NET WORK LISER

Discussion Paper Series

IZA DP No. 19067

November 2026

Trust and Cooperation in Employment Relations: Evidence

Uwe Jirjahn
University of Trier,
GLO and IZA@LISER

The IZA Discussion Paper Series (ISSN: 2365-9793) ("Series") is the primary platform for disseminating research produced within the framework of the IZA@LISER Network, an unincorporated international network of labour economists coordinated by the Luxembourg Institute of Socio-Economic Research (LISER). The Series is operated by LISER, a Luxembourg public establishment (établissement public) registered with the Luxembourg Business Registers under number J57, with its registered office at 11, Porte des Sciences, 4366 Esch-sur-Alzette, Grand Duchy of Luxembourg.

Any opinions expressed in this Series are solely those of the author(s). LISER accepts no responsibility or liability for the content of the contributions published herein. LISER adheres to the European Code of Conduct for Research Integrity. Contributions published in this Series present preliminary work intended to foster academic debate. They may be revised, are not definitive, and should be cited accordingly. Copyright remains with the author(s) unless otherwise indicated.

IZA@LISER NETWORK
ISSN: 2365-9793

Trust and Cooperation in Employment Relations: Evidence

Abstract
The issue of trust and cooperation in employment relations is a complex one as multiple actors are involved. The issue not only refers to the vertical relationship between workforce and management, but also to horizontal relationships among workers. Moreover, worker representation through unions or works councils often plays a role in employment relations. This brings a series of further important aspects to the issue – the quality of the relationship between a worker representation body and management, the impact of worker representation on the quality of worker-management relationships, the quality of the relationship between workers and their representation body, and the impact of worker representation on the quality of relationships among workers. This chapter provides a review of the econometric evidence on the determinants, outcomes and dynamics. Econometric research shows that trustful and cooperative employment relations not only have microeconomic consequences at the individual or firm level. They also have macroeconomic implications for the performance of labor markets.

JEL classification
D90, J50, J51, J53, M54, M55

Keywords
cooperative employment relations, trustful employment relations, trajectory of trust and cooperation, unions, works councils, worker representation

Corresponding author
Uwe Jirjahn
jirjahn@uni-trier.de

1. Introduction

Formal labor contracts are highly incomplete. This incompleteness implies that workers have some discretion over their effort while management has discretion in whether or not to provide good working conditions and pay high wages. Given the incompleteness of formal labor contracts, informal agreements – so-called implicit contracts – play an important role in employment relations. Implicit contracts are based on promises. For example, management may promise to provide job security or pay high wages in exchange of workers' high effort. If both parties abide by the implicit contract, they can realize a mutually beneficial situation. However, implicit contracts cannot be legally enforced. Hence, there is the risk that the parties break the contract and end up in a situation that makes them worse off.

In its simplest form, this problem may be described by the classical prisoner's dilemma game (La Porta et al. 1997). Players choose whether to cooperate or defect. While mutual cooperation would yield a Pareto-optimal outcome with higher payoffs for all players, it is not an equilibrium. The equilibrium is characterized by mutual defection entailing an inferior outcome with lower payoffs for the players. Despite this theoretical prediction, experimental studies show that a substantial fraction of players choose to cooperate even in the one-shot prisoner's dilemma game (Capraro et al. 2014; Kelley and Stahelski 1970; Sally 1995). Heuristics, norms, fairness concerns and social preferences appear to play a role in the intrinsic willingness to cooperate.

The basic point is that a player with the willingness to cooperate can only realize a cooperative dividend when the other player is a cooperator, too. If the other player is a defector, the cooperator only receives the sucker's payoff. Thus, the willingness to

cooperate requires trust (Ostrom 2003). The question is how to define trust. One view holds that trust is simply the belief that the other player also has cooperative inclinations (Gambetta 2000). Another view holds that trust not only depends on the probability that the other player is a cooperative type. Trust also involves the acceptance of vulnerability (Rousseau et al. 1998). A trusting individual renders oneself vulnerable to another party on the expectation that the other party will not exploit that vulnerability. This is more than a simple taste for risk. The act of trust and having a trustful relationship can have an intrinsic value to people (Bohnet and Baytelman 2007; Dunning et al. 2012; Fehr 2009). Whatever definition we apply, mutual trust among cooperators allows these types of individuals to escape the prisoner's dilemma and realize a cooperative dividend.

While trust and cooperative inclinations appear to be important ingredients to cooperation in many situations, models of the infinitely (or indefinitely) repeated prisoner's dilemma suggest that cooperation can evolve among completely selfish players as a self-enforcing implicit contract without any trust (Baker et al. 1994; Bull 1987; MacLeod 1988). However, repeated games are far from being perfect. Repeated games do have multiple equilibria involving a coordination problem (Dal Bó and Fréchette 2018; Kreps 1990). Norms and the belief that others will follow the norms may help players realize an equilibrium with high cooperation. Moreover, in reality, interactions are only repeated for a finite number of periods. From a theoretical viewpoint, a certain fraction of players with an intrinsic willingness to cooperate is required to ensure cooperation for some time (Kreps et al. 1982). Indeed, experimental studies show that a substantial fraction of intrinsic cooperators stabilize cooperation in finitely repeated games (Andreoni and Miller 1993; Chakraborty 2023; Mao et al. 2017). Finally, not only formal labor contracts but also

implicit contracts are incomplete (Gibbons and Henderson 2012). Implicit contracts entail a high degree of ambiguity and lack of clarity. Thus, it may be difficult for a party to verify whether or not the other party behaved honestly. In such a situation, trust may be not only challenged but is required to sustain cooperation.

There is a massive experimental literature on trust and cooperation. However, experimental studies are conducted in stylized laboratory settings. It is crucial to understand how trust and cooperation operate in the real world. Over the last twenty years or so, a growing body of econometric studies has begun to examine the issue of trust and cooperation in employment relations. Using survey measures of trust or indicators of cooperation, these studies provide real-world evidence that the issue is quite complex and has many facets. In particular, the studies shed light on the fact that multiple actors are involved when it comes to employment relations. The issue of trust and cooperation not only refers to the vertical relationship between workforce and management, but also to horizontal relationships among workers. Moreover, worker representation through unions or works councils often plays a role in employment relations. This brings a series of further important aspects to the issue – the quality of the relationship between a worker representation body and management, the impact of worker representation on the quality of worker-management relationships, the quality of the relationship between workers and their representation body, and the impact of worker representation on the quality of relationships among workers. Finally, econometric studies show that trust and cooperation not only have microeconomic consequences at the individual or firm level. They also have macroeconomic implications for the performance of labor markets.

This chapter reviews the econometric evidence on trust and cooperation in employment relations. In some instances, the chapter will also discuss studies from neighboring disciplines to provide a more comprehensive picture. The chapter is organized as follows: Section "The Outcomes of Trust and Cooperation" sets the stage by discussing the implications of trust and cooperation for workers, firms and labor markets. Section "Determinants of Trust and Cooperation" reviews the evidence on the factors that influence trust and cooperation in employment relations. Section "The Dynamic Dimension of Trust and Cooperation" makes it clear that trust and cooperation are not static but can change over time. Section "Summary" highlights the key insights.

2. The Outcomes of Trust and Cooperation

2.1 Workers and Management

Brown et al. (2015) provide British evidence that the average degree of worker trust in management within a firm is associated with increased financial performance, productivity and product or service quality. The findings fit theoretical considerations. Workers have some discretion with respect to how hard and smart they work. If workers trust that management will treat them honestly and fairly, they are willing to work hard and smart.

Guiso et al. (2015) obtain for the United States that the level of integrity of management as perceived by workers is associated with higher firm productivity, profitability and an increased attractiveness of the employer to prospective applicants. Interestingly, a firm's proclaimed values of integrity and trust do not play a significant role in firm performance. The pure advertisement of these values by the firm appears to be simply cheap talk. It is crucial that workers actually experience management as being trustworthy.

Noda (2020) presents a Japanese study showing that trust in management not only has consequences for workers' performance but also for their well-being. Workers who trust management exert more effort and perceive a higher degree of job security. The results conform to the notion that trust helps build win-win employment relations based on implicit contracts and reciprocity. Workers put in more effort and management keeps its promise to provide better working conditions such as job security.

A British study by Wang et al. (2018) finds that trust plays a particular moderating role when workers face job insecurity. Workers with a high degree of job insecurity have a lower level of organizational commitment and experience a higher level of work-related anxiety. The impact of job insecurity on commitment and anxiety is less pronounced if an individual works in a firm where the workforce has a high degree of collective trust in management (i.e., a high degree of aggregate trust).

Findings by Meagher and Wait (2020) show that workers' trust also has an influence on the behavior of management. Using Australian data, the study finds a link between an individual worker's trust in management and their decision-making rights. Managers appear to delegate decision authority to those workers who have a high trust in them and, hence, use the decision rights in a way that improves firm performance. A cross-country study by Gur and Bjørnskov (2017) supports this view. In countries with a higher level of trust, managers are more willing to delegate authority to subordinates.

While the studies discussed so far focus on workers' trust, Nguyen (2026) analyzes for the United States the consequences of managers' trust for the innovativeness of firms. Using variation in trust across CEO ethnic origins, Nguyen finds that a CEO's generalized trust is associated with more patents and higher patent quality. CEOs impart their

generalized trust to the trust culture of the firm. Workers feel that they are more trusted by management and, hence, are more willing to undertake more risky research and development resulting in increased innovativeness.

2.2 Relationships Among Workers

Not only trust between workers and management but also trust among workers is an important component of the trust culture within an organization. Using data on public sector workers from eighteen Latin American countries, Keefer and Vlaicu (2024) find a positive association between individual trust in co-workers and collaboration, information sharing, support of technological change, and mission motivation. These findings conform to the notion that trust among workers engenders more cooperation to achieve common goals.

Kurtulus et al. (2011) find for the United States that workers have stronger preferences for performance pay in general and for collective payment schemes such as profit sharing in particular when they perceive management as being trustworthy and view their co-workers as being committed to workplace performance. These findings conform to theoretical expectations. On the one hand, the expected benefits from performance pay are higher if workers trust management to correctly and fairly calculate rewards. On the other hand, the expected benefits from performance pay depend on the behavior of co-workers. If production is characterized by interdependent worker productivity, this even holds for individual performance pay. Interdependent worker productivity means that a worker's performance not only depends on the worker's own effort but also on the effort of their co-workers. Collective performance pay additionally entails a potential free rider problem. Collective performance not only depends on the worker's own effort but also on

whether or not their co-workers free ride on that performance. Altogether, the expected benefits from performance pay are higher if a worker trusts their co-workers to contribute their share and put in high effort.

Helliwell and Huang (2010) provide Canadian evidence that trust in co-workers and trust in management both are associated with increased life satisfaction. This shows that the quality of employment relations has also consequences for the quality of life beyond work.

2.3 Worker Representation

From a theoretical viewpoint, worker representation through unions or works councils has the potential to contribute to more cooperative employment relations increasing workers' well-being and their willingness to contribute to firm performance. Worker representation reduces information asymmetries between management so workers can better evaluate managers' behavior (Freeman and Lazear 1995). More transparency allows management building a reputation of credibility. Moreover, the influence of unions or works councils on decision making within a firm makes it more difficult for management to break promises made to the workforce (Eguchi 2002; Hogan 2001; Jirjahn and Smith 2018). This helps create binding commitments that increase workers' confidence in the promises made by management.

However, from an empirical viewpoint, worker organizations such as unions or works councils are heterogeneous entities. Even within one country or industry, unions or works councils differ across firms in the way they represent workers' interests and their ability to influence management decisions. In particular, workers' perceptions of worker organizations should make a difference in how these organizations influence behavior and

well-being at work. Noda (2025) provides evidence from union members in Japan showing that workers' perceptions indeed play an important role. The author uses two measures of a worker's individual trust: trust in unions in general and trust that unions can be relied on to obtain trustworthy managerial information. The two measures of trust are negatively associated with perceived job insecurity and positively associated with satisfaction with job security. Trust in unions in general is also positively associated with overall job satisfaction.

Moreover, the outcomes of worker representation depend on whether the relationship between a worker representation body and management can be characterized as adversarial or cooperative. A comparative study by van den Berg et al. (2025) finds for Germany and the Netherlands that trustful relationships between works council and management are associated with a greater influence of the works council on firm policies.

Some studies have used the European Company Survey to examine the outcomes of trust between management and the worker representation body – either a works council or a union – within a firm. The European Company Survey is a large survey of firms in the EU member states and the United Kingdom. Addison and Teixeira (2020) find that management's trust in the worker representation body and, vice versa, worker representatives' trust in management are associated with increased productivity and financial performance. Brandl (2021) shows that particularly strong mutual trust leads to increased financial performance.

Studies with the European Company Survey also provide some evidence on transmission channels. Addison and Teixeira (2024a) obtain that worker representatives' trust in management and a strong influence of the worker representation body on decision

making are positively linked with a higher commitment of the workforce. Commitment of the workforce is, in turn, positively linked with increased productivity and financial performance. A further study by Addison and Teixeira (2024b) finds that mutual trust between management and worker representatives is associated with lower strike incidence in the firm. Thus, mutual trust appears to reduce conflicts.

Avgoustaki et al. (2026) show that management's trust in worker representation is associated with a greater effectiveness of the worker representation body in influencing decisions. This finding fits the notion that managers trusting worker representation encourage worker representatives to participate more comprehensively in decision making. Management's trust in the worker representation body also predicts the implementation of direct worker involvement and participation practices. This result contradicts the view that worker representation and direct worker involvement are inevitably substitutes. They can be complementary if industrial relations are characterized by trust.

2.4 Labor Market Performance

The quality of employment relations not only has an impact on the microeconomic but also on the macroeconomic level. Blanchard and Philippon (2004) use information provided by the World Economic Forum to calculate country-level measures of the quality of employment relations. The World Economic Forum conducts surveys among senior business executives in a large number of countries on whether employment relations in their firm can be characterized as cooperative. Blanchard and Philippon use the country mean response as a measure of the quality of employment relations within a country. They obtain two key insights. First, their measure of the quality of employment relations is negatively associated with the strike intensity in OECD countries. Second, the quality of

employment relations is negatively associated with the evolution of unemployment across European countries over a period of thirty years. Countries with more cooperative employment relations experience lower unemployment rates.

A study by Feldmann (2006) uses data from nineteen advanced countries over a period of sixteen years to confirm that cooperative employment relations are associated with lower strike intensity and lower unemployment. Moreover, Feldmann shows that the quality of employment relations is particularly associated with lower unemployment rates among women, young workers and low-skilled workers.

Finally, Feldmann (2009) finds that the negative association between the quality of employment relations and unemployment also holds for sixty-four developing countries. However, compared to advanced countries, the magnitude of the association appears to be moderate.

3. Determinants of Trust and Cooperation

Altogether, the studies discussed so far make it clear that trust and cooperation in employment relations have positive outcomes for workers, firm performance and the functioning of labor markets. This gives rise to the question of what factors contribute to trustful and cooperative employment relations. Again, this is a complex issue as multiple actors are involved.

3.1 The Quality of Relationships Among Workers

Some studies have examined the role of working from home in cooperation among workers. Yang et al. (2022) show for the United States that working from home results in a more static and sioled collaboration network of workers. This makes it harder for workers

to acquire and share information across disparate parts of the firm. Gibbs et al. (2023) find for India that working from home leads workers to engage in fewer contacts with colleagues and bosses. The findings of the two studies reflect a move toward more electronic communication and less face-to-face interaction. This negatively affects collaboration. Physical proximity and face-to-face interactions not only enable flexible and speedy communication between workers (Battison et al. 2021) but also foster the formation of friendships and informal networks (Marmaros and Sacerdote 2006).

Other studies have focused on the role of incentive schemes. Burks et al. (2009) find for Switzerland and the United States that workers in firms paying for individual performance are less cooperative than their counterparts in firms paying hourly wages. This finding fits the notion that individual performance pay induces workers to focus on their own outcomes and neglect collaboration with co-workers. Brown and Heywood (2009) provide corroborating evidence from Australia. They examine workers subject to individual performance pay. Workers who do not help their co-workers earn a higher amount of performance pay. Baktash (2026) obtains for Germany that individual performance pay is associated with a higher risk of burdensome conflicts with co-workers.

Collective incentive schemes appear to operate quite differently. Evidence from Germany (Berger et al. 2011; Heywood et al. 2005) and the United States (Encinosa III et al. 2007) suggests that collective incentive schemes such group performance pay or profit sharing are associated with more cooperation and helping on the job. However, collective incentive schemes are also linked with increased peer pressure. Freeman et al. (2010) find for the United States that workers receiving collective performance pay are more likely to

take action against shirkers. This link is largest when workers trust management and the firm adopts low levels of supervision and pays fixed wages at or above the market level.

3.2 The Quality of Worker-Management Relationships

Collective performance pay also has an influence on the quality of worker-management relationships. Bayo-Moriones and Larraza-Kintana (2009) obtain for Spain a positive association between profit sharing and workers' commitment to the firm. The finding conforms to the notion that profit sharing contributes to cooperative worker-management relationships as it signals that the employer is benevolent and willing to voluntarily return to workers a portion of the fruits of their collective labor.

Of course, there are many factors other than the method of pay influencing the quality of employment relations. The British study by Brown et al. (2015) shows that workers exhibit higher trust in management if managers keep them informed about changes in staffing, work tasks and the way the firm is being run. This result shows that transparency plays an important role in trust. Moreover, the amount of training received and wages earned in excess of the average in the industry are positively associated with trust in management. Workers' trust in management appears to be higher if managers care about their well-being. Finally, strains associated with an economic downturn (e.g., increased workload, re-organized work or a wage cut) are negatively linked to trust in management. This suggests that it is difficult to sustain trust under adverse economic conditions that require concessions by workers.

Schulz et al. (2022) present British evidence that wage inequality also plays a role. The authors find a curvilinear association between intra-firm wage inequality and trust in management. When wage inequality is at a low or moderate level, increasing inequality is

associated with higher trust in management but when wage inequality passes a certain threshold the association turns negative. The finding fits theoretical expectations. To the extent wage differentials reflect differences in skills, workers perceive wage inequality as being fair and appreciate that management rewards the skills. However, excessive wage inequality that outpaces differences in skills violates fairness norms and casts doubt on the integrity of management.

Breda and Manning (2025) examine how the structure of the workforce influences trust and loyalty within British firms. While ethnic minorities as individuals show higher trust in management and more loyalty toward organizational values, the share of ethnic minority workers within the workforce is associated with lower aggregate trust and loyalty at the firm level. Ethnic diversity appears to make it more difficult to build trustful employment relations. From the viewpoint of immigration policy, this is an important insight as immigration tends to increase ethnic diversity. Furthermore, women as individuals exhibit more trust in management and loyalty, and the share women within in the workforce contributes to higher aggregate trust in management and loyalty toward organizational values. This indicates that an increased labor force participation of women can strengthen trustful employment relations.

Guiso et al. (2015) examine in their study for the United States not only the outcomes of perceived integrity of management but also the determinants. The authors have a specific focus on ownership and corporate governance. The average level of management integrity as perceived by workers is lower in firms that are publicly traded. This result fits the notion that public listing creates a distortion in managerial decision making. If the stock market underestimates the long-run value of trustful employment

relations, managers maximizing *current* stock market value of the firm underinvest in the quality of employment relations. Furthermore, the authors find that the presence of a large shareholder is associated with a lower level of management integrity in publicly listed firms. One explanation for this finding is that a concentrated ownership structure leads to a stronger focus on shareholder value maximization reducing managers' incentive to maintain a reputation for integrity. From a broader perspective, the results by Guiso et al. provide some support for the view that financialization is a challenge for the quality of employment relations (Grady and Simms 2019; Thompson 2013).

3.3 Worker Representation and the Quality of Worker-Management Relationships

In industrial relations research, a particularly important question is how worker representation influences the quality of worker-management relationships. Brown et al. (2015) find for Britain that union members exhibit a lower level of trust in management than nonmembers. Similarly, Pyman et al. (2010) obtain for Australia that workers are less likely to perceive worker-management relationships as being good if a union is present in the firm. At first glance, these findings might run counter to theoretical expectations. However, the findings do not mean that unions are not able to improve information sharing and obtain binding commitments by management. Instead, they suggest that worker representation changes workers' perceptions and expectations with respect to management's behavior. Workers become more conscious of managerial shortcomings and, hence, more critical of managers.

A study by Mohrenweiser and Pfeifer (2026) on German works councils provides evidence supporting this explanation. The presence of a works council in a firm has an insignificant to negative impact on workers' fairness perceptions. Nonetheless, at the same

time, there is a strong link between works council presence and productivity. While worker representation leads workers to take a more critical stance toward management, it still increases workers' cooperativeness and willingness to contribute to firm performance as workers can be confident that management cannot take action without considering their interests.

Moreover, it has to be taken into account that the influence of worker representation on the quality of worker-management relationships depends on how a worker organization and management interact with each other and on the way the worker organization represents workers' interests. Bryson (2001) provides British evidence. Workers' trust in management is higher where there is a balance of power between unions and management and the union is perceived as being effective. Furthermore, workers' trust in management is higher if management supports union membership and is lowest if management actively discourages membership. In a similar vein, the Australian evidence provided by Pyman et al. (2010) shows that workers are more likely to report poor worker-management relationships if management opposes unions.

Noda (2020) provides evidence from workers in unionized firms in Japan. Workers' trust in management is higher if management discloses confidential information to the union, management is willing to solve problems, the union is effective in reducing information asymmetries and influencing decisions, and union leaders more frequently visit workers' workplaces.

Deery and Iverson (2005) present a study for unionized workers in Australia. Workers' perception of the employment relations climate is more positive if the union

adopts a problem-solving approach to bargaining, management shares information freely with the union and negotiates in a fair manner with the union.

In summary, the available evidence makes it clear that the link between worker representation and workers' trust in management crucially depends on three factors: management's response to worker representation, the power of a worker organization to influence management decisions, and the relationship between worker representatives and workers. A further issue complicating that link is the direction of causation. Worker representation may not only have an influence on workers' trust. Workers' trust may also have consequences for worker representation.

Guiso et al. (2015) obtain for the United States that a high level of perceived integrity of management is associated with a lower fraction of the firm's workers that are unionized. This finding fits the notion that workers feel less need for protection through unions if management keeps its promises made to the workforce.

A controversial issue is how ownership influences the quality of worker-management relationships and, hence, workers' desire for representation. Mueller and Philippon (2011) find for France that family firms experience fewer strikes and a lower fraction of unionized workers. Using data from 12 countries they confirm that family firms have lower unionization rates than do nonfamily firms. Jagannathan et al. (2025) obtain for the United States that founder-managed firms are less likely to be unionized and are less likely to have unfair labor practice charges filed against them. The authors of the two studies are quick to assume that family firms or founder-managed firms are more committed to informal agreements and create more trustful employment relations reducing workers' desire for representation. However, this view is not supported by Gusio et al.

(2015). They do not find that the presence of founders on the board of a firm has a significant influence on management's integrity. Moreover, Matsuura and Noda (2017) show for Japan that managers from family firms tend to regard unions as harmful to their management. It appears to be likely that these managers avoid unions not only by providing better working conditions but also by engaging in union suppression strategies.

This view is supported by evidence from Germany. Jirjahn and Mohrenweiser (2016) find that owner-managers not only have an influence on the introduction but also on the survival of a works council. Workers in owner-managed firms are less likely to introduce a works council. In case of an introduction, the new works council is less likely to survive if the firm is owner-managed. In particular, the latter finding conforms to the notion that owner managers show stronger resistance to worker representation. Indeed, Behrens and Dribbusch (2020) provide some direct evidence that owner-managers more often engage in suppression strategies than hired managers.

Altogether, the available evidence shows the role of worker representation in the quality of worker-management relations in a nuanced light. In particular, the way a worker representation body and management interact with each other appears to be crucial. Jirjahn and Smith (2006) develop a typology of distinct employment relations regimes that is based on two dimensions: the presence or absence of a formal worker representation body in the firm on the one hand and a positive or negative stance of management toward worker participation in decision making on the other hand. The authors combine the two dimensions to distinguish between four employment relations regimes. The first regime is characterized by the presence of a formal worker representation body and a positive stance of management toward worker participation. The worker representation body and

management collaborate to create cooperative and trustful worker-management relationships. The second regime is characterized by the presence of a formal worker representation body and a negative stance of management toward worker participation. This is a situation entailing adversarial bargaining and less cooperative worker-management relationships. The third regime is characterized by the absence of a formal worker representation body and a positive stance of management toward worker participation. Management communicates directly with workers and builds cooperative and trustful employment relations on a rather informal basis. Finally, the fourth regime is characterized by the absence of a formal worker representation body and a negative stance of management toward worker participation. Management tries to avoid any kind of worker representation by exerting pressure on workers wo show interest in worker voice. Instead of building cooperation and loyalty, management tries to ensure effort by intensively monitoring workers and sharply limiting their scope for decision making.

Finally, it should be noted that the studies discussed so far overwhelming focus on traditional capitalist firms. A study by Sabatini et al. (2014) provides one exception. Using data from Italy, they compare individuals employed in worker cooperatives and individuals employed in traditional capitalist firms. Individuals employed in worker cooperatives are more likely to report that the work environment has positively influenced their trust towards others. The finding fits the notion that shared control rights, equal decision-making power and procedural fairness foster trustful employment relations.

3.4 The Relationship Between the Worker Representation Body and Management

The available econometric evidence makes it clear that the outcomes of worker representation crucially depend on the quality of the relationship between the worker

representation body and management. Thus, it is important to understand the factors influencing the quality of this relationship.

Brandl (2020) uses the European Company Survey to examine the determinants of mutual trust between the worker representation body – either a works council or a union – and management. Larger firms have a lower likelihood that the relationship between worker representatives and management is characterized by mutual trust. Trust building appears to be easier in smaller organizations. The likelihood of mutual trust is also lower if the firm reduced their workforce. Obviously, trust is difficult to sustain if management makes decisions that negatively affect workers' interests. Furthermore, a change in ownership is associated with a lower likelihood of mutual trust. New owners may implement new management and organizational practices entailing uncertainty and challenging trust. Moreover, new owners may be not committed to the promises made by previous owners to the workforce. The likelihood of mutual trust is also lower if collective bargaining occurs at the firm level. This conforms to the notion that it is more difficult to build trustful and cooperative employment relations if distributional issues have to be solved at the firm level. Finally, Brandl's study shows that country effects play a role. Mutual trust between worker representatives and managers is relatively high in Scandinavian countries and low in Mediterranean countries. It varies strongly across countries in Central and Eastern Europe.

The comparative study by van den Berg et al. (2025) examines the determinants of trustful relationships between works councils and management for firms in Germany and the Netherlands. Timely information provision by management, management's organizational support of the works council and shared goals are positively associated with

a trustful relationship between works council and management in both countries. By contrast, trust between works council and management is lower if the works council often receives advice from a union. This result holds for both Germany and the Netherlands. The finding suggests that building trust is more complicated when a third party is involved. While advice by a union helps increase the effectiveness of a works council in influencing decisions (the German evidence), it appears to make building trustful industrial relations within the firm more difficult. Furthermore, the findings for Germany show that the firm's coverage by a collective bargaining agreement is positively associated with both the impact of a works council on decision making and a trustful relationship between works council and management. This finding conforms to the notion that worker representation through works councils is more effective in influencing decisions and building trust if the council is less involved in distributional issues and these issues are solved by unions and employers' associations (Hübler and Jirjahn 2003).

3.5 The Relationship Between Workers and Their Representation Body

Our discussion would be incomplete without considering the relationship between workers and their representation bodies. Studies examining this relationship do not directly address trust and cooperation but instead focus on related aspects. Nonetheless, these studies provide useful insights. The studies show among others that the leadership style of worker representatives and the broader societal consequences of a worker organization play an important role in the relationships among workers and in the relationship between workers and their representation body.

Using data from unionized workers in Australia, Cregan et al. (2009) provide evidence of a link between the leadership style of worker representatives and the quality of

relationships among workers. Union members exhibit stronger identification with their fellow members if worker representatives pursue a transformational leadership style – a leadership style that is characterized by moral and ethical decision-making, enthusiasm, a sense of mission and an optimistic vision for the future. A stronger identification with fellow member is, in turn, associated with greater loyalty to the union and a higher willingness to actively support the union. All in all, the findings indicate that a transformational leadership style of worker representatives can foster a "sense of oneness" that helps overcome collective action problems and strengthens workers' willingness to contribute personal resources to the common goal.

Evidence from United States confirms that the leadership style of worker representatives plays a role in the relationship between union members and their unions. Sadler (2012) finds that a democratic leadership style of union presidents induces workers to voluntarily participate in union activities. Johnson and Jarley (2004) obtain that workers are more willing to participate in union activities if union representatives treat them honestly and fairly.

Jirjahn and Kiess (2026) obtain for Germany that workers in firms with a works council are more likely to have a higher degree of collective efficacy – workers' perception that they have joint control over what happens at work. The finding indicates that works councils foster notions of solidarity among workers and increase the awareness that the effective representation of the joint interests involves collective action. The link between works council presence and collective efficacy is stronger for union members than for nonmembers.

Keyes et al. (2023) show for Australia that the societal consequences of a union play a role in the relationship between union members and the union. Positive experiences with the union not only depend on the union's effectiveness in improving wages and working conditions but also on the broader impact of the union on fairness and justice in society. De La Haye et al. (2026) obtain similar results for France, Canada and the United States. Workers appear to have prosocial motivations. They not only appreciate the improvement of their own situation at work but also the broader societal impact of unions.

4. The Dynamic Dimension of Trust and Cooperation

Trust and cooperation are not static phenomena. They can change over time (Fehr 2009; Hart and Regner 2017; Lorenz 1999; Koorsgard et al. 2018). From a theoretical viewpoint, there are a series of possible trajectories. One scenario is that the parties initially distrust each other and this distrust is self-reinforcing. This scenario implies a worsening of the relationship over time. An alternative scenario is that the parties overcome initial distrust and are able to build trust and cooperation in the long run. However, behavioral studies show that people often take a trusting stance already at the beginning of a relationship (Ostrom 2003). Thus, a third scenario is that the parties show some initial trust leading to a process of mutual trust building and long-term growth of cooperation. Of course, trust and cooperation may be fragile in some situations. A fourth scenario is that the parties have trustful and cooperative relationships for a time, but trust is not sustainable and decreases in the end.

Jirjahn et al. (2011) present a study on German works councils. The age of a works council – the number of years since this institution has been implemented in the firm – is associated with a lower probability that management perceives the relationship with the

works council as being bad. At the same time, the age of a works council is linked with a higher probability that the council is involved in decisions even where it has no legal powers. These findings show that time indeed plays a role in employment relations. Works council and management learn about each other and circumstances as time goes on. The learning process may follow a 'step-by-step' rule. Works council and management start by making small commitments to each other and then increase their commitments depending on the quality of their previous interactions. The learning process allows building a more cooperative relationship over time. Jirjahn et al.'s findings suggest that this has positive outcomes for both the firm and the workforce. The age of a works council is associated with a stronger positive impact of the council on productivity and a stronger negative impact on the quit rate of workers. However, Jirjahn et al. also find evidence of a codetermination life cycle. The role of works council age inverts after about thirty years.

While the relationship between works council and management develops over time, the works council may also play a role in the quality of the long-run relationships between workers and management. Jirjahn et al. (2024) provide indirect evidence for the view that works councils help build sustaining cooperative worker-management relationships. They find that the productivity-enhancing impact of management practices (targets, monitoring and incentives) is increasing over time. The long-run impact of the practices is much stronger in firms where a works council is present. The finding fits the notion that the underlying long-term cooperative employment relations ensure that management takes workers' interest into account when setting targets and implementing monitoring and incentive systems. This makes workers more responsive to the management practices.

Nicols et al. (2009) examine workers' trust in management for Britain. The authors find a negative association between a worker's tenure with the firm and the trust the worker has in management. This suggests a negative trajectory of trust. The longer a worker is exposed to an employer, the lower is their trust in management. However, the authors do not examine the role of moderating factors. It would have been particularly interesting to see if the link between tenure and trust in management depends on the presence or absence of worker representation.

The findings by Nicols et al. give rise to the question as to why trust in management is declining over time. One reason could be that workers tend to overestimate management's trustworthiness at the beginning of the employment relationship. This explanation gains plausibility if one takes into account that managers are on average more Machiavellian than other workers (Baktash and Jirjahn 2026; Lindley 2018). Opportunistic managers initially may behave cooperatively to elicit worker effort, but after some time break their promises to save labor costs. This explanation is in line with the literature on finitely repeated games (Kreps et al. 1982). An alternative reason can be lack of clarity and transparency (Gibbons and Henderson 2012). Workers may not have enough information to verify whether management behaves honestly and wrongly perceive management's behavior as defection.

Moreover, changing circumstances can lead to a breach of trust and cooperation at some point of time. If there is a change in management, new managers may not feel committed to the promises made by previous managers. This theme has received attention in the literature on takeovers. As emphasized by Shleifer and Summers (1988), hostile takeovers facilitate opportunistic profit maximization, as they do not only involve the

replacement of inefficient managers, but also the replacement of managers who are loyal to the firm's stakeholders. Newly installed managers may break promises made to the workforce by reverting pension plans, reducing the employment of more-tenured employees or flattening their wage-tenure profiles. Empirical studies on the consequences of takeovers in the United States provide some supporting evidence for this view (Gokhale et al. 1995; Pontiff et al. 1990).

Theoretical contributions and empirical studies for the United States suggest that increased product market competition and adverse economic conditions also lead management to break promises made to the workforce (Bertrand 2004; Francois and Roberts 2003; Idson and Valetta 1996; Petersen 1992; Ramey and Watson 1997; Valetta 1999). Against this background, Jirjahn (2009) and Mohrenweiser et al. (2012) provide evidence from Germany that an adverse economic situation of the firm increases workers' desire for representation. Workers are more likely to implement a works council to protect the rents they have created by their efforts and human capital investments.

5. Summary

The international econometric evidence shows a clear picture of the outcomes of trustful and cooperative employment relations. Trustful and cooperative employment relations are associated with improved worker well-being and increased firm performance. On the macroeconomic level, cooperative employment relations are associated with lower unemployment and a reduced strike intensity. This evidence conforms to the notion that trust and cooperation are crucial ingredients to the functioning of employment relations and labor markets. However, trust and cooperation must be real. The pure advertisement of trust and cooperation by firms is simply cheap talk without any credibility.

The positive outcomes give rise to the question of how trust and cooperation can be achieved and sustained. Information sharing, provision of training, and paying high wages contribute to workers' trust in management. There is also evidence of a link between intra-firm wage inequality and trust in management that appears to be curvilinear.

Furthermore, trustful employment relations depend on the composition of the workforce. Trust in management and loyalty toward organizational values are lower in firms with a high share of ethnic minority workers. By contrast, they are higher in firms with a high share of women.

There are a series of challenges to building and sustaining trust and cooperation. Capital markets, product markets and ownership play a particular role. Trust in management is lower if a firm is publicly traded. Adverse economic conditions and changes in ownership or management are also negatively linked to trust in management.

Studies examining collaboration and cooperation among workers highlight a specific role of working from home and performance pay. Working from home and individual performance pay are associated with less cooperation among workers. By contrast, collective performance pay is linked to more cooperation. However, collective performance pay is also associated with more peer pressure on low-performing co-workers.

The role of worker representation in the quality of employment relations is complex. Worker representation does not necessarily increase worker's trust in management. Quite the contrary, workers may become more critical of managers as they are more conscious of managerial shortcomings. Nonetheless, at the same time, worker representation makes betrayal more costly to management and limits the occasions for managerial opportunism. The lower risk of management opportunism increases workers'

trust that promises made to them are kept. Thus, worker representation appears to foster cooperativeness and the willingness of the workforce to contribute to firm performance despite the more critical stance of workers toward management.

In the end, the impact of worker representation on the quality of worker-management relationships depends on how a worker representation body and management interact with each other. Cooperative relationships between the worker representation body and management are not only associated with higher firm performance. They are also associated with an increased trust of workers in management. Workers exhibit more trust if management has a positive stance toward worker representation, freely and comprehensively shares information with worker representatives and negotiates in a fair manner. Furthermore, regular communication between worker representatives and the rank-and-file, a problem-solving approach of worker representatives to bargaining, the effectiveness of the worker representation body, and the balance of power between the representation body and management contribute to workers' trust in management.

Considering the quality of relationships among workers, worker representation can contribute to a sense 'oneness', solidarity and collective efficacy within the workforce. However, that depends on the leadership style of worker representatives. A transformational leadership style characterized by moral and ethical decision making, enthusiasm and a positive vision for the future appears to be an important ingredient.

The leadership style of worker representatives also plays a role in the relationship between workers and their representation body. A democratic, fair-minded and honest leadership style is associated with greater worker support for the representation body. Finally, a broader agenda of a worker organization is important. Workers are more likely

to report positive experiences with a worker organization if they perceive the organization as having a positive impact on fairness and justice in society.

Econometric research on the dynamics of trust and cooperation in employment relations remains in its infancy. Nonetheless, the few available studies confirm that trust and cooperation have a dynamic dimension. The German experience provides evidence of a positive trajectory of cooperation. The influence of a works council on decisions is increasing and the likelihood of an adversarial council-management relationship is decreasing in the age of the council – the number of years since this representation body has been implemented in the firm. This suggests that learning processes are required for a long-term growth of cooperation.

The British experience provides evidence of a negative trajectory of trust. Workers' tenure with the firm is negatively associated with their trust in management. As discussed, there are several possible explanations for this finding. One explanation is that changing circumstances can lead to a breach of trust and cooperation at some point of time. Evidence from the United States shows that increased product market competition and adverse economic conditions increase the propensity of management to break promises made to the workforce. Evidence from Germany suggests that workers have an increased desire for representation in such situation.

All in all, econometric studies have begun to produce fascinating insights into the multifaceted topic of trust and cooperation in employment relations. Further research is certainly warranted. In particular, examining the dynamics of trust and cooperation in more detail stands as important future research.

References

Addison JT, Teixeira P (2020) Trust and workplace performance. *British Journal of Industrial Relations* 58: 874-903

Addison JT, Teixeira P (2024a) Worker commitment and establishment performance in Europe. *Manchester School* 92: 40-66

Addison JT, Teixeira P (2024b) Strike incidence and outcomes: new evidence from the 2019 ECS. *European Journal of Industrial Relations* 30: 123-149

Andreoni J, Miller JH (1993) Rational cooperation in the finitely repeated prisoner's dilemma: experimental evidence. *Economic Journal* 103: 570-585

Avgoustaki A, Oyetunde K, Prouska R (2026) Trust matters: examining the dynamics of management's trust in employee relations. *British Journal of Industrial Relations* 64: 521-544

Baker G, Gibbons R, Murphy KJ (1994) Subjective performance measures in optimal incentive contracts. *Quarterly Journal of Economics* 109: 1125-1156

Baktash MB (2026) Does Performance Pay Increase the Risk of Worker Loneliness? *Kyklos* 79: 129-148

Baktash MB, Jirjahn U (2026) Are managers more Machiavellian than other employees? *Industrial and Labor Relations Review* 79: 379-407

Battison D, i Vida B, Kirchmaier T. (2021) Face-to-face communication in organizations. *Review of Economic Studies* 88: 574-609

Bayo-Moriones A, Larraza-Kintana M (2009) Profit-sharing plans and affective commitment: does the context matter? *Human Resource Management* 48: 207-226

Behrens M, Dribbusch H (2020) Employer resistance to works councils: evidence from surveys amongst trade unions. *German Politics* 29: 422-440

Berger J, Herbertz C, Sliwka D (2011) Incentives and cooperation in firms: field evidence. IZA Discussion Paper 5618

Bertrand M (2004) From the invisible handshake to the visible hand? How import competition changes the employment relationship. *Journal of Labor Economics* 22: 723-765

Blanchard O, Philippon T (2004) The quality of labor relations and unemployment. NBER Working Paper 10590

Bohnet I, Baytelman Y (2007) Institutions and trust – implications for preferences, beliefs and behavior. *Rationality and Society* 19: 99-135

Brandl B (2020) Variations and (a)symmetries in trust between employees and employers in Europe: some (not so) well-known stylized facts. *European Journal of Industrial Relations* 26: 313-329

Brandl B (2021) Trust relationships in employment relationships: the role of trust for firm profitability. International Journal of the Economics of Business 28: 139-161

Breda T, Manning A (2025) Diversity and social capital within the workplace: evidence from Britain. *Industrial Relations* 64: 520-546

Brown M, Heywood JS (2009) Helpless in finance: the cost of helping effort among bank employees. Journal of Labor Research 30: 176-195

Brown S, Gray D, McHardy J et al (2015) Employee trust and workplace performance. *Journal of Economic Behavior and Organization* 116: 361-378

Bryson A (2001) The foundation of 'partnership'? Union effects on employee trust in management. *National Institute Economic Review* 176: 91-104

Bull, C (1987) The existence of self-enforcing implicit contracts. *Quarterly Journal of Economics* 102: 147-159

Burks S, Carpenter J, Goette L (2009) Performance pay and worker cooperation: evidence from an artefactual experiment. *Journal of Economic Behavior and Organization* 70: 458-469

Capraro V, Jordan J, Rand DG (2014) Heuristics guide the implementation of social preferences in on-shot prisoner's dilemma experiments. *Scientific Reports* 4: 6790

Chakroborty A (2023) Motives behind cooperation in finitely repeated prisoner's dilemma. *Games and Economic Behavior* 141: 105-132

Creagan C, Bartram T, Stanton P (2009) Union organizing as a mobilizing strategy: the impact of social identity and transformational leadership on the collectivism of union members. *British Journal of Industrial Relations* 47: 701-722

Dal Bó P; Fréchette GR (2018) On the determinants of cooperation in infinitely repeated games: a survey. *Journal of Economic Literature* 56: 60-114

De La Haye DC, Keyes A, de Becdelièvre P et al (2026) Prosocial unionism, workplace instrumentality and the union experience in the United States, Canada and France. *British Journal of Industrial Relations* 64: 308-322

Deery SJ, Iverson RD (2005) Labor-management cooperation: antecedents and impact on organizational performance. *Industrial and Labor Relations Review* 58: 588-609

Dunning D, Fechtenhauer D, Schlösser TM (2012) Trust as a social and emotional act: Noneconomic considerations in trust behavior. *Journal of Economic Psychology* 33: 686-694

Eguchi K (2002) Unions as commitment devices. *Journal of Economic Behavior and Organization* 47: 407-421

Encinosa III WE, Gaynor M, Rebitzer JB (2007) The sociology of groups and the economics of incentives: theory and evidence on compensation schemes. *Journal of Economic Behavior and Organization* 62: 187-214

Fehr E (2009) On the economics and biology of trust. *Journal of the European Economic Association* 7: 687-724

Feldmann H (2006) The quality of industrial relations and labour market performance. *Labour* 20: 559-579

Feldmann H (2009) The quality of industrial relations and unemployment in developing countries. *Review of Development Economics* 13: 56-69

Francois P, Roberts J (2003) Contracting productivity growth. *Review of Economic Studies* 70: 59-85.

Freeman RB, Kruse DL, Blasi JR (2010) Worker responses to shirking under shared capitalism. In: Kruse DL, Freeman RB, Blasi JR (eds) *Shared capitalism at work: employee ownership, profit and gain sharing, and broad-based stock options*. University of Chicago Press, Chicago, p 77-103

Freeman RB, Lazear EP (1995) An economic analysis of works councils. In: Rogers J, Streeck W (eds) *Works councils – consultation, representation and cooperation in industrial relations*, University of Chicago Press, Chicago, p 27-52

Gambetta D (2000) Can we trust trust? In: Gambetta D (ed) *Trust: making and breaking cooperative relations*. Oxford University Press, Oxford, p 213-237

Gibbons R, Henderson R (2012) Relational contracts and organizational capabilities. *Organization Science* 23: 1350-1364

Gibbs M, Mengel F, Siemroth C (2023) Working from home and productivity: evidence from personnel and analytics data on information technology professionals. *Journal of Political Economy, Microeconomics* 1: 7-41

Gokhale J, Groshen EL, Neumark D (1995) Do hostile takeovers reduce extramarginal wage payments? *Review of Economics and Statistics* 77: 470-485

Grady J, Simms M (2019) Trade unions and the challenge of fostering solidarities in an era of financialization. *Economic and Industrial Democracy* 40: 490-510

Guiso L, Sapienza P, Zingales L (2015) The value of corporate culture. *Journal of Financial Economics* 117: 60-76

Gur N, Bjørnskov C (2017) Trust and delegation: theory and evidence. *Journal of Comparative Economics* 45: 644-657

Hart NS, Regner T (2017) The spiral of distrust. (non)cooperation in a repeated trust game is predicted by anger and individual differences in negative reciprocity orientation. *International Journal of Psychology* 52: 18-25

Helliwell JE, Huang H (2010) How's the job? Well-being and social capital in the workplace. *Industrial and Labor Relations Review* 63: 205-227

Heywood, JS, Jirjahn U, Tsertsvadze G (2005) Getting along with colleagues – does profit sharing help or hurt? *Kyklos* 58: 557-573

Hogan, C (2001) Enforcement of implicit contracts through unions. *Journal of Labor Economics* 19: 171-195

Hübler O, Jirjahn U (2003) Works councils and collective bargaining in Germany: the impact on productivity and wages. *Scottish Journal of Political Economy* 50: 471-491

Idson TL, Valetta RG (1996) Seniority, sectoral decline, and employee retention: an analysis of layoff unemployment spells. *Journal of Labor Economics* 14: 654-676

Jagannathan M, Myers BW, Niu X (2025) Trust in founders. *Journal of Banking and Finance* 178: 107514

Jirjahn U (2009) The introduction of works councils in German establishments – rent seeking or rent protection? *British Journal of Industrial Relations* 47: 521-545

Jirjahn U, Kiess J (2026) Does employee representation foster employees' experience of workplace democracy? *Economic and Industrial Democracy*: forthcoming

Jirjahn U, Laible MC, Mohrenweiser J (2024) Management practices and productivity: does employee representation play a moderating role? *Human Resource Management Journal* 34: 236-254

Jirjahn U, Mohrenweiser J (2016) Owner managers and the failure of newly adopted works councils. *British Journal of Industrial Relations* 52: 815-845

Jirjahn U, Mohrenweiser J, Backes-Gellner U (2011) Works councils and learning: on the dynamic dimension of codetermination. *Kyklos* 64: 427-447

Jirjahn U, Smith SC (2006) What factors lead management to support or oppose employee participation – with or without works councils? Hypotheses and evidence from Germany. *Industrial Relations* 45: 650-680

Jirjahn U, Smith SC (2018) Nonunion employee representation: theory and the German experience with mandated works councils. *Annals of Public and Cooperative Economics* 89: 201-233

Johnson NB, Jarley P (2004) Justice and union participation: an extension and test of mobilization theory. *British Journal of Industrial Relations* 42: 543-562

Keefer P, Vlaicu R (2024) Employee trust and performance constraints in public sector organizations. *European Journal of Political Economy* 81: 102503

Kelley HD, Stahelski AJ (1970) Social interaction basis of cooperators' and competitors' beliefs about others. *Journal of Personality and Social Psychology* 16: 66-91

Keyes A, Russel ZA, Fiorito J (2023) The union experience: workplace instrumentality, prosocial unionism, and union satisfaction. *Economic and Industrial Democracy* 44: 1239-1265

Koorsgard MA, Kautz J, Bliese P et al (2018) Conceptualizing time as a level of analysis: new directions in the analysis of trust dynamics. *Journal of Trust Research* 8: 142-165

Kreps DM (1990) Corporate culture and economic theory. In: Alt JE, Shepsle JA (eds) *Perspectives on positive political economy*, Cambridge University Press, Cambridge, p 90-143

Kreps DM, Milgrom P, Roberts J et al (1982) Rational Cooperation in the Finitely Repeated Prisoners' Dilemma. *Journal of Economic Theory* 27: 245-252

Kurtulus FA, Kruse D, Blasi J (2011) Worker attitudes towards employee ownership, profit sharing and variable pay. *Advances in the Analysis of Participatory and Labor-Managed Firms* 12: 143-161

La Porta R, Lopez-de-Silanes F, Shleifer A et al (1997) Trust in large organizations. *American Economic Review* 87: 333-338

Lindley JK (2018) Are there unexplained financial rewards for the snakes in suits? A labour market analysis of the Dark Triad of personality. *British Journal of Industrial Relations* 56: 770-797

Lorenz E (1999) Trust, contract and economic cooperation. *Cambridge Journal of Economics* 23: 301-315

MacLeod B (1988) Equity, efficiency, and incentives in cooperative teams," *Advances in the Economic Analysis of Participatory and Labor Managed Firms* 3: 5-23

Mao A, Dworkin L, Suri S et al (2017) Resilient cooperators stabilize long-run cooperation in the finitely repeated prisoner's dilemma. *Nature Communications* 8: 13800

Marmaros D, Sacerdote B (2006) How do friendships form? *Quarterly Journal of Economics* 121: 79-119

Matsuura T, Noda T (2017) Employee representation in Japanese family and non-family SMEs. MPRA Paper 81539

Meagher KJ, Wait A (2020) Worker trust in management and delegation in organizations. *Journal of Law, Economics, and Organization* 36: 495-535

Mohrenweiser J, Marginson P, Backes-Gellner U (2012) What triggers the establishment of a works council? *Economic and Industrial Democracy* 33: 295-316

Mohrenweiser J, Pfeiffer C (2026) Organizational fairness perceptions, employee representation, and firm performance. *Industrial Relations*: forthcoming

Mueller HM, Philippon T (2011) Family firms and labor relations. *American Economic Journal: Macroeconomics* 3: 218-245

Nicols T, Danford A, Tasiran AC (2009) Trust, employer exposure and the employment relationship. *Economic and Industrial Democracy* 30: 241-265

Noda T (2020) Employee trust in management and mutual gains hypothesis in Japanese firms. *Journal of the Japanese and International Economics* 55: 101062

Noda T (2025) Trust in unions and employee well-being in Japanese firms. *Scottish Journal of Political Economy* 72: e70015

Nguyen KT (2026) Trust and innovation within the firm: evidence from matched CEO-firm data. *Quarterly Journal of Economics* 141: 1705-1759

Petersen MA (1992) Pension reversions and worker-stockholder wealth transfers. *Quarterly Journal of Economics* 107: 1033-1056

Pontiff J, Shleifer A, Weisbach MS (1990) Reversion of excess pension assets after takeovers. *RAND Journal of Economics* 21: 600-613

Pyman A, Holland P, Teicher J et al (2010) Industrial relations climate, employee voice and managerial attitudes to unions: an Australian study. *British Journal of Industrial Relations* 48: 460-480

Ostrom E (2003) Toward a behavioral theory linking trust, reciprocity, and reputation. In: Ostrom E, Walker J (eds) *Trust and reciprocity: interdisciplinary lessons from experimental research*, Russel Sage Foundation, p 19-79

Ramey G, Watson J (1997) Contractual fragility, job destruction, and business cycles. *Quarterly Journal of Economics* 112: 873-911

Rousseau D, Sitkin S, Burt R et al (1998) Not so different after all: a cross-discipline view of trust. *Academic Management Review* 23: 393-404

Sabatini F, Modena F, Tortia E (2014) Do cooperative enterprises create social trust? *Small Business Economics* 42: 621-641

Sadler J (2012) The importance of multiple leadership roles in fostering participation. *Leadership and Organization Development Journal* 33: 779-796

Sally D (1995) Conversation and cooperation in social dilemmas. *Rationality and Society* 7: 58-92

Schulz F, Valizade D, Charlwood A (2022) The effect of intra-workplace pay inequality on employee trust in managers: assessing a multilevel moderated mediation effect model. *Human Relations* 75: 705-733

Shleifer A, Summers LH (1988) Breach of trust in hostile takeovers. In: Auerbach A (ed) *Corporate takeovers: causes and consequences*, University of Chicago Press, Chicago, p 33-68

Thompson P (2013) Financialization and the workplace: extending and applying the disconnected capitalism thesis. *Work, Employment and Society* 27: 472-488

Valetta RG (1999) Declining job security. *Journal of Labor Economics* 17: S170-S197

van den Berg, Grift Y, van Witteloostuijn A et al (2025) German and Dutch works councils: a trust theory of legal employee voice. *Human Resource Management Journal* 35: 183-205

Wang W, Mather K, Seifert R (2018) Job insecurity, employee anxiety, and commitment: the moderating role of collective trust in management. *Journal of Trust Research* 8: 220-237

Yang L, Holtz D, Jaffe S et al (2022) The effects of remote work on collaboration among information workers. *Nature Human Behavior* 6: 43-54