

Cooperative unionism and employee welfare

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ABSTRACT

Using British national survey data, this article assesses the impact of unions on management practices to reduce labour costs, implement high-performance work systems, and make employee welfare provisions. Relative to non-union workplaces, those with unions are found to have practices which are consistent with 'mutual gains' outcomes.

INTRODUCTION

There is widespread acknowledgement that the nature of trade unionism in the UK has changed during the past two decades. Among other aspects, unions have become less able to oppose and resist the employers' agenda when these are detrimental to members. This is usually supposed to be the more-or-less inevitable result of severely declining membership levels (Millward *et al.*, 1992; 2000; Terry, 2003), coupled with increased market competition and the policies and enactments of neoliberal (thus pro-business) governments (Heery, 2002; Waddington, 2003). To some commentators, these processes of change have produced or are producing a situation where traditional collective bargaining, backed by union power, has little remaining substance or significance—indeed, is no more than a 'hollow shell' (Hyman, 1997). Others, however, see signs of renewal for unions, along two main branches of development: the creation of partnership relations with employers (Sisson and Marginson, 2003; Waddington, 2003), and/or the development of more effective forms of membership recruitment and organisation (Heery, 2002; Waddington, 2003; for general discussion of union revitalisation, see Charlwood, 2004; Heery *et al.*, 2003).

While the decline in the extent and power of British trade unions is undeniable, there remain unanswered questions about what difference a union presence continues to make in the workplace. Information on this score is relevant to the debates about the future of unions in the UK. This article seeks to contribute by investigating the employer and employee outcomes associated with a union presence, through evidence from a survey of British workplaces carried out in 2002.

The potential effects of unions

The starting point for the analysis is that a union presence can be advantageous to both employers and employees, for example, by facilitating increased organisational

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performance while also permitting improved terms and conditions for employees. But how is it possible for a union presence to benefit both employers and employees simultaneously? The most influential answer to this question derives from Freeman and Medoff (1984), who argued that unions do not only operate through power-based bargaining, but also through collective voice. Freeman and Medoff saw union bargaining as largely negative for a firm's performance and for economic efficiency, but they argued that this was outweighed by the positive effects of voice. They described various ways in which voice produced its effects, and of these the most relevant for the present article can be classed as 'informational'. Unions, by providing voice services (e.g. bringing together, interpreting and amplifying employee voice; and also communicating employers' messages to employees), can help employers to obtain valuable information from employees at a reduced cost and to communicate to employees in a legitimated manner. At the same time unions, by organising the collective voice of employees and ensuring that it is heard by management, help to get a wider range of things employees want. Of course, the idea that unions could produce positive effects was also familiar in pre-1980s debates about unionism: for instance, it was often argued that unions provided an incentive for managerial efficiency through wage bargaining pressure on profits (the 'shock effect'). However, the voice concept is increasingly attractive not only because of its firmer foundations in mainstream economic theory, but also because it resonates with an era of rapid change in work organisation (Bresnahan, 1999; Reich, 2001; White *et al.*, 2004), whereby employers rely increasingly on the knowledge and active involvement of workers in seeking to be competitive. Freeman and Medoff (1984) emphasise that cooperative institutions between employer and union are crucial for voice-based efficiency.

Although collective voice provides an explanation of how mutual gains can be achieved by employers and employees, this may not happen in practice. Especially, employers (or management) may prefer to ignore collective voice or to suppress it. In a recent reworking of Freeman and Medoff's argument, Bryson *et al.* (2004) conclude that employers' choice plays the primary role in whether collective voice is implemented. Hyman (1997) is another who stresses the primacy of management in deciding what unions can do. In the USA, some attention has been devoted to specifying the managerial policies that can deliberately engender cooperative unions and lead to mutual gains (e.g. Kochan and Osterman, 1994). These authors have argued that the implementation of innovative and performance-enhancing human resource (HR) practices will generally be more effective where unions are involved and employees can see direct advantages for themselves. Nonetheless, others have concluded that in practice management has tended to pursue innovation in HR with the aim of increasing performance, while offering few or no gains to employees (Osterman, 2000; Ramsey *et al.*, 2000).

There is also an extensive US literature which advocates or recognises active or innovative voice-based practices as an alternative to unionised employee relations (e.g. Beer *et al.*, 1984; Foulkes, 1980; Kochan *et al.*, 1994; Lawler, 1986; Pfeffer, 1994). For example, management can develop its own communication methods to replace dependence on union-organised voice services, and it can use incentives and benefits to weaken the financial attractions of union membership. In these circumstances, what looks like cooperation and mutual gains (in terms of the immediate outcomes for both sides) can be a stage on the way to sidelining unions.

Unions may cooperate with management's agenda for a wide range of reasons: at one extreme, because they see greater long-term benefit for their members from such

a relationship, and at the other extreme, because they are weak and judge cooperation to be a means of survival. Much of the recent commentary on British unions has tended to assume the latter. Brown (2000) observed that the Trades Union Congress's (TUC) specification of social partnership (TUC, 1999) would have been regarded as a sell-out to management not many years previously. When unions are closely aligned with employers, as for example in the case of Japanese-style company unions, this can lead to compliance and tokenism rather than mutual gains (Danford, 1999). Such considerations are also reflected in an empirical critique of British partnership agreements (Kelly, 2004). Whatever unions' motives, a crucial point is whether their cooperation with management delivers gains for employees. If it does not, cooperation has to be regarded as a form of marginalisation. On the other hand, outcomes of the mutual gains type imply some union power. This is so even if management adopts innovative HR practices as a sophisticated strategy to sideline and ultimately remove unions. If unions had no power, there would be nothing to stop management ignoring them or dispensing with them immediately, without going to the trouble and expense of operating HR policies, let alone providing additional 'sweeteners' for employees.

The extreme case occurs where unions have lost, along with all power, even the ability to organise voice. In that case, management may still allow them to exist for a variety of reasons (avoiding the fixed costs of derecognition, or maintaining a public image, for instance), but the union presence will no longer have any influence on outcomes. If this were the prevalent situation, there would be no reason to expect outcomes in unionised workplaces to differ from outcomes in non-union workplaces.

Selection of outcomes

The actual situation can be assessed by comparing outcomes, for both employers and employees, between unionised and non-union workplaces. In this article, unions will be termed 'cooperative' if on average employers are more likely to get outcomes they want, when unions are present. If in conjunction employees tend to get outcomes that they want, then the workplace situation will be called one of 'mutual gains'. According to this working definition, it should be noted, mutual gains do not require that both employers and employees gain from the same outcomes, nor that they gain equally, nor that they incur no costs. All that is required is that both sides get outcomes they desire.

A voluminous literature suggests that employers in recent years have been pursuing two main forms of agenda (not mutually exclusive) with respect to their employment and HR. These are: (i) labour-cost-reducing policies, also often referred to as 'labour flexibility' (e.g. Kalleberg, 2003; Littler and Innes, 2003); and (ii) supposedly performance-enhancing HR and work organisational practices, as in high-performance work systems (HPWS) (e.g. Appelbaum *et al.*, 2000; Nolan and O'Donnell, 2003; Wood, 1999), also referred to by various other labels (e.g. Godard, 2001). Use of the HPWS label here does not imply a judgement that such HR and work organisation systems do generally enhance performance: the point is rather that these systems are believed to be performance enhancing by many of the managements that adopt them. The definition and measurement of labour-cost-reducing and HPWS practices will be further developed in a later section.

Employees' welfare is measured via the availability of fringe benefits (occupational pensions, sickness pay above the statutory level, etc.) and of family-friendly practices (maternity/parental leave above the statutory level, career breaks, etc.). Fringe benefits

represent traditional employer welfare policies while family-friendly practices represent the more recent welfare agenda of work–life balance. An advantage of focusing on employee welfare issues rather than wages is that these provisions unlike wages are largely unaffected by personal characteristics (such as ‘human capital’) or individual or group performance, and are common to the employees of a workplace.¹ Welfare benefits, if associated with a union presence, can be interpreted as collective gains from unionisation. Voice mechanisms may somewhat tend to shift gains for union members from wages to benefits (Budd, 2004). Another element of employee welfare that has received attention in the literature relating to mutual gains is job protection or security (e.g. Kochan and Osterman, 1994; Marchington *et al.*, 1994). However, no measure of job protection was available in the data source used for the present article. It is hoped to consider this aspect in future work using other sources.

Some outcomes of these types have been examined in previous studies concerning the effects of unions in the UK. Blanchflower *et al.* (1991) estimated that unionisation resulted in a reduction of employment at workplace level in the early 1980s. They viewed this as the result of unions imposing costs on employers, whereas some managerial literature (e.g. Cappelli, 1999; Womack and Jones, 1994) sees reduction in employee numbers as evidence of advanced and competitive labour policies. Again, the greater adoption of some HR practices at unionised workplaces in the UK has been previously reported (Millward, 1994), while Wood and de Menezes (1998) concluded that unionised workplaces were neither more nor less likely to be characterised by a combination of ‘high commitment’ HR practices; a similar conclusion has been reached, with respect to new workplaces, by Wood and Machin (2003). An extended analysis covering the full HPWS concept (e.g. as defined in Appelbaum *et al.*, 2000) in relation to unionisation has not to our knowledge been attempted with British data. Turning to employee welfare, Forth and Millward (2000) found unionisation (variously defined) to be positively linked to the provision of occupational pensions and of sick pay above the statutory level. Bewley and Fernie (2003) found that union recognition was linked to parental leave and to financial help with childcare, but not to a range of other family-related provisions. No study of unionisation has, however, considered the full range of employee welfare variables or viewed them side by side with employer policies concerning labour/HR practices.

HYPOTHESES

Hypotheses are framed in terms of the pattern of significance of unionisation as an explanatory variable across the employer and employee outcomes that have been outlined in the previous section. There are four main potential patterns, and these constitute the main, mutually exclusive hypotheses to be examined.

Pattern 1 consists of enhanced cost-reduction or HPWS policies in unionised workplaces, combined with a lack of any enhancement to employee welfare policies. This pattern would be consistent with the hypothesis that union cooperation is taking place under duress, and that this situation negates unions’ ability to improve employee welfare. Here, in short, there is cooperation, but cooperation equals compliance.

Pattern 2 consists of an enhancement of employee welfare policies as well as of cost-reducing and HPWS policies. This pattern would be consistent with the hypothesis

¹ See Blanchflower and Bryson (2004) for evidence concerning the union wage mark-up in the UK; and Metcalf *et al.* (2001) for distributive effects of union wage bargaining.

that union–management cooperation leads to advantages (not necessarily without costs) for both sides. Here, in short, there is cooperation, and it is of a mutual-gains form.²

Pattern 3 consists in enhanced levels of employee welfare in unionised workplaces, but no enhancement of employers' cost-reducing and HPWS policies. This would be consistent with the hypothesis that unions have continued with their traditional bargaining role but have not become cooperative with the managerial agenda.

Pattern 4 consists in non-significance of the unionisation effects across the whole set of analyses. In other words, a union presence makes a difference neither to the employers' agenda nor to employee welfare. This would be consistent with the hypothesis that unions have become wholly powerless and marginalised (a 'hollow shell').

RESEARCH METHOD

The aim of the analysis is to assess the influence of unionisation on outcomes relating to both employers and employees. The evidence comes from a national survey of employers conducted in the latter part of 2002. Analysis is carried out with a wide range of structural control variables to estimate the net differences in outcomes between unionised and non-union workplaces. Throughout, the measure of unionisation is the presence of any union at the workplace that is recognised by management. Measures of union density are not available in the employer survey. While this is a limitation, union recognition is probably less liable to errors of reporting than union membership density, and poses fewer difficulties for the analysis (for the complexities of union density, see Beaumont and Harris, 1995; Charlwood, 2003).

A key assumption for the analysis is that the factors which influence whether or not unions are recognised are fully covered in the control variables (i.e. the *ceteris paribus* assumption for causal inference: Wooldridge, 2002). If any omitted factors that influence union recognition also affect the outcomes of interest, then the results will be biased. Provided that these sources of bias are not large, however, the conclusions of an analysis based on controlling for observable factors should not be misleading. In particular, if some unknown factors influenced union recognition at some past date, but these factors have now faded away and will no longer affect current outcomes, they can reasonably be ignored.

The main reason for judging that the assumption is reasonable lies in the distribution of union recognition. Union recognition has developed over a long period and has a marked structural differentiation. As is well known, union recognition is highly concentrated in large workplaces, in the public sector, in certain industries, and in workplaces that are part of multi-site organisations. History has also played a large part in shaping union recognition. Disney *et al.* (1995), Machin (2000) and Millward *et al.* (2000) have shown that older workplaces are much more likely to be unionised than those that have been set up in the past two decades. Indeed, whatever the sector, industry or size of workplace, newer workplaces have been less likely to unionise than older workplaces. Whatever the reasons for this historical difference (discussed in Disney *et al.*, 1995), information about the date at which work-

² This hypothesis does not exclude the interpretation that it is management which takes the lead in bringing about mutual gains: the point is that, even if so, this occurs to a greater extent where unions are present.

places were set up contributes greatly to predicting whether unions are currently recognised.³

There could be complications arising from recent movements in and out of union recognition, but these appear to have been minor. Derecognition of unions was on a small scale even in the years of Conservative anti-union policy, amounting to six per cent of workplaces with 25 or more employees that continued to exist over the 1990–98 period (Millward *et al.*, 2000; see also Beaumont and Harris, 1995). Case study evidence (Brown, 1999; Brown *et al.*, 1999) suggests that much of this derecognition was confined to management-level union representation; and in recent years it has virtually halted. Similarly, new union recognition has taken place at a low rate, even in the most recent years when conditions have been somewhat more favourable (Gall, 2004; Millward *et al.*, 2000). Thus, both derecognition and new recognition represent in recent times only small changes at the margin relative to the body of established and structurally embedded unionisation.

There remains, however, one further potential complication: the decisions of employers when they set up new workplaces. As explained by Millward *et al.* (2000), during the 1990s unionised employers ceased to assume that they would extend recognition when they established new sites. While some did so, others did not, and this contributed to the growing proportions of non-union workplaces. How is this selective process likely to affect differences in outcomes between unionised and non-union workplaces? *A priori*, managements with change agenda seem as likely to extend as to withhold recognition⁴, so that net bias with respect to innovation will be small. However, the nature of the change agenda is also likely to be important: where management is planning change which has adverse implications for employees, the probability of extending union recognition will be reduced (management will prefer to evade union negotiations). This suggests some selection bias towards better outcomes for unionised employees at new sites.

However, the extent of such selective processes should not be exaggerated. More than one-half of unionised workplaces have been in existence for more than 20 years, and nearly three-quarters for more than 10 years.⁵ Of newer workplaces, many have doubtless started as non-union without any active consideration of links between union recognition choices and managerial policies and practices. Selection processes linked to intended workplace outcomes therefore represent only part of a small margin of change. Overall, selective processes should not be ignored, but neither are they likely to be large.

DATA

The Change in Employer Practices Survey 2002 (CEPS02) was carried out in July–September 2002 by means of telephone interviewing, and obtained information from 2,000 workplaces with five or more employees, in both the public and the market sectors. Interviews were approximately half an hour in length. Respondents were either

³ This is not to claim that the variables outlined here account for change in union recognition over time. The analysis in this article is entirely cross-sectional.

⁴ When asked whether 'unions help find ways to improve performance', 43 per cent of managers in the 1998 Workplace Employee Relations Survey expressed their agreement (Cully *et al.*, 1999: Table 5.2).

⁵ These figures are derived from the employer survey described later.

the senior personnel or the HR manager on site or the manager with responsibility for people, who in small workplaces was usually the proprietor or general manager. The sample frame was Yell Data, and workplaces were sampled (in accordance with a sampling plan stratified by industry group and size group) so as to be representative of industry while being selected with probability approximately proportional to number of employees. The response rate was 55 per cent. The achieved sample has been weighted to make it representative of British workplaces with at least five employees, by means of information from the Inter-Departmental Business Register (IDBR). As a check on data quality, the proportion of employees at workplaces of 25 or more employees with a recognised union was compared with the corresponding figure from the Workplace Employee Relations Survey 1998 (Cully *et al.*, 1999: 88): the two figures were within one percentage point. This appears reasonable because union recognition was on a plateau in the late 1990s and early 2000s (Gall, 2004).

MEASURES USED IN THE ANALYSIS

The explanatory variable in all analyses was whether there was a recognised union (or unions) at the workplace. The outcome variables were of two broad types. The first type concerns labour force and HR policies that have been prominent in managements' attempts to reduce labour costs or to enhance employee performance. The second type concerns policies relating to employee welfare. The two types of outcomes were also combined into composite outcomes, so as to assess the hypotheses about patterns of outcomes.

The outcome variables were constructed from numerous component measures. A list of these component measures with their descriptive statistics is shown in Table 1. The following sections describe how the component measures were used to derive the outcome measures. These outcome measures were of a binary type, taking value 1 if positive and value 0 otherwise. Two alternative binary measures were used for each outcome to show that the results were not too dependent on the definition used. Furthermore, preliminary analyses (not shown here: available on request) were carried out with alternative ordinal and continuous measures to ensure that the simplified binary measures were justifiable. The combined measures representing the joint presence of two types of employer policy were also binary.

'Flexible' practices relating to labour cost reductions

Three elements contributed to the measures of employers' flexible labour policies to reduce labour costs: (i) 'Downsizing' was defined as a reduction in the number of employees over the past three years, plus at least one of the following three forms of outsourcing: former employees transferring to self-employed status but remaining on-site; current use of on-site contracted labour;⁶ or an increased use in the past three years of outsourcing to replace employees. The combination of cuts in direct employment with outsourcing provides a stronger indication of workplace policy than does a mere cut in numbers, which could simply indicate competitive weakness; (ii) 'High outsourcing' used the same three outsourcing items just described, but took a positive

⁶ This is sometimes referred to as 'insourcing': see Purcell and Purcell (1998).

Table 1: Summary statistics for source variables used in constructing the workplace outcome measures

	% of workplaces weighted by	
	Employment	Establishment
Labour cost policies/flexibility		
Reduction in workforce	23.6	23.3
Employees transferring to self-employed	8.3	5.8
On-site contracted labour	47.4	29.7
Outsourcing to replace employees	23.5	15.9
Reduction in management grades	9.9	5.3
Reduction in proportion of managers	12.6	8.3
High-performance work systems		
Briefing groups	88.2	81.1
Works council or staff committee	48.7	25.6
Suggestion scheme	58.5	51.9
Increase in formal teams	25.8	19.3
Work improvement groups	52.7	38.3
Teams without supervisors	38.7	39.7
Increased task variety	48.0	38.4
Increased training for job cover	48.9	45.1
ICT much used in training	17.0	14.6
Career ladders	65.4	52.1
Pay for group performance	19.2	18.2
Appraisal-based pay	40.3	38.6
Employee welfare		
Occupational pension	67.6	50.8
Sick pay beyond statutory minimum	68.4	53.8
Subsidised meals	31.4	19.3
Subsidised transport to work	10.5	8.0
Subsidised health insurance scheme	18.5	13.6
Subsidised loans for home purchase	5.5	3.6
Flexitime hours (mgr./prof.)	14.6	13.2
Flexitime hours (others)	13.6	11.6
Maternity pay beyond statutory minimum	54.6	39.5
Assistance with childcare costs	12.9	8.3
Career break scheme	38.0	25.2
Term-time working	35.0	22.0
Parental leave beyond statutory minimum	39.2	28.6

Base for percentages is total survey = 2,000 establishments. ICT: information and communication technology.

value only if at least two types of outsourcing were in use; and (iii) 'Delaying' was defined as either a reduction in management grades, or a reduction in the proportion of managers relative to all employees (or both), over the past three years.

The first measure of flexible labour policies (labelled FL1) took the positive value if either downsizing or delaying was practised. The second flexible labour measure

(FL2) was broader, taking the positive value if either downsizing, delayering or multiple outsourcing was present.

High-performance work systems

The HPWS concept refers to a combination of HR policies and work organisation practices which if sufficiently coherent supports high levels of motivation and innovation in the workforce. The construction of HPWS variables follows the reasoning of Appelbaum *et al.* (2000), having four components: participation, group organisation (team-working), skills and incentives, each represented by three items as shown in the second panel of Table 1.

HP-B ('B' for 'bundling') takes the positive value if the workplace implements at least two items within at least three of the four components. This definition recognises that workplaces may have particular circumstances which render one or other of the components irrelevant.⁷ Nonetheless, it insists on HPWS taking a bundled form because a positive score depends on a wide range of practices being adopted. An alternative measure, HP-8, counts the number of practices which are in application at the workplace, and takes the positive value only if eight or more are present.

Employee welfare policies

The measures of employers' policies towards employee welfare were constructed from component items that are shown in the bottom panel of Table 1. The measures were constructed by summing across the fringe benefits and family-friendly practices, and taking two alternative cut-offs, at five and six benefits/practices, respectively (WEL5 and WEL6). Workplaces with five or more fringe benefits or family-friendly practices provided occupational pensions in 84 per cent of cases, and sick pay beyond the statutory minimum in 90 per cent of cases. These percentages rose to 91 per cent and 93 per cent, respectively, in the case of workplaces with six or more welfare benefits/practices (establishment-weighted basis). Accordingly, nearly all workplaces which took the positive value on WEL5 or WEL6 also provided at least one of these important deferred benefits.

Combined variables

Finally, each of the four measures representing the employer agenda was combined with each of the two measures representing employee welfare benefits and practices. In each of these combined measures, the positive value represents the joint occurrence of the employer agenda (flexibility or HPWS) and employee welfare policies; the zero value indicates that only one, or neither, of these is present. The six main measures and their eight combinations are listed in Table 2 together with their descriptive statistics. Table 2 also provides descriptive comparisons between workplaces with union recognition and those without. At this descriptive level, unionised workplaces had higher proportions of all the outcomes reflecting the employer agenda, employee welfare and combinations of both.

⁷ For example, incentives may not be appropriate for a workplace where safety or control of hazards are of primary importance, and team-working may not be appropriate for a professional service organisation with one-to-one client relations.

Table 2: Summary statistics for composite outcome measures

	% of workplaces weighted by					
	Employment			Establishment		
	All	TU	No TU	All	TU	No TU
'Flexibility' basic (FL1)	25.8	33.3	19.4	18.4	29.2	15.6
'Flexibility' wider (FL2)	36.2	45.8	27.9	23.6	37.2	20.1
'HPWS' bundles (HP-B)	28.8	36.4	22.3	19.5	29.6	17.0
'HPWS' 8+ practices (HP-8)	21.5	28.7	15.2	13.3	23.0	10.8
'Welfare' 5+ practices (WEL5)	46.6	63.2	32.2	27.6	45.1	23.1
'Welfare' 6+ practices (WEL6)	33.9	48.0	21.9	18.0	32.2	14.4
FL1 and WEL5	15.1	22.9	8.3	6.6	14.7	4.6
FL1 and WEL6	11.4	17.6	6.0	4.5	11.9	2.7
FL2 and WEL5	21.2	32.0	12.0	8.6	18.8	6.0
FL2 and WEL6	16.4	25.6	8.4	5.7	15.6	3.2
HP-B and WEL5	19.1	27.2	12.2	10.5	20.7	7.9
HP-B and WEL6	14.9	21.2	9.5	7.8	15.8	5.8
HP-8 and WEL5	15.5	22.7	9.2	8.2	17.2	6.0
HP-8 and WEL6	12.3	18.4	7.0	5.8	13.7	3.9

Base for percentages is total survey = 2,000 establishments.
See text for explanation of measures.

Control variables

All the further analyses used the same set of control variables. The majority reflect previous research concerning the determinants of unionisation: size, industry, ownership, region, female and part-time proportions in the workforce, whether a single-site organisation or part of a multi-site organisation, and time at the present location. Other variables, not found in previous analyses of unionisation, concerned the number of job levels, and the workplace's opening days and opening hours: these have recently been found to be significant influences on many aspects of employers' workplace practices (White *et al.*, 2004).

ANALYSIS METHOD

The analysis method is non-linear regression, in most cases using the logit model. The standard errors are estimated with the Huber–White robust estimator which takes account of sample stratification and weighting, and also allows for the probable presence of heteroscedasticity in surveys of this type.

All analyses have been conducted using both employment weights and establishment weights, and these will be reported side by side. Employment weights, which are relevant to a 'coverage' concept, are more informative when the aim is to assess employees' exposure to employer policies and practices: descriptive results using these weights estimate the population's proportion of employees exposed, while modelled results estimate population differences in exposure for the average employee.

Establishment weights are more appropriate when the aim is to assess differences at the level of the workplace's management or its institutions: descriptive results using these weights show proportions of establishments of each type, and modelled results estimate differences for the average establishment, without taking account of the number of employees per establishment.

As it turns out, the results with the two types of weighting, though often numerically different, support the same broad conclusions. However, it should be noted that the analyses using establishment weighting involve a technical difficulty which is not present in the case of employment weighting. The ratio of the highest to the lowest weight with employment weighting is approximately 4:1, while with establishment weighting it is almost 300:1 (this is not unusual with workplace samples that span very small and very large establishments). The presence of extremely high weights means that estimates are more vulnerable to sampling error. As already noted, the robust estimator adjusts the standard errors of estimates to take account of weighting: other things being equal, more extreme weights give rise to lower levels of significance.

RESULTS

It is first useful to assess the effectiveness of the control variables because this is central to the research method. A probit model was used to estimate the probability of a workplace being unionised on the basis of the control variables. All but two of the background structural variables were significantly related to unionisation. The two non-significant variables were the percentage of part-time employees, and the number of opening days per week. The *F*-ratio for the overall significance of the probit model (relative to a model containing only an intercept term) was 14.18 on 40 and 1,879 d.f., $P < 0.0001$. These results indicate that the control variables were highly effective in distinguishing unionised from non-union workplaces.

Table 3 summarises the chief results from analyses concerning the influence of union recognition on employers' workplace policies, with a separate analysis for each binary measure. The coefficients represent the estimated effects (in log-odds) of union recognition on each outcome variable, while all control variables are held constant. As

Table 3: Estimated effects of a union being recognised on employers' labour cost and performance policies

Employment weights				
Model	Logit	Logit	Logit	Logit
d.v.	Flexibility	Flexibility	HPWS	HPWS 8 or more
	basic def.	wider def.	bundles	practices
	(FL1)	(FL2)	(HP-B)	(HP-8)
Coefficient (log-odds)	0.510	0.354	0.491	0.622
<i>t</i>	(3.58)**	(2.56)*	(3.34)**	(3.82)**
Establishment weights				
Coefficient	0.881	0.672	0.367	0.498
<i>t</i>	(3.55)**	(2.89)*	(1.50)	(1.79)†

Note: $n = 1,919$ for all models. †Means significant at the 10 per cent level; *Means significant at the five per cent level; **Means significant at the one per cent level. def.: definition; d.v.: dependent variable.

union recognition is a dummy variable, these are equivalent to the adjusted average differences in outcomes between workplaces with and without a recognised union.⁸

There was strong evidence of union recognition at the workplace being a positive influence on the adoption of labour-cost-cutting policies through flexible labour usage at the workplace. With FL1 (downsizing or delayering) as the outcome measure, the estimates were significant at the one per cent significance level, and with FL2 (downsizing, delayering or high outsourcing) they were significant at the five per cent significance level. This applied to both the employment-weighted and the establishment-weighted estimates. Where unions were recognised, the relative odds of flexible labour policies being used were raised by a factor of about 1.4–1.7 for the average employee, and by a factor of about 2.0–2.4 for the average establishment. The corresponding odds ratios derived from the descriptive percentages in Table 2 are 2.1–2.2 for the average employee and 2.2–2.4 for the average establishment. The control variables therefore removed about one-third of the initial difference between unionised and non-union workplaces, on an employment-weighted basis, and made essentially no difference on an establishment-weighted basis.

For the HPWS measures, the estimates were again all positive (union recognition was associated with increased odds of HPWS being present). Here the significance of the estimates was affected by the weighting applied, with the effects being highly significant for both measures of HPWS under employment weighting, but being significant at the 10 per cent level only for the HP-8 measure under establishment weighting. However, the magnitudes of the estimates under the two weighting methods were not greatly different from one another. Where unions were recognised, the odds of HPWS being present rose by a factor of between 1.6 and 1.9 under employment weighting, and between 1.4 and 1.7 under establishment weighting. By reference to Table 2, the control variables removed about one-third of the raw effect under establishment weighting and about one-fifth under employment weighting.

Overall, then, union recognition appeared to favour the progress of the managerial agenda, but what did it do for employee welfare? Table 4 shows that union recognition

Table 4: Estimated effects of a union being recognised on employers' practices concerning employee welfare

Model d.v.	Employment weights		Establishment weights	
	Logit Welfare—5 or more practices (WEL5)	Logit Welfare—6 or more practices (WEL6)	Logit Welfare—5 or more practices (WEL5)	Logit Welfare—6 or more practices (WEL6)
Coefficient (log-odds) <i>t</i>	0.289 (2.09)*	0.217 (1.41)	0.455 (1.97)†	0.403 (1.46)

Note: $n = 1,919$ for all models. *Means significant at the five per cent level; †Means significant at the 10 per cent level. d.v.: dependent variable.

⁸ For reasons of space and presentational convenience, the results for the control variables are not shown (here and in the following tables); full results can be obtained from the author.

once more had a positive influence, but statistical significance was sensitive to the outcome measure used, with significance at the five per cent level achieved only in the case of WEL5 (five or more fringe benefits or family-friendly practices). This applied to both the employment-weighted and the establishment-weighted results. Other analyses (not shown here: available on request) revealed that if an ordinal scale of employee welfare policy was used, the effect of union recognition was more significant. This suggests that the presence of unions influences welfare benefits and practices in an incremental way, which is only partly captured by the binary variables. Where unions were recognised, the odds of a workplace having at least five welfare benefits/practices increased by about 1.3 (employment-weighted estimate) or about 1.6 (establishment-weighted estimate). The control variables had a much larger influence here than in Table 3, reducing differences (relative to the unadjusted figures in Table 2) by about three-fifths with employment weighting or two-fifths with establishment weighting.

The results so far suggest that union recognition is associated with the advance of a managerial agenda (hence 'cooperation') and also with an increase in employee welfare benefits. To assess 'mutual gains', however, one must consider the joint occurrence of both outcomes at the same workplaces. To do so, the next analyses use the combined outcome variables representing either flexibility policies or HPWS policies paired with a variable representing policies towards employee welfare.

Estimates concerning the joint occurrence of a high level of flexible labour practices and a high level of employee welfare benefits are shown in Table 5. They indicate that union recognition exerted a positive and significant influence on this joint occurrence, relative to occurrence of just the one or other type of policy or neither. Statistical significance was similar for both employment weighting and establishment weighting. Although establishment weighting yielded higher numerical estimates, these should be regarded with caution. Further analysis (not shown here: available on request) showed that union recognition effects, for flexible labour policies on their own and in combination with employee welfare policies, were greater for establishments with less than 100 employees and these contain the cases with the largest establishment weights that are potentially problematic. The employment-weighted results suggest that union recognition raised the odds of joint occurrence of the two kinds of employer policies by a factor of about 1.8. This is somewhat more than one-half of the odds ratio derived from the unadjusted percentages in Table 2.

Table 5: Estimated effects of a union being recognised on combinations of employer labour cost policies and employee welfare practices

Model	Logit	Logit	Logit	Logit
Employment weights				
d.v.	FL1 and WEL5	FL1 and WEL6	FL2 and WEL5	FL2 and WEL6
Coefficient (log-odds)	0.581	0.599	0.474	0.527
<i>t</i>	(3.24)*	(2.91)*	(2.86)*	(2.74)*
Establishment weights				
Coefficient	1.183	1.373	0.828	1.194
<i>t</i>	(3.94)*	(3.61)*	(2.84)*	(3.31)*

Note: $n = 1,919$ for all models. *Means significant at the one per cent level. d.v.: dependent variable.

Table 6: *Estimated effects of a union being recognised on combinations of employer high-performance work systems and employee welfare practices*

Model d.v.	Logit HP-B and WEL5	Logit HP-B and WEL6	Logit HP-8 and WEL5	Logit HP-8 and WEL6
Employment weights				
Coefficient (log-odds)	0.620	0.567	0.776	0.713
<i>t</i>	(3.53)†	(2.87)†	(4.02)†	(3.24)†
Establishment weights				
Coefficient	0.656	0.581	0.737	0.895
<i>t</i>	(2.08)*	(1.57)	(2.05)*	(2.15)*

Note: $n = 1,919$ for all models. *Means significant at the five per cent level; †Means significant at the one per cent level. d.v.: dependent variable.

Similarly, Table 6 considers the effects of union recognition on the joint occurrence of a high level of HPWS and a high level of employee welfare benefits/practices. Once again the effects are positive throughout. The employment-weighted estimates are all statistically significant at the one per cent level, while three of the four establishment-weighted estimates are significant at the five per cent level. The magnitudes of the estimates are also rather similar between employment weighting and establishment weighting. The odds ratios under employment weighting range from just over 1.7 to just below 2.2, with the control variables removing about one-quarter to one-third of the unadjusted differences that were shown in Table 2.

CONCLUSIONS

In this research, union cooperation and mutual gains have been defined in terms of outcomes, that are sets of implemented practices, for employers and employees. National survey data for 2002 has been used to examine the joint outcomes for employers and employees, comparing unionised with non-union workplaces. The main findings from the research were that workplaces with union recognition more often experienced:

1. high levels of labour-cost-cutting policies by management, specifically downsizing (a combination of workforce contraction with some outsourcing), the use of multiple outsourcing methods, and delayering;
2. extensive use of those HR practices which are said to constitute HPWS;
3. welfare-orientated provisions for employees—as measured by fringe benefits and family-friendly practices;
4. the combined presence of labour-cost-cutting policies with welfare-orientated provisions;
5. the combined presence of HPWS with welfare-orientated provisions.

Overall, the findings followed what was earlier referred to as ‘Pattern 2’, or the mutual gains pattern. The pattern is consistent, in the first place, with the existence of union cooperation with management, because unionised workplaces are found to have

enhanced levels of those labour-cost-reducing and HPWS policies which have widely been interpreted as central to the managerial agenda for flexibility and performance. In conjunction with this advantage for management, employees at unionised workplaces receive on average higher levels of benefits and family-friendly provisions than non-unionised workplaces.

As ever, the results require careful interpretation. The concept of collective voice was put forward earlier to suggest how unionised workplaces could in principle achieve gains for both employers and employees. The finding that such mutual gains are present, however, does not necessarily imply that collective voice is the only or even the main underlying mechanism. Other interpretations, for instance in terms of bargaining processes and employers' reactions to the costs imposed by unions (see the introductory discussion), are also possible. Collective voice is offered as a plausible interpretation of the main findings, especially in an environment of widespread and rapid organisational change, but the findings do not depend on this interpretation.

In interpreting the findings, it is important to recall what is meant, in this article, by union cooperation. It means only that a union presence is conducive to the employers' agenda, without any implication that unions or their members embrace that agenda. Cooperation can take place reluctantly or through a calculative tradeoff by unions/employees, rather than from commitment. They may for instance view employers' flexible labour practices and their HPWS practices with reserve, if they interpret the former as weakening their bargaining power while the latter increases work intensity. Yet it is also possible that unions/employees are genuinely won over to these policies. For instance, the majority of employees at a workplace may see partial outsourcing as a way of strengthening their own economic position, while HPWS may be seen as fostering personal development and opportunities for direct participation. Until more evidence is available it is better to reserve judgement on these points of interpretation.

More generally, the results are consistent with a range of interpretations about the motives and intentions on both sides. Management may develop policies of the mutual gains type because they have a principled belief in such policies (Guest and Peccei, 2001), and/or see them as helping to recruit and retain a 'high-quality' workforce. They may see mutual gains as a tradeoff, providing benefits to employees in order to achieve advances with their other agenda, which they pursue for business purposes. They may seek to reduce or pre-empt the union representative role through mutual gains policies with the immediate aim of weakening and sidelining unions and perhaps with the further aim of eventually dispensing with union recognition. Unions in their turn may be offering cooperation, but at one extreme this may be purely tactical while at the other it may represent a positive movement towards partnership as envisaged by the TUC (1999). Once again, such issues are only likely to be clarified through more detailed investigation, such as case studies.

The differences in outcomes between unionised and non-union workplaces are not to be taken as results which unions have produced on their own. It is usually employers who have the overriding power. Employers in pursuing their own agenda will presumably take some account of employees' reactions, and will seek to make them acceptable and even attractive to employees, as can readily be observed in the 'hyping' of various HR practices. Again, benefit provisions for employees presumably have some advantages for employers, such as enhanced retention. More generally, the union presence should not be thought of as acting separately from employers and management (see

the introductory discussion). Unions seek to influence management decisions and policies but it is employers who actually make those decisions and policies.

The analyses do not in themselves show when the effects associated with a union presence took place (or whether they are currently continuing). This can, however, be inferred from other knowledge. Because employers are vigorously pursuing their own change agenda in terms of labour-cost-cutting and HR/HPWS practices (see White *et al.*, 2004), it seems reasonable to assume that in these respects the influence of a union presence is contemporary. In the case of family-friendly practices, again, the relatively recent concern about such provisions suggests a contemporary influence from the union presence. In the case of traditional fringe benefits, which have seen little growth for many years, it seems more plausible that the union presence has simply continued to protect and maintain advantages previously ceded by employers.

Another point of practical importance is that the findings do not necessarily generalise beyond the current division of unionised and non-unionised workplaces. In other words, these results might not hold if other currently non-union workplaces became unionised by some different process (e.g. through changes in employers' aims or in government regulation). Work needs to be done to isolate the circumstances or institutional factors which produce variations in union–management outcomes.

Despite these limitations, the information from this study is sufficient to question some of the prevalent interpretations of unions' workplace role in contemporary UK. If management can treat unions as a cipher, it is hard to see why their policies at unionised workplaces differ from what happens elsewhere. If union cooperation is no more than rubber-stamping, this can scarcely make a difference to managements' policies. Even if managements seek eventually to sideline unions, at present they do not appear able to leave them out of their calculations. For employees also, a union presence does seem to make a continuing difference to outcomes across a range of benefits and family-friendly provisions. Cooperation with the current managerial priorities is not of course free of costs for employees, indeed there is accumulating evidence about the additional work pressures which result from the flexibility and HPWS agenda. It may be cause for particular anxiety that unionised workplaces are more likely to be experiencing downsizing, outsourcing and delayering. The present analysis has offered no reassurance about protections for employee security in unionised workplaces, because the employer survey did not cover this aspect. Even so, the present study shows that, while cooperating with the managerial agenda, the unionised workplaces have on average acquired or preserved a broad raft of material benefits for employees, to an extent not found in non-union workplaces. Overall then there are mutual gains, with both sides gaining in some respects even if paying in others. Although this is weaker than the 'everybody wins' idea of mutual gains that is advanced in some of the US literature, it is more than has recently been credited to union recognition in the UK.

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