

Union-HRM Compatibility: An Empirical Assessment

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ABSTRAK

Satu pandangan yang dipegang oleh sebahagian penyelidik ialah bahawa pengurusan sumber manusia merupakan satu bentuk amalan tenaga kerja yang bersifat anti kesatuan sekerja. Penekanan kepada pendekatan strategik dalam konsep pengurusan sumber manusia bererti agenda pihak pengurusan merupakan agenda yang harus diterima-oleh semua pihak. Demikian juga, pengurusan sumber manusia mengandaikan semua pihak di dalam sesebuah organisasi mempunyai kepentingan yang sama. Oleh itu, peranan kesatuan sekerja dilihat sebagai tidak penting. Malah ada penyelidik yang mendakwa bahawa pengurusan sumber manusia merupakan satu bentuk amalan pengurusan tenaga kerja yang bertujuan menghalang kemunculan kesatuan sekerja. Kajian-kajian empirikal mengenai isu ini menghasilkan penemuan-penemuan yang berbeza. Kajian ini merupakan satu kajian empirikal yang meneliti hubungan antara kewujudan kesatuan sekerja dan amalan pengurusan sumber manusia.

ABSTRACT

One view held by some researchers is that human resource management is a form of employee management practice which is anti-union. The emphasis on a strategic approach in human resource management implies that management's agenda should be accepted by all. This assumes that all parties in an organisation share a common interest. Unions are therefore seen as unimportant. In fact there is the view that the practice of human resource management is aimed at preventing the formation of unions. Empirical studies on this issue has result in different conclusions. This study is an empirical examination of the relationship between unions presence and human resource management practice.

INTRODUCTION

A number of writers have suggested that the human resource management (HRM) construct is essentially incompatible with the a pluralistic work situation where the management and the union essentially represent two different and in fact often conflicting interest (Guest 1990; Gunningle 1992;

Boxall 1993). It has been pointed that the use of employee management practices as advocated by HRM theory is more common among large non-unionized firms operating in greenfield sites (Gunningale 1992). Nevertheless, there is little empirical evidence to give credence to the view that the practice of HRM and union presence is totally incompatible (Roche and Turner 1994).

Upon closer examination, it can be seen that the use of certain employee management practices associated with HRM may in fact be consistent with union interest. The practice of providing lifetime employment is consistent with the desire of the union to provide job security for its members. Likewise, greater investment in training which is one of the issues emphasised in HRM does not necessarily pose any threat to union influence. In fact, greater investment in training may encourage employers to make it point to provide lifetime employment. The possibility for a HRM-union coexistence should not be ruled out (Kochan 1986). Thus, the argument on the incompatibility between HRM and unions deserves closer examination.

DEFINING HRM

Among the key characteristic of HRM is the emphasis on a strategic approach in the management employees (Miller 1989; Thomas 1990; Schuler 1992). It is argued that maximum utilisation of the human resource of an organisation can be best achieved by developing employee management practices that fit the needs of the organisation's strategy. Schuler (1989) proposed that different strategies require different employee role behaviours. These role behaviours are shaped by the form of HRM practice adopted by an organisation.

Storey (1992) pointed out that one of the features of HRM is the emphasis on the use of certain employee management techniques that seek to develop employee commitment to the desired outcomes. This reflects a shift from the traditional personnel management approach which emphasises compliance and where the role of the personnel manager is more as a law enforcement officer whose duty is to ensure compliance with company rules and regulation (Thomson 1991). In developing a high commitment work force, one of the key task of the HRM manager is developing the appropriate organisational culture that engenders commitment to the organisation (Legge 1989). O'Reilly (1989) argued that culture essentially becomes a more subtle and refined form of control that uses shared understanding, values and norms. It reinforces or replaces the traditional forms of control which relied heavily on the use of rules and procedures.

UNION AND HRM

The HRM approach essentially takes a unitarist view of organisations. It assumes that workers and employers share the same interest (Guest 1990).

This is reflected in the emphasis on a strategic approach in the management of employees. Implicit in this strategic approach is that the agenda set by management should become the overriding focus and priority for all members of the organisation. This is also reflected in the emphasis on a commitment based approach in the management of employees. It is essentially an approach seeking to build commitment to management's agenda. Thus, the presence of a counter force, usually manifested in the presence of unions, is seen as limiting management hegemony and is unwelcome.

Boxall (1993) proposed that HRM is essentially a non-union form of employee management practice which uses union-substituting practices. He argued that practices such as employee involvement are aimed at undermining union influence and reduce the need for union representation. This view is shared by Pfeffer and Cohen (1984) who argued that the practice of HRM is essentially aimed at forestalling the establishment of unions.

The presence of unions is seen as restricting the freedom of management in shaping its employee management practice. This view is supported by the observation that unionised firms tend to be more constrained in their employee management practice (Guest 1987; Marchinton 1993). The practice of HRM is seen as offering a way to enable management to prevent unionisation and exercise maximum flexibility in shaping its employee management practice.

EMPIRICAL FINDINGS

Roche and Turner (1994) made a review of empirical studies on the relationship between the adoption of HRM practices and union recognition. They found conflicting findings regarding the association between HRM and union recognition. They concluded the American empirical literature suggests that the adoption of HRM policies retards the ability of unions to gain certification. However, British empirical studies show some positive association between the adoption of HRM and union recognition. Their own study in the Republic of Ireland shows that there is no association between high levels of HRM sophistication and non-recognition of unions (Roche and Turner 1994). However, their study did show that union non-recognition is associated with line management dominance in personnel issues. They attribute this association to the traditionally anti-union attitude among line managers rather than the result of modern HRM thinking and practice.

RESEARCH ISSUE

One of the things that should be noted is that many of the studies examining the HRM-union relationship were conducted using very specific HRM practices. One of the variables frequently examined was the use of employee involvement

techniques and union recognition (Beaumont and Harris 1989; Milner and Edward 1991; Marchington et al. 1993). Roche and Turner's (1994) study was among the few that sought to take a more comprehensive look at the relationship between HRM and union recognition. They examined the relationship between four HRM policy areas and union recognition. However, their study focused only on the top 1,000 trading companies and top 500 non-trading companies. This choice of sample is likely to exclude smaller firms.

An approach which examines the whole set of HRM practice in an organisation is more useful than the examination between a particular practice with unionisation. It provides a better picture of the pervasiveness of the impact union presence may have on HRM practice.

This study will examine whether union presence is associated with a distinct form of HRM practice. The central hypothesis for this study is:

The HRM practice of unionised firms is distinctly different from non-unionised firms.

This study will attempt to establish whether other variables play a greater role in explaining the form of HRM practice developed by an organisation. The difference between American and British findings in the researches on this issue suggests that nationality of a firm's owner may explain the form of HRM practice. As described earlier, American studies show that the adoption of HRM practices is negatively associated with unionisation whereas British studies seem to suggest the opposite (Roche and Turner 1994). The presence of a HRM department in an organisation has also been found to be associated with the adoption of certain HRM practices (Pfeffer and Cohen 1984). Osterman (1994) found employment size to be one of the variables associated with the adoption of HRM practices. Thus, it is necessary to include a bigger range of firm sizes to take into consideration the effect of size on issue studies. This study will examine the association between HRM practice and union presence, employment size, firm ownership and presence of HRM department.

It should be noted that this study does not differentiate between the personnel management approach and the HRM approach in the management of employees. Some researchers have argued that HRM emphasizes the integration of employee management practices with the organisation's strategy (Miller 1989; Thomas 1990). Others have argued that HRM treat employees as a strategic resource that should be developed to the fullest potential (Hendry and Pettigrew 1986)

However, Legge's (1989) review of British and American literature suggests that there are considerable similarities between the two approaches. She concluded that both approaches emphasise the importance of linking employee management practices with organisational goals and the need to develop the abilities of individuals. Thus, the two constructs are treated as two related and overlapping approaches. As pointed out earlier, the issue of

interest in this study is whether union presence affects the form of employee management practice of an organisation.

METHODOLOGY

SAMPLE

This study was conducted in the summer of 1993. Data was collected through mailed questionnaire. The sample was made up of firms in the Irish food industry with more than 25 employees respondents. It was the intention of this study not to focus on the bigger organisations only. The choice of 25 employee as the cut-off point was an arbitrary one. It was felt that firms with smaller employment size may not have a systematic HRM practice.

The food industry was chosen because it is one of the oldest and biggest industries in the Republic of Ireland and thus offer a bigger population. The Republic of Ireland has a long history of strong union influence (Gunningle 1992). In fact, Roche and Turner (1994) considers union membership to be a very important part of the Irish worker's identity. We can expect the Republic of Ireland to be one country where the presence of unions can be expected to have a strong influence on the HRM practice of firms.

INSTRUMENT

The questionnaire was constructed using seven dimensions consisting of 38 items. These dimensions are 1) line management-HRM relationship 2) HRM planning and job environment 3) staffing 4) performance appraisal 5) training and development 6) labour-management relation 7) compensation practice. These dimensions is based on a review of earlier work done by other researchers (Schuler and Jackson, 1989; Keating 1989; Brewsters, Hegeswisch and Lockhart 1991). Thus, instead of selecting one specific HRM practice and examining its association with union recognition, this study will examine the association between union presence and these seven dimensions of HRM practice. The reliability of the instrument was assessed using the items with responses approximating interval scales. The test resulted in a reliability coefficient of $\text{Alpa} = 0.789$. This shows that the instrument is reliable.

RESPONSE

There were 488 firms listed as having more than 25 employee in the Irish food industry. The questionnaire was sent to all of the firms and 119 (24.4%) usable responses was obtained after two mailings. This response rate is similar to other studies using mailed questionnaire (Schuler and Jackson 1989; Brewster, Hegeswisch and Lockhart 1991; Raghuram 1992). The employment size of respondent firms range from 7 to 7000 full-time employees

with a median of 7. Respondent firms with less 100 employees constitute 53.8% of the respondent firms. 66.4% of the respondent firms are unionised. HRM department are present in 31% of the respondent firms. 24.4% of the respondents are from foreign owned firms.

FINDING

The data was analysed using *chi-square* based measure of association. The following HRM practices were found to be associated with union presence (Table 1):

1. Use of long-term planning for HRM issues.
2. Use of formal training.
3. Use of productivity incentive.

TABLE 1. Unionisation and HRM Practice

HRM Practice	Unionised	Non-unionised	n
1. Long-term HRM planning**	28.3%	24.3%	104
2. Encourage high participation** in decisions relevant to job	23.4%	52.6%	115
3. Use of formal training**	61.5%	36%	116
4. Use of productivity incentive*	43%	23.1%	118

* Significant at 0.005 level

** Significant at 0.01 level

Non-unionised firms were found to be associated with the policy of encouraging a high level of employee participation in decision making. This initial finding suggests that the hypothesis forwarded is supported.

The first two practices suggest that unionised firms are more formal and long-term oriented in their HRM practice. The association between unionised firms and the use of productivity incentive comes as a surprise. Unions have traditionally been opposed to performance linked pay systems (Roche and Turner 1994). The association between non-unionised firms and employee participation can mean two things. It can mean that employee participation has been able to forestall unionisation or that unionised firms are constrained and less able to develop employee involvement practices.

The presence of HRM departments in firms was found to be associated with the following practices (Table 2):

1. Long-term HRM planning.
2. Use of job description.
3. Technical criteria as the most important job design criteria.
4. Personality-fit as most important managerial recruitment criteria.
5. Formal training.

TABLE 2. Existence of HRM department and HRM practice

HRM Practice	With HRM dept.	Without HRM dept.	n
1. Long-term HRM planning**	76.3%	28.8%	104
2. Use of job description**	52.6%	32.5%	118
3. Technical job design criteria**	3.61%	17.2%	92
4. Personality as managerial** recruitment criteria	55.2%	28.6%	118
5. Centralised appraisal**	96.3%	72.7%	71 ⁺
6. Appraisal result used for** training planning	74.1%	34.1%	71 ⁺
7. Appraisal result used for* career planning	48.1%	13.6%	71 ⁺
8. Employee involvement in* setting appraisal criteria			69 ⁺
Some positions	42.3%	27.9%	
All positions	34.6%	14%	
9. Use of formal training**	83.5%	40%	119

* Significant at the 0.05 level.

** Significant at the 0.01 level.

+ The n is much lower than for other HRM practices because only 71 firms use performance appraisal.

6. Centralised performance appraisal system.
7. Performance appraisal result used for career and training planning.
8. Employee involvement in setting appraisal criteria.

This finding suggest that firms with HRM department have a more formalised and long-term oriented HRM practice. The presence of HRM departments also seem to provide firms with greater sophistication in their HRM practice. This is evident from their ability to use personality as a managerial recruitment criteria and a centralised performance appraisal system. The use of personality as a recruitment will usually require some level of sophistication in assessing the personality-fit of a candidate. A centralised appraisal system suggests the use of a formal and developed appraisal system. On the other hand, firms without a the expertise to implement a centralised appraisal system may simply leave the task of developing and carrying out performance appraisal to individual managers (Table 2).

Employment size was found to be associated with five practices. Larger firms were associated with:

1. Presence of HRM departments.
2. Long-term HRM planning.

3. Use of performance appraisal.
4. Use of formal training.

Smaller firms were found to be associated with the policy of providing lifetime employment to their employees.

This finding indicates a more formalised and long-term oriented HRM practice among larger firms. The association between smaller firms and lifetime employment may be because smaller firms are more likely to be adversely affected by employee turnover. Thus, the offer of job security and lifetime employment may reflect the wish of these firms to minimise turnover. However, it is not clear whether this strategy has been effective.

The HRM practice of Irish and foreign owned firms was compared. Foreign owned firms were found to be associated with the following practices (Table 3).

1. Presence of HRM department.
2. Long-term HRM planning.
3. Formal performance appraisal.
4. Formal training.

This finding suggests that foreign firms are more formalised and long-term oriented in their HRM practice.

TABLE 3. Firm ownership and HRM practice

HRM Practice	Foreign	Irish	n
1. Existence of HRM department**	63.3%	22.9%	118
2. Long-term HRM planning**	34.3%	70%	105
3. Formal performance appraisal**	53.3%	21.4%	119
4. Formal training.			

** Significant at 0.01 level.

INTERACTION BETWEEN VARIABLES

It is apparent from the above findings that the HRM practices associated with union presence are also associated with other variables. Thus, it is necessary to assess which of these variables are stronger predictors of the presence of these HRM practices. Logistics regression was used to examine the interaction between these variables. The four variables, union presence, employment size, existence of HRM department and firm ownership (i.e. Irish or foreign) were treated as independent variables. The HRM practices associated with union presence, i.e. formal training, time frame for HRM planning, productivity incentive and employee participation, were treated as the dependent variables.

TABLE 4. R coefficient and significance level for logistic regression equations

P/HRM practice	EPD ¹	ESZ ²	UN ³	Firm1 ⁴	Firms2 ⁵	PCC ⁶
1. Existence of formal training	-0.126 (0.04)	0.000 (0.18)	0.000 (0.23)	0.000 (0.61)	0.000 (0.79)	70.3%
2. Employee participation policy	0.148 (0.02)	-1.37 (0.03)	-0.217 (0.00)	0.000 (0.89)	0.000 (0.89)	71.6%
3. Use of productivity incentive	-0.125 (0.04)	0.294 (0.00)	0.650 (0.11)	0.00 (0.58)	0.00 (0.54)	75.0%

Note:

Figure in bracket is significance level.

1. EPD: Presence of P/HRM department.

2. ESZ: Employment size.

3. UN: Union presence.

4. Firm 1: Firm ownership dummy variable. Irish firms are coded as '1' and otherwise as '0'.

5. Firm 2: Firm ownership dummy variable. Foreign firms are coded as '1' and firms classified as others as '0'.

6. Percent correct classification by model when compared with data.

The logistic regression resulted in three statistically significant equations (Table 4). These are the equations with formal training, employee participation and use of productivity incentive as the dependent variable. The equations show that the presence of HRM department is significant in predicting the use of formal training. The direction of association is negative for this practice. Union presence, existence of HRM department and employment size are significant in predicting the presence of a policy encouraging employee participation. However, the association between union presence and employment size with this HRM practice is negative. Employment size and the existence of HRM department are significant in predicting the use of productivity incentive. The existence of HRM department is negatively associated with this practice.

The result of logistic regression indicates that other variables than union presence are significant as predictors of two of the four HRM practices initially found to be associated with union presence. This finding suggests that the view that union presence exerts a strong influence on the shape of HRM practice is not supported. The evidence indicates that other variables, in this case employment size and the existence of HRM department, play a bigger role in shaping the HRM practice of firms in the Irish food industry. Therefore, the hypothesis that unionised firms have a distinctly different HRM practice from non-unionised firms is not supported by this study.

CONCLUSION

The finding of this study is consistent with that of Roche and Turner (1984). It shows that the differences between unionised and non-unionised firms can in fact be explained by other variables. Union presence does not constrain or affect HRM practice in a systematic manner. This puts to question the view that HRM is inherently anti-union.

It appears that the shape and sophistication of an organisation's HRM practice is more likely to be affected by the presence and sophistication of the HRM department. The presence of a professional and competent HRM department provides organisation with the ability to develop a more sophisticated and long-term oriented HRM practice. Likewise, the inability to develop an effective HRM practice may be due to the lack of HRM competencies in an organisation rather than due to union influence.

As pointed earlier, some of the practices associated with HRM are in fact consistent with union interest. Union involvement in the development of these practices may help ensure its success. The possibility for management-union collaboration is greater than we realise.

One possible explanation for the finding is management's approach towards labour relation. Milkovic and Bodreau (1994) argue that in most cases union-management relation tend to be fairly harmonious. While management in non-unionised organisations will prefer to avoid unionisation, those that have strong unions prefer to establish a collaborative relationship. Instead of allowing an acrimonious relationship to develop, management seek to carefully manage the relationship with unions. This will invariably include co-opting union's concerns. This creates a reciprocal relationship with both parties accommodating each other.

The importance of coopting union interest in the thinking about HRM practice is recognised in the HRM literature. Unions are seen as one of the stakeholders in organisations (Kossek 1989). This recognition is important because it encourages management to see union interest as being a part of the organisation's interest. Thus, the incompatibility between HRM and unionisation raised by some researchers may not be true.

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