Union presence, employee relations and High Performance Work Practices

Abstract

Purpose – To investigate the relationship between unions, employee relations and the adoption of High Performance Work Practices (HPWP).

Design/methodology/approach – This study uses survey data collected from the senior members of the HRM function in 179 large Australian organisations.

Findings – We found that unions, when coupled with good employee relations, facilitate the adoption of HPWP and consequently have a positive impact on organisational competitiveness, contradicting the simplistic notion that unions are ‘bad for business’

Research limitations/implications – This study used cross sectional survey data from HRM managers, who whilst being the best single source of information, may have distorted their responses. Further research is required to confirm these results using several data sources collected from a larger sample over more than one time period.

Practical implications – This research has implications for Government and organisation approaches to union presence and management in organisations.

Social implications – This research contributes to human resource management and organisational competitiveness which has implications for GDP.

Originality/value – This paper contributes to the debate on whether the individual and direct voice provided by HPWP is a substitute for union collective voice with the associated implication that unions are unnecessary and even destructive to organisation competitive advantage.

Key words- Unions, Employee Relations, High Performance Work Practices, Human Resource Management, Competitive Advantage
Introduction

There is some evidence that managers regard unions as hindrances to workplace performance and this has resulted in union avoidance, suppression and substitution (Bryson, 2005; Chen, 2007; Kochan et al., 1986). However, there is also research evidence that indicates that unions can play a significant and positive role in enhancing organisation competitiveness through facilitating the implementation of High Performance Work Practices (HPWP). In particular, unions can play an important role in removing many of the barriers to the adoption of HPWP by advocating long-term investment in change that is positive for the organisation. They can provide the communication infrastructure that facilitates the introduction of HPWP. Finally, unions can help create employee trust, cooperation and job security that HPWP need to be introduced effectively. It has also been argued that HPWP are a union substitute because they introduce direct employee individual voice which negates the need for collective employee voice. However, some evidence indicates that direct individual voice is not a substitute for collective and indirect voice that allows employees to initiate issues and articulate grievances. It has been proposed that employee relations moderate the impact that unions have on the adoption of productive work practices. Cooperation is critical to the successful introduction of HPWP and where there are poor employee relations, employees and unions can prevent management from introducing HPWP and negatively impact on organisational competitiveness. In this research we test this proposition by investigating the relationship between unions, employee relations and the adoption of HPWP. We challenge prevailing Government and organisation attitudes towards unions by proposing that employee relations are important to the adoption of HPWP. Based on extant theory and empirical research we anticipate that union workplaces with good employee relations will have a more positive impact than union workplaces with poor employee relations and workplaces without a union. To test this proposition, we analysed a national survey of
human resource managers working in large public companies. The following section of this paper incorporates a review of the literature and develops the study’s hypotheses. We then provide a Methods section that outlines the sample and analysis procedures and describes the measures used, their validity and reliability. The Results section provides the outcomes of the hypothesis testing. Finally, the Conclusions section summarizes the results of the study, describes the limitations of the study and the need for future research, and then discusses the implications of the results for theory as well as practice.

**Theory and Hypotheses**

Organisations can choose the low or high road to competitive advantage. On the ‘low road’ organisations use traditional work practices to achieve limited and replicable competitive advantage through cost minimisation. This is achieved through a mechanistic work design that focuses on reducing individual jobs to a set of simple tasks managed through supervisory control. On the ‘high road’ organisations use HPWP that focus on the synergistic application of practices that enhance employee skills and increase their involvement\(^1\) (Gephart and Van Buren, 1996; Wright and Snell, 1998). It is argued that these practices create sustainable competitive advantage through ambiguous processes that are difficult to imitate, such as cooperation between management, labour and co-workers (Collins and Smith, 2006; Goshal and Nahapiet, 1998; Swart and Kinnie, 2003; Whitener, 2001; Whitener et al., 1998).

Despite some methodological issues, there is substantial research linking HPWP with organisational competitiveness (Combs et al., 2006). In particular, a landmark study by

\(^1\) Boxall and Purcell (2008) propose that HPWP are drawn from three sources:

1. Walton (1985) concept of the *High Commitment Work Practice* focused on winning employee commitment to organisation goals through positive incentives and identification with company culture rather than trying to control behaviour through routine, short-cycle jobs and direct supervision.
2. Lawler (1986) focused on *High Involvement Practices* which had an emphasis on redesigning jobs to involve employees more fully in decision making and on skill and motivational practices that support this.
3. *High Performance Work Practices* based on an influential U.S. public report involving reforms to work practices to increase employee involvement in decision making and companion investments in employee skills and performance incentives to ensure they can undertake these greater responsibilities and are motivated to do so.
Huselid (1995) found that they diminish employee turnover and increase productivity and corporate financial performance through practices that improve intermediate employee outcomes, such as the knowledge, skills, abilities motivation and engagement of employees. However, some commentators have argued that whilst HPWP have a positive impact on employers, they have had a negative impact on employees and unions. It has been argued that the positive effects of HPWP on competitiveness are obtained at the expense of employees through intensification of the work process and management by stress (Godard and Delaney, 2001; Rinehart et al., 1997; Turnbull, 1988) and that HPWP have been used as a strategy to replace unions (Keenoy, 1991; Turnbull, 1992). This explains initial union resistance to some aspects of HPWP (Godard and Delaney, 2001).

Given research supporting the link between HPWP and organisation performance, it is not clear why many organisations have failed to adopt a full suite of these practices, especially when there is evidence that these practices are most effective when they are implemented together as a system or bundle of complementary, highly-related and overlapping practices (Pfeffer and Veiga, 1999). A number of reasons for this have been considered in the extant literature.

Firstly, managers and others who will lose power through the devolved decision making and flattened hierarchies of HPWP may resist the adoption of HPWP (Kochan et al., 1986). Organisations with unskilled and less educated managers may focus on the ‘low road’ of work organisation, including longer working hours, work intensification and increased surveillance of workers, whilst better qualified managers seek ‘high road’ competitive advantage through the quality of their products and services (Erickson and Jacoby, 2003).
Secondly, company ownership and corporate governance is geared towards short-term results. Investors in organisations demand an immediate return and organisations prefer to distribute profits as dividends rather than invest in long-term initiatives like HPWP. Shares are frequently traded on stock markets because they are more diffusely owned and held for a shorter time, with the mechanism for holding management accountable being the hostile takeover. Management responds by maximising short-term shareholder returns rather than adding long-term value. Managers introducing HPWP must invest in a bundle of reforms that are costly to implement and then wait for results because there is a lagged effect. Because HPWP take time to implement and register results, change initiatives may be abandoned after limited implementation fails to deliver measurable results (Appelbaum and Batt, 1995).

Thirdly, long histories of labour management conflict and mistrust inhibit the implementation of HPWP. It is argued that the levels of trust and cooperation required by HPWP may be difficult to achieve and maintain. Employees must be willing to learn new skills, offer ideas and suggestions based on their knowledge and commit to quality and productivity. To get this commitment, employers must offer a quid pro quo of job security (Clarke and Payne, 1997). If organisations are forced to restructure and layoff employees it will impact on employee trust and the stability of team membership which are important to the success of HPWP (Osterman, 2000).

Finally, Appelbaum and Batt (1995) argue that an institutional framework geared to outmoded management approaches, associated with mass production, does not adequately support organisations to implement HPWP. Government policies shape not only what employers do but also the nature of the employment relationship and the rights and
obligations of all parties involved. In particular, Government has an indirect role in helping to create a business environment that encourages organisations to adopt HPWP (Godard, 1999).

It has been proposed that a co-operative, rather than adversarial, relationship with unions can address many of these barriers (Appelbaum and Batt, 1995). The following section will examine how unions impact on the adoption of HPWP before examining management’s prevailing attitude towards unions.

**Union impact on HPWP adoption**

Classic research by Freeman and Medoff (1984) indicates that unions can have both a positive and negative impact on productivity. Unions can have a negative impact by using their monopoly position to drive up wages and to introduce restrictive work practices that inhibit management’s ability to introduce productive work practices such as HPWP. Unions can also encourage management to introduce more productive work practices so they can stay competitive despite higher wages. Finally, they propose that “unionism per se is neither a plus nor a minus to productivity: what matters is how unions and management interact at the organisation” (p. 179), concluding that productivity depends not on what unions and management do separately but on their relationship with one another. Cooperative industrial relations promote the positive aspects of unionism and adversarial industrial relations increase the negative aspects of unionism (see Figure 1). When management sees a positive role for unions they can ensure effective changes are introduced and facilitate the introduction of change in general and HPWP in particular (Bryson et al., 2006).
To leverage the positive aspects of unionism, management must replace the pluralist perspective that has dominated traditional industrial relations with a partnership approach that places less emphasis on conflict of interests between employers and employees and more emphasis on mutual gain (Godard and Delaney, 2001). This also ensures that the implementation of HPWP benefits all stakeholders including employees who are critical to the successful implementation of HPWP.

There is some evidence that supports the negative impact of unions (Denny, 1997; Miller and Mulvey, 1993; Pantuosco et al. 2001; Vedder and Gallaway, 2002). Several research studies show that HPWP are less likely to exist in highly unionised organisations (Cohen and Pfeffer, 1986; Lincoln and Kalleberg, 1990) however, contradictory studies show that union presence has a neutral impact (Black and Lynch, 2001; Galang, 1999; Moreton, 1999) and a positive impact (Armstrong et al., 1998; Black and Lynch, 2001; Freeman and Rogers, 1999; Gregg and Machin, 1988; Marginson, 1992; Pil and MacDuffie, 1996; Sisson, 1997; Wood and Fenton-O'creevy, 2005) on HPWP adoption. There are also studies that find that unions moderate the relationship between HPWP and outcomes (Lloyd, 2001; Rubinstein, 2001; Voos, 1987). There is some indication that the quality of industrial relations moderates union impact with research proposing that HPWP are less likely in organisations characterised by union militancy (Wells, 1993).
Extant research indicates that there are a number of ways in which unions may overcome many of the barriers to implementing HPWP and facilitate HPWP adoption. Firstly, unions promote a long-term and organisation wide perspective. Systems of Corporate Governance that impose a short-term time frame are not conducive to the implementation of HPWP which require longer time horizons. It has been argued that unions counter management predisposition towards unilateral, short-term decision making which market pressures promote (Freeman and Medoff, 1984). Unions take an organisation wide perspective when contributing to decisions whilst management can make poorer decisions based on their own interests and incentives (Freeman and Rogers, 1999). The independence of unions allows unions to challenge decisions that are not in the best interest of their membership and to challenge the logic of management proposals. Union representatives are able to take a longer-term perspective because their career paths are not tied to the organisation. It has been found that conflict is not detrimental to decision making processes because different perspectives often result in better quality decisions that are more likely to be accepted by employees, subsequently improving the speed of implementation (Rubinstein et al., 1993).

Secondly, unions enhance collective and individual voice. It has been argued that HRM provides avenues for direct and individual employee voice which negates the need for collective employee voice through unions. However, evidence indicates that individual voice is not a substitute for collective voice, which allows employees to initiate issues and articulate grievances (Bryson et al., 2007). There are distinctive differences between collective and individual employee voice. Individual voice through HRM is direct through management and part of the work process, whilst collective voice is indirect through union leadership and not part of the work process\(^2\) (Rubinstein, 2001). Direct voice mechanisms

\(^2\) The mechanisms of collective voice are management-union negotiations, collective negotiations and collective industrial action. Individual voice mechanisms include individual employee negotiations;
that are incorporated into the management chain make it difficult for employees to provide genuine input without fearing reprisals (McLoughlin and Gourlay, 1992). In particular, it is difficult for individual workers to have an impact on managerial policy or action if it represents a direct challenge to managerial authority (Freeman and Medoff, 1984).

There is substantial research evidence that indicates that union organisations have more effective individual and collective voice because unions extend voice mechanisms; make direct voice more effective; and provide a collective voice which delivers different outcomes to individual and management sponsored voice (Benson, 2000; Haynes et al., 2005; Millward et al., 1992). Research has shown that individual and collective voice can coexist and have a synergistic effect when introducing HPWP (Kessler and Purcell, 1995; Frohlich and Pekruhl, 1996; Lloyd, 2001; Sisson, 1997).

Thirdly, union networks provide an effective communication infrastructure. It has been proposed that unions can add value by providing an efficient way of communicating and negotiating with employees. In particular, union networks have an infrastructure that facilitates lateral communication and coordination; union representatives act as a ‘lubricant’; and negotiations are also less expensive if the organisation only has to deal with union specialists (Black and Lynch, 2001; Bryson, 2005; Cutcher-Gershenfeld et al., 1989; Eaton and Voos, 1989; Rubinstein, 2000, 2001).

employee consultation through quality circles, suggestion schemes, employee surveys; performance appraisals; grievance and disciplinary procedures; committees including joint consultative committees, health and safety committees, task force or ad hoc joint committees; and employee representatives ie. Health and safety and employee board representatives. Some researchers include individual acts of dissent such as absences from work and shirking as mechanisms of individual voice (Kochan & Osterman 1994; Lawler, Mohrman & Ledford 1995).
More specifically, there is evidence that union communication infrastructure facilitates the introduction of HPWP. It has been demonstrated that effective communication is required to introduce HPWP because they require the involvement and commitment of employees (Cooke 1990, 1992; Eaton and Voos, 1994; Levine and Tyson, 1990; Rubinstein, 2000).

Fourthly, unions increase employee trust and commitment. Rubinstein (2001) proposes that employees trust unions because they are independent and union leaders, unlike appointed managers, are elected to represent the interests of employees. There is evidence that employees see a positive role for unions in protecting their interests when change is introduced (Kochan and Osterman 1994; Levine, 1995; Marshall, 1992). However, the strength of unions and the quality of the relationship between unions and management seem to moderate the ability of unions to create employee trust in management and commitment to management (Bryson, 2001; Deery et al., 1994; Moreton, 1999; Ramirez et al., 2007).

Finally, unions reduce employee withdrawal. Research has demonstrated that the collective voice of unionism leads to lower probabilities of quitting, longer job tenure and a lower layoff rate which reduces the costs of training and recruitment and increases productivity (Delery et al., 2000; Freeman and Medoff, 1984; Miller and Mulvey, 1993). More specifically, Osterman’s (2000) research found that the presence of a union reduced the probability that HPWP were associated with layoffs. Unions contribute to the effective implementation of HPWP because job tenure contributes to stable team membership, which is important to team effectiveness, and employees are more prepared to participate in employee involvement programs when they feel the union will protect their employment security (Black and Lynch, 2001; Levine and Tyson, 1990).
In this research we investigate the relationship between unions, employee relations and the adoption of HPWP. We propose that employee relations are important to the adoption of HPWP and that workplaces with a union presence and good employee relations would be more successful in this regard than union workplaces with poor employee relations and workplaces without a union. Specifically, we will test the following hypotheses:

1. Non-union workplaces are more likely to adopt HPWP than union workplaces with poor employee relations.
2. Union workplaces with good employee relations are more likely to adopt HPWP than non-union workplaces.
3. Union workplaces with good employee relations are more likely to adopt HPWP than union workplaces with poor employee relations.

**Methodology**

**Sample and Survey Procedure**

One-hundred-and seventy nine Human Resource Managers from large private sector Australian organisations (500+ employees) in multiple industries participated in a paper survey conducted in 2000. This sample of workplaces was obtained by sending a survey addressing the Human Resource (HR) Manager in a population of 896 large organisations identified in the Dun and Bradstreet (1999) Business Who’s Who online data base. The respondents selected themselves into the sample by returning the anonymous and confidential survey. The accompanying letter assured anonymity and offered an executive summary of the results of the research to respondents.
The data collection focused on large organisations because they were most likely to have well-established HR functions managed by experienced professionals. Respondents were asked to consider the overall management of the majority of employees in the workplace for which they had HRM responsibility. This could have been the entire organisation or part of an organisation.

There was a 26% response rate delivering a sample of respondents from most industry groups. Most of the respondents (84.8%) were the most senior HRM manager or a senior member of HRM.

A wide range of industries was represented in the sample with the largest numbers for manufacturing (28%), services (11%), transport and communication (10%) and construction (9%). In our survey a union presence was reported by 81% of respondents while 19% of respondents reported no union presence in their workplace. These percentages are not dissimilar to those found in the 1995 Australian Workplace Industrial Relations Survey (AWIRS), which provides the most recent national data available on union presence. The AWIRS survey found that approximately one quarter of all workplaces with more than twenty employees have no union (Deery et al., 2001). In our sample 41% of the workplaces agreed that they had good employee relations, scoring 5 and above (agree responses) on this scale. Two of the managers did not respond to the question regarding a union presence in their company, while 145 managers answered positively and 32 managers answered negatively.
Measures

The survey covered questions about employee relations, union presence and the adoption of HPWP. In particular, the HPWP and Employee Relations items were based on the work of Walton (1985). All survey items were rated on a 7-point Likert scale anchored with ‘strongly disagree’ (1) to ‘strongly agree’ (7). The testing of the hypotheses required the construction of scales which have validity, reliability and unidimensionality (Green et al., 2006). An exploratory factor analysis was performed using the maximum likelihood method and an oblimin rotation in order to identify the latent constructs underlying HPWP and employee relations. The analysis (See Table 1) produced four factors explaining 62% of the variation in 16 of a possible 24 items included in the questionnaire. The remaining eight items were removed in order to ensure adequate loadings and discriminant validity. The constructs suggested by this analysis were as follows.

Factor 1: Employee Security with 2 items
Factor 2: Employee Relations with 8 items
Factor 3: Employee Voice with 3 items
Factor 4: Employee Empowerment with 3 items

3 The discarded items were:
1. It is common for employees to look beyond their individual jobs to address system problems/improvements
2. Accountability focuses on the team rather than the individual
3. Decision making is decentralised
4. Jobs are designed to empower employees
5. Work has not intensified and/or working hours have decreased
6. Training focuses on the overall development of the employee and is not confined to the current job role
7. In this workplace rewards are based more on group achievement than individual pay geared to job evaluation
8. This workplace has a principle of equality of salary sacrifice in hard times
9. This workplace has a profit sharing or share ownership scheme so people are rewarded when business is doing well
10.
The validity of these constructs was tested using confirmatory factor analysis with AMOS version 7, producing adequate goodness of fit statistics (Byrne, 2001: CMIN/DF<3. RMSEA<.10, GFI > .90, CFI > .90) in all cases. Scales were constructed for each of the above four constructs from which the descriptive statistics shown in Table 2 were calculated. The Cronbach Alpha measures of reliability are close to or above the 0.60 level required by Hair et al (2010).

The initial analysis concerned a comparison of organisations with and without a union presence in terms of these scales. The scales were reasonably normal in distribution for each of these groups so a MANOVA test was conducted. Structural equation modelling (SEM) with an invariance test was used to compare the relationship between employee relations and HPWP adoption for workplaces with and without a union presence. Hair et al (2010) claim that for SEM at least five observations are required for each correlation, so there was sufficient data to fit a model with four scales, even in the case of the small sample of workplaces without a union. A bootstrap analysis was used in order to obtain 90% confidence intervals for the standardised weights and R-Square values. Finally, workplaces were classified as having good or not good employee relations. Workplaces were categorized as
having ‘good’ employee relations if they had a score of 5 or above (agree responses).

Workplaces were categorized as having ‘not good’ employee relations if they scored below 5 (neutral or disagree responses). The hypotheses were then tested using suitable contrasts, making special 3-group MANOVAs unnecessary.

**Limitations of Data Collection**

Data was collected from the single source of the human resource professional. The fear with a single source is that it may cause common method bias for the independent and dependent variables, producing inflated estimates of the relationships between the variables (Podsakoff and Organ, 1986). However, the four dimensions derived from the data in the factor analysis shown in Table 1 suggest that this is not the case and surveys filled out by a single well-informed informant are a common procedure when sample size and costs may become prohibitive (Klassen and Whybark, 1999).

This research examines workplaces across multiple industries. Whilst single industry research can provide greater validity by controlling for industry conditions it can eliminate environmental and technological sources of variation which have been cited as key antecedents of the adoption of HPWP (Pfeiffer 1998). Becker & Huselid (1998) propose that both industry specific and multiple industry research are important to the development of empirical research in this area.
RESULTS

A MANOVA test on the above scales showed significant differences depending on union presence (Wilk’s Lambda = .928, F(4,172) = 3.350, p=.011, partial eta squared = .072). In particular, there was a significant difference in employee relations in union and non-union workplaces (F(1,175) = 6.123, p = .014, partial eta squared = .034). It seems that employee relations are better when there is no union presence (Mean = 4.96, SD = 1.06) than when there is a union presence (Mean = 4.47, SD = 1.03). However, there was no significant differences for employee voice (F(1,175) = .006, p = .940), employee security (F(1,175) = 3.42, p = .066) or employee empowerment (F(1,175) = 1.303, p = .255).

Using structural equation modelling the effect of employee relations on HPWP adoption was tested, showing an excellent fit (Chi-square = .716, df = 2, p = .699). However, a test of invariance showed that different weights were required for workplaces with and without a union presence (Chi-square = 17.8, df = 3, p < .001). Figure 2 shows how the weights change when a union presence is introduced. However, a comparison of 90% bias-corrected bootstrap confidence intervals for workplaces with and without unions, showed that only in the case of Employee Security was there no overlap, suggesting a significant difference in the loadings for only this variable.

It therefore appears that HPWP adoption is measured differently depending on the existence of a union presence. Employee security is an important element of HPWP adoption only
when there is a union presence. There is also some indication that employee voice becomes a more important aspect of HPWP adoption when there is no union presence, suggesting that employee voice acts as a substitute for union voice. Interestingly, however, there is also some indication that employee empowerment is a more important component of HPWP in the case of union workplaces than non-union workplaces.

Employee relations explained 80% of the variation in HPWP adoption (with a 90% confidence interval of 66% to 98%) when there is a union presence and 70% of the variation in HPWP adoption (with a wide 90% confidence interval of 24% to 100% due to the sample size) when there is no union presence. Figure 2 suggests that workplaces with better employee relations are more likely to implement HPWP regardless of union presence although employee relations seemed slightly more important to the adoption of HPWP in workplaces with union presence, as evidenced by the R-Square values. This result indicates that employee relations is important to the adoption of HPWP and suggests support for all three hypotheses.

Finally, a MANOVA test is used to test the hypotheses explicitly with employee relations scores of at least five characterized as “good” and scores below this categorized as “not good” because of a neutral or poor evaluative response from survey participants. As expected from previous results, workplaces without a union presence were significantly (Chi-square = 5.659, df = 1, p = .017) more likely to have good employee relations (59%) than those with a union (37%).

Table 3 shows mean values for the HPWP of employee security, voice and empowerment for workplaces with and without a union presence and with and without “good” employee
relations. The MANOVA test shows significant differences between these four groups (Wilks Lambda = .640, F(9,416) = 9.32, p<.001, partial $\eta^2 = .138$). As shown in Table 3 there was a moderate effect size ($\eta^2 = .073$) in the case of employee security with larger effect sizes in the case of employee empowerment ($\eta^2 = .186$) and employee voice ($\eta^2 = .248$).

Contrast tests showed support for hypothesis 1 in terms of employee security ($t(173) = 2.769$, $p = .006$) and in terms of employee empowerment ($t(173) = 2.910$, $p = .004$) but not in terms of employee voice ($t(173) = .834$, $p = .411$). Non-union workplaces were more likely to implement employee security and employee empowerment than union workplaces with poor employee relations.

However, there is support for the second hypothesis in terms of employee voice ($t(173) = 3.410$, $p<.001$) and employee empowerment ($t(173) = 1.991$, $p = .048$) but no support for this hypothesis in the case of employee security ($t(173) = .142$, $p = .887$). Union workplaces with good employee relations were more likely to introduce employee voice and employee empowerment than non-union workplaces.

Finally there is support for hypothesis 3 in the case of employee voice ($t(173) = 6.209$, $p<.001$), employee security ($t(173) = 3.153$, $p = .002$) and employee empowerment ($t(173) = 6.124$, $p<.001$). Union workplaces with good employee relations were more likely to implement employee voice, security and empowerment than union workplaces with poor employee relations.

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In summary Hypothesis 1 is supported in the case of employee security and employee empowerment with workplaces having a union presence but poor employee relations less likely to implement HPWP than union workplaces. However, contrary to expectation, there is no support for this hypothesis in the case of employee voice. Also contrary to expectation, the second hypothesis is supported only in the case of employee voice and empowerment with significantly higher employee voice and empowerment for workplaces with a union presence and good employee relations than for workplaces without a union presence. Employee security levels were very similar for non-union workplaces and union workplaces with good employee relations. Finally there is support for the third hypothesis for all three HPWP variables, in that workplaces with a union presence are more likely to adopt HPWP if they have good employee relations.

**DISCUSSION**

In this section we interpret some of the more important and unexpected findings, mention the limitations of our study, make recommendations for future research and consider the practical implications of our findings.

Overall we found that unions can have a positive impact on organisational competitiveness by facilitating the adoption of HPWP and that this impact is moderated by the quality of employee relations.

Firstly, employee relations had a significant impact on HPWP adoption in both union and non-union workplaces. We also found a relationship between union presence and the
adoption of HPWP with differences in the nature of HPWP in union versus non-union workplaces. We found that employee voice is more likely to be a component of HPWP in non-union workplaces, supporting the proposition that individual voice may be used as a substitute for collective voice in non-union workplaces because they do not have the benefits of collective voice or the communication infrastructure that unions provide. It has been proposed that HPWP, which use direct and online voice through management, is inferior to union voice because employees do not feel they can provide genuine input without management reprisal. Without genuine voice, barriers to effective implementation of HPWP are more likely as management resists its loss of power, focuses on initiatives that deliver results in the short-term and is instrumental in its management of employees, resulting in lack of trust and the cooperation essential to HPWP success. We were not able to investigate whether HPWP voice was as effective as union voice in this study but propose that this is an important avenue for future research.

We also found that HPWP focused on employee security were more likely to be adopted in workplaces with a union presence. The greater focus on employee security may reflect union priorities and bargaining power. Whilst numerical flexibility may be positive for workplaces using traditional work practices to achieve competitive advantage through cost minimization, HPWP need employment security to ensure the effective implementation of other practices in the HPWP system. Employee voice and empowerment need employee commitment are discretionary and can be withdrawn if employees do not trust management and feel they may lose their jobs. Consequently, non-union workplaces may fail to effectively implement HPWP because they offer poor employment security. Again, without outcome data we were unable to test this proposition but suggest it be addressed in future research.
In addition to this, union workplaces were more likely to focus on employee empowerment than non-union workplaces when implementing HPWP, stressing a flatter workplaces structure, more flexible employees and management that believe employees are self-motivated and controlled. The greater emphasis on empowerment in HPWP in union workplaces is interesting given initial union resistance to the elimination of seniority rights and job classifications (Godard and Delaney, 2001). However, it may be that empowerment is more easily implemented in union workplaces that provide trust, commitment, security and voice. In particular it has been asserted that empowerment must be coupled with job security to be effective so high performance work systems that fail to include this vital component may be more likely to fail. This result contradicts the assumption that unions introduce restrictive work practices and supports the proposition that unions can facilitate the introduction of HPWP.

Secondly, the results indicated that workplaces without a union presence had better employee relations. There are two possible explanations for this result in that employee relations could be an antecedent and/or consequence of union presence. Poor employee relations may encourage employees to join a union or union presence may agitate the relationship between employees and management. Only future research using time series data can provide a definitive conclusion on this issue.

We specifically hypothesised that employee relations would be important to the adoption of HPWP and that union workplaces with good employee relations would have a more positive impact on HPWP than union workplaces with poor employee relations and workplaces without a union presence. Our findings provided some support for all three hypotheses, with
employee relations being important to the implementation of HPWP in both union and non-union workplaces.

Hypothesis 1 proposed that non-union workplaces would be more likely to implement HPWP than union workplaces with poor employee relations. This hypothesis is based on extant theory that proposes that unions with poor employee relations will introduce restrictive work practices that inhibit the introduction of HPWP. This hypothesis was partially supported. We found that workplaces with a union presence and poor employee relations were less likely to implement employee security and empowerment than non-union workplaces. However, contrary to expectation, there is no support for this hypothesis in the case of employee voice. This may be because these workplaces introduce individual and direct employee voice as a substitute for union collective voice to minimize the impact of unions or to replace unions, rather than as part of an HPWP system.

Hypothesis 2 proposed that union workplaces with good employee relations are more likely to introduce HPWP than non-union workplaces. This hypothesis is based on extant theory that proposes that unions with positive employee relations encourage management to introduce more productive work practices and facilitate the implementation of productive work practices. This hypothesis was partially supported. We found that union workplaces with good employee relations were more likely to introduce employee voice and employee empowerment than non-union workplaces. However, the level of employee security was similar for non-union workplaces and for union workplaces with good employee relations. It is difficult to explain this result. Could it be that, in the interest of maintaining good employee relations, unions ‘side with management’ at the expense of their membership? In this case the ‘partnership’ approach is not one of mutual gains for employers and employees,
especially if, as some authors have suggested, employee voice is a poor substitute for collective voice and employee empowerment leads to work intensification and increased employee stress. Clearly, this result points to the need for further research to confirm this result and examine the impact of HPWP adoption on employer and employee outcomes.

Hypothesis 3 proposed that union workplaces with good employee relations would be more likely to implement HPWP than union workplaces with poor employee relations based on the proposition that employee relations moderate the impact that unions have on the adoption of productive work practices. This hypothesis was supported. Union workplaces with good employee relations were more likely to introduce employee voice, employee security and employee empowerment, supporting the proposition that employee relations moderate the impact that unions have on HPWP adoption.

In conclusion, this study found that whilst unions can have a negative impact on the adoption of HPWP when employee relations are poor, a union presence was valuable to the adoption of HPWP when employee relations are good. Given HPWP have been linked to competitive advantage, workplaces would do well to perceive unions as having the potential to have a positive impact on employer outcomes. However, good employee relations, which moderate the impact of unions on HPWP adoption, are less likely in union workplaces and management needs to concern itself with developing this essential success factor.

This study has identified some interesting results that require further investigation. It also has several limitations which could be addressed in future research. Firstly, a larger sample with a substantial proportion of union workplaces would be difficult, yet valuable, to obtain. Research based on time-series and multiple source data would also enhance the validity of the
research findings. Finally, more complex research that explored both the antecedents and consequents of HPWP adoption would answer some of the questions raised in this discussion. In particular, future research could examine the impact of individual HPWP on employer and employee outcomes.

There are several key theoretical and practical implications of these findings. We investigated the nature of HPWP in union and non-union workplaces. In doing so we contributed to the debate on whether HPWP individual and direct voice are a substitute for collective voice by finding that non-union workplaces focus on voice practices in HPWP adoption and suggesting they do this because they lack the voice mechanisms provided by unions. Secondly, we found that non-union workplaces were less likely to introduce employee security in their suite of HPWP which may have implications for the effectiveness of HPWP. Thirdly, we found that employee empowerment was a less likely HPWP component in non-union workplaces, contradicting the assumption that unions introduce restrictive work practices. Most significantly, our research supported the proposition that employee relations moderate the relationship between union presence and HPWP adoption, which have been linked to superior organisation performance, contradicting the simplistic notion that unions are ‘bad for business’. Overall, we have demonstrated that unions, when coupled with good employee relations, facilitate the adoption of HPWP and consequently have a positive impact on organisational competitiveness. This has implications for Government and organisation approaches to union presence and management in organisations. In particular, given that Bryson and his colleagues (2004; 2006) have demonstrated that management is crucial in determining the outcomes from union and employer interactions, this research stresses the importance of focussing on management attitudes to unions.
References


**Figures and Tables**

**Figure 1. The impact of unions on productivity**

- **NEGATIVE**
  - Increased Wages
  - Restrictive work practices inhibit introduction of HPWP
  - Encourage management to introduce more productive work practices
  - Facilitate implementation of productive work practices through employee voice, trust and commitment
  - Collective voice reduces employee withdrawal: quit rates down, tenure up, recruitment and training costs down; reduced cost of employee negotiations

- **POSITIVE**

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**Quality of Industrial Relations**
Figure 2: The Effect of Employee Relations on HPWP Adoption with standardised weights shown for workplaces with and without a union presence
### Table 1: Exploratory Factor Analysis for HPWP and Employee Relations

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retraining, redeployment and employability take precedence over downsizing</td>
<td>1.009</td>
<td>.031</td>
<td>.060</td>
<td>-.020</td>
</tr>
<tr>
<td>This work place is committed to avoiding downsizing where possible</td>
<td>.595</td>
<td>-.013</td>
<td>-.100</td>
<td>.009</td>
</tr>
<tr>
<td>Management treats employees as its most important asset and a source of competitive advantage</td>
<td>.085</td>
<td>.776</td>
<td>-.062</td>
<td>.010</td>
</tr>
<tr>
<td>In this work place coordination and control are based more on shared goals, values and traditions than monitoring and sanctions</td>
<td>-.046</td>
<td>.725</td>
<td>-.063</td>
<td>.104</td>
</tr>
<tr>
<td>Supervisors facilitate rather then direct the workforce through their interpersonal and conceptual ability</td>
<td>-.035</td>
<td>.710</td>
<td>-.113</td>
<td>.108</td>
</tr>
<tr>
<td>This work place uses amicable planning and problem solving rather than adversarial employee relations</td>
<td>.208</td>
<td>.590</td>
<td>.069</td>
<td>.097</td>
</tr>
<tr>
<td>The overall workplace relationship between managers and employees is excellent</td>
<td>.055</td>
<td>.525</td>
<td>-.022</td>
<td>.346</td>
</tr>
<tr>
<td>Management does not treat employees as an expense of doing business</td>
<td>.008</td>
<td>.440</td>
<td>-.103</td>
<td>.076</td>
</tr>
<tr>
<td>Management does not believe that employees must be controlled by external sanctions</td>
<td>-.005</td>
<td>.425</td>
<td>.061</td>
<td>-.018</td>
</tr>
<tr>
<td>All employees in this workplace are managed in the same way</td>
<td>.003</td>
<td>.310</td>
<td>-.118</td>
<td>-.082</td>
</tr>
<tr>
<td>In this work place information is shared widely at all levels</td>
<td>.057</td>
<td>-.020</td>
<td>-.862</td>
<td>.066</td>
</tr>
<tr>
<td>In this work place employee participation is encouraged on a wide range of issues</td>
<td>.102</td>
<td>.093</td>
<td>-.767</td>
<td>.070</td>
</tr>
<tr>
<td>Employee views are actively sought through processes such as attitude surveys</td>
<td>.010</td>
<td>.342</td>
<td>-.343</td>
<td>-.045</td>
</tr>
<tr>
<td>Management believes that employees are primarily self-motivated and self-controlled</td>
<td>-.062</td>
<td>.051</td>
<td>-.145</td>
<td>.633</td>
</tr>
<tr>
<td>This workplace puts greater emphasis on hiring employees based on cultural fit than on hiring for specific job-relevant skills</td>
<td>.049</td>
<td>-.031</td>
<td>.038</td>
<td>.466</td>
</tr>
<tr>
<td>This workplace reduces status distinctions to de-emphasise hierarchy</td>
<td>-.004</td>
<td>.237</td>
<td>-.062</td>
<td>.416</td>
</tr>
</tbody>
</table>
Table 2: Descriptive Statistics and Correlations (*p<.01, **p<.001)

<table>
<thead>
<tr>
<th></th>
<th>Employee Relations (ER)</th>
<th>Employee Voice (EV)</th>
<th>Employee Security (ES)</th>
<th>Employee Empowerment(EE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Means</td>
<td>4.56</td>
<td>4.53</td>
<td>4.54</td>
<td>3.97</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.04</td>
<td>1.41</td>
<td>1.59</td>
<td>1.13</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>.842</td>
<td>.799</td>
<td>.759</td>
<td>.584</td>
</tr>
<tr>
<td>Correlations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Relations</td>
<td>1.000</td>
<td>.661**</td>
<td>.339**</td>
<td>.499**</td>
</tr>
<tr>
<td>Employee Voice</td>
<td>.661**</td>
<td>1.000</td>
<td>.307**</td>
<td>.376**</td>
</tr>
<tr>
<td>Employee Security</td>
<td>.339**</td>
<td>.307**</td>
<td>1.00</td>
<td>.203*</td>
</tr>
<tr>
<td>Employee Empowerment</td>
<td>.499**</td>
<td>.376**</td>
<td>.203*</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Table 3: HPWP adoption according to employee relations and union presence

<table>
<thead>
<tr>
<th></th>
<th>Mean (SD)</th>
<th>ANOVA Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not Good</td>
<td>Good</td>
</tr>
<tr>
<td>Employee Relations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Union Presence</td>
<td>No (a)</td>
<td>Yes (b)</td>
</tr>
<tr>
<td></td>
<td>(1.65)</td>
<td>(1.28)</td>
</tr>
<tr>
<td>Employee Voice</td>
<td>3.28</td>
<td>4.09</td>
</tr>
<tr>
<td></td>
<td>(1.01)</td>
<td>(1.00)</td>
</tr>
<tr>
<td>Employee Security</td>
<td>5.08</td>
<td>4.12</td>
</tr>
<tr>
<td></td>
<td>(1.41)</td>
<td>(1.66)</td>
</tr>
<tr>
<td>Employee Empowerment</td>
<td>4.00</td>
<td>3.52</td>
</tr>
<tr>
<td></td>
<td>(1.01)</td>
<td>(1.00)</td>
</tr>
<tr>
<td>Sample Size</td>
<td>13</td>
<td>92</td>
</tr>
</tbody>
</table>

(*) Contrasts: (a+c-2b) for hypothesis 1, (2d-a-c) for hypothesis 2, (d-b) for hypothesis 3.