

Abstract

Although works councils have, by and large, equally extensive legal rights in Germany and the Netherlands, this is the first econometric analysis that investigates the influence of Dutch works councils on firm performance. We use a nation-wide Dutch dataset with information on management's perceptions of the works council's impact on their firms' efficiency and innovation. Inspired by the German study of Jirjahn and Smith (2006), we analyze which determinants influence management's attitude toward employee participation in the Netherlands. We establish a preponderant influence emanating from the works council's role attitude and management's leadership style.