



Union effects on employee relations in Britain

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ABSTRACT

I estimate the effects of trade unions on employee and employer perceptions of workplace management–employee relations in Britain using linked employer–employee data from the 1998 Workplace Employee Relations Survey. Associations between these relations and unionization vary with institutional arrangements in relation to bargaining and lay representation. There is support for McCarthy's view that union lay representatives can act as a 'lubricant' assisting with employment relations, but this is apparent from an employer perspective, not an employee perspective. The only union effect common across employers and employees is poorer perceptions of employment relations where union coverage is at the level known to generate a union wage premium.

KEYWORDS

employment relations ■ trade unions

1. Introduction

It is now more than 35 years since the Donovan Commission found that workplace trade unionism acted as a 'lubricant not an irritant' in the management of employee relations (McCarthy, 1967). Linked employer–employee data from the 1998 Workplace Employee Relations Survey (WERS98) allow for the general applicability of this proposition to be tested in a more rigorous way than has been possible to date. These data permit analyses of associations between employees' perceptions of management–employee

relations and features of their workplace. Previous analyses have considered managerial perceptions of management–employee relations (Ferne et al., 1994; Fernie & Metcalf, 1995; Wood & de Menezes, 1998) or relied on data collected from household surveys lacking detailed workplace information (Bryson & McKay, 1997; Bryson, 1999). Ramsay et al. (2000) are an exception since they use the WERS98 data used here. However, their article focuses on the relationship between high performance work systems and a variety of outcomes, whereas I focus exclusively on the relationship between employment relations and unionization. The survey offers a unique insight into management–employee relations in Britain based on similar measures of perceptions for employees and human resource (HR) managers working in the same workplace. This allows us to establish if and, if so, how, correlations between unionization and employment relations differ between the two sides of the employment relationship.

The remainder of this article is set out as follows. Section 2 discusses the concept of employee relations used in this article. Section 3 identifies links between unionization and perceptions of employment relations, outlining some hypotheses. Section 4 introduces the data. Section 5 presents the sample and analytical procedures. Section 6 shows the results and Section 7 concludes with some implications for unions and employers.

2. Workplace management–employee relations

Workers' perceptions of management–employee relations depend on practices and structures underpinning the relationship between management and employees (both collectively and individually) as well as individuals' own work experiences (Katz et al., 1985) and their frames of reference. Employees' position in the workplace hierarchy is a potentially important influence on these perceptions but, until now, data limitations have prevented detailed exploration of this issue. It is likely that managerial perceptions of the management–employee relationship will differ from those of non-managerial employees for four reasons. First, managers – and particularly the HR managers who are the main WERS managerial respondents – will be more constrained in making criticisms than other employees because they are formally accountable for employment relations. Second, non-managerial employees' interests may differ from those of managers, leading to a different assessment of the management–employee relationship. Third, managers make their judgements based on different information than employees. Fourth, managers and employees may have different frames of reference leading them to process the same information in different ways. For example,

a manager with a unitarist frame of reference may interpret employee grumbling as nothing more than a 'letting off of steam', perhaps assuming that employees will leave if they are genuinely dissatisfied, whereas an employee with a radical or pluralist frame of reference may interpret the same grumbling as evidence of poor employment relations (Kelly, 1998). For these reasons, it might not be surprising if managers voiced greater satisfaction with the relationship than other employees.

If management–employee relations are a workplace attribute, one would expect a high degree of agreement about the state of those relations in a particular workplace, and one would expect workplace attributes to be important in explaining variation in those perceptions. If, on the other hand, perceptions of employment relations are really an attribute of the individual – that is, just one form of expression the individual gives as to the way she feels about the world – workplace features may explain little of the variance in co-workers' perceptions of employment relations.

3. Hypothesized links between unionization and the perceptions of employee relations

Unions try to obtain a higher wage for their members than would be offered in the absence of the union which, other things equal, results in workers taking a greater share of profits at the expense of the firm. This monopoly face of unions might lead to deteriorating management–employee relations where it leads to management adopting anti-union strategies, intensifying conflict, while the union mobilization needed for the union to have monopoly power may lead to anti-management views on the part of the workforce (Gallie et al., 1998; Kelly, 1998). Pay bargaining may have similar effects in the public sector where wage demands must be satisfied, along with competing claims for resources, from fixed budgets set by officials and politicians. On the other hand, union voice can lead to improved employment relations through effective communication between management and employees and the resolution of employee grievances (Freeman & Medoff, 1984). In theory, then, union effects on employment relations depend on the weight unions attach to their monopoly and voice roles. Indeed, this is the starting point for some who maintain the future of unions may lie in them placing greater emphasis on their voice role (Rubinstein, 2001; Wachter, 2003). However, the relationship between union activity and employment relations is mediated by a range of factors making union effects more contingent on institutional arrangements within and beyond the workplace. I elaborate on these factors below hypothesizing

about the effects of bargaining arrangements, the union wage premium, and lay representation.

3.1 Bargaining arrangements

During the 1990s, there was a trend towards single-table bargaining where collective bargaining was the dominant form of pay determination (Millward et al., 2000). This was primarily due to a simplification of bargaining arrangements where more than one union existed, rather than the reduction in multi-unionism that occurred over the period (Millward et al., 2000). Millward et al. found that 'many, if not most, of the moves towards simpler negotiating arrangements were at the instigation of management' (Millward et al., 2000: 205), implying that employers felt they had something to gain from simpler bargaining arrangements, either through single-table bargaining or a single union.

Bargaining arrangements mediate the relationship between unions and perceptions of employment relations for various reasons. Fernie and Metcalf (1995: 401) argue that 'the benefits from having a union representing the bulk of the labour force in a workplace . . . flow from greater voice and representativeness and less fragmentation of workplace employee relations'. Gains may come through avoidance of inter-union rivalry in the bargaining process that can result in 'leapfrogging' claims, while single unionism has the added benefit of avoiding 'competitive militancy' between unions (Dobson, 1997). Analysing employer perceptions of employment relations in the Workplace Industrial Relations Survey (WIRS) 1990, Fernie et al. (1994: 17) found 'multi-unionism contributes to inferior relations between management and labour'.

Whether fragmented bargaining arrangements engender poorer employee perceptions of employment relations depends, in part, on whether workers are complementary or close substitutes for one another. If workers are close substitutes, employers could use fragmented bargaining arrangements to 'divide and rule' them (Horn & Wolinsky, 1988). If they are highly complementary this eventuality does not arise and separate unions or bargaining arrangements may promote better relations by providing voice arrangements for different groups of workers. It is difficult to observe or proxy the degree of substitutability between workers with our data. I hypothesize that:

Hypothesis 1: Employer perceptions of management–employee relations will be better under single-table or single union arrangements than under fragmented bargaining, whereas the association between

bargaining arrangements and employee perceptions of management–employee relations is uncertain a priori.

Bearing in mind the earlier discussion about the monopoly face of unions, my second hypothesis is:

Hypothesis 2: Employer and employee perceptions of climate will be poorer where unions extract a wage premium.

Unions only obtain a premium where bargaining coverage is high or multiple unions are present (Forth & Millward, 2002).¹ Whether multiple unions negotiate jointly or separately makes no difference to the size of the premium.

3.2 Lay representation

One might anticipate poorer perceptions of management–employee relations in the presence of union lay representation for two reasons. The first is ‘voice-induced complaining’, wherein unionized workers are more prone to voice their grievances than non-union workers because they have the protection of the union and because complaining strengthens the union’s hand in bargaining (Freeman & Medoff, 1984). Second, information coming from lay representatives may heighten awareness of managerial shortcomings, especially where those representatives mobilize discontent to galvanize support for union causes or raise critical awareness of management. However, union representatives are attaching greater importance to ‘dealing with problems raised by the treatment of employees by management, and to resolving disputes’ (Cully et al., 1999: 201) rather than the more traditional activities of maintaining wages and benefits. If representatives are effective in this role, they may contribute to better employer and employee perceptions of employment relations, performing the lubricating function that McCarthy (1967) attributed to them. Which of these effects dominates is an empirical question.

The literature on lay representation emphasizes just how much has changed for union representatives since the Donovan Commission. Until the late 1970s, employers broadly accepted the Donovan Commission proposition that formalization of employment relations through support for lay representatives was the best way to ‘ensure stable workplace governance and the reduction of conflict’ (Terry, 2003: 266). Terry argues: ‘the growth in managerial support for steward organisation – through improved facilities and time off for union and training activities – appeared to reflect this’ (2003:

266). This trend was reversed in the 1980s when the desire to re-establish managerial prerogatives meant:

managers' acceptance of a degree of joint regulation as the 'least bad' approach to industrial governance . . . was significantly eroded with the consequence that, by the late 1990s . . . unions had been effectively excluded . . . from the handling of such issues.

(Terry, 2003: 267)

This change in employer orientation to union representatives is apparent in case studies illustrating how recognized unions are bypassed in managerial decision-making (Darlington, 1994) and survey data identifying the modest degree of joint regulation between union representatives and employers at the end of the 1990s (Cully et al., 1999). These trends, together with employers' withdrawal of resources to support steward representation, has meant that 'facilitation of a participative style [is] harder and more time-consuming for stewards now than in earlier decades' (Terry, 2003: 270). It seems likely that lay representatives will be more effective in their pastoral role when they have the time and resources to devote to the task. Expectations raised by the presence of a representative may be unfulfilled where the representative spends little time performing the function, as is the case with many part-time representatives (Cully et al., 1999). I therefore hypothesize:

Hypothesis 3: employer and employee perceptions of employment relations will be more positive in the presence of full-time on-site lay representatives than in the presence of part-time lay representatives, but that, a priori, it is uncertain whether perceptions of employment relations will be better in the presence or the absence of lay representatives.

4. The data

WERS98 is a nationally representative survey of workplaces with 10 or more employees covering all sectors of the economy except agriculture (Airey et al., 1999). I use two elements of the survey. The first is the management interview, conducted face-to-face with the most senior workplace manager responsible for employee relations. Interviews were conducted in 2191 workplaces between October 1997 and June 1998, with a response rate of 80.4 percent. The second element is the survey of employees within workplaces where a management interview was obtained. Self-completion questionnaires were distributed to a simple random sample of 25 employees (or all

employees in workplaces with 10–24) in the 1880 cases where management permitted it. Of the 44,283 questionnaires distributed, 28,237 (64%) usable ones were returned.

4.1 Employment relations' measures

Management–employee relations can be viewed as one dimension in what is usually regarded as the multi-faceted concept of 'industrial relations climate'. Because climate is multi-faceted there are advantages to measuring it with multi-item scales. It is only recently that some consensus has been reached as to the items entering such a measure (Dastmalchian et al., 1989, 1991). Some empirical studies adopt constructs validated in this research (e.g. Deery et al., 1999). One disadvantage of this approach is that the space taken up by the items used to derive the climate measure means dedicated survey instruments used in these studies reserve less space for the collection of information on other matters. In addition, these studies tend to use small surveys of workplaces and employees, raising issues about one's ability to extrapolate from the results to a wider population. The advantage of the WERS dataset is that, once weighted as described in Section 5.3, it is nationally representative of workplaces with 10 or more employees and the employees working in those establishments. As noted below, it also contains rich covariates used to identify institutional features of the workplace, the nature of its workers and worker representation. The disadvantage is that the survey instrument does not contain those items ordinarily used to construct a climate measure. Other analysts using WERS have used composite indexes of managerial relations derived from a number of items contained in the employee questionnaire when exploring employees' perceptions of management–employee relations (Guest et al., 1999; Ramsay et al., 2000). Although there are advantages to moving away from reliance on a single-item response, I have chosen to focus on a single item asked of both the managerial and employee respondents in WERS which enables comparisons of union influences on employment relations across managers and employees in the same workplaces. Employees are asked:

In general, how would you describe relations between managers and employees here?

Managers are asked:

Finally, looking at this scale, how would you rate the relationship between management and employees generally at this workplace?

Both measures have five-category response scales ranging from 'very good' to 'very poor'.

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

The employer measure is the one used in previous studies (Ferne et al., 1994; Fernie & Metcalf, 1995; Wood & de Menezes, 1998). It is sometimes described in this literature as a measure of 'employee relations climate' (Wood & de Menezes, 1998: 503). It is certainly the case that, as with the 'industrial relations climate' constructs, it is intended to capture what Dastmalchian et al. (1989: 23) describe as 'a characteristic atmosphere in the organization . . . as perceived by organisational members'. Furthermore, as in the case of validated climate scales, it is often treated as an 'intervening variable' that is affected by structural features of the workplace but can also influence, or be influenced by, 'end result' variables such as workplace conflict. Below I investigate the nature of our employment relations' measures to establish whether they are meaningful at workplace-level, and whether they relate to other workplace-level outcomes as one might anticipate.

Using the employee data, I calculate the mean response to the employment relations rating for each workplace and the correlation between individual employees' rating and the establishment mean for workplaces where two or more employees responded. The correlation coefficient is 0.49, rising only slightly to 0.50 when those in occupational class 1 (Managers and Senior Administrators) are excluded. Running the analysis only where workplaces elicited three or more employee respondents makes no difference. Although the correlation was lower where the number of respondents approached the maximum of 25 in WERS, it remains above 0.42 as the number of employee respondents in the workplace rises. This reasonably high correlation between employees' perceptions of employment relations within the same workplace suggests the measure is indeed capturing an attribute of the workplace, and not simply an attribute of individuals.

The managerial and employee perceptions of employment relations are correlated with features of the working environment in the way one would expect from a climate measure (Table 1). Perceptions of employment relations are poorer where, in the last 12 months, employees have been dismissed, there has been a collective dispute over pay or conditions, there

Table 1 Correlations between perceptions of employment relations and other aspects of the employment relations 'climate'

	<i>Employee respondents</i>	<i>Management respondents</i>
Any employees dismissed	-.055 (.0000) N = 26,869	-.095 (.0001) N = 1725
Any collective dispute over pay/conditions	-.068 (.0000) N = 27,674	-.080 (.0007) N = 1779
Any industrial action at the establishment	-.047 (.0000) N = 27,691	-.120 (.0000) N = 1780
Any formal written warnings to employees	-.095 (.0000) N = 27,440	-.162 (.0000) N = 1765
Any suspensions of employees without pay	-.103 (.0000) N = 27,495	-.155 (.0000) N = 1768
Any deductions from pay	-.063 (.0000) N = 27,492	-.055 (.0216) N = 1768
% days lost through employee sickness/absence	-.017 (.011) N = 22,960	-.059 (.0234) N = 1459

Notes: Figures are correlation coefficients with significance levels in parentheses based on all cases with non-missing data. *N* is number of observations. For both the employee and management respondents the categories 'poor' and 'very poor' have been collapsed due to the small numbers in the 'very poor' category. The employment relations measure is coded such that negative signs represent poorer employment relations (1 = 'poor'/'very poor', 4 = 'very good'). All events are coded as a 0/1, scoring 1 if the event occurred in the last 12 months. The exception is the absenteeism measure recording the percentage of days lost through employee sickness or absence (excluding authorized leave of absence, employees away on secondment or courses, or days lost through industrial action).

has been industrial action at the workplace, employees have been issued with written warnings, been suspended with or without pay, or had deductions made from their pay. Perceptions are also lower where the percentage of working days lost through absence or sickness is higher.

4.2 Workplace-level measures of trade unionism²

In addition to the recognition of unions for pay bargaining, I use measures of bargaining arrangement and lay representation. The *bargaining arrangement* measures are the number of unions recognized for pay bargaining at the workplace and, where there is multi-unionism, whether they bargain jointly or separately; and a categorical measure of bargaining coverage. The *lay union representative* measures distinguish between unions with no on-site representation, those with a full-time representative and those with a part-time representative.

To help control for the ‘voice-induced complaining’ discussed above all models contain information on whether employees are currently union members, used to be members or have never been a member.

4.3 Control variables

Analyses control for a wide range of individual, job and workplace-related characteristics to minimize estimation bias arising from omitted variables. Most are standard in the literature (see Fernie et al., 1994; Fernie & Metcalf, 1995; Bryson, 1999, 2001; Deery et al., 1999; Guest et al., 1999; Ramsay et al., 2000). In addition, I include a count variable identifying the total number of occupations at the workplace to control for the possibility that effects associated with fragmented bargaining are simply picking up the effects of a more fragmented workforce. Finally, I include a wide range of management practices to account for the possibility that unions are more likely to gain a foothold where management is poor (or good). Without these controls, the estimates of union effects on employment relations may be biased since they may simply indicate that a workplace is poorly or well managed (Huselid & Becker, 1996). First, I use a count of human resource management practices based on the managerial concepts outlined by Pfeffer (1995) which he argues produce a sustainable competitive advantage through the effective management of people.³ Second, I include one-way communication channels. Third, I include a set of management practice variables related to formal procedures. Finally, I identify whether the workplace or organization to which it belongs has been accredited as an Investor in People.

5. Analysis

5.1 The samples

The analysis of employees’ perceptions of management–employee relations is based on all respondents to the employee questionnaire with no missing data. Some confine their analyses to non-managerial employees because managers are more positive in their assessment of employment relations and lie on one side of the management–employee line, while non-managerial employees lie on the other (Cully et al., 1999). Instead, because most managers experience ‘being managed’ or supervised, I retain managerial employees in the analysis of employee perceptions of management–employee relations.

The multivariate analysis of managerial perceptions of employment relations is based on respondents to the managerial questionnaire in

WERS98 with no missing data. To aid comparability with the employee analysis, I confine the sample to those workplaces where employees have responded to the self-completion questionnaire. This results in the deletion of 409 workplaces from the multivariate analysis.

5.2 The distribution of the employment relations' measures

Responses from management and employees, which range from 'very good' to 'very poor', are presented in Table 2. It is apparent that employees have poorer perceptions of workplace employment relations than their managerial counterparts. Nevertheless, over half the employees viewed the relations at their workplace as 'very good' or 'good'.

Table 3 presents this information in a different way, restricting the comparison to those instances in which data are available for both employees and the employer in the same establishment. It shows that, while employees' perceptions of relations are poorer than managers' perceptions in nearly half of all cases, both parties agree in one-third of cases and managers' ratings were poorer in 14 percent of cases.

5.3 Modelling procedures

The employee data are weighted by the inverse of the employee's sampling probability so that results can be generalized with confidence to the population of employees in Britain employed at workplaces with 10 or more employees. These weights also compensate for sample non-response bias which was detected in the employee survey (Airey et al., 1999). I obtain

Table 2 Ratings of management–employee relations in 1998

	<i>Employees</i>	<i>Management</i>
Very good	15	42
Good	40	48
Neither good nor poor	27	8
Poor	12	2
Very poor	6	1
Weighted base	27,659	2185
Unweighted base	27,691	2188

Note: The employee base is all employees excluding 524 unweighted cases with missing data.

Table 3 Agreement on the climate of employee relations

	%
Manager's rating worse by one point	12
Manager's rating worse by more than one point	2
Both parties agree	33
Employee's rating worse by one point	31
Employee's rating worse by more than one point	23
Weighted base	27,625
Unweighted base	27,673

Note: Includes all employees where there are non-missing data for the employee and employer perceptions of climate.

accurate standard errors by taking account of sample stratification and the non-independence of employee observations due to clustering in the primary sampling units, namely workplaces. The employer data are also weighted by the inverse of the employer's sampling probability so these results can be generalized with confidence to the population of workplaces in Britain employing 10 or more employees. For both the employee and employer analyses I use the Huber-White robust variance estimator that produces consistent standard errors in the presence of heteroskedasticity.

The employment relations variables are categorical indicators defined in terms of ordered responses. Due to the small percentage of respondents perceiving climate as 'poor' or 'very poor' I collapse these two categories in all multivariate analyses for both employees and employers. I use ordered probit estimators to model the relationship between these dependent variables and sets of independent variables. In ordered probits, an underlying unobservable score is estimated as a linear function of the independent variables and a set of unknown 'threshold' parameters, or cut points. The probability of observing outcome i corresponds to the probability that the estimated linear function plus random error is within the range of the cut points estimated for the outcome. It is assumed that the error term is normally distributed (Greene, 1997). Significant positive coefficients indicate variables associated with better climate. To illustrate the magnitude of some effects I present the marginal effects quantifying changes in the estimated probability of 'very good' climate arising from changes in union representation at the workplace. These effects are computed at the mean sample scores using probit models estimating a (0,1) outcome where respondents score a '1' if they view climate as 'very good' and '0' otherwise.

I perform four sets of sensitivity test for the employee analysis. I exclude managerial employees to see whether results differ when run purely on non-managerial employees. Second, union-induced wage increases may make workers more positive about their working environment than they otherwise would be, so confounding estimates of a union-induced effect arising through bargaining arrangements. For this reason, my main models contain a 12-category ordered variable capturing gross wages to control for the union mark-up on wages. To establish whether there is any confounding mark-up effect, I test sensitivity of my results to the exclusion of the wage controls.

Third, it is conceivable that individual union membership status and workplace tenure are both endogenous with respect to employee perceptions of management–employee relations since those who are least satisfied may be inclined to respond by joining a union to ‘voice’ their concerns, or leaving (Freeman & Medoff, 1984). I therefore run models excluding individual union membership status and workplace tenure. Since union members are predominantly concentrated in workplaces with unions recognized for pay bargaining, and since unions are known to increase average workplace tenure by reducing the propensity to quit, one would expect the negative effects of membership and longer tenure to transfer to the unionization measures once they are excluded from the models. My rationale for their retention in the models is to estimate union effects net of these membership and tenure effects. Finally, I split the sample into union members and non-members to see if the union variables primarily influence union members, or if they have spillover effects onto non-members. In general, these sensitivity tests make little difference to my results: I only report them when they make a substantial difference to the findings.

6. Results⁴

Table 4 shows the relationship between bargaining arrangements and employee perceptions of management–employee relations, controlling for a range of other employee, job and workplace characteristics. The dependent variable is the one presented in Table 2 but, as noted earlier, I collapse the ‘very poor’ and ‘poor’ categories. Positive coefficients indicate factors associated with better employment relations. Table 5 is the employer equivalent of Table 4. As in the case of employees, the dependent variable for the employer analysis is the one presented in the last column of Table 2, with ‘poor’ and ‘very poor’ employment relations collapsed due to the small number of observations in those categories. Again, positive coefficients indicate factors associated with better employment relations.

Table 4 Employee perceptions of employment relations and bargaining arrangements

	(1)	(2)	(3)	(4)
<i>Union recognition</i>	-0.075 (1.95)			
<i>Number of recognized unions (ref: none)</i>				
1		-0.056 (1.35)		
2		-0.103 (2.02)*		
3 or more		-0.129 (2.60)**		
<i>Bargaining coverage (ref: zero)</i>				
100%			-0.023 (0.56)	
80–99%			-0.142 (2.87)**	
60–79%			-0.073 (1.02)	
40–59%			-0.014 (0.14)	
20–39%			0.003 (0.04)	
1–19%			-0.123 (1.76)	
Don't know			-0.039 (0.45)	
<i>Collective bargaining arrangement (ref: joint bargaining)</i>				
Single union				0.006 (0.14)
Separate bargaining				-0.135 (3.09)**
Multi-unions, don't know arrangement				0.027 (0.23)
<i>No recognized unions</i>				0.060
cut1	-0.423 (2.50)*	-0.422 (2.50)*	-0.449 (2.66)**	-0.348 (2.07)*
cut2	0.430 (2.55)*	0.431 (2.56)*	0.404 (2.40)*	0.505 (3.01)**
cut3	1.705 (10.17)**	1.706 (10.18)**	1.679 (10.03)**	1.781 (10.63)**

Note: Figures are coefficients from ordered probit models, with t-statistics in parentheses. * = statistically significant at a 95% confidence interval; ** = significant at a 99% confidence interval. $N = 22,451$. Models contain all the controls identified in Appendix Table A1, namely: gender, age, ethnicity, academic qualifications, vocational qualifications, membership status, occupation, workplace tenure, contract type, usual weekly hours, gross weekly wages, number of employees at the workplace, number of occupations at the workplace, percentage of managers who are women, percentage of employees who are women, percentage of employees working part-time, percentage of employees of non-white ethnic origin, public sector, foreign ownership, single independent workplace, standard industrial classification (single digit), workplace activity, age of workplace, respondent to managerial interview is HR specialist, workplace HRM score, number of direct voice channels, Investor in People Award, region.

Table 5 Employer perceptions of employment relations and bargaining arrangements

	(1)	(2)	(3)	(4)
<i>Union recognition</i>	-0.337			
	(2.17)*			
<i>Number of recognized unions (ref: none)</i>				
1		-0.362		
		(2.18)*		
2		-0.110		
		(0.61)		
3 or more		-0.462		
		(2.07)*		
<i>Bargaining coverage (ref: zero)</i>				
100%			-0.252	
			(1.46)	
80–99%			-0.626	
			(3.15)**	
60–79%			-0.286	
			(1.40)	
40–59%			0.204	
			(0.63)	
20–39%			0.170	
			(0.71)	
1–19%			0.044	
			(0.13)	
Don't know			-0.062	
			(0.21)	
<i>Collective bargaining arrangement</i> (ref: joint bargaining)				
Single union				-0.368
				(2.20)*
Separate bargaining				-0.252
				(1.26)
Multi-unions, don't know arrangement				-0.237
				(1.14)
No recognized unions				-0.385
				(0.74)
cut1	-1.604	-1.627	-1.576	-1.609
	(4.65)**	(4.72)**	(4.54)**	(4.66)**
cut2	-0.775	-0.793	-0.760	-0.778
	(2.36)*	(2.42)*	(2.32)*	(2.37)*
cut3	0.994	0.979	1.018	0.992
	(2.92)**	(2.88)**	(2.99)**	(2.92)**

Note: Figures are coefficients from ordered probit models, with t-statistics in parentheses. * = statistically significant at a 95% confidence interval; ** = significant at a 99% confidence interval. N = 1604. Models contain controls identified in Table 4 footnote, other than those relating to individual employees.

Model (1) of Table 4 shows that, on average, union recognition is associated with poorer employee perceptions of employment relations, albeit at a 94 percent confidence level.⁵ Models (2) and (3) respectively confirm that employee perceptions of relations are poorest where unions extract a wage premium, namely where there is multi-unionism or high collective bargaining coverage which is nevertheless below 100 percent (Forth & Millward, 2002). However, the association between multi-unionism and poorer employment relations in Model (2) is also consistent with the hypothesis that relations are poorer where bargaining arrangements are fragmented. It is possible to distinguish between the effects of fragmented bargaining, on the one hand, and circumstances in which unions extract a wage premium on the other, by differentiating between multiple union workplaces with joint bargaining and those with separate bargaining. The union wage premium associated with multi-unionism does not differ significantly between workplaces with joint bargaining – where bargaining is not fragmented – and those with separate bargaining. Model (4) shows the negative association between unionization and employee perceptions of employment relations is confined to separate bargaining arrangements. This supports the proposition that employee perceptions of employment relations are poorer where bargaining is fragmented, rather than in all circumstances in which unions extract a wage premium. Thus, union success in obtaining a wage premium does not necessitate poorer relations, provided bargaining is joint in multi-union workplaces.

The findings in Table 4 are not sensitive to the exclusion of employees in the top occupational class (Managers and Senior Administrators) or to the exclusion of controls for gross wages and employees' workplace tenure. As anticipated, the exclusion of individuals' union membership status results in a big increase in the negative union coefficients, suggesting either that those who become members have a greater propensity for dissatisfaction with climate, or are less satisfied as a result of their engagement with the union.⁶

Turning to Table 5, union recognition is associated with poorer employer perceptions of management–employee relations (Model (1)) but there is no support for the proposition that employer perceptions are better under single-table or single union arrangements. In fact, Model (2) shows employer perceptions are significantly poorer in the presence of a single union than where there is no recognized union while the negative effect of multiple unionism is confined to instances where there are three or more unions. Furthermore, Model (4) indicates that the only bargaining arrangement with a statistically significant effect is the negative effect of single unions relative to no union recognition.

Although the evidence on the number of recognized unions does not support the proposition that employer perceptions of employment relations

are poorer where the union extracts a wage premium, there is clear support for this proposition in the impact of collective bargaining coverage. Where unions command a premium – that is, where bargaining coverage is 80–99 percent – perceptions of management–employee relations are significantly poorer than where there is zero coverage ($-.626, t = 3.15$), 20–39 percent coverage ($-.726, t = 2.89$), and 40–59 percent coverage ($-.830, t = 2.38$).

6.1 Lay representation

The negative association between unionization and employee perceptions of employment relations is confined to workplaces with on-site lay representatives. However, contrary to my hypothesis, this negative association is apparent whether the representative is part-time or full-time.⁷ In contrast to the findings for employees, the negative impact of unionization on employer perceptions of employment relations is confined to instances where there is no on-site lay representation ($-.381, t = 2.05$), lending support to the idea that lay representatives ameliorate the worst effects of unions, thus performing the lubricating function McCarthy (1967) talked of. Furthermore, employer perceptions of management–employee relations are most positive in the presence of full-time on-site lay representation. Although the improvement is not significant compared with perceptions in non-union workplaces ($.369, t = 1.01$), it is statistically significant compared to perceptions in recognized workplaces with part-time representatives ($.663, t = 1.97$) and where there is recognition but no on-site lay representation at all ($.750, t = 2.04$). I suggested management–employee relations would be poorest in the presence of part-time lay representatives: in fact, although they are significantly poorer where representatives are part-time rather than full-time, they are no worse than in non-union workplaces or union workplaces without lay representation.

To give some indication of the size of the union effects identified, I estimate marginal effects of unionization using the method described in Section 5.3. An employee with mean characteristics for the sample is 2 percent less likely to view management–employee relations as ‘very good’ if she is employed in a workplace with union recognition relative to a ‘like’ person in a non-unionized workplace. This reduced probability rises to 3–4 percent in multiple union workplaces. Effects are of a similar magnitude on the other union dimensions. As an indication of the magnitude of effects for employer perceptions of management–employee relations, 80–99 percent coverage reduces the probability of ‘very good’ relations by 30 percent relative to zero coverage, suggesting the magnitude of union effects is somewhat larger for employers than it is for employees.

7. Discussion and conclusions

Using linked employer–employee data from the WERS98, I have identified a number of significant associations between employee and employer perceptions of employment relations and workplace unionization. The size and significance of these union effects depends on institutional arrangements in relation to bargaining and lay representation. The key finding is that union effects differ markedly across employers and employees.

Whatever employers expected to gain by instigating less fragmented bargaining structures during the 1990s, it has not brought about better employer perceptions of management–employee relations. Indeed, the negative association between unions and poorer employer perceptions of employment relations is confined to single union workplaces. However, fragmented bargaining is associated with poorer *employee* perceptions of management–employee relations. The amelioration of multiple union effects where bargaining is joint suggests the effect may be associated with the bargaining process, rather than other factors associated with multiple unionism such as demarcation disputes.

Lay union representatives, particularly full-time representatives, do appear to have the ‘lubricating’ effect McCarthy (1967) outlined since, where they are present, there are no adverse union effects on employer perceptions of employment relations. It is arguable that unions are unable to maintain lay representation, particularly full-time representation, without the practical assistance of the employer. Case study evidence suggests the presence and involvement of lay representatives in workplace governance issues is becoming more contingent on employer support (Ackers et al., 2003). It is not surprising therefore that, in the small percentage of workplaces with union representatives, they offer positive benefits to employers.⁸ One might regard employer support for lay representation as a ‘tax’ on the employer, one that ‘may be worthwhile for co-operating employers if the value of voice is high enough’ (Willman, 2001: 113). WERS98 offers further support for this proposition since managers were much less likely to agree with the statement ‘we would rather consult directly with employees than with unions’ where there were lay representatives on-site.⁹

In contrast, lay representation induces *poorer* employee perceptions of employment relations, confirming research using an almost identical measure of employment relations in the 1998 British Social Attitudes Survey (Bryson, 1999). This finding is consistent with one of two quite different propositions. The first possibility arises from Deery et al.’s (1995: 9) suggestion that ‘where a union is perceived to be more effective or instrumental in achieving valued goals for its members it could be hypothesised that those employees would

hold more positive attitudes about the industrial relations climate'. Could it be that the association between poorer employee perceptions of employment relations and union lay representation signals representative ineffectiveness? The alternative proposition is that any lubricating effect representatives might have is outweighed by the politicizing influence of representatives arising from their ability to 'highlight organizational inefficiencies and colour perceptions of management competence' (Gallie et al., 1998: 113–4), or else to induce 'voice-induced complaining' to galvanize worker support for the union and strengthen its bargaining hand. From this perspective, one might view poorer employee perceptions of relations as a by-product of union effectiveness in holding employers to account. In fact, employees view workplace unions as more effective where lay representatives are present, especially if they are full-time representatives. This is apparent from analyses of WERS98 and the 2001 British Worker Representation and Participation Survey (Bryson, 2003). Perhaps poorer perceptions of employment relations are the price employees pay for effective representation?

The only union effect that is common across employers and employees is the negative perception of employment relations where union bargaining coverage is at the level known to generate a union wage premium. It appears that the premium is obtained at the expense of employment relations. No doubt, for many members, the wage premium is a significant benefit of membership offsetting the pecuniary and non-pecuniary costs of belonging to a trade union. However, the cost to employers in terms of poorer employee relations is particularly large.

These findings suggest that unions are going to find it difficult gaining the allegiance of employees and employers. Both their voice and monopoly roles seem to engender poorer employee perceptions of workplace employment relations at a time when employees are expressing greater interest in representation based on co-operation with employers (Diamond & Freeman, 2001). From an employer perspective, full-time lay representation appears to offer benefits whereas bargaining for a wage premium is associated with poorer relations. However, full-time lay representation and the bargaining conditions leading to a premium are both very much the exception in unionized workplaces. In many instances, union effects on employers' perceptions of employment relations appear benign.

There are limitations to this study that could be fruitfully addressed in future research. I shall mention two. The first limitation is the employment relations measure used in the article, which was discussed earlier. It would be useful to establish whether the results presented here could be replicated by other surveys using the same measure, as well as by surveys using multiple-item climate measures. Second, the cross-sectional nature of the

data makes it difficult to make causal inferences about the relationship between unionization and perceptions of employment relations. In particular, I take no account of employee selection into union and non-union workplaces, or the employer choice of whether to engage with trade unions. These selection effects may affect the size, and even the direction, of the independent associations between unionization and perceptions of employment relations identified in the article. Panel data on workplaces and their employees might shed further light on the issues raised here, as would longitudinal case studies.

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Notes

- 1 Forth and Millward's analysis used the dataset I use in this article, so their results are directly applicable.
- 2 Mean scores for these variables and the control variables used in the multivariate analysis are presented in Appendix Tables A1 and A2.
- 3 These dimensions are: selectivity in recruiting; employment security; incentive pay; employee ownership; information sharing; participation and empowerment; self-managed teams; training and skill development; cross-utilization and cross-training; symbolic egalitarianism; promotion from within. In addition, the score includes an indicator that the workplace has a formal strategic plan, strategic planning being a key component on HRM according to some commentators (Storey, 1992), and widespread appraisal systems. Although some have questioned the usefulness of composite HRM scores in capturing the complex interrelationships between different aspects of human resource management (Godard, 2004), I am not seeking to interpret the effects of HRM. Rather, I am simply using the measure, along with others, to soak up variance that might otherwise bias the associations between union measures and employment relations perceptions.
- 4 Full models for all the analyses presented in this section are available from the author on request.
- 5 Regressing workplace-level controls only on employee perceptions confirms that they are jointly statistically significant: $f(56,1457) = 10.64, p > f = 0.0000$.
- 6 For instance, the coefficients for the number of recognized unions relative to no union recognition rose to -0.117 ($t = 2.72$) for a single union, -0.186 ($t = 3.65$) for two unions, and -0.216 ($t = 4.37$) for three or more unions.
- 7 Relative to non-unionized workplaces the recognition coefficients are as follows: without on-site lay representation: 0.013 ($t = 0.28$); with part-time lay representation: -0.118 ($t = 2.69$); with full-time lay representation: -0.142 ($t = 2.13$).

- 8 As Appendix Table A2 shows, only 1 percent of workplaces with 10 or more employees had full-time lay union representatives in 1998, and a further 17 percent had a part-time lay representative.
- 9 Where unions were recognized, 27 percent of managers 'strongly agreed' with the statement where there was no lay representatives on-site, compared with 12 percent where a part-time lay representative was present, and 3 percent where there was a full-time lay representative.

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Appendix

Table A1 Mean scores for variables used in analysis of employee perceptions of employment relations

Perception of management–employee relations:	
Very good	14.9
Good	39.9
Neither good nor poor	26.8
Poor	18.4
Union measures:	
<i>Union recognition</i>	57.2
<i>On-site representation:</i>	
No recognized union	42.8
Recognition, no on-site representative	11.3
Recognition, part-time on-site representative	36.7
Recognition, full-time on-site representative	9.3
<i>Bargaining coverage:</i>	
100%	23.0
80–99%	12.0
60–79%	6.0
40–59%	3.4
20–39%	4.8
1–19%	3.2
0%	44.4
Missing	3.1
<i>Number of recognized unions:</i>	
None	42.8
One	22.0
Two	14.4
Three or more	20.8
<i>Collective bargaining arrangements:</i>	
Single union	22.0
Multi-union separate bargaining	13.7
Multi-union joint bargaining	20.0
Multi-union arrangement missing	1.5
No recognition	42.8
Workforce composition:	
<i>At least 25% employees in SOCs 1–3</i>	42.2
<i>At least 40% employees in SOCs 1, 2, 3, or 5</i>	45.9
<i>Skills, qualifications, experience and motivation all important in recruitment</i>	61.3
<i>Number of employees at workplace:</i>	
10–24	13.1
25–49	14.7
50–99	15.4

continued

Table A1 Continued

100–199	15.3
200–499	19.6
500+	22.0
% employees who are women	47.9
% managers who are women	
None	23.0
1–49%	46.7
50–99%	18.2
100%	7.1
No managers at workplace	5.0
% employees working part-time:	
None	10.7
Under 10%	37.1
10–24%	13.8
25–49%	16.4
50–74%	14.9
75%+	7.1
% employees who are non-white:	
None	37.4
Under 5%	40.8
5–10%	10.5
11–19%	6.4
20%+	5.0
Workplace characteristics:	
Public sector	28.1
Country of ownership:	
UK-owned	85.4
Foreign-owned	13.4
50/50	1.1
Single independent workplace	23.4
Standard industrial classification:	
Manufacturing	24.9
Electricity, gas and water	0.6
Construction	3.2
Wholesale and retail distribution	14.8
Hotels and restaurants	4.3
Transport and communication	6.4
Financial services	4.4
Other business services	8.4
Public administration	8.0
Education	9.7
Health	11.9
Other community services	3.5

continued

Table A1 Continued

<i>Workplace activity:</i>	
Produces goods/services for customers	53.9
Supplier to other companies	22.5
Supplier to other parts of the organization	7.5
Does not produce for the open market	12.6
Administrative office only	3.4
<i>Age of workplace at current address:</i>	
Under 3 years	8.1
3–20 years	40.5
Over 20 years	51.4
<i>HRM score (ranging from 0 to 1.3)</i>	7.5
<i>Number of direct voice channels (0 to 3)</i>	1.4
<i>HR specialist manages employee relations</i>	47.0
<i>liP award</i>	35.4
<i>Number of occupations on-site (ranging from 1 to 9)</i>	5.3
<i>Region:</i>	
East Anglia	4.5
East Midlands	8.5
London	9.8
North	6.3
North West	10.1
Rest of the South East	18.7
Scotland	9.6
South West	9.0
Wales	4.4
West Midlands	10.4
Yorkshire and Humberside	8.7
Type of job	
<i>Occupation:</i>	
Manager	9.0
Professional	10.7
Associate professional	7.8
Clerical	17.9
Craft	11.1
Personal services	11.1
Sales	9.2
Operative	13.3
Other	9.9
<i>Workplace tenure (years):</i>	
<1	16.6
1, <2	12.3
2, <5	22.9
5, <10	22.0
10+	26.2
<i>Permanent contract</i>	92.9

continued

Table A1 Continued

<i>Gross weekly wages:</i>	
£50 or less	7.2
£51–80	7.1
£81–140	12.4
£141–180	9.3
£181–220	11.7
£221–260	10.5
£261–310	10.0
£311–360	8.3
£361–430	9.4
£431–540	7.3
£541–680	3.6
£681+	3.3
<i>Usual weekly hours:</i>	
<10	4.3
10, <29	20.8
30+	75.0
Type of respondent	
<i>Female</i>	48.0
<i>Non-white</i>	3.8
<i>Age (years):</i>	
Under 20	4.9
20–24	7.6
25–29	12.9
30–39	27.6
40–49	24.3
50–59	18.4
60+	4.4
<i>Educational qualifications:</i>	
None	25.9
CSE	12.4
GCSE	26.5
A level	14.6
Degree	15.4
Post-graduate	5.2
<i>Any vocational qualification</i>	37.7
<i>Union membership status:</i>	
Member	38.2
Ex-member	18.5
Never member	43.4

Notes: N = 22,451 for whole sample.

Table A2 Mean scores for variables used in analysis of managerial perceptions of employment relations

Perception of management–employee relations:	
Very good	43.9
Good	45.6
Neither good nor poor	7.7
Poor	2.8
Union measures:	
<i>Union recognition</i>	36.5
<i>On-site representation:</i>	
No recognized union	63.5
Recognition, no on-site representative	18.2
Recognition, part-time on-site representative	17.1
Recognition, full-time on-site representative	1.2
<i>Bargaining coverage</i>	
100%	17.5
80–99%	4.2
60–79%	3.6
40–59%	4.7
20–39%	2.2
1–19%	2.4
0%	62.0
Missing	3.4
<i>Number of recognized unions:</i>	
None	63.5
One	22.8
Two	8.2
Three or more	5.5
<i>Collective bargaining arrangements</i>	
Single union	22.8
Multi-union, separate bargaining	5.3
Multi-union, joint bargaining	7.8
Multi-union, arrangement missing	0.1
No recognition	63.5
Workforce composition:	
<i>Number of employees at workplace:</i>	
10–24	51.4
25–49	26.4
50–99	12.0
100–199	5.8
200–499	3.3
500+	1.2
<i>% employees who are women</i>	55.3
<i>% employees working part-time:</i>	
None	18.0

continued

Table A2 Continued

Under 10%	19.4
10–24%	14.7
25–49%	16.7
50–74%	18.5
75%+	12.7
<i>% employees who are non-white:</i>	
None	63.1
Under 5%	15.4
5–10%	10.3
11–19%	5.2
20%+	5.9
Workplace characteristics:	
<i>Public sector</i>	24.7
<i>Owner-managed</i>	19.0
<i>Country of ownership:</i>	
UK-owned	93.4
Foreign-owned	5.0
50/50	1.3
<i>Single independent workplace</i>	34.1
<i>Built on greenfield site in last 10 years</i>	5.0
<i>Standard industrial classification:</i>	
Manufacturing	14.0
Electricity, gas and water	0.2
Construction	4.0
Wholesale and retail distribution	18.7
Hotels and restaurants	6.8
Transport and communication	4.3
Financial services	2.9
Other business services	11.3
Public administration	5.1
Education	12.5
Health	14.9
Other community services	5.3
<i>Workplace activity:</i>	
Produces goods/services for customers	53.1
Supplier to other companies	23.6
Supplier to other parts of the organization	3.4
Does not produce for the open market	15.1
Administrative office only	4.9
<i>Age of workplace at current address:</i>	
Under 3 years	11.4
3–20 years	48.6
Over 20 years	40.0
<i>HRM score (ranging from 0 to 13)</i>	6.7

continued

Table A2 Continued

<i>Number of direct voice channels (0 to 3)</i>	1.2
<i>lIP award</i>	34.6
<i>Region:</i>	
East Anglia	4.8
East Midlands	6.7
London	10.5
North	4.7
North West	12.1
Rest of the South East	20.1
Scotland	8.1
South West	9.6
Wales	4.1
West Midlands	11.2
Yorkshire and Humberside	8.3
Type of respondent	
Female	35.6
HR specialist	17.1
At workplace for 6+ years	38.6

Notes: $N = 1604$; on-site representation ($N = 1565$).

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