The Outcomes of Works Councils: The role of Trust, Justice and Industrial Relations Climate.

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Abstract

This paper investigates trust and organizational justice as antecedents of Works Council (WC) effectiveness perceptions, and the moderating role of industrial relations climate on this relationship. A two-year longitudinal study of Works Council participants in two UK organizations (a Housing Association and a Professional Services firm) was undertaken. Results show positive significant relationships between both trust and organizational justice and WC outcomes of WC performance, WC usefulness, and outcome satisfaction. Industrial relations climate is found to moderate the relationship between justice and WC performance, WC usefulness and outcome satisfaction.

Introduction

Works councils are one of the most common forms of representative participation in the workplace (Van Wanrooy et al, 2013; Rogers and Streek, 1995). Works council representatives in non-union organisations provide the main form of employee representation in such firms (Charlwood and Terry, 2007). Interest in WCs in the UK has recently been boosted by the introduction of further legal regulation via the *Information and Consultation of Employees (ICE) Regulations* 2004 based on the EU's 2002 Directive. The Regulations have been phased in with organizations with more than 150 employees having to comply from April 2005 and for those with more than 50 employees from April 2008. The ICE Regulations represented a considerable development in a hitherto largely

voluntarist framework for joint consultation in the UK. They provide further statutory rights for employees to be informed and consulted about matters in the business for which they work. The early research on the impact of the ICE Regulations suggests that consultation practice is still "evolving" (Hall et al., 2013), but senior managers are engaging seriously with the regulations and interest in WCs has been enhanced. The impact of the ICE Regulations in non-union organisations in supporting systems of employee involvement appears to have been rather less effective (Culliane et al., 2014) and "shallow" (Dundon, et al., 2014: 36).

Despite a relatively longstanding and well developed literature on joint consultation we know rather less about what makes a WC effective, in part because little attention has been paid to the key processes that make such bodies more or less successful. WCs have long been seen as being *capable* of making an efficiency contribution to the performance of advanced industrial economies by improving productivity and the efficacy of firm regulation (Rogers and Streek, 1995:4), but evidence on WC effectiveness is still scarce and in some areas contentious. For example, there is a considerable debate about the employment and wage impact of works councils with some (Addison and Teixeira, 2006) finding a negative impact on employment growth and a positive impact on wages (Addison et al., 2010) whilst others (Jirjahn, 2010) report a positive growth effect of works councils.

In this paper we seek to address the role of trust, justice and industrial relations climate (IR climate) in helping explain the effectiveness of WCs. In doing so we seek to address some of the as yet unanswered questions from the WC literature. For example, we address the research agenda-setting questions posed by Kessler and Purcell, (1996: 680) namely "What makes some joint bodies successful while others are less so?" and Fenton-O'Creevy's (1998:

68) question "What makes the difference between effective employee involvement programmes and those that fail to achieve their objectives?"

Drawing on a two-year longitudinal study of the participants of WCs in two UK organizations who introduced WCs as a result of the ICE Regulations (a Housing Association and a multi-national Professional Services firm), we contribute to the literature on WCs in three ways in this paper. First, we examine important WC outcomes such as the participants of WCs satisfaction with WC outcomes; their perceptions about the usefulness of the WC; and their perceptions of the performance of the WC, all of which have been rather neglected in the literature. Second, although there are now well developed literatures on the impact of both trust (Colquitt et al., 2007) and justice (Greenberg, 1988) on organisational performance in a wide range of work and other contexts, in comparison there are only a few studies in a works council/employee involvement context on trust (Timming 2006; 2007; 2009; 2012). In this series of papers Timming draws mainly from interviews with employee representatives and union delegates (2006; 2009) and a secondary analysis of WERS data (2012). We go beyond these studies by drawing on primary data from both managerial and employee representatives on works councils and that this is the first study we can find to examine the consequences of organisational justice in a WC context. Third, in order to provide a more complete understanding of the role of trust and justice on WC outcomes, we address a need for work on the boundary conditions of the trust/justice →WC outcomes relationship. Here we examine under what conditions trust and justice have their greatest impacts on WC outcomes by examining how industrial relations climate (IR climate) moderates the trust/justice → WC outcomes relationship.

The paper begins with a brief review of the literature on WCs and in particular focuses on those studies that consider the effectiveness of WCs. Second, we develop the theoretical

framework and hypotheses for the study by reviewing the trust, justice and IR climate literatures. Third, we report the case contexts and methodology employed. Fourth, we report the findings and conclude by discussing the implications for theory development and WC practice.

WC Effectiveness and Outcomes

Several attempts have been made in the literature to assess the effectiveness of joint consultation. Hyman (1997) argues that for employee voice to be effective it must have efficacy, legitimacy and autonomy. However, these are very broad and general terms and all are difficult to operationalise in a quantitative empirical study. Our interest in this paper is with efficacy and involves identifying and assessing important WC outcomes. As such, although there is an extensive literature on WCs, there is no widely accepted criteria of what constitutes their effectiveness; what the important WC outcomes are; and what factors, and in what way, influence those outcomes. This section will highlight a relative gap in the joint consultation literature in terms of a lack of an accepted conceptualisation of WC effectiveness. One reason here is that in order to address the question of effectiveness we must also ask the subsequent question of effective for whom?

Works Council effectiveness - evidence from the literature. Early studies examined managers', stewards and employee attitudes to consultation in both unionised and non-union companies (Marchington and Armstrong 1983; Broad, 1994). Studies were motivated by a "renaissance of consultation" debate (MacInnes, 1985:93) in the post-war period and the "Japanisation" debate as Japanese-owned manufacturing plants spread across the globe and especially to the UK. Broad's study of a Japanese owned firm in the UK found the

development of a "consensus culture" problematic for the effectiveness of joint consultation. Marchington (Marchington and Armstrong, 1983; Marchington 1987) in a series of studies examined some of the common critiques of joint consultation, that it was ineffective because of its focus on trivial issues, a management con in that it was a "tool for management control", and only likely to succeed where unions were weak and unorganised. Findlay's study (1993) found that employees in general were uninterested and widely critical of the operation of their representative works councils. These were often characterised as "un-influential" by managers. Terry (1999) reviewed systems of collective representation in non-union firms in the UK, using secondary case-study data. He concluded that they generally achieve little and they are viewed by managers and employees with considerable cynicism and disenchantment. The conclusion was that these systems are a fragile and ineffective method of representing employee interests. The main problems that were identified had to do with inadequate information, employees feeling ignored by management and a general lack of impact.

Later studies also offer little support for joint consultation effectiveness. Markey (2007), in an Australian study, evaluated the effectiveness of a works council, in terms of its representativeness, independence, expertise and accountability to employees. The findings were that the works council had no co-decision-making powers and no statutory basis. The four factors used in the study to evaluate effectiveness can be seen as assessing how effective the WC *processes* are, but the research offers little by way of contribution in terms of assessing the *outcomes* of a WC. Dundon et al.'s (2014) work comparing Works Councils in the Republic of Ireland and Northern Ireland, investigated what impact the Information and Consultation (I&C) Directive has had in the sharing of decision-making powers between employers and employees. They found that employers have shaped the

macro-level I&C processes in such a way that largely excludes employees from shared decision-making.

Haynes et al. (2005), drawing on the New Zealand Worker Representation and Participation Survey 2003, in their evaluation of WC effectiveness found that representatives associate effectiveness with levels of influence over decision-making and improving quality and contribution of ideas. They found that New Zealand workers report greater influence over workplace decision-making compared to their UK and US counterparts. Holland et al. (2009), drawing on responses from the 2004 Australian Worker Representation and Participation Survey (AWRPS) found that WCs are viewed as an effective form of employee voice. In this study employee representativeness and methods of selecting representatives were used as antecedents of WC effectiveness. WCs where representatives were selected by management were characterised as less effective. It can be argued here that although representativeness and selection methods can be important when assessing the WC processes, they do not ensure an effective WC. A WC with elected representatives can still be perceived as ineffective if it does not produce any outcomes. It is worth noting that as with the majority of studies, the authors assess WC effectiveness from only an employee perspective. Pyman et al. (2006), drawing on data from responses from the same survey (AWRPS, 2004), compare the effectiveness of voice mechanisms in terms of managerial responsiveness to employee needs, perceived job control and perceived influence over job rewards.

Most recently, Hall et al. (2013), drawing on evidence from longitudinal case studies in 25 organisations, assessed the effectiveness of I&C bodies. The evaluation was based on whether these bodies effectively consult on strategic business issues and major organisational change. They then place these bodies in one of three categories depending on

their level of consultation: 'active consulters', where there is consultation on strategic organisational issues; 'communicators' that use the I&C body essentially for communication purposes typically involving only 'housekeeping' matters; and "defunct committees" where meetings are rare and often cease altogether fairly quickly.

The study found only a significant minority to be 'active consulters' and conclude that the impact of I&C bodies on consultation depends substantially on managerial choices and behaviour. Specifically they argue that consultation requires a willingness from management to use the I&C body as a consultative forum for strategic organisational issues. However, they do not specify in detail how this willingness to consult is formed. Why would management not be willing to consult with I&C bodies on strategic issues? What are the factors that influence this willingness? Answering these questions can provide a greater understanding of management's motives when deciding their level of interaction with I&C bodies. Understanding the factors that influence management's decision to consult with WCs and directly addressing them, can potentially lead to a more effective WC operation. Although a number of different factors are examined in the studies above, such as influence in decision making and training, there is little detailed theoretical explanation of the results. For example, why is there limited influence on decision making in these committees? What are the underlying factors that lead to lack of influence? Effectiveness is seen from different levels (i.e. influence over decision-making, representativeness, independence) and different perspectives, typically the employees', depending on the aims of each study and it seems that there is no general agreement on a wider definition of WC effectiveness. In part this can be expected given that a pluralistic frame of reference from industrial relations theory would suggest that effectiveness depends on which "side" (management –workforce) you represent on the WC. A pluralistic frame of reference recognises that the buyers and sellers

of labour have divergent interests and thus differing views on what constitutes effectiveness in a WC.

In sum, we agree with Terry who speaks of "elusive data concerning the effects of such systems" (Terry, 1999: 27). We argue below that trust and justice can serve as underlying factors that can provide an explanation for WC outcomes.

Conceptualising WC effectiveness. Taking into consideration both management and the employee representatives' perspective, WC effectiveness is conceptualised in this study in terms of three outcomes. These are: (a) its usefulness, participants' perceptions of the usefulness of the WC for the company *and* the workforce; (b) its performance, participants' perceptions of the level of the WC's productivity, quality, effectiveness and interpersonal relationships; and (c) the representatives' satisfaction with WC outcomes. These are identified in this study as important WC outcomes as they capture the key aspects of a WC's operation.

The rationale of this choice is twofold. First, in an effort to capture perceptions of effectiveness from both perspectives (management and employees), the terms had to be general and broad enough to capture perceptions from both sides. For example, an important outcome that has been examined in previous research is employees' influence in decision-making. However, this might not be considered an important WC outcome from a management perspective. Instead, downward communication might be perceived as more important for management. This can be avoided by using terms with a more general definition (i.e. usefulness) that can be used when looking at both the employee and management perspective. All of the above constructs have this characteristic. Second, in

order to acquire a more holistic view of WC effectiveness, factors to be examined should not only be focused on behavioural, attitudinal and procedural outcomes but also organisational ones, from both the employee and the management perspective. WC performance is considered such an outcome. A WC is an employee voice and participation mechanism but is also a management tool. As such, its usefulness for the workforce and the organisation should be an important outcome and an important factor of WC effectiveness. Outcome satisfaction has been found to contribute to positive organisational perceptions (Pfeffer and Langton, 1993) and is expected to be an important WC outcome. It is expected that WC participants who are satisfied with the outcomes, whether those are involvement in decision-making for the employees or open communication for management, will perceive the WC as effective.

Trust and WCs

Interpersonal trust in work relationships has been consistently shown to positively relate to a range of productivity related behaviours and outcomes, such as individual group level performance, as well as work-place cognitions and attitudes, such as job satisfaction and acceptance of decisions (Dirks and Ferrin, 2001). Rogers and Streek (1995:4) have argued that WC's are a potential mechanism to increase the level of trust between managers and workers and in so doing increase both parties willingness to engage in co-operative behaviours.

Kessler and Purcell (1996) found high levels of trust in successful joint working parties. Driscoll (1978) examined employees' engagement in voice mechanisms and found that individuals' trust in organisational decision-makers was among the two aspects that

predicted satisfaction – the other being the individuals' participation in decisions. From a management perspective, Spreitzer and Mishra (1999) examined how managers could involve lower level employees in decision making (mainly about their own job) without losing control and without being taken advantage of by employees' own interests. Adopting Mayer et al.'s (1995) argument that risk taking requires trust and situational factors that minimise the level of perceived risk, Spreitzer and Mishra (1999) found that senior managers' decisions to engage with their employees in employee involvement was influenced by employees' trustworthiness, as it reduced managers' perceived vulnerability. Furthermore, when managers decided to involve employees, organisational performance was enhanced.

Other research has supported a positive association between trust and attitudes, behaviours, perceptions and performance outcomes (Dirks and Ferrin, 2001). Elangovan and Shapiro (1998) report how the breach of trust in the workplace is both common and often opportunistic (1998). Research has found a positive relationship between trust in the immediate manager and job and task performance (Aryee et al., 2002).

Research focused on the effects of trust on WC outcomes is scarcer. Kerkhof et al., (2003) found that higher trust in managers is associated with members who think WCs to be influential, with fair decision-making procedures and quality treatment by managers. Timming (2009) examined the dynamics of cross-national 'horizontal' trust between employee representatives of a European WC and found that weak trust relations among them mainly stem from competitive employment pressures and unequal power relations within the forum. Timming's (2006; 2007; 2009) series of studies emphasises the importance of trust for the smooth operation of a WC and discusses the prospects of building trust via reflexivity and learning. Whitall (2000) studied trust between German and

UK employee WC representatives in a challenging context, the threat of plant closure, and found that the frequency and depth of contact between representatives and "cultural differences" training increased trust levels.

Beaumont et al. (2005) argue that 'historical baggage', as they call the nature of the historical relationship between employees and management, is one of the factors influencing the nature of trust and how it is shaped and perceptions and expectations of the worth of consultative arrangements. Even though they recognise that this 'baggage' and the way it influences perceptions of the value of a WC are different, they believe that the reputations and stereotypes that emerge from historical experience and create trust pre-dispositions, will be influential. McAllister (1995) argues that in order for managers to assess their peers' trustworthiness, or in this case the employee representatives' trustworthiness, they will consider and evaluate their track record. Dietz and Fortin (2007) term this 'pre-voice history'. Managerial attitudes are often seen as important to the existence of highly developed employee participation practices (Millward et al., 2000), suggesting that high level trust relationships between management and employees underpin such practices (Gollan and Wilkinson, 2007).

McKnight et al. (1998) state that an individual assesses a situation as trustworthy if they believe that it is bounded by safeguards. Similarly, Beaumont et al. (2005: 95) talk about "establishing the ground rules of consultation". They argue that developing and ensuring a clear understanding of the process of consultation can create a trusting relationship between WC participants, which has the potential to lead to effective consultation. Beaumont and Hunter (2007) examine the impact of inter-party differences and relationships on consultation and identify trust as vital to consultation's long-term mutual benefits. Similarly, Gollan and Wilkinson (2007) recognise that a high level of trust relations is needed to

underpin effective consultation. Timming (2007) found that employees' low trust in management led them to believe that the managerial strategy towards information and consultation was designed with the aim of evading their [management] responsibilities to inform and consult. Beaumont et al. (2005) argue that trust should be present for joint consultation to work effectively. Hammer (1997: 9) has suggested that the effectiveness of such programmes is dependent on "the goodwill, trust, and power relationship between the parties".

Based on the above discussion, the following relationship is expected:

Hypothesis 1: Trust is positively associated with (a) WC usefulness, (b) WC performance, and (c) outcome satisfaction.

Justice and WCs

Millward et al. (2000) examine the relationship between voice and employees' perceptions of management responsiveness and fairness. Specifically, they examined whether the expression of employee voice is related to a greater degree of fairness on the part of management (Millward et al, 2000: 132). They found that a dual-channel (representative and direct voice) arrangement was perceived as more important in promoting fair treatment in the workplace. In this case justice is an outcome of voice arrangements.

The positive effects of justice on outcome satisfaction have been supported by several studies (Folger and Konovsky, 1989; Lowe and Vodanovich, 1995; McFarlin and Sweeney, 1992; Sweeney and McFarlin, 1993), while justice was positively associated with organisational performance in Greenberg (1988). Folger and Konovsky (1989) examined the impact of distributive and procedural justice on employee's reactions to pay raise decisions

and found that distributive justice accounted for more variance in satisfaction with pay, while procedural justice contributed to organisational commitment and trust in the supervisor. Similarly, Lowe and Vodanovich (1995) found distributive justice to have a stronger effect on employee satisfaction and commitment.

From a behavioural perspective, the importance and positive effect of justice in shaping cooperation have been highlighted by Pfeffer and Langton (1993). A great deal of research has examined the effects of justice on behavioural, attitudinal and organisational outcomes. Social exchange theory is usually used to explain such a relationship (Blau, 1964). Social exchange involves imperfectly specified terms and a norm of reciprocity, such that discretionary benefits provided to the exchange partner are returned in a discretionary way in the longer term. Employment relationships can be seen a possessing the characteristics necessary for social exchange. Organizational justice has been found to be the "employers" side of a social exchange with employees reciprocating through high levels of discretionary effort and increased performance (Moorman, 1991). Thus two meta-analytic studies of organizational justice confirm the relationship between justice and measures of performance (Cohen-Charash and Spector, 2001; and Colquitt et al, 2001).

Though we could not find any studies about justice and its effects in a WC context, it is likely that justice will have similar effects to the ones found in studies linking positive organisational justice perceptions with outcome satisfaction (e.g. Folger and Konovsky, 1989), performance (Greenberg, 1988), and cooperation (Pfeffer and Langton, 1993).

Such effects are plausible in a WC context and therefore, the following relationship is expected:

Hypothesis 2: Justice is positively associated with (a) WC usefulness, (b) WC performance, and, (c) outcome satisfaction.

IR climate

A workplace may be seen as having a particular IR climate, defined in terms of the degree to which relations between management and employees are seen by participants as mutually trusting, respectful and co-operative (Hammer et al., 1991). There is a considerable debate on the impact of IR climate on economic outcomes in the workplace (Addison and Teixeria, 2009). The IR climate in a workplace may be more or less cooperative or adversarial, and this is likely to have implications for the operation of WCs. A positive, cooperative IR climate may be associated with participants' feeling comfortable about working in partnership with their employee/management counterparts on the WC and valuing the useful role a WC can play in the organization. In contrast a negative, adversarial climate is more likely to be associated with participants feeling that the organisational and employee objectives on the WC are inconsistent, so that they must choose to side with one or the other.

There have been studies of organisational or workplace-level IR climate as an antecedent of organisational or workplace-level outcomes (Deery and Iverson, 2005). In some studies this has involved single-respondent (managers or union officials) assessments of organisational IR climate and organisational performance, finding positive associations between climate and performance (Wagar 1997). Others have used employee assessments aggregated to the workplace level, resulting in positive associations between workplace-level IR climate and workplace-level organisational commitment (Deery and Iverson, 2005).

There is reason to believe that IR climate may influence WC outcomes. Several US studies have found a positive relationship between IR climate and union/organization commitment (Angle and Perry, 1986). This may reflect a credit or cognitive consistency effect, whereby in a positive IR climate individuals may be comfortable committing to both organization and unions/employee associations, who share the credit for the favourable climate. In contrast, Deery et al. (1994), in a study of Australian public sector workers, found a negative relationship between IR climate and union commitment. This may reflect a stronger felt need for union representation and protection in a negative, perhaps threatening, work context. In a more recent study, Snape and Redman (2012), in a multi-organisation sample from North East England, treated IR climate as a workplace-level variable and found a negative association between IR climate and union commitment.

Contextual variables, such as IR climate, can moderate the perceptions of and reactions to justice (Colquitt et al., 2005) and trust. Social information processing theory (Salancik and Pfeffer, 1978) also suggests that contextual variables have a significant influence on work related attitudes. The theory argues that the social environment can influence attitude judgements (such as trust and justice judgements) directly or indirectly through perceptions and standards (Salancik and Pfeffer, 1978). Fuller and Hester (1998: 174) argue that based on this theory, the type of industrial relations climate (cooperative or adversarial) "union members encounter in the workplace should affect their attitudes and behaviours, so union participation models would be enhanced by viewing labour relations climate as a moderator rather than an antecedent or an outcome of specific variables". Equally, we would expect a similar enhancement to the trust/justice – WC outcomes model.

As trust and justice perceptions are not formed in a vacuum but within a specific organisational environment, it is expected that IR climate will act as a moderator, affecting

the relationship between trust, justice and WC outcomes. Baron and Kenny (1986: 1174) explain that "a basic moderator effect can be represented as an interaction between a focal independent variable and a factor that specifies the appropriate conditions for its operation". In this case, the independent variables would be trust and justice and the factor specifying the appropriate conditions would be the IR climate. Given the conflicting results from several studies (discussed above), with the "credit effect" suggesting a positive relationship between IR climate and union commitment, and the "threat effect" involving a negative one, we offer no directional hypotheses on the effect IR climate will have on the trust/justice and WC outcomes relationship (Snape and Redman, 2012).

Instead we specify the following research question:

Will IR climate moderate the relationship between trust, organisational justice and the WC's outcomes?

The direct and moderated effects discussed above are illustrated in the conceptual model shown in Figure 1 below.

(Insert Figure 1 here)

Methodology

The data reported in this study were drawn from the WCs of two UK-based organisations; a Housing Association and a Multi-national Professional Services firm. Both organisations do not recognise a union in their workplace. The Housing Association's WC (the ECC) was created in 2008 with a purpose of being the formal consultation mechanism between employees and management, and a forum for information sharing. The multi-national Professional Services firm created their UK-wide WC (the NICF) in 2005 and it was re-vamped in 2009. Its purpose was to strengthen the information and consultation process

between the company and its employees. For anonymity purposes, the names of the companies and their WCs are kept confidential.

Sample

Participants (management and employee representatives) from both WCs were used as sample for the survey. This involved surveying the complete population of the WCs –with the exception of staff serving as administrators for the meetings. A self-completion paper questionnaire was distributed to participants (a maximum of 4 management participants for each meeting at NICF and 3 at EEC, and 15 and 8 employees' respectively) at the end of each WC meeting. The questionnaires were distributed personally to each participant at the close of the meeting by one of the authors. The large majority of surveys (95%) were collected from individuals at the meeting with the remainder posted back to the researcher. There were a potential total of 161 possible responses but WC members did not attend all meetings. In total, 109 surveys were received, 82 came from employee representatives and 27 from management across the 5/6 waves. The responses were gathered over a period of five meetings for NICF and six meetings for the ECC and aggregated for the analysis here. The employee/management split is fairly typical for WCs, as management representatives are usually much smaller in number than employee representatives. The sample's mean age was 40.99 years, with an average of 2.72 years as representatives (employees and management), with 45% being women.

Measures

Unless otherwise mentioned, responses were on a five-point scale from "Strongly disagree" (=1) to "Strongly agree" (=5). All items are shown in appendix 1.

Justice perceptions. The respondents were asked to assess the committee's overall fairness using 2 items adapted from Kim and Leung's (2007) overall justice scale. Items were revised by changing the referent from organisation to committee.

Trust. To measure trust, Gillespie's (2003) ten-item behavioural trust inventory was employed. It provides a valid and reliable measure that is applicable to leader-member and also to peer relationships. In this case it is used to measure participants' co-committee counterparts. Respondents were asked "When answering the following questions, we'd like you to think of your 'counterpart' group on the committee (i.e. managers, please think about the staff-side representatives; staff-side representatives, please think about managers). How willing are you to…." This scale was chosen because it taps the decision, or not, to trust the other party after having assessed their trustworthiness and carries more weight than just the belief that they are trustworthy (Dietz and Den Hartog, 2006). Responses were on a five-point scale from "Not at all willing" (=1) to "Completely willing" (=5).

Industrial relations climate. Industrial relations climate was assessed using Deery and Erwin's (1999) eight item scale based on Dastmalchian's (1986) original 'harmony' dimension of IR climate.

Committee performance. As there is no past research (to our knowledge) that has employed quantitative data to measure WC performance, a four-item scale was developed to measure the committees' performance. Given the difficulty of acquiring specific WC outcomes the items were developed with the aim of accounting for the most important aspects of

performance perceptions of WCs. Thus, respondents were asked to rate the performance of the committee in terms of the following: "Productivity", "Quality", "Effectiveness", and "Overall interpersonal relations among the committee members". Responses were on a five-point scale from "Very low" (=1) to "Very high" (=5).

Committee usefulness. A two-item measure was developed for this study to assess the committees' usefulness. The items were chosen to capture perceptions of usefulness from an employee and the organisation's perspective. Responses were on a five-point scale from "Not at all" (=1) to "Very" (=5).

Outcome satisfaction. The outcome satisfaction scale was designed to give participants the opportunity to assess three outcomes of each committee meeting and also specify the outcome. For each outcome respondents were asked: How satisfied are you with this outcome? How fair is the outcome? It was designed to capture salient outcomes from each meeting, in an effort to identify outcomes that are perceived as most important by WC participants. Responses were on a five-point scale from "Not at all" (=1) to "A great deal" (=5).

Analysis

We first estimated a measurement model for the trust, justice, and IR climate scales used in our study using Mplus (version 7). The hypothesised 3 factor model provided a modest overall fit (χ^2 = 552.476; d.f. = 167; RMSEA = 0.146; CFI = 0.666; SRMR = 0.104). All indicators loaded significantly ($p < 0.001$) on their latent variables. A single-factor model provided a poor-fit (χ^2 = 1344.539; d.f. = 190; RMSEA = 0.237; CFI = 0.000; SRMR = 0.292) with a significant deterioration in chi-square relative to the hypothesised model

(change in χ^2= 1109.506; change d.f. = 362). We also found a significant deterioration in chi-square relative to the hypothesised model for a 2 factor model with IR climate and justice as one factor and trust (χ^2= 691.576; d.f. = 169; RMSEA = 0.169; CFI = 0.547; SRMR = 0.111). Second we tested the study's hypotheses by moderated regression in SPSS (version 22). We tested for multicollinearity finding the highest Variance Inflation Factor (VIF) 1.554 and lowest tolerance level for any variable to be .643. The indices for these two diagnostics vary across authorities but conservative rules of no VIF above 5 and no tolerance below .2 suggest that multicollinearity is not a problem with this data. We mean-centred IR climate, trust and justice variables for the moderation analysis.

Findings

Means, standard deviations, correlations and alphas are shown in Table 1. All reliabilities were above .7, indicating the adequacy of the scales used (DeVellis, 2003). Of the control variables, gender was coded female =1, male =0.

(Insert Table 1 here)

Hypotheses (1-2) and the research question were tested using moderated regression, with justice and trust as the independent variables and WC usefulness, and WC performance, outcome satisfaction as the dependent variables. Control variables (forum tenure, gender (female) and age) were entered in Step 1, followed by justice and trust at Step 2 and interaction terms at Step 3.

According to the results shown in Table 2 below, trust was significantly related to WC performance [.36**], outcome satisfaction [.35**] so that Hypothesis 1 was supported for

all but WC usefulness [.12]. Justice was significantly related to all WC outcomes (WC usefulness [.35***], WC performance [.29**], and outcome satisfaction [.24*] providing support for Hypothesis 2.

The IR climate − justice interaction was significant in the WC performance [-.22*], WC usefulness [-.35***] and outcome satisfaction [-.31**] regressions. The IR climate − trust interaction, on the other hand, was not significant in any of the regressions.

(Insert Table 2 here)

For all the significant interactions, the coefficients were negative. Following Aiken and West (1991), the interactions were plotted by using justice perceptions one standard deviation above and below the mean for high and low values, respectively and IR climate at one standard deviation above and below the mean for 'high IR climate' and 'low IR climate', respectively. These interactions are provided in Figures 2, 3, and 4, and demonstrate the stronger relationship between justice and WC performance, WC usefulness and outcome satisfaction in adversarial ('low') IR climates. These interactions associate a negative ('low') IR climate with the steeper slope.

(Insert Figures 2, 3, 4, here)

Discussion and Conclusions

Trust. It was expected that trust is a positive predictor of WC outcomes. The results support this hypothesis (H1) for all WC outcomes, except WC usefulness. These results are consistent with Kerkhof et al. (2003) in terms of the positive link found between trust and works council members' perceptions of its influence. The findings are also consistent with

studies examining the relationship between trust and job and task performance (Dirks and Ferrin, 2002). Additionally it provides support to researchers examining WCs, suggesting that trust is an important antecedent of a WC's effectiveness (i.e. Beaumont and Hunter, 2007; Dietz and Fortin, 2007; Timming 2006).

What is interesting is that, although trust predicts WC performance, it does not predict WC usefulness. This result is perhaps not surprising if one considers that usefulness is more concerned with practical and less with behavioural or relational issues within a WC. It is probable that participants can distrust their counterparts and still consider an outcome of the committee more or less useful.

Justice. Consistent with research strongly linking justice with organisational outcomes, discussed in detail in this paper, it appears that justice influences WC outcomes as well. It was hypothesized that justice is a positive predictor of all three WC outcomes. The results support this hypothesis (H2). Justice has a significant positive effect on all WC outcomes, and a stronger effect than trust (Table 2). Taking into account the areas covered by organisational justice (perceptions of fairness concerning distribution of outcomes, processes regarding decision-making, information sharing and interpersonal treatment), this is not surprising. A WC has its own outcomes, decision-making processes, information sharing policies, and representatives that interact at a regular basis and form relationships. It is reasonable to expect that perceptions of fairness will influence representatives' views of the WC's effectiveness; and this is supported by the findings of this study.

Overall, similarly to studies that link justice to organisational performance and outcome satisfaction (e.g. McFarlin and Sweeny, 1992; Greenberg, 1988), it is also indicated by our results that fairness perceptions have a positive effect on outcome satisfaction and performance within a WC environment. From a social exchange theory perspective, it seems

that when the WC is perceived to operate in a fair way, participants reciprocate with increased effort to make the WC effective (Moorman, 1991; Colquitt et al., 2001).

IR climate. Drawing on literature suggesting that contextual variables can act as moderators to attitudes and behaviours, the effects of IR climate were examined. Our moderation research question was based on the argument that IR climate can create conditions under which justice and trust have a greater impact on WC outcomes. The results partially support these predictions with those for justice, but not trust, all being significant (table 2).

In terms of the direction of the interaction, the evidence supports a negative interaction between IR climate and justice for WC performance, WC usefulness and outcome satisfaction. Figures 2, 3, and 4 illustrate several interesting findings. First, they suggest that at high levels of justice, individuals in adversarial IR climates report higher levels of WC outcomes than do individuals in cooperative IR climates. However, when the level of justice is low, individuals respond more negatively in adversarial IR climates than in harmonious IR climates. This requires an explanation.

Given that procedural and informational justice (Deery and Iverson, 2005) contribute to the creation of a cooperative IR climate, it is safe to assume that a harmonious IR climate would be possible if justice were present in the relationship between employees and management. Thus, the presence of justice would be a given within a cooperative IR climate and as such WC participants would not rely as much on their justice perceptions to make sense and evaluate WC outcomes. Although justice plays a role in harmonious IR climates, its presence or absence has a less profound effect. On the contrary, this effect is greater in adversarial IR climates because of the lack of justice. In such environments, participants will try make sense of and evaluate the WC outcomes in terms of their justice perceptions

(i.e. fair procedures were followed in this instance and that is why a positive outcome was achieved).

One can also argue that the IR climate can be adversarial in more challenging meetings, where the issues discussed are of greater impact and importance to employee representatives. This being the case, figures 2 – 4 show that in such climates, when the meetings are characterised by high levels of justice perceptions, then the meeting itself is perceived to be successful. In other words, when challenging issues are discussed (adversarial IR climate) in an atmosphere with high justice, participants perceive the WC as effective.

Overall the findings suggest that justice and trust act as strong antecedents for WC outcomes and that justice is a stronger predictor of all WC outcomes than trust. Additionally, it appears that an adversarial IR climate creates the appropriate conditions for some of the relationships to be stronger; namely, justice and WC performance, WC usefulness and outcome satisfaction. Since this is the first study to examine both the effects of trust *and* justice on WC outcomes and the role of IR climate as a moderator of those effects, further research is required to provide more support and a more complete understanding of the relationships found here. Furthermore, the results showing justice having a stronger impact on WC outcomes than trust should encourage more research into the effects of justice in a WC and similar employee involvement contexts. Research that examines the antecedents of trust and justice in a WC context would be very useful to identify why participants trust each other and feel fairly treated. Equally research that examines the impact of trust and justice on the wider employee population, i.e. non-WC representatives, and WC outcomes would be valuable.

Although literature has examined the role of IR climate as a moderator in organisational settings, studies have focused mostly on its role in unionised environments and its impact on union and organisational commitment. As the results suggest, the effect of IR climate may be particularly salient in non-unionised environments. Future research could investigate this moderating effect and whether the direction of the relationship corroborates this study's findings.

Our findings must be interpreted in light of the limitations of the study. First, all our measures were taken from a questionnaire, raising the possibility that common method variance (CMV) may influence our findings. Our finding that a one-factor model provided a poor fit to the data suggests that CMV does not look to be a serious problem that invalidates the findings (Podsakoff, et al, 2003). Second, one of our main contributions was on the analysis of interactions, suggesting that CMV is not a concern here. A recent methodological study demonstrated that interaction effects are not artifacts of CMV, and concludes: "…we emphasize that empirical researchers should not be criticized for CMV if the main purpose of their study is to establish interaction effects. On the contrary, finding significant interaction effects despite the influence of CMV in the data set should be taken as strong evidence that an interaction effect exists" (Siemsen et al., 2010: 470). Second, although analytical generalizability is possible, the fact the sample comes from one country and from two organisations, means there is a need for replication of the findings in different contexts. Cross-cultural comparative studies could be especially valuable in this area.

Despite these limitations, this study has several strengths that contribute to moving the debate over WC effectiveness forward. Specifically, so far the WC literature has suggested that relationships are important in determining the effectiveness of a WC and identified trust as one important factor shaping those relationships. Our empirical study adds to this

knowledge by proposing and testing not only trust, but also organisational justice and IR climate as determinants of those relationships. The significance of these determinants on WC effectiveness has been demonstrated throughout this study's findings. By including organizational justice in this study we have added another conceptual "lens" to aid our understanding of the WC process.

Appendix: Measurement of variables
Trust
Rely on your co-committee members' work-related judgments?
Rely on your co-committee members' task-related skills and abilities?
Depend on co-committee members to handle an important issue on your behalf?
Rely on co-committee members to represent your interests accurately to others?
Depend on your co-committee members to back you up in difficult situations?
Share your personal feelings with your co-committee members?
Confide in your co-committee members about issues that are affecting your work?
Discuss honestly how you feel about your work, even negative feelings and frustration?
Discuss work-related problems or difficulties that could potentially be used to disadvantage you?
Share your personal beliefs with your co-committee members?
Justice
In general, I am fairly treated in this committee.
All in all, this committee treats me fairly.
IR Climate
Employees and management work together to make this a better place in which to work.
Employees and management have respect for each other's goals.
The parties in this organisation (employees and management) keep their word.
In this organisation, joint management-staff committees achieve definite results.
There is a great deal of concern for the other party's point of view in the staff-management relationship.
In this organisation, joint consultation takes place in an atmosphere of good faith.
A sense of fairness is associated with management-staff dealings in this organisation
Outcome satisfaction
How satisfied are you with this outcome?
How fair is the outcome?
WC usefulness
How useful was today's meeting to the workforce?
How useful was today's meeting to the company?

Note
The data in this paper are drawn from the PhD thesis of the first author. The conceptualisation of Trust in this paper owes a debt to Graham Dietz whose research centred on organizational trust. Graham sadly died on 20th December 2014 before this article was published. We will miss our lively, enjoyable and always informative discussions with Graham on the nature and importance of trust in the workplace.

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Table 1: Means, standard deviations, reliabilities, and correlations among the study variables

Variable	Mean	Standard deviation	1	2	3	4	5	6	7	8	9
1. Forum Tenure	2.95	1.09	--								
2. Female	.48	.50	.21**	--							
3. Age	41.13	10.01	.10	-.12	--						
4. IR Climate	3.66	.66	.00	-.36***	.02	.90					
5. Justice	4.45	.72	.01	-.14	.19	.32***	.97				
6. Trust	3.81	.56	-.08	-.31**	-.09	.56***	.37***	.87			
7. WC Performance	3.51	.72	.03	-.31**	.12	.65***	.35***	.42***	.85		
8. WC Usefulness	3.98	.87	.07	-.09	-.01	.42***	.36***	.21*	.49***	.76	
9. Outcome Satisfaction	3.77	1.06	-.01	-.19	-.20*	.57***	.23*	.46***	.46***	.45***	.94

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

Note. Scale reliabilities are on the diagonal.

Table 2: Results of Moderated Regression (IR climate) for the Effects of Justice and Trust

Variable	WC Performance β	β	WC Usefulness β	β	Outcome Satisfaction β	β
Step 1						
Forum Tenure	.08	.09	.08	.08	.04	.07
Female	-.27**	-.19	-.03	-.02	-.23*	-.13
Age	.01	.12	-.11	-.02	-.34**	-.23*
ΔR^2	.11**	.11**	.01	.01	.11*	.11*
Step 2						
Justice	.29**		.35***		.24*	
Trust		.36**		.12		.35**
ΔR^2	.9**	.13***	.14**	.04*	.07**	.16***
Step 3						
IR climate x Justice	-.22*		-.35***		-.31**	
IR climate x Trust		-.06		-.21		-.15
ΔR^2	.05*	.00	.12***	.03	.09**	.02
R^2	.25	.24	.27	.08	.27	.28

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.
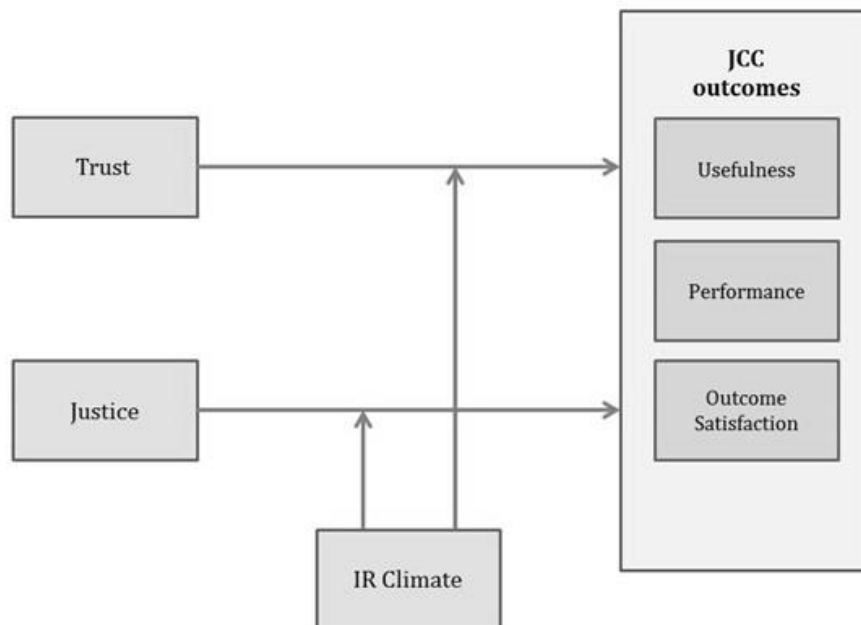$N = 109$. *Note.* Standardized regression coefficients from the final equation (step 3) are shown.
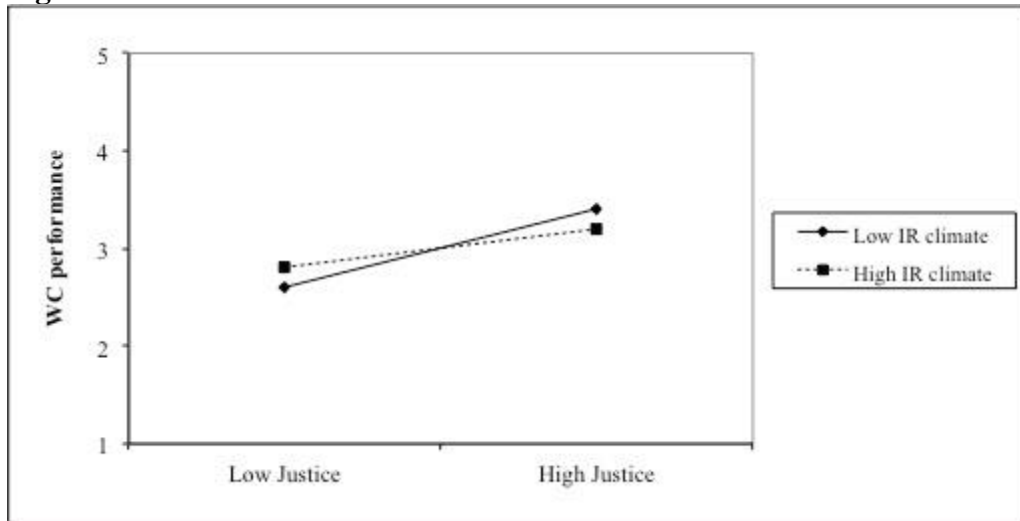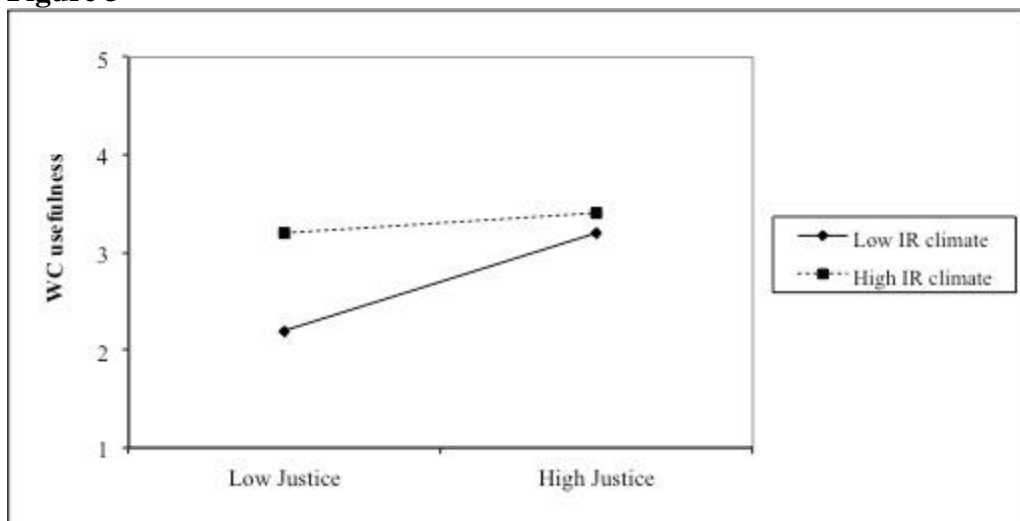
Figure 1.

Figure 2

Figure 3

Figure 4