Employee Representation in Non-Union Firms: An Overview

David Lewin, University of California - Los Angeles
Paul J. Gollan, Macquarie University
Employee Representation in Non-Union Firms: An Overview

PAUL J. GOLLAN and DAVID LEWIN

For many decades, employee representation and voice in the employment relationship were manifested mainly through unionism and collective bargaining, but that is no longer the case. Today most employees do not belong to unions, but they may be represented and exercise voice through a variety of other mechanisms and arrangements. This paper provides an overview of a special issue of *Industrial Relations* containing eight papers that analyze various types of non-union employee representation. These papers feature a wide variety of research designs as well as industry, company, and employee settings. Empirically, they draw upon data from the United States, the UK, Canada, and Australia. As a set, these papers provide the most comprehensive knowledge to date of employee representation in non-union firms, and also offer recommendations for future research to further enhance such knowledge.

Introduction

For many decades, the concept and practice of employee representation primarily involved representation through a labor or trade union. Unions negotiated collective agreements with employers, sometimes on an industry-wide basis, at other times on a company-by-company basis, and at still other times on a local enterprise or establishment basis. Such union–management negotiations were based on the notion that employees had to band together to enhance their otherwise weak individual bargaining power with their employers.

For a while, specifically during roughly 1945–1975, union bargaining power appeared to be substantial. Unions were able to negotiate (relative) pay and benefit gains for their members, and these gains sometimes spilled over to affect the pay and benefit decisions and practices of non-union employers. Also during this period, especially in the United States, public policy regarding the employment relationship largely focused on union–management relationships.

The authors’ affiliations are Macquarie University, Sydney, NSW, Australia, and London School of Economics, London, UK; E-mail: p.j.gollan@lse.ac.uk; Human Resources & Organizational Behavior, UCLA Anderson School of Management, Los Angeles, CA, USA; E-mail: david.lewin@anderson.ucla.edu.

*Industrial Relations*, Vol. 52, No. S1 (January 2013). © 2012 Regents of the University of California. Published by Wiley Periodicals, Inc., 350 Main Street, Malden, MA 02148, USA, and 9600 Garsington Road, Oxford, OX4 2DQ, UK.
and collective bargaining, with considerable attention paid to strikes, employer and union unfair labor practices, and union democracy. In Europe, public policy attention focused not only on union–management relationships and collective bargaining, but on works councils and co-determination, both of which are additional forms of employee representation.

With the onset and spread during the fourth quarter of the twentieth century of increased global economic competition, de-regulation, and technological change, union bargaining power declined as did unionization itself. No longer were labor unions negotiating with monopolistic and oligopolistic firms but, rather, with firms whose market power over its customers declined markedly.

The pay and benefit premiums that unions at one time were able to achieve for their members, and thereby justify those members’ dues, began and continued to fade. As a consequence, fewer and fewer private sector employees signed up to be union members, and collective bargaining became an increasingly infrequent form of employee representation. These trends continued into the twenty-first century, with unionization and collective bargaining becoming much less common globally and in the United States and the UK in particular.

Has anything arisen to replace or substitute for unionism and collective bargaining with regard to employee representation? One answer to this question is “yes,” especially for those who call attention to and often favor what are typically referred to as high-involvement or high-participation or even high-performance human resource management (HRM) practices. Another answer to this question is “no,” especially for those who believe that without formal institutional arrangements of the type reflected by unionism and collective bargaining, employees will be subject to employer power and whims when it comes to the type, scope, and depth of employee representation under HRM or other labels.

Employee Voice in Britain, 1980–2004

This special issue of Industrial Relations contains eight articles, authored by scholars from the United States, the UK, Canada, and Australia, that are intended to sort out and shed light on these contending views by bringing new conceptual and empirical evidence to bear on non-union employee representation. The first of these articles, by Alex Bryson, Paul Willman, Rafael Gomez, and Tobias Kretschmer, analyzes the relationship between employee voice and workplace outcomes in the British private sector over a quarter century (i.e., 1980–2004). In their modeling of “voice regimes,” the authors distinguish among union voice, non-union voice, dual-channel voice, and no voice. Using data drawn from five rounds of British Workplace Employment Relations Surveys (WERS), Bryson et al. show that while the overall incidence of
Employee voice in British workplaces rose by several percentage points (to 82 percent) during the study period, non-union voice rose sharply whereas union-only voice and dual-channel voice declined markedly. Further, the decline in representative voice through joint consultation committees (JCCs) and the presence of a non-union, on-site employee representative occurred in both dual-channel and non-union regimes during this period. Among non-union voice mechanisms, the incidence of regular team briefings more than doubled between 1980 and 2004, being practiced by some 70 percent of British workplaces by the end of the period.

These voice mechanisms constitute the independent variables in this study. The dependent variables are of two main types; namely, HRM practices and organizational performance. To measure the first of these dependent variables, the authors constructed a thirteen-item “full” HRM intensity index and a slightly smaller (i.e., eleven-item) “core” HRM intensity index. To measure organizational performance, the authors use employee quit rates, workplace climate, strikes, labor productivity, and estimated financial performance. Bryson et al. then derive a dozen specific hypotheses regarding relationships among these variables and proceed to test these hypotheses using the WERS data. The main empirical finding regarding relationships between voice regimes and HRM practices is that non-union-only and dual-channel types are significantly positively associated with both full and core HRM intensity (as are the control variables workplace size, workplace age, and size of establishment network). Union-only voice is significantly negatively associated with core HRM intensity and insignificantly negatively associated with full HRM intensity. The main empirical findings regarding relationships among voice regimes and organizational performance are (1) both union-only and dual-channel voice regimes were significantly associated with lower quit rates than non-union voice and no-voice regimes; (2) non-union-only voice is significantly positively associated with workplace climate relative to other voice regimes; (3) union-only voice and dual-channel voice are significantly positively associated with strike activity, although the incidence of such activity declined markedly during the study period; (4) labor productivity is lower, though not significantly, in a union-only voice regime, and higher, though again not significantly, in a non-union-only voice regime; and (5) non-union-only voice is significantly positively associated with estimated financial performance relative to other voice regimes.

On balance, these findings indicate that except for employee quits, a non-union-only voice regime is associated with more intensive use of HRM practices and with better organizational performance in British workplaces. Nonetheless, the empirical results are least clear-cut when it comes to labor productivity. As the authors put it, “There were no consistent significant differences between dual/representative and non-union/direct voice on productivity.”
Further, in later years during the 1980–2004 period, “dual/representative systems were not significantly different in financial performance from direct/non-union-only voice.” To explain these findings, the authors suggest that employers may find that managing a dual-voice system is more complex than managing a non-union-only system, and also that the direct costs of a dual system are greater than the direct costs of a non-union-only system. Detailed examination of such management challenges and voice costs would therefore constitute a potentially valuable next step in this research stream.

Employee Voice in Britain and France

The second article in this special issue, by David Marsden, analyzes the relationship between individual and collective employee voice in the workplace, focusing in particular on job-level collective voice and using Britain and France as the research settings. Grounded in the concept of “zone of acceptance”; that is, the set of tasks over which employees accept an employer’s right to manage, Marsden proffers two models of collective voice, namely, “negotiation-based” and “rights-based.” The first of these models features voluntary negotiation involving shop stewards and other union representatives, while the second model features personnel delegates who typically work closely with works councils. The author argues that individual and collective voice will function as alternatives or substitutes in the negotiation-based model, but as mutually supportive or complementary in the rights-based model. Also potentially influencing these relationships are dual-channel representation, which is commonly practiced in Europe, and management-led forms of employee voice, such as teams, quality circles, goal-setting, and performance appraisal, which have often been portrayed as substitutes for other forms of employee voice, especially unionism.

From his elaboration of these collective voice models, Marsden derives a series of hypotheses concerning, as examples, the effects of employee skill marketability, employee dissatisfaction, shop stewards, personnel delegates, union voice, works councils, management’s willingness to deal directly with employees, and management-led voice channels on employee exercise of individual voice. He then tests these hypotheses using data drawn from the 2004 Workplace Employment Relations Surveys (WERS) of these two countries. Britain exemplifies the negotiation-based model of collective voice, whereas France exemplifies the rights-based model of employee voice. The WERS data show that in both Britain and France, the majority of employees bring their grievances directly to management and have those grievances resolved informally. Such direct access to management, especially senior management, thus
provides an important opportunity for employee exercise of voice. Another such opportunity is provided by works councils and personnel delegates. The WERS data indicate that it is two to three times more common for employees to seek grievance resolution through these institutions when there are delegates in the workplace than when only a works council is in place. Proceeding from descriptive statistics to multivariate analysis, Marsden’s main regression findings can be summarized as follows: (1) employee skill marketability is significantly positively associated with individual employee voice in both countries, though considerably more so in Britain than in France; (2) union shop stewards are significantly negatively associated with individual employee voice, personnel delegates are significantly positively associated with individual employee voice, and establishment size interactions with delegates and stewards strengthen both coefficients in the case of France but not in the case of Britain; (3) the presence of a dual channel, specifically a workplace-level collective bargaining agreement and a works council, is significantly negatively associated with individual employee voice; (4) informal grievance resolution through direct access to management is significantly positively associated with individual employee voice in both countries, whereas grievance resolution pursued through formal channels is significantly negatively associated with individual employee voice (in Britain); and (5) management-led forms of voice are insignificantly associated with individual employee voice in both countries (though, in Britain, collective voice channel interactions with specific management-led forms of voice were significantly positive in the case of performance appraisal and significantly negative in the case of employee consultation). A variety of robustness checks confirmed these findings.

In sum, Marsden’s analysis shows that in both the British negotiation-based system and the French rights-based system of collective voice, having a viable outside option for marketing one’s skills and having informal access to managers who can make decisions are two key factors shaping employees’ perceived exercise of voice in the employment relationship. In both models, job-level representatives play an important role in assisting employees to manage their zone of acceptance, but in contrasting ways. The negotiation model inhibits individual employee voice because shop stewards have to convert individual concerns into collective concerns, while in the statutory model personnel delegates are relatively freer to consider each individual case on its merits. At the workplace level, the presence of a union and a collective agreement in the negotiation-based system tends to inhibit individual employee voice, whereas the presence of personnel delegates and a works council in the rights-based system tends to enhance individual employee voice. Further, management-led forms of voice appear not to have much effect on individual employee voice in Britain or France. Whether or not these findings would be replicated in
other countries that follow the negotiation-based or rights-based models of collective voice awaits further research.

Organizational Dispute Resolution

The third article in this special issue, by Alexander J. S. Colvin, analyzes the effects of employee participation in workplace decision making and organizational due process procedures on employment-related conflict-triggering events and dispute resolution activity in non-union organizations. To frame this U.S.-based study, Colvin begins with a review of the landscape of non-union organizational dispute resolution (ODR) systems, procedures, and practices. Unlike in unionized organizations and workplaces, non-union ODR procedures vary widely. Some organizations have no such procedures, others are characterized by an “open door” procedure in which an employee can bring a complaint directly to a manager, and still others have formal multi-step procedures that in some instances feature managerial review panels, peer review panels, third-party arbitration, and combinations thereof. A key issue with these procedures is the extent to which they incorporate employee due process protection. Colvin hypothesizes that such protection will be positively associated with employee use of ODR procedures and with employee win rates in using the procedures, but negatively associated with conflict-triggering events in the workplace. The last of these hypotheses is based on the reasoning that managers will be less likely to make certain decisions, such as terminating employees for misconduct or poor performance, if employees are able successfully to use high due process protection–type ODR procedures to challenge such decisions.

Next, Colvin turns his attention to employee participation in decision making via high-involvement work systems (HIWS). Such systems are widespread in U.S. organizations and workplaces, fundamentally reflecting the view that organizational performance can be improved through the enhancement of employee commitment and involvement in work. To achieve these objectives, HIWS typically include extensive training, performance-based compensation, and self-directed work teams or problem-solving groups. Research in strategic human resource management (SHRM) and industrial relations suggests that HIWS are associated with relatively low levels of workplace conflict. But this may be due to the direct effect of HIWS or, alternatively, to the inclusion within HIWS of a formal grievance, complaint, or due process procedure. Colvin seeks to sort out this matter by hypothesizing that HIWS will be positively associated with the adoption of non-union ODR procedures that feature high levels of due process protection, but will be negatively associated with
conflict-triggering events in the workplace, employee use of the procedures, and employee win rates when using the procedures.

Colvin tests these hypotheses with data drawn from a 2003 national survey of U.S. telecommunication industry establishments in which customer service representatives and equipment installation and repair technicians comprised the core workforce. For this purpose, he constructed an organizational due process index and a strict workplace rules index, both of which served as “conflict trigger event”-reflecting dependent variables in this study together with the employee discipline rate and the employee dismissal rate. The “conflict resolution activity”-reflecting dependent variables include the employee grievance rate, the grievance decision appeal percentage, and the employee win rate. Colvin’s ordinary least squares and tobit regression estimates show that HIWS are significantly negatively associated with employee discipline, dismissal, grievance, and win rates, and with appeal percentage, and are insignificantly associated with the due process and strict workplace rules indexes. Hence, these results appear to provide strong support for the conclusion that workplace conflict is lower under HIWS. Caution should be exercised in this regard, however, because even under HIWS employees may fear retaliation for bringing grievances to the fore.

The aforementioned due process index was also used as an independent variable in certain of the regression estimates. The results show that this index was insignificantly related to the discipline rate, dismissal rate, strict workplace rules index, and employee win rate, but was significantly positively associated with the grievance rate and the grievance appeal percentage. This last set of findings leads to the conclusion that ODR procedures featuring higher due process protection through more independent decision makers and more opportunities for appeal tend to be used more by employees. While this conclusion might be even stronger if the due process index had been shown to be significantly positively associated with the employee win rate, the lack of such an association may indicate that employees are willing to bring a wide range of grievances to a “high due process”-type procedure, rather than just the strongest grievances or those with the greatest likelihood of success.

On balance, this study illustrates why it is important to consider not only dispute resolution procedures but also the context of work and employment systems in thinking about non-union employee representation. Colvin’s empirical findings indicate that the work system adopted by an organization, in this instance represented by HIWS, can have stronger impacts on workplace conflict and its resolution than formal procedures aimed at providing non-union employees with representation and rights protection. In addition, by demonstrating how HIWS can enhance the representation of employee interests in non-union dispute resolution, this study provides something of a corrective to
that portion of the HRM and SHRM literatures that single-mindedly focuses on the impacts of HIWS on organizational (especially financial) performance.

Informal Employee Involvement and Participation

The fourth article in this special issue, by Mick Marchington and Jane Suter, focuses on informal employee involvement and participation (EIP) in a non-union firm. The authors begin by observing that EIP can be characterized according to degree, level, scope, directness, and formality. Their main interest is in the last of these characteristics, in particular, the distinction between formal and informal EIP, and their assessment of the extant literature indicates that “relatively little attention has been paid to informal EIP.” That assessment also leads to three propositions regarding EIP: (1) there are constraints on formal EIP due to product and labor market factors as well as to managerial inconsistencies in application; (2) informal EIP is preferred to formal EIP by both line managers and workers, especially if there are strong exchange relationships between them; and (3) formal and informal EIP can be combined together, either in parallel for different purposes or in sequence for the same issues, as a safety net or a lubricant.

To test these propositions, Marchington and Suter initially analyzed data from the 2004 WERS, specifically for the hospitality sector within which the single company they studied, namely, RestaurantCo, operates. Three survey questionnaires drawn from the WERS were used together with interviews and observations to analyze formal and informal EIP at RestaurantCo. Interviews were conducted with the company’s HR Director and nine branch managers, and surveys were administered to all employees of the nine restaurants headed by the branch managers. This sample of employees was representative of all RestaurantCo employees, and the survey yielded a 42 percent response rate. For their independent variables, the authors constructed a formal EIP embeddedness (i.e., breadth and depth) measure and two independent informal EIP measures (i.e., experience and frequency). For their dependent variables, the authors constructed separate measures of job satisfaction, satisfaction with manager, organizational commitment, and commitment to manager.

The main component of formal EIP at RestaurantCo, a non-union company employing seven thousand staff in about three hundred branches throughout the UK, is downward communication operationalized via newsletters, notice boards, and team briefings. Although, by definition, informal EIP is not specified similar to formal EIP, several of the capabilities contained in RestaurantCo’s management Capability Framework clearly emphasize behaviors that are closely related to informal EIP—for example, inspiring leadership, harnessing
potential, belonging, and innovation. Marchington and Suter’s qualitative analysis of the workings of formal EIP at RestaurantCo shows that a variety of constraints reduce its effectiveness. To illustrate, the inability precisely to estimate customer demand makes it difficult to judge required staffing levels, and a surge of demand can interrupt or abort team meetings. Several branch managers commented about the conflict between providing excellent customer service and the time required for employees to read newsletters and notice board postings and to engage in team meetings. Indeed, during holiday periods, team meetings were sometimes cancelled altogether. The fact that employee tips rise during busy periods is another manifestation of this conflict. These and other examples provide support for the authors’ first proposition.

By contrast, RestaurantCo branch managers expressed strong support for informal EIP, believing that “one-to-one discussions achieved a lot more than formal meetings”; “about 70–80 percent of what I learn about the restaurant, about the issues and what we can do to solve them are from informal chats”; and “we are constantly trying to encourage more involvement from the staff, firing ideas at them ... they like to take on responsibility for themselves, sort it out and monitor things.” Other managers said that staff had been informally consulted on how to design seating plans in different restaurant sections, had in one instance taken over responsibility for how tips were distributed and tables were handed over to the next shift, and felt more positive about their work as a result of informal consultation and participation.

These management views of EIP were echoed by RestaurantCo employees. While about 80 percent of these employees used notice boards at least once weekly, only about half of them were regularly engaged with formal EIP practices more broadly. Again by contrast, survey data show that 90 percent of employees agreed or strongly agreed that managers tried to seek consensus at work, about 75 percent agreed or strongly agreed that informal discussions took place before decisions were made, and about 80 percent agreed or strongly agreed that their manager “shares information that I need to ensure high quality results.” Further, the authors’ quantitative analysis shows that both measures of informal EIP were significantly positively correlated with all four dependent variables, that is, job satisfaction, satisfaction with manager, organizational commitment, and commitment to manager, whereas only about half of the formal EIP measures were so correlated. Taken together, these findings provide strong support for the authors’ second proposition.

Marchington and Suter go on to analyze the complementarities between formal and informal EIP at RestaurantCo, showing through a variety of examples how such complementarity operates and, in doing so, providing support for their third proposition. They conclude that formal EIP is most suitable for disseminating information to employees and that informal EIP is most suitable
for motivating employee commitment and performance. Hence, these two processes combine sequentially at RestaurantCo. More broadly, formal EIP provides something of a safety net through which company messages are communicated to employees, whereas informal EIP serves as a lubricant to facilitate manager–employee discussion and consultation on key workplace issues. Marchington and Suter end their article with a discussion of limitations on EIP and on their one-firm case study.

Employment Arbitration in Financial Services

In the fifth article in this special issue, David B. Lipsky, J. Ryan Lamare, and Abhishek Gupta analyze the effects of gender on employment arbitration awards in the securities industry. The authors’ research was motivated by concerns about the fairness and equity of non-union employment arbitration in the United States (which, as pointed out above, has grown rapidly in recent years) and about continued hostility toward and discrimination against women in the securities industry. This industry is notable for having a relatively long history of arbitration usage to settle disputes between customers and brokers and between employees and employers. In 2007, previously separate New York Stock Exchange (NYSE) and National Association of Securities Dealers (NASD) codes of arbitration procedures were merged under the Financial Industry Regulatory Authority (FINRA). Lipsky, Lamare, and Gupta use the FINRA database to analyze arbitration awards rendered between 1998 and 2008 in more than two thousand cases of employment disputes.

In these cases employees are not members of or represented by unions, and they also are not represented through companies’ internal, multi-step grievance-like procedures or high-involvement work systems (HIWS) or other employee involvement and participation (EIP) mechanisms. Rather, they are represented by outside counsel (i.e., attorneys) as are the companies against whom they filed claims of discrimination, unpaid compensation, wrongful termination, and (other) breaches of contract. Hence, Lipsky, Lamare, and Gupta analyze the effects of complainant gender, complainant’s attorney’s gender, company’s attorney’s gender, and arbitrator gender on arbitration awards in these cases, while also controlling for such other variables as year of award, location of award, number of arbitration hearings prior to the rendering of an award, and size of the initial monetary claim. They do so using four versions—specifications—of the dependent variable, namely, (1) any positive award to the claimant, (2) any award greater than 25 percent of the amount claimed, (3) any award greater than 50 percent of the amount claimed, and (4) any award greater than 75 percent of the amount claimed. The employee “win rates”...
under these four specifications were 58.3, 25.7, 19.4, and 14.6 percent, respectively.

Turning their attention to gender as the main independent variable in this study, the authors’ perusal of cross-tabulations among the data indicates that the proportion of awards won by male claimants was consistently higher than the proportion won by female claimants; claimant attorneys who were men won a higher proportion of their cases than claimant attorneys who were women; company attorneys who were women won a higher proportion of their cases than company attorneys who were men; and awards issued by male arbitrators were somewhat lower than awards issued by female arbitrators. Next, the authors examined these relationships more deeply by conducting four separate logistic regression analyses using the aforementioned categories of awards as the dependent variables.

The main finding from these analyses is that the gender of claimants’ attorneys is consistently significantly positively related to the likelihood of claimants’ winning arbitration awards of any size. In particular, both female and male claimants are significantly more likely to win arbitration awards when represented by male attorneys than when represented by female attorneys. Further, claimants represented by male attorneys are more than twice as likely to win large awards—those greater than 75 percent of the amount claimed—than claimants represented by female attorneys. Another important finding from these analyses is that with the exception of the largest awards, male claimants are significantly more likely than female claimants to win arbitration awards. By contrast, the gender of companies’ attorneys and the gender of the arbitrator were insignificantly related to claimants’ likelihood of winning an arbitration award of any size. Among the control variables, the number of arbitration hearing sessions was positively related to the likelihood of a claimant winning an arbitration award. So, too, was the year in which an award was issued (during 1998–2008), meaning that claimants were substantially more likely to win arbitration awards, especially large awards, during recent years than during earlier years of the FINRA program. Each of these findings remained basically the same following a regression estimate of a continuous rather than dichotomous form of the dependent variable, a separate analysis of the parties’ prior experience in FINRA arbitration cases (i.e., the repeat player effect), and interaction analyses of claimant gender and attorney gender and of claimant gender and amount claimed.

From this study, it would be easy to conclude that claimants—both women and men—in FINRA arbitration cases should retain male attorneys if they want to increase the likelihood of their winning such cases, especially cases involving large monetary claims. But Lipsky, Lamare, and Gupta urge caution in this regard, pointing out that they were unable to control for certain human
capital characteristics of claimants and claimants’ attorneys in these arbitration cases or for systematic differences between men and women in the merits of their respective claims. The authors also observe that their findings provide “at least limited support for our belief that FINRA arbitrators do not overly discriminate against women.”

Regarding employee representation in non-union firms, the Lipsky–Lamare–Gupta study provides an important example of an industry in which such representation takes on a distinctive, narrow form. On the one hand, the arbitration of employment disputes in the securities industry is an internal process, one spelled out in individual contractual agreements between employers and employees and one in which employees can be and are in fact represented by attorneys in arbitration proceedings. Hence, this may be described as a one-step or final-step-only system of employee representation. On the other hand, non-union employee representation in numerous industries and companies occurs through various formal and informal systems, processes, channels, and methods, including those documented and analyzed elsewhere in this special issue. A substantial and growing proportion of these systems feature multi-step employment dispute procedures in which arbitration is the culminating or final step. Whether and to what extent such multi-dimensional, multi-step systems should be adopted by firms in the securities industry to more effectively address gender discrimination or employment relationship issues more broadly is a question well worth pondering, especially in light of Lipsky, Lamare, and Gupta’s study of arbitration outcomes in this industry.

High Commitment Employee Involvement at Delta Air Lines

In the sixth article in this special issue, Bruce E. Kaufman presents a four-decade analysis of the “commitment model” of employment relations at Delta Air Lines, a major U.S.-based company. In doing so, he draws upon a wide variety of secondary sources, including company archives, and on field interviews conducted with Delta employees from all main levels of the company (e.g., executive, in-flight, and ramp). Kaufman’s wide-ranging yet deep analysis shows that despite the many vicissitudes experienced by Delta (and the airline industry more broadly) during the 40-year study period, despite having been led by seven different CEOs during this period, and despite many changes that have been made to it in practice, the commitment model of employment relations remains in place at the company. Yet, as Kaufman also shows, the Delta experience does not fit particularly well with extant models of high-performance work systems (HPWS) and strategic human resource management (SHRM) or with one-size-fits-all “best practice” human resource management.
The origin of Delta’s commitment model can be traced to company founder C. E. Woolman’s “family” approach to employee relations that emphasized confidence, cooperation, and trust as well as equal treatment and avoidance of double standards (i.e., one standard for management, another for employees). These characteristics were grounded in the belief that employee cooperation, high morale, and organizational esprit d’corps were fundamental to providing good customer service and to achieving strong company performance (i.e., profitability). Also key in these respects, however, were top–down business decision making and tight cost control. Hence, Delta’s original commitment model of employment relations was entirely consistent with and reflected application of the doctrines of enlightened paternalism and welfare capitalist based unitarism. As Kaufman points out, these “strategies” of employment relations appeared long before contemporary HPWS and SHRM doctrines. Further, the combination of high control and high commitment in the Delta model of employment relations runs counter to the widely accepted notion that an employer must choose between a high-control and a high-commitment work system.

Next, Kaufman analyzes the psychological contract and employee involvement in decision making at Delta during the early part of the four-decade study period. He contrasts the quid pro quo nature of Delta’s psychological contract with its employees in which the family approach promises to take care of employees in exchange for hard work and loyalty with the more transactional, business performance–based notion of the psychological contract characteristic of the HPWS approach. Regarding employee involvement, both historical and contemporary management doctrines emphasize such practices as project teams, workplace committees, and company-wide employee representation plans, but Delta did not engage in any of these practices. Instead, the only formal channels for employee involvement were an open door and a personnel audit through which employees could voice their complaints to management. These channels apparently were sufficient as long as Delta continued to follow the commitment model and as long as it performed well as a business. But beginning with the late 1970s deregulation of the U.S. airline industry followed by recession, increased competition, and an ill-advised purchase of Pan American Airways, Delta’s business performance declined as did its adherence to the commitment model. During the next several years, the company conducted a series of layoffs, pay cuts, and fringe benefit rollbacks that substantially undermined its historic family approach to employment relations, with consequent declines in employee morale and increases in employee anger and feelings of betrayal.

These developments were not reversed by Delta’s mid-1990s return to profitability, but this financial turnaround was accompanied by three new
employee involvement initiatives: (1) establishment of a non-voting seat on the company’s Board of Directors for a representative of the unionized pilots, (2) creation of a Delta Board Council (DBC), and (3) formation of a Flight Attendant Forum (FAF). The DBC’s mission was to serve as the “eyes, ears and voice of Delta people in the Boardroom” and consisted of seven members from the various non-union divisions of the company who in effect represented sixty-four thousand unorganized Delta employees and who regularly attended Board of Director meetings. The FAF, by contrast, focused on local issues affecting flight attendants and other in-flight service personnel via the establishment of local councils with elected representatives and, later, a system-wide council whose twenty-six members met three times annually with management to discuss such common issues as scheduling, cabin food service, and work rules (but not compensation and benefits). These particular initiatives did not result from a strategic company effort to reinvigorate the commitment model of employment relations but, instead, from proposals forwarded by disaffected Delta employees. Later on, however, under the impetus provided by certain long-term Delta senior managers, mid-level managers, and non-management employees, the breadth, depth, and formal structure of employee involvement in decision making expanded markedly. By the mid-2000s, the DBC’s role encompassed six major functions, five division-level forums and councils (including the FAF) had been established, numerous base/city-level forums and councils were in operation, and one hundred geographically dispersed continuous improvement teams were in place, tackling specific issues and problems and recommending solutions to management. This cascading of employee representation at Delta occurred even as the company’s CEO changed from time to time and as the company was buffeted by macroeconomic volatility.

Increased employee involvement in decision making at Delta did not by itself signal a complete return to the commitment model of employment relations, but subsequent events pushed further in this direction. Ironically, this included Delta’s approach to bankruptcy in late 2005 under new CEO Gerald Gernstein, a long-time Delta board member and behind-the-scenes supporter of employee involvement, who among other things cut executive compensation (including his own) substantially, linked any future executive compensation increases to the restoration of employee wages to the industry average, and spelled out post-bankruptcy equity participation and profit-sharing plans for employees. Kaufman shows how these and other related employee involvement-enhancing initiatives undertaken by Gernstein paid an unexpected dividend in 2007, when employee-staged rallies, congressional lobbying, and testimony before regulatory agencies helped Delta successfully ward off a hostile takeover of the company by U.S. Airways. Employee involvement in
decision making at Delta also helped the company achieve major operational efficiencies and otherwise contributed to its improved business performance.

The final saga in the Delta story, as told by Kaufman, concerns Delta’s hiring in 2007 of former Northwest Air Lines CEO, Richard Anderson, as CEO of Delta to replace the retired Gernstein. Delta employees were initially concerned that Anderson would attempt to replicate Northwest’s hard-nosed management and adversarial labor relations as Delta CEO, but quite the opposite seems to have occurred. Anderson frequently pays homage to Woolman, both verbally and in writing, and he affirmed his support for the commitment model of employment relations at Delta, albeit much more in terms of employee voice, fair treatment, and collaborative teamwork than in paternalism and lifetime employment. Anderson is also strongly supportive of Delta’s formal, multi-level structure and components of employee involvement. This support paid considerable dividends in 2009 when (in a touch of irony) Delta acquired Northwest and, according to Kaufman, successfully merged the two companies’ route structures, aircraft, employment programs, seniority lists and, perhaps most of all, organizational cultures. The last of these accomplishments is no mean feat considering Northwest’s history of high unionization and adversarial labor–management relations, in contrast to Delta’s history of low unionization and adherence to the commitment model of employment relations. Several union representation elections were held (specifically, in 2010 and 2011) following the Delta–Northwest merger, but unions lost each of those elections.

Based on his analysis of the breadth, depth, and formal structure provided for employee involvement and voice at Delta Air Lines, Kaufman concludes that “measured by these three features, Delta is perhaps the leading non-union … company in the United States, particularly with regard to representational councils and forums.” He may well be correct in this regard, but Kaufman’s article is notable as well for focusing on a company in an industry in which another company, namely, Southwest Airlines, has received the lion’s share of scholarly (and media) attention, especially for its approach to human resource management strategy, employee engagement, and union–management relations (see, e.g., Miles and Mangold 2005; O’Reilly and Pfeffer 1996). Further, Kaufman’s emphasis on the importance of a company founder’s approach to a commitment model of employment relations and his analysis of the staying power of that approach as well as the challenges thereto calls to mind another company example that has been far more widely singled out for comparable attention than Delta Air Lines, namely, Lincoln Electric (see, e.g., Bartlett and O’Connell 1998; Hastings 1999; Koller 2010). With Kaufman’s research providing the analytical foundation, perhaps Delta will become as well known as Southwest and Lincoln when it comes to learning and teaching about the
commitment model of employment relations and about HPWS and SHRM more broadly.

Non-Union Employee Representation in Canada and the USA

In the seventh article in this special issue, Michele Campolieti, Rafael Gomez, and Morley Gunderson investigate two central questions pertaining to non-union employee representation (NER) in North America: First, do non-union and union forms of voice act as substitutes or complements for employees at the workplace? Second, do non-union forms of employee representation serve to increase or decrease employees’ desire for traditional union voice? Because of what they judge to be a continuing knowledge gap about NER in North America, the authors set out to answer both of these questions by analyzing data drawn from a survey of Canadian and U.S. employees’ attitudes toward NER and unionization.

Campolieti, Gomez, and Gunderson frame their study by first identifying some of the differences between Canada and the United States with respect to NER, pointing out among other characteristics that the Canadian legal system is neutral on the issue of whether non-union employees without formal certification can negotiate terms and conditions of employment with their employers, whereas the U.S. legal system largely restricts this practice. Then the authors discuss competing predictions in the literature regarding NER as a substitute for or complement to union voice, relying in particular on the “four faces” classification of NER proffered by Taras and Kaufman (2006, 2010): union avoidance, unitary of interest, evolutionary, and dual channel. Campolieti, Gomez, and Gunderson propose that each of these four faces helps to systematize and distinguish some of the diverse perspectives concerning the purposes of NER and NER’s effects on traditional union representation. In particular, the unitary of interest and union avoidance faces of NER are claimed to be clear substitutes for union representation, while the evolutionary and dual-channel faces are claimed to be complementary to union representation, including when firms do not intend or expect unionization to evolve from NER. Next, Campolieti, Gomez, and Gunderson empirically test whether NER is systematically related to the incidence of and employee preferences for traditional union voice using data drawn from the Canada–U.S. Labour Attitudes Survey, originally administered by Lipset and Meltz (1998) and Lipset et al. (2004). For this purpose, the authors limit the sample of survey respondents to 592 individuals in the United States and 732 individuals in Canada who were employed at the time of the survey. They then specify a total union demand equation comprised of three sub-components: the observed
demand in the form of those currently observed with union membership, frustrated demand or those who desire unionization but who are not members, and oversupply of union services measured by those who have union membership but who would prefer to be non-union. The main independent variable in this study is operationalized as the presence of any form of non-union employee representation at the workplace, with five specific forms of NER serving as additional independent variables: the presence of a formal grievance procedure, the perceived quality of the procedure, the presence of employee involvement schemes, the perceived influence of employee involvement schemes on workplace decision making, and the perceived degree to which labor laws provide protection to employees. Control variables include individual characteristics, workplace characteristics, social capital (e.g., whether respondents have family members who belong to unions), and political orientation.

Descriptive statistics from this study indicate that the NER “presence” rate was similar in Canada and the United States, being approximately 21 and 20 percent, respectively. The union presence rate, approximately 48 percent in Canada and 52 percent in the United States, was also quite similar, though substantially higher than the NER presence rate. Further, NER presence was notably higher among younger, lower-income respondents in Canada than in the United States. In both countries, older employees were considerably more likely than younger employees to have union presence, and NER presence was substantially greater in large than in small firms and in government than in the private sector. In Canada, men were more likely than women to have a union present at the workplace, while women were more likely than men to have NER. In the United States, men were more likely than women to have both union presence and NER, and more educated employees were more likely than less educated employees to have both union presence and NER.

Turning to their regression analysis, Campolieti, Gomez, and Gunderson find that NER presence is significantly negatively related to employee demand for unionization in Canada and the United States, thereby indicating that NER serves as a substitute for rather than a complement to union membership. They also find that among specific NER practices, the perceived degree to which labor laws protect employees is significantly negatively related to the demand for unionization in both countries. These negative relationships are considerably stronger in Canada than in the United States, however, leading the authors to observe that Canada’s more permissive legal framework may “be creating non-union institutions that are (at present) acting as substitutes to traditional unionization,” and to conclude that Canadian employers have relatively greater scope to innovate and provide more NER, which on balance serves as an alternative to union voice.
Among other specific NER practices, the presence of employee involvement schemes was significantly negatively related to the demand for unionization in the United States but not in Canada, whereas the perceived influence of employee involvement schemes on employee participation in decision making was significantly negatively related to the demand for unionization in Canada but not in the United States. While these particular findings appear to support the unitary of interest and union avoidance faces of NER, the authors’ regression analysis also shows that the presence of a formal grievance procedure for non-union employees is significantly positively related to the demand for unionization in Canada and the United States. This finding provides some support for the evolutionary and dual-channel faces of NER or, in other words, NER as a complement to unionization.

Campolieti, Gomez, and Gunderson provide additional analyses of relationships between NER presence and frustrated demand for unionization as well as the oversupply of union services, that is, the desire of current union members to be non-union. These regression findings are for the most part indeterminate, thereby suggesting that competing substitution and complementary forces are at work. The authors also conduct a variety of sensitivity and interaction analyses, the results of which do not modify their main findings or the conclusions derived therefrom—findings and conclusions that help to overcome the knowledge gap about NER in North America.

Australia’s Legislative Approach to Employee Representation

In the eighth and final article in this special issue, Troy Sarina analyzes the effects of Australian national legislation regarding employee representation and voice by addressing two questions: (1) With the emergence of the representation gap, is collective bargaining still an effective way of enhancing industrial citizenship in modern-day organizations? (2) Does the collective bargaining framework enshrined in the 2009 Fair Work Act deliver greater levels of industrial citizenship, and if so, how has this been achieved? As in the United States, the UK, and elsewhere, trade union coverage in Australia has declined substantially during recent decades, which is what Sarina means when he refers to the “representation gap.” The Australian Fair Work Act reflects an attempt by the Australian Labor Party (ALP) to ensure that collective bargaining is an effective vehicle for enhancing both productivity and industrial citizenship by incorporating into national labor law an obligation of the parties to bargain in good faith (BGF). This provision was closely patterned after a similar provision contained in U.S. national labor law (i.e., the National Labor Relations Act, as amended).
Sarina briefly reviews the history of collective bargaining legislation in Australia from the origins of non-union collective bargaining specified in the 1993 Industrial Relations Reform Act under which employers could enter directly into a collective agreement with employees via an Enterprise Flexibility Agreement (EFA), through the 1996 Workplace Relations and Work Choices Act under which both union and non-union agreement making was retained, to the ALP-sponsored 2009 Fair Work Act that eliminated the distinction between union and non-union collective agreements. In effect, the Fair Work Act aims to overcome the aforementioned representation gap by promoting union-management collective bargaining through which not only economic growth but fairness at work will ostensibly be achieved. These objectives of the Australian legislation together with its BGF provision are, as Sarina points out, quite similar to the key aspects of effective negotiations identified in the mutual gains bargaining (MGB) model.

To assess the effectiveness of the Fair Work Act in enabling alternative, non-union forms of employee representation as well as union representation to achieve genuine participation in decision making at the enterprise level, Sarina conducted an interview-based pilot study of three Australian companies operating in the aviation, financial services, and resource sectors, respectively. He finds that the Fair Work Act’s objective of securing genuine worker representation through a process of good faith collective bargaining has so far not been met. In particular, the obligation to BGF appears to have had very little impact on the fundamental approaches that these large organizations, each of which has a long history of collective bargaining with unionized employees, take to enhancing industrial citizenship. More broadly, the MGB model on which the Fair Work Act is based not only has done little to secure deeper worker participation in decision making or to enhance productivity, but it appears to have had a negative impact on the bargaining parties’ relationships. This may be due in part to the law’s requirements for the production and distribution of company documents to employee representatives, which employers sometimes resist for proprietary and competitive reasons and which may thereby subject them to accusations of breaching their obligation to bargain in good faith. Further, Sarina’s interviewees indicated that formal collective bargaining was not an appropriate forum for attempting to engage employees but, rather, a process that continues to feature a traditional distributive approach to terms and conditions of employment and to the clarification of basic worker entitlements.

At the same time, however, Sarina finds that each of the companies he studied initiated alternative consultative forums in which they sought directly to engage employees, unionized and non-union alike, to help develop innovative solutions to the challenges faced by these organizations. For example, an interest-based problem-solving program focused on culture change was initiated by
the company in the resource sector 6 years prior to passage of the Fair Work Act. The aerospace company adopted a 2-year-long employee engagement process aimed at assisting the company to improve its operations and customer service. The financial services company went considerably further in this regard by adopting a mutual gains approach to negotiations with its entire thirty-five thousand member workforce, reaching an agreement with that workforce in less than 1 month. In all of these examples, the parties migrated away from formal collective bargaining with unionized employees as the main forum for identifying innovative practices and solutions to organization and work-related problems. These interview-based findings from Sarina’s Australian study are consistent with those from Campolieti, Gomez, and Gunderson’s Canadian study showing statistically significant negative relationships between several NER measures and the demand for unionization.

Sarina also finds that the alternative consultative forums adopted by the organizations he studied were initiated by and often comprised of individuals who had built strong rapport and high levels of trust, which were then used to generate an environment featuring informal yet frank discussions of strategic issues. Analytically, such personal rapport and influence of key individuals reflects reciprocity in action, which in turn provides a basis for pursuing genuine problem-solving and engagement processes. Based on the Australian experience, such reciprocity appears to be more influential than legislative reform generally and GFB requirements in particular in shaping the negotiations behavior of parties to employment relationships—unionized and non-union relationships alike.

Sarina concludes his article by offering several recommendations for future research. These include more in-depth investigation across a wider range of industries and companies of varying size, inclusion of union representatives and unionized and non-union employees as interview subjects, and the sampling of enterprises that are embarking on their first experience with collective bargaining under the Fair Work Act. To these recommendations could be added another, namely, interviews with or a survey of Australian legislators aimed at assessing their knowledge of unionized and non-union employee representation and voice in the enterprise and the perceived impact of national legislation on such representation and voice. Indeed, this type of study would add even more value if it were conducted among policy makers in the United States, the UK, and Canada, as well as Australia.

Conclusion

Taken together, the eight articles included in this special issue on “Employee Representation in Non-Union Firms” constitute what is perhaps the
most comprehensive treatment of this topic to date. The articles offer a wide
variety of conceptual frameworks, research designs, and empirical analyses,
and range across several countries, industries, and organizations. Despite this
variation, the authors of these articles have in common a deep interest in the
role of employee representation and voice in organizations. That less of this
representation and voice is provided to employees through unionization and
collective bargaining than used to be the case is readily apparent, but so too is
the fact that employment relationships exist irrespective of their particular
institutional characteristics. In these employment relationships, it remains true
that the many are managed by the few and that conflict is inherent in manager
employee interactions. But it is also true that many scholars and practitioners
are searching for new approaches to and ways of resolving these conflicts
through innovations in employee representation and voice, some of which have
the potential for enhancing the contributions of employees and, yes, managers,
to work and organizations. It is this competition for ideas and practices that
has largely motivated this special issue and hopefully advanced our knowledge
of employee representation in non-union firms.

REFERENCES


