

# 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*

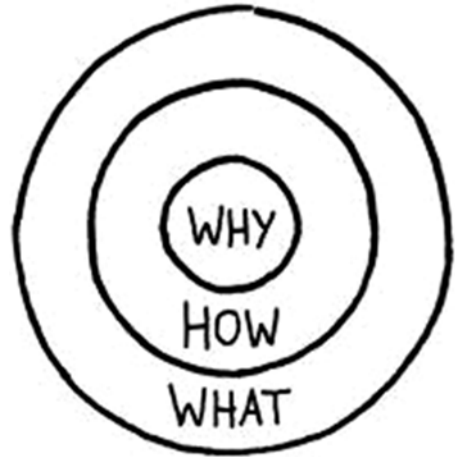
A group session was organized, in which Aukje started with addressing the first goal: an open discussion of the level of trust between management and works council. Aukje asked everybody to stand up from their chair and choose a physical position upon an imaginary line in the room, running from distrust 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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