

# Union Organisation and the Quality of Employment Relations

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None of these organisations or individuals bears any responsibility for the author's analysis and interpretations of the data.

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## Reporting conventions

1. Row or column percentages may not sum to 100 due to rounding.
2. Where multiple items appear in a single table, we report the lowest base that applies for any single row.

### **Symbols that appear in tables:**

- + In statistical terms, one can be at least 90% confident that the level of the dependent variable is higher for employees or workplaces in this category than for employees or workplaces in the reference category indicated in the table
- In statistical terms, one can be at least 90% confident that the level of the dependent variable is higher for employees or workplaces in this category than for employees or workplaces in the reference category in the table

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# **Executive summary**

## **Introduction to the report**

- This report investigates how workplace union organisation varies in its effectiveness and assesses the impact that effective unions have on the quality of workplace employment relations.
- Theories of union activity suggest that unions can heighten tension and conflict at the workplace by bringing issues to the fore which might not be aired in a non-union setting. However, union organisation may also benefit employees and employers by improving information flows, offering workers 'voice', tackling problems in the workplace, and promoting more efficient management. This so-called 'voice' function of unions has the potential to bring about better (more stable, more constructive) employment relationships. The report examines these issues using data from the most recent Workplace Employment Relations Survey (WERS), conducted in 2004.

## **Effective union organisation**

- In the private sector, strong workplace unionism (high membership density, the presence of on-site lay representatives and high bargaining coverage) tend to translate into higher perceptions of union effectiveness on the part of employees. However, it is only the presence of on-site lay representatives which shows a positive relationship with union responsiveness to members' problems and complaints.
- In the public sector, on-site lay representatives also raise employees' perceptions of union responsiveness. However, the few associations found between union characteristics and other dimensions of union effectiveness tended to be negative. This may indicate the limitations of using workplace-level indicators of union organisation (such as workplace level membership density or bargaining coverage) to study union effectiveness in the public sector.

## **Can effective unions be good for employment relations?**

- Strong workplace unionisation is associated with poorer employee perceptions of climate, confirming our expectation that unionised workplaces are less harmonious than non-union ones. In the public sector, employees' perceptions of climate tend to be worse in the few workplaces where managers are known by employees not to be in favour of unions. There are few if any correlates of managers' perceptions of climate in 2004, so managers' views are seemingly not adversely affected by unions.

- Quits are lower where unions are present, and where unions are stronger, supporting the hypothesis that effective union voice reduces employee exits and thus contributes to stability in employment relationships. This applies in both the private and public sectors.
- In the private sector managers' are more likely to consider that unions help find ways to improve workplace performance where unions are stronger, but these effects are not apparent in the public sector.

### **Overview of the 2004 Workplace Employment Relations Survey**

The Workplace Employee Relations Survey is a nationally representative sample survey of workplaces. The 2004 survey covered workplaces with five or more employees in all sectors except agriculture and mining; it included both private and publicly-owned establishments. With appropriate weighting to compensate for the complex sampling design, the survey results can be generalised with confidence to the population of workplaces in Great Britain employing five or more employees in 2004. These 720,000 or so establishments employed roughly 22.4 million employees, 89 per cent of employees in England, Scotland and Wales. The analysis reported here uses data obtained from workplace managers and their employees.



# 1. Introduction

## ***1.1 Introduction to the report***

This report investigates how workplace union organisation varies in its effectiveness and assesses the impact that effective unions have on the quality of workplace employment relations. Theories of union activity suggest that unions can heighten tension and conflict at the workplace by bringing issues to the fore which might not be aired in a non-union setting. However, union organisation may also benefit employees and employers by improving information flows, offering workers 'voice', tackling problems in the workplace, and promoting more efficient management. This so-called 'voice' function of unions has the potential to bring about better (more stable, more constructive) employment relationships. The report examines these issues using data from the most recent Workplace Employment Relations Survey (WERS), conducted in 2004.

We compile measures of union organisation in the workplace, such as the level of membership density or bargaining coverage, and assess whether these are associated with employees' perceptions of whether unions are responsive to their members, taken seriously by management or make a difference to what it is like to work in the establishment. We then go on to assess whether these indicators of workplace union organisation are associated with measures of the quality of employment relations, namely the climate of employment relations at the workplace, the incidence of voluntary quits and management-union collaboration in pursuit of improved workplace performance.

In summary, we find that the traditional indicators of workplace union organisation – membership density, bargaining coverage and so on – are typically positively associated with employees' perceptions of union effectiveness in the private sector. Private sector workplaces with strong union organisation are typically less harmonious than workplaces without unions, but they have lower quit rates indicating a greater stability in employment relationships. In addition, stronger unions are said by private sector managers to be more effective than weaker unions in collaborating to find ways to improve workplace performance. There are fewer associations with strong workplace unionism in the public sector, perhaps reflecting the limitations of workplace-level indicators in that sector. However, strong workplace union organisation is associated with lower quit rates in the public sector.

## ***1.2 The data used in this report***

WERS is a nationally representative sample survey of workplaces. The 2004 survey covered workplaces with five or more employees in all sectors except agriculture and mining; it included both private and publicly-owned

establishments. With appropriate weighting to compensate for the complex sampling design, the survey results can be generalised with confidence to the population of workplaces in Great Britain employing five or more employees in 2004. These 720,000 or so establishments employed roughly 22.4 million employees, 89 per cent of employees in England, Scotland and Wales. The analysis reported here uses data obtained from workplace managers and their employees.

### ***1.3 Overview of the remainder of the report***

The remainder of the report is divided into five substantive chapters.

- Chapter 2      Outlines the theory regarding effective union organisation and its impact on workplace outcomes. Also discusses the evidence from existing statistical analyses.
- Chapter 3      Discusses the data source for the study – the Workplace Employment Relations Survey – and the methods of analysis
- Chapter 4      Presents an analysis of the characteristics of effective union organisation.
- Chapter 5      Presents an analysis of the impact of union organisation on a variety of outcomes, namely the climate of employment relations at the workplace, the incidence of voluntary quits and managers' perceptions of whether unions help to improve workplace performance.
- Chapter 6      Summarises the results of the analysis and draws some conclusions.

## 2. Theory and existing evidence

### 2.1 Introduction

As voluntary membership organizations, trade unions seek to represent the interests of their members through collective bargaining to improve their terms and conditions of employment and as advocates of members' interests in grievances and other matters. Union representation can increase the potential for conflict at the workplace since the union is seeking to persuade the employer to act in ways which he may not have acted in the absence of the union. The processes of collective bargaining and interest representation may thus necessitate a certain degree of disharmony at the workplace since parties are forced to confront one another with a view to reaching mutually acceptable compromises. However, union representation does not necessarily entail poorer employment relations at the workplace. Indeed, unions can provide solutions to workplace problems which may be left unresolved in their absence.

Unions have the opportunity to challenge managerial prerogatives where they are able to restrict the supply of labour to the employer – ultimately through the organisation of industrial action. Unions' efforts to monopolise the supply of labour to an employer has been termed unions' "monopoly face" (Freeman and Medoff, 1984). However, unions have another face – one which Freeman and Medoff termed their "voice" function (*ibid.*). Operating as a collective voice for their members, unions are able to identify the concerns of employees and convey them in an efficient manner to the employer. This can save the employer time and money since it cuts out the costs of having to deal with each employee separately (what economists term the 'transaction costs' associated with decision-making and the transfer of information). In doing so, unions overcome an incentive problem which faces individual employees who, in the absence of a union, may feel that the costs of conveying their discontent to management are too great – especially when the benefits in doing so accrue to all workers, as in the case of public goods such as health and safety. In these circumstances, employees faced with problems at work may simply avoid tackling problems, letting them fester instead. They may find it easier and more convenient to quit the workplace if they have options to work elsewhere. By aggregating employees' concerns and conveying them to the employer through union representation channels, unions can thus perform a valuable service for the employer and employees. This may lead to timely, better informed decision-making on the part of management which can be more responsive to employees' needs than it might be in the absence of a union.

In theory, then, union activity can heighten tension and conflict at the workplace by bringing issues to the fore which might not be aired in a non-union setting. However, it may also benefit employees and employers by

improving information flows, offering workers 'voice', tackling problems in the workplace, and promoting more efficient management.

## **2.2 Union effectiveness**

The discussion above suggests that unions can have both positive and negative effects on workplace governance and employment relations at the workplace. Which prevails depends, in large part, on unions' effectiveness. An effective trade union is one that is capable of achieving its goals in serving its membership through collective bargaining, workplace representation and – arguably – through political influence - whilst retaining its organisational strength. In the Anglo-American world, in which collective bargaining is fragmented and decentralised, unions must have the capacity to represent and bargain at workplace or firm-level whilst, at the same time, devoting resources to the organizing of unorganised workers, often on a workplace-by-workplace basis, and in an 'open shop' environment in which employees have a free choice as to whether or not to join a trade union – even if that union's bargaining activities deliver benefits to non-unionised workers.

Unions face a number of challenges if they are to remain effective in meeting members' needs whilst remaining organizationally viable. First, after a period of relative stability in union density, it is in decline once again (Barratt, 2009). Not only have unions found it increasingly difficult to organize new workplaces (Machin, 2000; Millward et al. 2000), they have also suffered substantial declines in union density in the organized parts of the private and public sectors. Since British unions are heavily reliant on membership subscriptions for their income, this is undermining their ability to remain viable voluntary organizations (Willman and Bryson, 2009). Second, collective bargaining coverage appears to be in terminal decline due, in large part, to employers' moving away from it as a method for pay determination in the face of intensified product market competition (Brown et al., 2009). Third, there is very little statutory support for the role of trade unions. In contrast to countries such as France, unions in Britain get little or no financial support from government and they are largely excluded from institutions such as the unemployment insurance system which in other countries provides them with a vital role in institutions which are of profound importance to many workers. Despite a recent innovation in statutory recognition procedures, there is little that unions can do to require employers to allow them access to the workplace for organising purposes. And unions have no rights to require free-riders to pay fees for bargaining services.

In these circumstances, what are the pre-requisites for union effectiveness in Britain? The first is union responsiveness to their members' problems and complaints. If they are unable to service their members well it is unlikely that unions will retain existing members, let alone attract new ones. Second, unions must have the organizational and representative structures in place to 'make a difference' at the workplace. Without these structures they are unlikely to be able to convert opportunities for influence into positive organizational and servicing outcomes. Finally, where employers are at liberty to choose whether they recognise trade unions, unions are heavily reliant on

the support, or at least acquiescence, of management, to conduct their business in representing members. It is therefore important that management take unions seriously by involving them in the processes of information, consultation and negotiation, and in recognising their legitimate claims to represent employees.

This last point regarding management's orientation towards the union is deemed to be particularly important by commentators when considering the effect of unions on employment relations. There is little reason to believe that unions can deliver good quality employment relations alone. What management says and does is likely to matter just as much. The acts or omissions of one party may be able to sour employee relations, but no matter how constructive a union wishes to be, or how strong it may be organisationally, a co-operative environment is likely to require that management engages constructively with the union, and *vice versa*. Only then can the 'space' for collaboration (or what is sometimes termed 'concertation' (Hyman, 1997: 323)) be created. In this sense, 'the extent to which a union is a liability or an asset [for the employer] depends crucially on how management responds to it' (Freeman and Medoff, 1984: 5).<sup>2</sup> Thus, a co-operative environment is likely to require that management engage constructively with the union, unless it can devise non-union employee involvement strategies which mean the union is not seen as an issue at all. Managerial support for a union, strong or otherwise, may signal employer interest in the concerns of workers, a signal which may lead to more positive attitudes to management.

What evidence is there of trends in union effectiveness in Britain? Only very recently have studies sought to 'rate' union effectiveness in Britain (Bryson, 2005a). These studies indicate that unions are perceived to be more effective in the USA and New Zealand than in Britain (Bryson, 2008; Bryson and Freeman, 2007) and that "there is room for unions to improve their effectiveness on all fronts" (Bryson, 2005b: 37). The most recent appraisal comes from Bryson (2007) who assesses employees' perceptions of union effectiveness over the period 1998-2005. The analysis covers all three aspects of union effectiveness mentioned above. Unions have made little headway in improving their effectiveness in this period. There is no significant trend in their ability to "take notice of members' problems and complaints" nor in their ability to "make a difference" at the workplace (Bryson, 2007: 190-191). Similarly the percentage of employees who thought the union was usually ignored by management was constant, although there was a significant increase in the percentage who thought management was favourable towards union membership, reversing a trend apparent in the previous decade (op. cit.: 192). However, caution is merited with regard to this finding since this change in attitudes is not apparent when workplace

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<sup>2</sup> Similar arguments apply to other workplace outcomes such as financial performance. Thus, the behaviour of one party may be responsible for poor financial performance but, as Denny and Muellbauer (1988: 6) argue: 'it is not the independent effect of trade unions but the interaction of unions and management that can cause improved economic performance'.

managers are asked this question in the Workplace Employment Relations Survey (op. cit.: 193). Bryson constructs an index of union effectiveness from five items and finds no significant trend over the period (op. cit.: 194). Thus, in the period leading up to the analysis presented in this paper, union effectiveness remained fairly static. It appears low in comparison to other countries and the levels of union effectiveness are not encouraging. For example, one-quarter of employees in unionised workplaces rated union effectiveness as zero or one on Bryson's five-point scale while only one-in-six gave unions the highest score (op. cit.: 194).

### ***2.3 Unions' impact on employment relations***

The impact that unions have on the quality of workplace employment relations will depend on their monopoly bargaining effects and their voice effects. The two are, to a large extent, inseparable, as Addison and Belfield (2007) point out. Indeed, Bryson et al. (2004) suggest that the union wage premium extracted in negotiation with employers may be seen, in part, as a payment in return for the voice function that the union performs.

The above discussion indicates that if unions are an effective voice for workers one would not necessarily expect harmony. However, we might expect better (more stable, more constructive) employment relationships. Analysts have previously explored three sets of outcomes, outcomes we shall return to in our own analyses in later chapters.

The first, and perhaps the most common in the field of industrial relations research, is the climate of employment relations as perceived by management and employees. Employees' perceptions of climate tend to be poorer in the presence of a union relative to employees in a 'like' non-union environment (Bryson, 2005a; Bryson, 2007: 195-196; Blanchflower and Bryson, 2009: 71-72). There are a number of reasons why one might expect relations to be poorer in a unionised workplace than a nonunionised one. Unions tend to take root where workers have more problems at the workplace (Bryson and Freeman, 2007), and so it is not surprising to find an association between unions and poorer climate. Moreover, as has often been noted, part of the function of trade unions is to raise awareness of problems at work in the hope of rectifying them through negotiation with management. This function can increase the flow of information to workers, thus heightening their awareness of employer shortcomings, and politicising them so that they become more critical of employment relations than they might otherwise have been. Also, it is possible that the sort of workers who feel disgruntled enough to join a union are also those who are more liable to express dissatisfaction with their working life. Perhaps most importantly for this paper, in Bryson's analysis (2007), employee perceptions of climate were strongly positively associated with employee perceptions of union effectiveness and "all other things being equal... were more positive in unionised workplaces where management supported membership than they were in non-unionised workplaces" (p.196).

Employer perceptions of climate are usually more positive than the employees in the same workplace and the correlates are somewhat different: this extends

to union effects too. In particular, using the 1998 WERS Bryson (2005b) finds that employer perceptions of climate in a unionised environment are significantly better in the presence of a union lay representative, a finding consistent with McCarthy's (1967) view that union lay representatives can act as a 'lubricant' assisting with employment relations. (This effect was not apparent for employees). Using WERS data for the quarter century since 1980 Blanchflower and Bryson (2009: 69-71) show that managerial perceptions of climate were significantly poorer in the presence of recognised unions in the period through to 1990, but that the effects in 1998 and 2004 were not statistically significant. This is suggestive of a decline in the negative effect of union recognition on managers' perceptions of climate, although formal tests to establish whether there is a trend are inconclusive.

The second outcome of note are voluntary quits. The theory behind voice predicts a negative relationship between voice and exit (Hirschman, 1970). By providing voice for workers, unions encourage employees to tackle the problems they face at work, rather than quitting in the face of dissatisfaction. This is beneficial for the employer for three reasons. First, a reduction in quits generates savings on recruitment and training costs; second, it reduces disruption in work teams; and third, it increases the likelihood that an employer will reap the return from efforts to upskill the workforce workforce (see Becker, 1964: 48-49; Booth and Zoega, 1999: 374-5; Chillemi and Gui, 1997). Moreover, by providing employees with an effective voice, unions enable the employer to learn more about the operation of the workplace, thereby facilitating improvements to the production process which may otherwise have been hidden to the employer had employees' knowledge remained private (Addison and Barnett, 1982; Freeman and Medoff, 1984)..

Freeman and Medoff (1984) showed that job tenure is longer in unionised environments as a result of unions' voice function. This analysis was based on individual data, but Wooden and Baker (1994), Addison and Belfield (2007) and Willman et al. (2009: 110-112) have gone on to show that quit rates are lower in unionised workplaces than in non-unionised workplaces, other things equal. They have further shown that the effect is independent of any reduction in quitting which might be attributed to unions' actions in improving terms and conditions, and that the negative effect of union voice on quits is not apparent for non-union forms of voice such as consultative committees.

The third outcome is workplace performance. Past evidence suggests that unions enhance productivity where management are supportive of the union (Freeman and Medoff, 1984; Bryson *et al.*, 2006), and where they are associated with high-performance management practices (Bryson *et al.*, 2005). Unions also appear to have closed the productivity gap with the non-union sector in the 1980s (Bryson *et al.*, 2005). Nevertheless, the broad consensus is that British unions have either a negative or neutral impact on labour productivity (Metcalf, 2003; Pencavel, 2004). If unions are unable to compensate for the union wage premium with better productivity than the non-union workplaces this will result in lower profitability. The literature tends to find a negative association between unionisation and profitability (Blanchflower and Bryson, 2009 review the literature). However, Blanchflower

and Bryson's (2009: 65-68) analysis for the quarter century since 1980 indicates that the effect is confined to the 1980s. In this report, we are more concerned with the quality of the employment relationship and its links to workplace performance. Accordingly, in our analyses we focus on employer perceptions of the contribution that unions make towards improving workplace performance, something that has not been examined in the literature to date.



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### **3. Data and methods**

#### ***3.1 The Workplace Employment Relations Survey***

The data used in the analysis was collected as part of the most recent Workplace Employee Relations Survey conducted in 2004 (Department of Trade and Industry, 2005). This nationally representative sample survey of workplaces with five or more employees covered all sectors except agriculture and mining and included both private and publicly-owned establishments. With appropriate weighting to compensate for the complex sampling design, the survey results can be generalised with confidence to the population of workplaces in Great Britain employing five or more employees. These 720,000 or so establishments employed roughly 22.4 million employees, 89 per cent of employees in England, Scotland and Wales.

Two linked elements of the 2004 survey are used in the analysis. The first is the management interview, carried out face-to-face with the most senior workplace manager responsible for personnel or employee relations. This management interview provided detailed information about the characteristics of the workplace (e.g. industry, ownership, number of employees) and about the nature of union organisation at the site. Management interviews were conducted in 2,295 workplaces with a response rate of 64 per cent. The second element is the survey of employees – a short, anonymous self-completion questionnaire that was distributed to a random sample of 25 employees within workplaces where a management interview had been obtained. The survey provided a variety of data about the employee and their job. Some 28,237 questionnaires were completed, with a response rate of 60 per cent.

WERS provides a number of ‘dependent variables’ which are suitable for our analysis. The employee survey provides data on employees’ perceptions of union effectiveness (in workplaces where employees believe unions to be present) and employees’ perceptions of the climate of employment relations at the workplace. The management interview provides data on managers’ perception of climate at the workplace, quit rates and managers’ perceptions of extent to which unions help find ways to improve workplace performance. Each of these ‘dependent variables’ is discussed in more detail in later sections of the report.

Indicators of union organisation at the workplace are obtained from both the employee survey and management interview. The employee survey provides indicators of whether the employee is:

- a member of a trade union;
- personally covered by collective bargaining arrangements which determine their terms and conditions of employment.

The management interview provides indicators of:

- the proportion of all employees at the workplace who are members of a trade union (union membership density);
- the presence of on-site lay union representatives and, if reps are present, whether they engage in representative duties on a part-time or full-time basis;
- whether unions are recognised for collective bargaining;
- the proportion of all employees at the workplace who are covered by collective bargaining arrangements;
- management's attitude towards union membership (in favour, neutral or against).

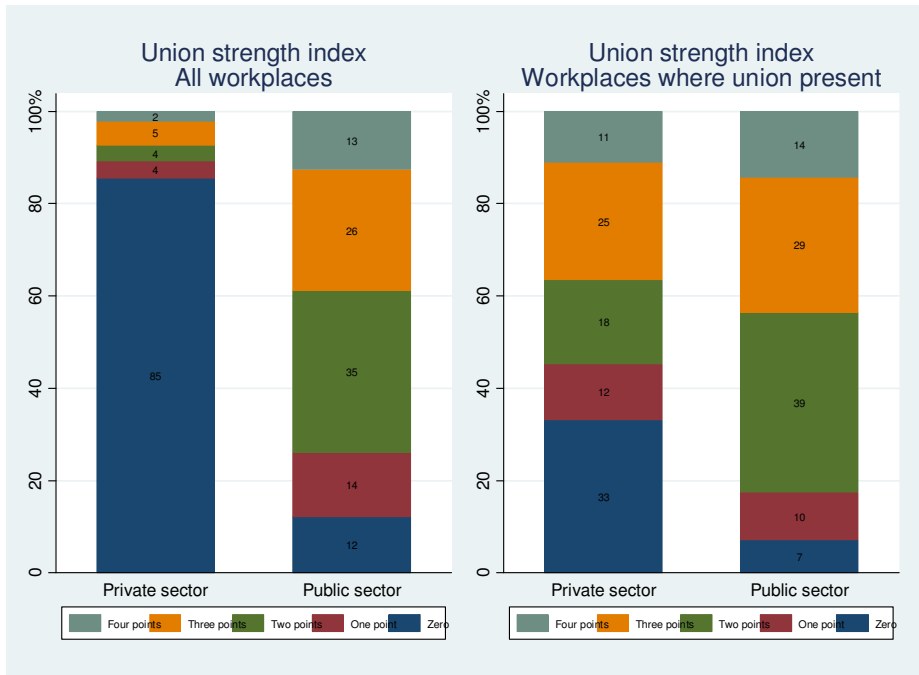
In addition to the indicators listed above, we also compile an index of union strength from the management interview data. This is intended to provide a summary measure of the strength of trade union organisation at the workplace. In the private sector, a workplace scores one point for each of the following:

- high membership density (50% or more)
- presence of on-site union representation
- union recognition
- high coverage of collective bargaining (50% or more).

In the public sector, the thresholds for high membership density and bargaining coverage are set at 75%, since the greater spread of unionisation in the public sector would otherwise mean that the majority of workplaces would score highly on the index. The index would then be a less discerning measure of union strength within that sector.

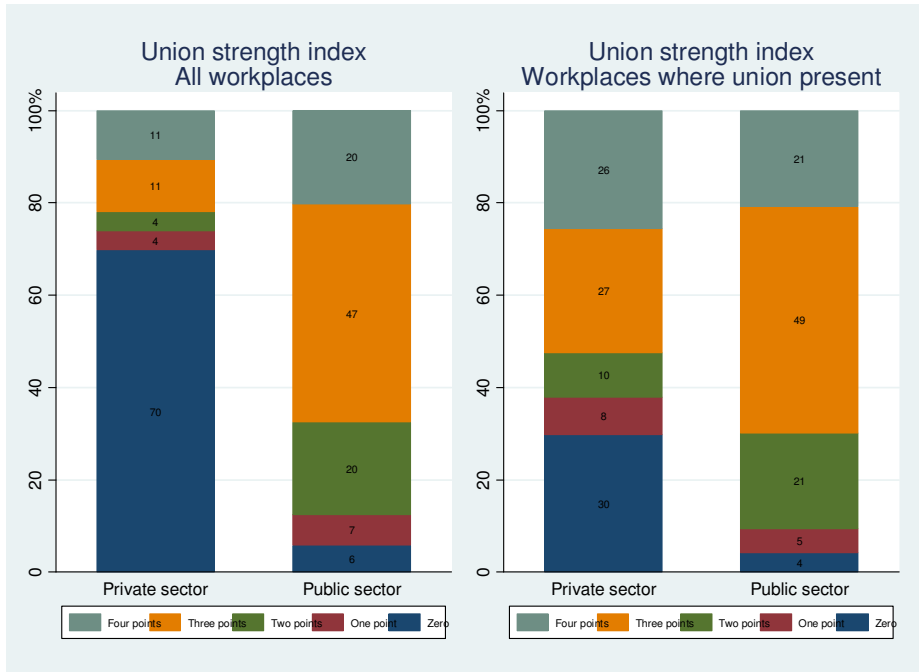
Figure 3.1 shows how workplaces are distributed across the five points in the strength index within the private and public sectors. Figure 3.2 shows the proportion of all employees in each sector who work in these workplaces. Descriptive statistics for the full set of union indicators are presented in Appendix A.

**Figure 3.1: Distribution of workplaces across union strength index, by sector**



Base: all workplaces with five or more employees (columns 1 and 2), where unions have at least one member (columns 3 and 4). Source: WERS 2004

**Figure 3.2: Distribution of employees across workplace-level union strength index, by sector**



Base: all employees in workplaces with five or more employees (columns 1 and 2), where unions have at least one member (columns 3 and 4). Source: WERS 2004

### **3.2 Methods of analysis**

The analysis is conducted separately for the private and public sectors. The principal reason is that the nature of union organisation differs between the two sectors, with activities beyond the workplace (particularly at national level) being more influential in the public sector than in the private sector. Our workplace-level data, which provides information only on the extent of union organisation at the individual site, is likely to exhibit weaker associations with the chosen outcomes in the public sector for this reason.

In the employee analysis, we further divide the sample into union members and non-members, since we expect that they may have different perceptions of union effectiveness in particular. They may also have different perceptions of the climate of employment relations at the workplace for the reasons outlined in Section 2.

The analysis employs regression techniques in which we identify the independent influence of different features of union organisation on each chosen outcome after controlling for a range of other workplace and employee characteristics. We use an ordered probit estimator, except in the analysis of quit rates, where a tobit estimator is employed.

In the employee level analysis, we control for the following:

- **Individual characteristics:** gender; ethnicity; disability; age; household status; academic qualifications; and vocational qualifications
- **Job characteristics:** permanent or temporary contract; full or part-time hours; occupation; job tenure; off-the-job training received in past year; extent of gender segregation
- **Workplace characteristics:** industry; region; number of employees; whether part of multi-site organisation; whether domestic or foreign-owned; workplace age; proportion of employees female; proportion of employees from minority ethnic groups; proportion of employees disabled; whether HR manager, general manager or owner has responsibility for employment relations.

The workplace level analysis retains only the set of workplace characteristics for obvious reasons. The analysis of quit rates additionally includes a control for the tightness of the local labour market, measured as the ratio of unemployment to vacancies in the travel to work area.

The union indicators are added alongside these control variables. They are entered one at a time in order to avoid problems that would otherwise be caused in the estimation by simultaneously entering two or more union indicators which may be highly correlated with one another.

We do not present the detailed results of the statistical analysis. Instead, for reasons of clarity and brevity, we provide tables which summarise the associations between the union indicators and the dependent variable in each case. In these summary tables, positive (+) and negative (-) signs are used to

identify that a robust association has been identified between the specific characteristics of union organisation and the dependent variable under investigation. In statistical terms, the presence of a positive (+) or negative (-) sign in the table of results indicates that one can be at least 90% confident that the level of the dependent variable is higher for employees or workplaces in this category than for employees or workplaces in the reference category indicated in the table. If there is no positive or negative sign in the relevant cell, this indicates the lack of a statistically robust association.

We have conducted a number of sensitivity tests to check that the results are robust to the inclusion of additional control variables and alternative methods of analysis. These are reported in the relevant sections below.

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## 4. Characteristics of effective union organisation

### 4.1 Measures of union effectiveness

Following the discussion in Section 2.2, we can consider that there are a number of different dimensions to effective union organisation. First unions, as membership organisations, must be **responsive to their members' interests**. This requires that they take note of the problems which their members experience at work. Second, in order to be able to represent their members' interests, they must **have the opportunity to influence managers at the workplace**. This requires that they are viewed by managers as being able to play a legitimate agency role on behalf of their members. Third, in order to be considered effective, unions must be perceived as having the ability to **bring about change in the workplace**. Existing studies show that union members are more satisfied with representation by their union, and non-members desire for unionisation is higher, when unions are perceived to be effective along these lines (e.g. Bryson, 2003).

WERS allows us to measure the effectiveness of workplace union representation along each of the three dimensions noted above through the use of ratings provided by employees at the workplace:

- a) *Responsiveness to members*: employees are asked how strongly they agree that unions at their workplace “take notice of members problems and complaints” (question D6a)
- b) *Opportunity to influence*: employees are asked how strongly they agree that unions at their workplace are “taken seriously by management” (question D6b)
- c) *Securing objectives*: employees are asked whether the unions at their workplace “make a difference to what it is like to work here” (question D6c).

In cases where the surveyed employee reports that a union is present at their workplace (42 per cent of private sector employees and 81 per cent of those in the public sector), the employee is asked to respond to each of the three questions noted above on five-point scales from ‘strongly agree’ to ‘strongly disagree’: Figures 4.1, 4.2 and 4.3 show the frequency of responses across the five categories for each question.<sup>3</sup> Union members and non-members are shown separately, as one can naturally expect their perceptions to differ.

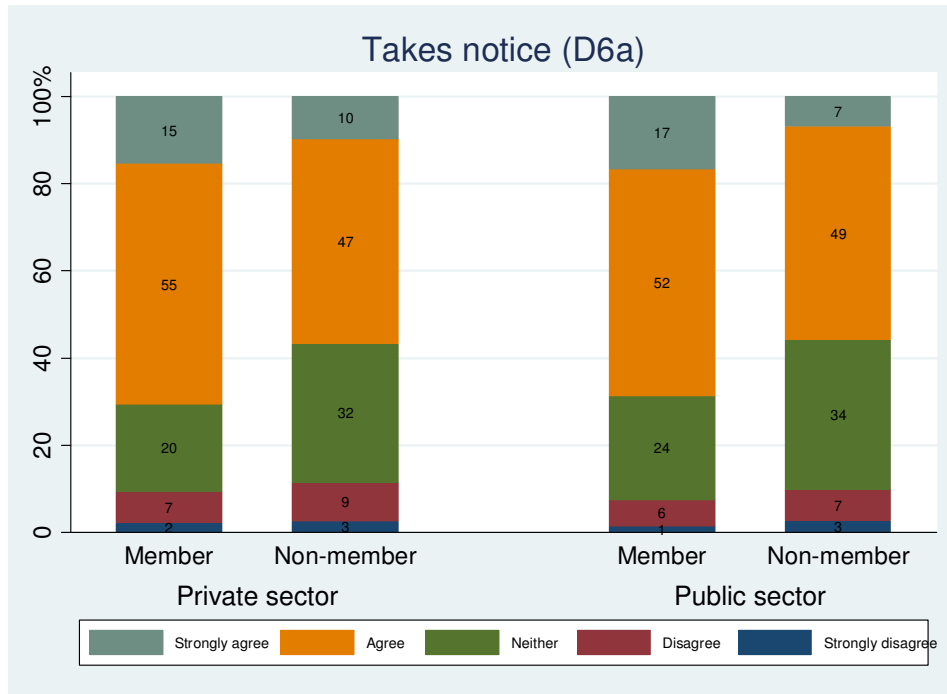
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<sup>3</sup> It is possible that a union may be present but that a worker may be unaware of it. In this situation, the employee would not be asked to rate the effectiveness of the union. Such ‘unnoticed’ unions may be less effective than the average union and, if this is the case, there would be an upward bias in the ratings shown in Figures 4.1-4.3. However the extent of this possible bias is unknown .



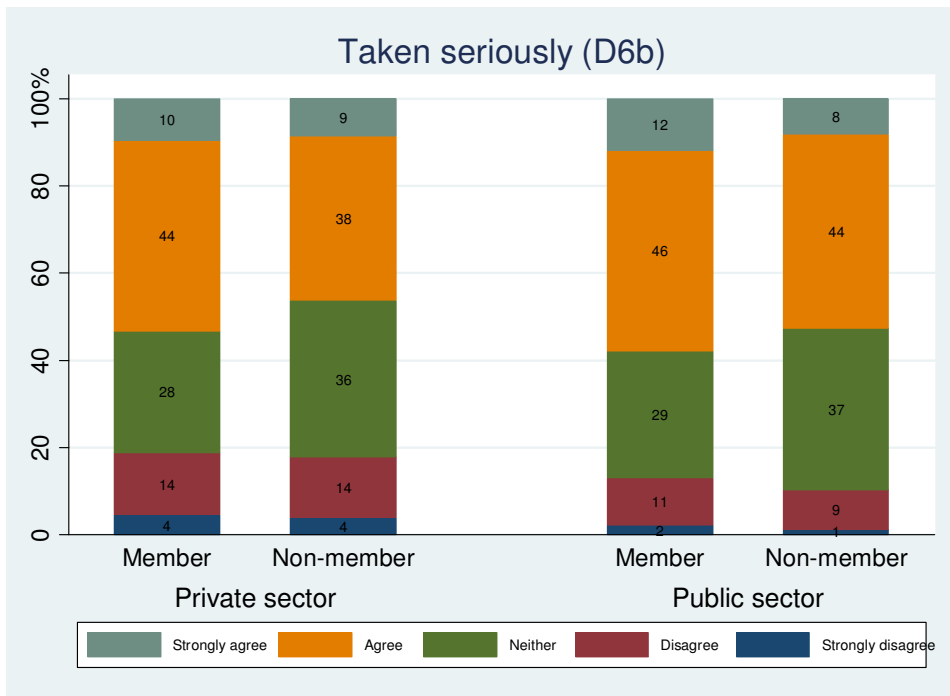
Employees in the private and public sectors are also shown separately, as the nature of union organisation differs between the two sectors.

**Figure 4.1: Employees' perceptions of whether unions take notice of members' problems and complaints, by union membership and sector**



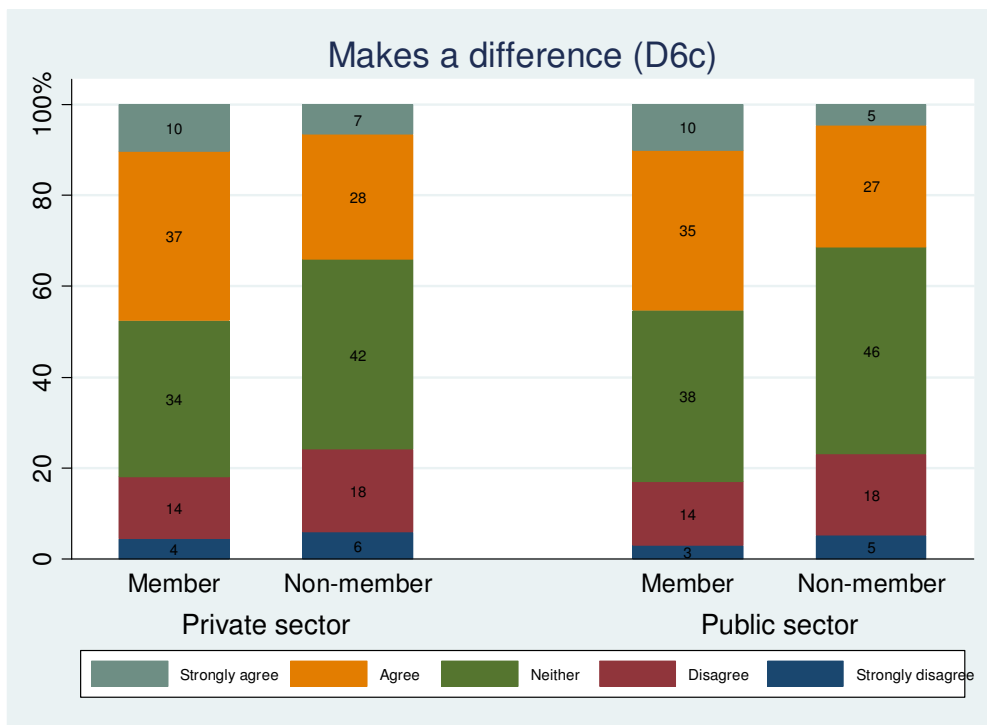
Base: all employees in workplaces with five or more employees and where employee reports unions to be present. Source: WERS 2004

**Figure 4.2: Employees' perceptions of whether unions are taken seriously by management, by union membership and sector**



Base: all employees in workplaces with five or more employees and where employee reports unions to be present. Source: WERS 2004

**Figure 4.3: Employees' perceptions of whether unions make a difference, by union membership and sector**

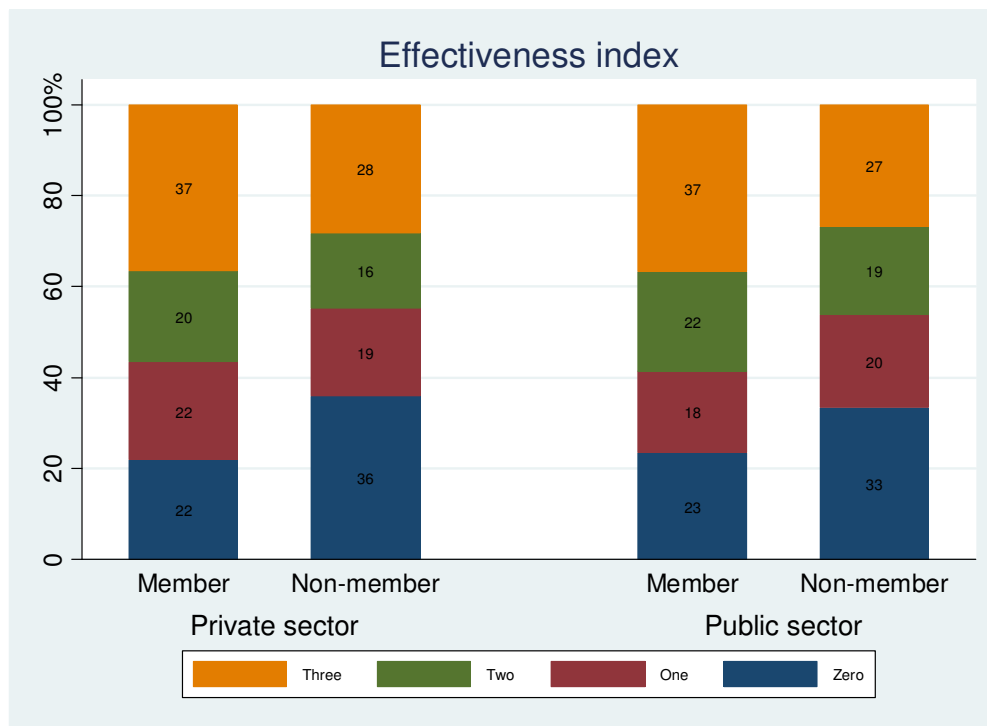


Base: all employees in workplaces with five or more employees and where employee reports unions to be present. Source: WERS 2004

It is apparent from the figures that union members typically consider unions to be more effective than do non-members, as one would expect. However, the average ratings given by members and non-members are generally similar in the private and public sectors.

Although the three items are each positively correlated with one another and load together in factor analysis, there is still considerable variation in the responses across the three measures, thus demonstrating that they are capturing different elements of union effectiveness. A summary measure of union effectiveness, which is constructed by summing the number of times an employee agrees (minimum score 0; maximum score 3) is shown in Figure 4.4. There is a spread of scores across the four values of the index, with each score accounting for at least one sixth (16 per cent) of employees in any one sub-group. There is thus substantial heterogeneity in the way that individual employees score each of the three dimensions – it is not the case that an employee rating the union as effective on one dimension will necessarily rate it as effective on the other two.

**Figure 4.4: Index of union effectiveness, by union membership and sector**



*Base: all employees in workplaces with five or more employees and where employee reports unions to be present. Source: WERS 2004*

## **4.2 Effective union organisation**

Regression analyses were conducted in order to identify the features of workplace union organisation that are positively (or negatively) associated with employees' perceptions of union effectiveness, after controlling for other possible influences. The objective was to identify those features of workplace union organisation (e.g. high membership density or the presence of on-site representatives) that enable unions to be more responsive and influential within the workplace. Tables 4.1 to 4.4 present the results of the analysis. Descriptive statistics for the union indicators are presented in Appendix Tables 8.1 and 8.2.

Table 4.1 identifies those features of workplace union organisation which are associated with employees' perceptions that unions take notice of members' problems and complaints. The analyses for 'all private sector employees' (column 1) and 'all public sector employees' (column 4) confirm that union members give higher ratings than non-members even after controlling for other factors (cf. Figure 4.1). However, the most striking feature of Table 4.1 is the importance attached to on-site lay union representation. In the private sector, union members are more likely to agree that unions at their workplace take notice of members' problems and complaints when recognised unions have at least one part-time lay union representative on site. The presence of a full-time lay representative, although not common in the private sector (see Table 8.2), also raises the likelihood that non-members will rate the workplace union positively on this aspect of union effectiveness. The presence of a full-time lay rep is also influential in the public sector but, somewhat unexpectedly, the presence of a part-time lay rep only influences the ratings of non-members. It is clear that these effects are not merely the result of having recognised unions, since employees' ratings of union responsiveness are typically lower when a recognised union has no on-site rep than when the union is not recognised at all. This may indicate that recognition itself raises expectations of a certain level of service from the union which are difficult to fulfil in the absence of on-site lay representation.

To quantify the scale of the effects, in the private sector, the presence of a part-time on-site union representative raises the probability that a member will 'strongly agree' that the union takes notice of members' problems and complaints by 5.4 percentage points when compared with a situation in which recognised unions have no on-site reps. Accordingly, if a recognised union in the private sector obtained a part-time on-site union representative where previously it had no on-site reps, the percentage of union members who 'strongly agree' that the union takes notice of members' problems and complaints would rise from 15.7 per cent to 21.1 per cent. Obtaining a full-time on-site union representative would raise the percentage to 25.7 per cent. In the public sector, obtaining a full-time on-site union representative where previously there was no on-site representation would raise the percentage of union members who 'strongly agree' that a recognised union takes notice of members' problems and complaints from 9.5 per cent to 22.1 per cent.

The importance of on-site lay representation to perceptions of union responsiveness is not surprising, since on-site lay representatives are able to have regular face-to-face contact with individual employees in a way that full-time officials are not. However, it is notable that on-site lay representation is the only feature of workplace union organisation that is consistently associated with employees' perceptions of union responsiveness, both among members and non-members and in the private and public sectors alike.

**Table 4.1: Association between union characteristics and employee's perception of whether unions take notice of members' problems and complaints**

	Private sector			Public sector		
	All	Members	Non-members	All	Members	Non-members
<b>Union membership:</b>						
<i>Ref. Employee not a member</i>						
Employee is union member	+			+		
<b>Union density at workplace:</b>						
<i>Ref. Zero (private sector) / 0-25% (public sector)</i>						
1-24%	-		-			
25-49%						
50-74%				-	-	-
75%+						
<b>On-site union representation:</b>						
<i>Ref. No recognised unions</i>						
No on-site rep	-		-	-	-	
Part-time rep	+	+				+
Full-time rep	+	+	+	+	+	+
<b>Union recognition:</b>						
<i>Ref. Unions not recognised</i>						
At least one recognised union						
<b>Collective bargaining:</b>						
<i>Ref. Employee is not covered</i>						
Employee is covered						
<b>Bargaining coverage at workplace:</b>						
<i>Ref. Zero</i>						
1-49%						
50-74%						
75%+		+				
<b>Index of union strength*:</b>						
<i>Ref: No points</i>						
One point						
Two points						
Three points						
Four points	+	+				
<b>Management's attitude towards union membership**:</b>						
<i>Ref. Neutral</i>						
Not in favour						+
In favour						
<i>Number of observations</i>	4283	2351	1932	3700	2834	866

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Employee's perception

Source: WERS 2004

**Table 4.2: Association between union characteristics and employee's perception of whether unions are taken seriously by management**

	Private sector			Public sector		
	All	Members	Non-members	All	Members	Non-members
<b>Union membership:</b>						
<i>Ref. Employee not a member</i>						
Employee is union member	+					
<b>Union density at workplace:</b>						
<i>Ref. Zero (private sector) / 0-25% (public sector)</i>						
1-24%						
25-49%	+					
50-74%		+		-		-
75%+	+	+	+			
<b>On-site union representation:</b>						
<i>Ref. No recognised unions</i>						
No on-site rep	-			-	-	
Part-time rep	+	+				
Full-time rep	+	+	+			
<b>Union recognition:</b>						
<i>Ref. Unions not recognised</i>						
At least one recognised union						
<b>Collective bargaining:</b>						
<i>Ref. Employee is not covered</i>						
Employee is covered	-	-				-
<b>Bargaining coverage at workplace:</b>						
<i>Ref. Zero</i>						
1-49%						
50-74%	+		+			
75%+	+	+				
<b>Index of union strength*:</b>						
<i>Ref. No points</i>						
One point		+				
Two points				-	-	
Three points		+				
Four points	+	+				
<b>Management's attitude towards union membership**:</b>						
<i>Ref. Neutral</i>						
Not in favour	-		-		-	
In favour	+	+				
<i>Number of observations</i>	4283	2351	1932	3700	2834	866

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Employee's perception

Source: WERS 2004

**Table 4.3: Association between union characteristics and employee's perception of whether unions make a difference to what it is like to work here**

	Private sector			Public sector		
	All	Members	Non-members	All	Members	Non-members
<b>Union membership:</b>						
<i>Ref. Employee not a member</i>						
Employee is union member	+			+		
<b>Union density at workplace:</b>						
<i>Ref. Zero (private sector) / 0-25% (public sector)</i>						
1-24%	-		-			
25-49%						
50-74%		+		-	-	-
75%+	+	+				
<b>On-site union representation:</b>						
<i>Ref. No recognised unions</i>						
No on-site rep	-		-	-	-	
Part-time rep		+				
Full-time rep	+	+	+			
<b>Union recognition:</b>						
<i>Ref. Unions not recognised</i>						
At least one recognised union		+				
<b>Collective bargaining:</b>						
<i>Ref. Employee is not covered</i>						
Employee is covered	-	-				
<b>Bargaining coverage at workplace:</b>						
<i>Ref. Zero</i>						
1-49%						
50-74%		+				
75%+	+	+				
<b>Index of union strength*:</b>						
<i>Ref. No points</i>						
One point						
Two points	-					
Three points		+				
Four points	+	+				
<b>Management's attitude towards union membership**:</b>						
<i>Ref. Neutral</i>						
Not in favour						
In favour						
<i>Number of observations</i>	4283	2351	1932	3700	2834	866

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Employee's perception

Source: WERS 2004

**Table 4.4: Association between union characteristics and union effectiveness index**

	Private sector			Public sector		
	All	Members	Non-members	All	Members	Non-members
<b>Union membership:</b>						
<i>Ref. Employee not a member</i>						
Employee is union member	+			+		
<b>Union density at workplace:</b>						
<i>Ref. Zero (private sector) / 0-25% (public sector)</i>						
1-24%	-		-			
25-49%						
50-74%				-	-	-
75%+	+	+				
<b>On-site union representation:</b>						
<i>Ref. No recognised unions</i>						
No on-site rep	-		-	-	-	
Part-time rep	+	+				
Full-time rep	+	+	+			
<b>Union recognition:</b>						
<i>Ref. Unions not recognised</i>						
At least one recognised union						
<b>Collective bargaining:</b>						
<i>Ref. Employee is not covered</i>						
Employee is covered	-	-				
<b>Bargaining coverage at workplace:</b>						
<i>Ref. Zero</i>						
1-49%					+	
50-74%	+	+				
75%+	+	+				
<b>Index of union strength*:</b>						
<i>Ref. No points</i>						
One point						
Two points						
Three points						
Four points	+	+	+			
<b>Management's attitude towards union membership**:</b>						
<i>Ref. Neutral</i>						
Not in favour						
In favour						
<i>Number of observations</i>	4283	2351	1932	3700	2834	866

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Employee's perception

Source: WERS 2004



Table 4.2 goes on to identify those features of workplace union organisation which are associated with employees' perceptions that unions at the workplace are taken seriously by management. In the private sector, the presence of on-site lay representatives is again positively associated with employees' ratings, but other traditional indicators of union strength also show positive associations, namely membership density and bargaining coverage. These effects are cumulative for union members in the private sector, evident from the positive association between employees' ratings and the composite indicator of union strength. In the private sector, the marginal effect of moving from zero points on the union strength index to four points (i.e. moving from the bottom to the top of the index) is to raise the probability that a union member will 'strongly agree' that workplace unions are taken seriously by management by 7.7 percentage points, when all other variables are held at their mean value. Accordingly, if a unionised private sector workplace were to score four points rather than zero on the strength index, the percentage of union members 'strongly agreeing' that the union is taken seriously by management would rise from 7.4 per cent to 15.1 per cent.

In the public sector, there are far fewer robust associations between the characteristics of workplace union organisation and employees' perceptions of whether unions are taken seriously by management. Those associations which exist are found to be negative, but we do not necessarily conclude that stronger unions are taken less seriously by management in the public sector than weaker unions, since the negative signs are typically associated with intermediate strength categories (i.e. 50-74% membership density; two points on the union strength index). It seems more likely that our indicators of union organisation – being rooted at workplace level – are less capable measures of union strength in the public sector where many of the most important interactions between managers and trade unions take place at national level.

Table 4.3 identifies those features of workplace union organisation which are associated with the third and final measure of union effectiveness: whether employees perceive that unions make a difference to what it is like to work in the establishment. The pattern of results is similar to that shown in Table 4.2. High union density, the presence of on-site representatives, union recognition and high bargaining coverage are each positively associated with union members' perceptions along this particular dimension of union effectiveness, as is the union strength index. Among private sector union members, the marginal effect of moving from zero to four points on the union strength index is to raise the probability that a union member will 'strongly agree' that workplace unions make a difference by 9.4 percentage points (from 7.2 per cent to 16.6 per cent), when all other variables are held at their mean value.

The presence of on-site full-time lay union reps is the only feature of workplace union organisation that is positively associated with non-members' perceptions in the private sector. Again, most of the few robust associations that are found between union characteristics and employees' perceptions in the public sector are negative.

The final table in this section (Table 4.4) presents the results of the analysis in which the index of union effectiveness – presented in Figure 4 – is taken as the dependent variable. This may be considered as a summary measure of union effectiveness which indicates the extent to which unions at the workplace are performing well across each of the three specific dimensions discussed above. For union members in the private sector, the pattern of results is similar to that found in respect of the three specific dimensions of union effectiveness. Membership density, the presence of on-site reps and bargaining coverage are each positively associated with higher scores on the effectiveness index. The impact of scoring four points on the union strength index, rather than zero, is to increase the probability that a private sector union member will rate the union as being effective on all three dimensions of effectiveness by 15.8 percentage points (from 32.5 per cent to 48.3 per cent), when all other variables are held at their mean value.

Notably, the union strength index is also positively associated with the composite index of effectiveness for non-members in the private sector, although the magnitude of the effect is weaker than in the case of union members. The marginal effect of scoring four points on the union strength index, rather than zero, is to increase the probability that a private sector non-member will rate the union as being effective on all three dimensions of effectiveness by 7.5 percentage points (from 26.3 per cent to 33.8 per cent), when all other variables are held at their mean value. The analysis of the composite index of union effectiveness for the public sector shows a mixture of positive and negative associations which, again, present no clear picture.

#### Summary:

- In the private sector, strong workplace unionism (high membership density, the presence of on-site lay representatives and high bargaining coverage) tend to translate into higher perceptions of union effectiveness on the part of employees. However, when considering the individual dimensions of effectiveness, it is only the presence of on-site lay representatives which shows a positive relationship with union responsiveness to members' problems and complaints.
- In the public sector, on-site lay representatives also raise employees' perceptions of union responsiveness. However, the few associations found between union characteristics and other dimensions of union effectiveness tended to be negative. This may indicate the limitations of using workplace-level indicators of union organisation (such as workplace level membership density or bargaining coverage) to study union effectiveness in the public sector.

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## **5. Can effective unions be good for employment relations?**

### ***5.1 Introduction***

If one was to translate concepts of 'the good life' or a 'good quality of life' into a workplace setting to establish what might constitute a good quality of employment relations, it might be reasonable to assume that a good quality of employment relations could be equated with harmonious relationships. However, this tends to overlook the fact that the employment relationship is underpinned by a contract for services in which the employer as the principal in the contract has considerable power since the employer determines who is employed and on what terms. If the employee, as the agent, is not performing satisfactorily it is relatively easy for the employer to dismiss the employee on the grounds of poor performance, especially in circumstances where others are willing to perform the work. Furthermore, less scrupulous employers may be prepared to use the power they have to treat employees in a less-than-fair manner if it increases profits. On the other side, the employee may have an interest in receiving payment for work done with the minimum of effort expended. Thus it is not always the case that the employee's interests are wholly consonant with the employer's. Where employees are powerless, what passes for 'harmony' may simply be quiescence. If there are problems at work that are not being addressed, the least contented workers may simply quit such that, when surveys explore the quality of employment relations among those remaining, they miss an important part of the story.

The picture can differ somewhat in the presence of a union for reasons outlined in Section 2. The union creates an incentive for employees to aggregate all their demands and concerns, offering them a voice outlet which may reduce the propensity to quit since employees now have an opportunity to rectify the concerns they have. This can come at a price in terms of harmonious employment relations since the union may use its bargaining power to confront an employer over unresolved issues if that is deemed necessary. However, ultimately grievances and disputes may have a greater chance of speedy resolution when the employer has employee representatives to consult and negotiate with compared to circumstances in which they have to determine for themselves how employees are feeling. It is for these reasons that, although unionisation is often strongly associated with overt conflict such as strike action, it can also reduce the number of grievances which end up going to employment tribunals (Dix, Sissons and Forth, 2009). These considerations lead us to anticipate poorer perceptions of the climate of employment relations in the presence of unions, but also more stable employment relationships. Section 4 showed that unions differ in their ability to respond to employees' needs, get the backing of management and make a difference at the workplace. Thus we would expect some unions to be more effective than others in effecting a better quality of employment relationships.

## **5.2 The climate of employment relations**

WERS permits us to identify the climate of employment relations in a number of ways. We have chosen to focus on a single item, namely perceptions of the relationship between management and employees. We do so for three reasons. First, it is the measure which has dominated the employment relations literature, thus permitting us to make comparisons with the earlier research reviewed in Section 2. Second, we have near-identical questions from employees and from managers so we can compare and contrast union effects for both sets of respondents at the workplace. Third, as Bryson (2005b: 1118-1119) notes, the measures are correlated with features of the working environment in the way one would expect from a climate measure: perceptions of employment relations are poorer where, in the last 12 months, employees have been dismissed, there has been a collective dispute over pay or conditions, there has been industrial action at the workplace, employees have been issued with written warnings, been suspended with or without pay, or had deductions made from their pay. Perceptions are also lower where the percentage of working days lost through absence or sickness is higher.

Employees are asked:

“In general, how would you describe relations between managers and employees here?” (question C3)

Managers are asked:

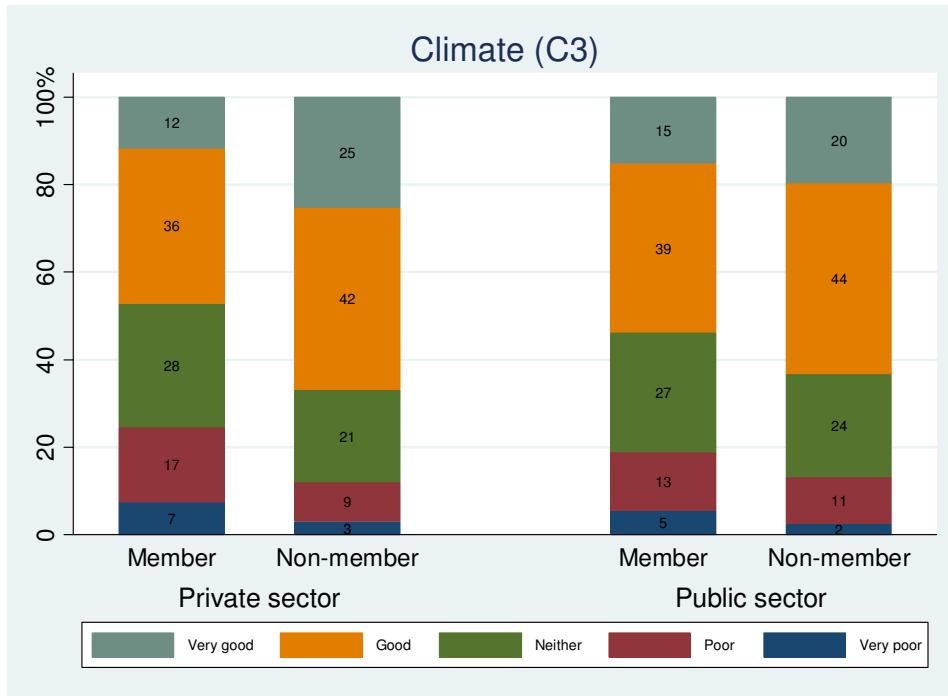
“Finally, looking at this scale, how would you rate the relationship between management and employees generally at this workplace?” (question MRELATE)

Both measures have five-category response scales ranging from ‘very good’ to ‘very poor’. The two measures are nearly identical. However, in comparing managerial and employee responses one should bear in mind that HR managers were asked the question in a face-to-face interview whereas employees were responding to a self-completion questionnaire. Although data from both sources were treated as confidential and are anonymized for analysis, it is possible that HR managers’ responses to the question are influenced by their interaction with the survey interviewer whereas employees completing their self-completion questionnaire are not.

### **5.2.1 Employees’ perceptions of the climate of employment relations**

Figure 5.1 shows the distribution of employee perceptions of climate in the private and public sectors by union membership. In both sectors the majority of employees regard the climate as ‘good’ or ‘very good’ but members tend to have poorer perceptions than non-members.

**Figure 5.1: Employees' perceptions of the climate of employment relations at the workplace, by union membership and sector**



Base: all employees in workplaces with five or more employees. Source: WERS 2004

We used ordered probit analysis to identify the extent to which the indicators of union strength are associated with employees' perceptions of the climate of employment relations at the workplace. Descriptive statistics for the union indicators are presented in the Appendix (Tables 8.3 and 8.4).

Table 5.1 shows the results of the analysis. What is most striking about this table is how few significant associations there are between employee perceptions of climate and union effectiveness. Most of the associations that are significant tend to be negative. In the private sector, in addition to the poorer perceptions of climate among members relative to non-members which was noted above, the only other significant association is poorer perceptions in the presence of very strong unions, as indicated by a maximum score of four points on the union strength index or very high union density. In the public sector, union recognition is associated with poorer employee perceptions of climate, but this effect is absent with a full-time on-site lay representative. Public sector employers tend to have more positive attitudes towards union membership than private sector employers (Bryson et al. 2004), which might explain why, on the rare occasions that public sector employers are perceived to be against union membership by their employees, unionisation is associated with poorer climate.

**Table 5.1: Association between union characteristics and employees' perception of climate**

	Private sector			Public sector		
	All	Members	Non-members	All	Members	Non-members
<b>Union membership:</b>						
<i>Ref. Employee not a member</i>						
Employee is union member	-			-		
<b>Union density at workplace:</b>						
<i>Ref. Zero (private sector) / 0-25% (public sector)</i>						
1-24%						
25-49%				+	+	
50-74%						
75%+	-		-			
<b>On-site union representation:</b>						
<i>Ref. No recognised unions</i>						
No on-site rep				-	-	
Part-time rep					-	
Full-time rep						
<b>Union recognition:</b>						
<i>Ref. Unions not recognised</i>						
At least one recognised union					-	
<b>Collective bargaining:</b>						
<i>Ref. Employee is not covered</i>						
Employee is covered						
<b>Bargaining coverage at workplace:</b>						
<i>Ref. Zero</i>						
1-49%					-	
50-74%						
75%+						
<b>Index of union strength*:</b>						
<i>Ref. No points</i>						
One point						
Two points						
Three points						
Four points	-		-			
<b>Management's attitude towards union membership**:</b>						
<i>Ref. Neutral</i>						
Not in favour				-	-	-
In favour						
<i>Number of observations</i>	12664	3045	9619	5733	3653	2080

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Employee's perception

Source: WERS 2004



To give an indication of the magnitude of these effects, in the ‘all private sector employees’ model, the marginal effect of moving from zero points on the union strength index to four points (i.e. moving from the bottom to the top of the index) is to lower the probability that an employee will rate the workplace climate as ‘very good’ by 3.7 percentage points, when all other variables are held at their mean value. So if a private sector workplace scores four points rather than zero on the strength index, the percentage of employees rating the workplace climate as ‘very good’ would fall from 19.3 per cent to 15.6 per cent.

We tested the sensitivity of our results to the removal of Managers and Senior Administrators since these employees might not be expected to give an independent view of the climate of employment relations. However, the results were substantively unchanged from those reported in Table 5.1. We also added further controls for the nature of non-union voice at the workplace (the presence of non-union employee representatives; the use of meetings between senior managers and the whole workforce; and the use of team briefings). We also added controls to the private sector models to account for the nature of the product market (the degree of competition and the stability of demand). Both might be expected to affect the climate of employment relations at the workplace. However, the results were again substantively unchanged from those reported in Table 5.1.

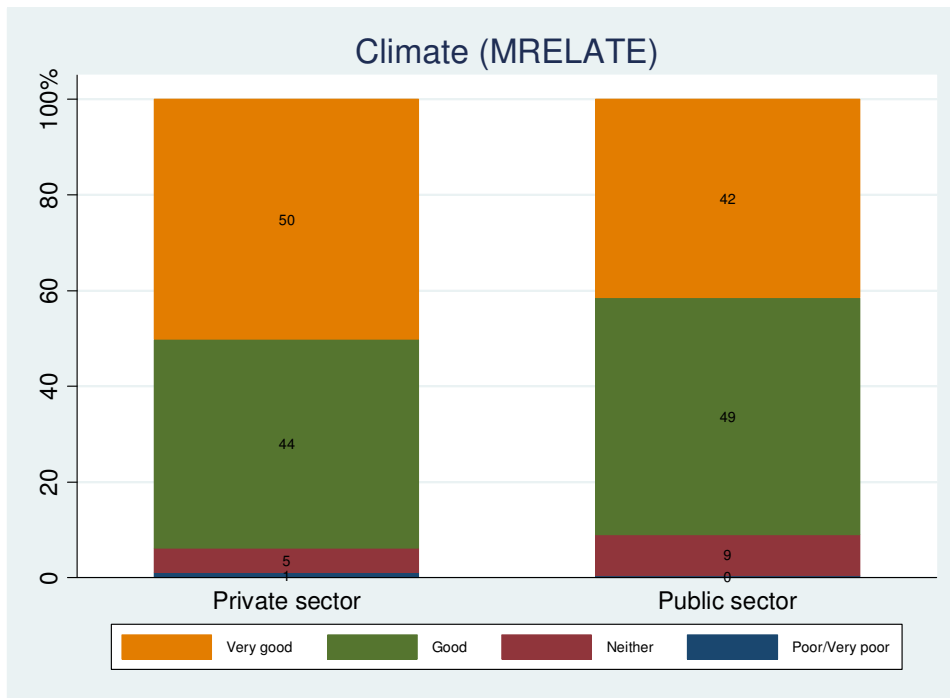
In summary:

- Strong workplace unionisation is associated with poorer employee perceptions of climate, confirming our expectation that unionised workplaces are less harmonious than non-union ones.
- In the public sector, employees’ perceptions of climate tend to be worse in the few workplaces where managers are known by employees not to be in favour of unions.

### **5.2.2 Managers’ perceptions of the climate of employment relations**

Figure 5.2 shows the distribution of managers’ perceptions of the employment relations climate in the private and public sectors. As can be seen, climate is rated a little better by private sector managers than public sector managers, but in both sectors the vast majority of managers view climate to be either ‘good’ or ‘very good’.

**Figure 5.2: Managers' perceptions of the climate of employment relations, by sector**



*Base: all workplaces with five or more employees. Source: WERS 2004*

We ran ordered probit analyses to establish the association between union effectiveness and these managerial perceptions of climate. The descriptive statistics for the union indicators are presented in Tables 8.5 and 8.6 in the appendix. Table 5.2 shows the results of the analysis. There are only two statistically significant effects, one in the private sector and one in the public sector. However, given the number of tests we have performed these may well have occurred randomly so we do not attach particular meaning to them. To test the sensitivity of these results we added further controls for the nature of non-union voice at the workplace and the nature of the product market. The results were no different from those reported in Table 5.2. Additional analysis: we also looked at cases in which both employees and managers agreed that the climate was good. But since most managers gave a positive opinion, this additional analysis yielded nothing of additional interest.

**Table 5.2: Association between union characteristics and managers' perception of climate**

	Private sector	Public sector
<b>Union density at workplace:</b> <i>Ref. Zero (private sector) / 0-25% (public sector)</i>		
1-24%		
25-49%		
50-74%		
75%+		
<b>On-site union representation:</b> <i>Ref. No recognised unions</i>		
No on-site rep		-
Part-time rep		
Full-time rep		
<b>Union recognition:</b> <i>Ref. Unions not recognised</i>		
At least one recognised union		
<b>Bargaining coverage at workplace:</b> <i>Ref. Zero</i>		
1-49%	+	
50-74%		
75%+		
<b>Index of union strength*:</b> <i>Ref: No points</i>		
One point		
Two points		
Three points		
Four points		
<b>Management's attitude towards union membership**:</b> <i>Ref. Neutral</i>		
Not in favour		
In favour		
<i>Number of observations</i>	1640	547

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Manager's perception

Source: WERS 2004

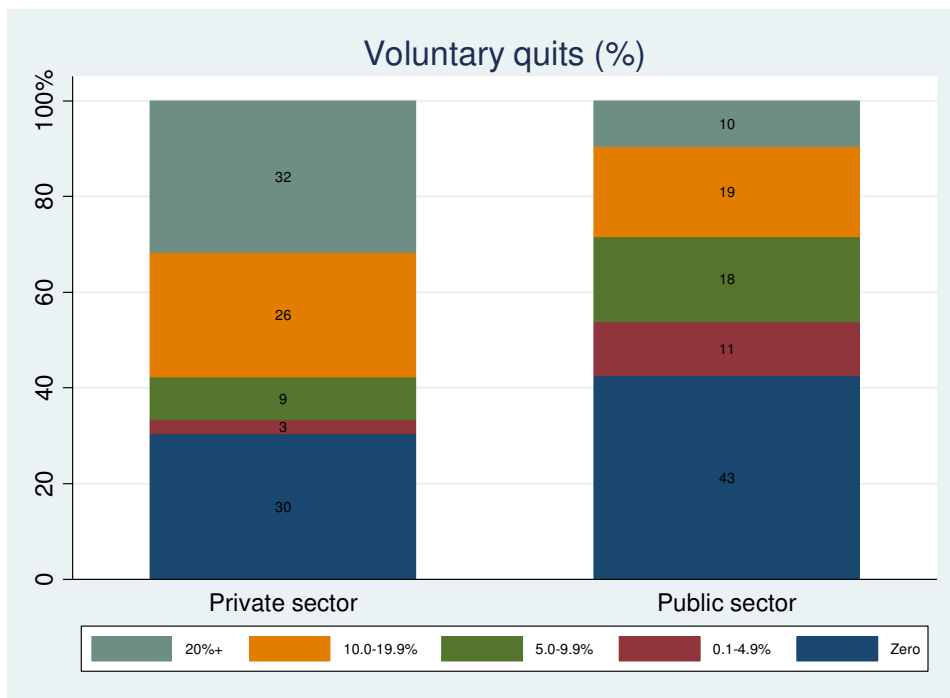
These results for managers differ quite markedly from Bryson's (2005b) analysis of managerial perceptions of climate in WERS98. Although his analysis differed in some respects from that presented here, most notably in analysing union effects for the whole economy, he finds managerial perceptions of climate to be lower in the presence of recognised unions, especially where bargaining coverage is high enough to procure a union wage premium. However, he also finds this negative union effect is confined to unionised workplaces without on-site lay representatives. Without further investigation it is not possible to determine whether there has been a genuine change in the links between unions and employer perceptions of climate, or whether the differences are an artefact arising from different methods of analysis.

In summary, there are few if any correlates of managers' perceptions of climate in 2004, so seems that managers' views are not adversely affected by unions.

### 5.3 Longer-term employment relationships

To establish whether unionisation engenders more stable employment relations we analyse the link between union effectiveness measures and voluntary quit rates at the workplace. Our measure quit rate measure is based on the proportion of employees at the workplace 12 months prior to the survey who have subsequently "left or resigned voluntarily" multiplied by 100 to obtain a percentage. Figure 5.3 shows the quit rates in the private and public sectors. Quit rates are considerably lower in the public sector than they are in the private sector: four in ten public sector workplaces had quit rates of zero, compared to three in ten in the private sector while only one in ten public sector workplaces had quit rates of 20 percent or more, compared with a third of private sector workplaces.

**Figure 5.3: Rate of voluntary quits within the workplace, by sector**



Base: all workplaces with five or more employees. Source: WERS 2004

To analyse the links between quit rates and union effectiveness we ran regression analyses which account for the large number of zero quits (tobits). The results are compelling. Union recognition is associated with lower quit rates in both the private and public sectors. Furthermore, the effect is greater where unions are more effective, that is, where they have higher union density and higher bargaining coverage. In the private sector the effects are particularly strong where management is in favour of union membership. However, lay representatives do not appear to play an important role in reducing quit rates. Indeed, in the public sector the union effect is only significant in the absence of lay representation.

**Table 5.3: Associations between union characteristics and rate of voluntary quits at workplace**

	Private sector	Public sector
<b>Union density at workplace:</b>		
<i>Ref. Zero (private sector) / 0-25% (public sector)</i>		
1-24%		
25-49%		
50-74%	-	-
75%+	-	-
<b>On-site union representation:</b>		
<i>Ref. No recognised unions</i>		
No on-site rep		-
Part-time rep	-	
Full-time rep		
<b>Union recognition:</b>		
<i>Ref. Unions not recognised</i>		
At least one recognised union	-	-
<b>Bargaining coverage at workplace:</b>		
<i>Ref. Zero</i>		
1-49%		
50-74%		
75%+	-	-
<b>Index of union strength*:</b>		
<i>Ref: No points</i>		
One point		
Two points	-	
Three points	-	-
Four points	-	
<b>Management's attitude towards union membership**:</b>		
<i>Ref. Neutral</i>		
Not in favour		
In favour	-	
<i>Number of observations</i>	<i>1566</i>	<i>505</i>

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Manager's perception

Source: WERS 2004

The size of these union effects is also notable. In the private sector, the marginal effect of moving from zero points on the union strength index to four

points (i.e. moving from the bottom to the top of the index) is to lower the quit rate by 12.1 percentage points, when all other variables are held at their mean value. So if a private sector workplace scored four points rather than zero on the strength index, the quit rate would fall from 16.9 per cent to 4.8 per cent.

We ran a number of sensitivity tests to see how robust these result are. We added controls for the terms and conditions available at the workplace, since better terms and conditions can be expected to reduce quits and may also be more common in unionised workplaces (due to the monopoly face of unionism discussed in Section 2). We added a control for the median wage at the workplace (whether less than £5 per hour, between £5 and £14.99 per hour, or at least £15 per hour) and controls for the availability of extra-statutory sick pay, more than four weeks of paid annual leave, an employer pension scheme, a company car or car allowance and private health insurance. We also added a control indicating the manager's perception that employees could expect long-term employment in the organisation, to account for the presence of an internal labour market. We also entered additional controls for the nature of non-union voice at the workplace and for the nature of the product market, as we had done in the analyses of climate. The results for the private sector were unaltered from those presented in Table 5.3. In the public sector, fewer features of union organisation showed statistically significant associations with quits: only high density and high bargaining coverage retained their negative association with the quit rate.

In a further set of sensitivity tests we replaced the tobit estimation with an ordinary least squares estimation of the natural log of the quit rate. Those workplaces with zero quits in the past year were excluded from the analysis. Again, the results for the private sector were unaltered from those presented in Table 5.3 whilst, in the public sector, only high density and high bargaining coverage retained their negative association with the quit rate.

In summary:

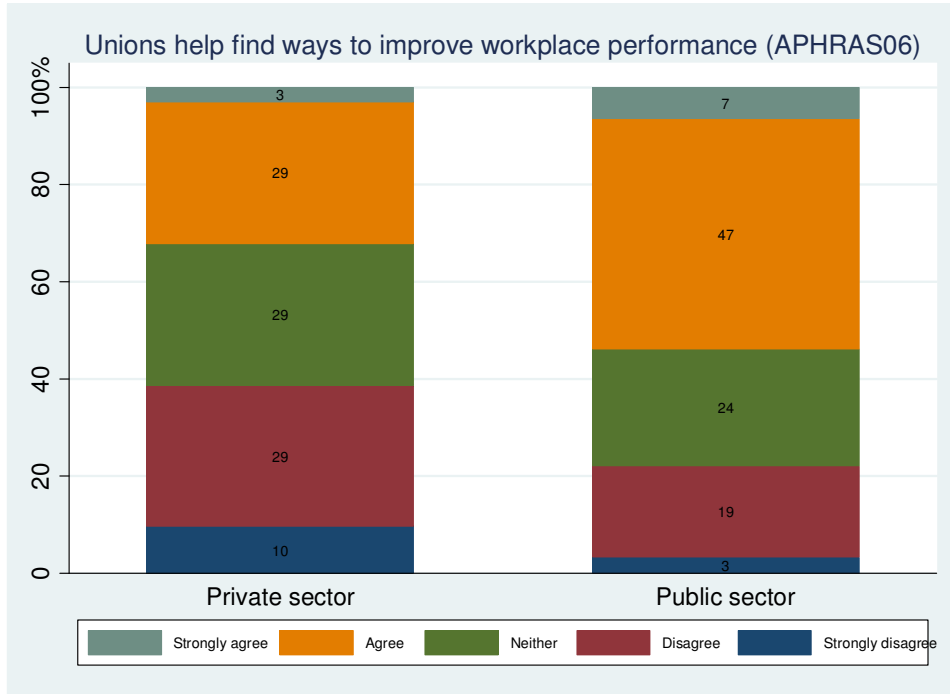
- Quits are lower where unions are present, and where unions are stronger, supporting the hypothesis that effective union voice reduces employee exits.

#### **5.4 Collaboration to improve workplace performance**

To establish whether managers perceive unions as playing a constructive role at the workplace we explore how strongly they agree with the statement: "Unions help find ways to improve workplace performance". We confine the analysis to those workplaces where a union is present by excluding workplaces where the manager says there are no union members present. Figure 5.4 shows the distribution of managerial responses in the private and public sectors. In the private sector very few managers either "strongly agree" or "strongly disagree", with the vast majority evenly split across the remaining three categories. In the public sector, on the other hand, almost half of all

managers “agreed” with the statement, with a further 7 percent strongly agreeing.

**Figure 5.4: Manager's opinion of whether unions help find ways to improve workplace performance, by sector**



Base: workplaces with five or more employees and where unions are present (at least one member). Source: WERS 2004

We run ordered probit models to establish the association between union effectiveness and managers’ perceptions that the union helps find ways to improve financial performance. The results are presented in Table 5.4. The results are striking. In the public sector the only union-related factor that appears significant is managerial support for union membership. There are two interpretations for this result. One is that unions can only offer a supportive role if managers give them the opportunity to do so by supporting their activities. An alternative possibility is that there is reverse causation in that managers only offer their support to unions that engage in partnership. In the private sector, managers’ perceptions that unions perform a helpful role in improving workplace financial performance rise with union effectiveness. This is the case for all measures of union effectiveness, that is, union density, collective bargaining coverage, lay representation (moving from none, to part-time to full-time lay representation) and managerial attitudes to union membership. This is a very important finding since it suggests that, where unions are strong and effective, they are perceived by management to be more likely – not less – to be beneficial to employers in terms of their willingness to improve workplace performance. The finding is consistent with research undertaken by people such as Tom Kochan at MIT who has argued for some time that there are mutual gains to be had by both employees and employers where management can work collaboratively with unions. From a

union perspective it makes sense that they may only have the confidence to do so where they can operate from a basis of relative strength. Even if weaker unions were willing to provide assistance to employers in achieving better performance, they are unlikely to be in a position to do so if they lack the organizational capacity to represent workers adequately.

**Table 5.4: Associations between union characteristics and manager's opinion of whether unions help find ways to improve workplace performance**

	Private sector	Public sector
<b>Union density at workplace:</b>		
<i>Ref. Zero (private sector) / 0-25% (public sector)</i>		
1-24%		
25-49%		
50-74%	+	
75%+	+	
<b>On-site union representation:</b>		
<i>Ref. No recognised unions</i>		
No on-site rep	+	
Part-time rep	+	
Full-time rep	+	
<b>Union recognition:</b>		
<i>Ref. Unions not recognised</i>		
At least one recognised union	+	
<b>Bargaining coverage at workplace:</b>		
<i>Ref. Zero</i>		
1-49%	+	
50-74%	+	
75%+	+	
<b>Index of union strength*:</b>		
<i>Ref: No points</i>		
One point		
Two points	+	
Three points	+	
Four points	+	
<b>Management's attitude towards union membership**:</b>		
<i>Ref. Neutral</i>		
Not in favour	-	
In favour	+	+
<i>Number of observations</i>	719	535

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Manager's perception

Source: WERS 2004

As in the other analyses reported above, we added controls for the nature of non-union voice at the workplace and for the nature of the product market. The results were unchanged from those reported in Table 5.4.



In summary:

- In the private sector managers' are more likely to consider that unions help find ways to improve workplace performance where unions are stronger, but these effects are not apparent in the public sector.

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## 6. Summary and conclusions

In this report, we have investigated how workplace union organisation varies in its effectiveness and assessed the impact that effective unions have on the quality of workplace employment relations. Theoretical perspectives on union activity suggest that unions can heighten tension and conflict at the workplace by bringing issues to the fore which might not be aired in a non-union setting. However, they also suggest that union organisation may benefit employees and employers by improving information flows, offering workers 'voice', tackling problems in the workplace, and promoting more efficient management. This so-called 'voice' function of unions has the potential to bring about better quality employment relationships.

We examined these issues using data from the most recent Workplace Employment Relations Survey (WERS), conducted in 2004. We used the data to compile measures of union organisation in the workplace, such as the level of membership density or bargaining coverage. We then assessed whether these characteristics of workplace union organisation are associated with employees' perceptions of union effectiveness, focusing on three specific issues, namely whether unions: take notice of their members' problems or complaints; are taken seriously by management; or make a difference to what it is like to work in the establishment.

In the private sector, strong workplace unionism (high membership density, the presence of on-site lay representatives and high bargaining coverage) is associated with perceptions of greater union effectiveness on the part of employees. However, only the presence of on-site lay representatives shows a positive relationship with union responsiveness to members' problems and complaints. In the public sector, on-site lay representatives also raise employees' perceptions of union responsiveness. However, the few associations found between union characteristics and other dimensions of union effectiveness tended to be negative. This may indicate the limitations of using workplace-level indicators of union organisation to study union effectiveness in the public sector.

We then went on to assess whether the indicators of workplace union organisation are associated with measures of the quality of employment relations, namely the climate of employment relations at the workplace, the incidence of voluntary quits and management-union collaboration in pursuit of improved workplace performance.

Strong workplace unionisation is associated with poorer employee perceptions of climate, confirming our expectation that unionised workplaces are less harmonious than non-union ones. In the public sector, employees' perceptions of climate tend to be worse in the few workplaces where managers are known by employees not to be in favour of unions. There are few if any correlates of managers' perceptions of climate, so managers' views are seemingly not adversely affected by unions.

The incidence of voluntary quits is lower where unions are present, and where unions are stronger. This finding applies in both the private and public sectors and supports the hypothesis that effective union voice reduces employee exits and thus contributes to stability in employment relationships.

The benefits of strong unions were also apparent when studying private sector managers' perceptions of the efficacy of workplace unions in helping to improve workplace performance. In the private sector, managers are more likely to consider that unions help find ways to improve workplace performance where unions have higher membership density, higher bargaining coverage and on-site lay representatives. These effects are not apparent in the public sector, however.

In conclusion, the analysis indicates that, in the private sector at least, strong unions can deliver benefits to both employees and employers alike. Successful recruitment campaigns, efforts to secure recognition and the development and maintenance of networks of lay representatives all contribute to the effectiveness of workplace union organisation in the eyes of union members – and in some respects in the eyes of non-members too. Moreover, whilst unionised workplaces may typically be less harmonious than workplaces without unions, the evidence indicates that the voice function provided by strong workplace organisation promotes employment relationships which are both more stable and more constructive in the longer term.

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## 8. Appendix: Incidence of union characteristics in employee and workplace samples

**Table 8.1: Profile of sample of employees for analysis of union effectiveness (unweighted)**

<i>Column percentages (%)</i>	Private sector			Public sector		
	All	Members	Non-members	All	Members	Non-members
<b>Union membership:</b>						
Employee not a member	45	100	0	69	100	0
Employee is union member	100	100	100	100	100	100
<b>Union density at workplace:</b>						
Zero	19	4	31	1	1	2
1-24%	19	11	26	9	7	14
25-49%	21	21	21	21	18	28
50-74%	17	25	11	29	30	29
75%+	19	35	6	34	39	22
Missing	4	3	5	6	5	6
<b>On-site union representation:</b>						
No recognised unions	31	12	47	7	7	8
No on-site rep	9	11	8	19	18	22
Part-time rep	46	58	36	50	50	49
Full-time rep	13	19	8	23	24	20
<b>Union recognition:</b>						
Unions not recognised	31	12	47	7	7	8
At least one recognised union	69	88	53	93	93	92
<b>Collective bargaining:</b>						
Employee is not covered	42	57	29	65	64	67
Employee is covered	100	100	100	100	100	100
<b>Bargaining coverage at workplace:</b>						
Zero	35	16	52	13	13	13
1-49%	3	2	3	6	7	6
50-74%	10	10	9	6	6	6
75%+	52	71	36	74	74	74
Missing	1	1	1	0	0	1
<b>Index of union strength*:</b>						
No points	27	9	42	4	4	5
One point	4	3	6	5	4	6
Two points	6	6	6	21	19	24
Three points	29	30	28	43	41	46
Four points	29	49	12	22	26	14
Missing	5	4	6	6	5	7
<b>Management's attitude towards union membership**:</b>						
Neutral	53	44	60	25	23	29
Not in favour	7	2	11	1	1	1
In favour	40	54	29	74	76	70
<i>Number of observations</i>	<i>6132</i>	<i>2781</i>	<i>3351</i>	<i>5034</i>	<i>3454</i>	<i>1580</i>

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Employee's perception

Source: WERS 2004



**Table 8.2: Profile of sample of employees for analysis of union effectiveness (weighted)**

<i>Column percentages (%)</i>	Private sector			Public sector		
	All	Members	Non-members	All	Members	Non-members
<b>Union membership:</b>						
Employee not a member	42	100	0	69	100	0
Employee is union member	100	100	100	100	100	100
<b>Union density at workplace:</b>						
Zero	24	5	38	1	1	2
1-24%	19	11	25	8	6	12
25-49%	19	21	18	24	21	30
50-74%	18	28	10	30	30	30
75%+	17	33	5	31	37	19
Missing	4	3	4	5	5	6
<b>On-site union representation:</b>						
No recognised unions	37	13	55	7	7	8
No on-site rep	8	10	6	17	16	19
Part-time rep	41	56	30	47	47	48
Full-time rep	12	19	8	28	30	23
<b>Union recognition:</b>						
Unions not recognised	37	13	55	7	7	8
At least one recognised union	63	87	45	93	93	92
<b>Collective bargaining:</b>						
Employee is not covered	38	58	24	66	65	70
Employee is covered	100	100	100	100	100	100
<b>Bargaining coverage at workplace:</b>						
Zero	41	17	58	12	12	13
1-49%	2	1	2	6	6	6
50-74%	9	10	8	6	6	6
75%+	49	72	32	76	76	75
Missing	1	1	1	0	0	0
<b>Index of union strength*:</b>						
No points	32	9	49	4	4	5
One point	5	4	5	5	4	6
Two points	5	5	4	19	18	22
Three points	27	30	24	45	43	48
Four points	27	49	12	21	25	13
Missing	4	3	5	5	5	6
<b>Management's attitude towards union membership**:</b>						
Neutral	53	42	61	26	24	31
Not in favour	8	2	13	1	1	1
In favour	39	56	26	73	75	68
<i>Number of observations</i>	<i>6132</i>	<i>2781</i>	<i>3351</i>	<i>5034</i>	<i>3454</i>	<i>1580</i>

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Employee's perception

Source: WERS 2004

**Table 8.3: Profile of sample of employees for analysis of employees' perceptions of climate (unweighted)**

<i>Column percentages (%)</i>	Private sector			Public sector		
	All	Members	Non-members	All	Members	Non-members
<b>Union membership:</b>						
Employee not a member	24	100	0	64	100	0
Employee is union member	76	0	100	36	0	100
<b>Union density at workplace:</b>						
Zero	47	8	60	2	1	3
1-24%	19	14	20	10	7	15
25-49%	12	21	10	21	18	27
50-74%	9	23	4	29	30	28
75%+	10	32	3	32	39	20
Missing	3	3	3	6	5	7
<b>On-site union representation:</b>						
No recognised unions	62	18	76	9	8	13
No on-site rep	8	12	6	22	20	24
Part-time rep	24	52	15	48	49	47
Full-time rep	6	16	3	21	23	17
<b>Union recognition:</b>						
Unions not recognised	62	18	76	9	8	13
At least one recognised union	38	82	24	91	92	87
<b>Collective bargaining:</b>						
Employee is not covered	22	52	13	63	63	63
Employee is covered	78	48	87	37	37	37
<b>Bargaining coverage at workplace:</b>						
Zero	65	23	79	16	14	19
1-49%	2	2	2	7	7	6
50-74%	5	10	4	6	6	7
75%+	27	65	15	71	73	67
Missing	1	1	2	0	0	1
<b>Index of union strength*:</b>						
No points	56	14	70	6	5	8
One point	5	4	5	6	5	8
Two points	5	6	4	22	20	24
Three points	16	28	11	41	41	41
Four points	14	43	5	20	24	12
Missing	5	4	5	6	5	7
<b>Management's attitude towards union membership**:</b>						
Neutral	63	47	68	26	24	29
Not in favour	14	3	18	1	1	2
In favour	23	50	14	73	76	69
<i>Number of observations</i>	<i>13251</i>	<i>3212</i>	<i>10039</i>	<i>6178</i>	<i>3926</i>	<i>2252</i>

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Employee's perception

Source: WERS 2004

**Table 8.4: Profile of sample of employees for analysis of employees' perceptions of climate (weighted)**

<i>Column percentages (%)</i>	Private sector			Public sector		
	All	Members	Non-members	All	Members	Non-members
<b>Union membership:</b>						
Employee not a member	20	100	0	63	100	0
Employee is union member	80	0	100	37	0	100
<b>Union density at workplace:</b>						
Zero	54	9	66	3	1	5
1-24%	17	14	18	9	6	13
25-49%	10	19	8	24	22	29
50-74%	8	25	4	29	30	29
75%+	8	30	2	30	36	18
Missing	3	3	3	5	5	6
<b>On-site union representation:</b>						
No recognised unions	69	21	81	10	7	14
No on-site rep	6	11	5	19	18	20
Part-time rep	19	49	11	46	46	46
Full-time rep	6	17	3	25	28	20
<b>Union recognition:</b>						
Unions not recognised	69	21	81	10	7	14
At least one recognised union	31	79	19	90	93	86
<b>Collective bargaining:</b>						
Employee is not covered	19	51	10	64	63	65
Employee is covered	81	49	90	36	37	35
<b>Bargaining coverage at workplace:</b>						
Zero	72	25	83	15	13	19
1-49%	1	1	1	6	6	6
50-74%	4	9	3	6	6	6
75%+	23	65	12	72	75	68
Missing	2	1	2	0	0	0
<b>Index of union strength*:</b>						
No points	63	15	75	6	5	9
One point	5	5	4	6	4	8
Two points	3	5	3	20	19	22
Three points	13	28	9	44	44	45
Four points	12	43	4	19	24	10
Missing	4	4	4	6	5	7
<b>Management's attitude towards union membership**:</b>						
Neutral	63	45	68	27	25	30
Not in favour	16	3	19	1	1	2
In favour	20	51	12	72	75	67
<i>Number of observations</i>	<i>13251</i>	<i>3212</i>	<i>10039</i>	<i>6178</i>	<i>3926</i>	<i>2252</i>

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Employee's perception

Source: WERS 2004

**Table 8.5: Profile of sample of workplaces for workplace-level analyses (unweighted)**

<i>Column percentages (%)</i>	<b>Private sector</b>	<b>Public sector</b>
<b>Union density at workplace:</b>		
Zero	56	3
1-24%	17	11
25-49%	10	20
50-74%	7	26
75%+	8	32
Missing	3	8
<b>On-site union representation:</b>		
No recognised unions	69	11
No on-site rep	8	24
Part-time rep	18	44
Full-time rep	5	21
<b>Union recognition:</b>		
Unions not recognised	69	11
At least one recognised union	31	89
<b>Bargaining coverage at workplace:</b>		
Zero	72	16
1-49%	2	6
50-74%	4	6
75%+	22	71
Missing	2	1
<b>Index of union strength*:</b>		
Ref: No points	64	6
One point	4	7
Two points	5	20
Three points	12	41
Four points	11	18
Missing	4	8
<b>Management's attitude towards union membership**:</b>		
Neutral	54	64
Not in favour	13	17
In favour	33	19
<i>Number of observations</i>	<i>1706</i>	<i>589</i>

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Manager's perception

Source: WERS 2004

**Table 8.6: Profile of sample of workplaces for workplace-level analyses (weighted)**

<i>Column percentages (%)</i>	<b>Private sector</b>	<b>Public sector</b>
<b>Union density at workplace:</b>		
Zero	80	10
1-24%	8	6
25-49%	4	21
50-74%	3	26
75%+	4	35
Missing	1	2
<b>On-site union representation:</b>		
No recognised unions	88	20
No on-site rep	8	50
Part-time rep	4	28
Full-time rep	0	3
<b>Union recognition:</b>		
Unions not recognised	88	20
At least one recognised union	12	80
<b>Bargaining coverage at workplace:</b>		
Zero	90	26
1-49%	1	6
50-74%	1	8
75%+	9	59
Missing	3	0
<b>Index of union strength*:</b>		
Ref: No points	83	12
One point	3	13
Two points	4	34
Three points	5	26
Four points	2	12
Missing	3	2
<b>Management's attitude towards union membership**:</b>		
Neutral	65	70
Not in favour	17	19
In favour	17	10
<i>Number of observations</i>	<i>1706</i>	<i>589</i>

\* One point for: high membership density (50%+ in private sector; 75%+ in public sector); on-site union representation; union recognition; and high bargaining coverage (thresholds as for density)

\*\* Manager's perception

Source: WERS 2004