

UNIVERSITY OF ALBERTA

**To Compete or Cooperate? Three Essays on the Relationship Between
Unions and Employee and Organizational Outcomes: The Moderating
Effect of Management's Response**

by

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DEDICATION

To my mom and dad.

ABSTRACT

In their highly influential work on the labour market impact of unions termed the collective voice/institutional response model (CVIR), Freeman & Medoff (1984) proposed that whether the union's monopoly or voice face would prevail greatly depended on the union's and management's willingness to compete or cooperate, respectively. However, these authors and the researchers that tested their ideas afterwards neither theorized about nor tested this key moderating condition of a union's impact. The result has been a confusing, mixed and generally inconclusive litany of research findings about the impact of unions at both the individual and organizational levels of analysis. I attempt to resolve this gap in CVIR by using the appropriateness framework (March 1994) to identify when and under what conditions management and unions, along with their members, will respond cooperatively or competitively toward each other. My empirical results are consistent with the idea that management response is a key moderating mechanism of a union's power and thus impact, contributing to zero or negative sum outcomes when management chooses to compete (i.e., union power is exerted in the direction of harmful monopoly effects) and positive sum outcomes when management chooses cooperation (i.e., union power is exerted in the direction of beneficial voice effects). In particular, when environmental cues lead the union and/or unionized employees to believe that management values voice, they will consider "cooperation" an appropriate response under the circumstances and reciprocate in-kind with other-regarding behaviors. On the other hand, when environmental cues lead the union or unionized employees to

believe that management may potentially behave opportunistically, they will consider “competition” appropriate under the circumstances, and respond in-kind with self-serving, competitive behaviours. Drawing upon the resource-based view of the firm, I argue how a cooperative union-management relationship can be a source of sustainable competitive advantage for the organization (Barney, 1991).

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CHAPTER 1

INTRODUCTION

Unions are one of the most controversial institutions in liberal market economies. The net impact of unions on individuals, organizations, and society has been under debate since the advent of industrial democracy (Webb & Webb, 1902), with neoclassical economists generally touting the negative economic effects of unions on the one hand (Friedman & Friedman, 1980), and institutional economists and industrial relations scholars focusing on the positive normative and political aspects on the other (Kaufman, 2005). Freeman and Medoff attempted to address some of the controversy surrounding unions by introducing a model of collective voice/institutional response (CVIR) in their seminal book entitled *What Do Unions Do?* (1984). Extending the exit-voice-loyalty framework (Hirschman, 1970), they gave credence to both sides by showing that unions can have both negative and positive effects, coined the monopoly and voice faces, respectively. However, subsequent empirical research in this area has been plagued by conflicting findings (Doucouliagos & Laroche, 2003; 2009; Verma, 2005), and the explanatory power of CVIR has thus been called into question (Addison & Belfield, 2004; Kaufman, 2004).

The major limitation is that the development of CVIR solely within the purview of the microeconomic neoclassical framework largely neglects boundedly rational behavioural explanations surrounding the impact of unions (Kaufman, 2005). For instance, although Freeman and Medoff originally proposed that the responses of union and management to each other would be

critical in determining whether the monopoly or voice face of unions would be more dominant, they did not theoretically elaborate upon this critical contingency, and bypassed it completely in their empirical examination of the net impact of unions. Furthermore, the negative monopoly and positive voice effects of unions cannot exist separate and independent from union strength and power (Addison & Belfield, 2004; Kaufman, 2004; 2005). Therefore, the dual consequence of a union's power means that its impact is subject to the moderating effects of other factors such as management's response to the union and the value management places on employee voice in the organization. However, subsequent empirical research on unions has either completely discounted the institutional and management response portion of CVIR (Bryson, Charlwood & Forth, 2006), or has introduced ad hoc moderators of union impact like union-management cooperation, without reconciling the challenges of such cooperation within the CVIR model itself (e.g., Black & Lynch, 2001; Deery & Iverson, 2005; Schuster, 1983). As a result of these limitations, theory and research on union impact has contributed to a very simplistic and inconclusive understanding of the mechanisms through which unions affect individual, organizational and ultimately societal outcomes (Doucouliagos & Laroche, 2003; Hirsch, 2004).

My dissertation contributes to the union impact literature in particular, and the industrial relations literature more generally, by resurrecting and elaborating upon the institutional response portion of CVIR to determine when and under what circumstances unions will have a positive or negative impact on individuals and organizations. I theoretically and empirically resolve some of the controversy

surrounding the two faces of unions through integration of CVIR with the appropriateness framework (March, 1994) as applied to the decisions of management and the union to cooperate or compete with each other in a classic social dilemma situation (Weber, Kopelman & Messick, 2004). Unlike the rational choice framework underlying CVIR, the appropriateness framework better accounts for the forces for and against cooperation in a union-management relationship by conceptualizing decision-makers as being influenced by environmental cues, their own unique identity or socially defined roles, and the application of norms or rules appropriate to the situation (March, 1994; Weber et al., 2004).

The format of my dissertation follows the three-paper model. The first paper in Chapter 2 is a theoretical essay that outlines my proposal for a new direction for union impact research. The second paper in Chapter 3 is an empirical essay on the impact of unions on organizational level outcomes, while the third paper in Chapter 4 is an empirical essay on the impact of unions on employee level outcomes. Chapter 5 concludes by summarizing the primary contributions of the dissertation overall. Each of the three papers is summarized briefly here in turn.

Chapter 2 is a theoretical essay titled: “Toward a Theory of a Cooperative Union-Management Relationship as a Source of Sustainable Competitive Advantage: A Social Dilemma and Appropriateness Framework Perspective”. Chapter 2 sets the stage for the dissertation as well as a future program of research by outlining how existing models in industrial relations, particularly CVIR, do not

adequately explain the theoretical mechanisms through which unions positively or negatively affect individual and organizational outcomes. I draw upon the appropriateness framework (March 1994; Weber et al., 2004) to explain how management and union signals of competitive or cooperative behavior play a key moderating role in determining the response of the other party. Focusing on the application of this idea to the union impact literature, I argue that when environmental cues lead the union and/or unionized employees to believe that management values voice and wishes to cooperate, they will consider “cooperation” an appropriate response under the circumstances and reciprocate in-kind with other-regarding, cooperative behaviors. On the other hand and more commonly, when environmental cues lead the union or employees to believe that management may potentially behave opportunistically, they will consider “competition” an appropriate response and respond in-kind with a self-serving, competitive focus. I end by outlining how a cooperative union-management relationship can be a source of sustainable competitive advantage in the sense that it is valuable, rare, not easily imitated and non-substitutable (Barney, 1991).

Chapter 3 draws upon ideas presented in the theoretical framework in Chapter 2, and is titled: “The Moderating Effect of Management Signals of Cooperation on the Relationship Between Union Density and Organizational Outcomes”. Using a longitudinal panel data set of Canadian organizations (e.g., the Workplace and Employment Survey: WES) from 1999-2006 collected by Statistics Canada (2007), I empirically show that an employee focus strategy (i.e. where management is dedicated to investments in employees, increasing

employee involvement and participation, and improving labor-management cooperation) moderates the relationship between union density (e.g., a measure of union power or strength) and measures of workplace conflict, climate, turnover, dispute resolution, employment growth, and profitability. Taken together, the results generally support the proposition that when management signals it is committed to cooperating with the union through an employee focus strategy, the positive benefits of union power and strength are enhanced, and the negative effects attenuated, and vice versa when management does not provide a clear signal of its intention to cooperate, although the results only hold in small and medium-sized workplaces (less than 100 employees). Unfortunately the WES data is not rich enough to examine the alternative question of what effect union response has on management willingness to compete or cooperate. This is a question for future research to address.

Chapter 4 is titled: “The Moderating Effect of Management Support for Voice on the Relationship Between Union Status and Employee Outcomes”. Chapter 4 follows in the steps of the first two papers by applying the same theory to the impact of union status at the individual level of analysis. Using the WES, I show that management support for employee voice moderates the relationship between individual union status and employee attitudes and behaviors such as voice, job satisfaction, absenteeism, pro-social discretionary behavior, and workplace conflict. In the context of the appropriateness framework, when management provides strong signals that employee voice is valued through support of practices that encourage employee voice, the positive benefits of

unions are enhanced, and the negative effects attenuated. The opposite is true when management does not provide such signals. Again, a complete test of a continuous exchange relationship between the union and management is hampered by the fact that the WES dataset does not provide measures of union signals of cooperation or competition toward management.

It has been stated that “the central intellectual and practical challenge of [industrial relations] is to discover ‘some mutual relationship between Labor and Capital, which would afford to Labor the protection it needs against oppression and exploitation, while at the same time promoting its efficiency as an instrument of economic production’” (Rockefeller, 1923, c.f. Kaufman, 2008). By elaborating upon the conditions under which a cooperative union-management relationship may be established, and highlighting its potential to become a source of sustainable competitive advantage for organizations while at the same time ensuring employee well-being, my dissertation attempts to address this challenge.

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CHAPTER 2

**TOWARD A THEORY OF A COOPERATIVE UNION-MANAGEMENT
RELATIONSHIP AS A SOURCE OF SUSTAINABLE COMPETITIVE
ADVANTAGE: A SOCIAL DILEMMA AND APPROPRIATENESS
FRAMEWORK PERSPECTIVE**

ABSTRACT

Existing theoretical models in industrial relations do not adequately explain the mechanisms through which unions positively or negatively affect individual and organizational outcomes. I propose a theory that expands the black-box of the collective voice/institutional response model of union impact by drawing upon the appropriateness framework to explain the decisions of the union and management to compete or cooperate with each other in a classic social dilemma. I argue that management's response in particular plays a key moderating role in determining union impact on individual and organizational outcomes, although the history of interactions between the parties, as well as the union's response also matter. Using the resource-based view of the firm, I outline why a cooperative union-management relationship is a source of sustainable competitive advantage for an organization in the sense that it is valuable, rare, not easily imitated, and non-substitutable.

As in many areas in economics and industrial relations, theory does not establish an unambiguous association between unions and [outcomes of interest]...[and] the empirical literature has not resolved the conflicting arguments.

(Doucouliagos & Laroche 2003: 681)

In most liberal market economies, the role and power of a union to collectively regulate and potentially threaten the supply of labor available to the organization is viewed as a social bad insofar as it bids employee wages above competitive levels and ultimately threatens organizational growth, profitability and survival (Addison & Belfield 2004a; 2004b; Bryson 2004; Hirsch 2008; Doucouliagos & Laroche 2009). Whilst recognizing these negative effects, industrial relations scholars also identify the potential social good of a union's representational role, as it can be used to reduce conflict and turnover, more efficiently provide public goods in the workplace, generate productivity enhancing ideas and encourage greater work effort, all of which have positive consequences for organizational performance (Freeman & Medoff, 1984).

In their seminal theory of collective voice/institutional response (CVIR), Freeman and Medoff (1984) referred to these twin faces of unionism as the union's monopoly and voice faces, respectively. They proposed that whether the monopoly or voice face would prevail greatly depended upon management and unions' responses to each other (Freeman & Medoff, 1984: 165). Where the parties responded appropriately through cooperation rather than competition, the

union-management relationship was advocated to be a preferred method of labour market regulation.

Although CVIR has had a profound effect on industrial relations theory, research and practice surrounding unions (see Addison & Belfield, 2004a), it is not without its detractors or skeptics. A review of the extant research illustrates this point. For instance, at the individual level of analysis CVIR would predict that union voice should reduce turnover, resolve grievances, tap into creative productivity enhancing ideas and increase worker's satisfaction. Yet while the empirical literature is clear that unionized employees are less likely to quit (Cotton & Tuttle, 1986), they are also more likely to exhibit a continuance rather than affective form of commitment to the organization (Luchak, 2003), only the latter form of commitment being positively associated with in-role and extra-role behaviours (Meyer et al., 2002). Furthermore, grievance filers have been shown to be victimized by management (Lewin, 1999), and many loyal unionized employees avoid retribution for using voice by suffering in silence (Boroff & Lewin, 1997). Not surprisingly, unionized workers are thus often found to exhibit lower overall levels of job satisfaction (Hammer & Avgar, 2005), and have higher rates of absenteeism than non-unionized employees (Allen, 1984; Mefford, 1986). At the organizational level of analysis, although unions have been shown to increase productivity (Freeman & Medoff, 1984), this is hardly a consistent finding (Doucouliagos & Laroche, 2003), and the productivity-enhancing potential of a union is generally insufficient to pay for its higher wage and benefit costs, leaving the organization less profitable (Doucouliagos & Laroche, 2009).

The aforementioned findings paint a bleak picture of the union-management relationship as a preferred method of labour market regulation. Against this backdrop, it is not difficult to imagine why utility maximizing employers would choose to resist unionization (Klasa, Maxwell & Ortiz-Molina, 2009; Logan, 2006), why a union might question the motives of a management interested in encouraging its cooperation (Reshef & Lam, 1999), why unions and unionized employees may be reluctant or skeptical about using voice for anything but a reactive attempt to preserve the status quo (Reshef, 2004), or why an adversarial form of union-management relations is the most common to observe, particularly in North America (Post, 1990). At least two important, inter-related reasons have held back CVIR research from yielding more conclusive findings about the merits or short-comings of unions for individuals and organizations. Each is discussed in turn.

The first is that CVIR fails to account for the common origins of both the monopoly and voice effects in the power or strength of the union itself (Kaufman, 2004). In other words, management is often only willing to listen to the voice of a third party like a union when faced with the threat of restrictions or sanctions from it. Thus, if higher union power increases the potential for both monopoly and voice effects, then how might the theory distinguish when one effect or the other will prevail? This dual consequence of a union's power means that if Freeman and Medoff's assertions about the merits of union voice are true, then the union's impact must be subject to the moderating effects of some third factor. And although some research has examined labour-management cooperation or

climate as such a factor (Black & Lynch, 2001; Deery, Erwin & Iverson, 1999; Deery & Iverson, 2005; Metcalfe, 2003; Schuster, 1983), none of this research has been satisfactorily reconciled with the CVIR framework generally, and the risks to management and unions of competing or cooperating with each other in particular.

The second and related reason is that management's response to the union and the union's response to management have never been fully elaborated upon other than to say that cooperation should be preferred over competition (Freeman & Medoff, 1984; Kaufman, 2004). The choice of the union and management to cooperate or compete with each other is a classic example of a social dilemma (Dawes, 1980; Messick & Brewer, 1983; Weber, Kopelman & Messick, 2004) in that each party stands to gain more by acting selfishly and competing (rather than cooperating) but stands to lose if both parties act selfishly and compete with each other. In this context, cooperation is the motivation of a party to maximize its joint outcomes with the other, while competition is the motivation of a party to maximize its outcomes relative to those of the other party (Weber et al., 2004). As will be discussed, cooperation between management and the union is not easily predicted by CVIR without assuming actor rationality and access to complete information by each of the parties, a consequence of the development of CVIR within the standard neoclassical model (Kaufman, 2005). In practice, however, both unions and management are likely to be bounded in their rationality (Simon, 1955; 1982), and have access to imperfect information (Coase, 1937; Williamson,

1975), particularly with respect to the other party's intentions toward acting opportunistically by choosing to compete (Barney & Hansen, 1994).

In this paper, I draw upon the appropriateness framework (March 1994; Weber et al., 2004) in order to address the aforementioned limitations of CVIR, and to better explain the decisions of management and the union to cooperate or compete with each other. The appropriateness framework conceptualizes decision-makers as operating within socially defined roles, and possessing bounded rationality and imperfect information. In the face of these limitations surrounding maximizing utility, decision-makers pay attention to cues in their environmental context to make judgments about what might be considered an appropriate course of action under the circumstances (Weber et al., 2004).

Although the union's response to management is also critical to developing a cooperative relationship, key propositions in strategic choice theory support the notion that management acts and unions react (Kochan, Katz & McKersie, 1986). Therefore, drawing upon the role of identity in the appropriateness framework (March, 1994), I propose that management response is a key moderating mechanism of a union's power and thus impact, contributing to zero or negative sum outcomes when management chooses to compete (i.e., union power is exerted in the direction of harmful monopoly effects) and positive sum outcomes when management chooses cooperation (i.e., union power is exerted in the direction of beneficial voice effects). In particular, when environmental cues surrounding management behaviours lead the union and/or unionized employees to believe that management values voice and wishes to cooperate, they will

consider “cooperation” an appropriate response under the circumstances and reciprocate in-kind with other-regarding, cooperative behaviors. Using the resource-based view of the firm, I argue how a cooperative union-management relationship can be a source of sustainable competitive advantage in the sense that it is valuable, rare, not easily imitated and non-substitutable (Barney, 1991). On the other hand and more commonly, when environmental cues lead the union or unionized employees to believe that management may potentially behave opportunistically, they will consider “competition” an appropriate response and respond in-kind with a self-serving, competitive focus. Although beyond the scope of this paper’s focus on understanding a union’s impact, the history of interactions surrounding competitive or cooperative signals and subsequent behaviours between the parties will also determine whether or not a cooperative relationship can be established. In particular, the choice of management to compete or cooperate will itself be influenced by the signals it receives from the union and its membership to compete or cooperate, respectively.

The topic of this paper is important for at least two reasons. First, it helps explain the common tendency of the union to engage in or revert to a competitive, adversarial relationship with management despite the seeming desirability to outside observers of cooperating (Hammer & Stern, 1983). That is, even though the union knows it may be able to create the opportunity for positive sum outcomes and competitive advantage through cooperation, it declines to do so because North American management generally states a value preference for operating union-free (Logan, 2006), and informational asymmetries about

management's intentions create a very real prospect of being exploited if management chooses to compete instead (Arrow, 1974; Williamson, 1985). By competing the union preserves its interests and protects itself from exploitation, but does so at the cost of further eroding the union-management relationship, and ultimately organizational effectiveness.

Second, this paper provides a basis for reconciling the many conflicting empirical findings in the literature on union impact and guiding future research on CVIR. At the individual level of analysis, environmental cues that signify that voice is valued rather than punished may moderate the decision to use voice and consequences stemming from that decision. Failure to account for this important point may explain why some unionized employees may choose exit over voice, or face victimization for using voice and experience negative workplace attitudes as a result. At the organizational level of analysis, environmental cues from management will assist the union in making calculated choices about whether to use its power to collectively regulate work effort to create positive, zero or negative sum outcomes with the organization.

In the next sections, I highlight the key characteristics and criticisms of CVIR, and how integration of CVIR with the appropriateness framework enhances our understanding of union impact and union-management relations. The remainder of the paper will focus on outlining how achieving a cooperative relationship between the union and management can provide a source of sustainable competitive advantage for organizations (Barney, 1991). Concluding

the paper is a discussion surrounding the potential research applications, contributions and extensions of the integrated model.

COLLECTIVE VOICE/INSTITUTIONAL RESPONSE

Arguably, the most influential model of union impact on individuals and organizations to date is the theory of collective voice/institutional response (CVIR: Freeman and Medoff 1984). CVIR distinguishes between the positive and negative views of unions. The negative view, otherwise referred to as the “monopoly face”, arises primarily out of research in the neo-classical economic tradition (e.g., Friedman and Friedman 1980). According to this view, unions are a negative social influence and contribute to inefficiency in labor markets and organizations (Kaufman, 2004). The ability of unions to collectively withhold work effort through such means as restrictive work practices, strikes and other forms of industrial action allows them to raise wages and benefits above competitive levels (Booth, 1995; Hirsch & Addison, 1986; Lewis 1986). Unions also reduce the ability of management to get rid of “dead wood” and underperforming employees (Kaufman, 2004).

On the other hand, the positive view of unions proposed by Freeman and Medoff arises out of research on the exit-voice model (Hirschman, 1970), which portrays unions as providing employees an alternative mechanism to exit for addressing workplace problems (Addison and Belfield 2004a) and is otherwise referred to as the “voice face” of unions. Under this view, unions provide a unique governance mechanism that reduces employee fear of exploitation, creating more efficient long-term contracting because employees are more willing to engage in

behaviors that help the organization improve its operations and make other investments in the relationship (Addison and Belfield 2004a; Kaufman, 2004). Advocates of the voice face also claim that unions improve efficiency in the provision of public goods in the workplace by solving free rider problems (Freeman & Medoff, 1984), “shock” management into adopting more effective and efficient employment policies and workplace practices (Leibenstein, 1966; Slichter, Healy, & Livernash, 1960), and/or enhance the use of human capital, as lower turnover reduces costs associated with hiring and the loss of firm-specific training investments (Menezes-Filho, Ulph, & van Reenen, 1998).

As already mentioned, empirical research at both the individual and organizational level has not provided conclusive evidence regarding union impact in either direction (Addison & Belfield, 2004a; Doucouliagos & Laroche, 2003). In the next section, I highlight how the appropriateness framework provides a theoretical basis for integration between the two opposing views of union impact, and helps reconcile the conflicting empirical results.

THE APPROPRIATENESS FRAMEWORK

March (1994) argues that decision-makers possess bounded rationality, and consider information sequentially rather than simultaneously. Facing quite serious limitations in attention, memory, comprehension and communication, decision-makers attempt to satisfice by choosing an alternative that exceeds some target rather than maximize by choosing the best alternative. Rather than adopting a logic of consequence to inform decisions, the appropriateness framework highlights that decisions are shaped by environmental cues, the identity of the

decision-maker(s), and the application of norms or rules (March, 1994). Decision-makers view a situation through the lens of their own idiosyncratic identities or socially defined roles (e.g., personality, values, history, experience, etc.), yielding an initial definition or classification of the situation as one type or another (e.g., is this a cooperative or competitive situation? Weber et al., 2004). In so doing, the identity or socially defined role of the decision-maker may affect which environmental cues are attended to, leading the decision-maker to favor certain interpretations of the situation over others. The definition of the situation informs the decision-maker about the norms, expectations, rules, learned behaviours, skills, and/or possible strategies that are relevant and should be used to decide upon an appropriate response in the situation. Part of what makes the appropriateness framework different from rational choice models of decision-making is that choice is a consequence of the application of rules understood to be appropriate to a situation, rather than a deliberate calculation of expected utility between response options (Weber et al., 2004).

The appropriateness framework has received substantial empirical support in establishing the effect of environmental cues, identity and rule selection on behavior (Weber et al., 2004). For example, in one study, the impact of utilization of a surveillance system was observed on individual attitudes and behaviours (Tensbrunsel & Messick, 1999). In the absence of a surveillance system, the individuals framed the situation as ethical and fair, and focused on other-regarding, cooperative attitudes and behaviours. In the presence of a surveillance system, individuals framed the situation in a directly opposite manner, developing

a self-serving calculative focus that led to more competitive behavior. In a more recent study, Deutsch Salamon and Robinson (2008) found that when employees feel like they are trusted by management, there are positive implications for extra-role behaviours and enhanced organizational performance, and vice versa when employees feel they are not trusted by management.

In both of these studies, actual cooperative or competitive behaviours from one party were critical in signaling to the other party what its response should be in the circumstances. The responses of the parties to the signals in these studies are consistent with application of rules surrounding norms of reciprocity (e.g., tit for tat) in social exchange theory (Blau, 1964) and in simulations of repeated prisoner's dilemma in labor negotiations (Haber, Malin-Adams & Khamalah, 2008). Social exchange theory in particular has received substantial empirical support in micro-level organization studies of employment relationships, where benevolence and support on the part of the organization results in a felt obligation to reciprocate in kind with pro-social discretionary behaviours on the part of employees (e.g., Eisenberger et al., 1986; 1997; 2001), research also consistent with the appropriateness framework.

The logic of appropriateness proposed by March (1994) provides an excellent framework through which to understand the decisions of the union and management to cooperate or compete with each other in a classic example of a social dilemma. In particular, environmental cues, the identity of the decision-maker(s), and the norms or rules that guide behavior, help understand why there is a propensity for management and unions in North America to naturally interpret

their relationship as competitive, and why the socially defined role of the union and the unionized employment exchange makes the union more likely to respond to signals from management following decision rules surrounding norms of reciprocity. The application of the appropriateness framework to the union-management relationship is important because the preponderance of research in the union impact literature has portrayed both management and the union as acting in a rational, calculated fashion. In reality, both management and the union are more likely to decide upon a course of action by applying decision rules deemed to be appropriate based on their identity and recognition of the situation, rather than completely evaluating all possible consequences of different actions.

THE SOCIALLY DEFINED ROLES OF UNION AND MANAGEMENT

The strength or power of the union to effectively enact its monopoly or voice face depends on its potential to collectively regulate the supply of work effort available to the organization (Gunderson & Riddell, 1988; Kaufman, 2004). This is determined by the percentage of the organization's core employees who are union members in an organization, as well as the solidarity of the union's membership base. The greater the union density and solidarity, the more likely the union will be able to shape a strong and consistent message (Bowen & Ostroff, 2004; Guzzo & Noonan, 1994; Luchak & Pohler, 2010; Mischel, 1973; 1977) of support or opposition among the organization's employees toward management's policy. Stronger unions will be able to either inflict greater harm on the organization through costly conflict where they choose to compete, or bring greater benefit through harnessing communication channels, finding efficiencies

in production, and constructing and focusing work effort in pro-organizational ways where they choose to cooperate (Freeman & Medoff, 1984).

Under the North American model of industrial relations, the union is seen as a coalition of employees formed for the purpose of reducing a structural imbalance of power in the employment relationship (Godard & Delaney, 2000; 2001), contributing to the union perceiving the relationship with management to be one based on competition, *ceteris paribus* (Mannix, 1993; Weber et al., 2004). However, faced with declining union density in liberal market economies (Kaufman, 2008), organizational pressures to compete on a global scale (Hirsch, 2008), and increasing accountability to its membership (Freeman, Boxall & Haynes, 2007), unions have been forced to re-evaluate traditional adversarial approaches to bargaining. Cross-country empirical research from the United States, Canada, the United Kingdom, Ireland, Australia, and New Zealand has shown that the vast majority of union members cite a desire for union cooperation with management, and abhor militant and adversarial stances from union leadership without good reason (Freeman et al., 2007). Furthermore, the union depends on the continuing profitable existence of the organization for its survival and employee job security and wage growth, and thus should be more willing to cooperate with management to increase the shared joint surplus (Weber et al., 2004) and make concessions when the organization is not as profitable (Plovnick & Chaison, 1985). However, a social dilemma exists in that the choice of the union to cooperate exposes itself and its membership to potential exploitation if management chooses to compete instead (Kaufman, 2004).

Traditionally, North American management has possessed a value preference to remain union-free (Kochan et al., 1986; Logan, 2006). As such, management in a unionized organization is likely to interpret the presence of a union as an impediment and the union's power as a source of restriction and harmful monopoly. Expecting competitive rent-seeking from the union, management will be more apt to respond with competitive actions aimed at diminishing or limiting the role of the union wherever possible. Supporting this proposition is empirical evidence that shows management actively engages in strategies to undermine union bargaining power, even to the extent that it is detrimental to organization effectiveness (Klasa et al., 2009; Logan, 2006).

Believing the union to be self-interested and prone to opportunism, and barring a change in values, there is little that would convince management to risk cooperation with the union. Where management holds a different ideology, it may view the power of the union not as a source of monopoly to capture economic profits from the organization, but rather as an institutional mechanism that can be harnessed to reinforce communication and signals from management to the workforce that may serve to help control and coordinate work effort in pro-organizational ways. As will be discussed in more detail later, it is precisely because of the rarity of this view among North American managers that an opportunity for competitive advantage exists.

Management Signals and Union Reciprocation of Cooperative or Competitive Behaviour

It is difficult for the exchange partners involved in a complex social dilemma situation such as the unionized employment relationship to assess the intentions of the other due to information problems (Arrow, 1974; Williamson, 1985). Therefore, consistent with the appropriateness framework, parties to an exchange often look for behavioural signals from each other about how the other intends to act in the relationship (Barney & Hansen, 1994; Spence, 1973). Though the history of interactions between the parties, as well as the union's signals of cooperative or competitive behavior toward management also matter, I take as a starting point the signals sent by management toward the union. Because of the nature of their role in organizations (Kochan, McKersie & Cappelli, 1984; Kochan et al., 1986), unions in particular will look for signals from management about whether or not the union-management relationship will be based on mutual cooperation, or competition to attempt to undermine and exploit the other party. As such, analysis of current signals as well as past behavior to determine management's intentions toward cooperation or competition is crucial in order for the union to protect its interests.

In the face of either uncertain information or outright competitive signals on the part of management, the union will reciprocate by using its representational role to compete with management through engaging in costly forms of workplace conflict and regulation of work effort. By competing the union can protect its power and interests against opportunistic behavior, but does so at the cost of

further eroding union-management relations. This in turn can create the potential for competitive disadvantage as the union uses its collective power to fight over a zero-sum, or worse, declining sum pie due to the high costs of conflict used to regulate relations with management.

Alternatively, strong signals of cooperative behavior from management will increase the likelihood that the union will also act cooperatively, as the union will interpret the situation as cooperative instead of competitive, and will reciprocate in-kind (Blau, 1964; Cropanzano & Mitchell, 2005; Eisenberger et al., 2001) by not exploiting the organization's vulnerability to strikes or other forms of costly conflict and negative workplace behaviors. The union's elected officials and representatives will be less likely to contribute to and/or encourage negative workplace norms (Deery & Iverson, 2005; Eder & Eisenberger, 2008). Rather, they will be more likely to provide valuable information to management about how to improve the work process and thus performance, as proposed by Freeman and Medoff (1984). Individual unionized employees will also experience less conflicting behavioural demands and role conflict when there is a cooperative union-management relationship (Angle & Perry, 1986), and less fear of retribution for utilization of established voice mechanisms (e.g., Boroff & Lewin, 1997), resulting in positive attitudes such as higher job satisfaction (Deery, Erwin & Iverson, 1999; Eisenberger et al., 1997) and higher levels of affective commitment toward the employer (Deery & Iverson, 2005; Rhoades, Eisenberger & Armeli, 2001).

Examples of cooperative signals from management include behavioural choices it makes at the strategic, collective bargaining, or workplace levels, consistent with propositions advanced by Kochan and colleagues (Kochan et al., 1984; 1986). For example, at the strategic level, this might include an employee focused business strategy committed to enhancing labour-management cooperation and dedicating non-recoverable assets in employees and the employment relationship (Gulati, Khanna, & Nohria, 1994). At the collective bargaining level, this might include implementation of joint labour-management committees to discuss new workplace initiatives and resolve conflict and disputes proactively; increasing communication and sharing information with the union; and facilitating union business (Black & Lynch, 2001; Deery & Iverson, 2005). At the workplace level, behavioural signals might include management practices that facilitate and encourage the use of employee voice (e.g., Luchak, 2003).

Taken together, this leads to the following key proposition:

Proposition 1: When environmental cues lead the union and its members to believe that management values their contributions and wishes to cooperate, they will reciprocate in-kind with other-regarding, cooperative behaviors. Alternatively, when environmental cues lead the union and its members to believe that management will compete, or in the face of incomplete or uncertain information about management's intentions, they will respond in-kind with self-serving, competitive behaviors.

A SOURCE OF COMPETITIVE ADVANTAGE

In order for organizations with powerful unions to have a sustained performance advantage over other organizations, the development of a cooperative union-management relationship should have the character of being valuable, rare, difficult to imitate and non-substitutable, as argued by the resource-based view of the firm (RBV: Barney, 1991). In this section, I discuss how a cooperative union-management relationship can be a source of strategic competitive advantage, and the boundary conditions surrounding this advantage.

Valuable

According to RBV, value is created when a cooperative relationship between the union and management would create efficiencies, lower costs and/or increase revenues for the organization (Barney & Wright, 1998). However, union-management cooperation will only be valuable to the extent that it enables the organization to generate greater value than alternative courses of action (e.g., union-management competition or non-unionized employment relationships). Union-management cooperation adds value over competition by better satisfying the joint needs of both the union (e.g., institutional survival and satisfying the preferences of its membership) and management (e.g., higher productivity and profitability). It also increases the likelihood that the voice face of the union will prevail over the monopoly face. When the union's needs are addressed by management, it is more likely to lead union leadership to advocate to the membership to engage in reciprocation through extra effort and suggestions of

productivity-enhancing or cost-saving ideas, which in turn reinforces the willingness of management to respond in kind with greater cooperation.

Cooperation between the union and management can add value by minimizing transaction costs (Williamson, 1981) associated with the development of contracts through the collective bargaining process by decreasing the time required to negotiate and administer a contract (Riordan & Wachter, 1983, c.f. Addison & Belfield, 2004a). Management that cooperates with the union will also be better able to harness the collective voice and communication channels available through the union to gain access to information that is not otherwise readily available in non-union organizations, due to employee fear of retribution and power imbalances, information asymmetries between management and employees, and problems with preference revelation (Freeman & Medoff, 1984). Management will then be able to apply that information to improve operations, facilitate continuing innovation in labor contracts, implement new workplace practices and increase productivity and profitability (Addison & Belfield, 2004a; Freeman & Medoff, 1984; Gill, 2009). Finally, if the union perceives management as cooperative, it may even go so far as to reciprocate by serving as an effective watchdog to monitor and enforce the employment contract among its members (Bryson 2004; Kaufman 2004), and be willing to make concessions to take advantage of investment opportunities, or when the employer is not as profitable (Plovnick & Chaison, 1985).

Rare

To be a source of competitive advantage, a resource must also be by definition rare. In this case, rareness is the frequency with which a cooperative relationship between union and management occurs, and this is ultimately an empirical question (Barney 1986). However, I propose that this type of relationship will be rare in any environment where union-management relations are premised on an adversarial model institutionalized through legislation, as it is in North America (Post, 1990). In such a model, the prevailing management norm is that a union is a constraint to be avoided or minimized (Klasa et al., 2009; Kochan et al., 1986; Logan, 2006). There is an acknowledged separation and outright conflict of interests between the union as an agent of employees and management as an agent of the employer (Godard & Delaney, 2000; 2001), a value antithetical to the notion of cooperation. In such systems it may be more common for employees to unionize not as a matter of rights of citizenship in the workplace, but as a reciprocal response to prior opportunistic or competitive behavior on the part of management that employees seek to remedy. It will thus be difficult for union-management cooperation to fully diffuse and avoid reverting to a competitive relationship under an adversarial model of industrial relations (Hammer & Stern, 1983), because the union will continuously be concerned with being exploited by management, and vice versa.

Difficult to Imitate

If a valuable resource is controlled by only one organization in an industry of competitors, it can be a source of competitive advantage (Barney, 1991). The

competitive advantage may be sustainable if competitors are not able to perfectly duplicate the resource (Barney, 1986; Peteraf, 1993). An important underlying factor of inimitability is causal ambiguity, which occurs if the source from which an organization's competitive advantage stems is unknown (Lippman & Rumelt, 1982; Peteraf, 1993). If the resource in question is knowledge-based or socially complex, causal ambiguity is more likely to occur, as this type of resource is more likely to be highly idiosyncratic to the organization in which it resides (Barney, 1991; Barney & Hansen, 1994; Mahoney & Pandian, 1992; Peteraf, 1993).

A cooperative relationship between union and management is a product of the unique history of the parties overcoming values or ideologies that prevent or inhibit cooperation. Management in particular must change its value structure to initiate cooperation from the union, which means overcoming its aversion to relinquishing power and control to the union. As previously mentioned, the adversarial attitude toward unions that dominates is difficult, if not impossible, for many employers and managers to overcome, as is evidenced by the anti-trade union sentiment that is so prevalent in North America today (Hirsch, 2008; Kochan et al., 1986), as well as research that shows management actively engages in strategies to keep the organization union-free (Logan, 2006) and/or undermine union bargaining power (Klasa et al., 2009).

For the union this means overcoming its inherent distrust of management in the face of strong signals and evidence of management's intentions to cooperate, and giving management the benefit of the doubt as it attempts to build a cooperative relationship. The union must also be a knowledgeable resource

about the preferences of the workforce which need to be satisfied if the power of the union is to be exercised effectively in the direction of voice rather than monopoly. Furthermore, the union needs to adopt a longer term focus in its negotiations with management (Kaufman, 2004), make concessions when there are investment opportunities available or when the organization is not as profitable (Plovnick & Chaison, 1985), assist management in finding cost savings or increasing productivity in order to stay competitive (Freeman & Medoff, 1984), and discourage members from abusing hard-won and costly benefits such as paid sick days (Yssaad, 2009).

Non-Substitutable

If other organizations in the same industry are able to replicate the benefits of union voice and union-management cooperation at the same or lower costs (e.g., without a union), then union-management cooperation will not be a source of sustainable competitive advantage. However, employer-initiated, non-union substitutes for employee representation and voice in the workplace and/or high commitment work systems may not be able to offer the same productivity-enhancing benefits as union voice (Kaufman & Levine, 2000). For instance, non-union dispute resolution procedures have often been shown to be ineffective (Batt, Colvin & Keefe, 2002). Furthermore, institutionalized norms surrounding unionized collective voice provide a unique governance mechanism that helps reduce fear of exploitation on the part of employees that is not easily substituted through supply and demand in an unregulated labour market (Kaufman, 2005), or employer-initiated non-union voice mechanisms (Batt et al., 2002). It is only

through a more equal and institutionalized balance of power between management and employees that the true preferences of employees may be revealed (Freeman & Medoff, 1984; Kaufman, 2004). If there is a greater balance of power between parties, then the prospects of cooperation are also stronger (Weber et al., 2004), and make it possible for union and management to achieve things that the unrestricted labour market and non-union initiatives and institutions may not be able to accomplish alone, consistent with research on the interactive effects of trust and contract in exchange relationships (Gulati & Nickerson, 2008; Poppo & Zenger, 2002; Puranam & Vanneste, 2009).

The argument that a non-union organization may be able to achieve the same competitive advantage through employer-initiated practices also ignores the fact that since the union specializes in information about the employment contract and in collecting information about the employer's intentions in order to adequately represent employees, it prevents the employer from engaging in opportunistic behavior through the potential threat of retribution for doing so (Freeman & Medoff, 1984; Addison & Belfield, 2004a). Without a formal governance mechanism such as a union, it is difficult to ensure that cooperative signals from opportunistic parties are genuine and enforced (Barney & Hansen, 1994; Voos, 1989). Furthermore, one of the key benefits of unions as proposed by Freeman and Medoff (1984) is that they address the efficient provision of public goods in the workplace by reducing problems with preference revelation and free-riders in a way that may not be possible without a union.

Finally, although labour laws are subject to variation and changes, legislation in certain countries also currently prohibits any other form of employer-organized collective voice besides autonomous unions (e.g. in the United States, section 8(a)(2) and 2(5) of the NLRA: Hirsch 2008; Freeman et al., 2007), making it very difficult to outright substitute unions with employer-initiated practices in these countries. Although there are no prohibitions against non-union representation systems in Canada (Taras, 1997; 2000), the employer's intent cannot be to undermine union organizing drives or engage in union avoidance practices (Taras, 2006). Furthermore, unions are institutionalized through labour legislation in most liberal market countries, and once an employer is unionized, management is required to bargain with the union that employees elect to represent them (Freeman et al., 2007).

Therefore, I offer the following proposition:

Proposition 2: A cooperative union-management relationship offers a potential source of sustainable competitive advantage for an organization.

DISCUSSION

In summary, strong signals from management about its willingness to cooperate with the union will lead to the union and its members interpreting the situation as cooperative, rather than competitive or adversarial. This in turn should guide the union and its members to reciprocate with cooperation in kind as manifested through a variety of pro-social attitudes and behaviors (e.g., job satisfaction, commitment, information sharing, discretionary and organizational citizenship behaviors, informal and pro-social voice to avoid costly grievances

and unnecessary strike activity, etc.), with positive results for employee and organizational outcomes that create the potential for sustainable competitive advantage. Cooperative signals from management can come from behavioural choices it makes at the strategic (e.g., business strategy committing to investments in employees and increasing labor-management cooperation), collective bargaining (e.g., joint-labour-management committees, sharing information with the union, facilitating union business, being open and honest in communications with the union), and/or workplace (e.g. management support of voice and practices that encourage voice in the workplace) levels.

Implications for Theory

Several contributions to theory arising from this manuscript deserve highlighting. The first and primary contribution is the theoretical expansion of the black-box of CVIR to show how management's response to unions will moderate their effects on individual and organizational outcomes. There has been a recent call for further theoretical development of the CVIR model of union impact (Addison and Belfield 2004a). Using an approach that addresses some of the restrictive neoclassical assumptions of CVIR, I provide a basis for reconciling the conflicting empirical research surrounding the model.

Second, this paper responds to numerous calls for increased integration of industrial relations theory with research in other well-established fields if industrial relations is to develop and thus survive as a legitimate academic discipline (Kaufman 2001; 2008). I answer this call by situating the unionized employment exchange in the literature on social dilemmas, and integrating CVIR

with theory and research on the appropriateness framework and the resource-based view of the firm. However, the ideas developed here also show how models in industrial relations offer an avenue through which to reconcile the interests of *both* employers and employees, as the interests of labour are often assumed to be provided for through organizational productivity and profitability in more management-centric fields. Finally, the paper also makes a modest contribution to recent work that applies the appropriateness framework to explain behavior in social dilemmas (e.g., Weber et al., 2004), by expanding this application to the unionized employment situation.

Boundary Conditions and Implications for Future Research

The theoretical framework proposed here has important boundary conditions as well as implications for future research in the area of union impact. To begin, empirical research should no longer focus on examining the underlying and invariant association between unions and outcomes of interest (e.g., Doucouliagos & Laroche, 2003), and instead analyze the complex interaction between environmental cues, the unique identifying characteristics of both management and the union, and the rules or heuristics that guide behavior in certain situations to determine whether or not the impact of the union will be positive or negative. In particular, future research should not analyze the impact of unions on individual and organizational outcomes without concurrently examining the moderating effects of management's response.

Future research should look at the different ways management can signal that it is willing to cooperate, or behave in a cooperative manner, and analyze the

path dependence of previous interactions between the union and management where there was either cooperation or competition, and whether one or both of the parties acted opportunistically (Haber, Malin-Adams & Khamalah, 2008). Thus, a question for future inquiry could be “how does previous opportunistic behaviour on the part of either management or the union affect how the other party responds to future signals of cooperative behavior?” On a related note, cooperation is defined by the perspective of the concerned party. In the bargaining context, one side may offer a concession thinking that they are signaling cooperation, but the other party may view this as a ploy and refuse to reciprocate by cooperating. This highlights the importance of understanding the strength of the signals being sent by the parties, and the receptivity of the parties to signals, where biases stemming from their history of interactions affect their perceptions of the situation. Another research question may be to examine how resilient one or both parties are to signals of competitive behavior in generally cooperative relationships.

In this paper I focus on decision rules surrounding norms of reciprocity, given the nature of the union’s socially defined role, and theory and research on employment exchange relationships (Blau, 1964; Eisenberger et al., 2001), and labour negotiations (Haber, Malin-Adams & Khamalah, 2008) in organizations. However, different rules or heuristics may guide behavior in these situations as well (e.g., Cropanzano & Mitchell, 2005). Although not as common to observe in today’s competitive economy, if a union is particularly militant or ideological, or if it sees a capitalist enterprise as fundamentally exploitative, it may follow decision rules that abhor any kind of cooperation with management, irrespective

of management attempts and intentions to cooperate. In the same vein, an employer who believes that unions are fundamentally flawed, third-party institutions that are an imposition on management's right to organize work is unlikely to see any value in cooperating with the union.

Furthermore, a party with excessive power may not consider a unilateral gesture of cooperation, however asymmetric, as an appropriate signal for cooperation. Future research should analyze power dynamics in the union-management relationship. It should also examine how the identity or socially defined role of the union (and management) will affect the heuristics that guide behavior, and therefore the potential response options available regarding the types of behaviors that are deemed to be appropriate.

In the context of declining unionization in liberal market economies in particular, it is imperative for future research to examine whether or not unions are the best institutions to help regulate the labour market. However, the decline in unionization in North America may be problematic for employees if the union is not replaced with an institution that is as effective in reducing the imbalance of power in the employment relationship. It may also be problematic for employers if the potential productivity-enhancing voice effects created by the union are not replaced with something that has as much potential to create value in this regard.

Future research should also focus on the time frame for assessing the short term and long term behavioural effects of management and union responses to each other on outcomes (Kaufman, 2005) in order to be able to make claims about causality. Taking a cooperative stance can lead to less conflict in the short run, yet

may be costly long term. In terms of direction of causality, profitable companies may be better able to tolerate the development of strong unions and be generous towards them. However, unions in these situations may learn to take advantage of the generosity of the profitable company, or the rents accrued from a company's monopoly status that may not exist if the product market becomes deregulated (e.g., the Canadian airline industry), or faces increasing global competition (e.g., the US auto industry).

Finally, although I focused on the moderating impact of management's response in this paper, what role does the country, economic climate, industry, size of organization, or type of work play in determining whether unions interpret the situation as competitive or cooperative? For instance, the default competitive environment may not exist in certain countries in Europe, where legislated processes of co-determination (e.g., works councils) between management and unions have led to a much more institutionalized and equal balance of power between employers and employees (Frege, 2002). Therefore, testing this model in North America, as well as in countries outside of North America, will be important. In times of economic recession, resources are scarce and the environment may be interpreted as more competitive than in times of prosperity (Grossman & Mendoza, 2003; Skaperdas & Syropoulos, 1996). In the same vein, in times of prosperity, unions may not be as necessary to provide a more equal balance of power between employers and employees. Furthermore, large organizations may be less able to establish and sustain union-management cooperation than smaller organizations, which has been suggested by social

dilemma research on group size (Agrawal, 2002; Dawes, 1980; Weber et al., 2004). Future theoretical and empirical research should thus look more explicitly at different interactions with broader contextual variables in defining the situation as cooperative or competitive, and recognize, as argued in this manuscript, that there is not likely to be an invariant association between unions and outcomes of interest.

Implications for Practice

The ideas presented here have important practical implications as well, especially in light of the current global recession. In many cases, unions and management have had to put aside traditional adversarial models of the employment relationship and work together in order to ensure the survival of the organization in an increasingly competitive environment (Hirsch 2008). If empirical research supports the ideas presented in this paper, it would suggest that if employers and managers can overcome their philosophical aversion to unions and succeed in creating and/or fostering a climate of cooperation, the positive benefits of unions can be harnessed to create a sustainable competitive advantage for the organization. Furthermore, many non-unionized employees cite a desire for union representation (Freeman et al., 2007; Krahn & Lowe, 1984), and if the benefits of cooperative union-management relationships exceed those of non-unionized employment relationships, it may also help improve employee well-being through satisfaction of this latent desire.

Although I suggested in this manuscript that information sharing with the union, and asymmetric commitments and investments in employees are important

signals of management intentions to cooperate, there are likely many other ways that management can signal its willingness to cooperate. For instance, if unions are expected to make concessions in wages during hard times, then management should also be prepared to do the same. Making efforts to implement suggestions from the union to cut costs or increase productivity in ways other than reducing wages or employment could also signal cooperation and build trust. Future empirical research should look at the different ways cooperation can be built (or rebuilt), taking into account the elements of the appropriateness framework, as well as prior interactions between the union and management in determining the best course of action.

Human resource (HR) departments can and should play a key role in helping to develop a more cooperative relationship between the union and management in the organization. HR departments are often pitted against the union as management's representative, yet HR departments in theory share many common goals with the union (e.g., enhancing employee well-being and increasing satisfaction, reducing turnover, strengthening corporate culture, resolving disputes and grievances, etc.). Particularly in larger organizations, HR managers should make a proactive and concerted effort to increase communication with and involvement of union representatives to address issues as they arise.

Finally, if strong unions are necessary to create consistent win-win outcomes, legislative constraints surrounding union recognition and organizing need to be re-examined, particularly in countries with rapidly declining union

density. There is an unsatisfied demand for representation among employees in many liberal market economies (Freeman et al., 2007; Krahn & Lowe, 1984), and unions are not able to properly represent members when they are continuously fighting for legitimacy and institutional survival. It is very difficult to develop a long-term climate of union-management cooperation when the risk of exploitation is always looming. In certain European countries, there are models that stand in direct contrast to the adversarial North American model, such as the works councils and the industrial parliament model (Frege, 2002). As a result, employee representation in these countries is institutionalized to a greater extent, and managers are generally more accepting of union involvement in decision-making.

CONCLUSION

Union membership and collective bargaining coverage have faced a steady decline in many liberal market economies over the past few decades (Kaufman 2008). These trends, coupled with “black-box” theories and mixed empirical results surrounding the impact of unions on organizations, have limited the attractiveness of research on unions (Addison and Belfield 2004a), and thus interest in industrial relations research in general (Kaufman 2008). However, union membership is holding fairly constant in recent years, and still represents a significant proportion of the workforce in many countries (Australian Bureau of Statistics, 2009; Fiscal Policy Institute, 2007; Statistics Canada, 2007). Unions are not likely to completely disappear any time soon, as they serve a role in society that both academics and practitioners have yet to fully comprehend.

This paper attempts to better articulate the conditions under which unions can be a source of sustainable competitive advantage for organizations, while at the same time protecting members' interests, by expanding upon and integrating CVIR, a seminal theory in industrial relations, with the appropriateness framework and the resource-based view of the firm. Managers and management research have long viewed unions as increasing inefficiency and conflict in the workplace. Consistent with CVIR (Freeman & Medoff, 1984), I propose that this view of unions is incomplete, as management signals of cooperation to the union can play a key moderating role in the employment exchange that mitigates the negative elements of unions and enhances the positive. The ideas proposed in this manuscript provide a solid basis for integration between theories that have at their core an interest in the behavior of decision-makers in social dilemmas, and how these dynamics affect individual, organizational, and ultimately societal, outcomes.

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CHAPTER 3

**THE MODERATING EFFECT OF MANAGEMENT SIGNALS OF
COOPERATION ON THE RELATIONSHIP BETWEEN UNION
DENSITY AND ORGANIZATIONAL OUTCOMES**

ABSTRACT

Research on union impact has been plagued by an underdeveloped conceptualization of management response that has contributed to inconclusive empirical findings. Integrating the collective voice/institutional response theory of union impact with the appropriateness framework as applied to social dilemmas, I propose that an employee focus business strategy is a critical moderating variable in the relationship between union density and organizational outcomes that mitigates the negative monopoly effects of unions and enhances the positive voice effects by sending a clear signal to the union of management's intentions to cooperate. Using a panel data set of Canadian organizations over six years, I provide empirical evidence to support the arguments presented. Implications for theory and practice are discussed.

Are unions good or bad for organizations? The answer may depend on whether a competitive or cooperative relationship exists between union and management in the organization, as well as the strength of the union. This response is anticipated by the collective voice/institutional response (CVIR) theory of union impact which argues that unions have two faces, a monopoly and voice face, with negative and positive effects for organizational outcomes, respectively (Freeman & Medoff, 1984). The monopoly face is most likely to be seen where the union chooses to compete with management for economic and social resources through its ability to regulate the supply of labour and work effort made available to the organization (Kaufman, 2004). Pushed to its limits, monopolistic rent-seeking by the union can cripple organizational profitability (Doucouliagos & Laroche, 2009; Hirsch, 2004), dissuade investment (Hirsch, 1991), and threaten organizational survival (Bryson, 2004). By way of contrast, the voice face is most likely seen where the union chooses to cooperate with management by tapping its membership for hard to access information about the work process and their preferences, as well as to coordinate their work efforts and contributions in pro-organizational ways (Addison & Belfield, 2004a). The stronger the union presence in the organization, the greater is the union's ability to rally the employees to respond collectively with a competitive or cooperative focus.

Empirical research based on CVIR to date has not resolved the two faces debate (Verma, 2005). Although unions have been found to raise wages above competitive levels (Booth, 1995; Hirsch & Addison, 1986; Lewis 1986),

negatively impact employment growth (Addison & Belfield, 2004b; Long, 1993; Walsworth, 2010), and increase the likelihood of costly and dysfunctional forms of workplace conflict (Lewin, 2001; 2005), they have also shown the capacity to institutionalize voice and methods of dispute resolution in the workplace (Kaufman, 2004), generate productivity-enhancing ideas, and reduce costs associated with turnover (Freeman & Medoff, 1984). Reflecting these countervailing tendencies, the direct relationship between unions and measures of organizational performance (e.g., productivity and profitability) have been inconsistent, and recent meta-analyses show that the results are difficult to generalize across different companies, industries, countries, years, and workplace industrial relations practices (Doucouliagos & Laroche, 2003; 2009; Hirsch, 2004).

There are at least two important reasons that have held back CVIR research from yielding more conclusive findings about the effect of unions on organizational outcomes. The first is that CVIR fails to account for the common origins of both the monopoly and voice faces in the power or strength of the union itself (Kaufman, 2004). The second, and related reason, is that the dual consequence of a union's power means that the union's impact must be subject to the moderating effect of some third factor.

Although Freeman and Medoff (1984) initially proposed in CVIR that management's response would determine whether the monopoly or voice face of the union would be more dominant, they did not empirically examine the moderating effect of this response in their empirical studies. Nor did they fully

elaborate upon the theoretical mechanisms through which management's response would operate, other than to say that cooperation between the union and management should be preferred over competition (Freeman & Medoff, 1984; Kaufman, 2004). But while the decision to cooperate is self-evident under assumptions of perfect information and actor rationality, such a luxury is not often accorded the parties in practice who remain uncertain about the intentions of the other (Weber, Kopelman & Messick, 2004). For instance, management that cooperates with a union that in turn chooses to compete, risks suboptimal returns on investment and the ire of shareholders. A union that cooperates with a management that chooses to compete against it risks the very survival of its rights to bargain on behalf of employees.

Subsequent empirical research on union impact has either ignored these nuances surrounding the dilemma of cooperation under conditions of bounded rationality and imperfect information, or has introduced ad hoc moderators of union impact like union-management cooperation, without reconciling the challenges of such cooperation within the CVIR model itself (Black & Lynch, 2001; Deery, Erwin & Iverson, 1999; Deery & Iverson, 2005; Metcalfe, 2003; Schuster, 1983).

I address the aforementioned limitations in CVIR by drawing upon the appropriateness framework (March, 1994; Weber et al., 2004) as applied to the social dilemma of the union's decision to compete or cooperate with management using either its monopoly or voice face, respectively, as well as research on situational strength (Bowen & Ostroff, 2004; Mischel, 1973; 1977) to argue that

the stronger the union, the greater its ability to shape a strong and consistent message (Luchak & Pohler, 2010) of competition or cooperation among its membership base. I propose that an employee focus business strategy (i.e., one that is dedicated to investments in employees, encouraging employee involvement and enhancing labor-management cooperation) is a critical moderating variable in the relationship between a union's strength or power (as measured by union density) and organizational outcomes. Such a strategy mitigates the negative monopoly effects of unions and enhances the positive voice effects by sending a clear signal to the union of management's intentions to cooperate.

The study draws data from a nationally representative sample of Canadian organizations over six years, thereby providing access to longitudinal, workplace-level information about union density rates and outcome variables. This data is unique in that it overcomes methodological limitations in previous union impact research that has utilized industry level measures as proxies for establishment-level characteristics, cross-sectional data, and simple binary measures to represent unionization in an organization (Hirsch, 2004). Empirically, I analyze the relationship between union density and measures of workplace conflict, climate, turnover, dispute resolution, employment growth, and profitability, as moderated by management signals of intention to cooperate through an employee focus business strategy. The results show strong empirical support for the model tested. I conclude with a discussion surrounding the implications of the results in light of previous empirical research, as well as suggestions for future research and practice in this area.

THE APPROPRIATENESS FRAMEWORK

The decision to cooperate or compete in the union-management relationship is a classic example of a social dilemma. Social dilemmas are situations where each party to an exchange stands to gain more by acting selfishly and competing (rather than cooperating), but stands to lose if both parties act selfishly and compete with each other (Dawes, 1980; Messick & Brewer, 1983; Weber et al., 2004).

According to the appropriateness framework, decisions in social dilemmas are shaped by three factors: environmental cues, the unique identity or socially defined roles of the decision-maker(s), and the application of norms or rules (March, 1994; Weber et al., 2004). Decision-makers view a situation through the lens of their own idiosyncratic identities or socially defined roles (e.g., personality, values, history, experience, etc.), yielding an initial definition or classification of the situation as one type or another (e.g., is this a cooperative or competitive situation? Weber et al., 2004). In so doing, the identity or socially defined role of the decision-maker may affect which environmental cues are attended to, leading the decision-maker to favor certain interpretations of the situation over others. The definition of the situation informs the decision-maker about the norms, expectations, rules, learned behaviours, skills, and/or possible strategies that are relevant and should be used to decide upon an appropriate response in the situation. Part of what makes the appropriateness framework different from rational choice models of decision-making is that choice is a consequence of the application of rules understood to be appropriate to a situation, rather than a

deliberate calculation of expected utility between response options (Weber et al., 2004).

The appropriateness framework has received substantial empirical support in establishing the effect of environmental cues, identity and rule selection on behavior (Weber et al., 2004). For example, signals of cooperative or competitive behavior from one party in an exchange have been shown to be critical in predicting how the other party will respond (Deutsch Salamon & Robinson, 2008; Tensbrunsel & Messick, 1999). If one party signals their intention to engage in cooperative behavior, the other party will respond in kind with other-regarding cooperative behaviours, and vice versa if the signals are unclear, or point to the potential for one party to engage in competitive behavior. These responses are generally consistent with application of rules surrounding norms of reciprocity (Haber, Malin-Adams & Khamalah, 2008; Weber et al., 2004). Supporting this notion in the employment context, exchange research on employment relationships has shown that perceptions of organization benevolence and support toward employees result in a felt obligation to reciprocate in kind with pro-social discretionary behaviours (e.g., Eisenberger et al., 1986; 1997; 2001).

The Moderating Effect of Management's Response: Signaling Intention Through Strategy

The socially defined role of the union is that of a governance mechanism for the employment relationship. The union is responsible for bargaining with management on behalf of employees over working conditions and investments in employees (Kaufman, 2005), and its primary role is to serve as a representative of

employee interests in the organization. The union's source of power vis-à-vis management comes from its ability to collectively regulate work effort (Kaufman, 2004), something it does through the messages it sends its members, shaping their perceptions about appropriate norms of conduct toward the organization (Bowen & Ostroff, 2004; Guzzo & Noonan, 1994; Luchak & Pohler, 2010; Mischel, 1973; 1977). Union density, or the percentage of an organization's full-time workforce that is unionized, is the measure used to represent the strength or power of the union to collectively regulate work norms in the organization (Zatzick & Iverson, 2006).

In confronting the management of the organization in pursuit of its members' interests, the union faces a dilemma about whether to communicate messages to its membership supporting conflict or cooperation. Because its information about management's intentions is uncertain, the union scans the environment for signals or cues (Spence, 1973). Signals of cooperative behavior on the part of management should increase the union's recognition of the situation as cooperative, and enhance the union's felt obligation to reciprocate with cooperative behaviours (Eisenberger et al., 2001). However, it is difficult for the parties involved in a complex exchange relationship to assess the intentions of the other (Arrow, 1974; Williamson, 1985), and the accurate interpretation of signals from management is particularly important for the union because of the structural imbalance of power that exists between employer and employees (Godard & Delaney, 2000; 2001). Cooperation can open the union up to exploitation from management, with negative consequences for itself (e.g., loss of bargaining rights)

and its membership (e.g., a compromised bargaining position). For this reason, the union will seek clear signs of management's willingness to cooperate, such as determining if management is willing to make asymmetric, firm-specific investments in its relationship with the union and its employees (Gulati, Khanna & Nohria, 1994).

An organization's business strategy is the stated policies about its long-term plan of action to achieve a particular goal (Porter, 1980), and in order to be successful, it should be directly aligned with its HR systems (Huselid, 1995; Miles & Snow, 1984). As such, an organization's business strategy is a critical signal for the union about management's intentions to invest in the employment relationship and engage in certain behaviours with respect to the union and its members. For instance, a strategy focused on increasing efficiency through reduction of labor costs often drives management to downsize the workforce, increase employees' workloads, or attempt to reduce wages and benefits (Arthur, 1992; 1994; Porter, 1980). On the other hand, a strategy focused on investments in the organization's workforce and enhancing labour-management cooperation (e.g., an employee focus strategy) is a signal to the union that management views employees as critical to the success of the organization (Miles & Snow, 1984), and is committed to cooperating with the union to achieve this success.

In summary and according to the appropriateness framework, management signals of cooperation through an employee focus strategy are important for the following reasons. First, management's strategy plays a crucial role in creating a normative context that signals to the union that management values the

contributions of employees and intends to act cooperatively with the union as the designated employee representative. Second, because the union acts as a formal governance mechanism to hold management accountable for its promises, a business strategy committed to dedicating non-recoverable assets in employees and in the labor-management relationship will be more likely to be genuine (Barney & Hansen, 1994), as management will be required to follow through on its promises or face potential retribution from the union, reducing employee fear of opportunistic behavior (Voos, 1989). Finally, situations where management signals its intention to cooperate should increase the willingness of the union to reciprocate in kind (Eisenberger et al., 2001) through coordinating the collective regulation of work effort in pro-social and pro-organizational ways (e.g., utilizing established communication channels to address concerns and issues that arise, sharing information about how to improve efficiencies and reduce costs, etc.).

Alternatively, when signals about management intentions toward cooperative or competitive behavior are less clear to the union, it will increase union and employee fear of potential opportunistic behaviour on the part of management. In these cases, the responses of the union to management are more likely to be competitive, confrontational and adversarial, resulting in a higher level of workplace conflict as the union struggles to represent employee interests, which may or may not be aligned with those of management. Employees will receive conflicting messages and behavioural demands from the union and management (Angle & Perry, 1986), resulting in negative employee attitudes and

behaviours such as lower commitment and higher turnover (Deery & Iverson, 2005).

In the absence of a clear signal about management's intentions regarding investments in employees and intentions to cooperate with the union, the union will be more willing to rely on its monopoly face and threat of costly workplace conflict as an appropriate response to achieve its objectives. An adversarial relationship between management and the union is more likely to result in negative employment growth as management attempts to offset higher labour costs and/or reduce the union's potential threat in the organization (Addison & Belfield, 2004b; Walsworth, 2010), and reduced profitability as scarce resources are dedicated to the conflict between management and the union instead of to investments in the organization and other business operations (Lewin, 2005).

Therefore, my key study hypothesis is as follows:

Hypothesis: Union density will be more negatively related to (H1) costly workplace conflict (e.g., strikes, lockouts, etc.); and (H2) turnover, and will be more positively related to (H3) climate; (H4) dispute resolution; (H5) employment growth; and (H6) profitability, when employee focus strategy is high than when it is low.

METHODOLOGY

Sample

The data used for this study is the longitudinal Workplace and Employee Survey (WES) collected by Statistics Canada from 1999-2006 (Statistics Canada, 2007). Surveys were administered to a stratified random sample of workplaces in

Canada that have paid employees with the exception of those workplaces in the three territorial provinces, agricultural, religious and public sector workplaces. The initial 1999 sample was drawn from a list maintained by the Business Register Division of Statistics Canada, and each year organizations that went out of business or dropped out of the survey were replaced with new ones. Because the definition of many of the variables used in the WES changed in the 2001 cycle, to ensure uniformity in measurement I only included the 2001-2006 cycles in my study. However, the measurement of the employment growth variable also draws upon total employment measures from the 2000 survey year in order to ensure consistency with past measures of employment growth (e.g., Walsworth, 2010; Long, 1993).

The response rate in each year was well over 75% (Statistics Canada, 2007). After dropping from the sample non-profit workplaces, workplaces with 10 employees or less, and workplaces that had not been at the current address for at least one year, my final sample size was an unbalanced sample of approximately 5000 workplaces over six years, translating into 21,740 workplace-year observations. The boundary conditions in this study closely resemble those in other papers that use the WES in studies of organizational outcomes (Walsworth, 2010; Zatzick & Iverson, 2006). Due to missing data in two of the dependent variable measures, employment growth and workplace climate, the final number of observations for each of those regression models was 20,301 and 19,043 workplace-years, respectively. Over the six years, the overall sample had an average union density rate of 15%, with 61% of the sample representing

industries in the service sector and 39% representing industries in the manufacturing sector. The union density rate is lower than reported overall union density rates in Canada due to the nature of the measurement of the variable as only full-time employees who are unionized (e.g., Zatzick & Iverson, 2006), as well as the inclusion of only for-profit organizations in the sample. There was an average of 41 employees in each workplace, and the average workplace had been around for just under 18 years.

The primary respondent for each workplace survey was the HR manager; however, in smaller locations where there was no HR manager present, the general manager or business owner completed the survey. The surveys were conducted by Statistics Canada using computer-assisted telephone interviews. For larger workplaces, it was suggested that multiple respondents be used who were more familiar with aspects of the survey (i.e. utilizing accounting personnel to answer specific financial information). To ensure validity and integrity of the responses, Statistics Canada conducted analyses to identify unusual responses or trends, and followed up with respondents on these anomalies, adjusting outliers and missing data when necessary and possible. Statistics Canada personnel were very specific when instructing respondents to focus only on their own location when completing the survey. However, in my analyses I controlled for the possibility that workplaces from multisite operations may have reported organization-level information.

Dependent Variables

The dependent variables include measures of workplace conflict, climate, turnover, dispute resolution, employment growth and organizational profitability. Tracing the roots back to Freeman & Medoff's (1984) introduction of the CVIR model, the relationship between unionization and each of these variables has been studied extensively in previous union impact research. Union impact on profitability has received mixed support, albeit the general consensus is that unions negatively impact profitability (Doucouliagos & Laroche, 2009). However, unions have been quite consistently negatively associated with both turnover (Cotton & Tuttle, 1986), and employment growth (Addison & Belfield, 2004b; Long, 1993; Walsworth, 2010). Unions generally increase the presence and utilization of dispute resolution procedures such as grievance filing (Lewin, 2005); however, they can also be strongly and positively associated with increased dysfunctional workplace conflict in the form of strikes and other types of organized labor action (Lewin, 2001; 2005). How each of the dependent variables was measured is discussed in turn.

Workplace Conflict. I measured workplace conflict by taking the natural log of the total number of days that any of the following situations occurred at the workplace location in the previous year plus a constant to ensure only non-zero values: work-to-rule, work slowdown, strikes, lockouts, and other labor-related actions. This variable was intended to measure dysfunctional and more costly forms of conflict that are generally used as last resorts when other dispute resolution methods fail.

Turnover. A measure of turnover was established by taking the natural log of the total number of employees who quit during the year divided by the total employment for the year plus a constant. The total quits were utilized so as to generate a voluntary model of turnover that did not include reductions to the workforce because of layoffs, dismissals, or retirements. The natural log of turnover was taken in order to create a dependent variable that more closely adheres to OLS assumptions of normality.

Climate. Workplace climate was measured by asking the respondents to rate the labour-management relations in the organization on a three-point scale (recoded as 1 = poor, 2 = fair and 3 = good). The variance in this measure is quite low (see Table 3-1), as it is highly subject to inflation due to social desirability bias (Marlow & Crowne, 1961). The general implications of low variance are that it reduces the available statistical power, making it more difficult to achieve significance, even if a relationship does in fact exist (Luchak & Pohler, 2010).

Dispute Resolution. Utilization of established dispute resolution procedures was measured by taking the natural log of the number of disputes, complaints or grievances filed in the workplace plus a constant to ensure only non-zero values. Taking the natural log reduced the over-dispersion in this variable. Although this measure has been used in the past to represent the level of conflict in a workplace (Katz, Kochan, & Gobeille, 1983; Katz, Kochan & Weber, 1985), established dispute resolution procedures are an important element of the voice face of unions (Freeman & Medoff, 1984). These procedures, if handled correctly, can provide the employer with valuable information about areas of the

work process that need to be improved (Freeman & Medoff, 1984; Lewin, 2005). Dispute resolution procedures are a critical step in resolving conflict in the workplace in a more pro-social and less costly way than through strikes, lockouts or other forms of more severe labor action (Kaufman & Lewin, 1998). Furthermore, empirical research has shown that the presence of a grievance procedure may increase productivity in an organization (Ichniowski, 1986), and grievance procedures have been touted to be akin to a high involvement human resource practice (Peterson & Lewin, 2000).

Employment Growth. The measure for employment growth was modeled after other studies that have examined employment growth (Long, 1993), and in particular using the same dataset as in this study (Walsworth, 2010). Employment growth was measured by taking the difference between total employment in the current year and the previous year, divided by the total employment in the previous year. As with many of the other dependent variables, the natural log was taken of employment growth plus a constant in order to create a dependent variable that more closely adheres to OLS assumptions of normality.

Profitability. Profitability was measured as the logarithm of revenues minus expenditures plus a constant to ensure no negative or zero values (Huselid, 1995; Zatzick & Iverson, 2006). I decided to use a measure of profitability (including both revenues and expenses) and not simply productivity (including only revenues) (e.g. Datta, Guthrie & Wright, 2005) because one of the key elements of the monopoly view of unions is that they establish wage and benefit premiums for their employees (Friedman & Friedman, 1980). Thus, any measure

of performance in a unionized organization needs to take into account the higher costs associated with unionization, as higher expenditures may outweigh any efficiency gains achieved through the voice face of the union (Freeman & Medoff, 1984). I divided by total number of employees to provide a measure of profitability that was standardized for size. Respondents were asked: “For the last completed fiscal year, what was the gross operating revenue from the sale or rental of all products and services for this location? They were also asked: “What was the gross operating expenditure for this location for the most recently completed fiscal year? Please include payroll and non-wage expenses and the purchase of goods.”

Independent Variables

Union Density. Union density was measured at the workplace level by taking the percentage of full-time employees covered by collective bargaining agreements, and is consistent with previous measures of union density (Zatzick & Iverson, 2006). Although the majority of research in the area of union impact has utilized a dummy variable to indicate whether or not an organization is unionized, my measure of union density is preferable to a simple binary measure. Union density provides a more accurate test of CVIR, as it better reflects the strength or power of the union as well as the extent to which the voice or monopoly face has the potential to be present in the workplace (in other words, the extent to which a positive benefit or negative threat is capable of being inflicted upon the employer).

Employee Focus Business Strategy. A measure of management signals of intentions to cooperate with the union was created by using scale questions

pertaining to how committed management was to making firm-specific, asymmetric investments in its employment exchange. The survey respondent(s) were asked to rate the relative importance of various items to the workplace's general business strategy on a scale from 1 – 6 with 6 being crucial. The three items used were increasing employees' skills, increasing employees' involvement/participation, and enhancing labor-management cooperation. Using items surrounding management's overall business strategy is ideal, because these items rely on the discretion of management to bring about, rather than falling under the scope of the collective bargaining agreement, and therefore provide a better measure of management's genuine intentions. I performed an empirical factor analysis of all the items asked in the strategy section of the survey, which confirmed that these theoretically selected items clustered together. Furthermore, this exact measure has been used to represent an employee focus business strategy in past empirical studies using the WES (Zatzick & Iverson, 2006). Alpha reliability for the scale measure was 0.81, which is an acceptable level.

Control Variables

Following previous research, I controlled for a number of other variables that may influence my dependent measures. I controlled for the presence of other types of business strategies, in particular, an innovation strategy and a cost focus strategy, workplace size (log of total employees), workplace age (log of number of years operating at current location), industry sector (service versus manufacturing), percentage of employees who were part-time, onsite, and non-permanent, percentage of workplace assets held by foreign interests, whether

workplaces were part of a larger multisite organization, and year (indicated by t-1 dummy variables). Although the WES offers a more detailed industry breakdown, the results were not substantially improved by including more detailed dummy variables for industry, and so the more parsimonious model, separating service from manufacturing industries, was selected. One significant control variable missing from the analysis is a measure of capital intensity. The WES does not provide the variables necessary to calculate the capital intensity in a workplace.

Weighting

Application of the survey responses to descriptive and regression analyses uses a population weighting procedure to counter design effects. These weights were created by Statistics Canada based on population statistics, non-response, and knowledge of the stratification of the design, and they are required to be used when disclosing this data (Statistics Canada, 2007). Not utilizing the weights results in overrepresentation of workplaces from a particular stratum (i.e. region, size or industry). By using the weights, my data is highly representative of Canadian employers in terms of my boundary conditions, industry, region and size.

The descriptive statistics and correlations for all of the study variables are shown in Table 3-1. Note the pairwise correlations between union density and the organizational outcomes of interest. Union density is significantly and negatively correlated with turnover, employment growth and profitability, negatively, but not significantly correlated with workplace climate, and significantly and positively correlated with workplace conflict and utilization of dispute resolution procedures.

Although previous empirical results have been conflicting, these preliminary correlations support the general negative sentiment and consensus surrounding union impact on organizational outcomes such as employment growth (Addison & Belfield, 2004b), conflict (Lewin, 2001; 2005), and profitability (Hirsch, 2004), and are consistent with previous evidence that has found unions reduce turnover (Cotton & Tuttle, 1986).

-----Insert Table 3-1 about here-----

RESULTS

To test the moderating effect of an employee focus business strategy on the relationship between union density and my outcomes of interest, I utilized an unbalanced fixed effects panel model that allowed the intercepts to vary according to time, but not workplace. Since the differences between workplaces will drive more of the variance than the differences within workplaces and extensive workplace-level control variables were included in the analyses, this model is the most theoretically appropriate for my analysis (Zhou, 2001). The longitudinal nature of the data was not exploited due to problems with the regressions converging when using this research design. Table 3-2 and Table 3-3 show two sets of models, the former with the results of the main effects and control variables only, and the latter with the addition of the interaction term.

-----Insert Table 3-2 about here-----

-----Insert Table 3-3 about here-----

Consistent with my theory, and supporting the key hypothesis, I find a significant interaction effect between union density and the employee focus

strategy for all of the outcome measures. In the supplementary analysis, I probe the meaning of the significant interactions for each dependent variable, as well as report other analyses done before choosing the final models presented here.

Supplementary Analysis

Because the large sample size in this study makes it relatively easier to find statistically significant results for variables that do not have large main effects (Combs, 2010; Hunter & Schmidt, 2004), in order to aid interpretation of the significant interaction for each of my dependent variables, in Figure 1 I present graphs of my results at the minimum and maximum values for the independent variables of interest, holding the control variables constant at their mean values (Aiken & West, 1991). By presenting the results in this way, the minimum and maximum value for the employee focus business strategy measure represents a workplace where this type of strategy is low or high, respectively. The minimum value for union density (union density = 0) represents a workplace where union power is very weak or non-existent (e.g. a non-unionized workplace), and the maximum value (union density = 1) represents a workplace where there is greater union strength.

Providing overall support for the key study hypothesis, union density is negatively related to workplace conflict when employee focus strategy is high, and positively related to workplace conflict when it is low. The opposite is true for both profitability and workplace climate. When employee focus strategy is high, union density is positively related to profitability and a favourable workplace climate and negatively related to both when it is low. Although union

density is negatively related to turnover when employee focus strategy is both high and low, it is more negatively related to turnover when employee focus strategy is high. In the same vein, while union density is negatively related to employment growth in both situations, it is less negatively related to employment growth when employee focus strategy is high. Finally, union density is more positively related to dispute resolution when employee focus strategy is high. These findings are consistent with the idea that when management signals that it intends to cooperate, the negative effects of unions are attenuated, and the positive effects are enhanced.

-----Insert Figure 1 about here-----

Although the R-squared values I achieved for most of my models are not dissimilar to the variance explained in previous union impact research, the relatively low R-squared values for some of the dependent variables are potentially a result of missing control variables, model misspecification, or the existence of two theoretically different samples (e.g., union and non-union workplaces). Although I included standard control variables utilized in past union research, in order to probe the latter two explanations further, I analyzed my results by dropping non-unionized workplaces from my regressions (e.g., where union density equaled zero), and specifying non-linear relationships between union density and my outcomes of interest. The result of dropping the non-unionized workplaces improved the R-squared more than did the addition a higher order effect for union density, although the higher order effect was significant in most of the models, whether moderated by management strategy or not. However,

the improvements in R-squared from dropping the non-unionized workplaces were only substantial for dispute resolution, which may be a result of less formal dispute resolution procedures existing in non-union workplaces, and there was virtually no change in R-squared for profitability or turnover. Including both unionized and non-unionized workplaces in my sample allows for direct comparison, and so I included both in my final models. The low R-squared value for the workplace climate dependent variable may also simply be a result of the low variance contributing to higher measurement error.

I also investigated the existence of other moderators such as workplace size and industry by separating the sample into small (<100 employees) and large workplaces and those in service sector industries versus those in manufacturing industries. The results are not presented here in order to avoid disclosure issues surrounding confidentiality with the WES data. To summarize, the moderated relationships hold quite strongly in small workplaces, and those located in service industries. Most of the moderated relationships also hold in the manufacturing industries, although some become insignificant, particularly for the workplace conflict, turnover, and workplace climate measures. However, none of the moderated relationships appear to hold in larger workplaces (e.g., those with at least 100 employees), which is consistent with research on social dilemmas that finds small groups are better able to establish and sustain cooperation than larger groups (Agrawal, 2002; Dawes, 1980; Weber et al., 2004).

The sample data consists of many of the same workplaces that have been sampled over time, and therefore the argument could be made that the standard

errors in the regression analyses are underestimated, as they do not take into account the fact that the errors between years with the same workplaces will be correlated. Therefore, I also ran the regressions using a standard error that was clustered to account for within-workplace variance (using the cluster subcommand in STATA 10). The standard errors created using the cluster command are also robust to problems with heteroskedasticity. The result was that only the interaction terms for the profitability and dispute resolution measures remained significant. However, as previously mentioned, the majority of variance will be due to effects between workplaces, rather than within workplaces (Zhou, 2001). Furthermore, utilization of the weights created by Statistics Canada and presence of numerous workplace-level control variables potentially make these adjusted standard errors too restrictive. Therefore, I did not utilize the cluster-adjusted standard errors in the final models presented here.

DISCUSSION

The primary purpose of this paper was to examine the circumstances under which unions positively or negatively affect organizational outcomes. A paucity of empirical research has investigated the effect of management response on the relationship between unions and organizational outcomes (Bryson, Charlwood & Forth, 2006), and to my knowledge, no study has examined the effect of an organization's business strategy as a signal of management's intention to cooperate with the union as a potential moderating factor. The idea surrounding the benefits of union-management cooperation is not new (e.g., Deery & Iverson, 2005; Dyer, Lipsky & Kochan, 1977; Freeman, Boxall & Haynes, 2007; Kochan,

Katz & McKersie, 1986); however, empirical research on union-management cooperation has not been satisfactorily reconciled with the CVIR framework more generally, or addressed the risks to the parties of cooperating in particular.

Theoretically, integration of CVIR with the appropriateness framework as applied to the social dilemma of the union and management's choice to cooperate or compete with each other provides a more comprehensive understanding of the mechanisms through which management's response to the union will affect organizational outcomes. Empirically, the study points to the major shortcoming in previous union impact research that has focused predominantly on the invariant relationship between unionization and organizational outcomes, and ignored the potential existence of moderating contextual factors (Doucouliagos & Laroche, 2003).

Taken together, the findings suggest that through management dedication of resources and investments in employees in a way that is difficult to renege, an employee focus business strategy can send a very clear signal to the union that management intends to cooperate rather than compete, and that the interests of both parties are more closely aligned, although the results do not hold in larger organizations. Commitments to increase cooperation with the union point to management's intentions to resolve conflict through established dispute resolution procedures, as opposed to resorting to more costly forms of conflict such as strikes or lockouts. In cases of a high employee focus strategy, where management's intentions toward cooperation are clear, the union is more likely to reciprocate with cooperative behaviours, through exercising its discretion to use

collective voice for the betterment of the organization and creating the potential for win-win outcomes. The presence of a low employee focus strategy in this study provides an uncertain signal to the union about whether or not its interests are aligned with management and whether or not management intends to act in a competitive or confrontational manner in its labour-management relationship. In this situation, the union is more apt to respond by using the monopoly side of the regulation of work effort to resist the potential threat to itself and its membership, with negative implications for organizational outcomes.

In non-unionized workplaces, or workplaces with lower union density, the situation is more analogous to a weak situation (Mischel, 1973; 1977), whereby the presence or absence of management signals of cooperation will be less pronounced than in a more highly unionized workplace. Thus, there is greater potential for unionized organizations to achieve a competitive advantage over non-unionized organizations through harnessing the collective voice of the union to help management send consistent messages to employees about its intentions (Bowen & Ostroff, 2004; Luchak & Pohler, 2010), and to coordinate and control work effort in pro-organizational ways. However, in situations where management's intentions toward cooperation are unclear and/or are based on competition, the results of this study suggest that a situation with lower or no union density will be more favourable for organizational outcomes, as the union has the potential to exacerbate negative organizational outcomes in competitive situations. Although there is potentially short-term advantage for managers who intend to compete to be in non-unionized organizations, this situation is not likely

to be a source of sustainable long-term competitive advantage if employees' needs are not being met.

Methodologically, the study improves upon past union impact research in three ways (e.g., Hirsch, 2004). First, by examining the relationship between unionization and organizational outcomes over a period of six years, I overcome limitations of previous research in which the results may be attributable to macro-economic cycles. Second, I utilize a continuous measure of union density instead of a binary variable representing the presence of a union or not, which allows me to analyze the impact of varying levels of union density, as well as compare results between unionized and non-unionized workplaces. Finally, the study reports the results of workplace-level measures instead of relying on industry-level information as proxies for organization-level characteristics.

However, the nature of the study at the organizational level of analysis requires the use of proxies to measure underlying latent variables of interest, as well as anthropomorphizing the union as a decision-maker (Levinson, 1965), increasing the potential for measurement error. Furthermore, the results may be subject to omitted variable bias, although care was taken to include standard control variables utilized in previous union impact research, while at the same time develop a parsimonious model. Although utilizing the measure of union density as a proxy for union strength or power is preferable to simple binary measures of unionization, it does not address issues surrounding actual solidarity of the membership base. Finally, the data is only representative of the Canadian context. However, the majority of the research on union impact to date has been

performed in the US and Britain. Therefore, this study provides important information about the impact of unions in Canada, as Canada has political and legal institutions that are somewhat more supportive of unionization than those in the US and Britain (Freeman et al., 2007; Godard, 2009). Furthermore, the data used in this study is representative of organizations across Canada, and so has very high external generalizability to that context. However, future research should extend this model beyond the liberal market contexts of North America and Britain.

CONCLUSION

Industrial relations scholars argue that greater recognition should be given to management's active role in shaping workplace relations (Kochan, McKersie & Cappelli, 1984). At the strategic level, decisions are made by management that greatly alter the industrial relations climate, and the extent to which these management strategies are successful depends on the relative strength and power of the union in the organization (Kochan et al., 1984), as well as management's response to unions (Freeman & Medoff, 1984). The results of this study suggest that if managers can succeed in creating a cooperative union-management relationship, the positive benefits of collective voice can be harnessed to create value for the organization.

Using an approach that integrates theory and research in industrial relations and organizational behavior, this study reconciles some of the gaps in a seminal industrial relations theory, the collective voice/institutional response (CVIR) model (Freeman & Medoff, 1984). There has been a recent call for

research on the inconsistencies with CVIR (Addison & Belfield, 2004a). There have also been numerous calls for finding common elements among fields that purport to study the employment relationship, in particular organizational behavior and industrial relations (Kaufman, 2008; 2005; 2001). Although the results of this study suggest that an employee focus management strategy is an important moderator that should be taken into account in examining union impact, more research is needed on the different strategies employed by organizations (i.e., cost focus strategy; innovation strategy), and how these play a moderating role. There is potential here for synergies to also be created between industrial relations and the literature in strategic human resource management.

TABLE 3-1*Descriptive Statistics and Zero Order Pairwise Correlations for Study Variables^a*

Variable	Mean	SD	1	2	3	4	5	6	7
1 Workplace Conflict ^b	0.07	0.50							
2 Workplace Climate	2.87	0.34	-0.04 *						
3 Turnover ^b	0.13	0.18	0.02 *	-0.04 *					
4 Dispute Resolution ^b	0.18	0.57	0.06 *	-0.12 *	0.01 *				
5 Employment Growth ^b	0.74	0.15	-0.01	0.04 *	-0.04 *	-0.06 *			
6 Profitability ^b	0.98	0.53	0.02 *	0.06 *	-0.04 *	-0.25 *	0.05 *		
7 Union Density	0.15	0.31	0.01 *	-0.01	-0.14 *	0.29 *	-0.07 *	-0.20 *	
8 Employee Focus Strategy ^c	3.82	1.13	0.00	-0.04 *	0.02 *	0.11 *	-0.02 *	-0.15 *	0.10 *
9 Innovation Strategy	2.75	1.38	0.02 *	-0.04 *	-0.04 *	0.10 *	-0.01	-0.19 *	0.05 *
10 Cost Strategy	3.40	0.97	0.03 *	-0.04 *	0.06 *	0.09 *	-0.03 *	-0.14 *	0.09 *
11 Service Industry	0.61	0.49	-0.07 *	0.07 *	0.13 *	-0.05 *	0.01	0.06 *	0.00
12 Years at Location ^b	2.59	0.84	-0.01	0.03 *	-0.11 *	0.10 *	-0.10 *	-0.09 *	0.12 *
13 # of Employees ^b	3.25	0.78	0.00	-0.06 *	0.03 *	0.35 *	-0.05 *	-0.91 *	0.23 *
14 % Non-Permanent	0.04	0.14	0.00	0.00	-0.02 *	0.00	0.05 *	-0.03 *	0.01
15 % Part-Time	0.24	0.28	-0.04 *	0.08 *	0.24 *	-0.01	0.04 *	0.06 *	-0.01
16 % Onsite	0.90	0.24	-0.04 *	0.06 *	0.01	0.02 *	-0.06 *	0.02 *	-0.03 *
17 Multi-Site Workplace	0.20	0.40	0.01	-0.02 *	-0.03 *	0.02 *	-0.06 *	-0.21 *	0.08 *
18 % Foreign Assets	7.66	25.72	-0.01	-0.03 *	-0.03 *	0.11 *	-0.06 *	-0.14 *	0.11 *
19 Year 2001	0.16	0.37	0.00	0.00	0.08 *	0.01	0.05 *	0.00	0.01
20 Year 2002	0.16	0.36	-0.01	0.01	0.00	-0.03 *	-0.02 *	0.01	0.05 *
21 Year 2003	0.17	0.38	-0.01	0.04 *	-0.05 *	0.02 *	0.00	0.02 *	0.01 *
22 Year 2004	0.17	0.37	0.01	0.01	-0.05 *	-0.02 *	-0.01	-0.01	-0.02 *
23 Year 2005 (Base = 2006)	0.18	0.38	-0.02 *	-0.02 *	-0.01	0.00	0.02 *	0.01	-0.03 *

^a N=21740 for all except N=20301 (employment growth); N=19043 (workplace climate); N=17972 (correlation between both)^b natural log of original variable^c scale reliability = 0.81

* p < .05

TABLE 3-1 continued

Descriptive Statistics and Zero Order Pairwise Correlations for Study Variables Continued^a

Variable	8	9	10	11	12	13	14	15
9 Innovation Strategy	0.36 *							
10 Cost Strategy	0.52 *	0.30 *						
11 Service Industry	-0.02 *	-0.16 *	-0.08 *					
12 Years at Location ^b	-0.05 *	-0.09 *	-0.03 *	0.01				
13 # of Employees ^b	0.14 *	0.20 *	0.14 *	-0.06 *	0.10 *			
14 % Non-Permanent	-0.03 *	-0.02 *	-0.01	0.03 *	0.02 *	0.04 *		
15 % Part-Time	-0.01	-0.15 *	0.04 *	0.41 *	0.02 *	-0.05 *	0.21 *	
16 % Onsite	0.03 *	0.04 *	0.00	0.21 *	0.11 *	0.00	-0.11 *	0.11 *
17 Multi-Site Workplace	-0.01	-0.01 *	0.00	-0.05 *	0.14 *	0.19 *	0.02 *	-0.09 *
18 % Foreign Assets	0.06 *	0.09 *	0.05 *	-0.10 *	-0.01	0.19 *	-0.03 *	-0.09 *
19 Year 2001	-0.01	-0.01	0.00	0.01	-0.05 *	0.00	0.00	0.00
20 Year 2002	0.00	0.02 *	-0.01	0.02 *	-0.01	0.00	0.01	0.02 *
21 Year 2003	-0.01	-0.04 *	0.01	0.00	-0.04 *	-0.01	0.01	0.00
22 Year 2004	-0.02 *	-0.03 *	0.00	-0.02 *	0.02 *	0.01	0.02 *	-0.01
23 Year 2005 (Base = 2006)	0.02 *	0.03 *	0.01	0.00	0.01	-0.01	-0.01	0.01
	16	17	18	19	20	21	22	
17 Multi-Site Workplace	-0.09 *							
18 % Foreign Assets	-0.02 *	-0.01 *						
19 Year 2001	0.03 *	0.01	0.00					
20 Year 2002	0.04 *	0.01	0.01	-0.19 *				
21 Year 2003	-0.02 *	0.00	0.00	-0.20 *	-0.19 *			
22 Year 2004	-0.01	0.00	0.02 *	-0.19 *	-0.19 *	-0.20 *		
23 Year 2005 (Base = 2006)	-0.01	-0.02 *	-0.03 *	-0.20 *	-0.20 *	-0.21 *	-0.21 *	

^a N=21740 for all except N=20301 (employment growth); N=19043 (workplace climate); N=17972 (correlation between both)

^b natural log of original variable

^c scale reliability = 0.81

* p < .05

TABLE 3-2

Ordinary Least Squares Regression Analysis^a

	Conflict		Climate		Turnover		Dispute Resolution		Emp Growth		Profitability	
<i>Main Effects</i>	B	SE B	B	SE B	B	SE B	B	SE B	B	SE B	B	SE B
Constant	0.18	0.03 ***	2.86	0.02 ***	0.10	0.01 ***	-0.78	0.03 ***	0.81	0.01 ***	2.97	0.01 ***
Union Density	0.03	0.01 *	0.00	0.01	-0.09	0.00 ***	0.41	0.01 ***	-0.03	0.00 ***	0.02	0.00 ***
Employee Strategy	-0.01	0.00 **	0.00	0.00	0.00	0.00	0.02	0.00 ***	0.00	0.00	-0.01	0.00 ***
Innovation Strategy	0.00	0.00	0.00	0.00	-0.01	0.00 ***	0.01	0.00 *	0.00	0.00	-4.94E-03	0.00 ***
Cost Strategy	0.02	0.00 ***	-0.01	0.00 ***	0.01	0.00 ***	0.00	0.00	-3.39E-03	0.00 **	0.00	0.00
Service Industry	-0.06	0.01 ***	0.02	0.01 ***	0.02	0.00 ***	-0.05	0.01 ***	0.00	0.00	-0.01	0.00
Years at Location	-0.01	0.00	0.01	0.00 ***	-0.02	0.00 ***	0.03	0.00 ***	-0.01	0.00 ***	0.00	0.00
# of Employees	-0.01	0.00	-0.02	0.00 ***	0.02	0.00 ***	0.21	0.00 ***	0.00	0.00	-0.61	0.00 ***
% Non-Permanent	0.02	0.03	-0.03	0.02	-0.10	0.01 ***	-0.04	0.03	0.05	0.01 ***	0.03	0.01 **
% Part-Time	-0.03	0.01 *	0.08	0.01 ***	0.16	0.00 ***	0.04	0.01 **	0.01	0.00 **	0.01	0.01 *
% Onsite	-0.05	0.02 **	0.06	0.01 ***	-0.02	0.01 ***	0.05	0.02 **	-0.04	0.00 ***	0.04	0.01 ***
Multi-Site Workplace	0.01	0.01	0.00	0.01	0.00	0.00	-0.07	0.01 ***	-0.02	0.00 ***	-0.05	0.00 ***
% Foreign Assets	-3.29E-04	0.00 *	0.00	0.00	0.00	0.00	7.02E-04	0.00 ***	-3.01E-04	0.00 ***	1.86E-04	0.00 **
Year 2001	-0.02	0.01	0.02	0.01	0.02	0.00 ***	0.01	0.01	0.03	0.00 ***	0.01	0.01
Year 2002	-0.03	0.01 *	0.02	0.01 *	-0.01	0.00	-0.05	0.01 ***	0.01	0.00	0.01	0.01 *
Year 2003	-0.04	0.01 **	0.05	0.01 ***	-0.03	0.00 ***	0.03	0.01 *	0.01	0.00 ***	0.02	0.01 ***
Year 2004	-0.02	0.01	0.02	0.01 **	-0.03	0.00 ***	-0.02	0.01	0.01	0.00 **	0.00	0.01
Year 2005	-0.04	0.01 **	0.00	0.01	-0.02	0.00 ***	0.01	0.01	0.02	0.00 ***	0.01	0.00 *
Adjusted R ²		0.01		0.02		0.11		0.18		0.03		0.84
Model Fit (F)		11.08 ***		20.49 ***		161.46 ***		288.73 ***		36.04 ***		6504.74 ***
Unweighted N		21740		19043		21740		21740		20301		21740

^a Unstandardized regression coefficients and standard errors are presented.

* p < .05, ** p < .01, *** p < .001

TABLE 3-3

Ordinary Least Squares Regression Analysis^a

	Conflict		Climate		Turnover		Dispute Resolution		Emp Growth		Profitability	
<i>Interaction Added</i>	B	SE B	B	SE B	B	SE B	B	SE B	B	SE B	B	SE B
Constant	0.17	0.03 ***	2.87	0.02 ***	0.09	0.01 ***	-0.72	0.03 ***	0.82	0.01	2.99	0.01 ***
Union Density	0.14	0.04 **	-0.07	0.03 *	-0.05	0.01 ***	0.00	0.04	-0.06	0.01 ***	-0.13	0.02 ***
Employee Strategy	-0.01	0.00 *	-0.01	0.00 *	0.00	0.00	0.01	0.00 *	0.00	0.00	-0.01	0.00 ***
Interaction	-0.03	0.01 **	0.02	0.01 *	-0.01	0.00 *	0.10	0.01 ***	0.01	0.00 *	0.04	0.00 ***
Innovation Strategy	0.00	0.00	0.00	0.00	-0.01	0.00 ***	0.01	0.00 *	0.00	0.00	-4.88E-03	0.00 ***
Cost Strategy	0.02	0.00 ***	-0.01	0.00 ***	0.01	0.00 ***	0.00	0.00	-3.49E-03	0.00 **	0.00	0.00
Service Industry	-0.06	0.01 ***	0.02	0.01 ***	0.02	0.00 ***	-0.05	0.01 ***	0.00	0.00	-0.01	0.00 *
Years at Location	-0.01	0.00	0.01	0.00 ***	-0.02	0.00 ***	0.03	0.00 ***	-0.01	0.00 ***	0.00	0.00
# of Employees	-0.01	0.00	-0.02	0.00 ***	0.02	0.00 ***	0.21	0.00 ***	0.00	0.00	-0.61	0.00 ***
% Non-Permanent	0.03	0.03	-0.04	0.02 *	-0.10	0.01 ***	-0.04	0.03	0.05	0.01 ***	0.03	0.01 **
% Part-Time	-0.03	0.01 *	0.08	0.01 ***	0.16	0.00 ***	0.04	0.01 **	0.01	0.00 **	0.02	0.01 *
% Onsite	-0.05	0.02 **	0.06	0.01 ***	-0.02	0.01 ***	0.05	0.02 **	-0.04	0.00 ***	0.04	0.01 ***
Multi-Site Workplace	0.01	0.01	0.00	0.01	0.00	0.00	-0.07	0.01 ***	-0.02	0.00 ***	-0.05	0.00 ***
% Foreign Assets	-3.21E-04	0.00 *	0.00	0.00	0.00	0.00	6.68E-04	0.00 ***	-3.03E-04	0.00 ***	1.74E-04	0.00 **
Year 2001	-0.02	0.01	0.02	0.01	0.02	0.00 ***	0.01	0.01	0.03	0.00 ***	0.01	0.01
Year 2002	-0.03	0.01 *	0.02	0.01 *	-0.01	0.00	-0.06	0.01 ***	0.01	0.00	0.01	0.01 *
Year 2003	-0.04	0.01 **	0.05	0.01 ***	-0.03	0.00 ***	0.03	0.01 *	0.01	0.00 ***	0.02	0.00 ***
Year 2004	-0.02	0.01	0.03	0.01 **	-0.03	0.00 ***	-0.02	0.01	0.01	0.00 **	0.00	0.01
Year 2005	-0.04	0.01 **	0.00	0.01	-0.02	0.00 ***	0.01	0.01	0.02	0.00	0.01	0.00
Adjusted R ²		0.01		0.02		0.11		0.19		0.03		0.84
Model Fit (F)		10.85 ***		19.67 ***		152.83 ***		279.38 ***		34.34 ***		6169.03 ***
Unweighted N		21740		19043		21740		21740		20301		21740

^a Unstandardized regression coefficients and standard errors are presented.

* p < .05, ** p < .01, *** p < .001

FIGURE 3-1
Graphs of Organizational Outcomes

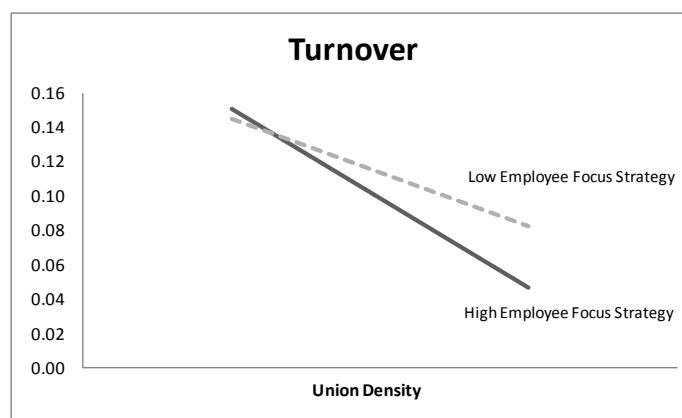
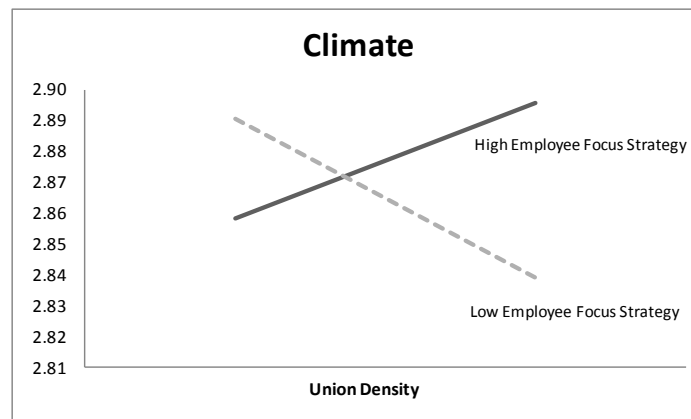
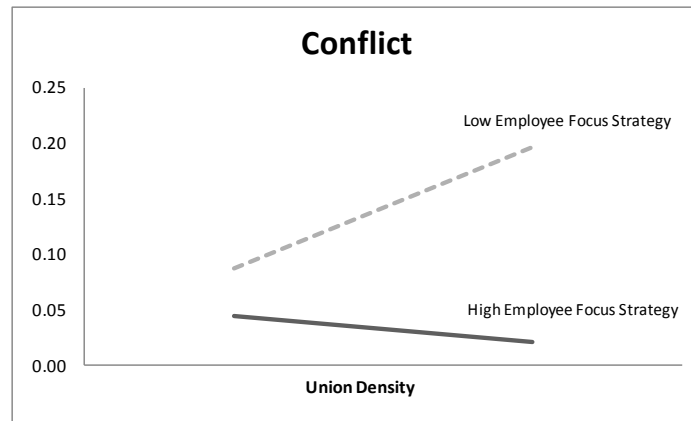
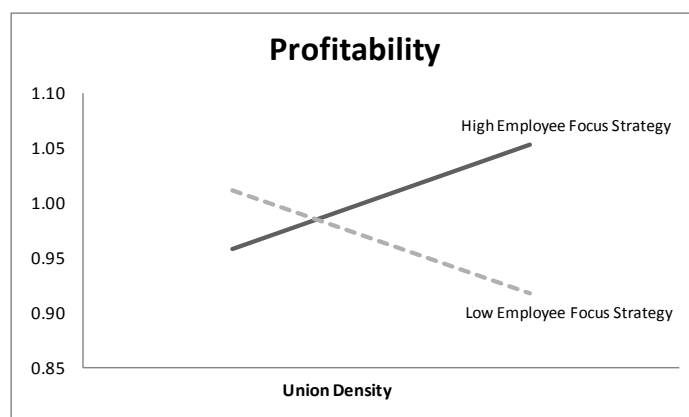
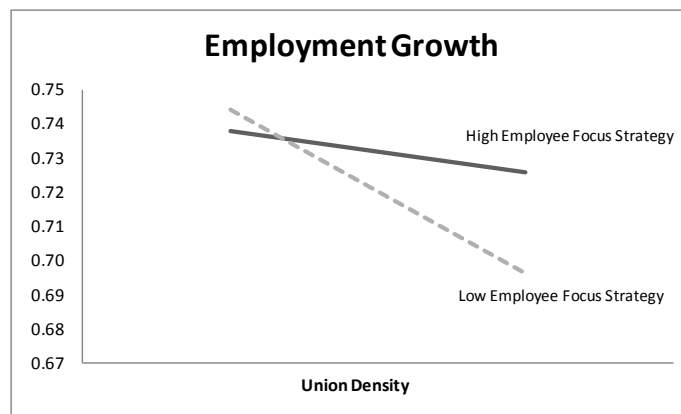
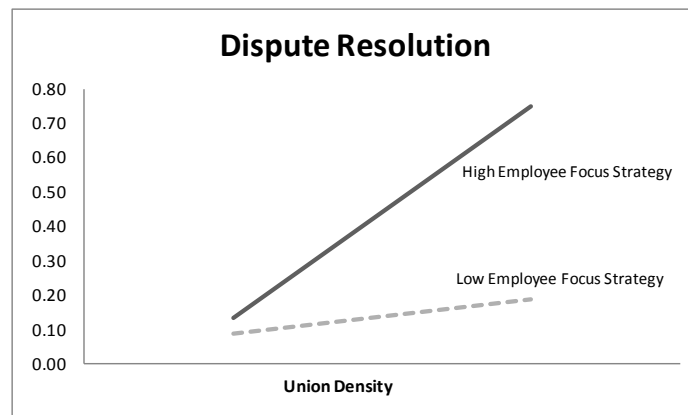


FIGURE 3-1 continued



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CHAPTER 4

**THE MODERATING EFFECT OF MANAGEMENT SUPPORT FOR
VOICE ON THE RELATIONSHIP BETWEEN UNION STATUS AND
EMPLOYEE OUTCOMES**

ABSTRACT

The relationship between unions and employee attitudes and behaviours has been plagued by a litany of contradictory and puzzling findings. Drawing upon the collective voice/institutional response theory of union impact, as well as the appropriateness framework and concepts surrounding situational strength, I propose that management support of employee voice moderates the relationship between union status and individual attitudes and behaviors such as voice, job satisfaction, absenteeism, pro-social discretionary behavior, and workplace conflict. Using a nationally representative sample of Canadian employees, I empirically show that when management supports practices that encourage employee voice, the positive benefits of unions are enhanced, and the negative effects attenuated. The opposite is true when management does not support these practices. Implications for theory and practice are discussed.

The debate surrounding the impact of unions has received a substantial amount of attention since 1984, following the publication of Freeman and Medoff's theory of collective voice/institutional response (CVIR) introduced in their seminal book entitled *What Do Unions Do?* CVIR posited that unions had both a monopoly and voice face. The monopoly view saw unions as encouraging an organization's workforce to withhold effort or engage in costly conflict through such means as restrictive work practices, strikes, grievances, and other forms of industrial action in pursuit of objectives like above average wage and benefit settlements (Booth, 1995; Hirsch & Addison, 1986; Lewis, 1986). The voice view saw unions as providing their members with an alternative to exit to resolve workplace problems by institutionalizing voice practices, and offering security against employer exploitation for speaking up (Kaufman, 2004). Rather than withhold effort, the voice face created incentives for employees to resolve sources of conflict, reducing turnover and increasing pro-social attitudes and discretionary behaviours, while at the same time allowing a continuous improvement mentality to pervade the workforce (Addison & Belfield, 2004a).

Since the publication of these ideas, individual level research studies have not provided a strong endorsement of CVIR. For instance, although the research is clear that unionized employees are less likely to quit (Cotton & Tuttle, 1986), they are also more likely to exhibit a continuance rather than affective form of commitment to the organization (Luchak, 2003), only the latter being positively related to individual in-role and extra-role performance (Meyer et al., 2002). Although grievance filing might not be as warmly received in non-union settings

where employees are expected to “talk with their feet”, research on the consequences of using grievance procedures has shown both union and non-union grievance filers to be victimized by management (Lewin, 1999), and many loyal unionized employees have been found to avoid retribution for using voice by suffering in silence (Boroff & Lewin, 1997). Perhaps reflecting the ultimate failing of the CVIR model, unionized workers are often found to exhibit lower overall levels of job satisfaction (Hammer & Avcı, 2005), and have higher rates of absenteeism than non-unionized employees (Allen, 1984; Mefford, 1986).

Before jettisoning CVIR in search of a new paradigm, it bears mentioning that almost all of the foregoing research ignores a key proposition by Freeman and Medoff that one of the primary determinants of whether the monopoly or voice face of unionism would prevail would depend on management’s and union’s responses to each other. Freeman and Medoff (1984), however, did not fully elaborate upon the theoretical mechanisms through which management’s and union’s responses would operate, other than to say that cooperation between the union and management should be preferred over competition (Freeman & Medoff, 1984; Kaufman, 2004). But while the benefits of cooperation are fairly self-evident under assumptions of perfect information and actor rationality, these conditions rarely prevail in practice where the risks of cooperation are more pronounced, and continuing employment relationships create situations where transaction costs to exit are positive (Kaufman, 2005). For example, management that cooperates with a union by involving it in governance of the organization risks being exploited if that union abuses its power in the role. Similarly, a union

that cooperates by encouraging its members to communicate more directly with management about workplace problems and preferences, risks diminution in its ability to represent its members and regulate work effort, having its role branded redundant.

Only a paucity of research has explicitly examined management actions as a moderating effect on the relationship between unions and outcomes of interest (Bryson, Charlwood & Forth, 2006), due in part to the under-specification of CVIR as a comprehensive model of union impact (see Chapter 2; Addison & Belfield, 2004a). As a result, most of the empirical research based on CVIR makes assumptions about the underlying and invariant role of the union (Doucouliagos & Laroche, 2003), independent of the character of its relationship with management. The few studies that have examined the moderating effects of a cooperative union-management relationship have not been properly reconciled with the CVIR framework (Deery, Erwin & Iverson, 1999; Deery & Iverson, 2005; Schuster, 1983). Furthermore, to the author's knowledge, no studies explicitly examine the differential effect of management's response toward voice on employee attitudes and behaviours in union and non-union settings at the same time.

Drawing upon CVIR, as well as the appropriateness framework (Deutsch Salamon & Robinson, 2008; March, 1994; Weber et al., 2004), I propose that when management responds cooperatively and supports and rewards voice as a valued discretionary behavior, union members are more likely to reciprocate in kind (Eisenberger et al., 2001) by using voice preventatively (rather than

reactively) to address problems and proactively offer suggestions to enhance organizational efficiency. This has the potential to generate organizational improvements without costly conflict and attitudinal and behavioural withdrawal from employees. Alternatively, if management responds competitively by restricting or punishing voice, union members will reciprocate in kind with competitive, costly forms of conflict that result in negative employee attitudes and behaviours.

I test these ideas using a nationally representative sample of Canadian employees that were tracked between 2003 and 2004. In particular, these data allow me to answer two questions. First, what impact does being a member of a union have on an individual employee's attitudes and behaviours? Second, how do management actions that support and encourage employee voice moderate the relationship between union status and employee attitudes and behaviours? In particular, I examine the relationship between union status and individual voice, job satisfaction, absenteeism, discretionary behavior (e.g., working overtime), and workplace conflict.

THEORY

The appropriateness framework proposes that individuals take into consideration the normative context of their environment when determining how they should act in a given situation; their unique identity or socially defined roles, and rules or heuristics that guide their behavior (Deutsch Salamon & Robinson, 2008; Weber et al., 2004). To begin, the strength of the normative context of the environment is important in determining the extent to which there will be a

pronounced effect on behavior (Mischel, 1973; 1977). A unionized environment is akin to a strong situation where the normative context will be very well understood, due to the existence of union leadership that specializes in being knowledgeable about management actions, and effectively communicating this information through channels that provide consistent information to members (Bowen & Ostroff, 2004). Employee interpretations of the type of behaviours that are appropriate in an organization are thus likely to be more consistent in unionized environments than in non-unionized environments, where the weaker situation allows for more idiosyncratic understanding about the normative context (Luchak & Pohler, 2010).

By the nature of its socially defined role in an organization, a union promotes a strong normative context surrounding voice and employee representation. For instance, unions institutionalize dispute resolution procedures, engage in collective bargaining negotiations, and enjoy legal protection for collective voice in most liberal market economies (Freeman, Boxall & Haynes, 2007). However, management is also a key player in the development of a normative context that will or will not signal that voice is valued (Kochan, Katz & McKersie, 1986). Management support of voice will provide signals of the importance management places on employee involvement through encouraging and providing opportunities to gain employee input into organizational processes. If employees perceive management as supportive of voice, then they will be more likely to deem the appropriate response to be to engage in informal, proactive discussions surrounding issues at work. Furthermore, if employees feel as though

management values their contributions, they will be more likely to reciprocate in kind (Eisenberger et al., 2001) by using voice to alert management about ways to generate greater productivity, create efficiencies, and improve the work process, as proposed by CVIR (Addison & Belfield, 2004a). Management that values employee voice and creates an environment that is conducive to and supportive of the exercise of employee voice will have greater potential to harness the benefits that employee participation provides.

In unionized environments in particular, empirical studies show that under harmonious industrial relations climates, employees experience less conflicting behavioural demands (Angle & Perry, 1986), resulting in positive outcomes for both the union and the organization (Deery & Iverson, 2005). When management creates an environment that is supportive of voice, and actively seeks employee input into organizational processes, the interests of the union and management will be more likely to be aligned. As a result, employees should experience less role conflict, with positive implications for individual attitudes and behaviors.

STUDY HYPOTHESES

It is well established that unionized employees on whole have greater access to formal and institutionalized voice mechanisms and methods of dispute resolution than non-unionized employees (Freeman & Medoff, 1984; Kaufman, 2005; Kaufman & Levine, 2000). However, both unionized and non-unionized employees who utilize established voice procedures potentially face a certain level of victimization, as is evidenced by their reported fear of reprisal for using grievance procedures (Bemmel, 1994; Boroff & Lewin, 1997), lower levels of

satisfaction (Olson-Buchanan & Boswell, 2002), and lower performance evaluations or fewer promotions (Lewin, 1999) after using voice mechanisms. Because of the potential for retribution, even unionized employees will be less likely to utilize established voice mechanisms unless they are confident that management supports the use of voice in the workplace. The stronger the signal that voice is supported, then the more union members will see it as appropriate to seek out problems and utilize established voice mechanisms to resolve conflict. Thus, my first two hypotheses are as follows:

Hypothesis 1a: Union status is positively associated with the utilization of employee voice.

Hypothesis 1b: Management support of voice will moderate the relationship between union status and employee voice such that when management support of voice is high, utilization of voice for unionized employees will be more prevalent than when management support of voice is low.

Unions have been argued to proliferate negative workplace attitudes. Indeed, research has shown that union members are more likely to be dissatisfied with their jobs (Freeman & Medoff, 1984; Hammer & Avgar, 2005). However, more recent research at the individual level has shown that unionized employees are no more or less likely to be dissatisfied than non-unionized employees, once controls are included for selection effects and working conditions (Bryson, Cappellari, Lucifora, 2004; Gordon & Denisi, 1995; Renaud, 2002). Furthermore, unions have the potential to increase positive employee attitudes such as commitment to the organization, job motivation, and satisfaction (Deery &

Iverson, 2005). Unionized employees are also more likely to have higher wages and benefits than their non-unionized counterparts (Betcherman et al., 1994; Blanchflower & Bryson, 2004; Freeman & Medoff, 1984; Kuhn, 1998; Lewis, 1986), resulting in higher satisfaction with pay and benefits (Freeman & Medoff, 1984). As previously mentioned, unionized employees will also have greater access to both collective and individual voice mechanisms to address workplace problems. Therefore, I would predict the following:

Hypothesis 2a: Union status is will be positively associated with overall employee satisfaction with the job and pay/benefits.

Although literature on high performance work practices would propose that management support of voice is likely to positively affect employee attitudes and behaviours for both unionized and non-unionized employees (Combs et al., 2006; Huselid, 1995), higher management support for voice is likely to have a more pronounced impact on unionized employee attitudes, due to the strength of the unionized situation (Mischel, 1973; 1977), and the greater consistency in the interpretation of the normative context (Bowen & Ostroff, 2004). The union's source of power vis-à-vis management comes from its ability to collectively regulate work effort (Kaufman, 2004), something it does through the messages it sends its members, shaping their perceptions about appropriate norms of conduct toward the organization. Therefore, when management supports employee voice in unionized organizations, unionized employees will view it as a signal that management is willing to listen to the union and employees, and perceive it as a favourable response to the unionized collective voice that already exists (Freeman

et al., 2007). Management's interests will be better aligned with those of the union, resulting in less competing behavioural demands being placed on employees (Angle & Perry, 1986), with positive consequences for individual attitudes (Deery & Iverson, 2005).

Hypothesis 2b: Management support of employee voice will moderate the relationship between union status and employee attitudes such that when management support of voice is high, unionized employees will experience greater overall satisfaction with the job and pay/benefits than when management support of voice is low.

Empirical research has shown that unions contribute to negative workplace behaviors such as excessive absenteeism (Allen, 1984; Mefford, 1986) and increased conflict (Lewin, 2005). Collective bargaining negotiations generally result in a greater number of paid sick days for unionized employees than are available to their non-unionized counterparts (Gunderson & Riddell, 1988, p. 324) resulting in less opportunity cost in the form of lost wages for missing work, and thus more potential for abuse of costly fringe benefits (Yssaad, 2009). The nature of the adversarial industrial relations model in North America (Post, 1990) also greatly increases the potential for workplace conflict in unionized organizations in the form of strikes, lockouts and other forms of labor action.

Furthermore, restrictive work rules and social norms in unions prohibit employees from engaging in pro-social discretionary behaviors that contribute to the effective functioning of the organization such as working unpaid overtime (Gunderson & Hyatt, 2001). Unions are a regulatory mechanism that, ceteris

paribus, ensures organizational compliance of established rights that reflect employee preferences, such as being paid a premium for overtime hours worked. These rights are enforced by collectively controlling effort, and by codifying the rights in the collective bargaining agreement surrounding increased wage rates for working overtime hours (Gunderson & Riddell, 1988).

Hypothesis 3a: Union status will be positively associated with absenteeism and conflict, and negatively associated with working unpaid overtime hours.

The appropriateness framework proposes that employee behaviours are influenced by their interpretation of what constitutes the appropriate conduct in any given situation (Deutsch Salamon & Robinson, 2008; Messick, 1999). If employees see that management values their input and seeks their involvement, the result will be the creation of a normative environment where employees will be more likely to reciprocate by utilizing more pro-social and less dysfunctional methods of dispute resolution to resolve conflict, be less likely to abuse costly fringe benefits such as paid sick days, and exhibit more discretionary behaviors. Indeed, the union will be more likely to provide consistent messages surrounding positive work norms (Deery & Iverson, 2005; Eder & Eisenberger, 2008), and may even go so far as to assist in creating and administering attendance management programs (Hundley, 1989).

Hypothesis 3b: Management support of voice will moderate the relationship between union status and employee behaviors such that when management support of voice is high, unionized employees will be absent less, experience less

workplace conflict, and work a higher number of unpaid overtime hours than when management support of voice is low.

METHODOLOGY

The data for this study was taken from the employee-level surveys of the longitudinal Workplace and Employee Survey (Statistics Canada, 2007). A stratified random sample of workplaces in Canada that have paid employees (with the exception of agricultural, religious and public sector workplaces as well as those workplaces in the three territorial provinces) received surveys to collect workplace level information. Using the initial workplace sample, between four and twenty-five employees were then randomly selected from each workplace to complete the employee survey. Employees were surveyed for two consecutive years, at which point a new employee-level sample was drawn, due to the difficulty of continuously integrating new workplaces in the sample when employees changed workplaces.

The 2003-2004 employee cycle was utilized in the study, as this is the latest complete cycle available from the WES for the employee survey. The longitudinal nature of the data allows measurement of the independent variables in 2003 and the dependent variables in 2004, which provides some confidence about the direction of causality between variables. The response rate in 2003 was 82.7% and in 2004 was 85.7% (Statistics Canada, 2007). Dropped from the sample were employees from workplaces with less than 10 employees or workplaces that had not been at the current address for at least one year. I also dropped temporary employees, managers, employees who had not been with the

organization for at least one year, those who exited the organization in the second year of the survey cycle, and those who were less than 25 years of age or over 65. These exclusions were meant to achieve a more homogeneous sample of employees eligible for union membership. Finally, employees with missing data in any of the study variables were also dropped from the analyses resulting in a final sample size of 8327 employees for all models. The final sample of employees was 54% female, on average 43 years old with 19.5 years of work experience and 11 years of seniority at the current workplace. The average employee in the sample made \$20.54/hour and worked full-time hours. Twenty-four percent of employees in the sample were in professional occupations, 48% were considered tradespeople, 4% worked in sales, 18% in administration, and 6% in production. The average workplace represented in the sample had 26 years at the current location, a union density rate of 37%, and 609 employees. Twenty-eight percent consisted of non-profit workplaces, 63% were in the service sector, and 37% were in the manufacturing sector.

Measures

Independent Variables

Union status. A dummy variable to indicate whether the employee was a union member or not (1 = union member) was constructed from the question, “In your job, are you a member of a union or covered by a collective bargaining agreement?” Thirty-eight percent of employees in the sample were unionized.

Management support of voice. A measure of management support of voice in the workplace was developed using a scale created by taking the average

of five questions that asked how frequently employees were asked to complete surveys; were asked to participate in an employee suggestion program or regular meetings in which they offered suggestions to superiors regarding areas of work that need improvement; were informed about overall workplace performance, changes to workplace organization or the implementation of new technology; were asked to participate in a task team or labor-management committee that was concerned with a broad range of workplace issues; or were part of a self-directed work group.

The scales were standardized to ensure consistency in measurement, and ranged from 1 = never to 4 = always. The measure was attempting to get at voice initiatives that grant employees real influence, thereby creating an environment that is genuinely conducive to and supportive of employee voice (Freeman et al., 2007). The average for this measure was 2.22 (SD=0.61).

Dependent Variables

Voice. Employees were asked if they had any dispute, complaint, or grievance in the past year. Six percent of employees utilized this individual voice mechanism. Although this measure has been used in the past to represent the level of conflict in a workplace (Katz, Kochan, & Gobeille, 1983; Katz, Kochan & Weber, 1985), established dispute resolution procedures are an important element of the voice face of unions (Freeman & Medoff, 1984). These procedures, if handled correctly, can provide the employer with valuable information about areas of the work process that need to be improved (Freeman & Medoff, 1984; Lewin, 2005). Dispute resolution procedures are a critical step in resolving

conflict in the workplace in a more pro-social and less costly way than through strikes, lockouts or other forms of more severe labor action (Kaufman & Lewin, 1998). Furthermore, empirical research has shown that the presence of a grievance procedure may increase productivity in an organization (Ichniowski, 1986), and grievance procedures have been touted to be akin to a high involvement human resource practice (Peterson & Lewin, 2000).

Satisfaction. Employee satisfaction was measured by taking the average of two items that asked employees, “considering all aspects of this job, how satisfied are you with the job?”, and “considering the duties and responsibilities of this job, how satisfied are you with the pay and benefits you receive?” Combining the two separate satisfaction items was meant to avoid problems associated with global measures of satisfaction (Wanous, Reichers, & Hudy, 1997), and to tap into different aspects of job satisfaction. This item was recoded as 1 = very dissatisfied and 4 = very satisfied. The average for satisfaction was 3.05 (SD=0.60).

Absenteeism. The absenteeism measure was created by taking the natural log of the number of paid sick days taken in the past year, plus a constant of one to ensure only non-zero values. The average number of paid sick days taken before taking the natural log of this measure was 3.27 (SD=9.96)

Conflict. Workplace conflict was measured by the number of days that the employee was off work due to strikes or lockouts in the past year. The average number of conflict days was 0.24 (SD=3.76).

Unpaid overtime. Unpaid overtime was created by taking the natural log of the number of unpaid overtime hours that employees reported they usually worked per week plus a constant of one to ensure only non-zero values. The average number of hours of unpaid overtime performed before taking the natural log of this measure was 1.70 (SD=4.19).

Control Variables

Extensive control variables were included in the regression models that may influence the dependent measures. At the workplace level of analysis, I included controls for whether the workplace was in a service or manufacturing industry, the number of years the workplace had been at the same location, whether it was a non-profit workplace, and the total number of employees. I also included a control for the overall union density rate in the organization, as union density can be reflective of the overall strength or power of the union in a workplace.

At the employee level, standard controls were included for gender, age, seniority, earnings, usual hours of work per week, occupation type (professional, trades sales, administration, or production), and overall years of work experience. Controls were also included for whether or not the employee graduated from high school, received any other education or training in the previous twelve months, had a spouse and/or dependent children, was born in Canada or elsewhere, was a visible minority, or supervised other employees. Finally, I also included controls for whether or not there was a dispute, complaint or grievance procedure available at the workplace, and the employee's overall level of satisfaction with the job and

benefits at time 1. One significant control variable missing from the analysis is a measure of capital intensity. The WES does not provide the variables necessary to calculate the capital intensity in a workplace.

Weighting

Application of the survey responses to descriptive and regression analyses uses a population weighting procedure to counter design effects. These weights were created by Statistics Canada based on population statistics, non-response, and knowledge of the stratification of the design, and they are required to be used when disclosing this data (Statistics Canada, 2007). Not utilizing the weights results in overrepresentation of employees from a particular stratum (i.e. region, size or industry). By using the weights, my data is highly representative of employees in Canadian workplaces in terms of my boundary conditions, industry, region and size.

RESULTS

A summary of the descriptive statistics and correlations for the key study variables are shown in Table 4-1. Note that the zero-order correlations between union status and my dependent variables show initial general support for my ideas. That is, union status is significantly and positively associated with voice, satisfaction, absenteeism and conflict, and significantly and negatively associated with working overtime. Furthermore, union status is positively and significantly correlated with management support of voice, consistent with my argument that unions institutionalize the use of voice in a workplace.

----Insert Table 4-1 about here----

In order to test the moderating effect of management support for voice on the relationship between union status and my six dependent variables, I utilized a logit regression to analyze the binary dependent variable for individual employee voice, and ordinary least squares regression analysis to model the remainder of the dependent variables.

Tables 4-2 and 4-3 show two sets of models, the former with the main effects of the independent variables and control variables only, and the latter with the addition of the interaction between union status and management-initiated voice practices. The direction of the beta coefficients for union status in Table 4-2 generally mirrors those in the zero-order correlations. Partial support is achieved for Hypothesis 1(a), as the effect of union status on individual employee voice becomes insignificant in the regression, but the direction remains positive. Hypotheses 2(a) and 3(a) are both supported, as union status is positively and significantly associated with satisfaction, absenteeism, and workplace conflict, and negatively and significantly associated with working unpaid overtime hours.

Although I did not offer formal and separate hypotheses about the direct relationship between management support of voice and the dependent variables, the results also offer general support for my arguments. That is, management support of voice is positively related to individual voice, satisfaction, and overtime, and is negatively related to conflict. One peculiar result that I did not expect to find is that management support of voice is also positively related to absenteeism. A potential explanation for this is that managers who are supportive of voice and encourage utilization of voice practices are also likely adopt other

high performance work practices such as better benefits for employees (e.g., paid sick leave). However, consistent with my arguments about the strength of the situation in unionized versus non-unionized situations, only three out of the six relationships between management support of voice and my dependent variables are significant, pointing to the existence of idiosyncratic non-unionized employee interpretations about the normative context, and thus the type of behaviour that is determined to be appropriate in the situation.

Initial support for Hypotheses 1(b), 2(b) and 3(b) can be seen in the second set of models in Table 4-3, where the interactions between union status and management support of voice are significant for all of my dependent variables except for conflict (where the interaction coefficient is just marginally insignificant at $p < 0.15$). In what follows, I probe the nature of the interactions in additional analyses, as well as provide some robustness checks to account for the clustered nature of the sample.

----Insert Table 4-2 about here----

----Insert Table 4-3 about here----

The interaction in the logit regression for the voice model is interpreted in terms of the likelihood that the employees would utilize established voice mechanisms. The nature of the interaction supports Hypothesis 1(b). When management support of voice is low, unionized employees are less likely to utilize existing dispute resolution procedures than when management support of voice is high.

In order to ease interpretation of the interaction for each of my continuous dependent variables that utilized ordinary least squares regression, in Figure 1 I present graphs of my results for unionized and non-unionized employees in workplaces where management support of voice is high and where management support of voice is low, holding the control variables constant at their mean values (Aiken & West, 1991). I also graph the results for the conflict model, even though the interaction was marginally insignificant at $p < 0.15$. A graph is not included for the results of the logit model for voice, as this dependent variable is not continuous.

----Insert Figure 1 about here----

The nature of the interaction offers support for Hypothesis 2(b), as unionized employee satisfaction is higher when management support of voice is high than when it is low. The graphs also show support for Hypothesis 3(b). When management support for voice is high, it increases the amount of unpaid overtime unionized employees work compared to when management support for voice is low. Consistent with my arguments surrounding workplace conflict, when management support for voice is high, it reduces the number of days of strikes and/or lockouts affecting unionized employees versus when it is low. The results for absenteeism are also what I would expect for unionized employees. That is, they take less paid sick days in an environment where management support for voice is high, versus environments where it is low.

Supplementary Analyses

The argument can be made that management support of employee voice is an attempt by management to undermine the union (Turnbull, 1988). To rule out this potential alternative explanation, I also empirically investigated the interactive effect of union status and management support of voice on the propensity to engage in temporary layoffs in the workplace. If union status is more positively related to layoffs when management support of voice is high, then this may indicate that management is attempting to be opportunistic and undermine the union as the sole bargaining agent on behalf of the employees through establishing direct, non-union voice mechanisms for employees (Taras, 2006). However, if the propensity to utilize layoffs decreases for unionized employees when management support of voice is high, then it would indicate that management legitimately values employees as a source of competitive advantage in the organization, and may be utilizing employee involvement and suggestions to find ways to reduce costs in times of economic turmoil, other than through layoffs. The results are available from the author upon request, and show that the tendency for management to utilize layoffs for unionized employees is lower when management support of voice is high, consistent with the interpretation that management support of voice in this study is not an attempt to undermine the union by substituting for unionized collective voice.

The employee sample utilized from the Workplace and Employment Survey has a natural clustering aspect to it, as there is more than one employee sampled from each workplace. Therefore, I also ran the results using a cluster-

adjusted standard error to determine the effect on the outcomes. The interaction between union status and management support of voice remains significant for absenteeism and voice, marginally significant at $p < 0.15$ for overtime, and becomes insignificant for satisfaction and conflict. However, I also included detailed workplace level control variables in each of my models which accounts for some of the correlation between employees from the same workplace, making the cluster-adjusted standard errors potentially too conservative.

The models presented here were initially developed on the 2001-2002 employee cycle, and confirmatory analyses were done using the 2003-2004 employee cycle to avoid problems with inflation of fit statistics in my regression models (Hayduk, 1987). The results between both years are similar, and therefore only the 2003-2004 results are reported for the purposes of this study, although the results of the earlier cycle are available from the author upon request.

DISCUSSION

The purpose of this study was to determine what impact union status has on employee attitudes and behaviours, and if management support of voice moderates the relationship between union status and employee outcomes. The results provide empirical support for the idea that when management is supportive of voice, the union will be more likely to interpret the environment as cooperative, and reciprocate in kind by sending consistent messages to its membership to engage in positive, pro-social behaviours to assist the organization in achieving its objectives. The major implication is that future research on the relationship

between unions and employee level outcomes should take into account the moderating effect of management's actions.

In particular, future research on employee voice in both unionized and non-unionized workplaces should examine management encouragement of employee voice, enabling research in this area to better address issues surrounding instrumentality and effectiveness of voice mechanisms, as well as power imbalances that may affect employee fear of retribution for utilizing voice. In the same vein, more research is needed that directly compares effectiveness of voice mechanisms in unionized and non-unionized settings. Although industrial relations theory and research commonly examines alternative and non-union dispute resolution procedures (e.g., Colvin, 2003), the majority of management research on employee voice and participation pays limited attention to the role of unions (Olson-Buchanan & Boswell, 2002; 2008; Boswell & Olson-Buchanan, 2004), or ignores their impact on voice altogether (Detert & Burris, 2007; LePine & Van Dyne, 1998; 2001).

There are a few limitations in this study that should be highlighted. First, the proxy I utilize for management support of voice does not actually measure the union's or employees' perceptions of the normative environment, but rather management encouragement of employee involvement in workplace voice practices. Although the results are consistent with my interpretation, and the nature of the sample provides high external generalizability for the findings, future research should attempt to more directly measure employee perceptions of management support for voice, and other mediating theoretical mechanisms I

propose here (e.g., the extent to which employees believe certain behaviors are appropriate in the workplace or not, and the potential strength of norms in a unionized environment versus a non-unionized environment).

Second, although I do address the issue of management exploiting employees or attempting to undermine the union through my supplementary analysis of layoffs, some scholars have suggested that unions do not look favourably upon management encouraging direct employee voice, as this is often viewed as a way to undermine the union's role as the sole bargaining agent for employees (Kochan et al., 1986; Taras, 2006; Turnbull, 1992; Verma, 1989; Verma & Kochan, 1985; Verma & McKersie, 1987). However, more recent theoretical research in this area proposes that unions may actually improve the effective adoption of high performance work practices and systems (Gill, 2009), which is consistent with ideas presented in this study that management support of voice has more pronounced effects in unionized environments through the potential of the union to send consistent messages to members about whether to compete or cooperate with management.

Notwithstanding these limitations, the results of this study have important theoretical and practical implications. First, there has been a call for integration of theory in industrial relations with research in other well-established fields that purport to study the employment relationship such as organizational behaviour, in order to better understand the complex relationship between unions and employee attitudes and behaviours (Kaufman, 2008; Luchak, 2003). My study attempts to

answer this call through integration of CVIR with the appropriateness framework and concepts surrounding situational strength.

Second, I find a differential impact on attitudes and behaviours between unionized and non-unionized employees. In particular, management support of voice appears to have a more pronounced effect for unionized employees in terms of satisfaction and conflict. Management support of voice also appears to have a positive effect on absenteeism in a non-unionized environment. As previously mentioned, one potential explanation for this finding is that organizations that utilize the types of practices that contribute to higher perceptions of voice being supported in an organization also adopt other high performance work practices such as paid leave for absences, allowing non-unionized employees in this environment greater access to these benefits.

Future research on union impact should more explicitly examine other contextual factors that determine whether or not unions will have a positive or negative effect on employee attitudes and behaviours, as the results of this study suggest that there is not an underlying and invariant relationship between unions and employee level outcomes (Doucouliagos & Laroche, 2003; 2009). Indeed, as suggested by the results presented here, and consistent with prior research that suggests non-union dispute resolution procedures can be less effective in addressing workplace problems (Batt, Colvin & Keefe, 2002), there may be positive synergistic effects between unions and management support of voice that are not achievable through these practices alone (Gill, 2009). If this is the case, then the current decline in unionized collective voice in liberal market economies

(Kaufman, 2005) may be problematic if the benefits provided by unions are not adequately replaced.

TABLE 4-1*Descriptive Statistics and Zero Order Pairwise Correlations for Key Study Variables^a*

Variable	Mean	SD	1	2	3	4	5	6
1 Voice	0.06	0.24						
2 Satisfaction	3.05	0.60	-0.07 *					
3 Absenteeism ^b	0.82	0.95	-0.02	-0.04 *				
4 Overtime ^b	0.47	0.85	0.01	-0.01	0.01			
5 Conflict	0.24	3.76	0.01	0.00	0.02	-0.02		
6 Union Status	0.38	0.49	0.12 *	0.06 *	0.15 *	-0.08 *	0.07 *	
7 Mgmt Support of Voice	2.22	0.61	0.04 *	0.14 *	0.07 *	0.22 *	-0.02	0.03 *

^a N=8327^b natural log of original variable

* p < .05

TABLE 4-2

Regression Analysis^a

	Voice		Satisfaction		Absenteeism ^b		Overtime ^b		Conflict	
<i>Main Effects</i>	B	SE B	B	SE B	B	SE B	B	SE B	B	SE B
Constant	-2.30	1.41	0.80	0.06 ***	0.26	0.12 *	-0.23	0.10 *	-0.47	0.51
Union Status	0.29	0.39	0.04	0.02 *	0.12	0.03 ***	-0.47	0.03 ***	0.39	0.14 **
Mgmt Support of Voice	0.27	0.14	0.01	0.01	0.05	0.02 **	0.14	0.01 ***	-0.11	0.07
Gender (Male=1)	0.37	0.19 *	0.00	0.01	-0.24	0.02 ***	0.01	0.02	0.14	0.10
Age	0.01	0.02	2.55E-03	0.00 **	-4.74E-03	0.00 **	0.00	0.00	0.00	0.01
Seniority	0.00	0.01	1.85E-03	0.00 *	-0.01	0.00 ***	-2.27E-03	0.00 *	-0.01	0.01 *
Earnings	0.00	0.01	4.70E-03	0.00 ***	0.01	0.00 ***	0.03	0.00 ***	-0.01	0.01
Usual Hours/Week	-0.01	0.02	-2.02E-03	0.00 *	0.01	0.00 ***	0.01	0.00 ***	0.01	0.01
Professional	0.17	0.40	0.08	0.03 **	0.11	0.05 *	0.25	0.04 ***	-0.27	0.21
Trades	0.53	0.37	0.11	0.02 ***	0.15	0.04 ***	0.03	0.04	-0.02	0.18
Sales	0.11	0.56	0.13	0.03 ***	-0.05	0.07	0.14	0.05 *	-0.26	0.28
Administration	0.21	0.41	0.11	0.03 ***	0.30	0.05 ***	0.08	0.04	-0.09	0.20
Yrs Work Experience	0.00	0.02	0.00	0.00	3.36E-03	0.00 *	-0.01	0.00 ***	0.01	0.01 *
Graduate High School	-0.40	0.24	0.04	0.02 **	0.12	0.03 ***	0.01	0.02	0.37	0.12 **
Education Last Year	0.25	0.38	-0.05	0.02 **	0.07	0.04 *	-0.01	0.03	-0.02	0.15
Spouse	0.21	0.24	0.01	0.01	-0.01	0.02	0.02	0.02	0.26	0.10 *
Dependent Children	-0.06	0.17	-0.01	0.01	-0.02	0.02	-0.05	0.02 **	-0.17	0.09
Born in Canada	-0.04	0.30	0.04	0.02 *	0.03	0.03	0.00	0.03	0.23	0.13
Minority	-0.15	0.28	-0.01	0.02	0.15	0.03 ***	-0.12	0.03 ***	0.13	0.13
Supervise Others	0.12	0.19	0.02	0.01	-0.11	0.02 ***	0.21	0.02 ***	0.08	0.09
Previous Satisfaction	-0.84	0.18 ***	0.61	0.01 ***	-0.05	0.02 **	-0.13	0.01 ***	-0.10	0.07
Dispute Resolution	1.28	0.26 ***	0.05	0.01 ***	0.09	0.02 ***	0.04	0.02	-0.01	0.10
Service Industry	-0.11	0.21	0.02	0.01	0.18	0.02 ***	0.02	0.02	0.31	0.10 **
Workplace Age	-0.01	0.00	0.00	0.00	0.00	0.00	-1.53E-03	0.00 ***	0.00	0.00
Non-Profit Workplace	-0.21	0.26	-0.08	0.02 ***	0.35	0.03 ***	0.10	0.02 ***	-0.10	0.12
Total Employees	0.00	0.00	1.24E-05	0.00 **	0.00	0.00	3.37E-05	0.00 ***	0.00	0.00
Union Density	0.58	0.49	-0.05	0.02 *	0.04	0.04	0.32	0.03 ***	0.36	0.17 *
Adjusted R ²	0.10		0.40		0.13		0.23		0.01	
Model Fit (F)	179.00 ***		211.93 ***		48.07 ***		96.10 ***		3.81 ***	
Unweighted N	8327		8327		8327		8327		8327	

^a Unstandardized regression coefficients and standard errors are presented.

^b Natural log of original variable

* p < .05, ** p < .01, *** p < .001

TABLE 4-3

Regression Analysis^a

	Voice		Satisfaction		Absenteeism ^b		Overtime ^b		Conflict	
<i>Interaction Added</i>	B	SE B	B	SE B	B	SE B	B	SE B	B	SE B
Constant	-2.83	1.50	0.82	0.06 ***	0.16	0.12	-0.28	0.10 **	-0.62	0.52
Union Status	1.60	0.77 *	-0.05	0.05	0.48	0.09 ***	-0.29	0.07 ***	0.94	0.36 *
Mgmt Support of Voice	0.57	0.21 **	-0.01	0.01	0.11	0.02 ***	0.16	0.02 ***	-0.03	0.09
Interaction	-0.54	0.27 *	0.04	0.02 *	-0.16	0.03 ***	-0.08	0.03 **	-0.24	0.15
Gender (Male=1)	0.35	0.18	0.00	0.01	-0.24	0.02 ***	0.01	0.02	0.14	0.10
Age	0.01	0.02	2.51E-03	0.00 **	-4.57E-03	0.00 *	0.00	0.00	0.00	0.01
Seniority	0.00	0.01	1.86E-03	0.00 *	-0.01	0.00 ***	-2.30E-03	0.00 *	-0.01	0.01 *
Earnings	0.00	0.01	4.68E-03	0.00 ***	0.01	0.00 ***	0.03	0.00 ***	-0.01	0.01
Usual Hours/Week	-0.01	0.02	-1.98E-03	0.00 *	0.01	0.00 ***	0.01	0.00 ***	0.01	0.01
Professional	0.20	0.40	0.07	0.03 **	0.11	0.05 *	0.25	0.04 ***	-0.26	0.21
Trades	0.53	0.37	0.11	0.02 ***	0.15	0.04 **	0.03	0.04	-0.02	0.18
Sales	0.12	0.56	0.13	0.03 ***	-0.06	0.07	0.13	0.05 *	-0.27	0.28
Administration	0.22	0.41	0.11	0.03 ***	0.30	0.05 ***	0.08	0.04	-0.09	0.20
Yrs Work Experience	0.00	0.02	0.00	0.00	3.34E-03	0.00 *	-0.01	0.00 ***	0.01	0.01 *
Graduate High School	-0.41	0.24	0.04	0.02 **	0.11	0.03 ***	0.01	0.02	0.36	0.12 **
Education Last Year	0.27	0.38	-0.05	0.02 **	0.07	0.04 *	-0.01	0.03	-0.02	0.15
Spouse	0.22	0.24	0.01	0.01	-0.01	0.02	0.02	0.02	0.26	0.10 *
Dependent Children	-0.06	0.17	-0.01	0.01	-0.02	0.02	-0.05	0.02 **	-0.16	0.09
Born in Canada	-0.06	0.30	0.04	0.02 *	0.02	0.03	0.00	0.03	0.23	0.13
Minority	-0.15	0.28	-0.01	0.02	0.15	0.03 ***	-0.12	0.03 ***	0.13	0.13
Supervise Others	0.09	0.19	0.02	0.01	-0.12	0.02 ***	0.21	0.02 ***	0.07	0.09
Previous Satisfaction	-0.85	0.18 ***	0.61	0.01 ***	-0.05	0.02 **	-0.13	0.01 ***	-0.10	0.07
Dispute Resolution	1.22	0.26 ***	0.05	0.01 ***	0.08	0.02 **	0.03	0.02	-0.03	0.10
Service Industry	-0.15	0.21	0.02	0.01	0.18	0.02 ***	0.01	0.02	0.30	0.10 **
Workplace Age	-0.01	0.00	0.00	0.00	0.00	0.00	-1.52E-03	0.00 ***	0.00	0.00
Non-Profit Workplace	-0.19	0.26	-0.08	0.02 ***	0.36	0.03 ***	0.10	0.02 ***	-0.08	0.12
Total Employees	0.00	0.00	1.29E-05	0.00 **	0.00	0.00	3.26E-05	0.00 ***	0.00	0.00
Union Density	0.52	0.48	-0.05	0.02 *	0.03	0.04	0.32	0.03 ***	0.34	0.17 *
Adjusted R ²	0.11		0.40		0.13		0.23		0.01	
Model Fit (F)	181.64 ***		204.35 ***		47.18 ***		92.89 ***		3.77 ***	
Unweighted N	8327		8327		8327		8327		8327	

^a Unstandardized regression coefficients and standard errors are presented.

^b Natural log of original variable

* p < .05, ** p < .01, *** p < .001

FIGURE 4-1
Graphs of Individual Outcomes

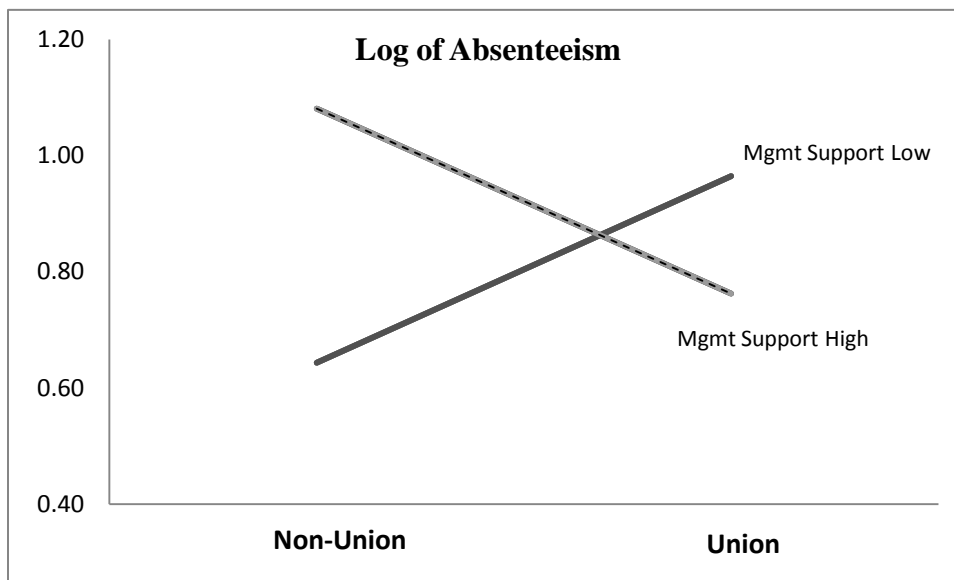
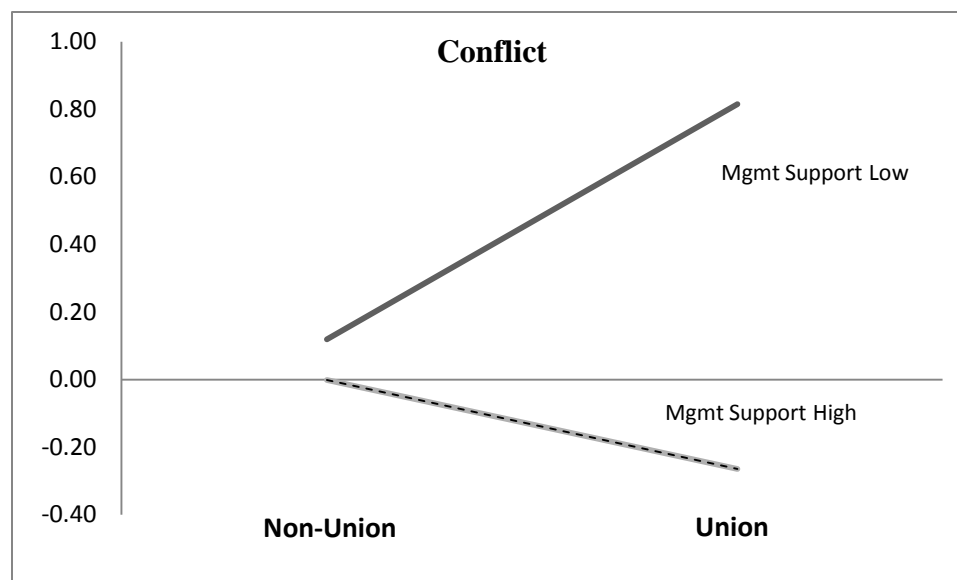
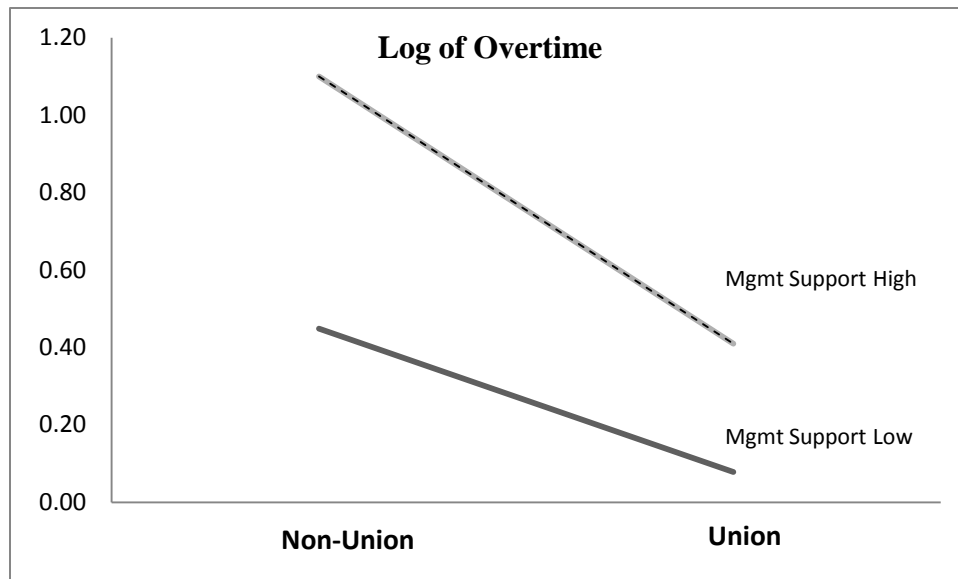


FIGURE 4-1 continued



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CHAPTER 5

CONCLUSION

The purpose of my dissertation was to determine under what circumstances the monopoly or voice face of unions will be more dominant by elaborating upon the collective voice/institutional response (CVIR) model of union impact (Freeman & Medoff, 1984). In Chapter 2, I theoretically resolve some of the controversy surrounding the two faces debate through integration of CVIR with the appropriateness framework (March, 1994) as applied to the decisions of management and the union to cooperate or compete with each other in a classic social dilemma situation (Weber, Kopelman & Messick, 2004), and I provide an agenda for a future program of research in this area. In Chapters 3 and 4, I utilize data from the Workplace and Employment Survey (Statistics Canada, 2007), to examine the moderating effect of management's response on the relationship between unions and organizational and employee-level outcomes, respectively. The empirical results provide general support for the idea that when management actions signal a willingness to cooperate with the union, the positive benefits of unions are enhanced and the negative effects attenuated, and vice versa when management does not provide a clear signal of its willingness to cooperate.

The empirical results are consistent with the idea that management's response is a key moderating mechanism of a union's power and thus impact, contributing to zero or negative sum outcomes when management chooses to compete (i.e., union power is exerted in the direction of harmful monopoly effects) and positive sum outcomes when management chooses cooperation (i.e., union power is exerted in the direction of beneficial voice effects). In particular, when

environmental cues lead the union and/or unionized employees to believe that management values voice and wishes to cooperate, they will consider “cooperation” an appropriate response under the circumstances and reciprocate in-kind with other-regarding, cooperative behaviors. On the other hand, when environmental cues lead the union or unionized employees to believe that management may potentially behave opportunistically, they will consider “competition” an appropriate response and respond in-kind with self-serving, competitive behaviours. Drawing upon the resource-based view of the firm, I argue how a cooperative union-management relationship can be a source of sustainable competitive advantage for the organization (Barney, 1991).

Taken together, the papers in my dissertation address critical limitations and assumptions that have held back research in the area of union impact. The major contribution of my dissertation is the theoretical expansion of and development of empirical support for how management’s response to unions moderates their effects on individual and organizational outcomes. However, there are also other theoretical, methodological and practical contributions of my dissertation, and each is discussed in turn.

Theoretically speaking, there has been a call for expansion and integration of IR models with theory and research from other related fields if IR is to survive as a discipline (Kaufman, 2008). There have also been calls for theory that better explains some of the inconsistencies within CVIR that contribute to conflicting empirical findings (Addison & Belfield, 2004a; Kaufman, 2004; 2005). My dissertation seeks to answer both of these calls through integration of CVIR

(Freeman & Medoff, 1984) with the appropriateness framework (March, 1994; Weber et al., 2004) and the resource-based view of the firm (Barney, 1991), two seminal theories in the more theoretically developed fields of organizational behavior and strategic management, respectively. In so doing, I also make a modest contribution to recent work that applies the appropriateness framework to explain behavior in social dilemmas (e.g., Weber et al., 2004), by expanding this application to the unionized employment situation.

In terms of methodology, a current criticism of much empirical union impact research is that the results are not generalizable to different years, companies, or industries (Doucouliagos & Laroche, 2003). The structure of the WES data set allows me to analyze the impact of unions over time, at both the individual and organizational levels of analysis, and across different companies and industries, addressing some of the limitations in past studies on union impact (Hirsch, 2004). The detailed survey data also provides measures of workplace level union density, as opposed to simple binary measures of unionization or aggregated industry level rates, which have been the standard measures used in past empirical studies on union impact. Finally, the longitudinal nature of the WES allows for examination of the relationships over a longer time frame, including periods of both recession and rapid economic expansion, and creates more confidence surrounding the causal direction of the variables.

Empirically, the results of my dissertation suggest that there is not an underlying and invariant association between unions and outcomes of interest, as has been assumed in the past (Doucouliagos & Laroche, 2003). Rather, there are

contingent factors that determine whether or not the positive or negative effects of unions will be more prevalent. In particular, I focus on the impact of management's response to the union as key in creating a cooperative or competitive relationship, and in so doing, revive and elaborate upon original arguments from CVIR that have been greatly underdeveloped and overlooked (Bryson, Charlwood & Forth, 2006). Future research on union impact should no longer analyze the direct, unmoderated relationship between unions and outcomes of interest. Instead, it should take into account the complex nature of the environmental context, the unique identity or socially defined role of the union and management in the situation, and the norms or rules that guide their decisions.

Finally, practically speaking, North American managers have been shown to be opposed to unions through active engagement in union avoidance (Logan, 2006), or practices that undermine union bargaining power (Klasa, Maxwell & Ortiz-Molina, 2009). My dissertation proposes that the popular view of unions is incomplete, and potentially even detrimental to the effective functioning of organizations, as unions can indeed provide a source of sustainable competitive advantage under certain circumstances, and hinder effective functioning of organizations under others. It provides further theoretical and empirical support to echo others who have called to revamp traditional adversarial models of collective bargaining in North America (Post, 1990), and also supports the notion that management plays an active role in shaping the industrial relations climate in organizations (Kochan, Katz & McKersie, 1986).

The topic is a timely one, given the current global recession, and the necessity of unions and management to create cooperative partnerships in order to ensure the continuing survival and competitiveness of unionized organizations (Hirsch, 2008). Although union density has faced a steep decline in most liberal market economies over the past few decades (Kaufman, 2008), the decline has recently leveled off and stabilized in many countries (Australian Bureau of Labor Statistics, 2009; United States Department of Labor Bureau of Labor Statistics, 2010; Levesque, 2009). Unions are not likely to disappear any time soon, as they serve a role in society that we have yet to fully understand. By elaborating upon the conditions under which a cooperative union-management relationship may be established, and highlighting its potential to become a source of sustainable competitive advantage for organizations while at the same time ensuring employee well-being, my dissertation furthers our understanding of the role of this complex and controversial institution in society.

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