system of direct and indirect representations for communication, negotiation and conflict management.*

The trunk of the tree has two sets of roots. The left side roots represent the values in the organization; the right side roots draw from the values of the workers and the tradition of industrial relations. Both sets of roots draw from traditions of sectorial and societal relations, which can promote trust or distrust in the organization, and often also reflects strong ideas about the value of representation, versus direct negotiations by (groups of) employees (USA vs Germany and Scandinavia), versus

directives by the government (centralization of employment relations, e.g. in France or China). Therefore, our *second premise* is:

2. *The soil determines the shape of the tree, and which tree will grow best, the tree of trust or the tree of distrust. Related political and cultural sectors, national unions, employer organizations and governments can spoil or feed the soil.*

Next to the tree of trust grows the tree of distrust. Essentially the same actors determine this tree. In a healthy system, these two trees are connected, and the tree of distrust exists as a shadow of the tree of trust. However, both trees can develop independently. For example, there may be productive conversations going on in some plants about wage increases and changes in work rules, while other plants are experiencing significant discord due to abusive practices by local management. So, our *third premise* is:

3. *Trust and distrust go hand in hand.*

A healthy tree develops with the “right” distance between the layers. Branches need space so as to have enough light and air, however also not too much, as the overall stability will be at risk. To have a healthy tree of trust, representatives and top management—the upper branches—have to be visible and approachable for employees. The intermediate levels should be aligned and not be too crowded with leaves and small branches that sap the tree’s healthy development. When organizations become too large, the top of the tree—i.e. both the CEO and representatives—become less visible for most workers, with a decrease of trust as result. This implies that the essential negotiations between workers and management should be taking place at a ‘visible’ level for employees. This also can imply if they are not visible, it may be necessary cut out layers of management and representation. Our *fourth premise* is:

4. *A tree of trust can’t grow into heaven, and should be ‘pruned’ regularly to remain healthy. They should maintain a simple structure. Trees of distrust will tend to grow if trees of trust are not maintained.*

Crises in organizations are a natural occurrence. These crises can be stimulated by internal events (e.g. a change in key personnel or an organizational failure) or by external events (e.g. rapid and unpredicted political or economic changes). A healthy tree of trust is designed to cope with crises. However, if the tree of trust is not healthy, or the crises are dramatic, the tree of distrust will grow rapidly. Monitoring where a crisis appears, and at what branches, is essential. Under conditions where the tree of distrust becomes dominant, swift and dramatic actions are needed. Our *fifth premise* is:

5. *Assess where and when the tree of trust falls into the shadow of distrust, and be ready to take swift action.*

Winds of chance can fire up conflict, destroying the tree of trust, even though its trunk and into its roots. The tree of distrust dominates the area, and might sap all energy for rebuilding trust. Crisis requires going back to the roots, and these are

twofold: the organizational roots as well as the industrial relations roots. Thinning the tree down might give light and air for new people to create healthy trust. A new tree might grow again. But this can occur only if the tree of distrust is also significantly pruned but not removed entirely. *Premise six:*

6. *Rebuilding of the tree of trust also requires addressing the tree of distrust to create room for new trees to grow. Reducing distrust requires different actions than rebuilding trust. Significant efforts at controlling distrust must occur before trust can be rebuilt.*

Building Trust in Organizations

Developing trust in organizations is challenging (Hempel et al. 2009). Numerous scholars have noted that trust is easier to destroy than to create (Hempel et al. 2009; Meyerson et al. 1996). There are mainly two reasons for this assertion. The first one is the fact that trust-breaking events are often more visible and noticeable than positive trust-building ones (Kramer 1999). Secondly, trust-breaking events are concluded to have a higher impact on trust judgments than positive events (Slovic 1993). Furthermore, Slovic (1993) concludes that trust-breaking events are more credible than sources of good news. Thus, the general belief is that trust is easier to destroy than it is to build, and that trust rebuilding may take even longer than it took to create the original level of trust.

In this section we explore the different aspects of industrial relations in organizations which contribute to building trust. Previous theories, such as the social exchange theory (Blau 1964), the principle of reciprocity (Regan 1971), social identity theory (Tajfel and Turner 1985), and the description of in-group and out-group dynamics (Insko et al. 1990) have all provided explanations and strategies for building inter-team trust (Fulmer and Gelfand 2012; Serva et al. 2005). We integrate the results of the previous studies in organizations, and refer to ‘industrial relations’ as the relations between management and the collectives of employees.

Drawing on social exchange theory, risk-taking exhibited by one team has been found to signal trust to the other party. By implying or directly requesting reciprocity, the other party is expected to reply with another risk-taking action (Serva et al. 2005). In the industrial relations context this has been illustrated by information sharing and the risk associated to this action (Euwema et al. 2015, p. 24):

We have always been very transparent. This kind of openness is highly appreciated by the unions. This—together with trust and respect—creates a constructive atmosphere to work together (Manager in Belgium).

Frequent interactions between the parties has been also shown as a way to increase organizational trust (Tsai and Ghoshal 1998). This is explained by the fact that parties learn about their commonalities, interests and priorities (Fisher et al. 1991; Fulmer and Gelfand 2012). In industrial relations, this is possible to achieve

by investing in informal contact and personal relations between management and labor representatives (Martinez Lucio et al. 2012; Euwema et al. 2015).

In industrial relations negotiations, trust has been found to promote integrative negotiation, where protagonists can develop mutually beneficial solutions (Hempel et al. 2009; Jehn and Mannix 2001; Kimmel et al. 1980; Simons and Peterson 2000). When parties engage in integrative bargaining, their trust in each other was shown to be higher (Raes et al. 2011). This is related to the competences of the parties and their ability to create value in negotiation (Euwema et al. 2015). In the same vein, a positional approach towards negotiation endangers trust and the possibility of value creation. This is particularly an issue in organizations where industrial relations parties follow a strong ideological approach instead of a constructive one. In such organizations, engaging in problem solving becomes difficult and trust is diminished (Elgoibar et al. 2012).

Communication behaviors such as giving prepared responses, enthusiasm, proactivity and a focusing on the tasks—separating the people from the problem (Fisher et al. 1991) also increases trust at the organizational level (Fulmer and Gelfand 2012). Managers and WRs mentioned in previous studies that keeping communication channels open between the teams, even during periods of conflict, was an effective way to build trust (Munduate et al. 2012, p. 51):

The most promising way to build up trust is stressing communication (Worker representative in Germany).

Rebuilding Trust in Organizations

According to Tomlinson et al. (2004, p. 167) “a trust violation occurs when evidence disconfirms the confident positive expectations regarding another’s conduct and redefines the nature of the relationship in the mind of the injured party”. We know from research on trustworthiness that people make trust judgments of others based on one or more of three major dimensions: their ability (competence), benevolence (respectful treatment) and integrity (honesty, consistency of words and actions, willingness to keep promises, etc.)

Fraser (2010) analyzed breakdowns of trust in organizational work groups via interviews and focus groups. Participants mentioned that the most important trust-breaking factors for them were: disrespectful behaviors, communication issues, broken promises, ineffective leadership, taking no responsibility for mistakes, and incongruence (inconsistency between word and deed), among others (Fraser 2010). In the industrial relations environment, factors such as unwillingness to share information, deceptive or dishonest communications, and restricted participation in the decision making process are seen as factors contributing to breakdowns of trust by WRs (Elgoibar 2013). Additionally, the lack of competences, strong traditional ideology, unwillingness to change and the indiscrete handling of confidential information by the WRs are seen as factors contributing to breakdowns of trust by managers

(Euwema et al. 2015). Thus, as we can see, many of these breakdowns are due to the low levels of competency and/or integrity of the other side.

Research suggests that some broken trust can be repaired (Bottom et al. 2002; Gillespie and Dietz 2009; Mishra 1996). Previous research offers useful and fruitful perspectives on trust repair at the interpersonal level (Dirks et al. 2005; Robinson and Rousseau 1994; Dirks et al. 2009; Kramer and Lewicki 2010), intergroup level (Tomlinson et al. 2004), business to consumers level (Nakayachi and Watabe 2005), and organizational level (Fraser 2010; Gillespie and Dietz 2009). But before we explore how to rebuild trust in organizations between management and workers, the following aspects of industrial relations have to be considered which may limit their application in this specific context:

- Industrial relations are enduring long-term relationships: trust repair becomes even more important in these types of relationships. The representatives, WRs or the managers might leave their position, yet, the industrial relations system is retained and another person will take the representative role. Following the transformational model, which asserts that trust has different forms that develop and emerge over time, in industrial relations—due to the indefinite time feature—trust is supposed to change over time (Lewicki and Bunker 1996; Dirks et al. 2009). After a trust violation, as we have noted earlier, trust will decline and distrust will increase. In addition, trust repair dynamics must begin to repair the broken trust.
- Industrial relations are multifaceted and issues in the relationship are linked to external factors. One main external factor that affects these dynamics is the socioeconomic context. For example, when there is a financial crisis, trust between labor and management can shift, and the crisis can make it better or worse. And hence the parties have different reactions. Previous studies suggest that some organizations in a situation of crisis or downsizing start to trust the other party, and try to be integrative “before the ship sinks”. That was the case in Spain in 2009, where—in some companies—WRs and managers decided that their best alternative given the dramatic economic circumstances was to share information and cooperate. In the words of a trade union representative (Munduate et al. 2012, p. 52):

Information sharing and a closer relationship with management have increased during the crises because they need our signature on the redundancy plan. But this is not the traditional relation with management. Normally they don't pay attention to us and when things started going wrong, they realized that they needed our support.

- However, there are other examples in which industrial relations actors break trust, and blame the other party for the situation instead of coming together to find an agreement under the changed circumstances. Management may try to lay off workers, and workers may impede these efforts by threatening job actions. In these cases, the reaction is normally competitive, leading to strikes and lockouts (Elgoibar 2013).
- The double role of the industrial relations actors creates role ambiguity and conflicts. Industrial relations actors (managers and WRs) are both employees of the company taking a (full or part time) representative role. A WR can trust the

manager in his/her professional “work” role (as a team member) but not trust the manager when he or she is carrying the collective bargaining representative role. Or a WR can be trusted in his/her professional job role but not when carrying out his/her representative role at the negotiation table. This could lead to the coexistence of trust and distrust, or ambivalence within the relationship if it is not clear when particular communications are coming from which role, because spillover often occurs from one role to the other.

- The parties may hold different values. There may be strongly different personal values between parties at the negotiation table. This doesn’t need to be always so, but previous studies (Elgoibar 2013; Martinez Lucio 2008) have shown that the influence of a strong ideology-based trade union tradition at the national level can lead management representatives to assume that the local at the negotiation table hold those same values, making it more difficult for trust to build or trust repair to occur. For example, in Spain, industrial relations are traditionally competitive, and trade unions very ideologically oriented, therefore the values of employees and managers may greatly differ.
- The parties may possess different level of competences. Managers and WRs need to work together on the decision making process at organizational level (in decisions where WRs are involved). However, the knowledge, attitude, verbal skill, and negotiating and conflict management competences of the two groups can differ profoundly. There can also be a big disparity within one group, particularly in case of the WRs (Euwema et al. 2015). Managers usually possess managerial competences and higher degree of academic qualifications, while workers have technical and more specific competences. As we noted above, perceptions of low competency can contribute to low trust or even to distrust. We believe that the imbalance of hard and soft skills can be solved by providing a variety of competency training experiences to the WRs, which could contribute to more fair and constructive industrial relations dialogue.
- The parties may have different expectations of fairness. In organizations, both parties are called to negotiate together even if they don’t expect fairness from the other party. Perceptions of unfair treatment may come from not being offered equitable outcomes (‘a fair day’s work for a fair day’s pay’), or may come from not being given adequate opportunities to speak or present their perspective at the bargaining table. In justice terms, these would be identified as problems of distributive and procedural justice, and violations of either or both can contribute to lowered trust (Lewicki et al. 2005). In these cases, the expectation (or actual experience) of unfairness can generate distrust and create a more competitive approach towards the negotiation and the broader worker-management relationship.
- The parties define themselves by very different identities. Brewer (1981) was the first one to support the association between identification with others and trust. People trust those who are members of their identified ‘in-group’. Further experimental studies also confirmed that trust is higher when the other party is an in-group member rather than an out-group member (Kramer 1995). If we observe the industrial relations actors, when both management and worker groups

identify themselves with the same organization (i.e. the company), trust will be higher between both parties. However, there are cases in which WRs feel more committed to their union than to the company, experiencing unilateral commitment to the union (Elgoibar et al. 2014). In these circumstances, WRs perceive the managers as out-group and not as in-group members and vice-versa, decreasing the level of trust and increasing the difficulty to rebuild trust between the parties.

Thus, to summarize, on a daily basis, when trust is broken, there is the possibility that the relationship is also broken. In non-industrial relations environments, some parties can solve this problem if they have ways of forming alternative relationships to meet their needs. In negotiating terms, this is called having a BATNA relationship—i.e. a best alternative way to have one's negotiating needs met (see Garcia et al., Chap. 3 and Fells and Prowse, Chap. 5 in this volume). However, in industrial relations, as it is in any dispute, parties are chained by their alternatives because one party's alternatives affect the other party's outcomes and vice versa (e.g. a WRs alternative such as a strike affects employers outcomes and a management alternative such as a bankruptcy affects workers outcomes). In fact, in industrial relations, relationships are usually 'permanent', and even when individual actors (i.e. the representatives) leave their position or destroy the trust in their relationship, their constituent groups remain (i.e. management and employees/unions) and alternative representatives must be found. Hence, finding strategies for trust repair becomes critical.

Rebuilding trust after a breach is particularly relevant in long-term interdependent relationships where the parties do not have viable alternatives to meet their needs, such as the one to which we are referring here. WRs and managers are obliged to work together for the benefit of the whole organization; they are locked together in the "same boat". As elaborated in other chapters of this volume (Tjosvold et al., Chap. 4 in this volume), trust is needed to manage conflicts constructively (Lewicki and Tomlinson 2014). Therefore, after a breach of trust, in industrial relations—with the function of managing conflict between employees and management—rebuilding trust becomes essential. Previous studies have already shown that at organizational level, relationships need to be reconciled before trust can be rebuilt (Tomlinson et al. 2004).

Strategies for Rebuilding Trust

Lewicki and Bunker (1996) recommended the following four-stage process to rebuild trust: (1) acknowledge that a violation has occurred, (2) determine the causes of the violation and admit culpability, (3) admit the act was destructive, and (4) accept responsibility for the consequences. When considering the industrial relations context, trust repair is probably significantly more complex than these four steps, and many different approaches have been suggested. So in discussing

strategies for rebuilding trust, we will attempt to discuss trust repair by distinguishing short term from long term trust repair. By short-term trust repair, we will explore some of the strategies that can be employed soon after a trust breach, to address a specific, immediate incident. By long term trust repair, we will explore other actions that may be necessary to address deep, systemic distrust that has built up over a significant period of time.

Short Term Trust Repair

Several sources (Kramer and Lewicki 2010; Lewicki and Tomlinson 2014) have elaborated on short-term strategies for rebuilding trust. Lewicki and Tomlinson (2014) addressed these in terms of the different types of trust and distrust we described earlier, and we will summarize them here.

Repairing Calculus-Based Trust (CBT)

Most of the studies of trust repair have focused on verbal accounts (explanations, apologies, excuses, emotional expressions) as ways that a trust violator tries to ‘fix’ a trust violation. “I’m sorry!” “I didn’t mean it!” “It was a mistake!” (Shapiro 1991). Apologies are the most common. There have been a number of studies, which have examined the role of apologies on trust repair. First, Lewicki and Polin (2013) have argued that a good apology should contain six major components: an expression of regret for the offense, an explanation of why the offense occurred, an acknowledgment of responsibility for causing the offense, a declaration of ‘repentance’ that the violator will not repeat the offense, an offer to repair whatever damage may have been caused by the offense, and a request for forgiveness for having committed the offense. Lewicki et al. (2015) have shown that as more of these components are included, the more effective the apology is perceived. In addition, Lewicki and Tomlinson (2014) have summarized the conditions under which apologies are more likely to be effective:

- when it is offered soon after the trust violation;
- when it is offered in a sincere emotional tone;
- when the apologizer takes personal responsibility for creating the trust violation, rather than trying to blame it on some ‘external’ event or source;
- when the event that caused the trust breakdown was an isolated event rather than a repeated occurrence;
- when the trust violation did not have severe consequences;
- when the event was *not* caused by some deceptive action on the part of the violator.

A second way that CBT can be repaired is through deeds, not words. Rather than verbally try to repair trust, a negotiator might financially ‘pay back’ the victim with

some kind of tangible gift or compensation for damage caused—often called ‘penance’ (Bottom et al. 2002; Gibson et al. 1999). In industrial relations, giving voice and vote to WRs in decision making processes (i.e. sharing the critical resource of decision making power) tends to be effective in restoring cooperation over the long term (Elgoibar 2013). Some examples can be found in companies where a traditional managerial style has been changed by transformational leaders. In those cases, WRs are more open to change their approach toward management, share information—as they feel valued—and become more cooperative (Elgoibar et al. 2010, p.25):

With the previous management, you couldn't question the chain of command at all, and now it's not like that, now they give us voice. The new management's mentality is really great. But, you have to bear in mind that management is always safeguarding their interests. What's changed a lot is that, before, there were a lot of people who would just completely stop working during a strike. Now, not so much.

In that, if management is committed to provide some kind of benefit to the workers but then reneges on that commitment, restoring the promised benefit could be a direct action toward restoring the trust.

A third approach to repairing trust is to create ‘structural solutions’ so that trust violations are less likely to occur in the future. Structural solutions include formalized mechanisms for making sure that agreements are not violated, or that clear consequences are spelled out if agreements are violated. A contract is one form of a structural solution; the contract spells out what each side is obligated to do or promises not to do. A policeman or ‘monitor’ is another form, making sure that rules are not broken; a ‘security deposit’ is a third form, in which the deposit is forfeited if trust is broken. Thus, a renter of an apartment usually pays a ‘security deposit’ at the beginning of the rental period to cover possible damage to the apartment during occupancy, as well as making sure that the last month’s rent is paid. Finally, regulations—imposed by the parties on themselves or by third parties such as government agencies—can manage future trust violations. Structural solutions may rebuild trust over the long term, but they do so simply by minimizing trust violations; as a result, structural solutions are probably the most effective way to manage (CBD), since they seek to minimize the risk in future interactions and perhaps restore trust as well.

Repairing Identification Based Trust (IBT)

Repairing IBT is likely to be more difficult. First, parties in these relationships have a higher emotional investment, and hence strong emotions of anger, disappointment and betrayal are immediately aroused when a violation occurs. If the violator discovers that the other party used deceptive practices in the negotiation, this can further inflame the reaction to the violation. These kinds of violations tend to have stronger negative effects because the victim comes to question his/her own

judgment about trusting the other to begin with. In many cases, repairing IBT may simply not be possible; in these cases, the effects of the violation are so strong that the victim believes that trust can never be rebuilt. But in an industrial relations context, if the parties must continue to deal with each other, then some minimally effective working relationship must be established.

Lewicki and Tomlinson (2014) propose three stages to the process of repairing IBT (and perhaps controlling further development of IBD). First, the parties need to share information about the perceived violation, using a social dialogue mechanism. This mechanism is defined as discussions, consultations, negotiations and joint actions involving organizations representing the two sides of industry (employers and workers). This is a process by which relevant parties seek to resolve employment-related differences via an information exchange (Bryson et al. 2012, p. 5), but in this case, the focus should be on the specific events related to the perceived trust violation. As noted in our discussion of an effective apology, the violator should specifically discuss the intent behind the violation, as such events are often loaded with miscommunication and misunderstanding of what happened and why it happened (see also Tomlinson et al. 2012). Second, the victim must be willing to forgive and work on trust rebuilding rather than engage in retribution, escalation or refusal to engage further. The victim's response to a violation of IBT is as critical as the violator's; the victim must be committed to the relationship and willing to put in the effort to work on repair. Finally the parties must reaffirm their commitment to a high IBT relationship. Affirming similar goals, interests, actions, and intent to make the future relationship 'work' again in the future, and avoid similar mistakes or miscommunications, is critical to this trust rebuilding process. If this is not possible, but the parties must work together in the future, they will need to manage their relationship through very limited, structured and bounded exchanges that may never truly establish anything more than simple CBT (Tomlinson 2011).

Longer Term Trust Repair

Throughout this section, we have implied that while some of the tactics for repairing CBT and IBT trust (and decreasing distrust) may be effective in repairing short-term breaches of trust, some trust repair and management is likely to require a significantly longer period of time. This is most likely to occur when trust breaches have been more severe (in terms of actual cost as well as the victim's feelings of betrayal), or when there have been multiple breaches of trust which have gone addressed (by denial, or refusal to respond), or by negotiating tactics which are intentionally designed to harm the other's power or bargaining position (e.g. challenging the other's power or credibility or creating prolonged impasse). Lewicki et al. (2015) indicate that there can be multiple causes of impasses: (a) characteristics of the issues themselves, such as 'zero-sum' issues in which both parties want more than 50%, or differences in personal values, or risks to health and human safety;

(b) characteristics of the parties, such as reputations, threats to one's personal identity, stereotypic views of the other or power differences; and (c) characteristics of the negotiating environment, such as efforts to 'reopen' past agreements and renegotiate them, or dramatic changes in economic market conditions that give one side more power than they had before.

Mayer (2000) points out that the resolution of impasses requires efforts at three levels: cognitive (changing how the parties view the current situation), emotional (changing how the parties feel about the impasse and reducing their negative emotions toward each other), and behavioral (changing how people behave in the future so as to find ways to come to agreement and create new practices and procedures to enforce those new practices. Lewicki et al. (2015) draw on extensive research from several sectors (labor, international negotiation, etc.) to suggest ways to address impasses, strengthen trust and allow negotiations to move forward:

1. **Agree on rules and procedures to get negotiations back on track.** These actions are similar to the 'structural solutions' discussed earlier. Jointly agree on a site for negotiations, a formal agenda of what will be discussed, the parties who are allowed to participate, procedural rules such as who may speak, time limits for speaking, and 'rules of civility', such as minimizing angry outbursts, negative tactics, etc.
2. **Reduce tension and synchronize de-escalation.** The parties may need to be separated for a 'cooling off period'. One or both parties may need to offer a unilateral concession as a 'sign of good faith', but also request a reciprocal concession from the other side.
3. **Improve the accuracy of communication.** Engage in procedures such as active listening or role reversal in order to make sure that each party fully understands what the other is trying to say or offer.
4. **Control the number of issues under discussion.** Limit the agenda to one or two issues to be discussed at any given meeting. Find ways to turn bigger issues into smaller ones so that they can be divided or agreed-upon more easily. Restrict the possible precedents that might be set by confining the discussion to what needs to be done in the short term to deal with the immediate, current situation.
5. **Establish common ground.** Find ways for the parties to work toward superordinate or over-arching common goals, defend against common enemies, or create common expectations for where the conversation is headed and the procedures that will be used to get there.
6. **Use third parties.** Finally, negotiators might call on a third party to assist in bringing labor and management back together. The parties should give careful consideration to the reasons for their impasse and the type of third party they need. Arbitrators are useful when the disputing parties need a specific decision—either binding or advisory—on a particularly contentious negotiating issue. However, arbitrators do little to rebuild trust because they don't address any of

the escalated conflict dynamics and mistrust that may have led to the deadlock over the issue in the first place. In contrast, mediators and facilitators are more likely to employ many of the tactics we just described in an effort to bring the parties together in a controlled discussion environment. By creating a formal agenda of issues, regulating the flow of communication, minimizing the number of emotional outbursts, helping the parties frame offers and counteroffers in a more friendly and cooperative manner, and helping the parties write down their agreement in a way that all understand what it says and what it intends, these third parties are implicitly helping to rebuild the trust that will be so critical for them to be able to negotiate with each other more effectively in the future.

Conclusion

In this chapter, we have discussed the important role that trust and distrust play in industrial relations. We have attempted to make several major points:

1. Trust and distrust are separate and distinct constructs, but go hand and hand in long term relationships such as that between labor and management. Parties can both trust and distrust each other in different facets of those relationships.
2. Moreover, there are two different types of trust and distrust: calculus-based and identification-based. Calculus-based trust and distrust are focused on specific transactions between the parties; identification-based trust and distrust are focused on the parties' emotional and value-based connectivity with each other; it is deeper, more personal, can serve as a very strong bond between parties but can also be most difficult to rebuild when it is broken.
3. We suggested that there are trees of trust and distrust that co-exist between labor and management groups. We offered numerous examples of how these trees grow, develop and feed each other as labor relations evolve over time.
4. Finally, we discussed several different ways that broken trust can be repaired and distrust can be managed. These approaches were divided into short term and long-term strategies. In the short term, trust around a specific violation can be repaired through apologies, reparations or creating boundaries and formalized agreements for how the parties might interact in the future. However, when trust has been allowed to deteriorate and greater distrust has been created over a longer period of time, more dramatic and systematic measures may be required. We briefly addressed a number of these approaches. If the conflict has escalated to the point where the parties cannot mutually engage in these procedures on their own without conflict episodes re-emerging and high distrust perpetuating, the intervention of third parties may be necessary to embrace these tactics and bring the parties back into civilized dialogue.

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Chapter 7

Interventions for Building Trust and Negotiating Integrative Agreements Between Management and Works Council

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Defining Works Councils

In the Dutch system of industrial relations, an important role is devoted to so-called works councils: committees consisting of employees who consult with the employer on behalf of all employees about organizational policies and employee interests, including working conditions. The Dutch Works Councils Act regulates how works councils participate in organizational decision making. For example, this Act describes that every organization with at least fifty employees should establish a works council (note that this is a European Directive as well). Furthermore, the Works Councils Act describes how members of the works council should be elected, and how consultation takes place between management and works council. Tasks and powers of the works council are by law prescribed, such as: the right to be informed – i.e. management has to meet at least twice a year with the works council, and inform the council about important decision making processes; the right to be consulted – i.e. management has to ask the works council for advice concerning important organizational decisions; the right of consent – i.e. the works council has to agree with decisions on working conditions before they can be executed; and the right of initiative – i.e. the works council can make proposals concerning organizational policies.

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Despite the Dutch Works Councils Act, and despite the fact that employee participation is in general highly respected in the Netherlands (Van der Heijden et al. 2012), employee participation is not always running smoothly in Dutch organizations. Van der Heijden et al. (2012) mention several bottlenecks concerning employee participation, such as the difficulty for employees to combine works council tasks with their regular job, the large distance between the works council and the personnel (their constituencies), the lack of expertise of works council members and the lack of candidates for the works council. Furthermore, the relationship between management and the works council can be a problem, due to conflicting interests and a lack of mutual trust. In this chapter, we focus on the latter bottleneck within the Dutch context of formal employee participation via works councils.

In the online database of the Joint Sectoral Committees – Dutch institutions that settle disputes between works councils and employers in the profit sector – summaries (in Dutch) can be found of all cases that these committees have settled (<http://www.bedrijfscommissie.nl/en/>). Key words can be used to look up specific cases. Trust is one of those key words, and several cases can be found that specifically address trust – actually, a breach of trust. Examples of such cases are: An employer who accused the works council for violating their obligation of secrecy towards external organizations; Works councils who accused management of failing to ask for approval of a change in the pension insurance scheme or a change in the bonus scheme; An employer who withdrew confidence in his works council because he found that the works council represented only part instead of all employees; A works council who accused management to use video cameras to control the personnel, whereas the works council had never approved the use of cameras; An employer who refused to pay the bill of a legal expert who had advised the works council. These cases show that distrust is likely to arise between management and works councils. As a result, both the organization and their employees may suffer, because management and works council fail to agree upon necessary (HR) policies, which may hinder organizational development, human development, or both.

If, however, management and works council know how to deal successfully with each other, social innovation is likely to occur. Social innovation refers to renewal in the performance of employees, in order to optimize both organizational performance as well as a pleasant working climate (Nauta and Blokland 2007). This dual goal asks for full participation of employees, who actively engage in bottom-up innovation of the organization. Hence, employee participation is an important part of social innovation (Nauta and Blokland 2007). Organizations are more likely to develop practices that serve company and employee goals simultaneously, if they actively involve their personnel in organizational change processes, instead of imposing new policies upon them. An efficient and effective way of practicing social innovation is to choose for constructive dialogue with a legally installed works council.

However, social innovation through dialogue between management and works council is not an easy task. As the cases above show, distrust between both parties

may easily arise, due to interests that are partly conflicting between management and employees. For example, an underlying conflict of interest in the above cases – where the works councils resist changes in pension insurance schemes and bonus schemes – is that employees will refuse any deterioration of their income, whereas management wants to keep (personnel) costs low in order to maximize profits. Of course, interests of management and works council are parallel as well – e.g., the continuity of the organization. But due to partly conflicting interests, management and works councils always run the risk of trust breach and conflict escalation.

In order to regulate the collaboration between management and works councils and to prevent escalation of conflicting interests, industrial and employment relations are heavily regulated in many western countries, including the Netherlands. On the one hand, such a legally ‘forced marriage’ is good. As mentioned above, the Dutch Works Councils Act obliges enterprises with fifty employees or more to set up a works council, ‘in the interests of the proper functioning of the enterprise with respect to all its objectives’ and ‘in order to ensure the proper consultation and representation of the persons working in the enterprise’. Management is thus legally obliged to consult with the works council; To grant them special powers such as giving advice on management decisions about reorganizations, major investments, measures relating to the natural environment, social insurance, etc.; And to inform the works council on issues such as (changes in) the way in which the enterprise is organized. However, the disadvantage of regulating the collaboration between management and employees in such a formal and detailed way, is that both parties tend to rely heavily upon formal rules and procedures instead of having open dialogues. Hence, the Works Councils Act may well work out as ‘institutionalized distrust’. In the worst cases, management and works councils focus heavily upon their conflicting instead of mutual interests, and tend to use the law to force their own will upon the other party. The above cases are clear examples. Oftentimes, parties who seek mediation accuse the other party for not complying with the law. Hence, these conflicts tend to be procedural instead of substantial (e.g., Jehn and Mannix 2001). Procedural conflicts take a lot of time and energy, which cannot be invested in the actual substance of conflict issues. For example, the cases about pension and bonus schemes are both concerned with works councils complaining about not being asked for approval, which is necessary according to Article 27 of the Dutch Works Council Act. Such a procedural conflict differs from a substantial task conflict, in which the content of the pension or bonus scheme is the central focus. To summarize, in some (but not all) organizations, the formal rules and regulations that follow from the Works Council Act may serve more against than in favor of building trust between management and works council.

An important question for both practice and theory therefore is: *How can management and works council build trust, while knowing that their interests are partly conflicting, and while both parties have to comply with the formal rules of the law?* As practitioners, we experience that trust should be addressed explicitly, using interventions that help parties to express themselves openly and to start searching for agreements that serve the interests of both the employer and the employees. In the

following, we will describe three cases in which we – in our role as consultants – supported management and works councils in building trust and negotiating integrative deals. Every case starts with a diagnosis, followed by a detailed description of the intervention, results and an evaluation. In a concluding paragraph, we reflect upon the guiding principles of all three cases, and argue that more (action) research is needed to develop evidence-based interventions for building trust in industrial relations.

Case #1: Restoring Trust Between Management and Works Council

Diagnosis

A manager of a large government organization, let's call him Jack, struggled with how to collaborate with the works council and asked the first author of this chapter, Aukje, for advice. In a first conversation, Jack told Aukje about the bad atmosphere between management and works council. Works council members could only complain about all the bad things that management was doing to their employees, and about management not taking employee participation seriously. Recently, the works council had been threatening management with going to the Enterprise Division of the Court, to officially withdraw its confidence in management. Several years ago, there had been a special project in which management tried to change the way how employees formally participated in organizational decision making. However, this project had failed, because, according to management, the works council had refused to collaborate in this project.

After this intake interview, Jack and Aukje agreed that Aukje would have several intake sessions with all stakeholders in this trust issue.

The next interview was with two members of the works council: The chair named John and a member named Lydia. Both complained that Jack still showed frustration about the failed change project. Moreover, they noticed that management often had a different agenda and different interests regarding HR practices. Next to that, the works council members complained that the HR advisers could hardly bare their critical comments. In sum, the works council seriously considered to go to the Enterprise Division of the Court, pending on the outcomes of a group session that Aukje would guide. They formulated the desired outcomes of such a session: to check the level of mutual trust and to make clear agreements about how management and works council could collaborate more effectively in the near future.

In the next interview with two HR advisers, Jane and Harry, anger was expressed loudly and clearly. 'I'll do something nasty to them, if they keep on writing formal letters like the last one, in which they refuse to agree with our new complaint procedure! Notably, the works council and management have mutually decided that

this complaint procedure needed adjustment!’ said Jane. Harry: ‘The works council nitpicks about everything, which is disastrous for HR policies and demotivating for us, HR advisers.’ They hoped that a group session would help to express feelings and thoughts and to agree upon ways of collaboration: more dialogue and less formal exchanges via written letters.

The diagnosis was clear: the management and the works council of this company highly distrusted each other, which resulted in very formal ways of dealing with each other, and hence, inefficient and ineffective ways of HR policy making.

Intervention

A few weeks later, the group session took place. At the beginning, Aukje asked the ten participants – half of them (HR) managers, half of them works council members – to choose a greeting card, in order to symbolize how they saw the ideal way of collaborating between management and works council. Each participant explained their symbol during a group conversation. For example, one of them chose a picture of a heap of stones, to symbolize the need for building trust ‘stone by stone’.

Next, the trust issue was discussed openly. Aukje explained that the term ‘trust’ had been mentioned frequently by all participants during intake interviews. She highlighted some rules of the game on how to discuss trust openly, such as: listening to each other, summarizing what others say, keeping on questioning each other, showing respect for each other, being open without judgment. She expressed the hope that they would all get a clear picture of the trust issue. This worked out as expected. Works council members openly said that they felt not being taken seriously by management. HR advisers said that they found the works council too demanding. The CEO admitted that he did not like dealing with the works council.

Box 7.1: The Four Phases of Appreciative Inquiry (Bushe 2011)

Discovery Participants reflect on ‘the best of what is’ concerning the main topic of inquiry. Most often, a process facilitator interviews all participants about their own ‘best of’ experience. In this specific case, participants were asked the following question: ‘Please give an example from the past in which cooperation between management and works council was the best’. Aukje stimulated each participant to tell concrete stories.

Dream Participants are asked to imagine their group at its best. An attempt is made to identify common aspirations and to symbolize this, for example, by using a graphical representation. In this case, participants were asked: ‘Imagine that the collaboration between management and works council is at its best. What would it look like?’ Aukje stimulated the participants to draw their joint dreams on a flip-over.

(continued)

Box 7.1 (continued)

Design Participants are asked to develop concrete proposals for the new state. In this case, the question was: ‘Which concrete proposals can you do, to make your dream come true?’ Aukje asked one of the participants to write concrete proposals on a flip-over.

Destiny Participants are asked to make self chosen, personal commitments to take action consistent with the proposals made in the design phase. In this case, participants were asked: ‘What will every individual do to ensure that the concrete proposals become reality? And what can the CEO do; what do you all expect from him? Aukje enabled everybody to speak up about how he or she was going to take responsibility for ones own actions.

After more than an hour and a short break, Aukje introduced the method of Appreciative Inquiry (Bushe 2011). This is a positive way of exploring issues together, using four steps: Discovery, Dream, Design and Destiny (see Box 7.1 for a short explanation of Appreciative Inquiry). By following these steps, a group can agree on how to improve certain policies, practices and behaviors. Aukje acted as a facilitator only, and had participants do most of the work themselves. For example, one of the works council members took notes during the dream phase. She drew circles and bridges to imagine professional collaboration between management and works council. During the destiny-phase, all participants expressed what they would do differently to realize their dreamed way of collaborating. For example, works council member Lydia stated that she would drink coffee more often with the CEO, to discuss things informally. HR adviser Jane promised to inform the works council in an early stage about intended HR-plans. Harry promised to design a year schedule with jointly scheduled activities of management and works council. Jack expressed his enthusiasm: ‘We’ll just do it, our new way of collaborating!’ And then, five minutes before the end time of the session, Jack said: ‘And let’s pick up where we left our change project some years ago, and address things openly.’ After that, everybody was dead silent. Until the chair of the works council broke the silence: ‘All my energy is gone now. Everything went well this whole morning, but now my hope is fading away.’ This critical incident shows how delicate a trust issue can be. Nevertheless, because time was up, Aukje closed the session with mixed feelings about what had been accomplished.

Result

After a couple of weeks, Aukje called Jack, who told her that despite the disappointing ending of the session, it had been the start of improving their mutual collaboration. The works council had stopped their threat to go to the Enterprise Division of

the Court. Progress had been made. For example, they had made an annual schedule together. They drank coffee together more often, to discuss HR policies informally. The most important gain was that trust was no longer their most important issue. Due to addressing the trust issue, parties were open to restart a dialogue on new ways of employee participation.

Evaluation

This case shows that distrust between management and works council can stand in the way of making new and better HR policies, also because works councils in the Netherlands have the formal right to consent or not with new policies, and to advise management on many HR issues. As long as there is distrust, HR policy making will slow down, with a lot of frustration for those who have to implement HR practices. Hence, it is important for management and works councils to face trust issues and address them openly. Preferably, they will address trust issues and collaboration processes by themselves. However, when distrust is high, it makes sense to have a third party act as an independent facilitator, as to deal appropriately with delicate trust issues. A third party preferably uses specific work methods such as conversation rules and appreciative inquiry to deal with the trust issue, and to enable management and works council to readdress substantial HR issues. The case also shows that trust issues are very delicate.

Case #2: Strengthening Fragile Trust for the Sake of Organizational and Human Development

Diagnosis

The CEO (Robert) and the works council chair (Anthony) of a large organization invited the first author of this chapter, Aukje, to guide them in a delicate process of developing their organization and personnel. Delicate, because the management and works council of this organization had just completed small steps to renew their way of collaboration. They used to collaborate in rather formal ways. For example, management once wrote a strategic change plan for the organization, upon which the works council reacted with over forty amendments. This complicated and hindered policy making in this organization. Both parties realized that in the fast changing world of today, the organization needed to respond more swiftly. Hence, both parties agreed that they needed more open and informal mutual dialogues, in which they could trust each other more.

However, despite mutual positive intentions, both parties realized that mutual trust was still fragile. Therefore, they jointly decided to have a third party facilitate

a meeting to address strategic issues openly and agree upon follow-up actions with regard to both the substance and the process of strategic organizational change. In an intake interview that Aukje had with both management and works council – such a joint intake already signals trust – we agreed upon the goals of a common session: (1) Discuss their mutual relation and collaboration openly, (2) Discuss an agenda for strategic organizational change, and (3) Agree upon follow-up actions.

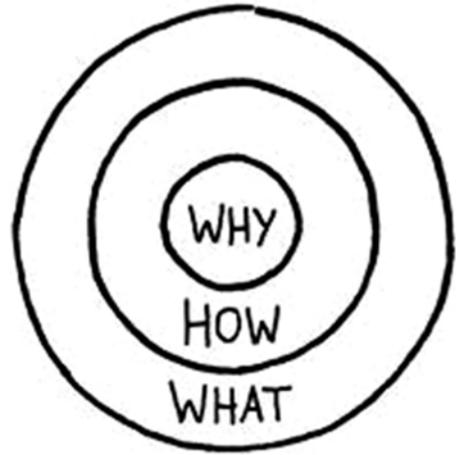
Intervention

A group session was organized, in which Aukje started with addressing the first goal: an open discussion of the level of trust between management and works council. Aukje asked everybody to stand up from their chair and choose a physical position upon an imaginary line in the room, running from distrust on the one side of the room, to trust on the other side of the room. Most of the 20 participants chose a position past the middle of the line, in the direction of trust. Management representatives appeared to experience higher trust than employee representatives. Specifically, the CEO Robert experienced the most trust and the works council chair Anthony the least. This suggests that the most responsible formal officers behave in concordance with their position: the CEO may feel obliged to show trust, as it is in his interest to move the organization further in new directions. In contrast, the works council chair may feel obliged to show not too much trust, as it is in his interest to guard the employees against policies that may undermine employee interests, such as job security, safety and health. In that sense, both officers play a role, as is described in role theory. Due to social positions, people hold expectations of their own and others behaviors, and behave accordingly (Biddle 1986). The respective roles of CEO versus works council chair imply that the first is expected to be more promotionally focused – i.e. being concerned with advancement, growth, and accomplishment (Crowe and Higgins 1997) – in order to keep up with environmental and organizational challenges. In contrast, the works council chair is expected to be more preventively focused – i.e. to be concerned with security, safety, and responsibility (Crowe and Higgins 1997) – as to guard against possible risks that employees might run.

While standing on the imaginary trust line, participants were asked what they expected from the group session. They answered things like: a good dialogue, to start a process of organizational development; a clear agenda for the coming year; making agreements for the follow-up process; sharing information openly; generating output that may inspire all employees; and addressing practical issues that touch upon daily work processes of employees.

After this diagnosis of trust and inventory of expectations, the session went on with presentations performed by several professionals. These were done in a specific order, derived from the so-called ‘golden circle’ as described in a Ted Talk by Simon Sinek (Fig. 7.1). The bottom line of Sineks message is that people will pick up messages, products or services from an organization much better, if an

Fig. 7.1 The Golden Circle by Simon Sinek



organization clearly knows and communicates *why* people have to buy them. Hence, *why* is in the center of the golden circle, followed by *how* organizations sell their stuff, and *what* organizations and their members specifically do to sell their stuff.

First, as to explain '*the why*', a strategic program leader talked about the challenges that this organization faces in the near future, such as having to respond more quickly to specific demands of citizens and entrepreneurs. Second, as to explain '*the how*', the CEO Robert described three basic principles that would guide the organizational change program: professionalization, flexibility, and collaboration & synergy. In short, to be able to deal with all external challenges, employees should continuously learn new skills (professionalization); they should be flexibly employable, by moving from one project to another (flexibility); and they should collaborate smoothly, both internally, with employees from various departments, and externally, with partners in the field (collaboration & synergy). Next, as to explain '*the what*', an HR adviser explained various HR practices, current and new, that this organization intended to use to enable employees meeting the three basic principles. For example, the organization intended to introduce a large management and employee development program, in which all managers and employees would update their professional skills.

After all three presentations, Aukje interviewed Anthony, the works council chair, in front of all participants, as to reflect upon what he had heard. Anthony's main message was that the works council intended to use several criteria as to test whether new policy proposals would meet important preconditions of the personnel. Examples of those criteria are: 'Knowledge and expertise are more important than hierarchy'; 'Reorganize as little as possible and in consistent ways'; 'Maximal security and development opportunities for all employees'.

After a short break, an HR adviser highlighted several specific agreements that had already been made between management and works council. For example, they

had already agreed upon education policies to develop the necessary competencies for managers and employees. Next, the participants were divided into two groups, to work out respectively: (1) the content of the joint agenda of management and works council, and (2) the process by which this agenda could be executed.

Content The first subgroup of management and works council members agreed that, of the three basic principles, 'flexibility' had the highest priority, due to the consequences this topic may have for the personnel. Flexibility is a difficult subject to discuss and agree upon. Hence, it is all the more important for both management and works council to have one joint vision on flexibility. For example, what is the ideal mix of flexible employees with broad knowledge and experts with specialist knowledge? What to do with the legal status of staff, in order to stimulate flexibility? How to give people ample opportunities to design their own flexibility? Although the subgroup did not yet agree on such a joint vision, a start had been made.

Process The second subgroup agreed on various aspects of the process of jointly developing their organization, such as: The importance of setting priorities and actually executing prioritized actions; The importance of two-way communication between both management and works council as well as the works council and its constituencies; The importance of both formal and informal conversations between management and works council, and the acknowledgement that both are valuable and in need for mutual empathy, openness and transparency, with both parties respecting each others interests. By emphasizing these process characteristics, parties explicitly acknowledged the importance of mutual trust.

Result and Evaluation

The final hour of the session was spend on reflection by the CEO upon the outcomes of both subgroups. In his reflections, he confirmed the outcomes of both groups. Moreover, he expressed some of the current dilemmas with employing people flexibly, such as structural and administrative obstacles for moving to other departments, and the fact that middle managers may no longer feel responsible for employees who temporarily work elsewhere. Finally, he acknowledged that he was searching for a process to have all employees feel responsible for developing the organization.

Last but not least, the exercise with the physical trust line was repeated. As hoped, most participants shifted towards higher trust. Except one participant, who, during the beginning, had stated that he hoped to shift towards lower trust, because he expected that this meeting would making conflicting interests more visible. He explained that his expectations were met. Moreover, Aukje asked all participants to evaluate the session with one word written on a page, put down on the imaginary trust line. Words they wrote were: 'It's possible. A flying, good,

mutual start. Last suspicion has been removed. Trust. We took steps together. Respectful. Healthy ambition that will work out. Together ahead. Understanding. Commitment. Common ground. Curious. Inspiration. Interesting discussion. Positive energy. Patience. Being able to speak up. Attentive ear. Restart.’ Of these nineteen quotes, the first eleven appear to refer to trust, directly or indirectly. The remaining eight quotes at least did not undermine trust, or would even contribute to trust. Hence, participants concluded that a basis had been created to trustfully work together in creating and executing the agenda for strategic organizational change. In order to follow up on that, they agreed that management would work out the agenda and discuss it with the works council in the upcoming weeks.

Case #3 Using Reassuring Work Methods to Enable Innovative Agreements

Somewhat further in the development of a healthy working relationship between management and works council, work methods can be used that not only reassure trust, but go beyond that: they facilitate the substance of collaboration, by furthering innovative agreements. At this level, real social innovation takes place. Thanks to trust and reassuring work methods, an organization as well as its employees can reach higher levels of development and innovation, as this case shows.

Diagnosis

An organization for mental health care wanted to negotiate an innovative social plan. A social plan is an agreement between employers and usually one or more trade unions, that regulates the consequences for employees of a reorganization. For example, a social plan regulates how an organization should deal with collective redundancies and the consequences this has for severance payments. A social plan may also contain agreements about educating redundant employees and helping them to find new jobs. In this specific organization, the management had been unable to negotiate a social plan with the trade unions. The trade unions had refused to include measures for involuntary dismissal within the social plan. Hence, management approached the works council to ask whether the works council – instead of the unions – were willing to continue the negotiations with management regarding the social plan. The works council agreed, but with some preconditions. First, they asked for so-called cocreation, which refers to an integrative, problem solving process of open and fair dialogue, to search for win-win solutions (e.g., Pruitt 1981). Second, they asked for an independent chair and for expert support. Management gave in to all demands of the works council.

The second author of this chapter, Cristel, was asked for the first role, and the third author, Henk, gave expert support to the works council. Important was that the ultimate social plan would receive approval by the trade unions, by having them signing the final agreement.

In an intake interview that Cristel had with management, it became clear that management very much wanted to include the opportunity of involuntary dismissal in a new social plan. They told her that the works council already knew about this demand and was willing to acknowledge this option. In the next intake interview with the works council, Cristel checked whether this was true, and whether the works council would accept her as an independent and neutral chair. Both appeared to be the case, so the negotiations could move on. Before they started, Henk had an intake interview with four works council members who would bargain in their role as employee representatives. However, they did not have any experience in this role, because in the Netherlands, a social plan is usually negotiated by the trade unions. During the intake interview, it was decided that the four works council members would do the negotiations themselves, facilitated and coached by Henk.

The diagnosis phase suggested that there was a high level of trust between management and works council. Both parties knew each others interests, were willing to negotiate constructively and integratively with each other, and invested in a high-quality process and substance by involving an independent chair and expert support given to the works council – paid for by the employer.

Intervention

The intervention consisted of a preparing session with the works council, a kickoff session, and several negotiation rounds.

Preparing Session with the Works Council To build expertise among the four works council members, Henk instructed them to read several social plans of other health care organizations. Based on what they read, they distinguished three main topics: (1) distributive justice; (2) mobility and employability; and (3) compensation. Distributive justice meant that consequences of reorganizations should be distributed fairly among all stakeholders. Mobility and employability referred to tools for stimulating employees to be flexible, multi-employable, and able to make career steps. Compensation referred to measures to restrict and/or compensate disadvantageous reorganization consequences for employees. Three works council members became ‘owner’ and spokesman of these respective topics. The fourth works council member would be a general spokesman, responsible for coherence. The works council furthermore agreed upon an important principle: the social plan had to contribute to the continuity of the organization after reorganization. They shared this principle with management, which means that there was common ground between both parties. This enabled the road to a social plan in which involuntary dismissal would be included. But although the works council was willing to agree on this

issue, they wanted something in return: the social plan should not only come into force as soon as a formal reorganization was announced. It should also be useful for increasing mobility and flexibility of employees during ‘normal’ times, in order to prevent formal reorganizations.

Kickoff Because both parties wanted to cocreate instead of bargaining distributively, the goal of the kickoff was to realize a joint vision on the purpose of the social plan. First, parties brainstormed about a motto. They made a ‘word cloud’ of all individual inputs (see Fig. 7.2 for an example of a word cloud). In their word cloud, the word ‘Together’ stood out. Next, the parties made two so-called ‘interests cards’: a one-pager that contains the employee interests and employer interests respectively. The interests cards served as a mutual basis and as a checklist to evaluate decisions while they were made.

The works council shared its wish for a broadly applicable social plan, which the management immediately approved. The management also wanted to make a socially innovative plan, useful at all times, to guide employees in their career.

At the end of the kick-off, management and works council agreed on the process of negotiating. For example, they agreed upon subsequently negotiating the three topics, as formulated by the works council. They also agreed on the possibility to suspend, when needed. For example, the works council might want to consult Henk, their external expert.



Fig. 7.2 Example of a word cloud (Notably: This word cloud is not the one actually used in Case #3, which was in Dutch. The word cloud in this figure is made by counting all words in the current article (simple words such as ‘a’, ‘the’, ‘by’, etc. excluded). Larger words refer to the most frequently used words.)

Negotiations During the negotiation sessions, the parties discussed several rules for the social plan and different phases within the social plan. In between sessions, parties prepared themselves thoroughly, the works council with the support of Henk. For example, the works council made a list of wishes to include in the social plan. Henk acted as a facilitator, who helped the works council preparing and evaluating the negotiations. During the negotiation sessions, Henk stayed in the background. Hence, the works council members had a strong sense of ownership regarding the social plan.

Important for the works council was the communication with their constituencies: all employees of the organization. Therefore, a sounding board with various employees was established. The sounding board was consulted twice: before the first negotiation session, in which basic principles were discussed; and before the last session, in which the expected outcomes were discussed. In between, the works council e-mailed openly with the sounding board about the progressions. Moreover, the e-mails were jointly written by management and works council. This demonstrated mutual trust and a joint wish to really cooperate in making a new social plan.

At some point during the negotiations, both parties realized that they progressed too slowly, due to the high number of discussion points. Therefore, a small expert group was installed, consisting of one HR adviser, one spokesman of the works council, and Henk. These three persons would jointly write the text of the social plan. They would discuss concepts with their own delegation. All topics on which they immediately agreed, would not be part of the plenary negotiation sessions. Only conflicting issues would be the focus of interest during negotiations. This speeded up the negotiations. During the last negotiation day, only two critical points remained: a procedure for replacing those who voluntarily leave the organization with employees who were made redundant; and the length of the re-employment period after an employee was made redundant. These points were discussed in concert. Parties exchanged arguments, while reflecting upon the interests cards and the word cloud. Next, they suspended. After a short break, both parties made concessions, followed with mutual agreement. Without harsh words, without difficult moments. The only thing left was to jointly prepare a session with the trade unions, who had to agree as well. Both parties decided that the trade unions could only successfully ask for adjustments in the social plan if they had the consent of both management and works council. With one exception though: the criteria for the transition of employees to a phase in which involuntary dismissal becomes possible. These criteria would be determined together with the unions. By doing so, both parties actively involved the trade unions in an issue that was very important to them: the specific criteria for assessing whether someone who is not yet redundant, transfers to a phase where involuntary dismissal becomes possible. Fisher and Ury (2014) call proposals like this a 'golden bridge', which helps paving the way to a mutual agreement.

Result and Evaluation

During a final meeting with management, works council and trade unions, management and the works council proposed their golden bridge. The trade unions used the bridge: they supported the social plan. Everybody felt proud.

What were success factors in this negotiation process? These were already included in the word cloud about a motto for the social plan. Due to a solid level of trust between management and works council, both were able to strive jointly for a win-win solution. The only thing that was needed, was designing the negotiation process in such ways, that intentions for cocreation actually worked out in a really open and creative dialogue and, finally, in an integrative agreement.

Concluding Remarks

In the above, we described three organizational cases in which we intervened to build trust and to help negotiate innovative agreements between management and works councils. Such interventions contribute to social innovation, that is, renewal in the performance of employees, in order to optimize both organizational performance as well as a pleasant working climate (Nauta and Blokland 2007). The cases illustrate that depending on the level of trust between management and works council, organizations are more or less able to innovate with regard to substantive organizational and HR issues. In the first case, the level of trust was very low. Hence, the intervention was focused upon restoring trust, and not on substantive organizational or HR issues. Thanks to a workshop, in which management and works council first expressed their feelings of distrust and then used Appreciative Inquiry to dream and make plans about optimal collaboration, trust was restored. Before the workshop, the works council had been threatening management with going to the Enterprise Division of the Court. After the workshop, they had stopped threatening, which paved the way to mutual dialogue on substantive issues.

In the second case, the level of trust between management and works council was intermediate. The intervention was therefore focused upon strengthening trust by stimulating an open and transparent dialogue about strategic organizational change. Because trust was still fragile, we facilitated a workshop that both opened and closed with a trust exercise, to explicitly address trust building. In between, presentations and interactive dialogues were used to clearly explain the why, how and what of intended strategic organizational change, and to discuss substance and process of the intended change. The workshop led to increased levels of trust and the acknowledgement that a good start had been made to collaborate on substantive organizational issues. However, it was still too early to really negotiate integrative agreements.

In the third case, there was a high level of trust between management and works council. Right at the start of a trajectory in which both parties wanted to negotiate

an innovative social plan, there appeared to be a high common ground: both management and works council perceived the continuity of the organization and sustainable employability of the personnel as highly important interests, which paved the way to integrative bargaining. Still, it appeared highly effective to use trust-reassuring methods to help both parties turn their good intentions into integrative negotiation behavior. Specifically, a kickoff meeting was held, at which parties formulated a joint motto and wrote employer and employee interests on cards. Both served as guidance during the negotiations, helping parties to focus upon their common interests.

We draw two conclusions from these three cases. The first conclusion is that as long as there is low trust between management and works council, it seems hardly impossible to have open dialogues in which parties agree on substantive organizational and HR policies that contribute to both organizational and individual goals. Hence, trust is an important precondition for social innovation (Nauta and Blokland 2007). The second conclusion is that, even if the level of trust is high, it helps to address trust issues explicitly. Preferably, parties use work methods that suit well to the specific trust issue at hand. For example, having people stand upon an imaginary trust line may not be a good idea in a very poor working relationship, whereas this intervention may contribute little in a working relationship that is already high-trust. But in a situation of intermediate trust, it serves well as a diagnosing and reassuring tool. Hence, parties should carefully prepare their dialogue sessions, not only regarding the content of their agenda, but also regarding the process and the work methods they will use, with or without the help of external consultants.

The guiding principle throughout this article is that trust cannot be neglected in the working relationship between management and works council, and thus deserves explicit attention, even if trust levels are already high. Only by addressing trust explicitly, will management and works councils be able to make deals that are socially innovative: serving both employer and employee interests.

We realize that our approach has been a practical one. Although we based our interventions partly upon trust and negotiation theories, they are not 'evidence-based'. That is, they have not yet been scientifically tested regarding their effectiveness. However, there are hardly any evidence-based interventions available with regard to trust building in management-works council relations. We believe that this is an omission in current academic research. But we also realize that it is very difficult to have trust building interventions tested in a positivist way, which is currently the main stream within organizational psychology. Positivist science relies on empirical evidence derived from quantitative data; intuitive knowledge and qualitative data are usually not included. However, within the complex reality of organizations, positivist approaches are difficult to apply, due to an overwhelming stream of data and circumstances that have to be taken into account to make sense of reality. Therefore, we believe that a fruitful way to develop practically useful, reliable knowledge is by engaging in so-called action research (Coghlan 2011; Lewin 1946). Action research refers to a method in which both behavioral science knowledge and existing practical knowledge is used to solve real organizational problems (Coghlan 2011). It is concerned with both organizational change

and adding scientific knowledge. It is scientific in that it uses systematic steps of diagnosis, action, and reflection, which are clearly documented as to spread the ‘actionable knowledge’ gained from it (Coghlan 2011). Our plea is that practitioners and academics should collaborate more extensively to document as many stories of organizational change – including trust building interventions – as possible. By doing so, we will build both theoretical and practical knowledge, as to bring organizations and industrial relations to the next level. Please provide details for Lewin (1946) in the reference list.

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Chapter 8

Trust and the Role of the Psychological Contract in Contemporary Employment Relations

David E. Guest

The traditional collective system of employment relations that dominated much of the twentieth century appears to be less viable in the twenty-first century. In its place we see the increasing individualisation of the employment relationship. Of course, such a sweeping claim needs to be qualified. While many employees, particularly in countries such as the USA and UK, with relatively weak institutional frameworks for employment relations, may never have experienced collective employment relations, employees in many European countries continue to have access to a system of legislated collective arrangements within the context of social partnership. Nevertheless, in all countries, there are a number of pressures leading, if not to the demise of collective arrangements, then to the greater emphasis on the individual – organization relationship. Even where traditional systems of employment relations have survived, they have sometimes played a less central role. Consequently, to understand and analyse contemporary employment relations, we need new conceptual frameworks and in this chapter it will be argued that one approach that has particular utility is the psychological contract.

The Changing Context of Employment Relations

There are a number of widely cited factors that are leading to the individualisation of the employment relationship. These can be broadly divided into changes in the nature and context of work and changes in the nature of the workforce. With respect to the changing context of work, key factors include the shift from manufacturing to services, the effects of the competitive environment and changes in technology.

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The shift from manufacturing to services has led to the disappearance of the large factories in which collective trade union organization was more straightforward compared with the small service units in which many people now typically work. Indeed, workplaces have generally become smaller enhancing the opportunities for closer manager – employee interaction. At the same time, the development of relatively isolated service units, for example in retail, requires high trust relationships to ensure that employees are motivated to provide a good quality of service to customers when they cannot be closely monitored from the centre of the organization.

The increasingly competitive environment has forced organizations to seek new ways of gaining competitive advantage. Advocates of the resource-based view of the firm (see, for example, Barney 1991; Barney and Wright 1998) have argued that the effective management of human resources, which may be difficult for competitors to replicate, provides a potentially successful strategy. This leads to questions about the most effective way to gain competitive advantage from the management of human resources. An influential paper by Walton (1985) set out the case for a high trust, high commitment approach within an essentially unitarist framework. As such, it can be seen as an extension of McGregor's Theory Y (McGregor 1960). However others have argued that this creates inefficiencies and that a better approach is to adopt a 'flexible firm' model (Atkinson 1984; Lepak and Snell 1999) which involves differential treatment of employees depending on how central they are to the success of the organization. In this context, a high trust human resource strategy is limited to employees who are viewed as 'core' to the success of the organization. This approach has been adopted, to a greater or lesser extent by many organizations. The resulting fragmentation of the workforce, which can extend to outsourcing a number of non-core activities and the use of on-call arrangements and zero hour contracts, makes it more difficult to create any sense of collective identity or to organize collective activity. A further feature of flexible working, and an implicit part of the exchange, more particularly for core staff, is the requirement to be willing to work within flexible job descriptions and to undertake a variety of tasks or occasionally work very long hours to meet organizational contingencies. This in turn requires high levels of reciprocal trust, firstly on the part of managers that employees will be willing to undertake such work and secondly on the part of workers that they will not be exploited by the absence of any positive exchange for this extra effort.

Technological advances have had mixed effects. On the one hand they have facilitated closer monitoring of certain kinds of work in what are typically viewed as low trust environments such as call centres (Batt 1999), providing a contemporary and sophisticated form of Taylorism. On the other hand, they have also permitted greater individual autonomy for many categories of worker over the time and place of work. This requires a high level trust relationship since it leaves the individual with control over the process whereby work is accomplished, reinforcing the longstanding dilemma of management control. It also further fragments the workforce, particularly if work is geographically distributed, increasingly limiting the scope for traditional collective arrangements.

Changes in the characteristics of the workforce have also facilitated the individualisation of the employment relationship. A key feature has been the growing proportion of women in the workforce many of whom prefer flexible work arrangements, leading to a growth in part-time working, a pattern of working also increasingly favoured by older workers, both male and female. Changes in workforce attitudes and values, captured in the descriptions of those falling within Generations X and Y (Twenge et al. 2010), highlight more individualistic perspectives as well as a focus on greater work-life balance. For these generations, militancy, where it exists, is more likely to be reflected in media-based activity outside the workplace rather than collective action within it.

In these new conditions, the traditional framework of the industrial relations system, advocated, for example, by Dunlop (1993) with its dominant institutional arrangements involving trade unions and manager representatives engaging in collective bargaining and joint consultation no longer provides a useful basis for analysing the kind of contemporary employment relations experienced by most workers in advanced industrial economies. The shift in emphasis from collective to individual – organization relationships requires a different analytic approach. The concept of the employment relations system, with its inputs, processes and outputs, as initially advocated by Dunlop, remains viable and valuable but it needs to be considered at a different level of analysis.

An initial point of departure in developing a new analysis is the recognition that the employment relationship implies an exchange. Exchange theory, first outlined by Blau (1964) offers an analytic framework that is now widely applied to the employment relationship (see, for example, Coyle Shapiro and Conway 2004). Blau drew a distinction between economic and social exchanges. Economic exchanges are typically contractual and the methods of exchange are clearly set out, as in most contracts of employment. Social exchange is more informal, less specified and more discretionary. It requires trust for it to operate to the benefit of both parties. From a slightly different perspective, Gouldner (1960) argued that over time the social exchange process becomes influenced by “the norm of reciprocity” whereby each party feels obliged to reciprocate positive acts by the other party, thereby reinforcing levels of trust. Tsui et al. (1997) provide a widely cited example of the application of social exchange theory to the employment relationship. They distinguished four types of exchange relationship that managers might pursue with their employees. They categorised these as under-investment, over-investment, mutual investment and quasi-spot contracts. In their study, they found that over-investment and mutual investment were associated with more positive employee attitudes and behaviour compared with under-investment and quasi-spot contracts (see Munduate et al, Chap. 13 in this volume).

At the individual level, the psychological contract is a prominent example of exchange theory. I will argue that while the psychological contract provides a useful framework for analysing the contemporary employment relationship at the individual level, it can also be applied at other levels to provide a more comprehensive model of contemporary employment relations. The concept of trust is central to an

understanding of an effective psychological contract. However before elaborating this relationship, we turn first to an outline of the psychological contract as a framework for analysis of employment relations.

The Psychological Contract

The concept of the psychological contract was first used in the 1960s, notably by Argyris (1960) and reappeared in subsequent decades in the writings of authors such as Kotter (1973) and Schein (1980). They all viewed it as a two-way exchange between the worker and the organization. For example, Schein defined it as “an unwritten set of expectations operating at all times between every member of an organization and various managers and others in that organization” (Schein 1980, p.22). However it was given a new lease of life by Rousseau (1989; 1995) who redefined it as a more limited exchange, at the same time suggesting that only individuals and not organizations can have a psychological contract. However, as argued elsewhere (Guest 1998) this denies the core assumption of the metaphor of a contract which of necessity requires two parties and neglects the likelihood that managers, as agents of the organization, can have psychological contracts with their staff. Therefore, an alternative definition, and one that will be used in this chapter, views the psychological contract as “The perceptions of both parties to the employment relationship, organization and individual, of the reciprocal promises and obligations implied in the relationship” (Guest and Conway 2002, p.22). It is important to recognise that promises may be implicit or explicit. For example, there may be an explicit promise to provide training and an implicit promise that following successful completion of training more challenging work will be provided. The concept of obligation is also important. Obligations are normative expectations about what each party should provide but they may not take the form of explicit promises. For example, employers have an obligation to provide a safe working environment and equal opportunities while employees have an obligation to behave honestly and undertake reasonable requests from their manager. The boundary between formal employment contracts and psychological contracts can be blurred. The normal distinction is that psychological contracts include those elements that are beyond the employment contract and typically apply to an individual rather than a collective relationship.

The definition of the psychological contract outlined above is highly descriptive. Research has used this as a starting point to explore the content of promises and obligations, their antecedents and the consequences of fulfilment and more particularly breach (for a review see Conway and Briner 2005). In this context, Guest and Conway (2002) argued that it is more useful to consider what they term the ‘state’ of the psychological contract, reflected in whether the promises and obligations have

been met, whether they are fair and their implications for trust. The rationale for including fairness is that promises may be made and accepted in good faith but in ignorance of promises made to or by others. An agreement during appraisal to offer a five percent bonus if goals are achieved can look attractive and be accepted until a fellow worker is promised a ten percent bonus for achieving the same goals. Furthermore, like all forms of exchange, psychological contracts rely on trust. Unless there is a belief that the other party will deliver, allowing a degree of vulnerability, an agreed exchange is less likely to be forthcoming.

Before moving on to explore the issue of trust in more detail, it is important to gain a sense of the factors that influence psychological contract fulfilment or breach, bearing in mind that much of the research has focussed on the antecedents and consequences of breach. The review by Conway and Briner (2005) and subsequent research indicates that fulfilment of the psychological contract is more likely to be reported in contexts where there is the presence of high commitment human resource policies and practices, some job latitude, autonomy and direct participation and a supportive, friendly workplace climate allied to a sense of perceived organizational support. Where these are absent, the likelihood of reported breach increases. Fulfilment of the psychological contract tends to have a relatively limited impact, partly because it is an expected part of the agreed exchange. In contrast, breach has a number of negative attitudinal consequences including lower organizational commitment, lower job satisfaction and higher intention to quit (Conway and Briner 2005; Zhao et al. (2007). It has a more limited impact on behaviour although it has been associated with reduced organizational citizenship behaviour (Coyle-Shapiro and Kessler 2002) and, in one more recent study, a higher level of actual labor turnover (Clinton and Guest 2014).

One reason why breach of the psychological contract typically has only a limited impact on behaviour can be found in the distinction first highlighted by Morrison and Robinson (1997) between breach and violation of the psychological contract. Whereas breach can be relatively commonplace, and diary studies have revealed that some form of breach of promises and commitments occurs on an almost daily basis (Conway and Briner 2002) violation has an added emotional component; it matters more and is therefore likely to have a stronger effect. Studies that have focussed explicitly on violation have reported an association with reduced well-being and higher stress (Clinton and Guest 2010). Despite this, breach needs to be taken seriously, partly because of its consequences for trust. In a longitudinal study, Conway et al. (2011) revealed that changes from psychological contract fulfilment at one point in time to breach at a later point led to significant reductions in attitudinal outcomes. However a change from breach to fulfilment had a much more muted impact. A major reason for this is the widely noted observation that trust is quickly destroyed but takes a long time to repair. The usual recommendation that follows is – don't make promises you cannot keep. At the same time, this observation brings the concept of trust centre stage in the analysis of the psychological contract.

Trust and the Psychological Contract

A key feature of the psychological contract that distinguishes it from the traditional employment contract is that it is usually informal and unwritten. It may be based on an explicit promise or understanding but it has no legal force. As a result, it relies very heavily on a high trust relationship. However the relationship between trust and the psychological contract can be viewed from a number of different perspectives. More specifically, trust can be viewed as an antecedent, a correlate, a component and a consequence of the psychological contract.

Turning first to trust as an antecedent of the psychological contract, Coyle Shapiro and Conway (2004, p.7) note that “one party needs to trust the other to discharge future obligations (i.e. to reciprocate) in the initial stages of the exchange and it is the regular discharge of obligations that promotes trust in the relationship”. Whitener (1997) has argued that the level of trust helps to shape employee responses to human resource practices in a context where Rousseau and Greller (1994, p.385) argue that “A major function of human resource management is to foster an appropriate psychological contract”. Suazo et al (2009) utilise signalling theory to argue that human resource practices communicate management intentions and therefore help to shape the psychological contract. A body of research is emerging that explores the role of attribution theory as a basis for understanding employee reactions to human resource practices. Nishii et al. (2008) have shown that when employees perceive that practices are designed to enhance their well-being or improve quality, this is viewed by their sample of retail staff as the basis for a positive exchange and consequently results in a positive response and enhancement of a high trust relationship. In contrast, where the intention is perceived to be to extract higher performance or to increase management control, this is viewed negatively resulting in a reduced exchange and a less positive response. Rodrigues and Guest (2013) conducted a similar study among a sample of airline staff and gained a similar result. Interestingly, both studies also explored the impact of attributions to trade union influence on the introduction or application of human resource practices and found that the result was neutral. The implication in the present context is that trust will influence attributions and therefore the nature of the resulting psychological contract.

Prior trust can not only shape the nature of the psychological contract and the related exchange. It can also influence perceptions of breach. In a longitudinal study, Robinson (1996) found that levels of trust influenced perceptions of whether a breach had occurred and also the reactions to breach. Trust can influence attributions about why breach occurred and in a high trust context, both employees and employers may be more tolerant of the occasional breach, particularly if plausible reasons can be provided for why the breach occurred.

The more widely adopted perspective views trust as a consequence of the psychological contract. In their meta-analysis of the consequences of breach of the psychological contract, Zhao et al (2007) confirmed that breach was associated with lower trust and, since breach and fulfilment have often been measured along a

continuum, fulfilment is associated with higher trust. While lower levels of trust constitute an important outcome of a breached psychological contract, the study reported by Robinson (1996) implies that it can act as a moderator of the association between psychological contract breach and negative attitudinal and behavioural outcomes. This possibility was explored by Guest and Clinton (2011) using a large sample consisting of 3109 employees from across seven countries and three major sectors. The analysis revealed that the presence of more human resource practices was strongly associated with both the content and the fulfilment of the psychological contract. Secondly, after controlling for country, sector, organizational and individual factors, both the content and more particularly the fulfilment of the psychological contract were strongly associated with perceptions of trust and fairness. The results revealed that perceptions of both trust and fairness of treatment were significantly associated with higher levels of satisfaction and organizational commitment and lower levels of work-related anxiety and intention to quit. The moderation analysis revealed that trust had a significant but fairly modest impact on the association between the content of the psychological contract, reflected in the number of promises made, and job satisfaction, organizational commitment and lower intention to quit. Specifically, a higher content had a greater impact on these outcomes for those reporting lower levels of trust. A further interaction revealed that higher fulfilment of the psychological contract was associated with increases in organizational commitment among those with lower levels of trust. These findings imply that where levels of trust are lower, it is more important to ensure that there is a good psychological contract. This is in line with Robinson's finding suggesting that where trust is high, modest levels of breach of the psychological contract have less impact on attitudinal outcomes.

Clinton and Guest (2014) reported a multiple mediation longitudinal study among 6001 UK Royal Air Force personnel exploring the role of trust in the relationship between psychological breach and labor turnover. Firstly, they found an association between psychological contract breach and actual labor turnover. Secondly, they found that trust and fairness both independently fully mediated this relationship although in this case fairness had a rather stronger impact than trust. However the analysis also revealed that trust had an impact on fairness, reinforcing the role of trust in the relationship between psychological contract breach and labor turnover.

While breach of the psychological contract is often viewed as resulting in reduced levels of trust, the extent to which this occurs will depend in part on the attributions for the breach and the way in which the reasons for breach were communicated. For example, if a breach arose as a result of external factors beyond the control of the organization, such as a collapse in the market for the product or service or as a result of a major recession and this reason was clearly communicated, then it might be perceived as a breach that did not damage trust. However if management behaviour was viewed as deliberate and unnecessary renegeing on a significant promise, this is likely to be perceived by employees as a violation of the psychological contract and would seriously damage trust relations.

The third main perspective views trust and the psychological contract as correlates or as existing in a dynamic relationship. Guest (2004), expanding on the concept of 'the state of the psychological contract', has argued that if the psychological contract is to be used to analyse and understand the employment relationship, then it is not enough to describe and classify the promises and commitments that have been made. What matters more is whether the promises have been kept and the obligations have been met, whether they are perceived as fair and whether each party trusts the other to keep promises now and in the future. The question of fairness is particularly important since it is plausible to consider contexts in which promises are fulfilled but where promises made to others are perceived as better. This suggests that social comparisons are likely to be important as we know from research on reference group theory when it has been applied in the context of employment relations. Any sense of relative deprivation is likely to influence trust in the credibility and value of future promises. By implication, trust, fairness and the fulfilment of the psychological contract are closely associated and co-exist. The longitudinal studies reported by Robinson (1996) and by Conway et al. (2011) suggest that this can best be viewed as a dynamic and potentially fragile relationship, reflecting an on-going interaction that is shaped by past experience, current behaviour and future expectations.

Implications for the Employment Relationship

The system of employment relations has always been viewed as comprising co-existing formal and informal systems. The formal institutional arrangements, reflected, for example, in works councils and in collective bargaining constitute the more visible face of the employment relationship. However much employment relations is informal, reflecting a range of shared understandings about various aspects of working life. Fox (1974) described such activities as "beyond contract", arguing that they depended on a mutual exchange and a degree of trust. In other words, as Fox argued, they depend on a psychological contract. Although Rousseau (1995) has argued that the psychological contract reflects an individual perception and therefore has to be analysed at the individual level, she has also drawn a distinction between idiosyncratic, positional and standard deals (Rousseau 2001). While the concept of a 'deal' may be a little different from the psychological contract, this analysis implies that the psychological contract can be considered at different levels of generality and by implication at different levels from individual/idiosyncratic to collective/standard. Therefore we will follow Fox and others, such as Kalleberg and Rogues (2000) who argue that the psychological contract can usefully be adopted to analyse the employment relationship at a number of levels.

At the individual level, Rousseau (2005) has argued that a feature of the contemporary individualised employment relationship is the growth of idiosyncratic deals. A key feature of such deals is that they are initiated by the employee. While they have always existed to some extent, their increased use can be viewed as an

outgrowth of trends towards greater employment flexibility and greater autonomy and can cover a wide range of topics that benefit the individual and/or the organization. These can usefully be divided into those that are formal, such as, for example, an agreement to work a four day week thereby allowing a day of attendance on a development course; and those that are informal, such as an agreement that if certain kinds of support are provided, there will be greater choice over future projects and potentially enhanced promotion prospects. Analysis of the content of the psychological contract typically draws a distinction between transactional and relational deals. In this case, the kind of semi-formal deal such as agreeing a four day working week to enable attendance on a course constitutes a transactional arrangement which may be accompanied by a commitment on the part of the employee to make up the time lost by working extra hours during the four days. The more informal deals associated with project choice are more relational. For Rousseau, a key feature of idiosyncratic deals is that they reflect proactivity on the part of individual employees. However, as Parker et al. (2006) have observed, there can be marked individual differences in levels of proactivity and one of the challenges of such deals is that they can lead to perceptions of unfairness or favouritism by those who are not party to them. Bakker (2010) suggests that the kind of idiosyncratic proactivity reflected in job crafting, the process whereby an individual chooses to alter the content of their job, either by expanding or altering its content (Wresniewski and Dutton 2001), may be a good deal for those who can craft their job but others affected by this may lose out either because their opportunity to craft is removed or because an attractive element in their job has been 'stolen'. In other words, idiosyncratic deals, sometimes but not always negotiated, may form a key element of contemporary employment relations, more particularly in contexts where there are non-existent or very weak collective arrangements. They may provide a positive exchange for those taking the initiative but they have implications for trust and fairness and, where they are relational deals, they can also be high risk with respect to mutual delivery of promises and commitments.

The informal system of employment relations has long operated at the group level. Typical cases might include an implicit agreement between the work group and their supervisor to permit some restriction of output or among a manager of a small retail outlet and the staff to operate a system of flexible working hours. Perhaps the best known classic case is the Hawthorn Studies (Roethlisberger and Dickson 1939) where supervisors had ceded elements of control to the work group which operated informal and sometimes physical means of preventing any team members from exceeding agreed output levels. Removed from close managerial surveillance, a range of informal systems can emerge because they suit the local parties. For such understandings to succeed, an element of collusion based on reciprocal trust is required. There is, in effect, an implicit psychological contract between the local parties to ensure working arrangements suit the needs of both parties, allied to some shared understanding within the work group that all will comply with these arrangements.

The psychological contract is rarely considered as a unit or organizational level phenomenon. However it can be argued that shared perceptions of a strong

organizational climate constitute a form of psychological contract. Reflecting the earlier analysis of the role of human resource practices as signals of management intent, Bowen and Ostroff (2004) have argued that a “strong” human resource system, comprising clearly and consistently communicated signals, can result in a shared understanding of a mutual exchange between the organization and its staff. This will be more straightforward to achieve in small organizations but can be extended to units within larger organizations such as branches of banks or stores. In developing his argument about the utility of the psychological contract to inform this level of analysis, Fox cites Gouldner’s (1965) classic study of a gypsum mine where a system of agreed informality providing a range of mutual benefits had developed. This included a number of “indulgency patterns” such as employees being allowed occasional use of the firm’s equipment at home. The main focus of Gouldner’s analysis was on the strike that developed when new management abandoned the informal arrangements resulting in destruction of the high trust relationship that had previously existed between management and the employees and the associated perception that management had violated the collective psychological contract.

In summary, what this analysis suggests is that as the formal components of the system of employment relations decline, informal arrangements come to the fore. However, as the illustrations cited above indicate, an informal system of employment relations has always existed. This implies a broad view of the meaning of employment relations. However it is one that may more typically reflect the salient concerns of most employees as they go about their daily work. More than half a century ago, the Norwegian studies of industrial democracy found that developing formal arrangements to promote democracy at the organizational level, whether through the role of worker directors on boards or through an extended role for collective bargaining had little or no impact on employee perceptions or on their experience of work (Emery and Thorsrud 1976). What mattered were the local arrangements and the informal system within which they worked on a day to day basis. This is the stuff of the psychological contract and, as it applies to the employment relationship, it depends on and also has an impact on levels of trust and fairness. At the same time, as we have argued, the psychological contract provides a useful framework for analysis of the employment relationship that can be applied at the individual, group and organizational levels.

Conclusions

The core premise of this chapter is that a variety of contextual changes have resulted in a shift in emphasis from collective towards more individual employment relationships. To understand and analyse contemporary employment relations, we need different conceptual frameworks to those that dominated in the past. These need to take full account of the individual-employer relationship but also need to be flexible enough to incorporate different levels of analysis. The psychological contract, as a

distinctive form of exchange theory, has been proposed as an approach that has particular utility. However to be of value for employment relations, it needs to go further than conventional approaches to incorporate what has been described as the 'state' of the psychological contract. This focuses on the extent to which promises have been delivered and also perceptions of their fairness and trust that the other party will continue to deliver them. In other words, trust is centrally implicated in the analysis.

A brief review of relevant empirical literature indicates that trust has a major role in understanding the employment relationship within the framework of the psychological contract. Indeed it can be shown to act as an antecedent, a correlate and a consequence, implying a dynamic relationship. The chapter has also illustrated how the 'state of the psychological contract' framework can be used to analyse the employment relationship at the individual, the group and the organizational level. Indeed, Gouldner's (1960) classic case of a strike at a gypsum mine, as analysed by Fox, effectively illustrates how the notion of a collective psychological contract is a useful concept rather than a contradiction in terms and demonstrates how it can be used to analyse collective employment relations activity.

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Chapter 9

Building a Collaborative Workplace Culture: A South African Perspective

Barney Jordaan and Gawie Cillié

“There is no life without co-existence, and there is no co-existence without confrontation”.
Luis Diaz

This contribution proceeds from a number of assumptions, i.e., that (a) conflict is an inevitable part of any employment relationship but is also a manageable and potentially valuable phenomenon (Swanepoel 1999; McNulty et al. 2013); (b) low levels of trust in work environments serve either as a trigger or aggravating factor in the escalation of conflict (Purcell 2012a); (c) improved levels of trust can reduce the occurrence and intensity of conflict, or facilitate the constructive resolution of workplace conflict, or both (Douwes Dekker 1990); and (d) collaboration to resolve workplace conflicts and disputes normally delivers superior outcomes with less relational consequences that results arrived at through competitive or adversarial means (Van Boven and Thompson 2003). As our first assumption suggests, we adopt a pluralistic industrial relations frame of reference, as opposed to a unitary or radical approach.

We jointly have over 60 years of experience of the South Africa employment relations (ER) landscape. In this time we experienced the transition from an antiquated statutory ER framework – the roots of which went back to 1924 – to a statutory, rights-based ER framework introduced in 1996 that has been hailed as progressive and advanced.¹ We encountered the full spectrum of collective

¹The 1924 Industrial Conciliation Act was passed in the wake of the bloody white mineworkers strike of 1922. It was in one sense very progressive as it provided for a ‘freedom’ to strike and industry-wide bargaining, but completely excluded black workers from its rights and privileges.

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relationships, from highly collaborative to the ER equivalent of ‘guerrilla warfare’. We observed instances of brutal strike violence resulting in non-strikers and innocent bystanders being maimed or killed. We also had the good fortune to experience how willing and capable management and labor leaders, often with the aid of skilful mediation, are able to resolve even the most intractable of conflicts.

The irony is that despite an enabling statutory framework and a strong tradition of collective bargaining and labor mediation in the country – dating back to the late 1970s – there is little evidence of workplace relations today living up to the stated purposes of the Labor Relations Act to ‘promote orderly collective bargaining, employee participation in decision-making in the workplace and the effective resolution of labor disputes.’²

There are many reasons for the high levels of conflict in the South African employment relations system, some of which are environmental, e.g., high unemployment and poverty levels (Bhorat 2004). Capacity and resource constraints among the social partners have also been mentioned as contributing factors (Grawitsky 2011). There is some disagreement about the extent to which the current statutory framework itself contributes to the volatility in the system.³ Our own view is that the foundations of the statutory framework are essentially sound, but that a major reason for its apparent failure lies in the low levels of trust found in most unionised work environments.⁴

The Act was amended several times and received a complete overhaul in the early 1980s when black workers were for the first time brought under the Act’s scope. It was replaced by an entirely new Act in 1996, following the first democratic elections in the country and the adoption of a new Constitution. The latter includes a number of labour rights in a Bill of Rights. This includes: the right to freedom of association, the right to strike, the right to fair labour practices and the right not to be discriminated against.

²Section 1 of the Act, 1995. According to the 2013–2014 report of the CCMA (set up specifically to conciliate and arbitrate employment disputes) 170 673 disputes were referred to it during the 2013–2014 financial year. In 2008 the figure was 140 366. The full report is available at <http://www.ccma.org.za/Display.asp?L1=45&L2=155> (accessed 28 April 2015). Over the past 15 years the country has also seen some of the bloodiest and longest strikes in the country’s history since 1922. A report in a respected national newspaper <http://www.citypress.co.za/news/181-killed-in-strike-violence-in-13-years/> dated 21 January 2013 (accessed 28 April 2015) put the death toll in strike-related violence at 181 between 2000 and 2013. Several strikes have also been going on for several months, e.g. in the postal service and at the site of a new power station. Both were still in progress at the time of writing. See also <http://mg.co.za/article/2014-07-10-the-jury-is-out-on-strike-violence> (accessed 28 April 2015).

³Compare Godfrey, S.; Theron, J. (2007). ‘The State of Collective Bargaining in South Africa An Empirical and Conceptual Study of Collective Bargaining’, Development Policy Research Unit, University of Cape Town, DPRU Working Paper 07/130 November 2007 available at http://www.ilo.org/wcmsp5/groups/public/DOUBLEHYPHEN-ed_dialogue/DOUBLEHYPHEN-dialogue/documents/publication/wcms_175009.pdf (accessed 25 April 2015) with Grawitsky at 29. See also Du Toit, D. ‘What is the future of collective bargaining (and labour law) in South Africa?’ 2007 *Industrial Law Journal* 1405.

⁴A recent survey found that levels of worker trust in their trade unions has also declined: HSRC Review. (2013). ‘The state of the union.’ 11(1), 7–9 available at http://www.hsrc.ac.za/uploads/pages/1278/HSRC_Review_MAR_2013.pdf (accessed 25 April 2015). On the so-called ‘trust deficit’ in the country, see, e.g., The World Bank, ‘SA Overview’ (2014) available at <http://www.worldbank.org/en/country/southafrica/overview> (accessed 28 April 2015).

The central issue we address in this contribution is how improving levels of trust in the workplace through genuine employee engagement could make organizations more ‘conflict wise’, or, to borrow from Swanepoel (1999), more ‘conflict positive’. Although we write from a developing country perspective, we would submit that the ideas advanced here could be of wider import (see also Jordaan 2014).

‘Conflict Positive’ Organizations

In his discussion of conflict management processes Swanepoel makes a useful distinction between ‘conflict negative’ and ‘conflict positive’ organizations. Conflict negative ones tend to see conflicts as unnecessary, destructive and to be avoided. There is little understanding that, if understood and managed properly, conflict could be an organizational asset or resource. This approach not only deprives an organisation of the potential benefits of conflict but also of opportunities for improved decision-making and risk management.

In conflict positive organizations there is an understanding that conflict is an integral part of organizational life and that unmanaged or poorly managed conflicts can be costly, both in terms of relationships and efficiency. The culture in this type of organisation allows for expression of diverse opinions and liberal information exchange. The understanding is that conflict can mean the reconciliation of opposing tensions that can be directed into workable solutions and improved decision-making.⁵

Making organizations ‘conflict wise’ requires a number of challenges to be addressed, not least of which is the need for conflict leadership in the organisation (Leathes 2009) and equipping people in the organisation, as well as the organisation itself, to better understand conflict and how to manage it (Swanepoel 1999).

However, we believe that it will be difficult, if not impossible, to develop deep-seated and sustained levels of trust, collaboration and conflict wisdom in the workplace unless one is able to effect a fundamental shift in the sets of assumptions (the ‘frames’) operating on management and labor in their approach to the people, problem and process dimensions of their interaction, especially – but not exclusively – at the collective level (see also Van Boven and Thompson 2003).

Our contribution tries to address this challenge. In doing so we propose the adoption of a different ‘frame’ for balancing employer and labor interests; we explore the role of trust as a key requirement for collaboration and the importance of engagement (‘voice’) for the creation of trust; we reflect on how the traditional divide between HRM and ER potentially stands in the way of greater collaboration at the collective level and, relying on Purcell (1987), we propose a theoretical framework for harmonising their different approaches to employee engagement. We also make some practical suggestions for making organizations more ‘conflict wise’.

⁵ See the American Arbitration Association study (2003) “Dispute-Wise Business Management” available at https://www.adr.org/aaa/ShowPDF?doc=ADRSTG_004327 (accessed 2 March 2015).

The Key Challenge: Changing Mindsets or ‘Frames’

Assumptions affect strategy, influence behaviours and determine outcomes (Van Boven and Thompson 2003). While imparting conflict management skills to managers and employees is necessary for improving conflict behaviours, a sustained change requires a new set of assumptions about the people, problem and process dimensions of conflict.

The parties’ - management and labor’s – assumptions about the objectives of their relationship (part of the problem dimension) poses the first and perhaps most critical challenge. In this contribution we propose a theoretical framework that could assist in helping to harmonise the ostensibly competing objectives of management and organized labor, a framework that is focused on the objectives of the employment relationship as espoused by Budd (2004). This provides a useful new ‘frame’ through which the interests of management and labor can be viewed as not necessarily competing, but potentially complementary.

The Objectives of the Employment Relationship

It all depends on how we look at things, and not how they are in themselves – C. Jung

According to Budd (2004), efficiency, equity, and voice are the central objectives of the employment relationship. The ideal employment relationship is one that results in the efficient production of goods or services, provides employees with equitable and fair conditions and circumstances of employment and ensures that employees have both an individual and collective voice in deciding issues of concern to them. Virtually all tensions in the workplace involve claims for more versus less efficiency, more versus less equity, and more versus less voice. For Budd, equity, efficiency and voice are also *moral* imperatives in democratic societies.

He asserts that the rights and responsibilities of workers and their employers go significantly beyond typical HRM concerns relating to productivity, competitiveness, economic prosperity, the effective use of scarce resources, and the like -concerns that he groups together under the shorthand heading of ‘efficiency’. In particular, he states, employees are entitled to fair treatment -‘equity’- and opportunities to have input into decisions that affect their daily lives -‘voice’-. Equity concerns fairness in both the distribution of economic rewards, such as wages and benefits, and the administration of employment policies, such as fair treatment, non-discrimination and protection against unfair dismissal. Voice is the ability to have meaningful employee input into decisions that affect them both individually and collectively. This includes not only freedom of association and speech, but also direct and indirect participation in workplace decision-making. The high level

problem that needs to be addressed in any interaction between management and labor is how to ‘balance’ the three elements.⁶

These objectives are typically seen by labor and management as mutually exclusive: for labor, voice and equity are the key concerns of workers, whereas for management these are generally merely instrumental in achieving efficiency objectives and not regarded as fundamental human rights and moral imperatives that are ends in themselves (Kaufman 2001). This is primarily a matter of frame of reference, i.e., the way we perceive or ‘frame’ the problem, but it is not unique to workplace conflicts: our tendency generally is to frame differences in bipolar, ‘either-or’ terms. Framing the problem in this manner tends to induce a competitive approach to the resolution of the problem, supported by tactics, manoeuvres and behaviours aimed at claiming value in the conflict situation, instead of first attempting to create joint value and improve decision-making.

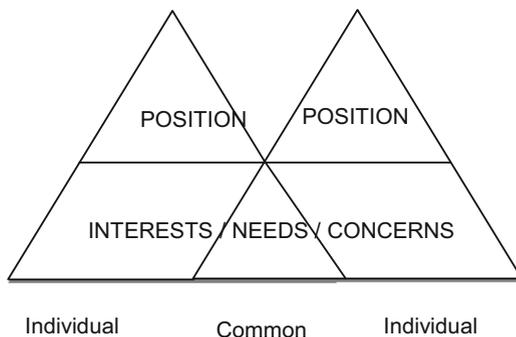
However, the three objectives are in fact complementary and therefore reconcilable: efficiency, for example, is maximised in environments where employees are treated equitably and are engaged (Kim and Mauborgne 2003; Purcell 2012b). Greater engagement (‘voice’), in turn, builds trust. By viewing the components as complementary, the basis is laid for a new definition of the substantive problem facing the parties: instead of simply trading demands (positions) and counter-demands without a clearly defined common objective, the parties can frame the problem as a joint one involving the search for the optimal ‘mix’ of, or trade-offs between equity, voice and efficiency in relation to the concrete issues on the table. They can do so in the knowledge that the ‘non-negotiables’, i.e., the parties’ core and legitimate interests in efficiency, voice and equity, are recognised.

Even if the parties disagree about the ideal tension between the three components – as tension there will always be – defining issues for negotiation in terms of jointly searching for the optimal ‘balance’ between them provides a basis for potential collaboration.

Doing so, of course, requires not just an enabling frame of reference, but also an improved decision-making framework and the learning of behaviours that support a collaborative approach. The joint problem-solving approach typically employed by commercial mediators – described in the next section-, provides a useful, practical and systematic way of improving decision-making in conflict situations (see Milkman et al. 2009).

⁶In justifying his use of the term ‘balance’, Budd explains in his response to critique of his model: ‘I am not convinced that the best way to think about a balance is in terms of the equal weighting of efficiency, equity, and voice ... Rather, my vision for a balance in the employment relationship is as the search for arrangements that enhance one or more dimensions without undue sacrifices in other dimensions.’ In ‘Symposium on John W. Budd: Employment with a Human Face: Four Views on Efficiency, Equity, and Voice in the World of Work’. (2005). *Employee Responsibilities and Rights Journal*, Vol. 17, No. 2, June pp. 109–199.

Fig. 9.1 The 'Position, Interests, and Needs (PIN)' diagram



The Process Dimension

The joint problem-solving process involves five stages (Moore 1996), i.e: problem identification -'conflict analysis'-; solution generation – brainstorming potential solutions⁷-; solution evaluation -the negotiation phase-; solution choice; and implementation.⁸ In the event of deadlock, parties can attempt to re-define the problem (e.g., by re-prioritising or identifying fresh interests and developing new options) before resorting to their fall-back positions, whatever those might be – typically referred as their BATNA (Best Alternative to a Negotiated Agreement). Problem identification or conflict analysis can use fully be done on the basis of the diagram below, which distinguishes the parties' claims, demands and positions from their underlying interests.

On the basis of Budd's (2004) analysis of the objectives of the employment relationship, voice, equity and efficiency can be plotted either as opposing positions (the typical frame) or as common and complementary interests at the bottom of the diagram. In this case the problem is framed not as an either-or scenario of efficiency versus equity and voice, but as a joint search for an ideal balance between the various interests (Fig. 9.1).

The Relationship or People Dimension

We are not concerned here with matters such as communication, the management of emotions and other people-related skills. These are obviously important behavioural skills for the effective management of conflict. Our key concern as far as the people dimension is concerned, is with what is required for the development of trust in the work environment.

⁷Of which the parties' initial positions present possible options.

⁸By agreement or management decision, as the case may be. In the latter case and depending on the prevailing legislative framework, labour retains its right to have recourse to industrial action.

To pave the way for a collaborative approach to conflict resolution, a new problem definition (or ‘frame’) not only requires an improved joint problem-solving framework, but, critically, a change in the parties’ assumptions about each other. This is a factor of the levels of trust existing between them. Lack of trust is a major contributor – probably the major contributor – to the inability of managers and workers to collaborate in achieving higher levels of participation -voice-, equity and efficiency (Purcell 2012a).

Our proposition is that the element of ‘voice’ -‘engagement’- is the central requirement for developing greater trust and collaboration in the workplace. Purcell (2012b) has no doubt that giving employees voice is key to the generation of trust.

The question remains on how trust, fairness and justice are built. Each are essentially processes of the quality of interactions between management and employees. MacLeod and Clarke (cf. Purcell 2012b) recognised this and homed in on leadership, engaging managers, employee voice and integrity. I agree with them completely. But I would give a lot more emphasis to employee voice since it is this multifaceted activity which is most obviously connected to the generation of trust, fairness, and procedural and informational justice.

Kim and Mauborgne’s research (2003, p. 134) confirms that: ‘The psychology of fair process, or procedural justice, is quite different. Fair process builds trust and commitment, trust and commitment produce voluntary co-operation, and voluntary cooperation drives performance, leading people to go beyond the call of duty by sharing their knowledge and applying their creativity. In all the management contexts we’ve studied, whatever the task, we have consistently observed this dynamic at work’.

Improved collaboration requires trust to be built at both the individual and collective level. Yet the traditional divide between HRM and ER in their approach to employee engagement in particular poses a potential obstacle to the development of trust across the organisation (Kaufman 2001). HRM’s management-oriented focus on the individual relationship limits the opportunities for building greater levels of collaboration at the collective level.⁹ Purcell’s (1987) seminal work on management

⁹See Kaufman p. 365: ‘Typically, modern-day HR researchers assume that the bulk of employers will be led over the long run to promote the interests of employees and work toward accomplishment of fundamental human values for two reasons: managers recognize (or come to recognize) that doing so leads to greater organizational effectiveness, and because managers are ethical people and subscribe to the basic ethical principles outlined earlier. In this schema, meeting employee interests and human values is accomplished indirectly (or instrumentally) through good management. ... ‘ER researchers, on the other hand, don’t believe that management self-interest is a sufficient guarantee; ‘The reason, they believe, is that competitive market forces and various kinds of market failures (e.g., externalities, public goods, principal-agent problems, employer domination of labor markets) provide firms both the pressure and the ability to treat workers in ways that are variously exploitative, callous, or unfair — in the process harming organizational effectiveness and economic efficiency. Given that employee interests and human values are independent end goals in IR, and the view that employers cannot always be counted on to promote and protect these goals, IR researchers are inevitably led to the conclusion that collective bargaining and government legislation are not only necessary supplements to and constraints on the practice of HRM but, on net and if not overdone, have a positive impact on the overall economy and business sector.’

styles in employment relations provides a useful framework for integrating HRM and ER workplace strategies that integrate high levels of investment in human resource development with the nurturing of cooperative management-union relations.

Harmonising HRM and ER Approaches to Voice/Employee Engagement

Most employment relationships represent a mix of HRM and ER assumptions. In the final analysis, if the centrality of the employment relationship to both HRM and ER is accepted, the two disciplines are at least as much complements as substitutes in analysing and solving workplace problems and therefore need to be seen as partners in a larger intellectual enterprise. The focus should therefore shift towards a HRM *and* ER world of work.

Purcell (1987) provided an alternative to Fox's categorisation (1974) of management approaches to employment relations as being either unitary or pluralist.¹⁰ Purcell identified what he calls different management 'styles'¹¹ that vary depending on how an organisation emphasises 'individualism' or 'collectivism'. The former refers to the extent to which HRM policies are focused on the rights, development and capabilities of individual employees. 'Collectivism' refers to the extent to which management policy is directed towards inhibiting or encouraging the development of collective representation by employees and allowing them a collective voice in management decision-making. Management has a choice in the development of workplace strategies that integrate high levels of investment in human resource development - 'individualism' - with the nurturing of co-operative management-union relationships - 'collectivism'.

'Individualism' represents different approaches to HRM ranging from one that sees the employee as little more than a factor of production, to paternalism to the adoption of a highly sophisticated HRM strategy. 'Collectivism' refers to the existence of democratic structures for employee representation and the degree of legitimacy given to the collective. The scale ranges from complete antagonism towards trade unions -characterised by anti-union strategies- to varying degrees of acceptance of, and integration of collective structures into decision-making. Space does not permit a full explanation of each of the approaches, save to state combination of individualism and collectivism delivers a range of approaches or styles or policy choices. Important for our purposes is the fact that the two policy strands are not

¹⁰ Purcell's critique was that Fox's categories were mutually exclusive – both unitarism and pluralism allow for a variety of variations.

¹¹ Style refers to a 'distinctive set of guiding principles which set parameters to and signposts for management action in the way employees are treated and particular events handled' (p. 535). It is akin to business policy and its strategic derivatives.

mutually exclusive, i.e., a high level of individualism does not necessarily imply an antagonistic approach to the collective.

The ideal style for improving trust and collaboration at individual and collective level would be what Purcell calls the ‘sophisticated consultative’ -high individualism/high collectivism- style. This represents the ideal state of a fully integrated HRM/ER strategy that pays equal attention to substantive outcomes -efficiency and equity- as well as procedural ones -voice and engagement-. It is similar to the sophisticated human resource style on the individual scale, except that unions or forms of employee group participation (e.g. through company councils) are recognised.

An attempt is made to build ‘constructive’ relationships with trade unions and incorporate them into the organizational fabric. Broad-ranging discussions are held with extensive information provided to the unions on a whole range of decisions and plans, including aspects of strategic management, but with the ‘right of last say’ still resting with management. Emphasis is also placed on techniques designed to enhance individual employee commitment to the company and the need to include, e.g., share option schemes, profit-sharing, briefing systems, joint working-parties, joint employee-management councils, and the like.

The Content of ‘Voice’

While the elements of equity and efficiency refer to substantive outcomes for employees and management, respectively -the ‘what’-, ‘voice’, by contrast, is concerned with the ‘how’: how to maximise efficiency while ensuring this is done in a manner that is equitable. ‘Voice’ becomes the central pillar for trying to achieve a balance between efficiency and equity.

Purcell (2012a, b) uses different terminology to make the same point as Budd, i.e. that ‘voice’ is a necessary condition for ensuring both employee well-being and organizational effectiveness. The central concern for both ER and HRM, according to Purcell, should be how to achieve higher levels of employee ‘engagement’. For him equity and voice -‘engagement’- are both aspects of workplace justice. Engagement is an aspect of ‘procedural justice’.¹² Procedural justice is central to the

¹² ‘[W]e are able to distinguish four types of justice: distributive, procedural, interactional and informational. Distributive justice is the perceived fairness of the outcome of a decision, like the distribution of performance related pay. Procedural justice concerns the way in the decision came to be taken, the information collected, the openness of the process and the extent to which people’s views were taken into account. ... Increasingly procedural justice is linked to interactional justice, the interpersonal quality of the interaction between the employee and the immediate manager, or higher level manager, and with fellow team members. Thus, procedural justice judgements play a major role in shaping people’s reactions to their personal experience, in particular about being treated with respect. Informational justice perceptions are shaped through accounts and explanations provided by organizational authorities about reasons as to why certain procedures were chosen and why certain outcomes were distributed in a certain way.’ Purcell (2012a, b).

generation of trust (Purcell 2012a, b). Increasingly, procedural justice is also linked to 'interactional' justice, the quality of the interaction between the employee and the immediate manager or higher level manager, and with fellow team members. Procedural justice judgments play a major role in shaping people's reactions to their personal experience, in particular about being treated with respect. 'Informational' justice can be especially important in positively influencing employees' attitudes and behaviour in change initiatives.¹³

Voice is a central requirement for achieving equity (Purcell 2012a, b). Equity is created not just by consistent, bias-free and ethical procedures, but by allowing employees to express an opinion in relation to management actions and decisions that might affect them. Interestingly, research shows that even if employees think their opinions will not influence a decision, the mere fact that their opinions were asked is enough for perceptions of fairness to grow and persist, and for ensuring greater commitment to management decisions (Kim and Mauborgne 2003). This is because giving voice to employees ensures that decision-making, especially in employment and job related matters, is explained and understood with an opportunity to contribute, and is seen to be fair. This strongly shapes people's reactions to their personal experience and those of their colleagues (Purcell 2014). Voice is also key to promoting efficiency. Purcell and Georgiadis (2007) put it as follows:

'The point here is that when embedded voice practices on the shop floor, led by front-line managers, co-exist with top level consultative committees, run by senior managers, the effect on employee engagement and commitment is greater than each by themselves. What is more, I do not know of other initiatives with the same positive outcomes. Employee voice really is important for organizational climate and engagement.

Employee engagement is worth pursuing, not as an end in itself, but as a means of improving working lives and company performance. The evidence of positive business outcomes is as strong as you can get it, even if it is never conclusive. And employee engagement is a classic win-win initiative since it is associated, when done properly, with better employee well being as well as wealth creation. It puts employees at the heart of the enterprise since it is they who judge their managers for their fairness, trust and acting with justice and who, in return, work better in their job, cooperate in innovation and change, and support the organisation which employs them. As such, if we ever doubted it, it returns employment relations to its proper place in business'. (Purcell and Georgiadis 2007: 187).

The benefits, therefore, include improved employee trust in management; greater satisfaction with work and the job; improved levels of performance, efficiency and commitment as well as a sense of achievement from work.

For those concerned with ER, the more extensive the range of opportunities for engagement with employees and their elected representatives, the better. For those concerned with HRM, however, leaving control – or too much of it – over engagement in the hands of employees and trade unions can be perceived as a challenge to management unilateralism (Kaufman 2001).

¹³ 'It flows through to procedural and interactional justice since 'accounts and explanations' are provided by middle and lower level managers who will also be involved in taking action at the local level, for example in a corporate restructuring exercise.' Purcell (2012a).

In many cases engagement is driven by the organisation in typical HRM fashion, i.e. top-down. Virtually all of the emphasis on employee voice is focused on direct communication and involvement through team briefing, workforce meetings, problem solving groups and, to a much lesser extent, via employee surveys. Employees get most information from their line manager and well run briefing group meetings allow for questions, discussion and some dialogue. This is often also accompanied by an obsession with outcomes, ignoring the inherent value of engagement (Purcell 2012a, b).

However, voice goes further than this: it also means understanding the need for decisions and why certain actions were necessary (i.e., being supplied with relevant information), being allowed an opportunity to influence decisions, and being to judge how fair they were -by being given reasons for not accepting employee ideas and inputs. If voice is given this extended meaning, whether one is concerned with individual or collective workplace relations, the line that separates HRM and ER begins to fade. Thus, whether one is concerned with a discussion with an individual employee about her performance, or with a trade union in the context of restructuring, voice means the same in both instances. The key driver of engagement is a sense of being valued and involved (Kim and Mauborgne 2003). Kim and Mauborgne (2003) identified three mutually reinforcing principles as the ‘bedrock elements’ of fair process:

‘[W]hether we were working with senior executives or shop floor employees, the same three mutually reinforcing principles consistently emerged: engagement, explanation, and expectation clarity. Engagement means involving individuals in the decisions that affect them by asking for their input and allowing them to refute the merits of one another’s ideas and assumptions. Engagement communicates management’s respect for individuals and their ideas. Explanation means that everyone involved and affected should understand why final decisions are made as they are. An explanation of the thinking that underlies decisions makes people confident that managers have considered their opinions and have made those decisions impartially in the overall interests of the company. An explanation allows employees to trust managers’ intentions even if their own ideas have been rejected (...). Expectation clarity requires that once a decision is made, managers state clearly the new rules of the game. Although the expectations may be demanding, employees should know up front by what standards they will be judged and the penalties for failure. What are the new targets and milestones? Who is responsible for what? To achieve fair process, it matters less what the new rules and policies are and more that they are clearly understood. Fair process responds to a basic human need. All of us, whatever our role in a company, want to be valued as human beings and not as ‘personnel’ or ‘human assets’? We want others to respect our intelligence. We want our ideas to be taken seriously. And we want to understand the rationale behind specific decisions. People are sensitive to the signals conveyed through a company’s decision-making processes. Such processes can reveal a company’s willingness to trust people and seek their ideas – or they can signal the opposite’.. (Kim and Mauborgne 2003, p. 132).

According to Kim and Mauborgne (2003) a fair process is not the same as decision by consensus:

‘Fair process does not set out to achieve harmony or to win people’s support through compromises that accommodate every individual’s opinions, needs, or interests. While fair process gives every idea a chance, the merit of the ideas – and not consensus – is what drives

the decision making. Nor is fair process the same as democracy in the workplace. Achieving fair process does not mean that managers forfeit their prerogative to make decisions and establish policies and procedures. Fair process pursues the best ideas whether they are put forth by one or many' (Kim and Mauborgne 2003: 132).

The Contribution of Trust and Formalisation to Employee Engagement

Developing a style that integrates the HRM and IR dimensions and meets the stated objectives of a pluralistic employment relationship – especially providing for effective engagement at collective level – requires the appropriate mix of relationships (trust) and structure (formalisation) (see Kritzinger and Cillié 1994).

Purcell (2012b) states that it is trust that makes for better employee engagement. No other factor has the same power. Trust 'is a risk since it requires hope for the future and expectations of others, especially leaders, that they have the ability to do the right or best thing, are guided by some principles of benevolence or well-meaning – especially in treating people with respect – have integrity and honesty, and are predicable' (Purcell 2012b:10).

Rosseau et al. (1998) put it thus: 'Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviours of another'. Given the competitive challenges of organizational growth, globalisation and strategic partnerships, trust has become a critical competence inside organizations (Lewicki et al. 1998).¹⁴

Trust has important benefits for organizations. In particular, interpersonal trust in the workplace has been shown to have a strong and robust influence on a variety of organizational phenomena including job satisfaction, stress, organizational commitment, productivity and knowledge sharing (Mooradian et al. 2006). It is also an essential factor for building cooperative relations between the parties (Kranmer 1999). Trust leads to more cooperative negotiation behaviours and more integrative negotiation outcomes in interpersonal and intergroup negotiations (Lewicki et al. 1998). It facilitates information sharing about preferences and priorities because the parties are not afraid that they may be taken advantage of. Dirks and Ferrin (2001) conclude that cooperative behaviours are used under conditions of high trust only; under low trust, negotiators choose methods that put them at lower risk to reach their goals (i.e. competitive behaviour).¹⁵

¹⁴ See also Kim, W. C., & Mauborgne, R. (2003) 'Fair Process: Managing in the Knowledge Economy'. Harvard Business Review, January, 2–12.: 'When employees don't trust managers to make good decisions or to behave with integrity, their motivation is seriously compromised. Their distrust and its attendant lack of engagement is a huge, unrecognized problem in most organizations'.

¹⁵ See Chen, M. J. and Ayoko, O.B. (2012), 'Conflict and trust: the mediating effects of emotional arousal and self-conscious emotions', International Journal of Conflict Management, 23 (1) 19–6. The paper's findings suggest that managers who want to engender trust in conflict situations should

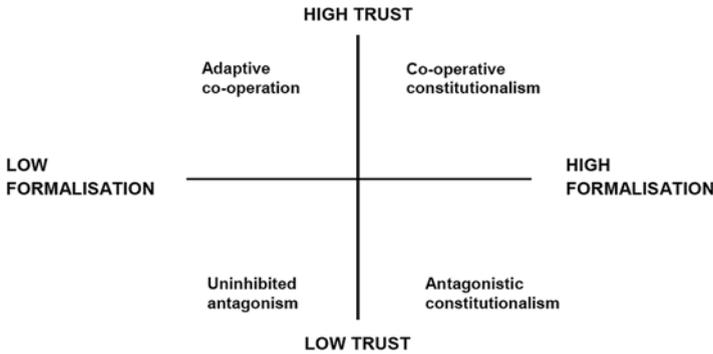


Fig. 9.2 Four patterns of employment relations
 Source: Douwes Dekker (1990)

Formalisation refers to the extent to which a given relationship is governed by formalised rules and structures. Rules and procedures provide a structure to employment relations and are present, to some degree, in all organizations. Procedural rules determine *how* things are done, e.g. disciplinary and grievance procedures, negotiation procedures, etc. Substantive rules determine *what* is done, e.g. terms and conditions of employment. There can be considerable differences between organizations as to the extent of rules and procedures governing the work environment and whether or not they are formalised. A collaborative and ‘conflict wise’ approach to ER, however, requires an evaluation of existing policies, structures and procedures to support it. In the concluding section we make some suggestions in this regard. The juxtaposition of these two crucial employment relations dimensions reveals four possible relationship patterns. Again, space prevents a discussion of each pattern and we limit ourselves to a brief explanation of what Purcell refers to as ‘Co-operative constitutionalism’ and ‘adaptive co-operation’ (Fig. 9.2).

Co-operative constitutionalism involves a high degree of mutual respect between management and trade union representatives. Industrial action is seen as a last resort. Typically, employee representatives are involved in implementing agreements and establish strong links with supervisors. A formal negotiation forum exists with a broad agenda. Management tends to be concerned to attend to all grievances and accept the need for a strong trade union presence. Procedures are clearly defined and are extensively used by both sides. Union facilities are supported as are joint consultative committees who receive access to data and off-the-record information given, often confidential information. Bargaining leans towards an integrative approach.

Adaptive co-operation describes an environment of mutual respect and flexibility with regard to adherence to, or enforcement of agreements. Industrial action is used

stimulate task conflict to arouse enthusiasm and excitement. These discrete emotions are critical for building integrity based trust. Alternatively, by managing reparative emotions of guilt effectively, managers may increase levels of perceived trust.

as a last resort. High levels of information disclosure exist, employee representatives are taken into confidence by management and wide-ranging items dealt with through joint consultation. Generally, a problem-solving mode is adopted in negotiations. The key difference between the two environments lies in the level of formalisation of bargaining and dispute resolution arrangements.

As stated earlier, the sophisticated consultative management style represents the ideal state of a fully integrated HRM/ER strategy that pays equal attention to substantive outcomes -efficiency and equity- as well as procedural ones -voice and engagement. The achievement of this depends, on the one hand, on a high degree of investment in 'human capital' and, on the other hand, the adoption of a policy of either 'co-operative constitutionalism' or 'adaptive co-operation' at the collective level. Both of the latter approaches allow for a large degree of voice/engagement and information sharing.

Becoming 'Conflict Wise'

Organizations need to create a cultural shift so it becomes more natural to engage with differences in constructive ways. Leaders need to be encouraged to look at conflict from a different perspective – an opportunity for a collaboration of ideas rather than a clash or disruption for the benefit of the organizations as a whole. At a practical level, this requires a number of things:

- (a) Realising the potential value of conflict¹⁶
- (b) Addressing conflicts as soon as they register themselves
- (c) Learning how to have difficult conversations
- (d) Keep employees, both individually and collectively, engaged and informed
- (e) Developing an organizational conflict management strategy
- (f) Promoting conflict literacy
- (g) Measuring conflict styles
- (h) Building conflict management skills
- (i) Developing team working approaches
- (j) Creating options for conflict resolution, e.g. through internal grievance procedures that provide for 'loop-back' to collaborative processes for resolution (such as internal mediation)
- (k) Embedding a new conflict management culture¹⁷

¹⁶As one of the early pioneers of conflict resolution, Mary Parker Follett once said: 'It is possible to conceive conflict as not necessarily a wasteful outbreak of incompatibilities, but a normal process by which socially valuable differences register themselves for the enrichment of all concerned.' Quoted in Graham, P. (2003) *Mary Parker Follett: a prophet of management*. Washington, D.C.: Beard Books.

¹⁷See further Swanepoel (1999) pp. 238–248; Runde, C.E., Flanagan, T.A. "Conflict Competent Leadership" available electronically at http://moravian.org/images/Conflict_Compentent_Leadership_Summary.pdf; and Leathes, M. 'Conflict Leadership' available electronically at <https://immediation.org/conflict-leadership> (both accessed 2 March 2015).

Overcoming Union and Employer Resistance

There is, however, one major obstacle to the implementation of what we propose and that is convincing management of the potential benefits for it of better engagement, and trade unions and their members of the potential advantages of increased collaboration with management for them. In Purcell's (2012a, b) words:

'[E]mployee engagement is a classic win-win initiative since it is associated, when done properly, with better employee well being as well as wealth creation. It puts employees at the heart of the enterprise since it is they who judge their managers for their fairness, trust and acting with justice and who, in return, work better in their job, cooperate in innovation and change, and support the organisation which employs them. As such, if we ever doubted it, it returns employment relations to its proper place in business'. (Purcell 2012a:15)

But why, then, is voice/engagement/fair process such a rare thing in organizations? Kim and Mauborgne (2003) identified three reasons for this. One is a lack of understanding in organizations about what it entails, but two more fundamental reasons, beyond this simple lack of understanding are power and the belief that people are concerned only with what's best for themselves.

'Some managers continue to believe that knowledge is power and that they retain power only by keeping what they know to themselves. Their implicit strategy is to preserve their managerial discretion by deliberately leaving the rules for success and failure vague. Other managers maintain control by keeping employees at arm's length, substituting memos and forms for direct, two-way communication, thus avoiding challenges to their ideas or authority. Such styles can reflect deeply ingrained patterns of behavior, and rarely are managers conscious of how they exercise power. For them, fair process would represent a threat (...). The second reason is also largely unconscious because it resides in an economic assumption that most of us have grown up taking at face value: the belief that people are concerned only with what's best for themselves. But, as we have seen, there is ample evidence to show that when the process is perceived to be fair, most people will accept outcomes that are not wholly in their favor. People realize that compromises and sacrifices are necessary on the job. They accept the need for short-term personal sacrifices in order to advance the long-term interests of the corporation. Acceptance is conditional, however, hinged as it is on fair process. Fair process reaches into a dimension of human psychology that hasn't been fully explored in conventional management practice. Yet every company can tap into the voluntary cooperation of its people by building trust through fair processes' (Kim and Mauborgne 2003: 136).

Old style unionism presents a very different challenge, founded as it is on a tradition of adversarialism. In a study of employment relations in Spain (Elgoibar et al. 2012) the authors found that union support is positively related to a competitive conflict pattern towards management. They conclude that Spanish unions still have an old-fashioned philosophy about industrial relations by promoting competitive patterns within the organisation. Our experience of trade unionism in the South African context confirms that the same is true there. It is a safe assumption that the same is probably true of many other systems both in developed and emerging economies.

As Elgoibar et al (2012) state: 'If unions are to come up to date, the authors state, they may need to promote innovative and more cooperative conflict patterns among

[workplace representatives].” Increasing trust-based relations, they continue, will not only benefit organizations but unions too as it “will lead to sharing information and including [workplace representatives] in the decision-making process, thus balancing the power structure of organizations’ (Elgoibar et al. 2012, p. 160).

Implications for Management, Unions and HRM/ER Theorists and Practitioners

We would argue that attempts to develop a collaborative culture in organizations – with its benefits for improved efficiency and conflict resolution – could be given further impetus by developing an approach to engagement that:

- takes account of both the individual and collective aspects of workplace relations;
- cedes ownership of the process of engagement to those affected or potentially affected by management decisions, while leaving the locus of control over decisions where it falls;
- sees voice/engagement as essential for building trust and thereby raising levels of employee commitment and efficiency;
- emphasises the need for disclosure of relevant information to improve the quality of decision-making (‘informational justice’); and
- allows not only for employee voices to be heard but also shows – through feedback on suggestions received – that employee suggestions, ideas, inputs, concerns etc. have actually been heard. Ultimately the quality of engagement will be judged by the quality of the feedback received.

For managers, the challenge is to use Budd’s objectives of a pluralistic employment relationship as benchmarks for measuring current HRM and ER practices towards engagement and as a framework for developing ‘good’ ER and HRM practices and policies. Second, giving effect to the elements of voice, efficiency and equity, would require a strategic decision about the management ‘style’ of the organisation. As we argued above, a sophisticated consultative or less formalised adaptive co-operation style represents something of an ideal state. Finally, trust and formalisation can be used to achieve these objectives towards a state of co-operative constitutionalism. This requires careful analysis of existing HRM and ER policies and procedures to determine the extent to which they support the above goals; the development of new and appropriate consultative and conflict resolution structures, policy frameworks and – where applicable – modernised collective agreements; and investment in trust-building initiatives at all levels of the organization (e.g. to support a more collaborative approach to management-union interaction, information disclosure and dispute resolution).

Conclusion

Developing a workplace culture that can benefit from conflict in a sustainable manner requires a new set of assumptions about the problem, people and process dimensions of workplace conflict. Re-defining the objectives of the employment relationship in terms of voice, efficiency and equity provides a basis for this. A new frame needs to be supported by a decision-making strategy that focuses on joint problem-solving or collaboration, rather than a bi-polar competitive approach to promote both efficiency and employee perceptions of equity. However, collaboration requires trust. Yet trust is not something that simply happens – it is developed over time but can easily be lost. As the old saying goes: ‘trust arrives on foot, but leaves on horseback’. Giving employees an effective voice is key to developing trust. Doing so requires an alignment of HRM and ER strategies to build conflict “wise” organizations through the development of appropriate and supporting formalised structures, policies and procedures, supported by training and other interventions to build conflict competence and positive conflict behaviours.

The most intense conflicts, if overcome, leave behind a sense of security and calm that is not easily disturbed. It is just these intense conflicts and their conflagration which are needed to produce valuable and lasting results – Jung

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Chapter 10

Regulation of Influence: An Ethical Perspective on How to Stimulate Cooperation, Trust and Innovation in Social Dialogue

Barbara Kożusznik and Jarosław Polak

Adept Kung asked about governing, and the Master Said: „Plenty of food, plenty of weapons and the trust of the people.”

“If you couldn’t have all three,” asked Kung, “which would you give up first?”

“I would give up weapons,” replied the Master:

“And if you couldn’t have both of the others...?”

I would give up food,” replied the Master, „There has always been hunger. But without trust, the people are lost.”

Confucius (tr.Hinton, 1998, p.129)

Societal and organizational dynamics require innovativeness of organizations and its workers. Creating conditions for creativity and innovation, in turn, demands a climate of cooperation, especially in industrial relations. Research indicates that a number of psychological barriers limit innovativeness in social dialogue – such as poor collaboration and lack of trust between employers, managers, workers’ representatives and employees (Munduate et al. 2012). A growing uncertainty and a declining sense of security cause an upsurge in defensive and competitive behavior which understandably leads to erosion and atrophy of trust. As mutual suspicion of both sides increases, social dialogue, so absolutely necessary in organizations, frequently becomes a covert game of gaining the upper hand or erupts in open conflict. Therefore, we are living in times when trust seems to be a scarce and much desired commodity.

An additional problem in organizations is that of the over-use of forcing leadership styles by managers and groups that try to control and abuse their influence. The development of teamwork and cooperation in this context appears to be an

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ongoing necessity. We observe the same problem with workers' representatives and labor unions fighting for their space in organizations, for control to prove that they are stronger, more knowledgeable or more powerful than management (Kożusznik and Polak 2015).

The two essential ways of building a sense of security in social relations – through control and through trust – remain often in conflict with each other. Parties that focus primarily on control and use unilateral power, do not create a solid basis for trust among social partners. This in turn, hinders creativity in problem solving and in generating new ideas.

Knowledge generation, on the other hand, is more and more imperative, given the changing requirements and dynamics of coping with unforeseen circumstances. You can trust a person or an institution that is aware of and communicates its bounds and limits ready to reduce its influence and control according to the situational demands. This clearly demonstrates the paradox of trust by which the lack of trust leads to increasing control, which, in turn, leads to erosion of trust.

The question is why and how managers as well as employees should and could reduce their influence and control? We will try to answer this question on the basis of the concept of *deinfluencing* (*DEI*) coined by Kożusznik (2005, 2006) that is a phenomenon of conscious regulation and reduction of influence by a leader, a whole group of employees or each individual in order to make effective use of each element of organization possible and to accomplish its main tasks. We presume that the behaviors and social techniques revealed in the process of cooperation such as *reducing of one's own meaning* and *offering the space for others* are skills that can be trained and coached (Kożusznik 2005). It is inconsistent with typical habits of managers who perceive such reduction as a proof of their weakness. That is why we think it is necessary to refer to the concept as ethical reservoir which gives rise to individual readiness to sacrifice one's comfort and interests. The behavior of partners in a dialogue remains ethical as long as they are able to perceive organizational purposes in a broad perspective and incorporate their core values, called by us spiritual, into the process. Our conclusion is that the limitation of one's influence is a behavioral technique but it can also be based on inherent virtues. In this chapter we present empirical evidence (our notion and some examples) for the relation between the two pillars of *DEI*, organizational effectiveness as well as trust.

Trust as a Scarce Commodity in Organizations

Lack of trust has its complex causes and implications including cultural, political and economic ones. At this point, however, we would like to focus on the individual and psychological dimension of this phenomenon.¹ We believe that taking on a

¹ We also realize that treating Europe as a homogenous formation is groundless. Historical, cultural and economic differences including the sphere of trust are enormous in European countries. In particular, it refers to comparisons and juxtapositions of post-communist counties and the coun-

perspective of individuals in relation to their social environment in organizations enables us to describe the most significant aspects and sources of a problem and its possible solutions.

Our reflections describe the organizations where social dialogue is of a formal nature since partners in a dialogue representing employees are appointed by trade unions, workers' councils, and it results in certain obligations for the employer. There is a huge diversity of social dialogue in European countries both in respect to its form and usefulness, arising out of cultural and legal differences (Euwema et al 2015). While on other continents we see quite different forms of structural dialogue between management and worker representatives, or a lack of such. The common denominator is that the employer being a privileged party is obligated to take into account the employees' opinions and interests expressed by their representatives in a decision making process.

We agree with the statement that trust is a commodity which is rarer and rarer. The Edelman Trust Barometer for 2015 shows a global decline in trust compared to the previous year and this tendency has been observed for many years now. According to the 2015 report based on the research on the general population, the trust index (including trust in government, NGOs, business and media) indicates that none of the European countries can be found in the group labelled as "*trust-ers*", only the Netherlands seems to be a neutral nation while the other nations fall into the "*distrusters*" category. Three quarters of respondents revealed a lack of trust in CEOs. The New European Industrial Relations (NEIRE) study (Euwema, et al. 2015) exposed a deficiency of trust, which is characteristic of social dialogue in the majority of countries and businesses. Low trust creates not only enormous difficulties in social dialogue, but it also increases the operating costs of organizations and decreases effectiveness and satisfaction of employees (Kramer and Tyler 1996).

Paradox of Trust and Social Dialogue in Organizations

From a psychological perspective, trust refers in the first place to the sense of security regarding effects of other people's behavior, and secondly to the willingness to disclose one's own weaknesses and finally to the relinquishment of control. These three aspects are reflected in different trust definitions: "One's expectations, assumptions, or beliefs about the likelihood that another's future actions will be beneficial, favorable, or at least not detrimental to one's interests" (Robinson 1996, p. 576). In another frequently used definition by Mayer et al. (1995, p.712) trust is

tries of former United Europe. Poland, the country the authors of this article come from, was placed for the first time in 2013 among the countries with the lowest level of trust in government and business. It was the 19th position out of 26. In 2014 Poland was ranked in the last position. In 2015 although the global trust in Poland has increased by 12 %, still it remains very low. (<http://odpowiedzialnybiznes.pl/aktualno%C5%9Bci/edelman-trust-barometer-edycja-polska-2014/>).

regarded as “the willingness of a party to be vulnerable to the action of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party”. The third component of trust is related to the inability to fully control the other party. Trust represents the diminished need to control what the other party will do (Das and Teng 1998; De Man and Roijakkers 2009).

Analyzing the above definitions, it can be easily noticed that two essential ways of building a sense of security in social relations – that is by control and trust – remain in conflict with each other. It does not mean that control and trust are contradictory (they are rather substitutes or complements) but in practice increasing control usually means decreasing trust. Such a situation is described as the paradox of trust (cf. Barnes 1981) which has a several variants in organizational reality. The first and the exemplary one shows that the more control we experience and demonstrate, the less trust we express and feel. Consequently, the less trust we feel, the more willing we are to distrustfully control others. A sense of security diminishes in situations of increased risk and considerable uncertainty. It is only natural that in such situations people show the tendency to increase their influence and enforce their control over partners on whom they are somehow dependent. Yet, the level of subjective security in such situations usually rises since it only depends on effectiveness of security mechanisms which in turn are never completely foolproof.

While considering the paradox of trust, yet another aspect should be regarded, and that is the problem of openness. Trust is possible as long as one party is transparent about one’s own actions, both current and past ones. It may lead to the other party noticing inevitable mistakes and imperfections of the first party (the one who acts, makes mistakes) and begin to understand them as reasons for withdrawal of one’s own trust and undertaking of actions aimed at providing one’s own protection against an unsecure partner and taking control over him/her (as they failed in the past, they may disappoint again). Thus, transparency – an indispensable attribute of trust – may paradoxically results in the decrease in trust.

One more consequence of the paradox of trust is that the ability to trust relies on whether a situation is trustworthy. Therefore, to create more trust we need trust (Smith and Berg 1987). Here we deal with a specific psychological vicious cycle as noticed by Eliade (1987). In such circumstances deliberate and scheduled actions of managing staff, whose purpose is to rebuild trust in organizations, often end up in a fiasco. All activities of the managers deemed untrustworthy will be discredited and regarded as manipulation.

The issue of trust, considered on the ground of the theory of management and organization, comes across paradoxes which we propose to deal with in a manner similar to how the antinomies are regarded in the philosophical tradition; that is, as the inevitable contradiction arising from immanent limits of the human mind and language which break formulaic patterns as a result of reflections upon them. Mircea Eliade (1987, p.189) wrote that “paradoxes are rooted in the heart of being and language, touching on the crux of experience and expression. Paradox is to be transcended, or rather lived”.

The way to avoid paradoxes, such as the *Eubulides' Liar Paradox* in logic, is the assumption that none of the sentences may decide about their own genuineness but which is achievable by means of a metalanguage which serves to describe the first language. Considering it as a metaphor, we can assume that in order to solve the paradox of trust we should look at it from another perspective. For as long as we remain at the level of a description, characteristic of pragmatic management language, when referring to organizations and partners in a dialogue, we will get embroiled in the trust paradox. A language of social dialogue is a prospect of relations between people, and in this context the language of psychology seems to be more adequate, and particularly the language which covers the aspects of the moral functioning of humans. Since this is the paradox regarding a choice of ethical, not economic values, the ways of its solutions should be sought in the area of willingness and capability of partners in social dialogue in organizations to recognize trust as an ethical and autotelic value and in the willingness and capability to realize it.

Regulation and Reduction of Influence in Organizations

The world of organizations is still dominated by control which is perceived as a way of solving most of organizational problems. While it is undisputable that there is no management without control, in looking for solutions of the trust paradox in relations between people and social groups, we put forward a proposition to employ a concept of DEI which provides for the reduction of one's own influence or even one's withdrawal in situations where the impact of other elements (such as a team, organizations represented by managers or employees' representatives) is perceived as more adequate and enables us to find more effective solutions. DEI means becoming aware of one's own imperfection, one's lack of abilities, skills or competences, recognizing of a proper source of impact, ceasing of control and offering space to other team members and organizations for their own influence.

The concept of DEI created by Kozusznik (1995, 1996, 2005, 2006) consists of the assumption that the main barrier in relations of influence in teams and organizations is the excessive impact of management, one individual or one team. The first victim of control is trust. There is no reason to have confidence in the other parties as long as one is controlling while the other person may not need to show trust being controlled. One of the most important constraints hindering the team functioning is a barrier of "sticking to" power by managers or others who "usurps" their power in their team or organization due to their formal authority or other sources (e.g. social mandate, specialization) (see Ury et al. 1988, for designing a dispute resolution system of labor-management conflict in organizations away from the use of formal power). The fact that there is a constant fight for influence in an organization and in a team should be considered as a natural phenomenon since, in accordance with the conception of Lewin (1952) a team is the field of struggling parties and a fight for influence of all participants in organizations. We think that all parties take part in a process of reciprocal influence and permeability. They are also subject to permanent

changes caused by changeability of requirements imposed by the organizational environment, the market, social and political environment. Lewin refers to the transfer corresponding to the demands of a situation, a source of power and influence. The influence of particular elements first and foremost consists in exerting of formal pressure on workers by the organization – the workers subjected to norms, regulations and assignments imposed by the organization. None the less important is the influence not based on formal regulations but exerted by particular individuals (e.g. trade unions, employees' councils) with the purpose of gaining a sense of influence on a course of matters in organizations.

DEI in a relation between employers and employee's representatives can be illustrated by a true history when a group of management representatives in a electroenergetic company were to design some new procedures as to mutual co-operation with the representatives of the labor unions. Both groups had a lot of problems with communication, understanding of basic habits, stereotypes etc. The CEO and managers were desperate. Everything went wrong. Labor unions representatives tried to separate themselves and to make their position much more "harder" and demanding. One day, two sides – managers and labour union representatives- organized a meeting and invited all members to discuss. All people gathered in a big room. They were waiting for their director and the chief of the labor union but they didn't come. People were waiting for an hour and in the meantime they started to talk about their eventual cooperation. This informal talk changed into professional discussion and people set their tasks and plans by themselves. CEO and labor union chief appeared after three hours. People claimed and asked about their absence. The answer was simple: their manager and the chief of the labor unions disappeared on purpose. They reduced their influence and even get rid of it to let the group have "freedom" and "set the record straight". From this time the cooperation improved and the board of directors and labour unions representatives were much more cooperative. Employees' comments followed and made people sure they trusted that both sides (directors and labor unions) reduced their meaning and influence and offered people some space to decide by themselves. The comments were that both sides took into account the common good, and not only the interests of their own.

This example shows clearly that reducing the influence is a technique that can be easily recognised by employees as manipulation. In addition, the reduction of the influence is happening spontaneously rather rarely. Typically, it occurs in special circumstances, eg. during crisis in the organization. As Handy (1995) noticed, a shift to dialogue driven processes will not take place voluntarily. Organizations, to become innovative, experiment with such structures, including the transfer of power for the benefit of partners in social dialogue in organizations. One step further is the empowerment of employees, which takes place in modern, knowledge driven, organizations. Employees are significantly empowered due to their competencies, personality, interpersonal skills and information held (Avery 2009). Our message is that management in contemporary organizations should be based on empowerment of employees, as this boosts employees' commitment, and contributes to work efficiency and productivity, as well as creates an opportunity for self-realisation. The prerequisite of real empowerment is the compliance of the manager' and the employees' behaviors

consisting in reduction of the managers' control and the readiness of employees to take up greater responsibility. The conception of DEI focuses on such weakening, reduction or even self-deprivation of one's influence. Influence being seen here as 'power in action' (see Garcia et al, Chap. 3 in this volume).

DEI is a psychological construct describing ability, willingness and skill to regulate influence, particularly its withdrawal, characteristic of the interaction between people in organizations. This can be referred to as a meta-skill which, as a result, allows the use of influence (knowledge, competences, skills etc.) of all elements of a team and organization. It seems to be obvious that expansion and increase of one's own influence is more intuitive and natural on the arena of fight for domination, and the organization is frequently the one. However, if modern organizations should embody openness, self-reliance of employees and their assumption of responsibility and decision-taking improvements, constant communication, exchange of thoughts and ideas, it may not be achievable when one element usurps the right to have impact, and where it is not accepted that all individuals may have influence on a course of action in the organization.

The persons characterized by high willingness for DEI, engaging in some social situation consciously assume the role of the "regulator" of influences occurring in a given group. These are the people who are able to regulate their own influence and that of other people through behaviors weakening the importance of themselves on one hand and allowing the influence of other people on the other hand.

Thus, such behaviors consist of:

- *reducing one's own importance,*
- *creating opportunities and giving space for influence to others than one's own.*

Our research studies resulted in establishing the relations between the above dimensions and *four "typologies" of behaviors in terms of the management of one's own influence:*

- *Persons who show willingness to reduce their own influence are characterized by the behavior which could be described on the basis of high results in two dimensions: "reducing one's own importance" and "giving space to others". This behavior can be referred to as "sucking one's stomach" in the words of Simone Weil et al.²;*
- *Persons "maintaining the influence" with the lowest results in two dimensions will expose their own importance and reduce the space for others;*

²Simon Weil writes: "we should remove obstacle of "myself" and practice not being oneself, let the other things to speak up, to discourse", we should learn attention, listening and observing the others (...) and open the way to create a space for others: an individual accepts a kind of abatement concentrating to emit the energy, which does not broaden his/her power but allows to exist different and independent individual" (Weil, 1961, p.119). The idea of decreasing of oneself, giving way for other people, "sucking one's stomach in" to make a free space for other individual poet William Blake undertook and wrote: "Me" in an individual is created thanks to decreasing and making friendship with something bigger, of unknown and unavailable identity for my knowledge (Sławek, 2001, p.253).

- *Persons “pushing away the influence” who achieve the lowest results in terms of “giving space to others” and the highest results in terms of “reducing one’s own importance”.*
- *Persons who “distribute influence”, who achieve the lowest results in terms of “reducing one’s own influence” and the highest ones as regards to “giving space to others”;*

Deinfluencing Versus Dialogue and Trust

Our studies (Kożusznik 2005, 2011) indicate that DEI is related to self-awareness, high social competences, and emotional acceptance of a managing role. Also, we found relations with high development potential and effectiveness in management work, positive relationships with other people and effective functioning in knowledge organizations. These relations were confirmed in a wide variety of organizations and industries.

DEI may also lead to a decrease in the occurrence of self-defeating behaviors and to the application of influence tactics which consequently bring an effect contrary to the intended one, that is, of not reaching an objective or failing of a person exerting influence. This phenomenon is enigmatic and thought-provoking (Kożusznik 2011; Kramer 2007). If “self-preservation and the pursuit of self-interest are essential features of rational behavior,” as Baumeister and Scher (1988) proposed, then self-defeating influence behaviors must be counted as the hallmarks of leader irrationality. Further, excessive control leads to ego depletion and consequently to a decrease in trust towards other persons. Lack of skill to regulate one’s influence may result in negative reactions of subordinates towards power. If people have to deal with excessive compliance with individual influence in organizations, it often gives rise to the occurrence of negative phenomena – such as dissatisfaction, tension, irritation and a sense of lack of security in employees. As a consequence, a number of negative reactions occurs, e.g. avoiding people with power, cajolement and deceit to win approval of superiors, attempts to trigger changes of behavior of a superior, or even the use of threats. David Kipnis (1976, 1984, 2001) provided the evidence that an act of influence not only changes the behavior of the persons that are supposed to be affected by this influence, but also changes values and attitude of the persons who exert this influence. These changes have been named the metamorphic effects of influence. The changes are in relation with the perception of oneself and others in an unfavorable and negative manner (Kożusznik 2005).

Indeed, regulating influence entails an increase in trust and, as a result, more openness to dialogue in organizations. As a part of research on relational competence (Sulimowska-Formowicz and Chrupała-Pniak [in print](#)) carried out on a sample of 785 employees of 181 companies from various industries in Poland, authors concluded that the willingness and the managers’ skill to reduce their own influence and to make space for influence for others, as perceived by employees, is positively

connected with both the willingness for dialogue in organizations and the evaluation of the work environment as trustworthy.³ The skill of DEI is more characteristic of managers in the organizations in which the preferred management methods are based on dialogue and participation of employees (Grajcar 2014).

The perceived skill of a manager to reduce own importance significantly correlates with the generalized attitude of trust towards other people at work, with the willingness to open communication, and with the employees' perception of the organization as caring and supporting.

These results are in line with related studies, such as the Grote's studies (2005) regarding High Risk Environment, showing that corporate teams (anaesthesiological team, aircraft crews) are more effective if they are subject not only of managerial influence (a physician, an aircraft captain, a pilot), but also of the shared input from all team members (nurses, flight attendants). As a result of the conducted research, Van Knipperberg and Steensma (2003) stated that if partners expect to stay in the interaction in the future, they employ less severe influence means and generally try to have less influence on each other.

Some case studies in Poland, such as the one described below, show that the skill to regulate one's own influence among both representatives of employers and employees may contribute to the growth of trust and to quality improvement of social dialogue.

In one of the coal mines in Poland, the engineers were using the standard technological equipment. The group of young engineers proposed and designed new equipment changing the technology of the process. The new equipment required some technological changes but the young designers convinced the decision makers that this kind of new technological solution is promising for the future. The technology director didn't approve the new project and claiming that everything is functioning well and that he doesn't see the reason to change. The conflict aroused because of the two solutions: the existing one and the new one were both correct and had supporters. The old one was supported by the older and more experienced employers and the new one was supported by the younger generation of the engineers.

The technology director was thinking for long time, consulting many people and finally he decided to implement the new technology and new equipment. The new solution didn't mean great risk but required bigger project effort and the change of the technological process. Although being convinced that the old technology is simpler and friendlier, he accepted the project of the young team. When asked why he reduced his influence and resigned from the well-grounded path he answered: "my generation and my colleagues of my generation had our chance in the past and I am purely curious how the young people will manage. I am an engineer and I remember the first chances I was given. I was not sure they would succeed but thought that they

³This findings are results of the project financed by Polish National Science Centre, named "Relational competence as a determinant of efficiency and effectiveness of inter-firm relations"; decision number DEC-012/05/B/HS4/03635.

deserve their chance“. The new technology and new equipment caused some trouble at the very beginning but resulted finally in costs reduction and growth of effectiveness. But the most eminent result emerged in the following years when both generations cooperated with conviction.

Psychological Prospects of Influence Regulating Skill

The concept of DEI makes reference to the conscious regulation of one's own influence – conscious weakening, reduction or even its utter deprivation. It assumes in the first place, the acceptance of the value of influence made by others and not us, enabling exertion of influence in a given situation. Secondly, it consists of the willingness to undertake actions aimed at influence regulation. And thirdly, it covers the skill of reflection and self-reflection in order to find and recognize a source of influence which may be a manager, a group or an individual employee appropriate for meeting the requirements of a situation. DEI may not be easily learned. It is referred to as a meta-skill since it is not a sole skill, similar to an influence technique. Furthermore, the application of DEI in the form of an influence technique may have the opposite effect to the one intended and may be simply recognized as manipulation. We think that DEI as a skill is feasible only in case people characterized by such a personality and a system of values which allow them to discern others', rather than their egoistic goals. DEI requires a self-monitoring skill which is related to skills such as observation, self-presentation, expression etc. (Snyder 1974; 1987; Kożusznik 2006). Managers using DEI show more positive perception of themselves than managers who “maintain” the influence regardless of what influence tactics they use (Kipnis 2001, 1990; Rind and Kipnis, 1999; Kożusznik, 2004). DEI means that there is no need to change influence tactics from “cooperation” or “participation” into “exerting pressure” or “coercion”, but there is a need to stop the influence, reduction, withdrawal, deprivation of influence. This is in accordance with Schein's (1988) viewpoint that for most managers it is psychologically impossible to behave in such a manner that in one situation they are supposed to be a “tough macho” and in the other be “feminine and gentle”. This, generally, can be applied to all partners in social dialogue. For most employee representatives, refraining from influence is seen as weak, and not at all in line with their role as ‘agent’ for their coworkers.

Barnes (1981) remarks that managers, who are unable to build trust or even destroy it, are characterized by three assumptions, comparable with certain structures of immature personalities (e.g. borderline or narcissist ones in terms of Caligor and Clarkin 2010). The first assumption is bipolar thinking (either/or), when people, situations and things are seen either as good or bad; either as valuable or as worthless. In conflicting situations, expressing even friendly gestures that encourage cooperation are perceived as hostile or dishonest. The second assumption consti-

tutes a conviction that solid data and facts are better than insecurity, speculations and soft ideas. A person, either on the management or the union side, driven by this way of thinking, wants to know all things happening in the organization so as to have influence on everything. The picture of the world must be unambiguous.

The common basis for these three assumptions is the tendency to develop an unrealistic picture of organizational reality, and as a result, any activities based on it may cause negative effects. The second feature of these assumptions is that any person in given circumstances may operate on them without noticing their caricatured nature.

People differ considerably with respect to their level of this kind of maturity due to a number of reasons. Working on oneself, on one's own development and maturity, entails a spiritual dimension; a quest to set a benchmark and an aim for realization which transcends the life of an individual. We call it spiritual development as this is the notion that reflects most accurately our idea and refers to a concept of spirituality understood as a process of personal transformation in the pursuit of the "deepest values and meanings by which people live." (Sheldrake 2007, p. 2). Allport (1988) found that one of the most significant traits of a mature personality is the acceptance of an external system of values, common for one's own group. According to Kernberg (2010), a mature personality is characterized among others, by a cohesive sense of identity; its structure also includes components which enable compliance with social norms and striving for ideals which are of a depersonalized nature. We can state that trust requires predictable behavior and decisions, which in turn are stabilized by an internal system of values. The withdrawal of influence, as long as it is not a tactic, entails internal motivation and a kind of internal justification based on a system of values. Its realization by partners in social dialogue is doable as long as they are the persons who have a realistic picture of themselves and of others, who have their own system of values accepted from the outside, and who implement indications of this system on account of its depersonalized nature.

Yet, this is not all. From an ethical perspective, DEI requires one more feature which may be classified as one of the properties which entail spiritual development. It is the ability to accept one's vulnerability despite the "shame" which compels a person to model oneself on a dependable individual who is always right (Svensson 2004). Sensitivity is an emotional risk, it is the courage to open oneself to others, and simultaneously it is an attitude of humility (cf. Weil), all of which give rise to the formation of the space for others, to be taking up our place if they deserve it for various reasons (cf. Ainsworth et al. 2014). Thus, without sensitivity it is impossible to image innovativeness, creative adaptation, creativity and change, particularly in social situations. It seems to be the essence of a concept of "making space available" included in DEI.

DEI has connections with characteristics of ethical leadership (Brown and Treviño 2006; Brown and Mitchell 2010). Certainly, ethical leadership shares the same values, yet it is by definition limited to the relation between manager and employees or followers. DEI can be applied to all actors in the organizational arena, and can be seen as a founding principle, both formal and informal implemented by

the management, employees and their representatives. An underlying question here relates to the motives. What drives deinfluencing ultimately? Different reasons can be at play here. Following Emmons's (2003) theory of spiritual intelligence, seen as a search for answers to the "ultimate concerns" and a search for life choices grounds, we assume that people who are able to resign from their influence in organizations, behave and manage employing ethical methods since they can see the reason for doing so. And that reason is a part of their hierarchical value system and lies at the roots of it. From the viewpoint of Streib and Hood (2013), these fundamental roots reflect a transcendent quality which means "bigger than me" and which is unconditional and unquestionable. Developing and modeling of such ethical attitude can be described in terms of the social learning theory (Brown et al. 2005), while the subjective reasoning for being ethical, creative, full of hope and sensitivity needs to be considered as a process of making sense. Partners in social dialogue who have the ability to regulate, hopefully prioritize the common good, and their own interest and interest of their group on the second place.

In a electroenergetic company in Poland the director – a respected and very experienced manager, was accused by the labor unions of the abuse of the power. He was charged with nepotism, employing his family members in the company. The accusation was serious and the director was aware of the accusing looks and gossips among the employees and the atmosphere was unpleasant and very dense.

The director consulted the labor union and called up a meeting. Once sure that all his employees were in the room, the director stood on the podium, pale and serious and started to speak. He said that information is circulating that he employed members of his family in the company. He confirmed and said: "Yes, I employed my aunt, who became a widow last month. I employed her as a cleaner because there was a vacancy for this position. I know that I could employ her as administrative staff but I didn't want to abuse my power. I also employed my son as a trainee, as a volunteer, with no salary. It was my dream that my son would follow me in my beloved industry sector." The director continued that he promised that from now on he would never think about his son working in this sector and he added that he felt hurt because of the accusations. The meeting room was deathly hush for few minutes. At the end, one of the labor union participants asked whether it was true that the director's son really worked with no salary but people around asked him to stay silent. The meeting ended with the neutral information. The courage of the director to face the situation, to explain it and to show himself and his motivation inspired trust of the employees and lead to the increase of the director's authority. He was performing the function for many years from this moment but as he told, his son was never employed in the company.

DEI serves as a tool for using the organizational capital to the full. We usually analyze processes of using, abusing and depriving ourselves of power in the manager-subordinate relation. In industrial relations, deinfluencing is a concept which refers to various, and all, and any relations of power and influence. It is also applicable in relations between employee's representatives and their constituencies.

Conclusions, Practical Implications and Limitations

From an ethical perspective, DEI is impossible without the ability and maturity of an individual for ethical integrity, and transparency based on the consent for one's own vulnerability. Trust is feasible, provided that trustworthy people participate in social dialogue. If it is otherwise, all the elaborate ways of creating trust will be a waste of time and money. Since trust is documented as moral functioning of people, it was this aspect that was highlighted here indicating that DEI leading to trust also contains an aspect of an ethical choice.

We wish to show a few practical implications of accepting a conception of DEI for social dialogue in organizations. Firstly, we propose that influence should be limited by those who have the most of it. In a relation between a firm and employees' representatives it is, however, not always easy to assess who has more influence. In most cases this will be the management. Nevertheless in some industries, for example in the coal mining industry in Poland, the power of trade unions is huge, and at least in the employee-related matters not any smaller than the power of the management of a coal mining company. Within the DEI concept, the one who regulates influence is the person who can do it but is also sufficiently mature and able to do so. We feel that it is not possible in every organization and neither is trust building feasible everywhere, but it is desirable. As Shapiro (1965, p.55) wrote "suspicious thinking is unrealistic only in some ways... in others it may be sharply perceived. Suspicious people are not simply people who are apprehensive and 'imagine things'. They are, in fact, extremely keen and often penetrating observers. They not only imagine, but also search". There are situations when both DEI and trust building are a manifestation of naivety.

It is undeniable that restriction of influence must entail costs to be incurred by employees' representatives as well as employers. The concept of DEI also comprises awareness and willingness to take a risk by a person depriving oneself of influence.

In the context of continuous social dialogue in organizations, DEI should be a controlled process. A good example of DEI application is a conflict solving method based on reciprocation (Gradual Reduction in Tension, GRIT, Osgood, 1962) which proved to be the most effective strategy for establishing cooperation in "prisoner's dilemma" situations. In our opinion the most significant issue in the old idea of GRIT is that one party makes the first step to cooperate regardless of steps taken by the other party. Such readiness for cooperation cannot last permanently, but may generate costs before the other party is able to experience and express trust. The amount of costs defines a value of trust.

A prerequisite for DEI is willingness and the ability of partners in a dialogue to accept the perspective different from their own, to recognize one's own imperfections and to show courage in one's own transparency. Even the most developed management systems will not make the persons with a high level of distrust build up

an atmosphere of trust in their own environment. It is more likely to bring the opposite effect, which resembles a situation described in a well-known quotation from Emerson (1860): *The louder he talked of his honor, the faster we counted our spoons*. Thus, DEI may be a good way to build social dialogue in organizations as long as it is not a matter of social engineering: punishment, reward and influence techniques.

An important and particularly difficult problem that requires further discussion are the methods of selection and support for people who take part in the social dialogue, and at the same time are able to regulate their influence. Without the development of methods for identification and selection of people guided by the principles of the common good, for developing their potential in this area, supporting their action and motivation to achieve them, we will remain at the level of normative recommendations. The idea of empowerment of all participants of the organization through the regulation of influence, as it has been the case in the examples presented in this chapter, is very promising and we think that such discussion will bring useful guidance.

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Chapter 11

Mutual Trust in Industrial Relations from a Legal Perspective

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The following study aims to carry out a first approximation at the influence that legal norms can have on the construction of mutual trust between parties, which in turn would facilitate a solid and cooperative functioning between them, in order to reach a more effective model of industrial relations. This work arises from the caveat that this topic – and industrial relations in general- is found in a context of conflicts of interests and, therefore, of conflict. However, at the same time conflict relationships must be carried out on a basis of mutual trust between them.

The study analyses how a mature system of industrial relations has to act in a double perspective of conflict and mutual trust, establishing the limits and the spheres which neither one or the other can surpass. Therefore, a first action from the legal norm should be to tackle the most pathological behaviors and then the ones that face the most superficial or external realities of the phenomenon. However, this superficial perspective corresponds to what we would call the hard law perspective of traditional interventions, but which doesn't cover the whole scope of possible actions.

Together with this hard law perspective, it is worthy to underline the soft law perspective, more imprecise in relation to its forcefulness but which can be much more effective. More effective in such that it can influence the core of the behaviors of the parties, which in the end in matters of mutual trust requires an eminently cultural perspective, but over which legal norms can also exercise influence.

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Starting Point: Disagreement of Interests and Labor Conflict

Since its origins, industrial relations –both from the individual perspective and from the collective perspective- have developed around the contraposition of interests between the parties, in such that conflict has become one of its hallmarks. This is a reality which should not be ignored and it seems useless to try to act as if this were not a consubstantial element in the position which each of the parties adopts in defense of their respective interests, interests which are perceived as conflicting, contradictory, in the sense that the complete achievement of the aspirations of one side is only seen as feasible to the extent that the expectations of the others are reduced. This is what explains that the conflict of interests is permanently embedded in the relations between the parties, in such that labor conflict will be present in a continued way in the working world, to the extreme that any concealment of this reality is counterproductive, as it doesn't do anything but emphasize the conflict between the parties.

Proof of this is that from a legal perspective, any mature and developed system of industrial relations starts necessarily from the premise of the adaptation of the current conflict of interests, more so from its recognition as such a phenomenon, through the institutionalized track and the canalization of the conflict. Like this, it will establish a regulation of the rights and obligations of employers and the employees conscious that the interests of one and the other are necessarily conflicting, with a required linkage to a judicial and extrajudicial answer in the case of conflict between the parties. In the same way, it will regulate the collective relationships on the base of the labor conflict in this context, emblematically through an opposed regime in development of the collective bargaining, even though the canalization of a certain type of conflicts through measures of collective pressure, starting obviously by the recognition of the right to strike.

From the initial perspective of acceptance and recognition of the conflict, the legal intervention will only put the accent on keeping labor conflicts from escalating, so that they don't risk the normal functioning of the economic system and, from a broader perspective, risk public order. Related to this and acting through law, public order will have the only goal of keeping labor conflict under control, so it doesn't risk social peace. The achievement of social peace is therefore the unavoidable counterpoint for public power to avoid conflicts risking other general interests of the community.

From this perspective, the performance of the public power will be oriented essentially towards reaching a reasonable canalization of the conflict, accepting its presence in industrial relations, but making it compatible with a mature development to avert the dangers of larger economic or politic prejudices arising. For this reason, and in parallel to the recognition of the legal institutions which manifest the positions of conflict between the parties, the law will offer and facilitate mechanisms which are useful for overcoming critical situations of conflictive confrontation between the parties. It will offer the same channels for cooling the most intense expressions of conflict and it will assure the maximization of the development of

procedures which are useful for deactivating the confrontation between the parties, especially those which are articulated in a collective manner. In this sense, the mature systems of industrial relations, together with an effective formula of legal tutoring as ways to solve micro conflicts, will contribute an important value to the diverse extrajudicial procedures of resolution of collective conflicts, particularly through channels of conciliation, mediation and arbitration.

The Indispensable Relation of Labor Coexistence

None of the systems explained above is enough for achieving an advanced and healthy development of labor relations, in the constant contact between the parties. Unlike other legal relations that are maintained over time or which establish isolated links in interpersonal relations, the relations of labor nature tend to be characterized by continuity and keeping tight personal contact between the parties. In this sense, however paradoxical it may seem, the conflict relations in the working context have been established through an intense and dilated process of professional coexistence, sometimes even affecting personal grounds, in the work practice in the individual perspective and in the daily contact in the collective perspective.

It is in the interest of the parties that these coexistences are fruitful beyond the contrast of their interests. The employee is aware that the only way of guaranteeing the continuity of the job is achieving a coexistence based on mutual trust, as the contrary would mean risking this continuity. At the same time, it is essential for the employer to establish a working environment which facilitates a satisfactory coexistence in order to make sure that the accomplished work is productive and profitable. This value is reinforced in the service society, where the attitude of the worker is key to be effective. Finally, coexistence is essential also from the collective perspective, as the relationships between the parties are likewise maintained in time, especially between management and the collective representation of the company. This is also true for relationships in a wider context, such as the sectorial or inter-professional contexts.

The Culture of Mutual Trust

The effectiveness of the coexistence between the parties requires mutual trust, since this is the only way of guaranteeing the objectives established by the professional relationships between the parties. As intense as the power of the management may be for tasks such as organizing, controlling the fulfillment of instructions or exerting disciplinary powers, the employer must give a certain space of technical and personal autonomy to its employees. It is impossible for the employer to control each and every aspect of the professional activity of its employees -especially in medium and large size organizations-, having to delegate to the employees not only material

tasks but even a certain degree of responsibility and daily decision making. Of course, this can only work properly when mutual trust takes place.

Certainly, the intensity of this trust increases as the complexity of the task grows, requires higher levels of autonomy, responsibility or is carried out outside of the company. In any case, it is not understandable that nowadays this relationship of trust is limited to contexts of high technical qualification or middle management jobs. In the current postindustrial society, which surpasses the fordist ways of working, mutual trust is extended to all jobs, with different profiles and characteristics.

The employee also has to show some trust in the employer, or at least in the situation and development expectations of the organization. If the employee thinks that the organization has no future or economic feasibility, either he/she will search for an alternative occupation or will lose motivation to carry out their work.

Finally, the development of collective labor relations – especially the mechanisms of effective consultation and development of the processes collective bargaining- can only be real and effective if the parties trust each other and understand that such consultations are useful for mutual relations. Furthermore, there should be expectations of fulfilment of the reached agreements from both sides. This expectation can only be improved on a basis of mutual trust. When this doesn't exist, none of the parties will make the effort of negotiating and will base everything on the attitudes of mutual pressure and conflict escalation.

In summary, the industrial relations systems which provide a more developed model are those which are able to work with a certain degree of balance between the recognition of the conflict between the parties and mutual trust between the individual and collective parties.

In relation to the second pillar on which the ideal industrial relations model is supported we find the development of a solid culture of mutual trust between the parties, a determinant is how the industrial relations model has been constructed at the macro level, and how the personal relationships have been dealt with at the micro level. This perspective is based on culture, behavior and personal and/or collective perspectives of the parties. The downside of this is that legal policies have limited influence over these matters.

The Legal Principal of Fiduciarity in the Labor Perspective

Despite the secondary role that law plays in the construction of the essential trust relationship between the parties, it cannot be said that mutual trust be considered infrequent in the labor legislation. The law is completely aware of the implications of mutual trust between the parties, to the extent that it makes the so called fiduciarity one of the basic elements of the construction of industrial relations, both at the individual and at the collective level.

Certainly, such a traditional principal in private law as the obligation to a good contractual faith is intensively present in the current legal regulations related to labor in most European countries with a tradition of legislated collective

arrangements within the context of social partnership. Just to mention the most significant precepts that move this principal of fiduciarity to the work environment in Spain: “The basic duties of the employees are: a) fulfill the specific obligations of their position, in conformity to the rules of good faith” (Article 5 of the Statute of Workers Rights, from now on SWR); “in every case, the employee and the employer will be subject reciprocally to the requirements of good faith” (art. 20.2 SWR); in relation to collective commuting to the workplace, to the substantial modifications of the working conditions, of the transition processes of the company, suspension of the labor relation due to business reasons, as well as in the cases of collective layoffs processed through a record of work regulation, it is foreseen that “During the consultation period, the parties must negotiate in good faith, with the goal of reaching an agreement” (art. 40.2, 41.4, 44.9, 47.1 SWR); in order to justify a disciplinary layoff “contract breaches will be considered... d) the transgression of the contractual good faith, as well as the abuse of trust in job performance” (art. 54.2 SWR); finally, in relation to the development of collective bargaining it is established that “both parties are obliged to negotiate under the principal of good faith” (art. 89.1 SWR).

It is necessary to mention that this type of precepts, no matter how much importance they give to the legal positions of the parties in industrial relations, in practice present a less than optimal focus for achieving mutual trust between the parties and is not the most appropriate focus from the perspective that we are now engaged in.

Indeed, law is in a diverse plane, as the classical making of the legal norm has not been to foster mutual trust between parties. As contradictory as it may seem, former laws have not been established with the goal of reaching a context of mutual trust. On the contrary, their role has been essentially reactive, in such that they have penalized the most pathological behaviors contrary to this ideal context of mutual trust between the parties.

In relation to this, we must not forget that the functionality of the legal norm is much more modest and limited mostly to minimizing the behaviors which conflict the most with the requirements of good faith between the parties. At least in the Spanish legal perspective, the labor norm aims at achieving a minimum level of power balance and duties between the parties, the establishment of the subjective rights and obligations in industrial relations, both from the individual and from the collective perspective. In a first approximation, this is done through the establishment of objective rules which are easily identifiable: quantifiable working days, work retribution in its different quantitative and modal aspects, collective and individual security guarantees at work, etc.

However, in this legal effort of precision of the legal position of the parties in rights and obligations it is easy to perceive that an exact predetermination that can explain the infinity of situations that can take place during the development of industrial relations is not possible. It is not possible to contemplate the variety of behaviors, contexts, work profiles, etc. from a legal perspective. Precisely in order to manage these uncertain situations, general indicative criteria are introduced. Therefore, law establishes the general obligations of the parties through what we call the “indeterminate legal concepts”. The aim of these is to identify what can be

expected from the behavior, attitude and ability of each party through a rational assessment.

Precisely, the obligation of acting following the rules of contractual good faith constitutes one of those in determined legal concepts from which specific behaviors are derived. These behaviors can be demanded from both parties with the goal of achieving mutual interests for workers and managers in their contractual relationships. Then, the judicial branch will carry out interventions resolving specific litigations between the parties and will determine in each case if the action has transgressed the obligation of contractual good faith. Despite this being a casuistic task, it follows general considerations and it outlines and gives security to future situations of similar characteristics. In sum, they mark future behavioral patterns for the parties, even though in this matter one must always be cautious and take into account that overestimated and cultural values that can evolve and change with time also play a role.

Going back to the starting point of the presentation of the principle of fiduciarity in the legal action over industrial relations, the legal action in this domain will continue to be periphery of this subject, in the surface of the topic respecting mutual trust between the parties. It will continue to be secondary since its traditional function has been none other than to react to behaviors which can be considered more pathological in the development of industrial relations. So much so, that when the parties face the legal rule of contractual good faith, they focus their analysis essentially on the question of why are they obligated to such a legal imposition, followed by asking what type of sanction they would suffer if they opted for breaching such an obligation. In summary, the legal rule to these effects is only used to avoid the most transgressive behaviors, and more in the sense of sanctioning non-compliance rather than avoiding it effectively.

An example of this in Spain could be one of the scopes that have had a bigger impact on the imposition of the obligation of good faith: the behaviors of the parties in the development of the negotiation processes of collective layoffs, through the obligatory consultations which must be carried out during labor force adjustment plans. In these cases a big and influential number of court rulings have declared these adjustment plans invalid after determining that the parties have not respected the obligations of good faith in the development of the consultations. As a consequence of these court rulings the transcendence of the consulting period has been reinforced, especially the transparency of the documentation that the parties must supply each other, as well as the attitude they must show. However, despite the impact of these rulings and the influence they will have in future consultations; legal rules in the end continue to remain superficial, in the sense that they determine the fulfilment of certain formalities or acting following certain ways of communication between the management of the company and the worker representatives. But in contrast we also can find that in the future there will be a strict compliance to the legal requirements in this matter, without having to change the attitudes of the parties in these complex processes of business restructuring. Probably this appears justifiable because the role of legal rules in these matters seems to be more modest,

purely guaranteeing the evasion of external behaviors of pathological characteristics in the development of industrial relations.

Therefore, in the end the most immediate achievement is formal, leaving little capacity to influence the background attitudes or behaviors of the parties. This is due partly to the fact that the assimilation of the authentic relation of mutual trust depends on essentially cultural factors, on the interior conception of each of the parties of how they should act in the relations with the counterparty and if an effective context of mutual trust satisfies their interests and is considered beneficial for the functioning of industrial relations. Since this element is mainly based on cultural values, these are less influenciabile by legal rules, that remains in a more external or formal plain. Put differently, laws establish the rules of the game, which can include behavioral rules, but these rules can be developed following different mentalities or cultures. These mentalities can be more conductive to conflict or more conductive to cooperation, even though both types require mutual trust as a premise.

From *Hard Law* to *Soft Law*

Despite the limitations said before, this was all in reference to a conception that we could classify as classic in respect to legal standards, particularly the action techniques of the public power over the functioning of social relations. All the above corresponds to the classic focus of law, what today we call “hard law”, that is to say, the traditional way of acting of law has been to focus on the protagonists of industrial relations and on the recognition of the legal authorities and the subjective rights.

However, nowadays hard law doesn’t cover the wide range of interventions from the public power, not even the extensive variety of legal techniques. Other formulas of impact of law on industrial relations are arising, which can be called *soft law*. The *soft law* perspective is more imprecise in relation to its forcefulness but it can be more effective in the sense that it can impact the core of the behaviors of the parties, that in matters of mutual trust call for a cultural perspective, but over which there’s also some room for influence from law.

Soft law refers to mechanisms in which the penalizing instrument is considered less relevant. It is also true that the definition of law implies the establishment of rules of behavior that intend to be applied in real life, that are respected by the recipients, so they are conceived as binding between the parties, a linkability that is imposed through the consideration of the parties that non-compliance will be detrimental for them. If it wasn’t like this, they could not be considered legal norms, rather moral or ethical principles. Therefore, since *soft law* belongs in the category of law, it must also assume its prototypic characteristics, even if they are carried out in an indirect way and through other more hidden or flexible mechanisms. The goal is to try to avoid appealing to prosecution that forces compliance. The aim is not to be less operational or incisive, on the contrary. It derives from the verification that

the traditional hard law ways are barely effective or have a merely superficial impact in relation to the objectives originally set.

Precisely this is what we can perceive that happens in the achievement of an integral and substantial context of mutual trust in industrial relations, both from the individual and from the collective perspective. After seeing the results obtained in this subject through hard law techniques, the consideration of introducing other types of mechanisms arises, mechanisms that can reach deeper levels of the subject, focusing on cultural factors that underlie industrial relations. However, this doesn't mean that hard law techniques have no effects on these matters and they should be erased. These also play an essential role, even as a guarantee that the behaviors oriented towards the implementation of the fiduciary principle, but they also become insufficient to achieve deeper goals. Therefore, it is recommended that hard law techniques are complemented with *soft law* techniques.

Soft law techniques require the introduction of procedural rules, incentive mechanisms; motivational techniques and the creation of incentives for the parties, formulas that are conceived for other goals but that eventually construct an appropriate working atmosphere for generating spaces of mutual trust between the parties.

The variety of institutions that can bring the coalition here are varied, situated in very different spheres of action, but that end up removing mutual distrust or conflicts. This performance can also be carried out in individual relations and collective relations. In the Spanish context, the most immediate and effective performance can be found in collective labor relations, as they are the ones with higher impact and they project also to the individual level.

Following the convenience of focusing on the collective perspective and following the aggregate of institutions that can help to develop a more solid space for mutual trust, it is worthy to note two aspects in which the intervention should focus right now: the participation mechanisms in the management of the company and the empowerment of the mechanisms of autonomous solution of the collective labor conflicts.

Diverse areas, scientific and applied, have been insisting for some time on the enormous utility of mediation and arbitration mechanisms as effective and fast ways of collective conflict resolution, and not simply as an alternative to the legal procedures of conflict resolution, rather as an intense projection of development of relations towards the future.

This type of procedures don't only present the advantage of offering a solution that is more finished and complete to the divergences that can occur in the development of labor conflicts, but they also introduce elements of superior responsibility between its protagonists and, as a result, facilitate the creation of contexts of mutual trust between the social actors. During the last decade there have been big advances in this matter, the legal institutionalization being an instrument of canalization and solidity of such mediation and arbitration mechanisms. It is also worthy to mention that the regulation today is not complete, it presents some uncertainties and it is not articulated in an integrated manner, therefore it would be very convenient to improve

and perfection the legal structure in this subject. This legal improvement is especially recommendable for what is designed by the public powers, since the performance of the interlocutors through the corresponding celebration of the inter-professional agreements is more established, and in any case, it is subject to the state regulations.

In comparison, there has been less progress in the development of participation procedures of the worker representatives in the management of the company, in what affects their function of facilitating a context of mutual trust in industrial relations. It is indisputable that the participation mechanisms present very developed institutions in Spanish law on many different matters, through which information, consultation and negotiation processes are carried out between the company and the worker representatives. However, this participation model has been reduced to the conjunction of negotiation processes with clear conflict of interests, to the extreme that the parties themselves assume competencies of explicit conflict such as calling strikes, and at the same time they carry out other participation functions in the management of the company through the information and consultation faculties. As a result, since the relations are focused by the same parties, the centrality of the conflict arises and the cooperative spaces fade, these spaces being the most appropriate for the development of mutual trust contexts. Therefore, in this perspective higher impact transformations must be developed, which would certainly influence a more visible distribution of spaces, between the cooperation contexts –with a focus on mutual trust- on one side and the contexts of conflict of interests –with a focus on explicit conflict- on the other. Now, of course, to incorporate these perspectives it would be necessary to carry out a deeper reform of the legal institutional structure, and this can only be done effectively through consensus mechanisms through the social consultation between the most representative union and management organizations.

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Chapter 12

Women in Industrial Relations: Overcoming Gender Biases

Leire Gartzia, Alejandro Amillano, and Josune Baniandrés

Although the promotion of equality is central to the mainstream field of industrial relations, employment relationships and human resource policies continue to be designed according to the male breadwinner ideal. In this chapter, we examine from a gender perspective some of the antecedents and implications of this phenomenon. We review evidence that many conditions of employment such as wages, job security, or access to power positions have particular negative effects for female employees. At the same time, we underscore the many economic and cultural transformations occurred in the labor market, society and work configurations, which bring new opportunities for women's advancement in employment conditions. In relation to this, we identify strategies that might help women overcome current obstacles and gender biases, and highlight the role of (and benefits for) IR agents in such transformation toward gender equality.

Women in Industrial Relations: Overcoming Gender Biases

In modern democratic societies, work is not merely an economic activity with material payments but a fully human experience with psychological and social rewards. In this environment, industrial relations (IR) are increasingly more complex and require a growing entitlement of male and female employees to receive fair treatment and opportunities and to have input into decisions that affect their daily lives

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(Budd 2004; Befort and Budd 2007). Building trust and constructive conflict management among employers and employees is also essential in this new context in order to enhance the effective use of work resources and increase competitiveness and economic development (Elgoibar et al. 2012; García et al. 2015).

In this chapter we map theoretical and empirical perspectives that address how these challenges are not gender neutral. It is argued that the promotion of equality should be central to the mainstream field of employment relations and human resource policies. Several key factors are highlighted, which drive this challenge. On the one hand, data is presented about the many transformations that have occurred in the environment in which organizations operate, which have stimulated a vibrant interest in addressing not only inequalities at work but also how those inequalities are related to employee-employer relations and ultimately affect performance (Desvaux and Devillard 2008; International Labor Organization (ILO) 2012). On the other hand, we review evidence showing that there are still many conditions of employment with particular negative effects for female employees. These inequalities are argued to be inconsistent with the many transformations that have occurred in the labor market regarding gender roles, which have created new workplace configurations in which women can bring new opportunities for organizational development. To address these challenges, we first review some of the antecedents and implications of IR systems from a gender perspective and then identify strategies that might help IR agents –namely, policy makers, organizations, unions, and female workers themselves– not only to promote gender equality but also to see gender as a valuable tool to develop more effective IR systems.

Changes and Challenges in the Field of Industrial Relations

In recent decades, organizations have gone through many transformations that have modified the nature of IR. These changes include globalization and the growing expansion of markets, which have driven notorious variations in the way organizations operate and are interconnected around the world (Kelly 1998; Kochan 2008). As the global economy expanded, the emergent weight of service-based economies has also amplified the relevance of relational knowledge as a key feature that characterizes current work value (Fletcher 1995; Kochan 2008).

These changes have modified employment configurations within organizations and challenge traditional IR policies. Business leaders and human resource managers need to find, more than ever, ways of attracting, retaining and motivating talented employees through appropriate employment relations (Beechler and Woodward 2009). As such, companies from a variety of sectors require innovative alternatives to the traditional IR systems, which are still anchored in outdated, simplistic ideas of work and the conflicting nature of employee-employer relations in organizations (Kochan 2008).

Relevant to the current focus on IR and equality, a particularly important characteristic of current employment systems is the greater involvement of employees in decision making (Budd 2004). In modern organizations, work is undertaken by highly educated, smart male and female employees who have sophisticated

technological, emotional and relational skills. These employees not only seek to self-realize at work but also to be treated fairly and be entitled to have opportunities to make decisions in aspects that affect their daily lives (Robbins and Judge 2014).

One of the most basic mechanisms through which organizations can build appropriate employment relationships in current IR systems is by promoting *efficiency*, *equity*, and *voice* (Budd 2004) (See also Jordaan and Cillie, Chap. 9 in this volume). Efficiency refers to the effective use of scarce resources and constitutes an important objective of IR because of its implications for competitiveness, economic development, jobs and economic prosperity. Because markets are competitive, organizations need to focus on organizational efficiency in order to be sustainable and attractive for male and female employees.

Contemporary employment relations also require voice, defined as the ability to have meaningful employee input into decisions, and includes both individual and collective forms (Budd 2004). Finally, equity entails fairness in the distribution of economic rewards (such as equality in wages and benefits), the administration of employment policies (such as nondiscriminatory selection and promotion processes), and the provision of employee security (such as safety standards and unemployment insurance). These characteristics are central in current employment relationships and the mainstream modern IR theory (Budd 2004).

Industrial Relations from a Gender Perspective

Whereas the notions of voice and equality constitute nuclear elements in IR theory and practice, employment relations remain unfair for women. For instance, there is a disproportionately greater occupation of temporary, part-time and forms of precarious work conditions by women compared to men (Bradley and Healey 2008; Plantenga and Remery 2006). Far from being corrected, these inequalities are even amplified in contemporary IR systems, in which a substantial number of part-time and temporary jobs are mainly occupied by women (Bradley and Healey 2008; Plantenga and Remery 2006). According to Eurostat recent data, 32.4 % of female employees aged 15–64 working in the European Union in 2013 were on part-time jobs, against the 8.7 % of men (Eurostat 2015b). Similarly, according to the last available US labor force data by the Bureau of Labor Statistics more than 60 % of part-time workers of 16 or more years old are women (Bureau of Labor Statistics 2015).

Another important obstacle that women face in modern IR systems is their prevailing lower salaries compared to those of men, with a noteworthy concentration of women in low-paid and low-skilled jobs (Bradley and Healey 2008; Plantenga and Remery 2006). According to available data from the Organisation for Economic Cooperation and Development (OECD) in its 2015 employment database (OECD 2015), the average gender wage gap was 15.5 % in 2013 for full-time employees, calculated as the difference between male and female median wages and divided by males' median wages. Available data from the European Union also show that the gender pay gap calculated as the difference between the average gross hourly earnings

of male and female paid employees as a percentage of average gross hourly earnings of male paid employees was 16,4% in 2013 (Eurostat 2015a).

Compared to men, women also bear the brunt of the incompatibility between work practices and familiar responsibilities more intensely (Liff 2003), given the prevailing association between domestic functions and the female gender role. The most recent available data from the OECD based on time-use surveys show that men spend in average 324 min per day in paid work, whereas women spend 211 min. In the case of unpaid work, women spend 275 min per day, while men only spend 141 min (OECD 2015). These differences are also reflected in maternity and paternity leave policies, which are designed in a way that they reinforce women's greater assumption of domestic roles. According to the OECD family database, women have on average 47, 9 weeks of paid leave after childbirth, while men only have 8,9.

The stereotypically masculine definition of workplaces and the incompatibility between work and family life in contemporary organizations also impede the promotion of more egalitarian proportions of men and women in leadership and decision making positions (European Commission 2012). The fields in which women are underrepresented are varied, including not only leadership roles but also participation in relevant IR positions such as trade unions or collective and centralized bargaining processes (Carley 2009; Wajcman 2000). One of the most relevant reasons for women's underrepresentation in decision making roles is the so-called "think manager, think male" stereotype (Schein 1973), according to which leader roles are associated more with the male than the female gender role. The meta-analysis developed by Koenig et al. (2011) showed consistent evidence that such masculine view of leadership remains. Indeed, women representation in IR forums, decision-making groups and leadership positions has only slowly increased in recent decades (European Commission 2012).

The preponderance of masculine features and male dominance is also present in collective bargaining and traditional IR processes, which often have a male typical worker as a reference (Wajcman 2000). In particular, the field of IR has been traditionally built over the notion of "a white, able-bodied, heterosexual man with a wife and family" as a typical worker (Liff 2003, p. 420). Such implicit assumptions and biases about employment maintain inequalities between male and female employees. As a consequence, IR ideals are based on stereotypically masculine values and procedures (Wajcman 2000). Similarly, there is an underrepresentation of women in collective bargaining and employment relations (Bradley and Healey 2008; Carley 2009).

As Forrest (1993) pointed out, the clear missing point in the IR literature is the analysis of gender relations as power relations in which the traditional power inequality in favour of men and stereotypically masculine features is evidenced. The review of the IR literature that we performed supports this observation. From the 17 edited general IR textbooks initially reviewed for the current chapter, dating from 1982 to 2015, only two of them presented at least one chapter specifically dedicated to gender or diversity including gender issues (i.e., Liff 2003). The other fifteen books only provided secondary allusions in some chapters (i.e., Kelly 1998).

Such omission of female-related issues is critical for IR theory, which is aimed at analysing power relations in which inequalities are evidenced.

Taken together, previous research suggests that, compared to men, women encounter more obstacles in reaching justice and equality in IR systems. These particular barriers that women face in IR systems are inconsistent with the many socio-economic changes that have taken place in recent decades and the steadily growing incorporation of women to paid work. As Bradley and Healey (2008) pointed out, the social and economic changes since 1950s and the incorporation of women into the paid-workforce have indeed created a feminisation of the workforce. In the European Union, the participation of women in paid work has shown a steady increase during recent years.

The gender employment gap, defined as “the difference in the employment rate between men and women” had fallen from 30% in 1980, to 16.7% in 2000 (Pissarides et al. 2003). This gap, however, was incremented in more than 12 percentage points in average in the case of women with two or more children (Pissarides et al. 2003). Nowadays, share of female employment in total employment, namely the percentage of female employees with respect to the total number of employees, oscillates between 38,5% and 49,3% among 14 OECD countries according to the most recent ILOSTAT database (ILO 2015b).

These changes in the sex composition of the workforce seem to require redesigning organizational policies and practice (Liff 2003). Similarly, the beliefs and assumptions about gender roles embedded into current IR structures and practices need to be analysed so that the female worker ideal is also representative of employment relations and women constitute representative IR agents. The concentration of women in low-paid jobs, the barriers for women advancement to decision making positions and their underrepresentation in employment relations and bargaining impede such transformations. So, how can these obstacles be overcome?

The Paths to Gender Equality in IR Systems

In the following pages, we present arguments that the obstacles women face in IR can only be overcome when gender equality is promoted simultaneously by all the relevant IR agents, namely, organizations, unions, policy makers, and (female) workers themselves. Only when these forces work together, IR systems are likely to promote gender equality in employment relationships. To present our arguments, we draw from Budd’s (2004) conceptualization of three of the most relevant IR theoretical approaches (i.e., *pluralist*, *critical*, and *unitarist*), which may serve to better understand the connections and interdependencies between IR agents in the promotion of gender equality. The *pluralist* model recognises a set of competing interests among employers and employees derived from power differences in favour of employers, which underscore the difficulties to reach agreements between employees and employers (Budd 2004). The *critical* model approach draws from

feminism and sociological theories such as marxism and underscores the inherent conflictive nature of employment relations on the unequal power relations present in the society. In the opposite side, the *unitarist* model to IR assumes that employers and employees share similar objectives and thus their interests are consistent with each other (Budd 2008). The latter viewpoint advocates fair treatment of employees to enhance organizational welfare and is adopted by most organizational behaviour and human resource researchers and practitioners. It basically assumes that increasing the participation and autonomy of the employees would ideally serve to reduce the current conflictive connotation of employment relationships.

The viewpoints behind these theoretical perspectives influence the conceptualization of the relationships between employees (both in their individual and collective forms) and decisions makers in organizations, which is relevant in our analysis of IR systems from a gender perspective. A general interpretation of the foundations of the pluralist and critical models suggest that, in current IR, the interests of women in organizations (i.e., the underrepresented, discriminated group) would be conceived to compete with the interests of the organization. Such perspective would lead to a positive view of the role of external agents (i.e., unions and/or policy makers) in defining actions and policies aimed at promoting gender-equality in organizations. As such, a key challenge for gender equality in IR would be to increase the extent to which external agents can generate changes in organizations toward a fairer treatment of female employees.

In the opposite side, the foundations of the unitarist model suggest that a key challenge to promote gender equality in IR would be to increase the extent to which organizational managers and human resource practitioners are able to see the advantages of having a representative number of contented, trustful and participative women at work. In other words, if organizations are able to increase the extent to which female employees are entitled to have input into decisions that affect their professional and personal lives, they are likely to produce more effective workplaces; female employees are only likely to be fully effective when given fair treatment and voice.

From an integrative viewpoint, the promotion of gender equality in IR involves the approaches adopted in the pluralist, critical and unitarist models. Accordingly, the functions of all IR agents, namely policy makers, organizations and (female) employees in their individual and collective forms, should be interdependent and complementary in the promotion of gender equality. Furthermore, IR agents would require mutual trust and cooperation. Such integrative approach might serve to further recognize how IR structures depend on each other and need to unify their actions to eliminate gender barriers and to avoid perpetuating female discrimination. Importantly, such approach might also serve to underscore the effects of gender discrimination on efficiency, thereby placing gender equality more at the center of IR in the practice. In the following pages, we look at the specific role of each IR agent, as well as the specific ways in which they can contribute to their own development through the promotion of gender equality.

The Role of Policy Makers

One of the most evident ways in which gender equality can be promoted in IR relations is by establishing minimum standards by law (e.g., maximum gender wage gaps, maximum/minimum number of male/female managers, protections against discriminatory policies, or work-family balance standards). Because laws and regulations developed by states and public institutions have a direct effect on economic and social life (see Gartzia and Lopez-Zafra 2014, 2016, for the example of Spain), standards imposed by law are likely to have notorious effects on female employees' voice, equality and effectiveness. For instance, the European Commission has repeatedly implemented quota laws and regulations to have a minimum 40% of women in relevant parliamentary positions, as well as in boards of listed European companies.

Although women are still in a numerical minority in relevant organizational positions, these quotas have resulted in remarkable increases of women in management positions (European Commission 2012), which may subsequently improve women's position and influence in organizations. In relation to proportion of women in institutions such as trade unions, results can also be promising and calls have been made to extend the use of quotas to unions and social dialogue arenas (Briskin and Muller 2011). Legislations about quotas in such areas might increase the representation of women in collective bargaining, in which women are clearly underrepresented (Kirton and Healey 2008; Carley 2009). Yet, these actions should be implemented with caution. First, the presence and participation of women in unions should not be limited to situations in which the issues raised are of particular concern to women (Lim et al. 2002). Second, gender awareness training programs should accompany the implementation of quota policies, given the "stigma of incompetence" that is often attributed to women when affirmative action policies take place (Heilman, Block and Lucas 1992).

The European Union has defined legislative guidelines and priorities concerning these and other gender-related concerns, such as the reduction of the gender pay gap, support of work-life balance, and the decrease of gender stereotypes at work (i.e., Briskin and Muller 2011). These legislations are important because, according for instance to the first report of the European Commission on IR, the gender pay gap "tends to be greater in the absence of a minimum wage and of centralized wage setting" (Dell'Aringa 2001, p. 149). Policies also offer useful frameworks to include actions at different levels, including availability and dissemination of information, development of the infrastructure with respect to equal pay, more integrated systems of wage setting and legal measures enforcing equal pay (Plantenga and Remery 2006).

Other central field of action for policy makers regarding gender equality is the conciliation between family and work. Consistent with concerns in this area, the growing interdependence between the family and work spheres has led to the development of specific policies that serve to manage work-life balance concerns and to promote a better combination of the different roles that people play in their lives (Kochan 2008). Gregory and Milner (2009) found that such work-life balance policies are strongly related to policies about equal opportunities in the workplace.

Gender mainstreaming (i.e., the process through which a gender perspective is transversally incorporated to policy-making) is also a particularly relevant strategy to engender changes towards equality in the medium and long term through action in different areas (European Commission 2007).

In summary, gender-related legislations can provide a legal framework that favours the emergence of equality in organizations (Bradley and Healey 2008; Briskin and Muller 2011). As such, policy makers constitute relevant IR social partners. Although in recent years international policies have contemplated gender and equality as basic principles of IR, this is not always transferred to practice (Bradley and Healey 2008; Kirton and Greene 2005). Policies are still to a great degree designed for the male breadwinner worker (Kochan 2008), and most IR policies still perpetuate separation of work and family life and the traditional association of women with domestic roles, as for instance giving priority to maternity over paternity leave policies (Torres et al. 2008). Because policy makers have the responsibility of building more participative and democratic IR systems, they ought to find more innovative and ground-breaking legal frameworks that favour equality in organizations.

The Role of (and Benefits for) Organizations

Consistent with the powerful effects that policies and legislations can produce on IR, the promotion of gender equality in organizations is often linked to gender equality legal requirements. This is related to the fact that gender is often conceived as a corporate social responsibility concern and, as such, it is defined primarily in response to social, legal and ethical expectations (Carroll 1979). As Briskin and Muller (2011) pointed out, “some collective agreements simply repeat legal provisions and do not go beyond statutory requirements” (p.9). Given the tensions between the legal, ethical and economic responsibilities (Agle et al. 1999), restraining gender-related action to legal and ethical motivators can be deleterious for organizations.

To challenge this limiting viewpoint, organizations might benefit from conceiving gender as a strategic issue related to competitiveness, rather than *only* a social justice issue. Indeed, the positive effects that gender equality can bring to organizations in terms of enhanced effectiveness are diverse. In current workplaces in which social responsibility and justice are central in IR, the participation of women in relevant organizational positions can have an effect on firms’ reputation (Bear et al. 2010). In many countries, for instance, the proportion of women in management is associated with the companies’ likelihood to be included in lists of “ethical” companies (Bernardi et al. 2009) or to be viewed as an example of corporate citizenship (Larkin et al. 2012). In relation to this, there is also evidence that clients are sensible to the diversity policy, initiatives and situation of organizations (Braithwaite 2010). As such, gender discrimination can create bad publicity and damage the reputation of many companies (Catalyst 2010).

Previous research has offered a convincing depiction that gender equality can also bring added value to organizations by generating more competitive workplaces. The so-called “female advantage” perspective (see Eagly et al. 2014 for a review)

suggests that women adopt to a greater extent than men leadership styles that are effective, thereby suggesting that women and stereotypically feminine characteristics are a valuable resource for organizations associated with superior corporate performance (Desvaux and Devillard 2008). The greater likeability of female leaders to develop democratic leadership styles and behaviors of individualized consideration (Eagly and Johnson 1990; Van Emmerik et al. 2010) make women a potentially value-added resource in current IR systems.

This purported relationship between the female gender role and leadership effectiveness has stimulated interest among practitioners and managers, who have made gender an increasingly valued variable for personnel hiring and training. The attention given to this topic has been influenced by the growing relevance of the relational and communal aspects of leadership in the management literature (Avolio et al. 2009). Factors such as participative decision making (Dirks and Ferrin 2002) or organizational justice (Korsgaard et al. 1995) are significant predictors of the degree of trust that workers have in their managers and co-workers. Note that trust is a key concept in IR research and comprises “the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another” (Rousseau et al. 1998, p. 395). In this context in which cooperation and a sense of mutual trust and interdependence is central for organizational effectiveness, organizations need employees and IR agents who are able to display interpersonally oriented and cooperative behaviors and enhance employees’ sense of community and belongingness (De Cremer and van Knippenberg 2002). Because these variables are associated more with femininity-linked than with masculinity-linked roles (Eagly et al. 1995; Gartzia and van Engen 2012; Gartzia and van Knippenberg 2015), the representation of women in decision making positions is, in principle, a valuable resource for organizations, even in situations of crisis (e.g., Gartzia, Ryan, Balluerka and Aritzeta 2012).

There are also other ways in which gender equality can be beneficial for the promotion of more effective IR systems. Gender-related concerns such as achieving a balance between one’s personal and professional lives has become a relevant topic for organizations following feminist requirements, but it is associated with relevant work outcomes such as job satisfaction and individual performance (Amstad, Meier, Fasel, Elfering, and Semmer 2011). Whereas this challenge is particularly relevant for female workers given their greater assumption of domestic roles (OECD 2015), the relevance of overcoming incompatible role pressures from the work and family domains is also detrimental to male employees’ responses. As such, the development of policies that serve to better conciliate family and work life demands such as teleworking, child-care facilities or broader actions aimed at reducing the burden of domestic tasks constitutes a central challenge in the current IR context (Kochan 2008).

Finally, the benefits that gender equality can bring to organizations are not only linked to women’s potential ability to promote more effective relations in IR systems or instrumental objectives such as gaining firm reputation, but also to gender equality *per se*. Adams’ (1965) equity theory established that people work more effectively in situations of equity, given that perceived unfairness in the distribution of economic rewards or the administration of employment policies (such as nondiscriminatory hiring) reduces motivation (see Carrell and Dittrich 1978 for a review, see also Gosset 2011). When people perceive inequity in the distribution of

resources, motivation is diminished (Austin and Walster 1974), which ultimately influences employees' performance (Pritchard et al. 1972). Consistent with this approach, coping with gender-related forms of discrimination such as the gender pay gap has been highlighted as one of the most important IR work areas in organizations (Dell'Aringa 2001), due to the inherent effects that such inequality generates among workers.

The Role of (and Benefits for) Workers Representatives

The function of collective bargaining and trade unions is factually essential to promote more effective and egalitarian IR systems. Because efficiency requires cooperative IR relations based on cooperation and mutual trust (Budd 2004), trade unions and other worker representatives in collective bargaining have the particular challenge of generating a more cooperative partnership among policy makers, organizations, and employees. In particular, there is a growing need to build new structures and dynamics that warrant the voice of the growingly diverse workforce beyond the traditional relations between labor unions and organizations, finding new forms of collective bargaining and more participative production systems (Edwards 2003).

In order to promote efficiency, equity, and voice, new employment configurations also require relationships based on trust and cooperative conflict management among IR agents (Kelly 1998). In the IR and collective bargaining literature, trust is increasingly believed to improve employment relations among employees, their representatives, organizations and decision makers by generating a more cooperative partnership (Elgoibar et al. 2011; European Commission 2013). Indeed, there is accumulated evidence supporting the relationship between trust and cooperative behaviour (Dirks and Ferrin 2001) and between trust and cooperative employment relations (Kim and Kim 2012). A recent meta-analysis by Balliet and Van Lange (2013) showed that this relationship is even stronger when there is a larger conflict of interest, suggesting that trust is even more relevant "in situations in which preferences tend to conflict rather than align" (Balliet and Van Lange 2013, p. 1106).

The notion of "social dialogue" is also relevant here (see ILO 2015a). This concept refers to "all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy" (ILO 2015a). Social dialogue is conceived to be a key process in building trust-based and cooperative employment relationships (García et al. 2015), and thereby to achieve efficiency, equity, and voice. For instance, a recent study showed that a perception of trust in the IR climate was related to more cooperative behaviour and the achievement of better agreements between employee representatives and people in management roles (García et al. 2015). Trust has also been related to lower levels of labor disputes and the active utilization of labor-management committees (Kim and Kim 2012).

The challenge of building trust-based employment relations and more participative and democratic IR systems is ultimately related to IR agents' ability to display communal orientations, namely to enhance a sense of community and to focus on social relationships (Abele and Wojciszke 2007). Due to the traditional distribution of men and women into different social roles, these features are more consistent with the female than the male gender role (Eagly 1987; Gartzia and van Knippenberg 2015; Sidanius and Pratto 2001). Compared to men, women tend to emphasize to a greater extent the relational and communal aspects of behaviour that are required for cooperative orientations (Wildschut et al. 2003). Women also tend to frame their environment as a system of more cooperative relations than men and thus less frequently engage in competitive interactions (Sidanius and Pratto 2001).

Regarding trust maintenance and repairation, women's general concern about relationships has proven to facilitate the maintenance and restoration of trust following a trust violation or recurrent untrustworthy actions (Haselhuhna et al. 2015). Furthermore, women have shown to be more effective than men facilitating a not imposed agreement between disputants as a mediator third party (Benharda et al. 2010). Although these findings have not been consistently replicated (e.g., Balliet et al. 2011; Elgoibar et al. 2014), they overall suggest that women are potentially relevant IR agents to transform employment relationships towards a more cooperative and trust-based social partnership.

Confirming this viewpoint, there is evidence that at least in relation to the inclusion of gender issues in the agenda, female representation has significant (positive) effects (Waddington 2011). Similarly, the presence of women in representative positions in trade unions seems to be positively related to the success of initiatives aimed at promoting relevant IR gender-related topics such as work-life balance (Gregory and Milner 2009). Therefore, the promotion of gender equality might be helpful in developing more effective IR systems. In other words, trade unions may want to conceive gender equality not only as a key goal in their actions, but also as a relevant instrument to build more effective relations in broader fields of employment.

Opportunities for Women in Current IR Systems

One of the most straightforward conclusions drawn from the evidence presented so far is that the prevalence of gender discrimination and inequality in IR systems should be regarded not only as a women's issue, but rather as a problem that also policy makers, organizations and unions face if they want to enhance their own functioning. Because IR is inherently linked to a wide range of topics that are gendered in nature, gender should become an integral part of IR theory and practice (Wajcman 2000). The revision of IR systems to better meet current challenges entails the suppression of gender-biased mechanisms that maintain power inequalities and the prevalence of masculine behaviours and ideals at work (Kirton and Greene 2005; Wajcman 2000).

Although organizations generally remain male-dominated scenarios where women face particularly restraining barriers such as wage gaps, difficulties to balance work and family responsibilities or the *glass ceiling*, the good news is that modern organizations are unreservedly forced to integrate gender in their functioning. Civil rights legislation around the world has pushed and will continue pushing organizations to cover new female employees and to endorse equitable managerial opportunities to increase women's access to managerial careers. Acknowledging the relevance of gender in IR, gender-related issues are also on the agendas of intergovernmental institutions generating encouraging outcomes that flourish as new equality policies (Briskin and Muller 2011), and gender concerns are also growingly more relevant in IR policies (ILO 2012).

Although IR remains a male-dominated area, in recent decades women have also increased their presence in parliamentary positions and public institutions where legislations are made (Briskin and Muller 2011), as well as in leadership roles that were traditionally occupied by men in organizations (Millward et al. 2000). This greater presence of women in decision making positions has been accompanied by a greater value of stereotypically feminine characteristics in organizations and the de-masculinization of the leadership ideal (Eagly et al. 2014; Koenig et al. 2011). In this context in which routes to gender equality are more promising than some decades ago, female employees should be optimistic about their functions and potential achievements in IR systems. Nonetheless, women should likewise be aware of the particular drawbacks they face due to the prevailing sexism present in most societies, which permeate IR systems. In these circumstances, female employees should take an active role, even in the most favourable conditions in which the implication of organizations, decision makers and trade unions is high.

Previous research has offered a number of strategies that women can put into practice to improve their status and position in IR systems, including their involvement in trade unions and other representation groups (Briskin and Muller 2011). The participation of women in trade union committees designed specifically for women has also been highlighted as a useful strategy to promote gender equality in organizations (Parker and Foley 2010), as well as to address specific gender-related issues such as part-time or temporary job conditions (Broadbent 2007). Because role models are also relevant in providing motivation and a vision for one's own behaviour (Latu et al. 2013), paying attention to successful female referents can also be a useful strategy to neutralize the negative effect that gender norms and sexism can have on women's expectations (Streets and Major 2014).

An additional issue is whether women should act in a "feminine" or "masculine" way in their repertoire of work behaviours. Because women face a "double bind" that prevents them from being either too stereotypically feminine or stereotypically masculine (Eagly et al. 1992), female employees are likely to be better off in IR when they integrate both functions in line with an androgynous style. For instance, the use of self-promotion strategies such as speaking proudly about one's achievements and making internal rather than external attributions for such achievements has proven to increase women's visibility in organizations (Metz and Kulik 2014). Yet, because underscoring own merit violates the feminine gender role, women

should find it helpful to accompany these behaviors with other female-typed, communal orientations in order to reduce prejudice against them.

These strategies can be particularly useful in selection, promotion, or compensation processes, in which stereotyped views of people are more likely to occur and to have negative consequences for women. According to Streets and Major (2014) one way in which female employees can overcome this setback is by emphasizing the expression of individuating information such as one's career history and other objective data that might serve to counterbalance the use of stereotypes as a detrimental source of information.

All in all, the most important challenge for women in modern IR systems is to generate new configurations of employment conditions in which women's concerns and expectations are central in the worker ideal. The increasing presence of women in organizations and the transformations in modern employment configurations toward relations based on trust and cooperative conflict management can accompany these transformations by challenging traditional IR policies. New forms of social dialogue based on mutual trust are also gaining growing relevance in the IR field and these requirements are in principle more in line with the feminine roles. As such, the promotion of gender equality constitutes a powerful means to provide a voice for workers that is adjusted to the challenges that new work conditions pose, as well as a means to go beyond the traditional collective bargaining relationship.

Gender equality and IR effectiveness play a reciprocal relationship in which one needs the other and whereby policy-making processes also have an important role. The challenge that IR agents thus face is to integrate the benefits of gender equality in IR theory and action. As long as the barriers for women advancement and representation persist in organizations, employment relations are unlikely to provide efficiency, equity, and voice, and organizations are unlikely to fully use their employees' potential.

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Chapter 13

Constructive Conflict Management in Organizations: Taking Stock and Looking Forward

Lourdes Munduate, Martin Euwema, and Patricia Elgoibar

Conflict management research recognizes that conflicts in organizations between employers and employees are inevitable, and can take a constructive or destructive course. The benefits of conflict are much more likely to arise when conflicts are discussed openly, skillfully promoting new ideas and generating creative insights and agreements (Coleman et al. 2014; De Dreu and Gelfand 2008; Euwema et al. 2015; Tjosvold et al. 2014).

Whether the participants in a conflict have a cooperative orientation or a competitive one is decisive in determining its course and outcomes (Deutsch 2014). The positive characteristics of cooperative relations have been introduced in various chapters of this handbook (see Tjosvold, Wan & Tang, Chap. 4 and Jordaan & Cillie, Chap. 9 in this volume). Effective communication, use of reasoning strategies, sense of basic similarity in beliefs and values, and the willingness to enhance the other's power, are all characteristic of cooperative relations. Competitive dynamics in industrial relations are reflected in asymmetric communication, use of coercive tactics, critical rejection of ideas, and seeking to enhance own power. As for the effects on the outcomes, it has been stated also in this volume (see Fells & Prowse, in Chap. 5 and Nauta, Van de Ven & Strating in Chap. 7 in this volume) that a cooperative-constructive process of conflict resolution leads to beneficial outcomes such as mutual benefits and satisfaction, strengthening relationships between managers and

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213

employees, positive psychological effects in both parties, and so on, while a competitive-destructive process leads to material losses and dissatisfaction, worsening relations between parties, and negative psychological effects for at least one party – the loser of a win-lose contest (Deutsch 2014).

We have to notice also, that a cooperative approach in industrial relations does not exclude competitive conflict behaviors. The review by Garcia, Pender, and Elgoibar in this handbook shows clearly that in many cases a combination of cooperative and competitive behaviors contributes to effective outcomes for both parties, and certainly for employees and their representatives. This is in line with the theory of conglomerate conflict behavior (Munduate et al. 1999). Such competitive behavior is related to balancing power, and gaining influence (Emans et al. 2003; Munduate and Gravenhorst 2003), however should be preferably framed within cooperative relations between employers and employees. This is related to tactics as putting or even forcing to have issues on the agenda (Van de Vliert et al. 1995), and normative forcing (Euwema and Van Emmerik 2007).

Before further exploring the development of such cooperative and trusting relations, we have to recognize that cooperative relations between employers and employees, and particularly the collectives of employees, is essentially absent in many organizations around the world. Too often organizations minimize the influence of employees through individual contracting and limiting their participation in organizational decision making. Exploitation of workers and neglecting their rights to unionize and negotiate collectively, express clearly a contrasting view on industrial relations, that is, fundamentally a model of conflict and competition between employers and employees. Usually, this is related to strong power imbalances, with most power on the side of employers. Defining employment relations as essentially cooperative and of a positive interdependence, as is the premise of this book, therefore is not at all to be taken for granted. However, much research demonstrates the benefits of such a cooperative approach, for all stakeholders, including sustainability, profit and growth for organizations. Cooperation and trust flourish best under conditions of power balance and empowerment for the relative weaker party (Bollen and Euwema 2013a, b; 2014). The different contributions in this volume demonstrate the value of cooperation over competition. Employers, politicians and policy makers, as well as employees should therefore aim to create conditions which foster such cooperative relations at organizational level. Essentially, this is a value based choice of organizing.

Cooperative Outcome Interdependence and Constructive Conflict Management: The Intervening Role of Trust

Current conflict management research addresses the central intellectual and practical challenge of how and when managers and employees can discuss and deal with their conflicts for the benefit of the organizations and for both parties themselves (Tjosvold et al. 2014). While scholars have long ago recognized that perceived

cooperative outcome interdependence may set the stages for constructive and open-minded exchange of labor conflict relevant information (Deutsch 1973; Tjosvold 1998), it is unclear whether cooperative outcome interdependence per se is a necessary and sufficient condition for constructive conflict resolution (De Dreu 2007). Research shows that trust perceptions play a crucial mediating role in the development of cooperation between parties (Ferrin et al. 2008). Trust encourages the initiation of mutual cooperative relationships (Deutsch 1958), results in greater relationship commitment, and satisfaction (Campbell et al. 2010), contributes to making relationship conflicts constructive (Lau and Cobb 2010), while broken trust between parties can be a demise of social relations (Lewicki and Bunker 1996; Lewicki, Elgoibar & Euwema, Chap. 6 in this volume). Ferrin et al. (2008) observed that cooperation is reciprocated only because of its effect on perceived trustworthiness where people expect support and believe that they have a relationship with the other party where they can discuss issues and rely upon each other. In their meta-analytic review, Balliet and Van Lange (2013, p. 1090) made the following observation: “Many theories of trust emphasize that trust is most relevant to behavior in situations involving conflicts of interest (...) According to an interdependence perspective, trust becomes an especially strong determinant of behavior in situations involving larger, compared to smaller, conflicting interests”.

A common assumption of the works included in this volume is that trust and cooperation are fundamental elements of contemporary industrial relations. These two concepts are involved in the relationship between employers and employees, because they arise from the strong belief that employers and employees are essentially and positively dependent on each other, their dialogue is both key and necessary and should be constructive. The assumption shared by the authors of this volume has a long tradition in the analysis of organizations and labor relations. Cooperation is considered crucial for the survival of organizations (e.g. Barnard 1938), and trust has been cited as one of the variables that has the strongest influence on interpersonal and group relations (e.g., Golembiewski and McConkie 1975). Researchers have long recognized that trust and cooperation may influence each other. Therefore, the general assumption of the volume is supported by the theory and practice of employment relations (see conflict management interventions cases developed by Nauta et al., Chap. 7 in this volume). As Tjosvold et al. point out (2014, p. 548) “the idea that conflict can be productive, as opposed to destructive at all times, is much more than a belief or an ideology. Research using a variety of theoretical frameworks has demonstrated that conflict can actually affect whether managers and employees accomplish a wide range of important tasks (...). These studies also indicate that the benefits of conflict are much more likely to arise when conflicts are discussed openly and skillfully”.

In this concluding chapter we want to elaborate two ‘grant’ theories, to analyze employers’ and employees’ perception of positive interdependence and the effectiveness of their relationship: the *theory of Cooperation and Competition* (Deutsch 1973; 2014; Johnson and Johnson 1989; Tjosvold 1998) and the *Social Exchange Theory (SET)* (Blau 1964; Cropanzano and Mitchell 2005). The first one is more related to the topic of conflict management by promoting constructive controversy

between partners (Johnson et al. 2014) and the later with the distinction between social and economic exchanges in the employment relations, and the expectation of reciprocity as an important social exchange outcome (Coyle-Shapiro and Conway 2004). As a follow-up to the review carried out by Garcia et al. in this volume, in this chapter we analyze the theoretical frameworks that sustain the guiding thread of the book (SET and Constructive Controversy) and then address some implications for future research to foster the construction of trust and constructive conflict management in organizations.

Analytic Frameworks to Build Trust and Manage Conflict Constructively in Organizations

Several chapters in this volume (Gartzia, Amillano, & Baniandres, Chap. 12; Elgoibar, Munduate & Euwema, Chap. 1; Guest, Chap. 8; Martinez-Lucio, Chap. 2) have analyzed the changes that have taken place in the industrial relations system, highlighting the transition from a more collectivistic system – with its roots embedded in the beginnings of the industrial era of the twentieth century- towards an individualized model of labor relations, more in line with the knowledge era and the competitive context of the twenty-first century. Martinez Lucio in Chap. 2 includes a detailed analysis of the evolution from the post-war period where industrial relations were mainly concerned with the development of stable and formalized collective institutions and procedures with the involvement of trade unions and management representatives in collective bargaining and joint consultation (Dunlop 1993; Kochan et al. 1986), towards new relationship forms between employees and employers, in which a decline in the collective orientation, alternative forms of employees' representation, and promotion of individualized employment relations is clear (Allvin 2004; Guest 2004). As stated by Guest already in 2004 (p. 542), "Traditional systems of industrial relations have begun to break down, more notably in countries such as the US and the UK where there has been only a weak legal framework to support it, but also, to varying degrees, in European countries where there has been stronger institutional support. This breakdown is reflected most noticeably in the decline of trade union membership and in some of the collective values associated with it". This trend has clearly continued over the past 10 years (see Guest, Chap. 8 in this volume). These new relationship models have developed around the changes occurred in the nature of work, such as the growing knowledge-intensive business services, or technological advances, as well as changes occurred in the context of work, such as the growing proportion of women in the workforce, or the requirements of flexibility in diverse areas as work-life balance (Guest, Chap. 8 as well as Gartzia et al., Chap. 12 in this volume). The new forms of relationships have been operationalized under structural changes in labor relations, with new forms of employment contracts, the decline of collective relations in favor of more individualistic frameworks of employment, or the decline in trade union

membership together with new union strategies to respond proactively to it. Martinez Lucio, in this volume, for example, points out the emergency of trade unions renewal due to the difficulties that employee representatives have to cope with the complexity of the labor environment demands. The changes can also be perceived in the evolution of the processes of management of employees, that have shifted from a model based on distrust, control and systematic antagonism -more in line with the Taylorist principles of production and management-, towards a model of social dialogue, with flexibility, based on mutual trust and commitment among the parties involved – more in line with the alchemy of flexibility and trust (Benson and Lawler 2003; Kożusznik & Polak, Chap. 10 in this volume; Stone and Arthurs 2013). Old certainties, assumptions and values have been re-examined and a watershed moment arrived reconsidering the rights and responsibilities of being a manager, being an employee and being a competitive organization at the same time (Budd 2004; Gartzia et al., Chap. 12 in this volume). An essential challenge here, is to find a new balance between the traditional forms of indirect representation of employees (through elected and protected representatives), and direct forms or representation and participation of employees. This is one of the cornerstones of the Tree of Trust, introduced by Lewicki, Elgoibar and Euwema (Chap. 6 in this volume).

Although collective bargaining and its different institutional and legal frameworks in different countries seem to be accepted as the essence of employment relations (see Cruz Villalon, Chap. 11 in this volume), the changes that have taken place in the industrial and employment structures in advanced industrial economies are so substantial (Guest 2004; Allvin 2004) that they affect the base of the industrial relations model and they require a new framework that will help us to analyze it. A good starting point to understand the core social processes involved in the changing relationship between employers and employees in organizations is the conceptual paradigm of social exchange theory (SET) (e.g. Blau 1964) based on interdependent interactions. This multidisciplinary paradigm emphasizes that multiple kinds of resources can be exchanged following certain rules and that interdependent transactions have the potential to generate high quality relationships. The quality of social exchange relationships is a general background embraced by contemporary scholars for analyzing the new industrial relations field (e.g. Coyle-Shapiro and Conway 2004; Shore and Barksdale 1998; Tsui et al. 1997) and is a relevant contribution towards understanding this field of study.

The Rise of Social Exchange Theorizing in Employment Relations

A central theme in the exchange literature is that employees and employers may develop exchanges for social and for economic reasons (see Garcia, Pender & Elgoibar, Chap. 3 and Guest, Chap. 8 in this volume). It is common to view exchange in traditional industrial relations in terms of economic value. That is, economic

outcomes are those that address financial needs and tend to be tangible such as wages or working conditions. However, exchanges are also shown to have symbolic relevance and exchange can stand for something beyond plain material needs. Social outcomes address parties' social and esteem needs and tend to be symbolic, such as justice or organizational support. For example, Organ and Knovsky (1989) state that organizational fairness fosters a sense of trust on the part of the employees, involving a mutual provision of diffuse, vaguely defined obligations delivered over an open-ended time frame. Moreover, social outcomes send the message that the other party is valued and/or treated with dignity (Cropanzano and Mitchell 2005; Shore and Barksdale 2006). The incorporation of the social exchange dimension to the strict economic exchange provides us with a good analytic framework for understanding industrial relations. In line with this, the rules of exchange with the principle of reciprocity that we will analyze later will serve as guidelines to analyze exchange processes involved in industrial relations.

According to Blau (1964), social exchanges entail unspecified obligations so that when one partner does another party a favor, there is an expectation of some return. For example, it is expected that being fair to worker representatives should foster reciprocated actions on their part. If the favor will be returned and in what form, is often unclear. As a result, social exchange relationships depend on trust (Shore et al. 2006). As Emerson (1981, p. 35) points out, "obligations, trust, interpersonal attachment, or commitment to specific exchange partners are not incorporated into economic exchange relationships". Rather, economic transactions between parties are not long term or ongoing, but represent concrete, financially oriented, and more tangible aspects of the exchange relationships.

Shore et al. (2006, p.839), have analyzed the major distinctions between social and economic exchange relationships that have been emphasized in the literature and that provide us guidance to reflect the changes occurring in the industrial relations field. First, *trust is viewed as the basis for the relationship underlying social exchanges*. In the same way, the revision of trust and conflict management in industrial relations in this volume by Garcia et al. (Chap. 3), has concluded that "organizations investing in a trusting relation with employee representatives, empowering these representatives in decision making (...) will have more constructive conflict management, reach more integrative and innovative agreements, which results in long term effectiveness of the organization". Second, *investment in the relationship is critical to social exchange, but is not an aspect of economic exchange*. As can be concluded from the previous statement, investment and trust are central and intertwined issues in industrial relations. As stated in exchange relationships (Blau 1964; Cotterell et al. 1992; Shore et al. 2006), managers and employee representatives invest in the other party with some inherent risk that the investment will not be repaid, requiring trust. Third, *social exchanges require a long-term orientation, since the exchange is ongoing and based on feelings of obligation*. In the same conclusion mentioned before the long-term nature of the implications of industrial relations is highlighted. And fourth, *the emphasis on financial (e.g., pay and benefits) as compared to social (e.g., being taken care of by the organization) aspects of exchange*. Both aspects of exchange are consubstantial to industrial relations but

precisely these relational aspects – operationalized through indicators such as trust, commitment, empowerment and organizational support (Munduate et al. 2012) – are in the recent times increasing in their relevance.

The SET literature in several fields (Guest, Chap. 8 in this volume; 2004; Rousseau 1995) considers that the inclusion of the social dimension does not imply the exclusion of the economic dimension, rather that social and economic exchanges may be operating concurrently. In the context of labor relations, some studies (Tsui et al. 1997; Shore et al. 1998, 2006) developed diverse categorical variables to represent exchange strategies between parties, based on social or economic exchange. Tsui et al. (1997) analyzed inducements offered by employers and contributions expected of employees, and Shore et al. (1998) analyzed different types of perceived obligations between parties. These studies confirm that there are two relatively independent aspects of exchange in employment relations -economic and social exchange- and that parties engage in both exchanges concurrently. Furthermore, their results also suggest that when the organizational contribution is perceived to be low (e.g., in terms of organizational commitment), employees may infer that the economic aspects of the employment relations are the primary basis of exchange with the organization. On the other hand, research suggests that when employees perceive that the organization is emphasizing social exchange aspects of the relationship (e.g., perceived organizational support), they are more likely to engage in behavior that is supportive of organizational goals (Eisenberger et al. 1990; Wayne et al. 1997). This process is described by Kelly and Thibaut (1978) as a *recurring pattern of exchange sequences*; organizational investment associated with strong social exchange relationships create feelings of obligation in employees, stimulating them to reciprocate through behaviors that exceed minimal requirements for employment and are beneficial to the organization, such as higher levels of job performance and organizational citizenship behaviors (Eisenberger et al. 1990; Shore, et al. 2006; Wayne et al. 2002). While the majority of these studies address a more individualized level in the context of employment relations, the importance of organizational actions for influencing the nature of industrial relations can be induced from them as well.

Social Exchange Outcomes: Reciprocal Behaviors

The dynamic of contingent transactions to the actions of the other party discussed above refer us to another close concept in SET: reciprocal behaviors in situations of interdependence in the outcomes. It is precisely this interdependence that needs mutual and complementary arrangements, which requires certain '*rules of exchange*' so that the relationships evolve over time into trusting, loyal, and mutual commitments. These rules are defined as normative definitions of the situation that emerge between exchange participants (Emerson 1976). An important characteristic of reciprocal exchange is that it usually does not include explicit bargaining or binding agreements. Rather, as one party's actions are contingent on the other's,

interdependence reduces risk and encourages cooperation (Molm et al. 2007). “The process begins when at least one participant makes a ‘move’ and if the other reciprocates, new rounds of exchange initiate. Once the process is in motion, each sequence can create a self-reinforcing cycle. The sequence is likely to be continuous, making it difficult to organize into discrete steps” (Cropanzano and Mitchell 2005, p. 876). Therefore, this process which is developed in an implicit way and that is guided by the expectation of reciprocity, is different from the negotiation of exchange rules that the parties develop in order to reach beneficial agreements for both parties. These negotiated agreements tend to be more explicit, more related to specific aspects, generally with a more bounded temporal dimension and more linked to contractual aspects, such salary or working condition negotiations. More importantly, the obligations and remunerations are detailed, whereas reciprocity tends to be more prolonged in time and is not linked to legal or contractual pressures (Cropanzano and Mitchell 2005). In this sense, negotiated exchanges are often part of economic transactions while reciprocal exchanges are part of social relations.

As stated before, economic and social exchange can occur simultaneously and the parties can develop reciprocal and negotiated exchanges together (Lawler 2001), while the consequences can be different for the relations between the parties (Lau and Cobb 2010; Molm 1997; Molm et al., 2007). For example, Molm’s research (1997, 2007) found that reciprocal exchange produces stronger trust, feelings of commitment to the partner and the relationship, and greater social union perception than negotiated exchange, and that behaviors signaling the partner’s trustworthiness have greater impact on trust in reciprocal exchange. Under these conditions, the risk and uncertainty of exchange provide the opportunity for partners to demonstrate their trustworthiness.

The norm of reciprocity is well suited for exploring why beneficial actions on the part of the organizations might result in beneficial actions on the part of employees and employee representatives promoting the self-reinforcing cycle. For example, Ferrin et al. (2008) have used such a norm as a basis for analyzing how trust perceptions become reciprocated, how mutual trust and mutual cooperation develop over time, and how early levels of perceived trustworthiness and cooperation influence subsequent development of mutual trust and cooperation. Due to its prevalence, Ferrin et al. (2008) state that the norm of reciprocity functions not only to stabilize social relationships, but also as a “starting mechanism” to initiate social interactions in interdependent exchanges (Cialdini 2001; Gouldner 1960). Because the norm of reciprocity is so omnipresent and powerful, and because reciprocal exchange does not include explicit bargaining, a party of a reciprocal exchange who is inclined toward initiating cooperation can do so with the confidence that the counterpart will feel obligated to respond cooperatively (Ferrin, et al. 2008; Cropanzano and Mitchell 2005). The implications of reciprocity are also relevant for the trustworthiness-cooperation spiral, in such that Ferrin et al. (2008) found that cooperation is reciprocated only because of its effect on perceived trustworthiness, and perceived trustworthiness is reciprocated only because of its effect on cooperation. Munduate et al. (2012), and Euwema et al. (2015) apply these principles to organizational relations, showing that investing in relationship building by employers as well as by

employee representatives, starts a cycle of trust development, which often lasts and grows over years. In their different studies this is clearly demonstrated by both parties, stating that they have their formal negotiation tables, however also have many moments of informal exchanges, sharing information, empowering publicly each other position, and consulting each other in delicate matters. Within such social exchange relations, ‘hard’ negotiations are easier to manage and result in more integrative agreements.

Constructively Managing Conflicts in Organizations: Constructive Controversy

A different natural framework to analyze industrial relations in organizations is provided by the *theory of Cooperation and Competition* (Deutsch 1973; 2014; Johnson and Johnson 1989; Tjosvold 1998). However, as mentioned by Garcia et al. in their revision in Chap. 3 in this volume, it has been hardly used in the industrial relations domain. The theory is based on the perceived goal interdependence between parties, so that the extent to which protagonists believe that their goals are cooperative (positively related) or competitive (negatively related) affects their interaction and thus their outcomes. Different implications of the theory related to how to promote a cooperative orientation and the benefits of constructive controversy are an important issue for effective conflict management in organizations.

In the recent review of Tjosvold et al. (2014) and in their contributions to this volume, they explore the intervention strategies in organizations for effective conflict management. The authors define conflicts as incompatible activities rather than incompatible goals and state that incompatible activities occur in both cooperative and competitive contexts. A core element in their proposal of constructive conflict management is that protagonists’ beliefs about whether their goals are cooperative or competitive affect their interaction and thus their outcomes (Tjosvold et al. 2014; Tjosvold et al., Chap. 4 in this volume). In a similar way, Deutsch points out (2014, p. 15): “The most important implication of cooperation-competition is that a cooperative or win-win orientation to resolving a conflict enormously facilitate constructive resolution, while a competitive or win-lose orientation hinders it”. An additional implication of the Cooperation and Competition theory is that it is easier to develop and maintain a win-win attitude when there is social support that comes from coworkers, employers, or the culture of the organization (Deutsch 2014). Therefore, constructive conflict management occurs when people conclude that the benefits from the conflict outweigh the incurred costs, and these benefits are easier to arise when conflicts are discussed openly and skillfully. Tjosvold and colleagues (2014) state that having mutual benefit relationships is the key underlying condition that helps managers and employees discuss their diverse ideas open-mindedly.

The strategy of *constructive controversy* is defined as the open-minded discussion of conflicting perspectives for mutual benefit, which occurs when protagonists express their opposing ideas that obstruct resolving the issues, at least temporarily

(Tjosvold et al. 2014). Indicators of constructive controversy include listening carefully to each other's opinion, trying to understand each other's concerns, or using opposing views to understand the problem better. These skills are considered vitally important for developing and implementing cooperative problem-solving processes successfully and effectively. Deutsch (2014) states that there haven't been many systematic discussions on the skills involved in constructive solutions to conflict, and he proposes three main types of skills for constructive conflict management: *rapport building skills* involved in establishing effective relationships between parties – such as breaking the ice; reducing fears, tensions and suspicion; overcoming resistance to negotiation and fostering realistic hope and optimism – ; *cooperative conflict resolution* skills concerned with developing and maintaining a cooperative conflict resolution process among the parties involved – such as identifying the type of conflict in which the parties are involved; reframing the issues so that conflict is perceived as a mutual problem to be resolved cooperatively; active listening and responsive communication; distinguishing between being involved in establishing effective relationships between parties and positions; encouraging, supporting and enhancing the other; being alert to cultural differences and the possibilities of misunderstanding arising from them; and controlling anger, among others-; and *group process and decision-making* skills involved in developing a creative and productive process – such as monitoring progress toward group goals; eliciting, clarifying, coordinating, summarizing, integrating the contributions of the various participants; and maintaining group cohesion among others.

Tjosvold et al. (2014) and Johnson et al. (2014) also elaborate on the skills that managers and employees have been encouraged to develop in order to facilitate open-minded discussions and constructive controversy. They developed four mutually reinforcing aspects to manage conflict constructively: (a) *developing and expressing one's own view*. Managers and employees need to know what each of the others wants and believes, and expressing one's own needs, feelings and ideas is essential to gain that knowledge. Strengthening expression of their own positions, both parties can learn to investigate their position, present the best case they can for it, defend it vigorously, trying at the same time to refute opposing views. However, expressing one's own position needs to be supplemented with open-mindedness to the others' position; (b) *questioning and understanding others' views*. Listening and understanding opposing views as well as defending one's own views makes discussing conflicts more challenging but also more rewarding, therefore managers and employees can point out weaknesses in each other's' arguments to encourage better development and expression of positions by finding more evidence and strengthening their reasoning; (c) *integrating and creating solutions*. The creation of new alternatives lays the foundations for genuine agreements about a solution that managers and employees can accept and implement. However, protagonists may have to engage in repeated discussion to reach an agreement, or indeed they may be unable to create a solution that is mutually acceptable, and then, they can both learn to become less adamant, exchange views directly and show that they are trying to understand and integrate each other's ideas so that all may benefit; and (d) *agreeing to and implementing solutions*. Managers and employees can learn to seek the best reasoned

judgement, instead of focusing on “winning”; to criticize ideas not people; to listen and understand everyone’s position, even if they do not agree with them; to differentiate positions before trying to integrate them; and to change their minds when logically persuaded to do so. Implications of constructive conflict management in organizations, previously revised, have important practical proposals for participants. These clearly support the well-known tradition of integrative negotiation developed by Walton and McKersie (1965) in their *Behavioral Theory of Labor Negotiations*. The operationalization of constructive controversy is close to the proposal of these authors that integrative agreements are more likely when protagonists freely exchange accurate and credible information about their interests, avoid win-lose behaviors, or argue their own position until they are convinced otherwise. Walton’s emphasis on achieving organizational change by combining cooperative labor-management relations with a strong emphasis on psychological commitment and involvement of individuals reflects the links between integrative and attitudinal sub processes of their theory (Kochan 1991) that has been well developed by subsequent work on constructive conflict management (Euwema et al. 2015). Here, the framework of conglomerate conflict behavior (CCB) is most helpful (Munduate et al. 1999; Van de Vliert and Euwema 1994; Van de Vliert et al. 1995). Through a series of studies combining different conflict behaviors is shown to result in better joint outcomes for both parties. This implies that parties should not only concentrate on problem solving behaviors. Particularly in complex, multi issue conflicts such as labor management negotiations, distributive bargaining is also inevitable. Problem solving combining with forcing, accommodating and compromising behaviors should therefore be recognized as creative and valid behavior (Garcia et al. 2015).

One of the specific challenges in current organizations is the agent role of worker representatives (Munduate et al. 2012). Building trust between management and worker representatives is only one side of effective negotiations. At least as important is the relationship between representatives and their constituents, the employees (Medina et al. 2009). Especially in organizations where more and more direct connections between management and employees have been developed, the dynamics can easily become feeded by distrust (Lewicki et al., Chap. 6 in this volume). A situation in organizations where two parallel processes develop, one where management invests in a direct and trusting relationship with employees, based on social exchange, while the worker representatives are marginalized in their relationships with management and employees. In such a situation, individualized and team relations are using a constructive controversy approach, while in the official dialogue, creativity and constructive controversy is minimized. Most likely, idiosyncratic deals at individual and group level will challenge collective agreements at organizational level, with implications for the development of trust and distrust at different levels (Lewicki et al., Chap. 6 in this volume). The agency theory is an underlying theory to negotiations involving representatives (Eisenhardt 1989). Different studies show the importance of a close relation with the principal parties and the agent, to motivate the agent to fight and negotiate to the limit, without accommodating (Moffitt and Bordone 2005). Particularly, the trust dilemma between principal and agent states that the more the WR – as an agent – is trusted and supported by the

coworkers – as the principal-, the more able the WRs will be to create value through negotiation (Mnookin and Susskind 1999). Creating value in negotiation involves not accommodating but taking a proactive role at the table (Lax and Sebenius 1985). On the other hand, the more the WRs accommodate to the opposing party, the harder it will be for the coworkers to trust and support the WRs (Mnookin and Susskind 1999). As a recent study among a large sample of employers by Garcia et al. (2015) shows, employee representatives gain influence in decision making most, by combining cooperative and competitive behaviors.

A recent study exploring this issue among WRs in an European sample showed that in a competitive industrial relations climate (e.g. Spain, Portugal and Estonia), being close to your coworkers is essential to feel empowered at the negotiation table and that contrary, being close to the management can be detrimental for perceiving support from your coworkers (Munduate et al. 2012). In this context, in which agents are the ones sitting at the table to bargain, the trust from those agents in the other party will strongly determine the team trust in the other team as these attitudes are not independent (Bliese 2000). In other words, this can begin a process of “trust contagion” under trust circumstances or “distrust contagion” under distrust circumstances. The new concept of the Tree of Trust (Lewicki et al., Chap. 6 in this volume), suggests that both processes can take place at the same time: development of trust and distrust between the partners and constituents. Given the strongly changing structures and dynamics of employment relations in today’s organizations, understanding these complex processes of trust and distrust development are at the core of a practice-theory for agents in organizations.

Implications for Future Research

This volume has witnessed the rise of SET as an important lens for analyzing changing industrial relations in organizations, with important implications for expectations of reciprocity, together with the valuable lens of Cooperation and Competition and constructive controversy’s strategies for effective conflict management. In addition to exploring the propositions reflected in our revision, future research might explore issues arising from both analytic frameworks. An important line of research to develop refers to the indicators of social exchange quality in the industrial relations field. To the extent that cooperation predicts reciprocal behaviors over time by fostering a social exchange relationship, the operative question posed by other research areas such as justice (Colquitt et al. 2013; Cropanzano and Byrne 2000) has been the best way to capture that relationship, that is, what are the intervening variables needed to be able to capture the obligatory dynamics at play in exchange relationships. The meta-analysis of Colquitt et al. (2013) in justice research has identified some variables that better capture the quality of social exchange. These include trust, organizational commitment, perceived organizational support, and leader-member exchange. To what extent these variables are mediators between constructive conflict management and industrial relations effectiveness in

organizations, and to what extent the inclusion of more variables to the equation is needed, is something that has been expressed in the debate of the chapters of this volume. This requires further investigation in the field of study.

New developments of the norm of reciprocity for the industrial relations domain are of major interest. An important aspect of the new forms of employment relations is the incorporation of the social exchange dimension to the traditional economic exchange dimension. This involves analyzing the expected reciprocal exchanges that are implicit, that do not require a quid pro quo, that involve intangible and symbolic resources as well as tangible ones, and that occur over an undefined time period. Following Cropanzano and Mitchell's (2005) proposal to explore exchange relationships in addition to forms of exchange, we highlight the necessity to analyze how negotiated and reciprocal exchange can function within the same exchange relationship between management and employees, and how they can function together to increase both parties' outcomes. The studies carried out by Molm (2003, 2013), Lawler (2001), and Lau and Cobb (2010) encourage focusing on the different nature and degree of risk that both exchanges pose for the parties involved in the transaction. Future research could follow up on the predictions of Lau and Cobb (2010) on the effects of relationship conflicts on different forms of trust, how this, in turn, affects the dynamic of reciprocal and negotiated exchanges, and finally how this kind of exchanges affects in-role, extra-role, and attitudinal outcomes of both parties.

Falling between the domain of SET research is also the psychological contract framework, in which the norm of reciprocity plays a core role (Guest 2004). This conceptual framework examines employee reciprocity in terms of contract fulfillment. Employees reciprocate the treatment they receive by adjusting their own obligations to their employer. This framework expands the conceptualization of reciprocity by incorporating a cognitive dimension, the feelings of employees about what are their obligations (Coyle-Shapiro and Kessler 2002). The chapter developed by Guest in this volume makes a great contribution and opens an important research line by proposing the feasibility and utility of the psychological contract to understand expectations of reciprocity at a psycho-social or collective level of contract.

Despite the importance ascribed to mutual trust and cooperation by the chapters of this volume, several critical issues remain largely unaddressed in the domain of the norm of reciprocity. Ferrin et al. (2008) state the necessity to explore the intricate dance that involves the development of mutual trust and cooperation, and how both of them are affected over time by partner's initial moves. Following this suggestion, some critical questions arise in industrial relations research: how trust perceptions become reciprocated between management and employees? How might partner's initial interdependent moves and perceptions of trustworthiness and cooperation affect the nature and evolution of mutual trust and mutual cooperation over time?

Although the norm of reciprocity is argued to be universal across cultures (Gouldner 1960), the degree to which people and cultures apply reciprocity principles varies (Cropanzano et al. 2005). More research is needed to explore expected reciprocities developed between employees and their employing organization in different organizational cultures (Guerra et al. 2005; Medina et al. 2008) and across

national cultures (see Brett 2000; Guina et al. 2012). For example, Martin and Harder (1994) found that Americans tend to assign socioemotional resources equally, while economic benefits were assigned in proportion to performance. However, Chen et al. (2008) found that Chinese managers assigned both economic and socioemotional outcomes in proportion to performance (Cropanzano et al. 2005).

Unfortunately, potential synergies between exchanged-based reciprocity and reciprocation in Cooperation and Competition framework domain remain unknown because scholars tend to choose one framework or the other when planning and executing their work. Organizational science has produced an impressive literature on workplace negotiation and deal making (e.g. Bazerman and Neale 1994; Brett 2014). However, this work has generally not been considered in the light of SET. One explanation for that dearth of integrative work is the relatively recent focus of SET in the field of industrial relations and conflict management. Another explanation, however, is practical. Exchange-based work tends to focus on relationships with institutions, often in the field, often combining qualitative (e.g. interviews or case studies) with quantitative (e.g. surveys measures) methods that reference an extended time period, while scholars from the organizational behavior realm who analyze conflict management in organizations tend to focus on events and occurs either in the field in the laboratory or with experience-sampling methodology studies that focus on the here and short term perspective. This volume provides a path for possible integration.

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