A Critical Assessment of the Theoretical and Empirical Research on German Works Councils

Carola M. Frege

Abstract

The article reviews the existing English- and German-speaking literature on the German works council. Three major research topics are discussed: the ontology and typologies of works councils; their current practice and transformation; and their economic outcomes. Although much research has been conducted on the internal functioning of the works council–management relationship, it is clear that we still know little about the determinants of different workplace relations and their outcomes. The article concludes by advocating a reviving research interest in the link between codetermination and political democracy.

1. Introduction

Works councils are widely regarded as the most prominent, widespread and powerful form of industrial democracy in contemporary capitalist societies. Although their origins lie with the radical worker councils of struggling democratic states in early twenty-century Europe, they have become an established, undisputed and integral part of most European industrial relations systems since the end of the Second World War.

Recently there has been a renewed interest in works councils in industrial relations research for a variety of reasons. First, the introduction of mandatory works councils in transitional economies (for Central Europe see Frege 1999; Frege and Tóth 1999; for South Korea see Kleiner and Lee 1997) has evoked a debate about the conditions for a successful implementation of works councils introduced by law. Second, the European Works Council Directive (1994) has induced a vast amount of research on
the implementation and functioning of these institutions (Lecher 1998; Marginson 1998), and the new EU Directive on Information and Consultation (2001) is likely to provoke further research, especially in countries without a works council (Britain and Ireland). Third, the current deregulation tendencies of German industrial relations raise the question of the role the works council plays (Bertelsmann Foundation and HBS 1998). Fourth, the continuing decline of trade unions in Anglo-Saxon countries and the growing representation gap for workers in non-unionized sites has induced academics to question whether works councils could provide a voice outside the traditional collective bargaining settings (Freeman and Rogers 1993). Finally, there is an increasing debate among labour economists on the potential costs and benefits of such worker institutions for companies (Freeman and Lazear 1994).

This seems a good time to take stock of what we know and do not know about the works council institution. In this article I review the existing English- and German-speaking literature on works councils and conclude by drawing attention to missing gaps in our knowledge and potential future research agendas. Since the German works council is indisputably the prototype of works councils in Europe, having acquired the most extensive legal rights and attracted the most literature, it will be the focus of the review. The following discussion is based on three questions that guide the literature: (i) What are works councils (ontology; typology)? (ii) What do they do (including the transformation and future of works councils)? (iii) What are their outcomes (economic consequences)?

2. Ontology of works councils

The German literature on works councils has to be seen as part of a broader research focus on ‘codetermination’ (Mitbestimmung). This is a rather confusing term, because it is used on the one hand to refer to legal worker participation at both workplace level, via works councils (Works Constitution Act: Betriebsverfassungsgesetz 1952/1972/2001), and company level, through worker delegates on the supervisory boards (Codetermination Act: Mitbestimmungsgesetz 1976; Montanmitbestimmungsgesetz 1951). On the other hand, it is used to refer to the specific ‘codetermination’ rights of works councils which are manifested in the Works Constitution Act. There are even those who translate ‘codetermination’ as ‘industrial relations’, which completely dilutes its meaning (Funder 1995: 1).

A useful conceptualization of codetermination is presented by Kotthoff (1981: 11), who presents codetermination and collective bargaining as two alternative methods of institutionalizing collective conflict. Interest representation through collective bargaining does not in itself challenge the managerial right to manage. It is based on the manifestation of power and counterpower, and not on legislative rights. Interest representation through codetermination, on the other hand, requires the limitation of managerial
discretion to manage. The expression of power through interest conflict is supposed to be substituted by co-operative forms of interest regulation. The laws of the market are being replaced with responsible co-decision-making.

In the rest of this article, ‘codetermination’ is used in its broad meaning to include institutionalized participation of workers at company and workplace level, and ‘workplace codetermination’ refers to the works council institution and practice.

The term ‘works council’ is also increasingly used in an inflated way. For example, in the Anglo-Saxon context the term is frequently used to describe voluntary ‘labour–management committees’ (Markey and Monat 1997: 1), which is an unwelcome development since it blurs the definition of works councils. I advocate the strict usage of the term for mandatory workplace institutions only. In this sense works councils are institutionalized bodies of collective worker participation at the workplace level, with specific informative, consultative and codetermination rights in personnel, social and economic affairs. They are workplace-based institutions for worker representation and labour–management communication that have status and functions distinct from, though not necessarily in competition with, those of unions (Rogers and Streeck 1994: 97). They are elected by all workers, not just union members, they are legally independent from unions, and their role is to represent workers’ interests while acknowledging the interests of the firm. This role includes peaceful and co-operative relations with management. (Works councils are not allowed to initiate a strike.) This double role has created much interest in the literature, and works councils are frequently characterized as ‘border institutions’ (Fürstenberg 1958), which have to balance the interests of management, workers and unions, or as institutionalized ‘side-hierarchies’ (Schelsky 1968).

There is an extensive literature, especially from the 1970s, on how we can understand the role of workplace codetermination, and thus of works councils within the wider capitalist system. One useful overview is Fürstenberg’s (1981) classification of five normative approaches to codetermination (see also Neumann 1979): (i) the democratization/integration model; (ii) the surrogate/compensation model; (iii) the counterpower/conflict model; (iv) the model of social control; (v) the partnership model. The models represent different normative perspectives on codetermination, based on different world views; they are not falsifiable theories. In a sense, they resemble the historical postwar development of industrial sociological research in Germany, which started with functionalistic interpretations of the labour legislation and of industrial democracy (‘the classical phase’), and was followed by an interest in power, conflict and class consciousness (‘the Marxist phase’). In recent years the research paradigm has shifted towards theories of social interaction and communication (Bosch 1997). Let us look at each of these models in more detail.

(i) The *democratization/integration model* defines codetermination as ‘the institutionalization of social processes which allows for the positive integration of all participants’ (Fürstenberg 1981: 31). Codetermination is therefore a
specific form of corporative governance of the firm, a legal institution. From this perspective the appropriate research focuses on the successful functioning of the legislation. It can also include an analysis of subjective reflections of the actors on the legislation (Blume 1964; Brigl-Matthiaß 1926; Niedenhoff 1979). A major example is Brigl-Matthiaß’s classical study on works councils in the Weimar Republic (the first such empirical study on them), which examined the practice of the Weimar works council law and focused on a problem that is still relevant today: group egoism, whereby works councils enter firm-specific agreements that are not in accordance with their union policy. Brigl-Matthiaß argued that works councils do not become instruments of the class struggle but instead become pillars of a communitarian social order, an integrative civil society. Another classical study by Blume (1964) examined whether the Works Constitution Act has been realized in practice, examining differences between the legislation and how works councillors perceive the actual practice of the law. Blume finds that works councillors feel that daily practice does not always conform with the law.

(ii) The surrogate/compensation model interprets codetermination as a substitute for the missing ownership rights of workers. It gives workers rights that are based not on ownership but on other, equally legitimate, democratic grounds. The research based on this perspective has focused on the power equalization between the two groups (management and workers) and its legitimization. For example, it has looked at specific outcomes of joint decision-making processes and how the final decision is being legitimized by both management and works council (Brinkmann-Herz 1972).

(iii) A related approach is the counterpower/conflict model, which sees codetermination as a tool to limit managerial power (Pirker et al. 1955). In contrast to the surrogate model, this is more interested in whether codetermination really achieves a greater influence of workers over their working lives. A prime example is Dahrendorf (1959), who criticized optimistic views of the codetermination law, on the assumption that it would eliminate imbalances of power in the firm (as argued in the surrogate model). He maintained that a balance of power is always unreachable and that the intermediary role of works councils is ineffective for controlling industrial conflict; he predicted that it would lead to more conflict. Dahrendorf’s prognosis never materialized, however: on the contrary, because of its intermediary position, the works council turned out to have an impressive capability for regulating conflict (Thomssen 1970).

(iv) The model of social control argues even more radically that codetermination supports the subordination of the working class and covers up the existing real interest conflicts and social and economic problems (Deppe et al. 1973). One focus is on the relationship between worker consciousness and political action (Bergmann et al. 1975). This approach was particularly popular in the 1950s/1960s, and many accounts were openly political inquiries arguing that this new institution was undermining the working class and its class consciousness. More recent studies, such as Dybowski-Johansson
(1980: 42), focus on the pressures that are exerted on works councils to cooperate and argue that this undermines their class interests and their effectiveness in representing workers’ interests.

(v) Finally, the partnership model, which is the most popular model of contemporary research, describes codetermination as a participatory process leading to high trust, co-operation and compromise which are regarded as positive outcomes and not as a selling out to management. Most research is micro-sociological and uses an interactional approach to look at group dynamics at shop-floor level (Bürger 1991; Promberger 1991; Weltz 1977). The basic assumption is that ‘social relations’ or the political culture in an organization shapes actors’ perceptions, goals and strategies in bargaining, and influences the outcomes of their actions (Bosch et al. 1999: 22; Kotthoff 1994: 19). According to this view, simply examining the abstract (class) interests of actors does not help us much in predicting the outcome in a specific situation; only a detailed stockholding of the existing social relations in a specific firm allows us to understand workplace actors’ behaviour. Kotthoff’s (1981, 1994) work is the most prominent study of the partnership model and will be reviewed below for its focus on different types of works councils. Because this classic work has sadly not yet been translated into English, the review is slightly more detailed.

3. Typologies and functioning of works councils

Whereas the traditional literature conceptualizes works councils as autonomous actors guided by rational interests, Kotthoff argues that actors’ behaviour might not entirely be predetermined by rational interests, but might also be shaped by the social encounters of the workplace actors. Kotthoff (1994: 23) conceptualizes these social interactions as an ‘organizational social order’ (Sozialordnung), which includes rational strategies on both sides as well as the symbolic, affective dimensions of their daily interactions. The organization is a perceived, lived, interpreted entity and evokes interpretative patterns, Leitbilder, orientations that influence the daily relationships and the interests and politics of the actors. These daily interactions are also influenced by the subjectivity and history of the actors (p. 22).

Kotthoff (1994: 68) categorizes various types of social order, ranging between two poles: (i) Max Weber’s (1964: 32) ‘Vergemeinschaftung’, i.e. a moral, integrative, organic community (with personal relations between managers and work-force; caring, socially responsible, sometimes patriarchal management; high trust and loyalty; no independent interest representation), and (ii) ‘Vergesellschaftung’, i.e. instrumental market relations between individual actors (no group identities; authoritarian/bureaucratic control and/or strategic human resource management). Kotthoff’s major conclusion is that the firm’s social order, and not just the legislation, shapes to a large extent the functioning of the works council institution; without understanding the social order, we cannot understand workplace relations.
and participative structures (1994: 22). One major aspect of the social order concerns the power relations between the actors. Kotthoff hypothesizes that only balanced power relations can lead to effective codetermination. In other words, successful codetermination assumes balanced power relations rather than creating them. Power relations are influenced by the codetermination law but also by the real actors and their strategies, by the economic performance of the firm and by external labour market conditions, and thus can be explored only empirically.

Kotthoff argues further that companies distinguish themselves not only in terms of their social orders, but also in terms of different works council types. He was the first to develop a works council typology based on a large data set, and others followed with amended typologies (Bosch et al. 1999; Müller-Jentsch and Seitz 1998). The results support his thesis that the functioning of the works council cannot be derived automatically from the legislation, but is an empirical question. Moreover, unions seem not to have an overall strategy about what they want the works council to do; nor does management. The works council is therefore influenced by a variety of factors, and this explains the variation in works councils' functions and outcomes.

Kotthoff's typology is based on the following variables, which are analysed in each case study: (i) management perception of workplace relations and of the functioning of the works council; (ii) works councillors' perceptions of their role and of management’s interest in co-operation; (iii) works councils' behaviour/action; (iv) communication between management and works council and between unions and work-force; and (v) strategies of works councils and management.

These variables are used to develop empirically seven ideal-types of works council:

(i) The ignored works council: management and/or workers ignore the works council.
(ii) The isolated works council: an authoritarian management does not communicate with the works council.
(iii) The works council as part of management: there is a patriarchal management, low union density, a subordinated works council as communicator and control tool for management.
(iv) The respected works council as a regulator (Ordnungsfaktor): (in large shareholding firms) the works council is respected as an autonomous interest representative; its focus is on interest compromise; it is mainly reactive rather than proactive.
(v) The respected, steady works council: (in firms with high-density, highly skilled workers) management and works councils want to ensure that the law is practised; the works council is co-operative but can also be conflictual.
(vi) The works council as co-operative counterpower: (in large firms) the works councillors are highly skilled; the council has a strong rela-
tionship to the union; in bargaining the works council tries to go further than the law.

(vii) The class conflictual works council: here there is distrust on both sides, strong solidarity between workers, works council and union; the works council ignores the obligation to avoid industrial action, and there is militancy and strong ideological, political views on both sides.

Types (i)–(iii) have a restrictive authoritarian management which prevents effective interest representation. In types (iv)–(vii) management is less authoritarian and hence interest representation is easier. Most works councils in Kotthoff’s sample (63 firms) are of types (iii) (31 per cent), (ii) (25 per cent) and (iv) (20 per cent). Type (vii) does not occur at all. Clearly, non-effective works councils dominate, and according to Kotthoff management is the main reason. The more authoritarian and patriarchal management is, the less likely is an effective works council. Furthermore, Kotthoff finds that the quality of the union–works council relationship is influenced not by the strength of the union identity of the works councillors, as Streeck argues (1979), but by the dynamic social (power) relations between works council and management: the more powerful the management, the closer the works council gets to the union.

In his follow-up study (1994) Kotthoff revisited the same companies 15 years later to analyse whether and how workplace relations had changed in the interim, in particular what happened to the two-thirds of ‘deficient’ works councils in the first round: did they manage to create effective interest representation, and if so, how? and did the one-third that was practising effective representation continue to be effective?

Kotthoff’s rich case study reveals that, out of the three ineffective works council types, the ‘ignored works council’ and ‘works council as part of management’ had indeed been able to transform themselves into effective institutions, but the ‘isolated works councils’ had not. The distinguishing factor is that the three types were situated in different organizational cultures or, in Kotthoff’s term, ‘social orders’. The first two types, which improved, faced a ‘communitarian/patriarchal social order’, whereas the latter was placed in an ‘instrumental social order’. The main condition for transforming ineffective works councils lay in the struggle for recognition of the works council’s ‘organizational citizenship status’ (Betriebsbürgerstatus), and this seemed easier in a communitarian social order. In other words, works councillors were primarily not interested in workers’ material conditions, but in creating a ‘new morality’ within the firm. Their aim was not to bring class conflict into the firm, but to create real partnership on the basis of a new identity for workers as accepted, full citizens of the firm (the firm as an ‘integrative civil society’) (1994: 316). In firms with a communitarian (even patriarchal) social order, managements gave in whenever they perceived the established ‘social order’ to be in danger: this was more important to them than avoiding more independent interest representation.
However, in firms where the social order was an instrumental one, the struggle for works council’s citizenship status led not to a co-operative model but rather to a continuous, aggressive confrontation (1994: 318). Kotthoff concluded that a moral community at firm level is not the automatic result of the structural conditions of industrial relations (German social partnership), but on the contrary is a necessary precondition for its functioning. Co-operation works only if people feel that they are treated as full citizens in the firm, and this includes managerial approval of their participation in the firm’s decision-making.

In sum, Kotthoff has been crucial in directing researchers’ interests to the social relations between the industrial relations actors at workplace level and their impact on works councils’ functioning. He has been the first to highlight various types of works council and their differences in interest representation. Despite his achievements, some deficiencies of his work should be outlined. First, as Trinczek (1989: 148) has pointed out, although Kotthoff was one of the first to stress the importance of the relationship between works council and management, he remained focused on the former and neglected the latter. Second, and in my view more important, is the problem that Kotthoff does not really explain the link between different types of social orders and works councils. Readers remain unclear about how independent the concepts are from each other and why social orders seem to influence works councils’ practice but not the other way around. This is a highly implausible scenario. Works councils’ behaviour and their relations to management are very much part of the social order or workplace climate of a firm, and it seems artificial to distangle the two. Moreover, one wonders whether communitarian social orders are a necessary or sufficient condition of effective works councils, and why instrumental social orders cannot produce effective works councils? And to what extent do social orders really develop independently from actors’ rational interests (such as managers’ goal of profitability and works councils’ interest in improving working conditions)?

Third, Kotthoff’s definition of effective or powerful works councils seems problematic. This is unfortunately a characteristic shared by most of the literature on works councils. Some criticize Kotthoff for narrowly defining an effective works council as one focusing primarily on union issues (Weinert 1985). However, Kotthoff did later acknowledge that works councils cannot rely on precise ideological guidelines from unions in their practical work because these do not exist (1994: 15). He redefines effectiveness primarily in terms of works councillors’ personalities. For example, effective works councillors have clear interests, civil courage, steadfastness, straightness and an explicit union identity; they pursue their rights with determination. But why should these characteristics indicate effective interest representation? They might be necessary preconditions, but not sufficient ones. It seems much more sensible to evaluate works council effectiveness in terms of bargaining outcomes, or in terms of the quality of workplace relations (Frege forthcoming a; Hammer and Wazeter 1993).
4. The transformation and future of works councils

The second pile of literature, published mainly in the 1980s and 1990s, is concerned less with the ontology of works councils and focuses instead on the current changes in workplace relations. As is well known, the German system of industrial relations has faced two major challenges in the last decade: unification and European integration. In particular, research focuses on two basic questions: the role of works councils in the transformation of the East German system, and the role of works councils in the current transformation of the German model of industrial relations, i.e. after unification. There is also an increasing amount of research on European works councils, their functioning and their impact on German industrial relations (Keller 1996; Lecher 1998), but because of space limitations I restrict myself to the first two research issues.

In a nutshell, unification of the two German states in 1990 induced the transfer of West German labour legislation, industrial relations institutions and regulations to the former socialist East. A major question was whether these long-established West German institutions could be successfully implemented into an entirely new (post-socialist) environment. Despite early scepticism within the research community as to whether works councils, for example, would function in the East, a decade after unification the evidence overwhelmingly suggests that they have indeed been successfully institutionalized (Frege 1999; Kädter et al. 1997). One reason was that the entire system of industrial relations was transferred, and not just in a piecemeal fashion; another was that the actors welcomed the new institutions (promising ‘West German living standards’) and that the new institutions were supported by their West German counterparts. Nevertheless, although the institutional transformation of East Germany was in itself more or less successful, it placed a huge burden on the entire German industrial relations system, which was already facing growing pressures from European integration, globalization and managerial deregulation (Streeck 1997).

One major current concern is whether these external pressures will reduce the bargaining power of works councils. For example, Thelen and Turner (1997) refer to the factor of increasingly mobile capital, which can engage in international ‘regime shopping’, playing national production sites and workforces off against each other in search of the lowest wages or loosest regulation. This competition can seriously undermine existing relations between firms and works councils, resulting in less influential works councils and a possible trend towards managerial unilateralism in place of codetermination’s negotiated consensus. Moreover, it can lead to a sense of disenfranchisement on the part of works councils and their supporting unions, and this could enhance the risk of increasingly adversial relations. Thus, ‘under these circumstances codetermination could be transformed from an arena of negotiated problem-solving to a forum for the expression and mobilisation of widely contrasting viewpoints and increasingly adversial relations’ (Thelen and Turner 1997: 57–8).
Kotthoff (1998: 2) argues that works councils are currently being overwhelmed with offers of participation and consultation by management in all questions of organizational restructuring. On the other hand, in the era of expanding international competition, management seems to be asking works councils increasingly for concessions that would have been unheard of ten years ago (such as the reduction of special bonuses or the flexibilization of working time). The paradox, according to Kotthoff, is that increasing opportunities to participate in managerial decision-making go hand in hand with a decline in works councils’ ability to represent workers’ interests successfully (see also Wirth 1999: 3). The open question is whether works council concessions are a necessary adaptation for the continuation of the consensus model, or the beginning of the end of the consensus model in which works councils blindly participate.

According to Kotthoff (1994: 13), the available evidence suggests that, although the power of works councils to pursue workers’ interests has diminished in recent years, this does not imply an inevitable erosion of the institution itself. He finds encouraging support from the literature (which however he does not specify) that works councils’ concessions seem to be having a positive effect on wider workplace relations. For example, with regard to ‘shopfloor reorganization’, the introduction of direct participation schemes such as teamwork did not generally lead to a decline in works councils’ power. On the contrary, there is evidence to suggest that teamwork has led to qualitative changes in the relations between works council and work-force (less paternalistic and more democratic). Another example is the increasing role of the works council in ensuring co-ordination and homogeneity in personnel matters in decentralized company units (Kotthoff 1994: 13).

Moreover, the model of co-operative solutions to conflict still seems popular and enjoys continuing and impressive stability in the light of the current constraints on workers’ bargaining power (p. 19). Kotthoff concludes that, although scholars like Streeck (1997) are right in highlighting the challenge of the diminishing nation state for codetermination, they underplay the fact that codetermination has been institutionalized in German society for a long time and hence would be difficult to abandon.

Kotthoff’s view has been supported by some recent qualitative and quantitative studies. First, there is the ‘Erlanger Project’ (Bosch 1997; Bosch et al. 1999; Trinecek 1987, 1989, 1993), which is in the tradition of Kotthoff’s social interaction approach and is based on case studies. The Project’s core question is to what extent and in what way are conflicts of interest between management and works councils regulated by the organizational culture and how this has been changing during the last two decades. Using a typology of workplace relations similar to that of Kotthoff, its initial hypothesis is that the ‘traditional political culture of co-operation on the German shop-floor moves towards more unstable, asymmetric constellations with more ad hoc decisions by management, more external attributions and less regulation’ (Bosch et al. 1999: 245). However, Bosch et al.’s findings do not support such
a radical shift. Stabilizing factors such as ‘a transparency of power resources, long-established bargaining rituals and informal arrangements, working consensus in the day-to-day business and a reciprocal “do ut des’’’ dominate (p. 246). Thus, they conclude that, although the patterns of co-operative interaction between management and works council might become more unstable in the future, such interaction will not disappear completely. As long as works councils and management have to negotiate by law, there will be routine and a certain stability. Moreover, Bosch (1997) discusses in more detail changes in the ‘style of interaction and communication’ between management and works councils and concludes that it has become more ‘professional, rational and apolitical’ and ‘more differentiated and complex’ (1997: 184). She argues that managements are becoming more socially responsible (in their attempt to develop a more professional and social-scientifically informed personnel department), whereas the works councillors are becoming more professional. This leads to a better communication between the actors. According to Bosch, effectiveness, objectivity and social feedback are the new joint aims of the actors, while the classical interest conflicts between capital and labour are losing their importance (p. 184). However, it is not quite clear what she means by both parties becoming more professional and why this necessarily improves communication. Nor does she define effectiveness, and I am not sure on what empirical grounds she can argue that more professional works councils are more effective than their less professional counterparts.

Second, there are some recent surveys of works councils, such as the WSI works councils survey (WSI Projektgruppe 1998a,b) the NIFA panel survey (Müller-Jentsch and Seitz 1998; Müller-Jentsch et al. 1998) and Frege (2001). The first two focus on what works councils do and whether this changed over the last few years, whereas the latter focuses on works councillors’ identities and attitudes towards management.

The WSI survey’s primary focus is on organizational change at workplace level and its impact on workplace agreements, rather than on the changes in the role of the works council as such. They ask questions such as whether firms pay above the bargained rate, whether they outsource, what the main problems are for works councils in recent years (e.g. job losses) and what they have done about them. Their main conclusion at the time of both surveys (1998 and 2000) was that ‘things are getting tougher between works council and management but this does not yet challenge the trust and cooperation between them’ (WSI Projektgruppe 1998a: 30; Schäfer 2001: 74). In short, despite increasing problems, most workplaces have a functioning communication and bargaining structure which signals the willingness of managers to continue to co-operate. Thus, even if works councillors complain about a more antagonistic management, this is not the end of a trustful collaboration (WSI Projektgruppe 1998b: 666). For example, in the 2000 survey, 64 per cent of the works councillors in the private sector agreed that employers tried from time to time to hinder the codetermination rights of works councils, but only 13 per cent report a severe conflictual workplace
climate and a lasting deterioration of their co-operation (Dorsch-Schweizer and Schulten 2001: 118).

Müller-Jentsch and Seitz (1998) discuss similar topics but are slightly more conceptual, in that they develop a works council typology. For example, with regard to collective agreements, 89 per cent of their works council sample have formal workplace agreements that consist mostly of classical issues such as pay/skill categories, working time and overtime, health/safety and quality control. Training is still not included in most agreements (only in 7 per cent of firms with agreements), nor is participation in technical changes (6 per cent). However, in practice more than half of the works councils participate to a larger extent than is required by law in technical and organizational changes. With regard to the relationship between works council and union, the authors find a tendency to expand the bargaining issues at workplace level to the detriment of collective bargaining agreements at the industry level. But the data suggest that this does not strain the works council–union relationship, which is traditionally close and strong: only 6 per cent said they had no regular contact with their union. In fact, works councils have an increasing need for consultation and training from unions because they face new areas of participation and bargaining areas (e.g. technological changes, quality control, training).

Müller-Jentsch and Seitz classify four types of works council on the basis of their responses to innovative topics such as quality circles, teamwork and flexible working time: (i) the conventional works council, which sticks to traditional duties (30 per cent of their survey); (ii) the engaged works council, which deals with more modern issues (e.g. flexible working time) but on a limited scale (43 per cent); (iii) the ambitious works council, which has a visible impact on organizational changes (19 per cent); and (iv) the co-managerial works council, which has a stronger influence on management decision-making (8 per cent). A subsample of firms with more than 500 employees provides a slightly different distribution: (i) 6 per cent, (ii) 25 per cent, (iii) 39 per cent, and (iv) 31 per cent. The authors argue that the larger amount of co-management in large firms indicates that such firms are more likely to have a more flexible work organization in which the works councils influence its shape. However, they find that co-managerial works councils do not necessarily distance themselves from the unions — on the contrary, they appear to need their advice even more than other types of works council (Müller-Jentsch and Seitz 1998: 384). ‘Co-managerial works council’ is however a rather unfortunate, ambiguous term in that its basic meaning refers to subordinance to managerial ideas and goals. However, the authors conjecture that co-managerial works councils do not necessarily act against union interests, because they can represent workers’ interests and still take company interests into account.

In sum, the conclusions of Müller-Jentsch and Seitz (1998) are similar to those of the WSI survey and the Erlanger qualitative research: namely, that the works council institution has not been weakened since the late 1980s; if anything, works councils were increasingly being included as ‘co-managers’
in decisions in new areas such as technological and organizational restructuring. Most of the works councils they studied continue to have good cooperative relations with management. Some deficiencies of both surveys should be highlighted. For example, Müller-Jentsch and Seitz (1998: 362) agree that the works council institution has not weakened and that works councils in their sample are fulfilling ‘more innovative tasks’ than previously. They even argue that this extension provides them with ‘more influence’. However, it is not clear how works council strength or weakness is actually defined and measured over time. Moreover, is an extension of a works council’s tasks (‘job enrichment’) necessarily a sign of increased influence on management? How do we know that works councils that become more and more incorporated into management gain rather than lose influence? Furthermore, we must not forget that the assumed increase in works council’s co-managerial tasks is not the reality for most of the works councils in their sample: the ‘innovative, co-managerial’ types comprise only 8 per cent. Finally, the authors’ statistical analysis is purely descriptive — no multivariate analysis is used.

Rather than examining works councils’ current activities, Frege’s survey (2001) investigates changes in works councillors’ attitudes and values as an indicator of changes in their role (i.e., do they become more managerial?). Like Müller-Jentsch and Seitz’s survey, it is cross-sectional and uses as a benchmark of change previous literature’s characteristics of works councils. The results provide empirical support for the Müller-Jentsch–Seitz hypotheses. A majority of works councillors described themselves as co-managers but did not lose sight of their distinctive interests. Thus, they continue to have strong them-and-us feelings (divergent interests between labour and capital) and at the same time they believe in co-management. This form of co-operation cannot necessarily be interpreted as subservience of the works council to management. By the same token, most works councillors are well aware of the increasing imbalance in power relations, but they tend to agree that there is still a strong mutual understanding that co-operation is the only effective way to regulate workplace relations.

In sum, most available empirical evidence suggests that works councils currently remain a stable institution in spite of the current deregulation and decentralization pressures on the German model (Flecker and Schulten 1999). Clearly, the new union-friendly reform of the works constitution legislation introduced by the Red–Green government in 2001 might be of additional help, although probably on a rather limited scale (Däubler 2001). Popular predictions of the demise of the German model are hazardous at this stage because of insufficient empirical evidence.

5. Economic consequences of works councils

The final topic to be reviewed is the impact of works council functioning on firm performance. This research is being conducted by labour economists
and as yet has had no impact on the mainstream, sociological discourse on codetermination. There is an ongoing debate as to whether it is possible to generate empirically testable hypotheses on codetermination in Germany, for two methodological reasons. First, workers in all companies with more than five employees can establish a works council. Thus, as mentioned before, around 57.7 per cent of the entire German work-force is covered by works councils, and the coverage increases to 96 per cent in firms with over 1000 employees (Dorsch-Schweizer and Schulten 2001: 113). It is therefore difficult to compare similar workplaces with and without works councils. A second problem is that the works council might have not only direct but also indirect effects on company performance, and the latter are difficult to measure.¹³

The review begins with the major theoretical works (W. Weber 1982; Freeman and Lazear 1994; Rogers and Streeck 1994) and proceeds to the empirical studies of Addison et al. (e.g. 2000), Backes-Gellner et al. (1997) and Bartölke et al. (1982).

**Theoretical Arguments**

Neoclassicists usually provide two arguments about why works councils are a problem for firms. First, the rights of works councils are seen as a constraint on management. For example, the works council will be concerned with sustaining the existing level of employment, and this can postpone necessary adjustment to employment, which will raise costs and reduce profitability. Second, the works council provides workers with additional bargaining leverage, which will be used to attract additional pay/fringe benefits over the base wage fixed by industry-level collective bargaining. In addition, the works council tries to affect the outcomes of managerial decision-making, and this will inevitably reduce the surplus of the firm. In short, neoclassicists argue that the redistribution of control in the firm will inevitably lead to a redistribution of ‘profits’ towards workers, which is bad for the firm.

On the contrary, some modern labour economists and related scholars, such as Freeman and Lazear, Rogers and Streeck and W. Weber, argue that codetermination is likely to improve the quality of plant-level labour relations and the functioning of the internal labour market of the firm (Aoki 1984; Freeman and Medoff 1984), and that works councils therefore are likely to have a positive impact on the economic performance of the firm. They start with two basic questions: what are the economic interests of the firm? and what possible influence can a law have on the governance of a firm?

For example, W. Weber (1982) argues that the economic interests of the firm are not just factors such as income and profit, as in the neoclassicist approach, but also long-term factors such as the continuing survival of the firm. Conditions for the latter include the efficiency of the production process but also the ability of the firm to adapt to changing external...
conditions. According to Weber, the latter requires information about the external environment, a minimum of support and the consensus of all participants in the organization and the management’s ability to exert power. A works council can be very supportive in the achievement of these goals. Although it might not have a direct impact on narrow efficiency criteria, it could well have a positive impact on the long-term survival of the firm, something that is very difficult to measure.

With regard to the second question, the argument is that codetermination can have an impact on the managerial decision-making process, its content and its outcomes. Thus, codetermination can change the aims and goals of the organization, away from pursuing high shareholder value to taking other stakeholder interests into account. Moreover, it can influence the behaviour and attitudes of managers and employees towards each other, which again is not easily quantifiable.

In more detail, Rogers and Streeck (1994: 11–15) provide five main arguments as to how works councils can influence management–worker relations. First, based on Hirschman’s exit–voice model, the works council provides a collective ‘voice’ for all employees (and not just union members) which reduces the need for ‘exit’. It thus cuts hiring and training costs and has a favourable impact on the firm’s profits and productivity.

Second, the works council increases trust and co-operation between management and work-force. It prevents both sides defecting from agreed norms (and pursuing short-term self-interest) by its mandatory character: the employers know that they cannot abolish the works council, and consider it a waste of effort to try. Consequently, they will direct their efforts to establishing co-operative relations with the works council. On the other side, workers know that the employer cannot abolish the works council, and so will be less defensive than they would be under less secure conditions (Rogers and Streeck 1994: 12). This might result in the situation where, say, the works council would moderate worker demands during tough times, and might discourage strikes resulting from unmet grievances, thereby reducing economic inefficiencies.

Third, and related, is the argument that the works council will increase the information flow between management and work-force, thereby reducing information asymmetries between the two. This forms an important part of a micro-corporatist arrangement, designed to overcome the Prisoner’s Dilemma situation that is characteristic of industrial relations (Backes-Gellner et al. 1997: 331). More information creates a more informed decision process and facilitates new and better solutions. Why should the works council provide useful information to management? The incentive is to provide truthful information in order to affect managerial decisions. The more input works councils feel they can have in decisions, the more they will invest in mobilizing valid information from the work-force. On the other hand, the work-force is more likely to give information to its elected representatives than to management, and may also speak to management more easily when its members know that their rights and interests are
protected by a strong works council. Finally, through the formal entitlements to information in the legislation, the works council may also neutralize management’s temptation to underinform the work-force.

Fourth, works councils may support the diffusion of best practice. The presence of works councils may induce management to introduce better methods of production and to select more efficient work practices, which are also beneficial for workers. For this reason, and also because the works council legitimizes the introduction of new technology and justifies it to the work-force, the implementation might then cause less resistance to change.

Finally, the works council can foster industrial upgrading, thereby helping the company to position itself in a higher-quality market. Thus, works councils will pressure managers to consider investment in human capital as the major strategy of productivity enhancement, as opposed to cutting the work-force.

In sum, there seem to be compelling hypotheses for the economic benefits of works councils, in particular when they have limited but definite legal rights in the enterprise (as is the case in Germany) (Freeman and Lazear 1994: 87). A major question however remains unresolved. Can voluntary works councils or joint labour–management committees not achieve similar outcomes? I agree with Freeman and Lazear that without the mandatory attribute employers are not likely to implement works councils voluntarily, but the law is not sufficient to make them function effectively. The discouraging examples of ineffective works councils in Kotthoff’s study suggest that there is a need to explore further the necessary conditions for effective works councils (effective for both workers and the firm).

Empirical Studies

Empirical studies on the economic performance of works councils are a rather recent phenomenon. A good example is Addison et al. (e.g. 1993, 1996, 1997, 2000; also Addison and Wagner 1997; FitzRoy and Kraft 1990; Schnabel and Wagner 1994). Addison et al.’s underlying goal is to find empirical support for the neoclassical hypothesis that works councils have a negative impact on firm performance. Their core argument is that ‘efficient managers can institute adequate systems of communication and decision-making without the constraints imposed by autonomous works councils’ (Addison et al. 1993: 319). Whereas earlier studies were based on small-scale firm samples, most recent work uses the public, Hannoveraner firm panel (a representative panel of 1000 firms in various sectors in Lower Saxony).14

A few examples can be provided here. Addison et al.’s (1993) study found no statistical association between works councils and profits; they found a negative relationship between works council presence and gross capital investment but not net investment; and they found a positive relationship between works councils and wages but a negative one with wage drift. Their
conclusion is that the influence of works councils on remuneration is ambiguous and that the data fail to provide significant evidence of any positive works council impact on firm performance (1993: 333). However, they neglect to point out that it also fails to show a negative impact. On the other hand, their 1996 study reveals a negative association between works councils and profitability (probit estimates) but no association with product or process innovation. And their 1997 study reveals a positive association between works councils and ‘value added per worker’ for firms with 101–1000 employees (but no association for smaller firms) and no association between works councils and ‘employment change’.

Despite their impressive attempt to provide statistical evidence of the economic consequences of works councils, their studies have various deficiencies. First, Addison et al. do not acknowledge the methodological problem that, because the presence of a works council is correlated with firm size, the authors do not have a sufficiently large control group of firms without works councils. For example, in their 1993 study they use a subsample of 50 firms out of survey of 101 firms in manufacturing industry in two German Länder and they report that 60 per cent have works councils. We are not, however, told any details of the survey design, for example the size of the 50 firms (only that they have more than five employees) and whether they controlled for size, which seems necessary in order to avoid comparing large firms with works councils and small firms without works councils. Furthermore, they focus only on the difference between firms with and without works councils but do not account for different types of works council (Kotthoff 1981). It might be more interesting and feasible to compare the economic outcomes of effective and ineffective works councils (in terms of their interest representation). Finally, their use of traditional economic measures as dependent variables (such as profit, capital investment and wages in 1993; or profit, product innovation, process innovation in 1996) neglects indicators such as turnover or training, two factors that, according to Backes-Gellner et al. (1997), are crucial for the long-term well-being of German firms. Nor do they account for the problem of measuring the possible indirect influences of works councils on firms’ short and long-term performance (for example through an improved information flow).

Backes-Gellner et al. (1997) argue that a successful implementation of flexible product specialization strategies is the cornerstone of German prosperity, and that the acquisition and effective utilization of firm-specific skills is a precondition. Moreover, effective skill utilization itself requires co-operation between employers and employees in order to safeguard the specific investments of both sides. Their core question is thus whether the works council is an efficient institution in that it guarantees the necessary co-operation in the German high-quality economy.

They examine two areas that seem decisive for worker–management co-operation according to the new theories of the firm (Aoki 1990) — skill formation and employment security — and find evidence of the works council’s institutional efficacy in both. To take the example of employment

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security: their survey\(^{15}\) of 2392 firms during 1985–7 reveals that firms with a works council had a quit rate that was 2.4 per cent lower than in firms without a works council, and that dismissals were on average 2.9 per cent lower in firms with works councils than in those without (controlling for company size, sector, etc.). Union density was statistically not significant. Although these findings indicate institutional efficacy, critics might interpret them as evidence of the inflexibility of German firms when facing necessary adjustments of the work-force. Yet, Backes-Gellner et al. (1997: 333) show that works councils think not only of the workers’ interests but also of the firm’s (and of unemployed outsiders’). In shrinking firms with a works council, the percentage of younger and/or more qualified workers should be disproportionately high among the leavers if the works council actually favours those with long tenure and reduced opportunities in the external labour market. This, in turn, would be detrimental to the firm’s economic success, because in the long run it could be left with its less productive workers. Their estimates reveal, however, that the presence or absence of a works council has no influence on the qualification structure of those leaving or remaining. Their analysis also shows that works councils neither oppose dismissals in shrinking firms nor inhibit hirings in growing firms.

They conclude therefore, in contrast to Addison et al., that both firms and workers are likely to benefit from the existence of a works council. A works council’s existence significantly reduces the number of dismissals (thereby securing workers’ quasi-rents) and also reduces the number of voluntary quits (thereby reducing the turnover costs of firms by increasing workers’ readiness to accept deferred compensation schemes) (Backes-Gellner et al. 1997: 335). A potential downside of their approach, however, is that their findings are not valid for a relatively small but growing number of German firms operating in a mass-production, low-quality market where turnover and skills are less important.

Finally, there are a couple of studies examining the perceptions of managers and works councillors on the effectiveness of works councils. These studies generally reveal that the impact of the works council on the economic concerns of the firm is limited in the opinion of both managers and works councillors, but for the most part not negative (Paul and Scholl 1981; Voigt 1962; W. Weber 1982: 68; Witte 1980; Wever 1994). For example, Voigt (1962) asked whether the works council influences managerial decision-making on economic issues and found that managers see no influence at all. Wever (1994) is more positive in her case study analysis, and demonstrates that works councils can act in ways that tangibly benefit local management even in the short term.

Bartölke et al. (1982) deserves particular attention. They surveyed 40 managers in all hierarchical levels and works councillors in ten selected German firms. The firms varied in terms of the perceived influence that their works councils had on managerial decision-making (‘works council’s power’) while keeping other firm characteristics (size, industry, etc.) constant. They examined the hierarchical distribution of control (measured
as perception of control) and how the relatively more participative and less participative firms (i.e. strong/weak works councils) differ from one another in this distribution. Their findings suggest that the distribution of control is more egalitarian, and that there is a greater total amount of control, in the more participatory firms. Thus, participation by works councils appears to have the effect of increasing the amount of control exercised by workers without decreasing that of managers. On the contrary, managers in highly participatory firms perceive themselves to exercise more influence than do managers in less participative firms (Bärtolke et al. 1982: 394). The authors conclude that, ‘if the likelihood of exercising more control is one of the benefits of participation to members, the likelihood of being subject to greater control is perhaps one of the costs. But control in the participative organization is different from that in the traditional organization. Real participation does not eliminate control, but changes its quality’ (p. 395). The survey reveals that control becomes more mutual (rather than exclusively unilateral) and less coercive than in the firms with weak works councils.

One of the potential problems of this research, of course, is that it does not control for the possibility that the actors might adapt their attitudes to the given circumstances (reducing cognitive dissonance). Thus, strong works councils in participatory firms might perceive that they have control, and management might display ‘good will’ and insist that their power has not decreased.

In conclusion, this section on the economic outcomes of works councils reveals the difficulties in reaching a final judgement on methodological grounds on the basis of the few existing studies. As the recent report of the German Governmental Commission on Codetermination (Bertelsmann Foundation and HBS 1998: 16) put it,

the available econometric evidence on codetermination is equivocal: quantitative studies that ascribe (usually weak) positive effects to codetermination for specific indicators of performance and periods of time must be offset against others that find (in most cases also weak) negative effects for other or the same indicators and periods. Statistically significant results are rare, and their explanatory value seems limited in the light of the results of other studies with which they cannot be easily reconciled.

It may sound like a slight exaggeration, but the discussion on the economic benefits and costs of works councils seems to be at a dead end. What would really be useful, though, is the incorporation of the sociological insights, such as different types of works councils, into economic analysis. One should not forget of course that works councils were never introduced to enhance the performance of the firm in the first place: they were introduced to enhance the democratic rights of employees. In times of increasing pressures to submit all social and political spheres to the rule of the economic rationale, or, as the German media calls it, to create a

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‘competitive society’, it seems important to remember the political and social origin and legitimacy of works councils.

6. Towards a research agenda

The revival of interest in works councils is due partly to their continuing importance in Europe (reinforced by the recent EU directives) and partly to the increasing decentralization tendencies in all European industrial relations systems, which leads to a revived academic interest in workplace relations. Whether and how these institutions will survive in times of deregulation and decentralization is of course a crucial question for the future of the European social model.

Reviewing the existing literature on works councils reveals that we have a substantial knowledge of the internal functioning of works council–management relations. For example, we know a great deal about how codetermination influences roles, norms, communication and decision-making processes in the firm. In particular, the social interaction approach of Kotthoff and the Erlanger team has been successful in exploring the internal processes of workplace relations. We know that co-operation is a likely outcome of codetermination, and that works councils over time have become an uncontested part of the workplace regime. We also know that adversial relations can exist (albeit usually only in rare cases), and that the existence of a works council does not automatically guarantee successful interest representation or economic benefits for the firm.

One can point, however, to three major gaps in our knowledge on works councils. First, we know little about the determinants of different workplace relations and of works councils’ work. For example, how exactly are attitudes, perceptions and behaviour of works councillors and of management influenced by their demographic characteristics, social relations of the workplace and by external factors (industry, size, economic performance, etc.)?

Second, there is insufficient information on the link between works councils’ strength and possible economic benefits for the firm. It is a pity that there has so far been no real discussion between labour economists and sociologists working on works councils. Moreover, there is a lack in defining and measuring effectiveness. One needs to distinguish between works councils’ effectiveness (a) to represent workers’ interests and (b) to enhance companies’ goals. And how are they interrelated? For example, do effective worker representatives offer fewer or more economic benefits to the firm? Or are both outcomes independent of each other?

Third, we know little about the specific relationship between unions and works councils and how it influences the latter’s functioning and effectiveness. For example, what is the impact of strong or weak union identities on works councils’ behaviour? How important are strong unions for works councils’ bargaining power? How can we measure this? Do more militant unions have more or less effective works councils?
In sum, we know much about the ontology of works councils (what is a works council, what does it do) but much less about the determinants, outcomes and underlying causal relations. This is due partly to the phenomenological research traditions in German social science, which strongly differs from the more positivist, empirically oriented Anglo-Saxon tradition (Frege forthcoming, b). For example, although we have abstract research paradigms such as the democratization or social partnership model, we lack medium-range theories which would help us to predict bargaining agreements in specific workplaces. There is a need for hypothesis testing in an Anglo-Saxon tradition on a larger, preferably quantitative, scale to balance the rich body of qualitative research. The recent works council surveys are a welcome development, but a shift from the predominantly descriptive towards more analytical data interpretation is indispensable.

There is also a need for a more theoretically based analysis of the current changes in the works council institution. So far, all we have are tentative indicators that the environment of the works council is changing but that the institution itself remains relatively stable. But how do we know whether and how institutions really change? When can we talk about ongoing, dynamic adaptations of institutions, and when do we have to talk about significant changes in the institution’s nature as such? One way forward would be to adopt new approaches of institutional transformation as they are being developed in sociology and political science (Peters 1999; Powell and DiMaggio 1991). A core interest here is the focus on how individuals and institutions interact. Changes in actors’ behaviour are not necessarily indicators of institutional change: actors also need to change their attitudes and values towards their institutions if we are to speak of a genuine institutional transformation.

Finally, it seems important, in times of growing deregulation pressures on industrial relations, to consider works councils and codetermination from a broader, political perspective. Works councils are intriguing because of their particular character as state-supported, legal institutions of industrial democracy. In light of the recent upsurge in sociological research on the interaction between civil society and political democracy (Pateman 1970; Putnam 2000), it seems timely to revive an old research agenda of industrial relations of the 1950s and 1960s (v. Friedeburg 1997) to provoke a new, interdisciplinary debate on the relationship between industrial and political democracy. For example, one could explore whether codetermination today increases workers’ interest in democratic participation outside the workplace (as Pateman’s work would suggest). Thus, to what extent is codetermination still part of Germany’s civil society, and how will changes in codetermination affect its civil and political culture? And from a comparative perspective it would be fascinating to analyse whether Germany’s extensive industrial democracy has a visible and positive impact on its national political culture compared with countries having lesser degrees of democracy at work.

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Notes

1. Except for a few other western European countries such as Austria or the Netherlands, most works council institutions have weaker rights than their German counterparts (see Thelen and Turner 1997: 43).
2. The Works Constitution Act defines the areas in which works councils have information, consultation or codetermination rights. It also stipulates a one-third representation of the work-force on the supervisory boards of companies with over 500 employees. The Codetermination Act provides notional parity in firms with more than 2000 employees (though in practice the shareholders’ representatives retain a majority in the event of disagreement) (Jacobi et al. 1992: 227).
3. For more specific information, see Jacobi et al. (1992), Müller-Jentsch (1994, 1997).
4. For example, data from the 1994 works council election shows that 40,000 firms have a works council: this is approximately 15.5 per cent of all firms (and 57.7 per cent of all employees) and 46.2 per cent of all firms with more than 21 employees (and 74.4 per cent of all employees in such firms) (Mueller-Jentsch and Ittermann 2000). According to another source, 87 per cent in firms with more than 300 employees have a works council, rising to 96 per cent of firms with over 1000 employees (Dorsch-Schweizer and Schulten 2001: 113). In these 40,000 firms 220,000 works councillors were elected (Mueller-Jentsch and Ittermann 2000: 210).
5. This has been conceptualized in the literature under different terminologies: ‘organizational social constitution’ (Dabrowski et al. 1986; Hildebrandt and Seitz 1989); ‘organizational social order’ (Kotthoff 1994); ‘organizational and bargaining culture’ (Bechtle et al. 1985); ‘political culture’ (Schmidt and Trinczek 1989; Trinczek 1987); or ‘micropolitics’ (Küpper and Ortmann 1988).
6. Intensive case studies of 63 representative small and middle-sized firms in six industries in Baden-Württemberg, interviews with works council and management in 1974/5 and then again in 1989/90.
7. Clearly this is not the only focus of the recent literature. (For a broad overview of the empirical research on works councils see Funder 1995.) One example is the increasing interest in the relationship between works councils and direct forms of employee participation (Breisig 1993). However, this and other studies do not yet form major research agendas.
8. Their empirical basis is a sample of 32 case study firms in two German states which were selected in the early 1990s with the help of local union officials to include a variety of different workplace relations: 92 individual and group interviews with 128 managers/owners and works councillors in middle-sized and large firms.

9. The WSI survey uses a randomly selected sample (grouped by company size) of public statistics on companies and approached around 42,000 private and 10,000 public firms (with more than 20 employees and with or without a works council) in all sectors except farming, mining, chemical and energy industry. The first survey was conducted in 1997/8 (2956 returned questionnaires), the second in 1999/2000 (2914 returned questionnaires). It is planned to repeat this survey every two years. The survey includes 110 questions, mostly informational (e.g. how long have you been a works councillor?).

10. Müller-Jentsch and Seitz (1998) used a randomly selected sample of 2171 firms out of a total of 6590 firms of the machine-tool industry (with more than 20 employees). The sample included firms with and without works councils: 730 surveys were returned (33.4 per cent return rate); 495 of these 730 firms had a works council and were used for further analysis. Their survey included 54 questions.

11. Frege surveyed a randomly selected sample of works councillors in the chemical and postal/telecommunications industries (N = 485). Return rates were 50 per cent for the postal/telecoms firms and 24 per cent for the chemical firms. Her survey included 114 questions, mostly Likert-scaled.

12. The reform includes legal simplifications of the works council creation and elections; more works councillors and more full-timers relative to the size of the firm; and more rights regarding ecological concerns, equal opportunities, family friendly workplaces and anti-racism.

13. The direct costs of works councils (office space, pay for part- or full-time councillors, election, assemblies, etc.) are estimated to be around 0.6 per cent of the entire salary costs of the firm (W. Weber 1982: 67) or 356.03 DM per employee per year in the 1980s (Niedenhoff 1984).


15. It is a representative survey of all industrial and service sectors of the (West) German economy, including large and small firms, originally conducted by Büchtemann and Höland (1989).

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