

CEP Discussion Paper No 884

August 2008

Trading Places: Employers, Unions and the Manufacture of Voice

Paul Willman, Rafael Gomez and Alex Bryson

Abstract

Using nationally representative workplace data for Britain we show that over the last quarter century union voice – especially union-only voice – has been associated with poorer climate, more industrial action, poorer financial performance and poorer labour productivity than non-union voice and, in particular, direct voice. On the other hand, union-based voice regimes have experienced lower quit rates than non-union and “no voice” regimes, as theory predicts. Over that time, while the workplace incidence of voice has remained constant, with roughly 8 workplaces out of 10 providing some form of voice, there has been a big shift from union to non-union voice, particularly direct employer-made voice. Thus employers are prepared generally to bear the costs of voice provision and manifest a reluctance to engage with their workforce without voice mechanisms in place. The associations between non-union voice mechanisms and desirable workplace outcomes suggest that these costs may be lower than the benefits voice generates.

Keywords: worker voice; trade unions; quits; employment relations; labour productivity; financial performance; industrial action

JEL Classification: J5, J51, J52, J53, L25, M54

This paper was produced as part of the Centre’s Labour Markets Programme. The Centre for Economic Performance is financed by the Economic and Social Research Council.

Acknowledgements

The authors would like to thank participants at the Voice and Value Conference, LSE, 2008 for comments on an earlier version of this paper. We thank the WERS sponsors (Acas, BERR, ESRC and PSI) and the UK Data Archive for access to the data. Alex Bryson thanks ESRC for funding (grant RES-000-23-1603).

Paul Willman is Professor of Management, London School of Economics and Rafael Gomez is a Senior Lecturer in the Employment Relations and Organisational Behavior Group, London School of Economics. Alex Bryson is the Manpower Research Fellow with the Centre for Economic Performance, LSE and a Principal Research Fellow, Policy Studies Institute, London.

Published by
Centre for Economic Performance
London School of Economics and Political Science
Houghton Street
London WC2A 2AE

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means without the prior permission in writing of the publisher nor be issued to the public or circulated in any form other than that in which it is published.

Requests for permission to reproduce any article or part of the Working Paper should be sent to the editor at the above address.

© P. Willman, R. Gomez and A. Bryson, submitted 2008

ISBN 978-0-85328-291-4

Introduction

Voice refers to the various forms of two way communication available to employers and employees targeted at resolving problems and settling differences. Perhaps because of the impact of Freeman and Medoff's (1984) seminal contribution which identified voice with trade unions, debate about workplace voice has focused on trends in unionisation. This is misleading in general and overlooks some important trends in Britain. In 1980, union presence at establishment level was much more common than in 2004. For example, back in 1980 two-thirds (64 percent) of workplaces recognised unions for pay bargaining, including half of all private sector workplaces. Over the quarter century we discuss here, unionisation has contracted but voice has not.

As many recent studies recognise, voice mechanisms may exist at establishment level where unions are not present. Unlike the United States, on which Freeman and Medoff focused, in Britain the mixture of union and non-union voice mechanisms is not only possible but prevalent. In this paper we argue that the history of voice regimes in the last quarter century is very different from that of union organisation. Whereas union membership and recognition have contracted, the coverage of voice has not, although the type of voice in establishments in 2004 is very different from that of 1980; much of it is employer-initiated. We show why this is the case.

The structure of the paper is as follows. First we clarify concepts. Second, we present descriptive data from WERS indicating the pattern of voice regimes and their change over time. We also indicate sources of variation at specific data points. Third, we look at what kinds of voice are prevalent at the end of the period. The collapse of union voice has coincided with the expansion of employer-generated voice mechanisms; we examine what kinds of mechanisms are involved. Fourth, we relate voice types to workplace outcomes such as quits and industrial climate, a comparison that reveals the importance of distinguishing union from non-union voice and the value in

separately identifying what we term “dual” voice regimes – i.e. those where union and non-union voice co-exist. Finally, we explain the resilience of voice, and speculate on likely future developments.

Concepts and Approach

The concept of voice has a longer history than its usage in employment relations. In Hirschman’s (1970) approach, it is characterised in terms of the resolution of a particular collective action problem. Specifically, how do consumers of an organisation’s output react to and remedy a quality decline? The classical economic reaction to an adverse price or quality movement would be to switch to another organisation’s output and, when enough individuals had switched, the original organisation would react to market signals and remedy the decline. Hirschman noted that this separation of reaction and remedy might be inefficient for both organisation and consumer and suggested that in certain circumstances collective voice pressuring the organisation directly towards remedy might emerge, depending on the costs and benefits of collective action versus individual exit. Voice could be more efficient for the organisation where individual exits do not yield remedial information quickly and for the consumer where either switching costs (i.e., the cost of moving to a new provider) or where sunk costs (i.e. investment in the current product) are high.

This description is important in light of Freeman and Medoff’s (1984) deployment of the concept in employment relations. First, the identification of voice with unionisation was an innovation. The original Hirschman conception does not have unionisation or even representation at its core, but rather two-way communication; the array of voice mechanisms is potentially broad. Second, voice mechanisms may be initiated by the organisation (employer) or the consumer (employee), depending on the costs and benefits of exit and voice for either party. Third, voice is unlikely to endure where only one party

benefits; whatever the origination of voice, its persistence implies mutual benefit and co-operation.

Voice mechanisms may be seen as investments in governing the employment contract. These investments are likely to be greater where the sunk costs of both parties are higher. One would thus expect investment in voice to be positively related to other forms of investment in employment contracts. In particular, where employers wish to make investments in improving employee performance, they are likely also to invest in voice. This approach leads to predictions different from those associated with voice-as-unionisation. A substantial set of investments in employee performance are represented by human resource management (HRM) techniques. Several authors (Kochan 1980; Guest 1989) view HRM and union voice as substitutes. More recently, Machin and Wood (2005) have argued – using WERS data – that there is no relationship between HRM and unionisation in Britain. However, using the voice typology used in this paper, Bryson et al. (2007) find HRM adoption does vary with the type of voice regime.

What does this broad approach to voice predict? First, since employment contracts typically do involve sunk and switching costs for both parties (Williamson 1973) we would expect voice mechanisms to be both widespread and resilient over time. Second, we would expect the demand for voice to be independent of the specific institutions that provide it - thus the demand for voice is not simply the demand for unionisation or even representation. Third, we would expect voice to be in demand by both employers and employees, with the balance between the two being an empirical question dependent on the costs and benefits in specific circumstances. Fourth, we expect voice to be correlated with outcome measures at the workplace such as lower quits. However, we suspect that not all voice types necessarily work in the same ways. For example, voice provision provided by employers may be better at eliciting information to make the job more 'enriching' but may do much less to advance equity concerns in the way union voice might. Therefore we expect that different forms of voice may be associated with different outcomes and this may explain part of the pattern of voice change. To pursue this reasoning,

we turn to the measures of voice and of workplace outcomes available in WERS.

Data, Measures and Methods

We use all of the WERS surveys from 1980 to 2004. Our analysis is based on the data collected from managers responsible for workplace industrial relations which contain the voice-related and outcome variables needed for our analysis. All analyses are weighted by the inverse of the workplace's probability of selection for the survey.

By "voice" we mean two-way forms of communication between management and employees. This takes the form of representation by a union or non-union intermediary, or direct communication which is not mediated by representatives. Direct communication is, by definition, non-union voice. Over the course of the survey WERS has become more sophisticated in its attempts to capture voice mechanisms at the workplace. This paper concentrates on voice measures present in the data since 1984, supplemented by some measures present since 1984 or 1990. In some cases the data go right back to 1980. The following voice items are present throughout WERS 1980-2004:

1. Any union members at the workplace
2. Union recognition
3. On-site union lay representation
4. On-site joint consultative committees (JCC's): we distinguish between those that meet at least once a month ("functioning JCC's") and those that do not, and between those with some union representatives and those with none.

The first three are forms of union voice. The fourth is treated as union voice if the JCC includes union representation, otherwise it is non-union representative voice.

The following direct voice items appear in WERS for 1984-2004:

5. Regular meetings between senior management and all sections of the workforce
6. Team briefings

A further two non-union forms of direct voice are present between 1990 and 2004:

7. On-site non-union representatives
8. Problem-solving groups

Throughout most of the remainder of the paper we focus on a voice typology which relies on the data items available for 1984-2004, that is, items 1-6, but we supplement this with a measure incorporating items 7 and 8 for the shorter period of 1990-2004. Our typology distinguishes workplaces with union-voice only (items 1-3 plus item 4 if the JCC's have union representation) from those with non-union voice only (item 4 if there are no unions involved, items 5 and 6 and, for the period since 1990, items 7 and 8). Our typology also identifies workplaces with a combination of union and non-union voice, which we term "dual channel" voice. The fourth category in our typology is "no-voice" workplaces which are defined by the absence of two-way forms of representative or direct communication between workers and management.

We map the incidence of voice over time and discuss the results of multivariate analyses identifying independent associations between workplace features and voice mechanisms. We also use regression analyses to demonstrate the links between outcome measures at the workplace and the presence of voice types.¹ The outcome measures for workplaces are: quits, industrial action, industrial climate, financial performance, and labour productivity. Our aim is to see what links, if any, emerge between voice types and these outcomes.

¹Full regression analyses are not presented in the chapter but are available from the authors on request.

The Pattern of Voice

We begin by describing the voice landscape in Britain. Table 1 Panel A shows aggregate statistics for voice² in Britain across the period 1984-2004 for the whole economy. Despite substantial change in the composition of workplaces across the period, at least 4 out of 5 establishments have voice in each year.

Union-only voice has all but disappeared in Britain. It declined by about four-fifths from 24% of establishments in 1984 to 5% in 2004. This was a period of steeply falling union membership and density overall (Metcalf and Charlwood 2005). However, the fall in union only voice contrasts with that of dual voice regimes which combine union with non-union voice: these declined by about one quarter.

The endurance of dual voice regimes is interesting for several reasons. First, throughout the period employers could mix union and non-union voice mechanisms in varying ways, an option unavailable to employers elsewhere, for example in United States (le Roy 2006). We have characterised this elsewhere as a form of 'hedging' by unionised employers since it entails both augmenting union voice and reducing dependence on it, thus reducing counter-party risk (Bryson et al 2004). Second, dual channel voice is far more common than union-only voice throughout the period. Indeed, by the end of the period, one may say that the 'normal' condition of establishment-level unionism in Britain is as part of a dual voice regime. This may have implications for the effects of unionisation in the workplace research on which usually overlooks the interaction between union voice and other forms of voice.

The dominance of dual channel regimes may have prevailed for much longer than the time period covered by WERS. Using the question from WERS 1984

² The voice typology in Table 1 is based on measures of voice available for the entire 1984-2004 period. A second measure of voice, which incorporates two measures available only since 1990 (on-site non-union representatives and problem solving groups) is presented in brackets in Table 1. Voice incidence is not overly sensitive to the inclusion of these variables. However, one can see that the overall provision of voice increases as a result, and non-union voice does grow larger at the expense of union only voice.

on establishment set up date, we have shown that dual channel voice regimes were more common than union-only regimes even in establishments set up before 1960 (Bryson et al., 2004). Of course, establishments may have switched voice regimes between set up date and the survey in 1984 but there would have had to have been considerable switching to negate the conclusion that dual channel voice has been the dominant form of unionised voice in post-war Britain.

We do not know from these data whether dual voice regimes typically emerge when employers augment union-only voice with non-union mechanisms or whether unions are successful in organising previously non-union only voice regimes.³ Either way, in a period of declining union coverage and where the contraction of union only voice is far more pronounced, it may be that the ability employers have had in Britain to blend voice in dual channel regimes at establishment level reduces the attractions of switching away from unions and explains the protracted nature of union voice decline in Britain. Union decline might have been faster had employers had to make stark choices (Willman and Bryson, 2007).

By 2004 non-union only voice was the most common voice regime. It was found in 46 per cent of workplaces, a three-fold increase since 1984. Whatever the mix of union and non-union mechanisms within dual channel regimes, the remarkable fact to emerge from Panel B in Table 1 is that by 2004 voice at the workplace was predominantly an employer-generated phenomenon.

Voice patterns differ markedly across sector. (Table 2). Union-only voice has declined in both public and private sectors but its incidence is roughly twice as high in the public sector throughout the period. Dual channel voice is the dominant voice regime in the public sector and has been rising so that by 2004 it accounted for three-quarters of all public sector workplaces. In the

³ In earlier work (Willman, Bryson and Gomez, 2007) using a panel of workplace voice switchers in the 1990-1998 WERS data, we found that switching was a rare occurrence, with most switching occurring in and out of non-union and no-voice regimes and almost none from union to non-union or no-voice. Not surprisingly most of the union switching occurred from union only to dual voice.

private sector, on the other hand, dual channel voice has been in decline and accounted for only one-fifth of private sector workplaces in 2004. Since 1990 the dominant regime in the private sector has been non-union only voice. By 2004 it accounted for nearly 6-in-10 private sector workplaces. Non-union only voice has also been increasing in the public sector but still only accounted for one-in-eight public sector workplaces at the end of the period.

“No voice” is almost exclusively a private sector phenomenon throughout the period. It was lowest in 2004. But what are the “no voice” workplaces and what does it mean to have “no voice”? Willman et al. (2006) found that it is more prevalent in small establishments and in single-establishment organisations. It is also associated with lower investment in employees more generally. Utilising the very rich data available in the 1998 WERS Willman et al. found that “no voice” workplaces had a thinner set of employer-employee communication channels; that is, compared to “voice” workplaces they tended to do less communicating on every dimension.

Throughout most of the period Britain had an essentially ‘voluntarist’ approach to voice generation allowing parties to make cost benefit decisions about voice mechanisms. This changed in 2000 with the introduction of a statutory route to recognition for trade unions (Ewing et al, 2003). The direct impact of this appears limited (Moore 2004). The pattern of voice over this period is thus likely to reflect the choices made by the parties. Moreover, the enduring coverage of voice mechanisms in both the private and public sector indicates that in this period of rapid contraction in union coverage, mechanisms of voice delivery changed but the incidence of voice did not.

One may debate causality, but as union provision of voice at establishment level has contracted, employer provision has expanded to sustain aggregate voice incidence in the economy. Some (mostly US authors) have argued that non-union voice substitutes for and squeezes out union voice either by reducing employee demand for unions or by offering employers an alternative to union-based voice (Bronfenbrenner and Juravich,1995). In contrast to the USA, there is no evidence that employer-initiated voice has reduced desire for

unionisation among non-members in Britain (Bryson and Freeman, 2006). Nevertheless, during the 1980s and 1990s employees stopped joining unions even where they were present at establishment level, leading to a rise in 'never-membership' – i.e. the number of employees who have never been in a union (Bryson and Gomez, 2005). Whether the collapse of union voice was, in part, precipitated by employer actions in the early 1980s or was largely endogenously driven (Willman 2005), its demise has created space for the rapid expansion of employer voice provision.

Employer-made Worker Voice

In this section, we look at trends in non-union voice mechanisms across the period and address two questions. First, if employers are introducing voice in the absence of unions, what kinds of mechanisms are involved? And, second, is non-union voice different in the presence of unions?

To pursue the first question, we present in Table 3 the incidence of employer provided voice for all workplaces in the economy across the period. The union voice figures are included for comparison purposes in Panel B. Rows 1-3 present representative voice and Rows 4-6 present direct voice.

Joint consultative committees (JCC's) are employer provided in that, by definition, they are management initiated. They may include union representatives, of course, in which case there is an element of union voice too (Millward et al, 2000: 121ff).⁴ The incidence of on-site JCC's has dropped since 1984 (row 1). Since 1990 WERS has asked "how influential do you think this committee is on management's decisions affecting the workforce?" In 1990, 32 per cent of managers thought JCCs were 'very influential'. The figure was virtually unchanged in 1998 (33 per cent) but it had fallen to 23 per cent by 2004.

⁴ In workplaces with union members and a JCC, a little over half JCC's had union representatives between 1980 and 1990, but this fell from 55% in 1990 to 24% in 1998 and 22% in 2004 clearly suggesting a diminishing role for trade unions in JCC's over time.

There has also been a considerable fall in the number of JCC's meeting at least once a month, from 31 per cent in 1984 to 17 per cent in 2004. With both the incidence and influence of JCC's on the wane it is unclear how employers are planning to meet their new responsibilities to provide voice if necessary under the Information and Consultation Directive. These trends also indicate that representative voice in general, not just union voice, is in decline. The exception appears to be the presence on site of non-union representatives. Their presence increased from 8 per cent of establishments in 1990 to 14 per cent in 2004 (row 3). However, this is largely a private sector phenomenon: between 1990 and 2004 the percentage rose from 14 per cent to 23 per cent in private manufacturing and from 8 per cent to 15 per cent in private services.

While representative voice has been in decline, direct voice items have been either constant or increasing in frequency since 1984. The incidence of team briefings has nearly doubled. Regular meetings with senior management became more prevalent over the period 1984-1990 and have stabilised since. As the notes to the table point out, the time-series on problem-solving groups is problematic because questions are not consistent over the years. Efforts to construct a more consistent series for the period 1998-2004 suggest modest growth in their use over the period (Kersley et al., 2006: 93-94).

We can look at the difference between public and private sector workplaces; the data are presented in Table 4. cursory inspection reveals that public sector workplaces are much more "voice-filled" than private sector workplaces. Furthermore, the nature of voice differs markedly with public sector workplaces being generally much more likely to have representative forms of voice and the private sector having relatively greater incidence of direct forms. Trends in voice in the two sectors are also markedly different. If we consider direct voice, although team briefings have become more common in both sectors, the rise in regular meetings between senior management and the workforce is confined to the public sector. Although the time-series is problematic, it also appears that problem-solving groups have become more common in the public sector, although their incidence has been higher in the private sector throughout the period. Turning to non-union forms of

representative voice, there seems to be a small increase in the use of non-union representatives in both sectors and a decline in the use of JCC's. However, whereas the decline in JCC's has been gradual in the private sector, their incidence actually rose in the public sector until 1990, but has declined since then. Finally, the decline in private sector union voice is well-documented, but its decline in the public sector is often overlooked. Whereas nearly all public sector workplaces have had at least some union members throughout the period, union recognition dipped in the mid- to late-1980s, and has remained constant since. On-site union lay representation has continued to decline in the public sector, suggesting a "hollowing-out" of unions' ability to represent workers even where unions continue to be recognised (Willman and Bryson, 2007).

Let us now turn to the second question posed at the beginning of this section, namely whether non-union voice differs in the presence of unions. Figure 1A and 1B distinguish between non-union only establishments (in black columns) and dual channel voice establishments (in grey columns). Figure 1A looks at the incidence of non-union forms of representative voice in these two types of workplace, while Figure 1B looks at the incidence of direct voice in these regimes. Figure 1A shows that, throughout the series, JCC's are more common in dual channel workplaces than they are in non-union only workplaces. There is also a greater likelihood that, in the presence of a union, the JCC meets at least once a month. In 1990 and 1998 there was no difference in managerial perceptions of JCC's influence over decision-making in dual channel and non-union only workplaces. However, in 2004, 27 percent of managers in dual channel workplaces thought the JCC was 'very influential' compared with only 17 percent in non-union only workplaces. Taken together, these findings suggest that union voice may help bolster non-union representative voice. Figure 1B indicates that the incidence of direct forms of voice is broadly similar across non-union workplaces and dual channel workplaces. Thus, unions do not appear to inhibit the use of direct voice.

Voice and Workplace Outcomes

Descriptions of shifting voice patterns across workplaces with and without union presence offer one way of exploring the evolution of voice provision in Britain over the past quarter century. Examining workplace outcomes such as quit rates provides another. Using WERS we examine workplace ‘health’ indicators and compare these to the nature of voice at the workplace. If some voice types are associated with ‘better’ outcomes such as a better climate of industrial relations, then workplaces may, over time, substitute “successful” for “unsuccessful” voice. We make no attempt to provide a rigorous causal test of the associations uncovered in the data. Rather, we present empirical evidence of associations between voice regimes and outcomes and comment on whether the results are consistent with what we know about features of the British industrial relations landscape over the past 25 years. For the sake of brevity we will confine the analysis in this section to the private sector only. The results that we present are based on pooled and separate year regressions that control for single-digit industry, region, foreign ownership, age of establishment, single establishment, workforce composition (percentage of females, non-manuals and part-timers, and workplace size. Throughout, our voice typology is the one presented in Table 1.

Quit Rates

The theory behind voice predicts a negative relationship between voice and exit (Hirschman, 1970). In the labour market we can measure exit by voluntary turnover within the firm (Freeman and Medoff, 1984), and WERS records such turnover –‘quit rates’ - since 1990. They are measured as the percent of employees who resigned or left in the previous year.

We begin in Figure 2A with a descriptive portrait of quit rates over time across the four voice regimes presented in Table 1.⁵

⁵ We have removed outliers with quit rates greater than 110% but their inclusion does not change the results appreciably.

The presence of unions, whether in union-only or dual channel regimes, is associated with lower quits than non-union voice and no voice. For example, the quit rate in 1990 for union only workplaces was 8 percent versus 14 percent for no voice workplaces - a gap of 6 percentage points. By 2004, quit rates in union-only workplaces had increased to 12 percent, but the no voice workplace figure had increased to 18.5 percent, leaving an almost identical gap of 6.5 percentage points. Effectively, the relative quit rate between union-only and no voice workplaces did not change in a decade and a half.

These observations are not surprising given the nature of union membership and its continued association with a wage premium (Blanchflower and Bryson, 2007), structured promotional opportunities, greater on the job training and seniority rules that encourage longer tenure. What is perhaps surprising is the minimal difference that exists between non-union only voice and no-voice workplaces. In fact, based on the raw data, no voice workplaces actually had lower quit rates than non-union voice workplaces in 1990 and 1998.

We can contrast the impact on quits of representative versus direct voice, as in Figure 2B. Representative forms of voice are associated with lower quits than the direct forms. Quits in the no-voice sector appear lower than quits in direct voice only workplaces.

It is possible that these differences in quit rates across voice regimes are, in fact, driven by other differences in workplace characteristics that happen to be correlated with the type of voice adopted, such as workplace size. To establish whether voice regimes had an independent association with quit rates we ran regression analyses controlling for the workplace characteristics noted earlier.⁶

Relative to non-union voice only, both union only and dual channel voice regimes were associated with lower quit rates, other things equal. This is true

⁶ Quits were estimated using survey-weighted tobit regressions to account for the left-censoring of the data at zero. As with all the multivariate analyses presented in this section, full results are available from the authors on request.

in the pooled years' regression analysis and for separate year regressions in 1990 and 1998. In 2004 it is only true however for dual channel versus non-union only voice. The general pattern, despite some year-to-year variation, is that union voice variables are negatively related to quit rates in the British private sector. These results are consistent with individual worker-level analyses which show union members are less likely to quit their jobs than otherwise similar non-members (Freeman and Medoff, 1984). The same pattern holds true with respect to representative versus direct forms of voice. The representative forms of voice have consistently significant negative signs as compared to direct voice forms. This is the case in the pooled and specific year regressions.

Industrial Relations Climate

In WERS, managers are asked "how would you rate the relationship between management and employees generally at this workplace?" Subjective ratings range from "very poor" to "very good". Figure 3A reveals that the percentage of workplaces reporting 'very good' climate tends to be higher in the presence of non-union voice and is poorest in union-only workplaces.

In the pooled regression results, the presence of non-union only voice is associated with better climate. However, this effect is driven by effects in 1984 and 1990. These effects are absent in 1998 and 2004.⁷

If one considers direct and representative forms of voice we find that the direct forms of voice are associated with the best climate responses amongst managers (Figure 3B).

In regression analyses we find that in pooled years, direct only voice is associated with better climate than representative-only voice and no voice, but there are no significant differences between direct voice only and regimes that combine representative and direct voice. Thus climate is best when the

⁷ The climate regressions use survey weighted ordered probits distinguishing between "poor/average", "good" and "very good" climate.

voice regime includes direct voice. These relations do change over time however, as direct only voice is not the 'best' regime from 1990 onwards. Indeed in 1998 the combination of representative and direct voice is associated with better climate than all other voice regimes. By 2004 there are no significant differences across any regimes. When we split the voice regimes into their components and run the same regressions the only statistically significant effect is the positive effect of having regular meetings between senior managers and all sections of the workforce.

Financial Performance

Managers are asked in WERS to assess their workplace's financial performance relative to the industry average. They respond on a scale running from "a lot below average" to "a lot above average". There is evidence of a clear association between a workplace's financial performance relative to the industry average and its voice regime. Non-union voice is associated with better financial performance than union-only voice in all years, often by a wide margin (Figure 4A).

In the pooled regression non-union only voice performs better than all other regimes.⁸ The coefficients for the other three regimes are virtually identical. The effects are clear in the early 1980s, disappear in the 1990s, but return once again in 2004. Over the entire period, differences between the other three voice regimes are not statistically significant.

When distinguishing between direct and representative voice regimes those with some direct voice appear to perform better than others (Figure 4B). In pooled regressions for all years we find that direct only voice is positively associated with financial performance compared to no-voice and union-only voice, but it is not significantly different from the combination of direct and representative voice. In the 1984 regression direct only voice 'outperforms' all

⁸ The regressions are survey weighted ordered probits distinguishing between 'below average', 'average' and 'above average' financial performance relative to the industry average.

other regimes including the combination of direct and representative voice but, by 2004, the only significant difference is the significantly better performance of direct-only voice over 'no voice'.

Labour Productivity

Since 1990, WERS has asked managers to rate labour productivity relative to the industry average in the same way as they were asked to rate financial performance. Descriptive analyses in Figure 5A indicate that labour productivity is highest in non-union only voice workplaces and lowest in union-only regimes. The gap is most pronounced in 2004.

In the pooled regressions, union only voice is most often associated with lower productivity than non-union only voice is.⁹ Dual Channel voice is also associated with lower labour productivity than non-union only voice, though the effect is only on the margins of statistical significance. Separate year models are less clear cut as no statistically significant differences across voice regimes exist and no obvious time trends emerge. Figure 5B suggests regimes containing direct voice have higher labour productivity than others, though differences are not large. Regression analyses suggest a negative association between labour productivity and representative-only voice relative to direct voice only, but the effect is only statistically significant in the pooled years regression. There is no compelling case for direct only voice on productivity grounds, however, since it is not even significantly different from no-voice.

Industrial Action

Our final outcome variable is industrial action at the workplace in the previous year. Managers were asked whether there has been any form of industrial action at the workplace in the last 12 months (excluding lock-outs) with types of action presented on a show-card.

⁹ The regressions are survey weighted ordered probits distinguishing between 'below average', 'average' and 'above average' labour productivity relative to the industry average.

Our descriptive results in Figure 6 show that there has been an overall reduction in industrial action across all workplaces. Not surprisingly, union-based regimes are associated with higher probability of industrial action than non-union voice only and no voice. This is confirmed in regression analyses for the pooled years and in separate regressions for 1984-1998. However, by 2004, there were no significant differences across voice regimes. If one reruns the regression analyses separately identifying constituents of the voice typology, workplaces with unions recognised for pay bargaining continue to have a higher probability of industrial action than otherwise 'like' non-unionised workplaces in 2004.

To summarise, it seems that over the last quarter century union voice – especially union-only voice – has been associated with poorer climate, more industrial action, poorer financial performance and poorer labour productivity than non-union voice and, in particular, direct voice. On the other hand, union-based voice regimes have experienced lower quit rates than non-union and “no voice” regimes, as theory predicts. Over that time, while the workplace incidence of voice has remained constant, with roughly 8 firms out of 10 providing some form of voice, there has been a big shift from union to non-union voice, particularly direct employer-made voice. This raises an important question for future research: is there a link between the demise of union-only voice and its association with poorer workplace outcomes?

Conclusion

Union decline in Britain over the past 25 years has not meant the end of employee voice. Voice is an enduring workplace phenomenon. Although there has been substantial shift in the origination of voice – from workers through unions to employers, throughout the period around four-in-five workplaces had two-way communication mechanisms that provided for worker voice. Employers are prepared generally to bear the costs of voice provision and

manifest a reluctance to engage with their workforce without voice mechanisms in place. The association of voice mechanisms with desirable workplace outcomes suggests that these costs may be lower than the benefits voice generates.

Union-only voice has all but disappeared. Where union voice persists it is nearly always found alongside non-union forms of voice, what we have termed “dual channel” voice regimes. These workplaces, which make up around one-third of workplaces in Britain with 25 or more employees, are voice-rich in the sense that they offer their workers the biggest array of voice options. For example, if a worker wishes to have some form of non-union joint problem solving group at the workplace, he/she is more likely to find it in a firm with union presence.

There are a number of implications. First, although there is likely to be substantial change to voice provision in the future, we would argue this is likely to be within the context of continued wide voice coverage. Much of the period we have studied was characterised by the absence of any statutory mechanisms to promote voice; if employers were going to dispense with voice in Britain, the period 1980-1998 was one where they had freedom to do so. This is unlikely to be the case in the near future if European Directives such as that on information and consultation have an impact. Second, if union presence does become more prevalent again in future, it is likely to be because it generates voice with outcomes beneficial to both employers and employees. The persistence of dual voice regimes across this period is highly significant for the union revitalisation debate. One implication is that unions are more likely to survive where there is non-union voice. Another is that union voice provision might seek complementarities with non-union voice mechanisms in Britain, rather than seeing them simply as competitive. Most employment contracts seem to need voice mechanisms.

References

- Blanchflower, D. G. and Bryson, A. (2007), 'The Wage Impact of Trade Unions in the UK Public and Private Sectors', IZA Discussion Paper No. 3055.
- Bronfenbrenner, K. and Juravich, T. (1995), 'The Impact of Employer Opposition on Union Certification Win Rates: A Private/Public Sector Comparison', Working paper No. 113, Economic Policy Institute: Washington, D.C.
- Bryson, A. and Freeman, R. (2006), '*Worker Needs and Voice in the US and the UK*', NBER Working Paper No. 12310, Cambridge, Mass.
- Bryson, A. and Gomez, R. (2005), 'Why Have Workers Stopped Joining Unions?: Accounting for the Rise in Never-Membership in Britain', British Journal of Industrial Relations, 43:1, pp67-92
- Bryson, A., Willman, P. and Gomez, R. (2004), 'The End of the Affair? The Decline in Employers' Propensity to Unionize', in John Kelly and Paul Willman (eds.), *Union Organization and Activity*, Routledge: London, pp129-149.
- Bryson, A., Willman, P., Gomez, R and Kretschmer, T. (2007), *Employee Voice and Human Resource Management: An Empirical Analysis Using British Data*, Policy Studies Institute Discussion Paper No. 27.
- Ewing, K., Moore, S. and Wood, S. (2003), 'Unfair Labour Practices; Trade Union Recognition and Employer Resistance', Institute for Employment Rights: London.
- Freeman, R. and Medoff, J. (1984), *What Do Unions Do?*, Basic Books: New York.
- Guest, D E. (1989), 'Human Resource Management; Its Implications for Industrial Relations and Trade Unions', in J. Storey (ed.), *New Perspectives on Human Resource Management*, Routledge: London, pp41-55.
- Hirschman, A. (1970), *Exit, Voice and Loyalty*, Harvard University Press: Cambridge.
- Kersley, B., Alpin, C., Forth, J., Bryson, A., Bewley, H., Dix, S. and Oxenbridge, S. (2006), *Inside the Workplace; Findings from the 2004 Workplace Employment Relations Survey*, Routledge: London.
- Kochan, T A. (1980), *Collective Bargaining and Industrial Relations*, Homewood, Ill: Richard D. Irwin.

- LeRoy, M. H. (2006), 'The Power to Create or Obstruct Employee Voice: Does US Public Policy Skew Employer Preference for "No Voice" Workplaces?', Socio-Economic Review, 4, pp311-319.
- Machin, S. and Wood, S. (2005), 'Human Resource Management as a Substitute For Trade Unions in British Workplaces', Industrial and Labor Relations Review, Vol. 58, No. 2, pp201-218.
- Metcalf, D. and Charlwood, A. (2005), 'Trade Unions: Numbers, Membership and Density', in Susan Fernie and David Metcalf (eds.), *Trade Unions: Resurgence or Demise?*, Routledge: London.
- Millward, N., Bryson, A. and Forth, J. (2000), *All Change at Work*, Routledge: London.
- Moore, S. (2004), 'Union Mobilization and Employer Counter-Mobilization in the Statutory Recognition Process', in John Kelly and Paul Willman (eds.), *Union Organization and Activity*, Routledge: London.
- Williamson, O. E. (1973), *Markets and Hierarchies: Analysis and Antitrust Implications*, Free Press.
- Willman, P. (2005), 'Circling the Wagons; Endogeneity in Union Decline', in Susan Fernie and David Metcalf (eds.), *Trade Unions: Resurgence or Demise?*, Routledge: London.
- Willman, P. and Bryson, A. (2007), 'Union Organization in Great Britain', Journal of Labor Research, Vol. 28, 1: pp93-115.
- Willman, P., Bryson, A. and Gomez, R. (2006), 'The Sound of Silence: Which Employers Choose 'No Voice' and Why?', Socio-Economic Review, 4: pp283-299.
- Willman, P., Bryson, A. and Gomez, R. (2007), 'The Long Goodbye: The Fall of Union Voice in Britain', International Journal of Human Resource Management, Vol. 18, No. 7, pp1318-1334.

Table 1: Incidence of Voice Types in Britain, All Workplaces (Whole Economy), 1984-2004

| | Year | | | |
|---------------------------------------|-------|---------|---------|---------|
| | 1984 | 1990 | 1998 | 2004 |
| Panel A: All Workplaces | | | | |
| 1 No voice | 16 | 19(14) | 18 (12) | 14(12) |
| 2. Voice (all types) | 84 | 81(86) | 82 (88) | 86 (88) |
| Panel B: Voice Workplaces Only | | | | |
| 3. Union only | 24 | 14 (11) | 9 (6) | 5 (4) |
| 4. Union and non-union | 42 | 39 (42) | 32 (35) | 33 (34) |
| 5. Non-union only | 16 | 28 (33) | 41 (47) | 46 (48) |
| 6. Voice, but nature not reported | 2 | <1 (<1) | <1 (<1) | 2 (2) |
| | | | | |
| All Observations (unweighted N) | 2,019 | 2,059 | 1,920 | 1,647 |

Notes: This voice typology is constructed using voice items 1-6 in the text. All values are column percentages. Panel B columns may not add up to total voice percentages in Row 2 due to rounding. Numbers in () present the incidence of a modified definition of voice which incorporates two additional voice items only available since 1990. The additional measure of voice captures “any non-union on site representatives at the workplace” and the presence of “problem solving groups at the workplace”.

Table 2: Incidence of Voice Types in Britain, Public versus Private Workplaces, 1984-2004

| | Year | | | | | | | |
|---------------------------------------|--------|---------|--------|---------|--------|---------|--------|---------|
| | 1984 | | 1990 | | 1998 | | 2004 | |
| | Public | Private | Public | Private | Public | Private | Public | Private |
| Panel A: All Workplaces | | | | | | | | |
| 1 No voice | <1 | 24 | 4 | 25 | 1 | 24 | 1 | 18 |
| 2. Voice (all types) | 99 | 76 | 96 | 75 | 99 | 76 | 99 | 82 |
| Panel B: Voice Workplaces Only | 1984 | | 1990 | | 1998 | | 2004 | |
| | Public | Private | Public | Private | Public | Private | Public | Private |
| 3. Union only | 34 | 18 | 21 | 11 | 18 | 6 | 10 | 4 |
| 4. Union and non-union | 64 | 30 | 66 | 27 | 68 | 18 | 76 | 19 |
| 5. Non-union only | 1 | 25 | 8 | 36 | 10 | 51 | 12 | 57 |
| 6. Voice, but nature not reported | 1 | 3 | <1 | <1 | <1 | <1 | 2 | 2 |
| | | | | | | | | |
| All Observations (unweighted N) | 830 | 1189 | 632 | 1429 | 612 | 1317 | 500 | 1148 |

Notes: This voice typology is constructed using voice items 1-6 in the text. All values are column percentages. Panel B columns may not add up to total voice percentages in Row 2 due to rounding.

Table 3: Incidence of Representative and Direct Voice and their Components in Britain for All Workplaces, 1980-2004

| All Workplaces | Year | | | | |
|---|------|------|------|------|------|
| | 1980 | 1984 | 1990 | 1998 | 2004 |
| Panel A: Employer Provided Voice | | | | | |
| Representative Voice | | | | | |
| 1. Any on-site Joint Consultative Committee (JCC) | 34 | 34 | 29 | 28 | 24 |
| 2. On-site JCC that meets at least once a month ("Functioning" JCC) | 30 | 31 | 26 | 22 | 17 |
| 3. Non-union on-site representatives (excluding health and safety) | NA | NA | 8 | 15 | 14 |
| Direct Voice | | | | | |
| 4. Regular meetings between senior management and all sections of the workforce | NA | 34 | 41 | 37 | 40 |
| 5. Team briefings | NA | 36 | 48 | 52 | 71 |
| 6. Problem solving groups | NA | NA | 35 | 42 | 30 |
| Panel B: Union Provided Voice | | | | | |
| 7. Any union members | 73 | 73 | 64 | 52 | 52 |
| 8. Any recognised union | 64 | 66 | 53 | 41 | 38 |
| 9. Any on-site union lay representative | 50 | 54 | 37 | 25 | 23 |

Notes: All values represent percentages. Figures are for all workplaces with 25 or more employees. "NA" means "not available". Rows 1-3 characterize the representative voice mechanisms provided by employers. Rows 4-6 characterize the direct voice mechanisms provided by employers. Some items are not wholly comparable over time. *Regular workforce meetings*: the measure of regular meetings changed in 2004. For the first time the question asked how often meetings occurred, rather than whether they occurred 'regularly'. Throughout the paper we say regular meetings occurred in 2004 if they took place at least once a month. If we used 'at least once a fortnight' the incidence drops to 21% in 2004. If we use, 'at least once every three months' it rises to 64%. In 2004 the question is: "Do you have meetings between senior managers and the **whole** workforce (either altogether or group by group)?" whereas the 1998 question refers to "regular meetings with the entire workforce present". Millward et al. (2000: 118-120) note concerns about comparability of the measure in earlier years too. They argue that the 1998 question is not comparable to 1984 and 1990 question. They therefore present a figure for 1998 based on a combination of cross-section

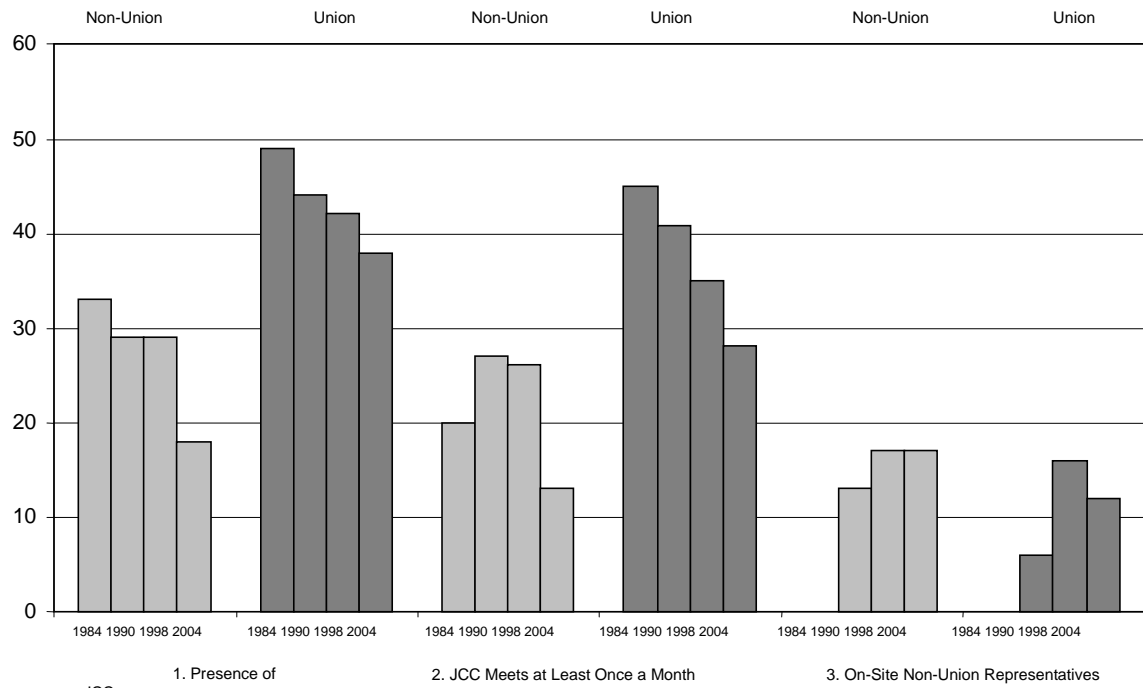
and panel data producing an estimate of 48% in 1998 instead of the 37% presented above. *Team briefings*: In 2004 managers are asked: "Do you have meetings between line managers or supervisors and all the workers for whom they are responsible? INTERVIEWER: If asked, these are sometimes known as 'briefing groups' or 'team briefings'?" The 1998 question is: "Do you have a system of briefings for any section or sections of the workforce here?" Millward et al. (2000: 118-120) argue that the 1998 question is not comparable to 1984 and 1990. They therefore present a figure based on a combination of cross-section and panel data of 65% in 1998 as opposed to 52% presented above. Whichever measure one adopts, briefings rose substantially over the period but whether the 'spurt' occurred between 1990 and 1998 or between 1998 and 2004 is a moot point. *Problem solving groups*: this time-series is very problematic. Kersley et al. (2006: 94) say the 1998 and 2004 measures are not comparable because a change in question wording in the 2004 Cross-Section Survey restricted it to groups of solely non-managerial employees. They therefore present estimates combining the cross-section and panel data (the panel question didn't change). Footnote 11 of Kersley et al. (2006) Chapter 4 gives details of the method. Using the 2004 'restricted' definition the incidence of problem-solving groups was 16% in 1998 and 21% in 2004 for the 10+ employee population. Using the less restrictive definition the figures are 28% and 36% respectively. The time-series presented above does not use panel data and thus clearly understates the incidence of problem-solving groups. The reliance on time-series data gives the impression that these groups have become less common between 1998 and 2004 whereas better data (combining cross-section and panel) suggests that they have grown a little. *Non-union representatives*: the question wording is ambiguous in 1998 so that respondents may have included representatives of non-recognised trade unions.

Table 4: Incidence of Representative and Direct Voice Types and their Components in Britain, Public versus Private Workplaces, 1980-2004

| All Workplaces | Year | | | | | | | | | |
|---|------|------|------|------|------|------|------|------|------|------|
| | 1980 | | 1984 | | 1990 | | 1998 | | 2004 | |
| | Pub | Priv | Pub | Priv | Pub | Priv | Pub | Priv | Pub | Priv |
| Panel A: Employer Provided Voice | | | | | | | | | | |
| Representative Voice | | | | | | | | | | |
| 1. Any on-site Joint Consultative Committee (JCC) | 43 | 30 | 48 | 26 | 49 | 20 | 39 | 24 | 33 | 21 |
| 2. On-site JCC that meets at least once a month ("Functioning" JCC) | 39 | 26 | 42 | 24 | 45 | 18 | 31 | 19 | 22 | 15 |
| 3. Non-union on-site representatives (excluding health and safety) | NA | NA | NA | NA | 3 | 10 | 22 | 12 | 8 | 16 |
| Direct Voice | | | | | | | | | | |
| 4. Regular meetings between senior management and all sections of the workforce | NA | NA | 33 | 34 | 46 | 39 | 44 | 34 | 54 | 36 |
| 5. Team briefings | NA | NA | 46 | 31 | 62 | 42 | 60 | 49 | 76 | 70 |
| 6. Problem solving groups | NA | NA | NA | NA | 54 | 70 | 51 | 61 | 64 | 72 |
| Panel B: Union Provided Voice | | | | | | | | | | |
| 7. Any union members | 99 | 60 | 100 | 58 | 99 | 49 | 97 | 36 | 97 | 37 |
| 8. Any recognised union | 94 | 50 | 99 | 48 | 87 | 38 | 87 | 24 | 87 | 22 |
| 9. Any on-site union lay representative | 76 | 38 | 83 | 38 | 63 | 26 | 50 | 16 | 54 | 13 |

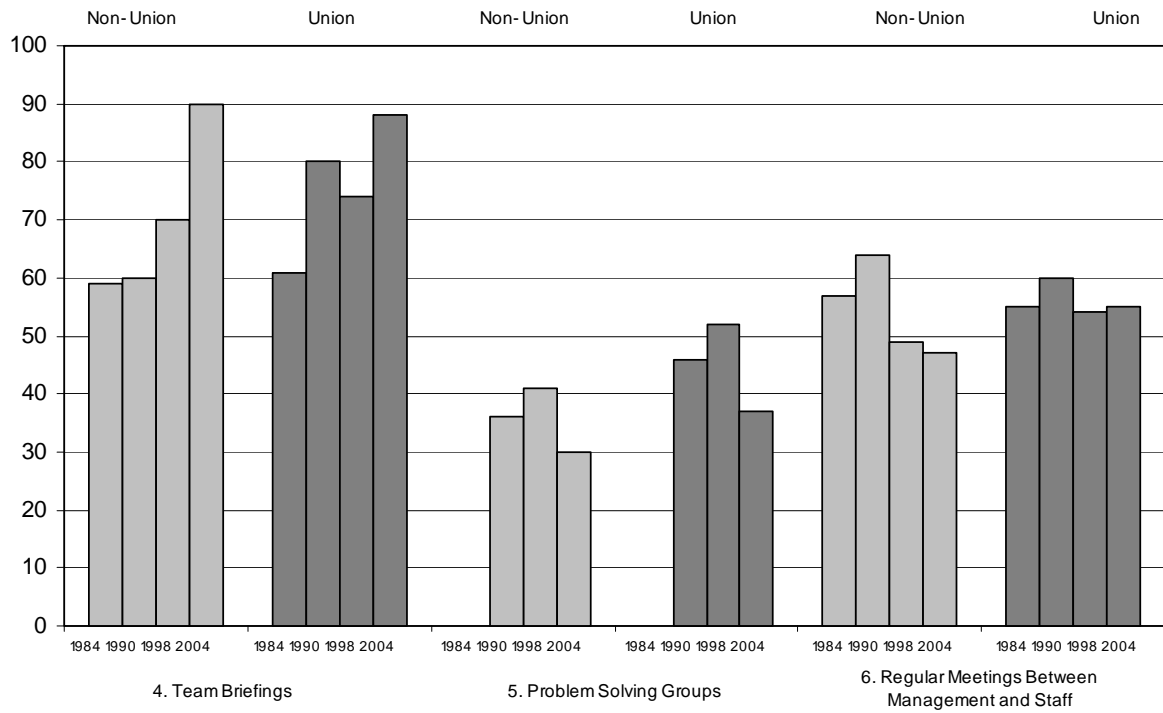
Notes: See Table 3.

Figure 1A: Incidence of Non-union Representative Voice in Non-union only and Dual Channel Workplaces, 1984-2004



Notes: Light grey bars are dual channel voice workplaces. Dark grey bars are non-union only workplaces. Both are defined using the typology presented in Table 1. Data on non-union representatives were not available in 1984.

Figure 1B: Incidence of Direct Voice in Non-union only and Dual Channel Workplaces, 1984-2004



Notes: Data on problem-solving groups were not available in 1984.

Figure 2A: Percentage of Employee Quits by Union versus Non-Union Voice Types in Britain, 1990-2004

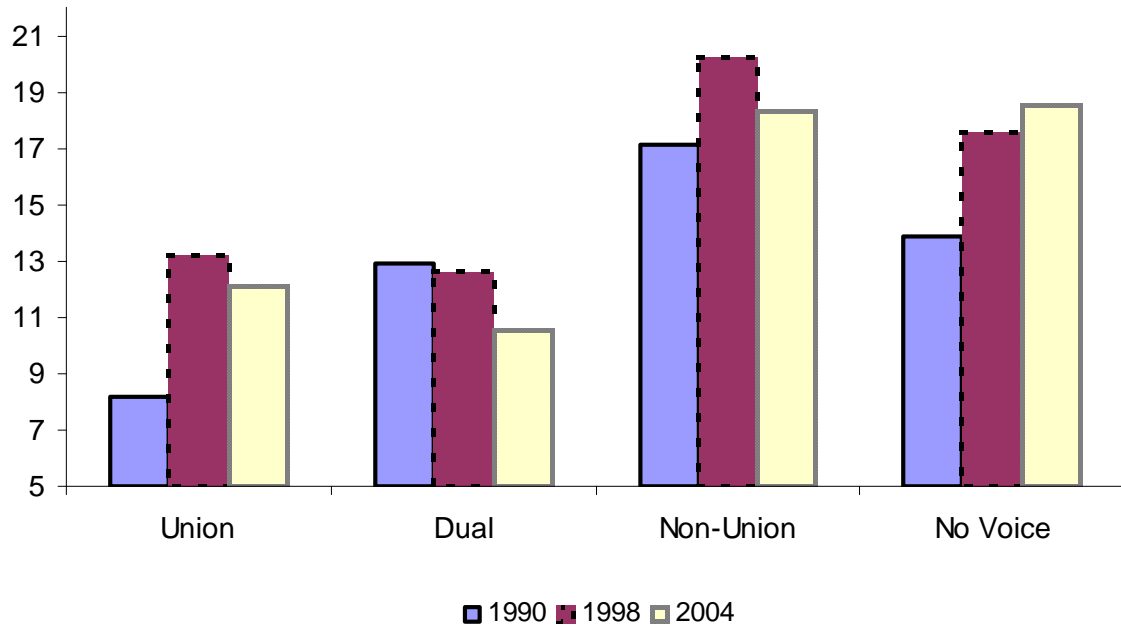


Figure 2B: Percentage of Employee Quits by Representative versus Direct Voice Types in Britain, 1990-2004

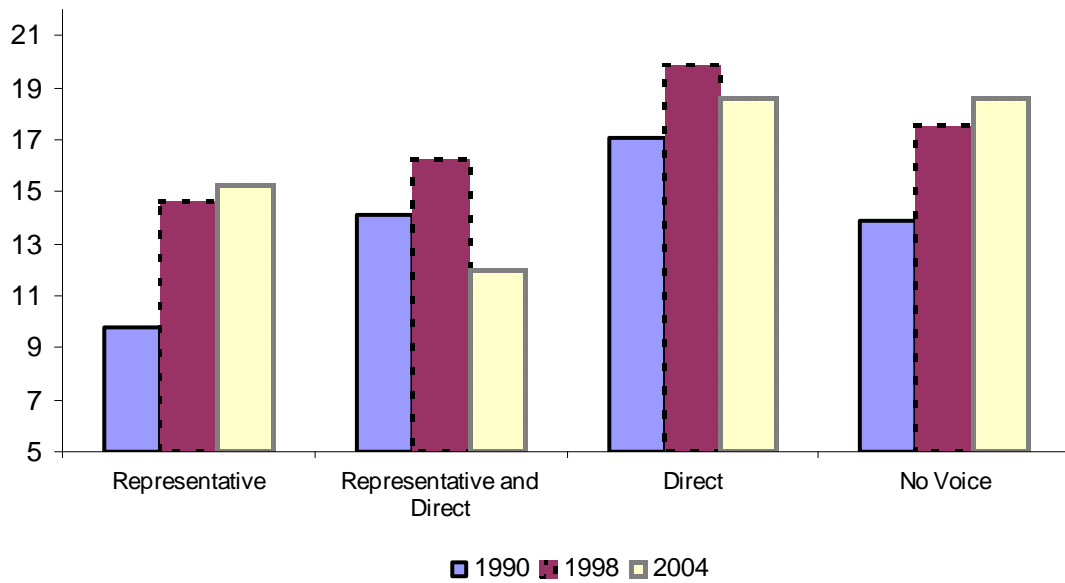


Figure 3A: Percentage of Workplaces Reporting “Very Good” Industrial Relations Climate by Union versus Non-Union Voice Types in Britain, 1984-2004

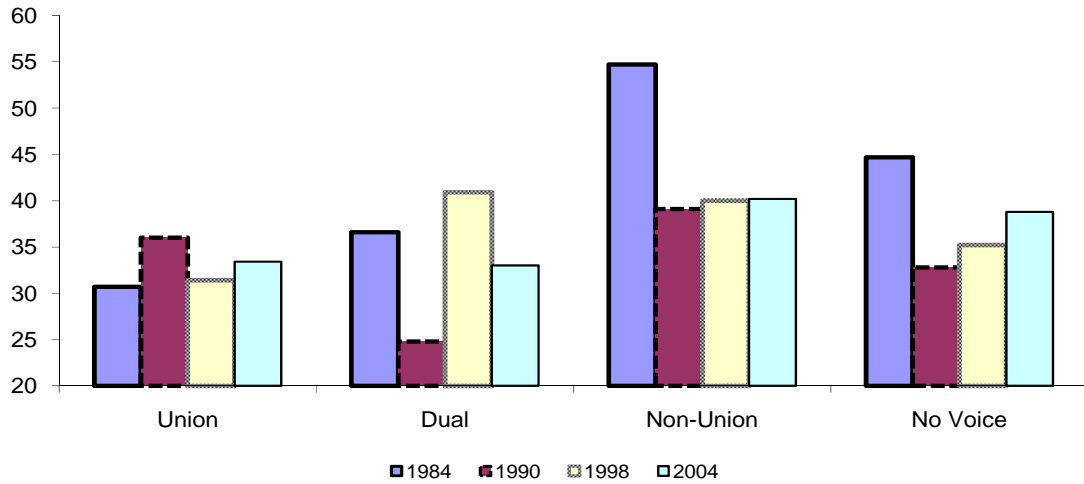


Figure 3B: Percentage of Workplaces Reporting “Very Good” Industrial Relations Climate by Representative versus Direct Voice Types in Britain, 1984-2004

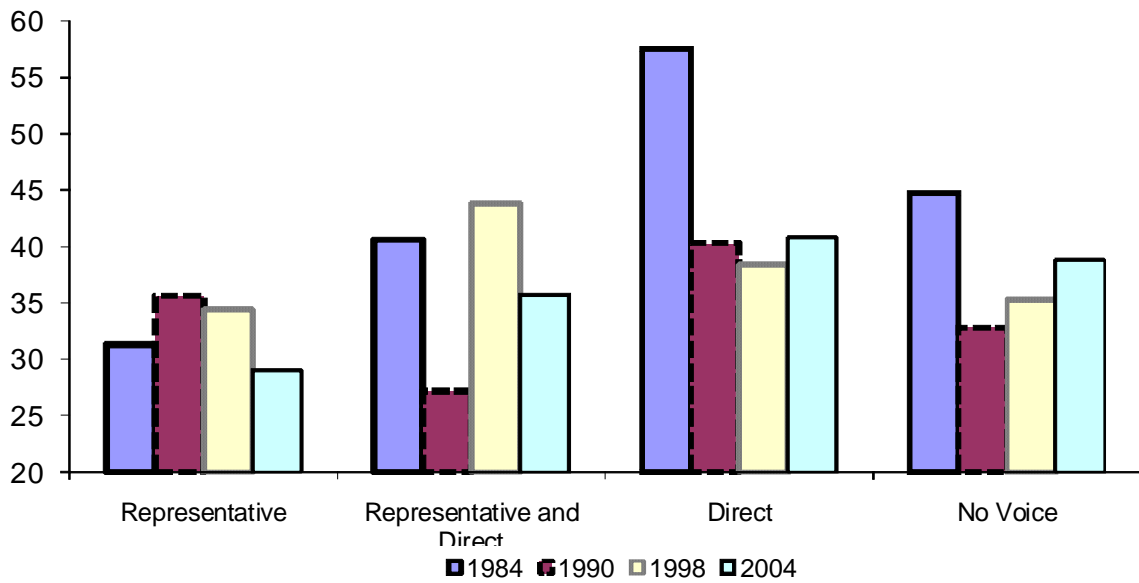


Figure 4A: Percentage of Workplaces Reporting “Above Average” Financial Performance by Union versus Non-Union Voice Types in Britain, 1984-2004

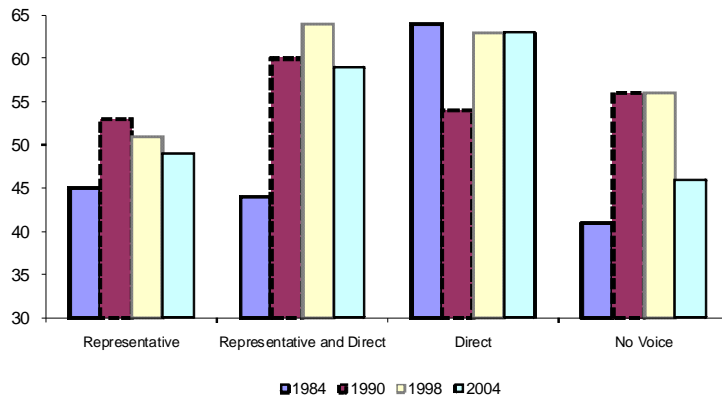


Figure 4B: Percentage of Workplaces Reporting “Above Average” Financial Performance by Representative versus Direct Voice Types in Britain, 1984-2004

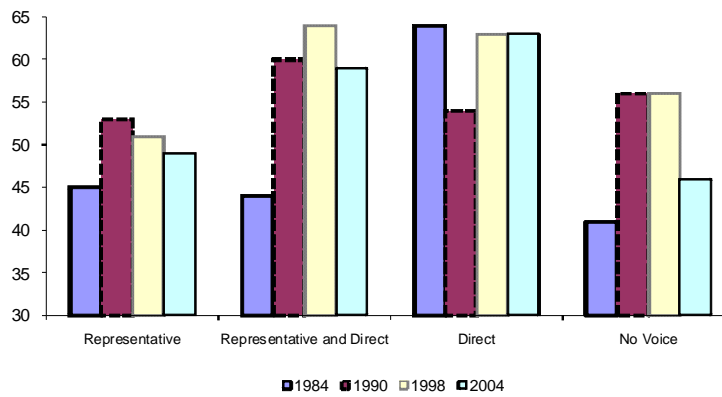


Figure 5A: Percentage of Workplaces Reporting “Above Average” Labour Productivity by Union versus Non-Union Voice Types in Britain, 1990-2004

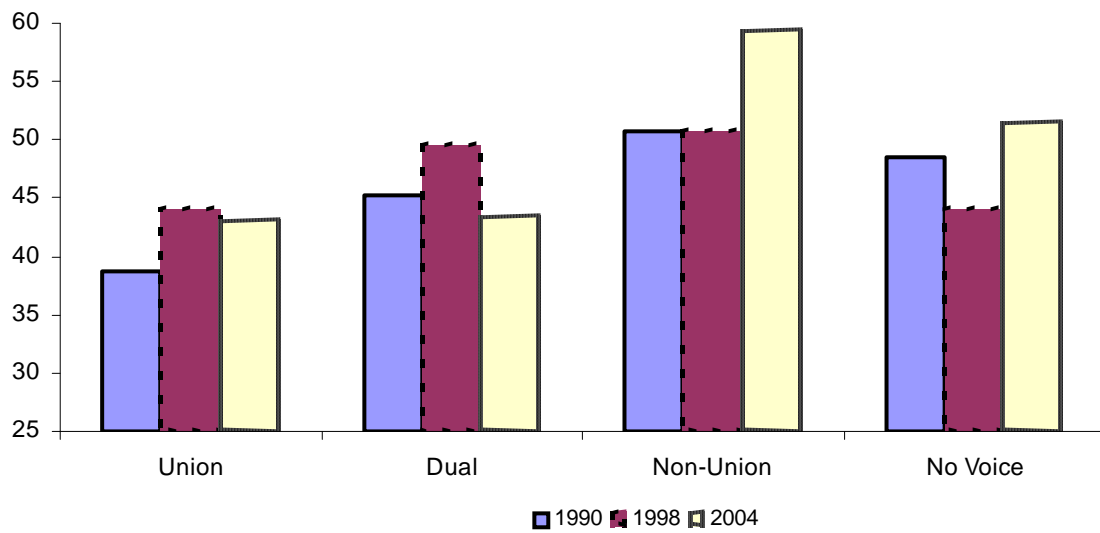


Figure 5B: Percentage of Workplaces Reporting “Above Average” Labour Productivity by Representative versus Direct Voice Types in Britain, 1990-2004

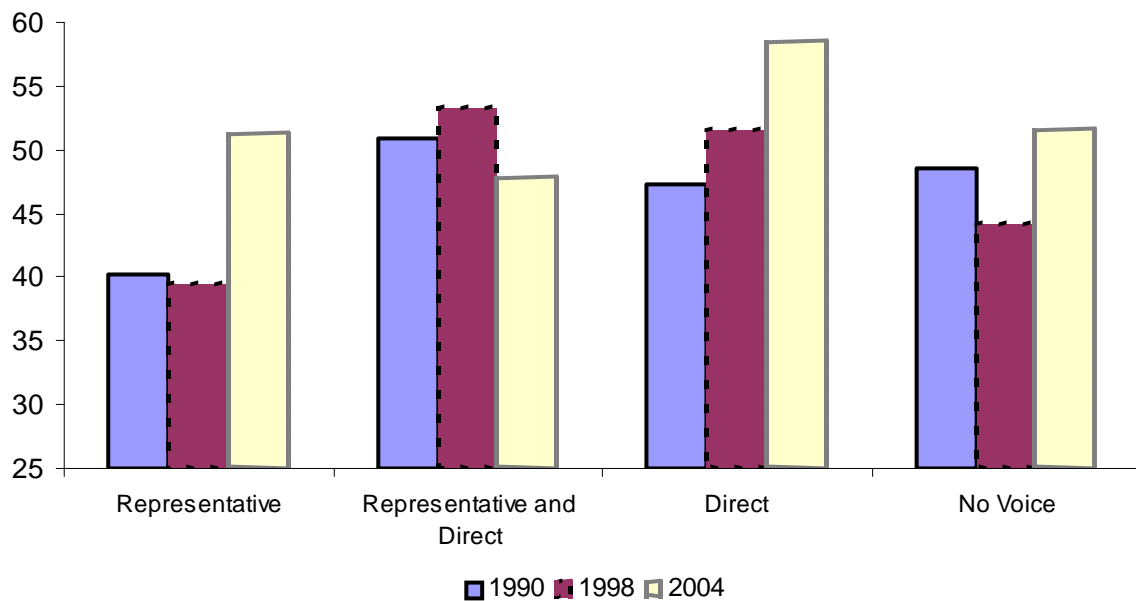
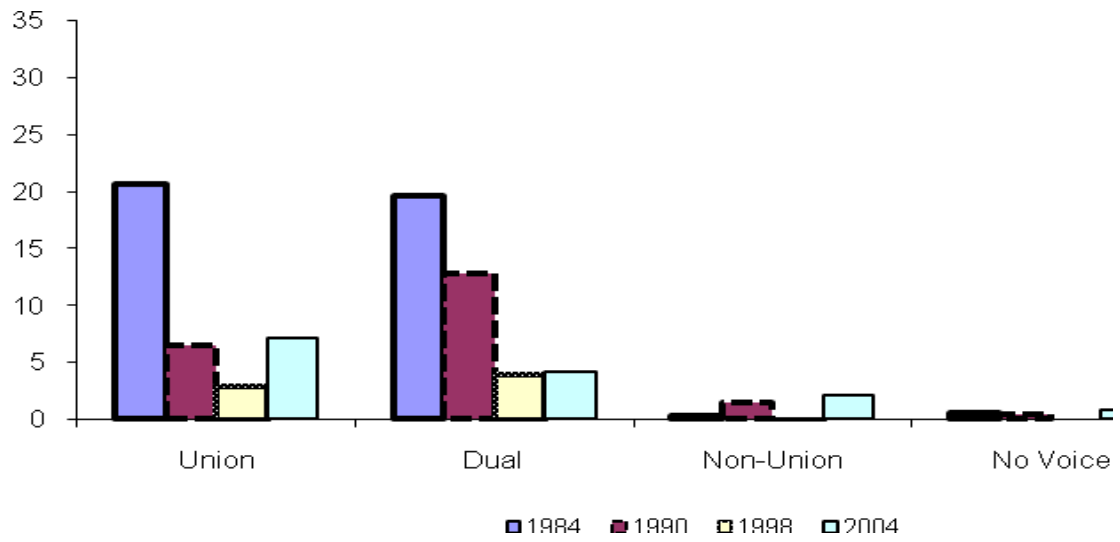


Figure 6: Percentage of Workplaces Reporting “Any Industrial Action in the last 12 months” by Voice Types in Britain, 1984-2004



CENTRE FOR ECONOMIC PERFORMANCE
Recent Discussion Papers

| | | |
|-----|--|---|
| 883 | Jang Ping Thia | The Impact of Trade on Aggregate Productivity and Welfare with Heterogeneous Firms and Business Cycle Uncertainty |
| 882 | Richard B. Freeman | When Workers Share in Profits: Effort and Responses to Shirking |
| 881 | Alex Bryson Michael White | Organizational Commitment: Do Workplace Practices Matter? |
| 880 | Mariano Bosch Marco Manacorda | Minimum Wages and Earnings Inequality in Urban Mexico. Revisiting the Evidence |
| 879 | Alejandro Cuñat Christian Fons-Rosen | Relative Factor Endowments and International Portfolio Choice |
| 878 | Marco Manacorda | The Cost of Grade Retention |
| 877 | Ralph Ossa | A 'New Trade' Theory of GATT/WTO Negotiations |
| 876 | Monique Ebell Albrecht Ritschl | Real Origins of the Great Depression: Monopoly Power, Unions and the American Business Cycle in the 1920s |
| 875 | Jang Ping Thia | Evolution of Locations, Specialisation and Factor Returns with Two Distinct Waves of Globalisation |
| 874 | Monique Ebell Christian Haefke | Product Market Deregulation and the U.S. Employment Miracle |
| 873 | Monique Ebell | Resurrecting the Participation Margin |
| 872 | Giovanni Olivei Silvana Tenreyro | Wage Setting Patterns and Monetary Policy: International Evidence |
| 871 | Bernardo Guimaraes | Vulnerability of Currency Pegs: Evidence from Brazil |
| 870 | Nikolaus Wolf | Was Germany Ever United? Evidence from Intra- and International Trade 1885 - 1993 |
| 869 | L. Rachel Ngai Roberto M. Samaniego | Mapping Prices into Productivity in Multisector Growth Models |
| 868 | Antoni Estevadeordal Caroline Freund Emanuel Ornelas | Does Regionalism Affect Trade Liberalization towards Non-Members? |

- 867 Alex Bryson
Harald Dale-Olsen A Tale of Two Countries: Unions, Closures and Growth in Britain and Norway
- 866 Arunish Chawla Multinational Firms, Monopolistic Competition and Foreign Investment Uncertainty
- 865 Niko Matouschek
Paolo Ramezzana
Frédéric Robert-Nicoud Labor Market Reforms, Job Instability, and the Flexibility of the Employment Relationship
- 864 David G. Blanchflower
Alex Bryson Union Decline in Britain
- 863 Francesco Giavazzi
Michael McMahon Policy Uncertainty and Precautionary Savings
- 862 Stephen Hansen
Michael F. McMahon Delayed Doves: MPC Voting Behaviour of Externals
- 861 Alex Bryson
Satu Nurmi Private Sector Employment Growth, 1998-2004: A Panel Analysis of British Workplaces
- 860 Alejandro Cuñat
Szabolcs Deak
Marco Maffezzoli Tax Cuts in Open Economies
- 859 Bernd Fitzenberger
Karsten Kohn
Alexander Lembcke Union Density and Varieties of Coverage: The Anatomy of Union Wage Effects in Germany
- 858 Dimitra Petropoulou International Trade, Minimum Quality Standards and the Prisoners' Dilemma
- 857 Andreas Georgiadis Efficiency Wages and the Economic Effects of the Minimum Wage: Evidence from a Low-Wage Labour Market
- 856 L. Rachel Ngai
Christopher A. Pissarides Employment Outcomes in the Welfare State
- 855 Carlo Rosa Talking Less and Moving the Market More: Is this the Recipe for Monetary Policy Effectiveness? Evidence from the ECB and the Fed
- 854 Dimitra Petropoulou Competing for Contacts: Network Competition, Trade Intermediation and Fragmented Duopoly
- 853 Barbara Petrongolo
Christopher A. Pissarides The Ins and Outs of European Unemployment