

# Union impact on the effective adoption of High Performance Work Practices

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## *Abstract*

This paper examines the literature and research on unions relevant to the effective adoption of High Performance Work Practices. It demonstrates that unions that have a cooperative relationship with management can play an important role in overcoming barriers to the effective adoption of practices that have been linked to organisational competitiveness through the development and application of human capital. In particular, unions have the unique advantage of delivering independent voice that can not be substituted by management. Not only can unions make a contribution to organization competitiveness but they can also ensure that employees benefit from High Performance Work Practice adoption and in doing so secure their own relevance. The contribution that unions can make is inhibited by management and union's reluctance to engage in an integrative relationship and an institutional context that does not value unions.

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Organizations that want to capture the value that unions can add must move away from a pluralist model of autocratic management, hostile unions and adversarial industrial relations, beyond a unitarist model that sees no role for unions, to a cooperative partnership with unions that shares the gains of implementing High Performance Work Practices.

## 1. Introduction

The relationship between High Performance Work Practices<sup>1</sup> (HPWP) and organization competitiveness has been researched and discussed since Huselid's (1995) study linking HPWP to organizational performance (cite meta analysis study and Godard and Delaney 2001 here). Despite mixed evidence; criticism of the quality of empirical research

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<sup>1</sup> Whilst there is no single agreed-upon definition or consensus on HPWP, common themes have been identified which focus on the synergistic application of new work practices that enhance employee skills and increase their involvement (Gephart and Van Buren 1996; Wright and Snell 1998). HPWP have also been described as "High Involvement Work Systems", "Progressive Work Practices", "High Commitment Work Systems" and "High Performance Work Systems". Boxall and Purcell (2008) identify three main sources for these practices:

1. Walton (1985) concept of the *High Commitment Work Practice* focused on winning employee commitment to organisation goals through positive incentives and identification with company culture rather than trying to control behaviour through routine, short-cycle jobs and direct supervision.
2. Lawler (1986) focused on *High Involvement Practices* which had an emphasis on redesigning jobs to involve employees more fully in decision making and on skill and motivational practices that support this.
3. *High Performance Work Practices* based on an influential U.S. public report published in XX involving reforms to work practices to increase employee involvement in decision making and companion investments in employee skills and performance incentives to ensure they can undertake these greater responsibilities and are motivated to do so. All were an attempt to roll back Taylorist or highly specialised, de-skilled jobs which are part of mass production. This is the most common but least useful term because there are many paths to high performance.

methods<sup>2</sup>; and uncertainty on the contingencies of effective adoption, most scholars accept that there is a universal link between organisational competitiveness<sup>3</sup> and HPWP if they are effectively implemented. In addition to this, whilst there is a growing body of evidence supporting an association between HPWP and organization performance, there is not much on why the association exists with most research to date only examining the direct relationship between a set of management practices and performance outcomes (Guest, 1997). The mechanical links between these practices and outcomes are currently a “black box” with empirical and theoretical gaps (Luthans & Sommer, 2005).

Despite the link between HPWP and organisational outcomes, there is a lower level of sustained and effective adoption than would be anticipated. Godard and Delaney (2001) cite multiple studies that suggest that HPWP are hard to implement and sustain and Pfeffer and Veiga (1999) argue that many organizations have failed to adopt a full suite of these practices despite research indicating that these practices are most effective when they are implemented together as a practice or bundle of complementary, highly-related and overlapping practices. From this evidence we can conclude that many organisations may not be maximising the net benefit from HPWP.

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<sup>2</sup> Methodological constraints include the common use of cross-sectional analysis and single data sources, use of simple constructs to model complex and dynamic phenomenon making even panel data problematic, small samples limiting generalizability, (Addison and Belfield, 2000; Delaney and Godard, 2001)

<sup>3</sup> Porter (1985) proposes that an organisation has Competitive Advantage when it sustains profits that exceed the average for its industry. To achieve this, the organisation must have resources that are superior to its competitors and the capability to use these resources effectively to create a differentiation or cost advantage which create value for customers and shareholders.

The purpose of this paper is to examine the literature and research on unions and HPWP to explore the relationship between them. This paper will draw on contributions from the Human Resource Management and Industrial Relations (IR) perspectives to consider HPWP adoption in non-union and union organisations with both co-operative and adversarial industrial relations. In doing so it will outline the mixed and sometimes conflicting research and deliver conclusions and propositions for future research.

This paper is divided into four main sections. I begin by outlining the barriers to effective HPWP adoption, considering management, employee and union resistance. In the second section I focus on the role of unions in the effective adoption of HPWP. I consider both positive and negative research linking unions to organisation competitiveness in general and HPWP in particular. In doing so I spend some time discussing the ways in which unions can have a negative and positive impact based on their power and the quality of the relationship between unions and management. In this section I am able to consider how unions can address many of the barriers to HPWP implementation. I also outline the unique contribution that unions can make to effective HPWP adoption through independent voice. In the third section I consider the role that unions play in ensuring that HPWP adoption has a positive rather than negative impact on employees. I firstly review mixed research on the impact HPWP have on employees, before proposing that a partnership approach to the implementation of HPWP ensures mutual gains for both organisations and employees. There is also an opportunity for union renewal in this new role; however, it can create problems for unions who

experience tensions with their traditional role. The quality of the relationship between management and unions is important to the success of the partnership approach which depends on the cooperation of both. The final section examines the factors that would prevent unions contributing to HPWP adoption. It firstly discusses union decline through structural and demographic changes and an anti-union attitude by management and some governments, resulting in union avoidance and suppression. Secondly it introduces the irony that union independence, power and management support moderates their contribution to the effective adoption of HPWP. Consequently, a good relationship between management and unions is important to the contribution unions are able and willing to make to HPWP implementation and to the distribution of outcomes for both managers and employees.

## **2. Barriers to effective HPWP adoption**

One of the main barriers to effective and sustained adoption is management resistance to implementing a costly bundle of practices that take time to deliver results, and transfer power to employees.

Management may resist a loss of power through devolved decision making and flattened hierarchies (Kochan et al., 1986). This is most likely in organisations that have unskilled and less educated managers who focus on achieving competitiveness through longer working hours, work intensification and increased surveillance of workers. In contrast,

organisations with better qualified managers seek competitive advantage from the quality of their products and services. Managers who educate themselves through participation in industry external networks are more likely to adopt HPWP (Erickson and Jacoby, 2003).

Secondly, HPWP are costly to implement<sup>4</sup>Organizations and managers can often underestimate costs of implementation (Godard, 2001; 2004). Cappelli and Neumark (2001) found that HPWP were associated with increased labor costs and argue that organizations may respond with work intensification, scaling back or discontinuing HPWP after a few years. Godard (2004) proposes that gains from HPWP increase most at low to moderate levels and plateau, or even decline, at high levels. In support of this, Ramirez, Guy and Beale (2007) state that employers may only adopt low to moderate levels of HPWP because the costs of high levels of adoption often outweigh the benefits. For example, General Motors' were unwilling to extend their successful Saturn model to the rest of the company because worker control over work intensity was inconsistent with profit maximisation (Godard, 2004).

Thirdly, government and institutional arrangements may discourage the implementation of HPWP. In many countries the structure of corporate governance motivates management to operate in a short-term time frame (Appelbaum & Batt, 1995). Investors in organizations demand an immediate return and organizations prefer to distribute profits as dividends, rather than invest in long-term initiatives like HPWP. Company

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<sup>4</sup> Ongoing costs stem from the inefficiencies of participatory decision processes and the high resource requirements required to maintain high involvement (Godard 2001: 2004)

ownership and corporate governance are geared towards short-term results. In particular, shares are frequently traded on stock markets because they are more diffusely owned and held for a shorter time, with the mechanism for holding management accountable being the hostile takeover. Management responds by maximising short-term shareholder returns rather than adding long-term value. Managers introducing HPWP must invest in a bundle of reforms that are costly to implement and then wait for results because there is a lagged effect. Because HPWP take time to implement and register results, change initiatives can be abandoned after limited implementation fails to deliver measurable results. In addition to this, Godard and Delaney (2001:414) propose that the “gloss may simply wear off” causing HPWP to “whither away”. This is most likely in contexts where there are institutional arrangements that do not encourage investment in innovative practices that take several years to deliver a return on investment (Appelbaum & Batt, 1995). Godard (1999) proposes that Government has an indirect role in creating a business environment that encourages organizations to adopt HPWP. Government policies shape what employers do and the nature of the employment relationship, including the rights and obligations of all the parties involved.

Employees may also resist the implementation of HPWP if they do not trust<sup>i</sup> management. HPWP increase productivity and corporate financial performance through practices that improve intermediate employee outcomes such as the knowledge, skills, abilities, motivation and engagement<sup>ii</sup> of employees (Huselid, 1995). Consequently, employees must be willing to learn new skills, offer ideas and suggestions based on their knowledge and commit to quality and productivity. This requires employee trust and

cooperation which may be difficult to achieve and maintain (Appelbaum & Batt, 1995). Long histories of conflict and mistrust between managers and employees may be difficult to change. If employee trust in their employer is broken, employees may undermine, delay or return to their traditional behaviours if negative implications for workers emerge (Godard & Delaney, 2001). If organizations are forced to restructure and layoff employees it will impact on employee trust and the stability of team membership which are important to the success of HPWP and employers must offer a quid pro quo of job security to get employee commitment (Clarke and Payne, 1997; Osterman, 2000).

### **3. Union role in the effective adoption of HPWP**

There is mixed research on the impact that unions have on the effective adoption of HPWP. In this section I will firstly consider research evidence on the impact that unions have in general on organizational competitiveness before examining extant research on the relationship between unions and HPWP. When looking specifically at HPWP I will examine the proposition that HPWP are a substitute for unions and that they are sometimes used by management to eliminate unions. Then I will consider extant research that looks at both the negative and positive impact of unions on HPWP to draw conclusions on whether unions can facilitate the effective adoption of HPWP .

#### *3.1. Union impact on organizational competitiveness*

Classic research by Freeman and Medoff (1984) indicates that unions can have a negative impact on competitiveness. They do this by using their monopoly position to drive up wages and to introduce restrictive work practices that inhibit management's ability to introduce productive work practices such as HPWP. This is supported by research evidence on the negative impact that unions have on productivity and return to capital markets at the organization level and unemployment and output at the national level (Denny, 1997; Miller and Mulvey, 1993; Pantuosco et al., 2001; Vedder and Gallaway, 2002 cited in Guest, 1989). There is also a substantial body of research finding that unions can have a positive impact on the competitiveness. Freeman and Medoff (1984) also propose that unions can have a positive impact on competitiveness by encouraging management to introduce more productive work practices so they can stay competitive despite higher wages. They argue that the quality of the relationship between unions and management determines whether unions will have a positive or negative impact. In support of this, recent evidence by Blanchflower and Bryson (2004) found that, whilst union workers were better able than non-union workers to resist employer efforts to reduce wages when there are unfavourable market conditions, unions as a whole did not operate to the detriment of the economy to any great magnitude in terms of output or inflation effects which may be because union workers are more productive.

### *3.2. The negative impact of unions on HPWP adoption*

Cohen and Pfeffer (1986) assert that the conflict of interest between unions and human resource departments means that HPWP are less likely to exist in organizations with a

high percentage of unionised employees. In support of this, Lincoln and Kalleberg (1990) found that formal employee participation programs such as Quality Circles were less likely in unionised plants. Similarly, Wood (1996) found that in Britain appraisal and merit pay are more likely to be used in non-unionised plants and the rate of change in high commitment management between 1986 and 1990 was greater in non-union plants. Finally, Godard (2004) concludes that the effect of unions is ambiguous or negative, citing Heckscher (1988), Kochan and Osterman (1994), Marshall (1992) and Rubinstein and Kochan (2001). However, Machin and Wood (2005) caution that the relationship between HRM practices and unionism may vary across practices and Galang (1999) argues that the research does not identify whether unions inhibit the implementation of HPWP or result in low unionisation because HPWP substitute unions by providing individual voice mechanisms that negate the need for unions.

### *3.3. Are HPWP a substitute for unions?*

It has been argued that HPWP replace unions through substituting the benefits that unions provide to workers. HPWP treat employees with dignity; provide good pay, fringe benefits and working conditions; create interesting work; and provide significant voice in how the work is performed. It has been proposed that HPWP deliver a new ‘win-win’ relationship between management and employees which removes employee dissatisfaction and causes unions to become redundant in the eyes of workers and employers (Chen, 2007; Fiorito, 2001; Godard & Delaney, 2000). In support of this, there has been a steady decline in unions coupled with a growing interest in HPWP since

the 1980s (Chen, 2007), although this can also be attributed to institutional conditions that have made organizing difficult and membership erosion due to structural changes in the economy and society coupled with union inability to attract new social groups<sup>iii</sup> (Ebbinghaus, 2002). Some research does support the substitution argument with Godard (2004) citing research by Freeman, Kleiner & Ostroff (2000) who found that only 25% of workers in workplaces with employee involvement schemes would vote for a union compared to 40% in workplaces without these schemes. Belfield and Heywood (2004) also found that the desire for unionisation was diminished by the presence and strength of alternative forms of representation, which had a direct and indirect effect. Management who believe that unions have a negative impact on competitiveness may be motivated to introduce HPWP to eliminate unions rather than because they want to improve organization performance in an increasingly competitive global environment. Several authors propose that HPWP may have been used as a deliberate strategy to avoid unionisation and the distribution of surplus value to employees by substituting unions and collective bargaining with direct voice mechanisms (Jacoby, 1997; Kaufman, 1997; Keenoy, 1991; Kochan, 1980; Kochan et al., 1986; Turnbull, 1992; Verma and Kochan, 1985). Diminishing union power can have negative consequences for employees because individualized pay determination, where individuals negotiate without the strength of awards or their fellow workers, makes employees vulnerable to the arbitrariness of managers (Machin & Wood, 2005). In support of this, there is evidence that over the past two decades there has been a switch in British workplaces away from union and representative worker voice towards direct employee involvement and non-union representative voice (Bryson, 2004). In the USA, a study by Kochan et al. (1986) that

examined the reasons for the decline of unionism asked how frequently innovative working practices were introduced as a means of avoiding unionisation. The data indicated that an increasing management main aim was to keep the organization union free.

However, there is evidence that refutes this substitution argument. Gill and Krieger (1999) argue that the introduction of direct participation has posed little threat to trade union representatives, finding that works councils and union representatives were in most cases 'agents of change', rather than barriers to direct participation. This supports the complementary argument which proposes that unions and HPWP can co-exist and have a synergistic relationship. British research by Machin and Wood (2005) supports the complimentary role that unions play in implementing HPWP. Using longitudinal data from 1980 to 1998 in the British Workplace Industrial/Employee Relations Survey, they found that direct non-union communication through HPWP delivered lower levels of involvement and information sharing and offered consultation rather than bargaining. This proposes that HPWP do not offer a full alternative to unions.

#### *3.4. The positive impact of unions on HPWP adoption*

Research on the negative impact of unions on HPWP has been challenged. There is evidence to indicate that unions do not impact negatively on the introduction of HPWP. Moreton (1999) examined data from the Organization Employee Relations Survey on British Private Sector Unionised Companies and found that collective bargaining did not

decrease labor productivity. Secondly, Black and Lynch (2001), using data from the US Educational Quality of the Workforce National Employer Survey, found that union presence did not affect the positive impact of HPWP on productivity.

There is also a substantial body of research to indicate that union presence is positively related to the introduction of HPWP. Gregg and Machin (1988) found unionised organizations were more likely to have an employee share scheme than non-union organizations. Marginson (1992) found that unionised organizations were more likely to have share ownership and wider arrangements for worker participation. Easton and Voos (1992) interviewed 313 Fortune 1000 companies and found innovative practices were more prevalent in union firms. This was also the case in the Third Workplace Industrial Relations Survey in Britain (WIRS3) that showed that elements of HRM were equally or more commonly found in unionised workplaces than those without unions (Millward, 1994). Pil and MacDuffie's (1996) research indicates widespread adoption of HPWP in heavily unionised sectors, with 50% of the auto industry having implemented direct forms of employee participation. Sisson (1997) found that flexible working practices<sup>iv</sup> were as strongly correlated with independent representation by unions and work councils, as with foreign competition for an organization's products. Armstrong, Marginson, Edwards and Purcell (2000) examined 143 British enterprises and found that quality circles were more likely in organizations that recognised unions than in those with no union. Freeman and Rogers (1999) found that there were more participation schemes in unionised organizations. Black and Lynch's (2001) study in US manufacturing found

that there was a higher probability of an organization using good employment practices (such as staff attitude surveys, job rotation, quality circles and organization consultative committees) when unions were involved in training.

In addition to evidence that HPWP are more likely to be present in union workplaces there is research that indicates that unions facilitate the implementation of HPWP. Voos (1987) found that organizations that have union leaders involved in administering participation programs improve product quality but when union leaders were not involved there was no improvement and Rubinstein (2001) found that unions that don't support participation efforts can cause them to be less productive or fail.

Finally, there is evidence that unions deliver better outcomes from the adoption of HPWP with Black and Lynch finding that productivity gains from HPWP were significantly higher when a union was present, with no significant productivity boost from HPWP when no union was present, attributing these outcomes to the effects of employee voice. They also found that a unionised plant with HPWP had higher productivity than a non-union plant without HPWP. In addition to this, Wood and O'Creevy's (2005) study of direct and indirect employee involvement in 25 European multinationals found that the exclusion of unions led to less employee involvement and poorer productivity.

From the weight of this evidence, I conclude that HPWP are not a substitute for unions who can have a positive impact on the effective adoption of HPWP and move to an examination of how unions can impact positively on the effective adoption of HPWP.

#### **4. How unions impact on the effective adoption of HPWP**

This section outlines how unions impact on the effective adoption of HPWP and overcome many of the barriers to the effective adoption of HPWP through the mechanism of independent voice. Firstly, union voice overcomes management resistance to the adoption of HPWP by encouraging management to take an organization-wide and long-term perspective, despite forces driving self interest and immediate return on investment. Secondly, union networks developed to capture, disseminate and collect independent voice facilitate the implementation of HPWP, reducing the costs of HPWP implementation and maintenance. Thirdly, union voice delivers job security and job tenure which secures employee engagement with HPWP and provides a stable workforce that maximises the net benefits of HPWP. Finally, union voice delivers employee cooperation and commitment to HPWP by promoting employee trust in management. These factors are examined in more detail in the remainder of this section.

##### *4.1. Unions enhance collective and individual voice*

There is evidence that employee voice<sup>v</sup> makes an important contribution to workplace performance by avoiding costly disputes; reducing exit behaviour, including quits, absenteeism, malingering and quiet sabotage; and facilitating employee involvement (Addison, 2005; Ramirez, Guy & Beale, 2007).

It has been argued that HPWP provide avenues for direct employee individual voice which negates the need for collective employee voice through unions. However, evidence indicates that individual voice and management sponsored collective voice are not substitutes for independent collective voice that allows employees to initiate issues and articulate grievances. There are distinctive differences between collective and individual employee voice. Individual voice through HPWP is direct through management and on line or part of the work process, whilst collective voice is indirect through union leadership and off line or not part of the work process<sup>vi</sup> (Rubinstein, 2001). Direct voice mechanisms that are incorporated into the management chain make it difficult for employees to provide genuine input without fearing reprisals (McLoughlin and Gourlay, 1992). In particular, it is difficult for individual workers to have an impact on managerial policy or action if it represents a direct challenge to managerial authority (Freeman and Medoff, 1984).

There is some research evidence for this. Benson (2000) questioned whether non-union organizations adopting the HRM paradigm can provide employees with adequate voice and found that union organizations were more likely than non-union organizations to have all voice mechanisms, including collective voice, management sponsored voice and individual voice. In Britain, Millward, Stevens, Smart, and Hawes (1992) found that employees in non-union organizations had few voice mechanisms and the ones they had were direct or incorporated into the management chain. In New Zealand research found

that less organised and skilled workers had difficulty in exercising appropriate voice (Haynes, Boxall & Macky, 2005).

Research has shown that individual and collective voice can coexist and have a synergistic effect when introducing HPWP indicating that voice mechanisms compliment rather than substitute each other. Frohlich and Pekruhl (1996) of the European Foundation for the Improvement of Living and Working Conditions argue that direct participation does not endanger indirect participation, proposing that direct participation is more likely when a union is present and also more likely to make a positive contribution. Other research evidence supports this conclusion. Kessler and Purcell (1995) found that union presence did not suppress the development of individual voice; Sisson (1997) found that direct participation was more effective when a union was present; and Lloyd's (2001) study of pharmaceutical companies found that consultation with employees only took place when the organization recognised unions. However, Freeman and Medoff (1984) caution that voice cannot succeed without an appropriate response from management and from unions in response to changes proposed by management. Subsequent research has supported the proposition that the relationship between voice and productivity depends on management's response to employee voice. Research by Bryson, Charlwood and Forth (2006) found that there was a strong and positive relationship between worker perceptions of managerial responsiveness and managerial perceptions of productivity. They concluded that it is the orientation of management towards employees, rather than human resource management practices, which determine high performance. However, managers were more likely to respond to

direct voice than collective voice, particularly when unions were weak, resulting in suboptimal outcomes for workers and management in UK union workplaces.

In conclusion, whilst some researchers have argued that HPWP negate the need for unions by providing management sponsored employee voice, there is substantial research that shows that independent voice compliments the voice mechanisms of HPWP and contributes unique value to employers and employees by facilitating the effective adoption of HPWP through increasing employee involvement, commitment and trust. In particular, research indicates that unions extend voice mechanisms; make direct voice more effective; and provide a collective voice which delivers different outcomes to individual and management sponsored voice. However, management responsiveness to employee voice plays a critical role in outcomes.

#### *4.2. Unions promote a long-term and organization-wide perspective*

Systems of Corporate Governance that impose a short-term time frame are not conducive to the implementation of HPWP which require longer time horizons. It has been argued that unions counter management predisposition towards unilateral, short-term decision making which market pressures promote (Freeman and Medoff, 1984). Unions take an organization-wide perspective when contributing to decisions, whilst management can make poorer decisions based on their own interests and incentives (Addison, 2005; Freeman and Rogers, 1999).

The independence of unions allows them to challenge decisions that are not in the best interest of their membership and challenge the logic of management proposals. Union representatives are able to take a longer-term perspective because their career paths are not tied to the organization. It has been found that conflict is not detrimental to decision making processes because different perspectives often result in better quality decisions that are more likely to be accepted by employees and subsequently improve the speed of implementation (Rubinstein, Bennett & Kochan, 1993).

#### *4.3. Union networks provide an effective communication infrastructure*

It has been proposed that unions can add value by providing an efficient way of communicating and negotiating with employees. In particular, union networks have an infrastructure that facilitates lateral communication and coordination. Negotiations are also less expensive if the organization only has to deal with union specialists (Cutcher-Gershenfeld, McKersie & Walton, 1989; Eaton & Voos, 1989; Black & Lynch, 2001; Rubinstein, 2001; Addison, 2005). Rubinstein's (2000) examination of the General Motors-United Autoworkers partnership at Saturn Corporation concluded that the union made a large contribution through its capacity to spread information rapidly through union networks. In particular, the communication and coordination skills of union

advisers led to a substantive capacity to spread information rapidly which had a positive impact on performance.

More specifically, there is evidence that union communication infrastructure facilitates and reduces the cost of HPWP adoption. It has been demonstrated that effective communication is required to introduce HPWP because they require the involvement and commitment of employees (Cooke, 1990; 1992; Eaton & Voos, 1994; Levine & Tyson, 1990). For example, team based manufacturing systems require employee participation in off-line problem solving. To achieve this, the organization must share information and help employees to understand business decisions. This information is difficult to explain to each individual employee, particularly if the information is sensitive, and unions can provide a mechanism for delivering this information to employees (Rubinstein, 2000).

#### *4.4. Unions promote workforce stability*

Research has demonstrated that the collective voice of unionism leads to lower probabilities of quitting, longer job tenure and a lower lay-off rate which reduces the costs of training and recruitment and increases productivity (Delery, Gupta, Shaw, Jenkins & Ganster, 2000; Freeman & Medoff, 1984; Miller & Mulvey, 1993). More specifically, Osterman's (2000) research found that the presence of a union reduced the probability that HPWP were associated with layoffs. Unions contribute to the effective implementation of HPWP because job tenure contributes to stable team membership,

which is important to team effectiveness. Also, employees are more prepared to participate in employee involvement programs when they feel the union will protect their employment security (Levine & Tyson, 1990; Black & Lynch, 2001). Research has found that although workers and their unions may initially decide to cooperate in the adoption of HPWP, they may respond with resistance or apathy if management violates the psychological contract through lay-offs (Godard, 2004).

#### *4.5. Unions increase employee trust and commitment*

Unions can create trust in management and commitment to organizational change if they are strong and have a cooperative relationship with management. Rubinstein (2001) proposes that employees trust unions because they are independent and union leaders, unlike appointed managers, are elected to represent the interests of employees. There is evidence that employees see a positive role for unions in protecting their interests when change is introduced (Kochan & Osterman, 1994; Levine, 1995; Marshall, 1992).

However, the strength of unions and the quality of the relationship between unions and management affect the ability of unions to create employee trust in, and commitment to, management which are antecedents of the effective adoption of HPWP.

Regarding the importance of strong unions, Bryson (2001) found that strong and effective unions that were supported by management had higher or similar levels of trust in management to non-union organizations. However, when unions were weak, ineffective

or faced management opposition, employees were less trusting of management than when no union was present, indicating that no union presence is preferable to ineffective unionism in creating employee trust. Employee trust in management was higher when there was a balance of power between unions and management which improved both the working lives of employees and the performance of the organization. Similarly, Lloyd's (2001) research found that when there were weak unions management were unable or unwilling to manage the change process effectively indicating that without power unions are likely to have a neutral impact on the adoption of HPWP.

Regarding the importance of a cooperative relationship between unions and management Deery, Iverson, and Erwin (1994) found that commitment to employers occurred in a cooperative industrial relations climate, with a hostile climate leading to high commitment to unions and low commitment to management. They also found that a cooperative industrial relations climate was associated with higher employee commitment to the organization but lower commitment to the union. However, Carson et al. (2006) found that good industrial relations were associated with dual commitment to the organization and the union. They also found a positive relationship between employee commitment and positive outcomes, including satisfaction and morale, which were enhanced by the dual commitment of employees. They concluded that it is counterproductive for management and unions to compete for employee loyalty. This is supported by Moreton (1999) who found that management's recommendation of union membership boosted productivity reiterating the mutual benefits of a cooperative relationship between unions and management.

It is likely that power interacts with the quality of industrial relations in determining union impact on effective HPWP adoption. Ramirez et al. (2007) propose that a union's capacity to fight the employer (strength) and willingness to do so (militancy) can serve as enforcement or forestalling agent. In support of this, research conducted by Wells (1993) found some indication that the quality of industrial relations may mediate the impact of unions on HPWP, finding that HPWP were less likely in organizations characterised by union militancy. This leads to the proposition that when unions are powerful, militant and have a poor relationship with management, they are likely to have a negative impact on the effective adoption of HPWP. Similarly, when unions are powerful and their relationship with management is good they can have a positive impact on the effective adoption of HPWP.

## **5. The importance of an integrative relationship between unions and management**

This paper has presented evidence that the quality of Industrial Relations, or the relationship between unions and management, mediates the impact that unions have on the effective adoption of HPWP, supporting Freeman and Medoff's (1984) proposition that "unionism per se is neither a plus nor a minus to productivity: what matters is how unions and management interact at the organization" (p. 179). Freeman and Medoff conclude that productivity depends not on what unions and management do separately, but on their relationship with one another and suggest that cooperative industrial relations

promote the positive aspects of unionism and adversarial industrial relations increase the negative aspects of unionism. Consequently, an adversarial approach to unions by management is likely to be a barrier to the implementation of HPWP by introducing restrictive work practices that inhibit the introduction of practices such as contingent compensation, empowerment and self-managed teams. On the other hand, cooperative industrial relations will facilitate the effective adoption of HPWP by eliciting management responsiveness to independent union voice and union awareness of, and commitment to, management agendas. As a consequence union resources are used in the service of removing the barriers to effective HPWP adoption as specified in Section 4. This leads to my first proposition.

Proposition 1: Union organizations with cooperative industrial relations are more likely to effectively adopt HPWP than non-union organizations or union organizations with adversarial industrial relations.

Fig. 1 explores the ‘black box’ of how union presence impacts on the effective adoption of HPWP. This model shows that the quality of the relationship between management and unions mediates the relationship between union presence, which delivers independent voice, and the variables of cost effective communication, long-term perspective and employee trust, cooperation and commitment, that are necessary antecedents of the effective adoption of HPWP. These factors were identified as barriers to effective HPWP

adoption in Section 2 and as mediators between union independent voice and effective HPWP adoption in section four. It is likely that workforce stability, which also contributes to effective HPWP adoption, is a consequent of union presence regardless of the quality of industrial relations that are in place.

Figure 1. Proposed model of union impact on effective HPWP adoption

(Insert Figure 1 here)

My second proposition concerns the link between industrial relations and the antecedents of effective HPWP adoption.

Proposition 2: Union organizations with cooperative industrial relations are more likely to have employee trust, cooperation and commitment than union organizations with adversarial industrial relations.

My third proposition concerns the link between the antecedents of HPWP adoption and the effective adoption of HPWP.

Proposition 3: Communication networks, workforce stability, management with a long-term time perspective and employee trust, cooperation and commitment will mediate the relationship between cooperative industrial relations and the effective adoption of HPWP.

Towards the end of section four I proposed that union power moderated the impact that unions could have on HPWP adoption, by interacting with industrial relations to increase the impact of both adversarial and cooperative industrial relations. This variable has been incorporated into the Figure 1 model and used in proposition four.

Proposition 4: Union power will moderate the relationship between quality of industrial relations and the effective adoption of HPWP

### **5.1. The partnership approach**

Organizations can adopt several approaches to their relationship with unions including the pluralist model which is often coupled with adversarial industrial relations; the unitary model that sees no role for unions; and a hybrid model of industrial relations called value-added unionism or partnership which is based on cooperative industrial

relations. The partnership approach is based on pluralist assumptions in that it recognises the importance of representative systems, such as unions, and direct forms of employee involvement and participation (Godard, 2004). To leverage the positive aspects of unionism management must replace the pluralist perspective that has dominated traditional industrial relations, with a partnership approach that places less emphasis on conflict of interests between employers and employees and more emphasis on mutual gain (Godard & Delaney, 2001). Guest and Peccei (2001) give several successful examples of the partnership approach. In particular, Magna Copper Company engaged its nine unions in cooperative labor-management partnership to introduce HPWP. The partnership replaced a bitter adversarial relationship between management who were doggedly autocratic and unions who prided themselves on their militancy and produced important productivity gains. Similarly, the General Motors-United Auto workers partnership at Saturn Corporation found that cooperation between management and unions resulted in leadership in the domestic car consumer ratings based on vehicle quality, reliability and satisfaction.

## **5.2. The Impact of partnership on employees and unions**

Whilst the previous section provided evidence that the partnership approach benefits organizations this section looks at the utility of partnership for employees and unions when HPWP are adopted. It begins by examining the impact of HPWP on employees

and unions and moves on to consider how partnership can ensure that the impact of HPWP on employees and unions is positive.

It has generally been assumed that HPWP are positive for employees because they fulfil the social and psychological needs of workers, increasing their sense of identification and belonging (Godard & Delaney, 2001; Kochan, 2000; Kochan & Osterman, 1994; Pfeffer, 1998). In support of this, research indicates that employees report that they prefer to work under HPWP than traditional management, enjoying practices such as teamwork and the opportunity to share their ideas (Freeman & Rogers, 1999) with Hunter, MacDuffie and Doucet (2002) reporting that 77% of employees preferred teams to the old system in their research. It has also been suggested that HPWP are positive for unions with Ramirez et al. (2007) proposing that HPWP strengthen unions by increasing the importance of employees to critical business processes and relationships which strengthens the collective bargaining power of employees. Chen (2007) also found that HPWP have a positive impact on unions. However, acknowledging the importance of the institutional context, he states that this effect may be specific to the Taiwan context which is characterised by a close and friendly relationship between employers and employer-sponsored unions that emphasize harmonious employment relations based on Confucian beliefs in authority, paternalism and interpersonal relationships.

In an alternate view, several authors argue that HPWP's shift from a pluralist collective to a unitary individualistic paradigm, which deemphasizes interest conflicts and emphasizes mutual gain and direct employee participation, legitimates cooperation with

management which weakens the union's ability to represent workers (Purcell & Gray, 1986; Storey, 1995; Ramirez et al., 2007). In support of this Belfield and Heywood (2004) found that better workplace relations further reduced the desire for unions. However, North American case research found that HPWP seemed to diminish support for a union if it did not cooperate, but had a neutral or positive effect when it did (Allen & Van Norman, 1996; Frost, 2000; Verma, 1989; Verma & McKersie, 1986).

Other authors have argued that HPWP have had a negative impact on employees and unions and that the positive effects of HPWP on competitiveness are obtained at the expense of employees, through intensification of the work process and management by stress (Turnbull, 1988). It is proposed that HPWP make employee's jobs more complex and demanding and that HPWP use workers to control each other through peer pressure, creating a prison with invisible bars for workers (Rinehart, Huxley & Robertson, 1997; Godard & Delaney, 2001). This has caused concern for unions who have challenged some aspects of HPWP, including the elimination of seniority rights and job classifications (Godard & Delaney, 2001).

If HPWP do impact negatively on employees, unions in a partnership role are better able to protect the interests of employees, ensuring that they are advantaged rather than disadvantaged by the adoption of HPWP. In this mutual gains model the focus is on management and employees working together to ensure gains for both, including job security for employees and productivity for employers (Rubinstein, 2001). In particular, Magna Copper produced gain sharing outcomes for both the organization and employees

(Guest & Peccei, 2001). Partnership advantages unions and their membership through its shift to consultation, away from the power-based collective bargaining, which delivers greater knowledge of and capacity to influence business strategy and management style (Heery, 2002). It has also been argued that a partnership role may provide opportunities for union renewal by enabling unions to discard their traditional, adversarial role in favor of a new partnership one that demonstrates their relevance to both management and employees (Godard, 2004).

## **6. Barriers to partnership between management and unions**

It is argued that a partnership between employers and unions may be difficult to establish and fragile to maintain and has not been widely adopted, illustrated by General Motors' unwillingness to extend its successful Saturn model to the rest of the company (Godard, 2004). Given that unions in a partnership role can facilitate the effective adoption of HPWP and ensure that employees share in the net gains that result, it is important to consider the factors that may prevent unions from making a contribution to organizations and employees in this way. This section examines management and union resistance to partnership.

Regarding management resistance to a partnership role with unions, it is proposed that unions must have the power and opportunity to contribute to the effective adoption of HPWP (Roche & Geary, 2002), however, management desire to maintain control is a

serious constraint. Partnership focuses on shared interests whilst recognising that employers and employees have differing interests (Rubinstein, 2001). Employers adopting the partnership model acknowledge that they have an inherently unequal relationship with employees that limits direct voice and accept that unions provide an important independent voice that ensures that employees share in the economic success of their organizations (Rubinstein, 2001). Deery, Iverson and Erwin's (1994) research found that a pluralist approach is possible and employees can be simultaneously committed to both the union and the organization. When management sees a positive role for unions they can ensure effective changes are introduced and facilitate the introduction of change in general and HPWP in particular. However, Kochan et al. (1986) propose that an anti-unionism management attitude prevails based on the belief that unions are a threat to managerial sovereignty and Chen (2007) suggests that managers regard unions as hindrances to workplace flexibility and timely response. This has resulted in union avoidance and suppression strategies, including making it difficult for unions to conduct organizing drives; repeatedly telling employees that a union presence could lead to strikes, lost income and plant closings; and monitoring and disciplining union activists. Heery (2002) also argues that institutional environments that drive management to focus on cost reduction in competitive markets and rely on measures of financial performance that lead to a desire for management prerogative and speed of decision making. He suggests that in Britain partnership may be more likely in organizations where acceptance of unions is high and there is a commitment to value-added competition.

A second barrier to partnership is union resistance to partnership. Heery, (2002) proposes that some unions have resisted the implementation of partnership based on the belief that organization guarantees of union participation in management are not credible in the long-term which will ultimately damage the credibility of unions and there is some evidence that the advantage of partnership has been skewed towards management. He also indicates that several prominent partnership agreements have emerged from a threat to unions in some core industries and involve “union accommodation to an employer-dominant process of reform” (p. 25). Union members have also rejected partnership in some instances with strikes and shop steward opposition and votes against partnership in some cases. However, Heery also cites high employee endorsement of partnership in a range of organizations and Godard (2004) argues that whilst initially employee participation was rejected by unions, many unions now accept that the partnership approach involves employees and unions taking on tasks that were once exclusive to management.

Another issue is that collaboration with employers may generate problems for unions over time because of tension between its traditional and new cooperative roles with Murray and Reshef (1988) arguing that although the dramatic decline of unions and a very different environment means unions must change to survive, they may not be able to. For example, the union at Saturn experienced internal tensions and conflicts after partnership was implemented (Rubinstein & Kochan, 2001). Ironically, Mansell (1987) found that weak unions were better able to maintain their cooperative role which presents a conundrum given that I have presented evidence that powerful unions are best able to

make a contribution. Over time, unions may revert to their traditional adversarial role which focuses on the advancement of worker interests through direct pressure on employers using strikes and collective bargaining. Successful adaptation of unions means the assumption that unions should stay outside the management decision-making process must change.

## **7. Conclusions**

From a review of extant theory and research, I conclude that unions can remove barriers to the effective adoption of HPWP by overcoming management and employee resistance and in doing so make a contribution to organizational competitiveness. They do this by providing independent voice which can not be substituted by management sponsored voice. Independent voice encourages management to relinquish self interest and short-term financial outcomes in favour of a long-term, organization-wide perspective which is required to implement HPWP. Secondly, independent voice prevents lay-offs and quitting which provides a stable workforce suited to HPWP reciprocal investment by management and employees. Thirdly, unions obtain employee trust, commitment and co-operation which are important to the sustained adoption of HPWP. Finally, union networks can reduce the cost of HPWP adoption, increasing the net benefits.

However, if unions are to be a positive, rather than negative, force they must be both strong and have a cooperative relationship with management. In particular, management

must be responsive to independent voice. Ironically, in some institutional contexts, most notably the U.S.A. and U.K., management and government have considered unions hindrances to productive work practices. As a consequence, they have responded with union suppression and the substitution of union independent voice with management sponsored voice. In this way they have eliminated or weakened unions and promoted adversarial relationships between unions and management, rendering unions ineffective or promoting the negative aspects of unionism, thus conjuring a self-fulfilling prophesy.

Strong unions have also been unwilling to partner with organizations despite their decline and are missing an opportunity for union renewal. Ironically, the withdrawal of many unions to their pluralist tradition has meant that employees are more vulnerable to exploitation and less likely to share in the gains of effective HPWP adoption.

Consequently, there are many implications of this paper for practice and future empirical research in this area for organizations, unions and employees. Given the mixed and contradictory nature of extant knowledge, there is a need for further empirical research to explore the proposition that union organizations with cooperative industrial relations are more likely to effectively adopt HPWP than those with adversarial industrial relations and non-union organizations.

There are also limitations to further empirical research. More recently there has been extensive criticism of existing research into HPWP. There are extensive critiques of the quality and reach of existing research methods and consistent definitions of HPWP are

still elusive. In addition to this, too little is known to develop a clear theoretical model and operationalization of the concepts is problematic with overlapping boundaries between antecedents, practices and consequents. For example, it appears that good industrial relations (the relationship between management and unions) and/or employee relations (the relationship between management and employees) may be both an antecedent and consequent of HPWP adoption. Similarly, commitment, trust and cooperation may be essential prerequisites to sustained HPWP adoption and also positive outcomes from practices such as employment security; self-managed teams and decentralization; high contingent compensation; extensive training; reduction in status differences; and information sharing. In addition to this, the cooperative versus adversarial industrial relations dichotomy, whilst conceptually useful, is overly simplistic to be used in a literal sense for policy, practice and future empirical research, with most organizations having more complex situations. Future research must be careful not to inappropriately use simple constructs to study complex and dynamic phenomenon (Addison and Belfield, 1998; Delaney and Godard, 2001)

Finally, this paper has argued that voice facilitates the adoption of HPWP, however voice is also delivered through many HPWP. Decentralization, extensive training, reduction in status differences, and even the mechanisms leading to contingent compensation, may all embed voice practices. Consequently, organizations implementing HPWP may be engaged in a virtuous cycle which may be difficult to capture with static, linear research methods. However, given the apparent counterproductive behaviours of some management, unions and governments, building and testing a more definitive theoretical

model is worthwhile with the potential to have a significant impact on the policy and practice of all stakeholders.

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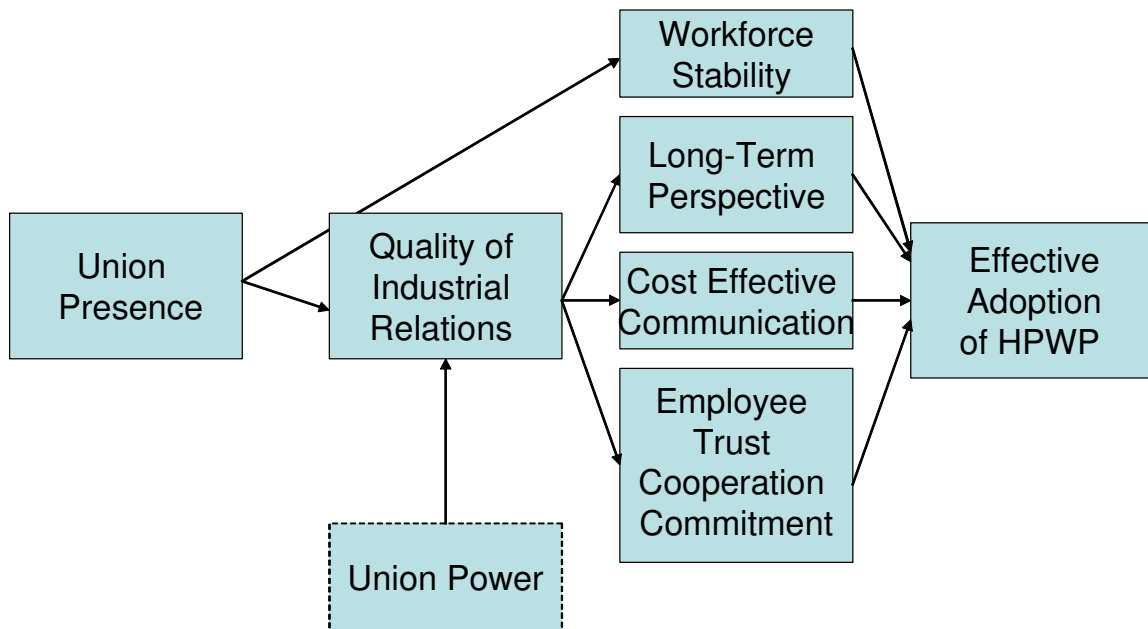
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Figure 1. Proposed model of union impact on effective HPWP adoption



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<sup>i</sup> Interpersonal Trust is an “expectancy held by an individual or a group that the word, promise, verbal, or written statement of another individual or group can be relied upon” (Rotter, 1967, p. 651).

<sup>ii</sup> Employee Engagement is defined as the intellectual and emotional attachment that an employee has to his or her work and organization (Heger, 2007).

<sup>iii</sup> Changes in the workforce demographic include the use of contingent workers, outsourcing and part-time workers which has eroded the traditional membership base of unions and given management more control over labor markets (Kochan et al., 1986).

<sup>iv</sup> Flexible work practices include flattened management systems, greater involvement of lower level employees, team-based working and job rotation

<sup>v</sup> Employee Voice covers all forms of opportunities where employees can have their say and exert some influence (Boxall and Purcell, 2008). It is meaningless if it is ignored so it is actual influence not the feeling of influence (Strauss, 2006). The word ‘participation’ (a process that employees use to exercise some influence over their work and the conditions under which they work) may be more useful (Heller et al., 1998). Voice can be individual and direct (attitude surveys, newsletters, town hall meetings, share option purchase schemes that give voting rights, job enrichment, semi-autonomous work teams, problem solving groups or suggestion schemes) or collective and indirect (works councils, consultative committees, employee share ownership, worker cooperatives, employee representative meeting or union voice).

<sup>vi</sup> The mechanisms of collective voice are management-union negotiations, collective negotiations and collective industrial action. Individual voice mechanisms include individual employee negotiations; employee consultation through quality circles, suggestion schemes, employee surveys; performance appraisals; grievance and disciplinary procedures; committees including joint consultative committees, health and safety committees, task force or ad hoc joint committees; and employee representatives i.e. Health and safety and employee board representatives. Some researchers include individual acts of dissent such as absences from work and shirking as mechanisms of individual voice (Kochan and Osterman 1994; Lawler et al. 1995).