

High Performance Workplaces - impact of union presence and training arrangements

Introduction

This briefing sets out the latest evidence on the correlation between workplaces being 'high performing', having high levels of union membership and having good training arrangements in place. In particular, it looks at the impact of the union influence on the training agenda in workplaces via the role of the bargaining agenda and also through the activities of union learning reps.

Research on Workplace Performance and Union Presence

In the UK, the presence of a recognized trade union is positively associated with policies that contribute to high performance workplaces as highlighted in a number of authoritative pieces of research. The most recent comprehensive analysis of the correlation between high-performance (or high-involvement) practices in workplaces and union presence has been undertaken by Alex Bryson and colleagues. Based on an analysis of WERS98 data, the study concludes 'that HIM [high-involvement management] has a positive impact on labour productivity' and that 'this effect is restricted to unionized workplaces.'

In addition, Bryson finds that these particular workplaces have greater union coverage and density compared to unionized workplaces that do not use HIM practices. For example, they are more likely to have multi-union coverage (42% compared to 18%) and 69% of unionized HMI workplaces have bargaining coverage of 70% or more compared to 41% of non-HMI unionized workplaces. In addition, the study found that unionized HIM workplaces are more likely to have good employment relations and also a 'higher trust environment'.

The Bryson study also highlights previous research undertaken by David Metcalf (Metcalf, 2003) showing that 'the combination of HIM and unionization proves best in eliciting higher labour productivity and workplace financial performance.' For example, the Metcalf study highlighted that 95% of managers in workplaces with a recognized union and constructive employment relations believed they had achieved an above average increase in productivity in the previous five years.

A similarly positive association between the presence of a recognized trade union and HR measures contributing to high performance workplaces has been highlighted in research undertaken for the Economic and Social Research Council's project on the *Future of Work* (White, 2004a). This positive correlation has also been highlighted in another relatively recent study by Michael White (White 2004b).

Research undertaken by the Work Foundation on behalf of the Public Services Forum, drawing on a number of case studies, has shown that strategies to improve public services are most effective when employee and trade union involvement is embedded in the process from the very beginning. The report also recommends that this approach should be the norm across all public services in order 'to build the capability of managers and trade union reps to engage the workforce in the drive to provide better and more personalized services to the public'.

A study published by the TUC in 2003 (*High Performance Workplaces*) has drawn together a range of earlier research also highlighting the positive association between unionization and HIM practices, including an OECD report on the 'New Economy' which argues that the introduction of high performance measures in the workplace 'crucially depends on workers being given a sufficient 'voice' in the firm.'

Research on Workplace Performance, Union Presence and Training Arrangements

This section of the briefing looks at recent research analyzing the impact of union presence and training arrangements in workplaces and the evidence for a positive association between these two factors and improved organizational performance. However, it is first worth emphasizing that recent research has indicated that there is a significant impact of training on productivity in the private sector (Dearden et al, 2005). This analysis (covering the period 1983-1996) clearly shows that the effects of training on productivity are larger than the effects of training on wages, with an increase of one percentage point in the proportion of employees trained associated with around a 0.6% increase in productivity and a 0.3 % increase in wages.

But what is the union effect on this training premium? One recent significant study has highlighted that there is a positive correlation between union recognition and training in the private sector (Boheim et al, 2003). This study shows that unionization is associated with reduced labour turnover and reduced wage dispersal, which helps maximize the return on investment in training. Another study has shown that certain labour market arrangements, such as union presence, which compress the structure of wages may encourage firms to invest in the general skills of their employees (Acemoglu et al, 2003).

Analysis of the 2003 Labour Force Survey undertaken by the TUC also suggests that union presence has a significant impact on the incidence of training. This analysis showed that 39% of union members had engaged in some training in the previous three months compared to only 26% of non-unionized employees (LFS, Autumn 2003).

And we also know that employees get more training when the issue is negotiated with employers by unions rather than employers simply consulting with unions about the organization's training strategy. Analysis of WERS98 shows that in workplaces where training was negotiated, almost 40 per cent delivered an average of five or more training days a year per employee compared to just over 20 per cent of workplaces where training was only subject to consultation (quoted in *The Learning Curve*, TUC, 2006).

In addition, research by Francis Green has demonstrated that unionized workplaces were 17% more likely to have a training centre and 11% more likely to have a training plan (Green, 1996). This same research also argues that raising the profile of training on the collective bargaining agenda could boost these positive effects further. According to Green the union role in training could be enlarged if unions succeed in their objectives of playing a more direct role in bargaining over training. If this occurred the union sector in the future could potentially have an important influence on the extent of human capital formation in the British economy.

Another study has shown that training is more likely to deliver benefits to members when unions not only secure recognition from the employers but also play an active role in decisions about what is provided (Heyes et al, 1998). And research undertaken for the ILO (Ashton et al, 2002) has shown that where unions are directly involved in training policy decisions at the level of the establishment, the organization is much more likely to utilize a range of high performance practices.

Several research studies have also highlighted that union involvement in training policies can help distribute employee benefits in terms of access to training and pay in a much more equitable way. A very recent study, drawing on the data in WERS04, has highlighted the significant impact of Union Learning Reps in widening access to training among certain groups of employees (Hoque et al, 2006). According to this research, 'ULRs are playing a positive role in ensuring that employees that have suffered disadvantage in the past - in particular the unqualified and those at lower organizational hierarchical levels, as well as minority groups such as women, ethnic minorities, older workers, and part-time and temporary workers - now have access to training.'

According to the authors, 'this is an important success on the part of ULRs' and demonstrates that the Government could build on 'its aims of securing equality of training provision by providing stronger statutory rights for ULRs to enable them to be able to carry out their role more effectively.'

Other studies have also demonstrated the link between union recognition and equality of access to training. For example, one study has shown that unionization not only increases access to training by women employees, but that this 'training premium' may be significantly greater than for male employees, in which case unions reduce inequality of access to training (Metcalf, 2004). This might reflect the significant union 'sword of justice' effect on the gender pay gap that has also been highlighted by David Metcalf in related research.

Metcalf's research has shown that the pay-off from engaging in training is also much greater for union members than it is for non-unionized employees. For male union members the post-training wage was 21% higher than the pre-training wage, but the corresponding increase for non-unionized male employees was only 4%. This challenges the notion that egalitarian union wage policies reduce the return to investing in human capital.

Conclusion

Many of these research studies demonstrate the positive links between high performance workplaces, union recognition, the negotiation of training and also the activities of Union Learning Reps. The TUC is therefore strongly recommending to Government that it should implement policy reforms that would embed this kind of model in many more workplaces than at present. A recent TUC report (*2020 Vision for Skills*) has called on the Leitch Review to prioritize this area of reform in its final report, due later this year.

In particular, the TUC is calling on the Leitch Review to endorse three specific policy proposals in order to ensure that unions and workers have an equal voice in workplace skills bargaining: employers and unions should be incentivised to negotiate on training by including it as a collective bargaining issue in the statutory union recognition procedure as agreed in the Warwick Accord, the Government should examine options to enable trade unions to negotiate more collective arrangements involving the activities of Union Learning Reps, such as Learning Agreements and workplace Learning Committees

the new Collective Learning Funds proposed by the TUC (and included in the recent FE White Paper), which are to be trial led over the coming year, offer a huge potential for persuading more employers to work with unions to develop a genuine culture of lifelong learning in unionized workplaces and this model should be scaled up so that it becomes the norm in workplaces rather than the exception

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