



# **The effect of trade unions on High Performance Work Systems (HPWS): Assessing the impact of trade union power and the mediating role of industrial relations climate**

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# Introduction

## Background

- An original survey of union representatives in England covering all regions and all major unions affiliated with TUC
- The survey instrument encompassed basic facets of workplace employment relations involving union characteristics, working conditions and human resource practices

## Aim of the study

- To explore the relationship between the elements of trade union power and organisational adoption of High Performance Work Systems (HPWS)

## Key argument

- Positive industrial relations climate is an enabler for organisational adoption of HPWS
- It offsets conflicting impacts of the elements of trade union power and contributes positively towards HPWS in unionised workplaces

# Theoretical background

## *High Performance Work Systems*

- High Performance Work Systems (HPWS) are a set of innovative human resource practices aimed to help employees conduct their job roles in ways consistent with organisational objectives (Appelbaum et al., 2000; Wood et al., 2012)
- The foremost goal of HPWS is to increase organisational effectiveness through employee skills development and active involvement in workplace activities (Boselie, 2010; Guest, 2011)
- HPWS are conventionally portrayed along a spectrum of following practices (Appelbaum et al., 2000; Ichniowski et al., 1997):
  - Recruitment and selection
  - Information sharing activities
  - Employee participation in the decision-making process
  - Training
  - Pay by performance and performance appraisal

# Theoretical background

## *Trade Unions and HPWS*

- Existing literature focused more on the outcomes of HPWS; very little attention is being paid to the determinants of organisational adoption of HPWS (Huselid, 1995)
- Trade unions is a missing link in HPWS research, particularly in relation to union impact on the adoption of HPWS (Cook, 2014; Bryson et al., 2005)
- Where trade unions are considered, two contrasting perspectives prevail (Bryson et al., 2005; Gill & Meyer, 2013; Deery et al., 2014):
  - Microeconomic perspective wherein trade unions are deemed to undermine organisational performance (Freeman & Medoff, 1984; Hirsch, 2004). In such an adverse environment organisations are less likely to adopt HPWS (Kaufman, 2004)
  - Mutual gains literature wherein cooperative relationships between trade unions and employers are thought to facilitate the adoption of HPWS (Bryson et al., 2006; Belanger & Edwards, 2007; Deery et al., 2014)

# Theoretical background

## *the elements of union power and HPWS*

- The effect of trade unions on the adoption of HPWS is unlikely homogeneous (Deery et al., 2004; Kaufman, 2004).
- Different characteristics of trade unions may produce contrasting effects on organisational adoption of HPWS (Bryson et al., 2006)
- Trade union ability to exert a significant influence in the workplace (union power) may foster union involvement in the decision-making process. Subsequently, trade unions contribute positively towards the adoption of HPWS (Cook, 2012; Gill & Meyer, 2011)
- Trade union reliance on collective mobilisation denotes an adversarial type of relationship between unions and managers, which precludes the adoption of HPWS (Hirsch, 2004; Kaufman, 2004)
- Within the logic of neoclassical economics if trade union power is derived from the potential for collective mobilisation of union members the likelihood of adopting HPWS is likely to be very low (Freeman & Medoff, 1984)

# Hypotheses

- *Hypothesis 1a:* Trade union power positively affects the likelihood of organisational adoption of HPWS
- *Hypothesis 1b:* Trade union reliance on collective mobilisation of union members negatively affects the likelihood of organisational adoption of HPWS
- *Hypothesis 2:* Trade union reliance on collective mobilisation negatively moderates the effect of union power on the adoption of HPWS such that if union power is derived from collective mobilisation of union members its positive effect on organizational adoption of HPWS deteriorates

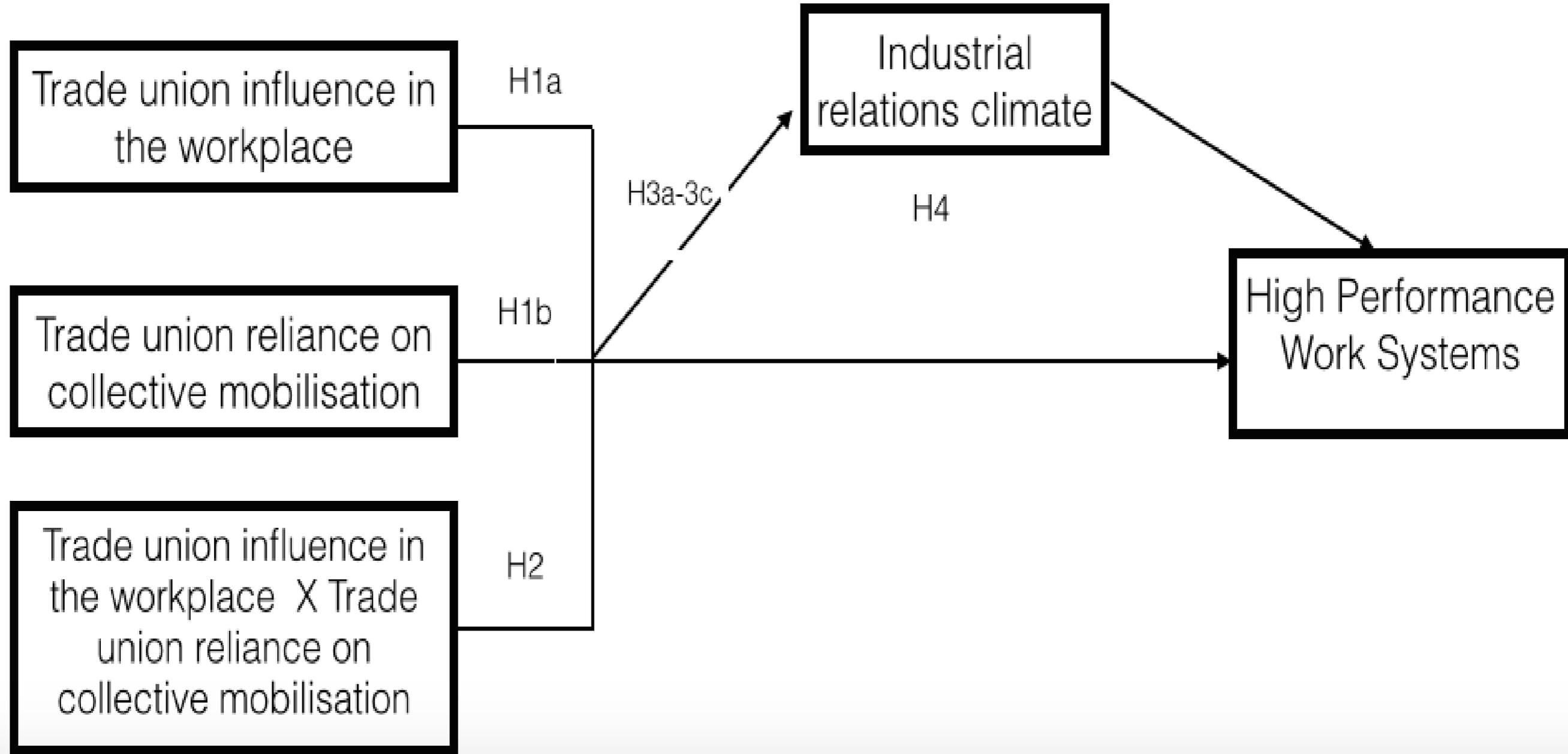
# The role of industrial relations climate

- The foregoing hypotheses do not explicitly capture the determinants of trade unions' impact on the adoption of HPWS
- An overlooked variable in mainstream HRM research is industrial relations climate (Kafferky and Dundon, 2015)
- Industrial relations climate indicates the nature and quality of relationships between organisational members, i.e. trade unions and employers (Dastmaltchian et al., 1989)
- Key suggestion: Industrial relations climate mediates the relationships between the elements of trade union power and organisational adoption of HPWS (Bryson et al., 2005; Gill and Meyer, 2013; Deery et al., 2014):
- Steps within the causal mediation analysis (Baron and Kenny, 1986):
  - Establish the relationship between independent variable(s) and dependent variable(s) – Hypotheses 1a-1b and 2
  - Establish the relationship between a mediator and dependent variable(s)
  - Adding a mediator in the model absorbs the effect of independent variable(s) on dependent variable(s)

# The role of industrial relations climate

- In other words, trade unions act towards organisational adoption of HPWS indirectly, through industrial relations climate. The latter then enables the adoption of HPWS
- *Hypothesis 3a.* Trade union power is associated with industrial relations climate
- *Hypothesis 3b:* Trade union reliance on collective mobilisation of union members is associated with industrial relations climate
- *Hypothesis 3c:* An interaction effect of trade union power and union reliance on collective mobilisation is associated with industrial relations climate
- *Hypothesis 4:* Industrial relations climate mediates the effects of trade union power, union reliance on collective mobilization and their interaction on the adoption of HPWS

# Theoretical model and data



- An original survey of union representatives in England covering all regions and all major trade unions
- An online survey administered with the assistance of Qualtrics online platform. The survey yielded 400 complete responses

# Measurements

- All study variables were latent and measured by 7-point Likert-type manifest variables
- All measurement scales were derived from prior research. Convergent and discriminant validity were established by means of Confirmatory Factor Analysis (CFA), Composite Reliability (CR) and Average Variance Extracted (AVE)

## ***Dependent variable: HPWS***

- Eight items that captured all facets of HPWS (Zhang & Li, 2009; Sun et al., 2007). The scale is internally consistent – Cronbach's Alpha = 0.797

## ***Independent variables***

- Trade union power: three items that reflected a perceived ability of trade unions to exert influence in the workplace (Chacko, 1985; Chacko & Greer, 1982). The scale is internally consistent – Cronbach's Alpha = 0.893
- Union reliance on collective mobilisation: two items that denoted the extent to which trade unions rely on solidarity among union members and their willingness to take an industrial action (Kelly, 1997). The scale is internally consistent – Cronbach's Alpha = 0.752

# Methods

- Structural equation modelling with robust maximum likelihood estimator (Bagozzi & Yi, 2012)
- The following tests were used to rule out biases:
  - Harman's single factor test – *common method variance* (Podsakoff et al., 2003)
  - Marker variables test – *common method variance* (Lindell & Whitney, 2001)
  - Single common latent factor – *common method variance* (Podsakoff et al., 2003)
  - Comparing the first and fourth quartiles of responses for statistically significant differences in demographics and between the means of study variables – *non-response bias* (Armstrong & Overton, 1977)
- Mediation analysis – assumes that the effect of an independent variable is indirect and occurs through a third variable (Baron and Kenny, 1986). The PRODCLIN and Monte Carlo simulation were used to derive confidence intervals for indirect relationships (MacKinnon et al., 2010)

## Direct effects of trade union power and union reliance on collective mobilisation on the adoption of HPWS and on industrial relations climate

	HPWS	Climate
Tenure	0.059 (0.040)	0.080 (0.063)
Gender	-0.012 (0.088)	-0.018 (0.137)
Sector	0.034 (0.086)	-0.013 (0.131)
Size	-0.016 (0.058)	-0.047 (0.090)
Density	<b>-0.127*</b> <b>(0.041)</b>	0.015 (0.062)
Agreement	-0.106 (0.080)	<b>-0.125**</b> <b>(0.121)</b>
Industry	0.076 (0.067)	0.076 (0.102)
Industrial action	0.094 (0.081)	0.082 (0.124)
<b>Union influence</b>	<b>0.411***</b> <b>(0.035)</b>	<b>0.580***</b> <b>(0.053)</b>
<b>Collective mobilisation</b>	<b>-0.258***</b> <b>(0.034)</b>	<b>-0.327***</b> <b>(0.059)</b>
<b>Union influence X Collective mobilisation</b>	-0.023 (0.024)	-0.017 (0.027)

Sample size: 382. Fit indices: Chi-square=400.493, degrees of freedom (241) at p<0.001; CFI=0.959; TLI=0.950; RMSEA=0.042; SRMR=0.067. \*\*\* p<0.001; \*\* p<0.01; \* p<0.05

Mediated effects through industrial relations climate		
	HPWS	
Tenure	0.008 (0.036)	
Gender	-0.001 (0.077)	
Sector	0.041 (0.075)	
Size	0.013 (0.051)	
Density	-0.137* (0.037)	
Agreement	-0.025 (0.071)	
Industry	0.028 (0.059)	
Industrial action	0.043 (0.071)	
<b>Union power</b>	0.026 (0.034)	
<b>Collective mobilisation</b>	-0.038 (0.031)	
<b>Union power X Collective mobilisation</b>	-0.013 (0.022)	
<b>Climate</b>	<b>0.672***</b> <b>(0.047)</b>	
<b>95 % confidence intervals derived from PRODCLIN and Monte Carlo methods</b>		
	Lower 5 %	Upper 5 %
<b>Union power</b>	0.159	0.264
<b>Collective mobilisation</b>	-0.135	-0.054

# Conclusions

- Union power positively affects the adoption of HPWS in unionised workplaces
- Taken alone, trade union reliance on collective mobilisation impedes organisational adoption of HPWS. However:
  - Even if trade unions derive their power from collective mobilisation of union members, a positive effect of union power on the adoption of HPWS remains stable
  - Both union power and union reliance on collective mobilisation are secondary in that industrial relations climate is the variable that enables the adoption of HPWS in unionised workplaces
- The adoption of HPWS depends on the nature and quality of union-management relationships rather than on individual characteristics of trade unions

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