

Short Report



The added value of trade unions

New analyses for the TUC of the workplace
employment relations surveys 2004 and 2011

This report summarises the results of a new analysis of the added value that unions give to employees in the workplace conducted by Professor Alex Bryson (UCL) and John Forth (NIESR). It is based on an analysis of the evidence in the Workplace Employment Relations Surveys (WERS) from 2004 and 2011. It is the second part of a three-part project. The first stage looked at what previous research had found about the impact of unions in the workplace. This stage updates that research to provide more up-to-date information about the role unions play, and the benefits they provide for their members. The final stage examined the evidence that unions improve work-life balance practices in the workplace.

Previous studies have only looked at the difference between workplaces that have a union presence and those that do not. However, these new studies take account of the type of workplace. This means they do not compare a large public sector workplace with a small private sector one. By doing this, the findings are more robust in terms of analysing the union effect than they would be otherwise. The size of effects can be reduced, but all the effects discussed below are statistically significant.

Methodology

WERS is a study of employment relations across a nationally representative sample of workplaces.

This report summarises Bryson and Forth's analysis of the connections between the presence of a union, how much influence it has in a workplace and a range of outcomes for employees and employers.

When conducting this analysis Bryson and Forth take account of the characteristics of the workplace, industry, for instance size, age of establishment, where the workplace is located, or the region (Full details in Appendix 1).

They also take account of employee characteristics like age, marital status, workplace tenure and union membership.

The final set of variables they took into account was the strength of the union in a workplace. This measured presence and extent of union representation. The study awarded workplaces one point for each variable in order to measure this (list of variables in Appendix 3). A workplace with a recognised union would have one point. A workplace with union density of at least 50% would have two points. A union with an on-site union lay representative and density of at least 25% would have three points, because by definition they would need to have recognised a union already.

Once Forth and Bryson awarded the scores to the workplaces in the study, they could test to see if those scores were linked to particular outcomes in the workplace such as wages, pensions or training for employees and absenteeism, innovation or at work injuries for employers.

They analysed results from both the employees' survey and the employers' survey. These covered some similar and some different topics.

Pay

Unions have traditionally secured higher pay for their members. This is primary significant benefit associated with them. This research found that this is still true. Once Bryson and Forth controlled for all the relevant factors we found that in the economy as a whole unions secured a 6.5% pay premium for their members in 2011.

When they compared union strength in the workplace to wages they found that an additional point of union strength correlated with 1-2% increase in the pay premium that unions can secure for their members.

Pension benefits

The 2011 WERS survey asked about pension benefits for the first time. It found that union members were 5 per cent more likely to say they got a workplace pension than non-members, once all the relevant characteristics were taken account of. This will likely have changed since, as the 2011 Pensions act mandates all employers to provide a pension for their employees. (NB this is still being rolled out for smaller firms).

Off-the-job training

We might assume that stronger unions in a workplace means employees will receive more off-the-job training. There are a few reasons for this:

- Unions often achieve higher wages for their members. It is in employers' interest to ensure those employees are as skilled as possible so that they can maximise workforce productivity.
- Unions tend to reduce the number of employees that leave a workplace voluntarily, which means more of the workforce will stay for a longer period in their jobs. This further increases the gains from investing to invest in the productivity of individual workers.
- Workers might receive training through their union.
- Unions have remained strong in areas that require education and training.

The study found that there is a connection between union membership and the amount of off-the-job training that is provided. Union members are between three and five per cent more likely to have had off-the-job training in the last 12 months than non-members.

Bryson and Forth also found that union members were likely to have had longer periods of off-the-job training. Union members were more likely than workers in the whole economy to have had 5+ days of off-the-job training in the last year. But the strength of the union in a workplace was correlated more strongly with training outcomes in 2011 than in 2004 in influencing training outcomes. Possibly, this indicates that workplaces with weaker union representation became proportionally less able to ensure this training between the 2004 and 2011 wave.

The WERS survey of managers revealed a weaker link between training and union strength than the survey of employees. But it still showed that that when union membership density was higher, there was more chance of staff receiving off-the-job training.

Staff turnover

Bryson and Forth found that staff voluntarily left workplaces with a recognised union at a lower rate compared to the average rate for the whole economy. This was also the case within the private sector.

Innovation

Using only the employers' survey, Bryson and Forth examined whether there was a correlation between unionisation and innovation in the workplace. They found that across the whole economy there was a statistically significant correlation. This effect is not strong, particularly if you take account of the workplace characteristics, but nonetheless there is a significant correlation between workplaces that have union membership – though not onsite reps – and innovative processes in the workplace.

Conclusion

Employee benefits

Compared to similar employees in similar workplaces, union members are paid more. The benefits of unionisation extend to other terms and conditions, such as occupational pensions, and a greater likelihood of receiving on-the-job training

Employer benefits

The main benefit for employers shown by the Survey is the strong association between unionisation and lower employee quit rates. Training is a benefit for employers as well, as it improves the skill-level of staff.

Appendix 1: Characteristics of workplaces

- number of employees (six categories)
- single-establishment organisation
- total size of organization (four categories)
- industry classification (12 categories)
- age of establishment (six categories)
- region (11 categories)
- largest non-managerial occupation at the workplaces (eight categories)
- UK/foreign owned

Appendix 2: Characteristics of employees

- sex
- age (seven categories)
- marital status (five categories)
- dependent children
- disability
- ethnicity
- highest academic qualification (nine categories)
- highest vocational qualification (10 categories)
- occupation (nine categories)

- usual hours worked (six categories)
- workplace tenure (six categories)
- type of employment contract (four categories)
- individual union membership

Appendix 3: Union strength variables

- having a recognised union
- having an on-site union lay representative
- union density of at least 25%
- union density of at least 50%
- union density of at least 75%
- union density of 100%