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Analyses of Collective Bargaining:  
Implications for Theory**

**CEO Publication  
G 81-7 (13)**

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ABSTRACT

This paper presents a comparative analysis of aspects of bargaining processes and outcomes in the public and private sectors. Data were obtained from a single industry which operates extensively (using a common technology and having similar market/budgetary constraints) in both sectors. Two separate analyses of the data are discussed--one based on "conventional" models of public and private sector bargaining, and one based on a more general bargaining theory. The empirical results suggest that the conventional bargaining theories are more limited in explanatory power, and that empirical research based on them may obscure important features of collective bargaining systems.



During the past decade, research and writing in industrial relations have been consistently informed by the idea that collective bargaining in the public sector is different.<sup>1</sup> Early researchers pointed to the political context and comparatively restrictive legal frameworks within which much government employee bargaining takes place, and to the common public-private sector differences in technology, labor force composition, internal management organization, and the nature of market/budgetary constraints.<sup>2</sup> In addition, the empirical research based on these observed features has added substantially to our understanding of the public sector's institutions and environment, its bargaining processes (tactics and dispute resolution procedures), and its bargaining outcomes (chiefly, the scope and substantive provisions of labor agreements). In this period, public sector bargaining has become well established as an academic specialty.

However, some scholars now wonder whether the study of public sector bargaining has not become too intellectually inbred and insular. The central concern is that the sustained emphasis on the differences between private and public sector labor relations has served to obscure important similarities, or generic characteristics, of these two kinds of bargaining systems. Such obfuscation would, of course, have important implications for the development of collective bargaining theory and collective bargaining research.

Juris and Roomkin, for example, have charged that the emphasis on the special features of public sector bargaining has led to an "artificial partitioning" of bargaining theory.<sup>3</sup> They are critical of the tendency to build separate models or paradigms for the public and private sectors, in

part because of the significant number of real world bargaining phenomena which neither of the constituent theories of the "two sector" approach can adequately explain (e.g., bilateral bargaining in the public sector; multilateral bargaining or the use of political influence in the private sector). To replace this "conventional" two sector approach, Juris and Roomkin have advocated a more general bargaining theory which emphasizes the generic features of U.S. collective bargaining systems, and their adaptive character over time.

A similar kind of concern can be raised concerning the content of recent industrial relations research. Although inter-industry and inter-jurisdictional studies are common in the private and public sector bargaining literatures, respectively, there is a noticeable dearth of direct inter-sectoral comparisons. This is no doubt due, in part, to the inherent difficulties involved in attempting direct public-private sector comparisons. But it may also be an indication of the way that the development of theory has informed research: to the extent that these two sectors are assumed to be different, there is a diminished incentive to engage in comparative, empirical studies.

The need, of course, is exactly the opposite. Empirical public-private comparisons are needed both to clarify the magnitude of inter-sectoral differences, and to test the validity of current theoretical approaches.

This paper is intended to respond both to the need for additional public-private sector comparative studies, and to the need for continued testing of the established theoretical frameworks. Data concerning aspects of collective bargaining processes (union tactics in

negotiations), and bargaining outcomes (union impact on the employer organization), were collected in an industry which is well established in both economic sectors--health care. These data were subjected to two separate analyses, one developed from the "conventional" or "two sector" bargaining paradigms, and one based on the general bargaining theory advanced by Juris and Roomkin. Comparison of the results of these two analyses should shed light both on the magnitude of inter-sectoral differences in collective bargaining, and on the relative explanatory power of these alternative theoretical perspectives.

#### Theory and Method

Space limitations preclude an extensive discussion of the two theories, but some of their major features can be summarized briefly. Both the "two sector" paradigm and the Juris-Roomkin approach are rooted in the industrial relations systems concept advanced by Dunlop and others.<sup>4</sup> Each sees bargaining processes and bargaining outcomes as products of the system environment and actor characteristics. However, in the context of public-private sector comparative research, the two theoretical approaches would suggest different methods of analysis, and would generate different research hypotheses. These differences can be illustrated by a discussion of the predictions that each approach would make with respect to the union negotiations tactics component of the bargaining process.

As its name implies, the "two sector" approach offers separate, if parallel, theories for each sector:<sup>5</sup>

Collective bargaining in the private sector is seen as a bilateral process in which the parties exercise power against one another through the use of economic weapons in an economic context.



Collective bargaining in the public sector is seen as a multilateral process in which the parties exercise power against one another using political weapons in a political environment (subject to economic constraints).

Thus, union tactics would be expected to vary systematically across sectors, and the model implies a two-sector comparison. Private sector unions would be expected to rely primarily on such traditional negotiation weapons as the strike, the strike threat, and the slowdown. Public sector unions, on the other hand, would be expected to exploit their "political" environment by employing tactics such as end runs, lobbying, appeals to the media and the general public, and participation in electoral politics.

The theory advanced by Juris and Roomkin emphasizes the adaptive character of union (and management) behavior:

Collective bargaining in all sectors is an adaptive process dependent on the characteristics of the actors, and of the environment in which they interact.

This model differs from the conventional approach in that it does not ascribe to either sector a relatively permanent set of environmental characteristics that are likely to "fix" bargaining processes. It explicitly assumes that the parties will engage in an ongoing search for effective bargaining tactics, and that the parties will respond to subtle changes in bargaining system environments. Longitudinally, the theory would predict a decline in pronounced inter-sectoral differences in bargaining processes. Cross-sectionally, it requires that the researcher make a more thorough examination of the environments of individual bargaining systems before specific predictions concerning union tactics or other aspects of bargaining processes can be developed. Under this approach, each of the "two sector" paradigms is viewed as a special case (pure type) rather than as a general model.

The hospital industry, from which the data for this study was taken, lends itself to comparative analysis using either of these two theoretical perspectives. It is one of the few industries which operates widely in both sectors, with employers using a common technology and roughly equivalent labor forces. Variations in market/budget contexts do, of course, exist, but to a lesser degree than in many other industries: in both "halves" of the industry, the substantial majority of employer revenues are derived from fee for service payments generated either through government programs (Medicare, Medicaid), or by other "third party payers" (Blue Cross, private insurance companies). The extent of similarity across public-private sector boundaries provides a convenient set of "controls" for a comparative analysis of bargaining processes and outcomes.<sup>6</sup>

There is one dimension however, along which there is considerable intra-industry variation--the legal frameworks for hospital employee bargaining.<sup>7</sup> In all of the public sector jurisdictions included in this study, the laws regulating hospital employee labor relations have been similar to those typically in place for other state and local government employee bargaining; among the principal features of these laws are strike prohibitions, and the provision of third party interventions in bargaining impasses. In the private sector of the industry, hospital employee bargaining did generally not occur under the National Labor Relations Act until 1974. Prior to that time, two general kinds of situations prevailed. In some states, public sector hospital labor relation laws, or substantially similar legislation, were passed to regulate hospital employee bargaining. In other states, there was

essentially no regulation of hospital employee unionization or bargaining. Both types of situations are included in the sample developed for this study.<sup>8</sup>

Those states in which labor relations in privately owned institutions were regulated by laws typical of those in the public sector represent a distinct type of collective bargaining environment. Analysis of the bargaining process and outcomes in this "third sector" is a key aspect of the analysis which follows.

Data for this paper was taken from a larger study of union-management relations in the hospital industry.<sup>9</sup> Structured questionnaires, employing Lickert-type response scales, were administered to 292 hospital managers in 36 nonfederal, general care hospitals. Thirty six (36) institutions participated in the study; the hospitals were located in six (6) major U.S. cities. Nine of the institutions and 90 of the respondents represent the public sector (state or local government hospitals); 27 hospitals and 202 respondents come from the private sector (which includes both voluntary, nonprofit and proprietary institutions).

#### The Analysis of Bargaining Processes (Union Tactics)

One important aspect of bargaining process is the array of tactics used by the parties to influence the bargaining positions of their opponents. In this study, hospital managers were asked to assess the frequency with which unions employed each of thirteen tactical options against them. In the tables which follow, these various tactics are categorized according to whether they are typically associated with the private sector (strike, slowdown) or with the public sector (end runs, lobbying, etc.).

Table 1 reports the frequencies that were generated using the "two sector" theoretical perspective. That is, average frequencies for each tactical option are reported for the public sector (column 1), and for the private sector as a whole (column 2). Differences were compared using a one-way analysis of variance.

Insert Table 1 About Here

The results are generally consistent with the expectations derived from the models. Private sector unions rely most heavily on "traditional" bargaining tactics, while public sector unions employ both traditional tactics and those suited to the political context of public sector bargaining. Differences between the frequency values for the two sectors are statistically significant for six of the eight public sector options. Certainly, these results are consistent with the "multilateral" character ascribed to public sector bargaining under the "two sector" models.

However, this method of analysis also obscures some important relationships in the data. A second analysis of variance was performed, using a "three sector" model based on the Juris-Roomkin theory. Responses from the private sector were divided according to whether or not the laws in effect prior to the 1974 Taft-Hartley Amendments were like those typical of the public sector. The results of this analysis, reported in Table 2, present a more complex picture of union bargaining behavior.

Insert Table 2 About Here

With respect to the use of "traditional" bargaining tactics, private sector unions operating in public sector-like legal environments (the "Mixed Sector" category--column 2) appear to be substantially more

militant than other private sector unions (column 3), and more like their public sector counterparts (column 1). In addition, these "mixed sector" unions make use of a broad array of bargaining tactics. They make more frequent contacts with the general public, community groups, and third party payers than do other private sector unions. They are also more political, relying more heavily on lobbying and election participation. On two tactical dimensions, these unions exhibit greater militancy than do unions in the public sector. They tend to be like other private sector unions only with respect to "internal organizational end runs" (contacts with the hospital board and higher level administrators); these tactics appear to be the exclusive preserve of public sector unions. In short, these "mixed sector" unions appear to be responding exactly as the Juris-Roomkin theory would predict--by broadening their arsenal of bargaining weapons in response to the specific legal and political conditions at hand.

#### The Analysis of Bargaining Outcomes (Union Impact)

Differences in bargaining system environments would be expected to affect not only bargaining processes, but the outcomes of negotiations as well. It is common in industrial relations research to define bargaining outcomes as the contents of the collective bargaining agreement. However, this approach is burdened by a number of measurement problems, and is a particularly suspect tool for the purposes of public-private sector comparisons because of the statutory limitations on the scope of bargaining in effect in some public jurisdictions, and because of the importance of nonbargaining forums (e.g., civil service commissions, legislatures) for public sector "rule making."<sup>10</sup> For these and other

reasons, outcomes in this study refer to managerial assessments of the impact of the union, through collective bargaining, on the employer organization (the hospital).

Managers were asked to assess union impact by responding to 79 questions on the field instrument. The issues covered ranged from direct economic impact, impact on labor market effectiveness, managerial policy, supervisory practices, and employee attitudes and behavior to impact on the quality of patient care and on inter-organizational relationships maintained by the hospital. For each item, respondents indicated the strength or magnitude of impact using a five point scale (1 = no impact; 5 = a great deal of impact). Response values indicate the strength of impact only, and are not intended to assess whether the impact was positive or negative.

Analyses of variance were computed for each of these 79 impact variables using both the "two sector" and "three sector" models. The development of a priori hypotheses concerning the strength of impact across sectors was difficult. Neither of the theoretical approaches in use in this paper addresses the question of whether union impact would be greater in one sector or the other. In both approaches, both structural and behavioral (tactical) sources of power would require assessment. For the sake of this analysis, we made the simplifying assumption that bargaining system environments which promoted greater overall patterns of union militancy would also be associated with greater overall union impact.

In the "two sector" analysis, the broader array of tactics employed and the generally higher level of militancy would suggest greater

organizational impact on the part of public sector unions.<sup>11</sup> In the "three sector" analysis, the same logic would predict that the "mixed sector" unions would have had the strongest impact on the hospitals with which they bargain.

Space considerations preclude a comprehensive survey of the results, however, a representative sampling of them is provided in Table 3. Columns (1) and (2) present the average reported impact values using the "two sector" approach. In contrast to the hypothesis stated above, the magnitude of private sector union impact generally exceeds that for the public sector unions. (This was, in fact, true for 19 of the 22 variables in which statistically significant differences were obtained using the "two sector" approach.) Acceptance of these results would lead to the conclusion that, despite the breadth of their tactical arsenals and their greater levels of overall militancy, public sector unions have had less impact on the employer organizations than similar unions in the private sector.

Again, however, the "two sector" analysis obscures some important findings. The "three sector" results are generally consistent with the a priori expectations. Unions operating in the "mixed sector" have consistently larger impact values than do unions in the other two categories (columns 2, 3, 4). These unions had the largest effect on wages, benefits, and the financial condition of the hospitals, on the effectiveness of the employer in the labor market, and on management's perceived desirability of inter-hospital cooperation in labor relations.

Insert Table 3 About Here

It is equally important to observe that under the "three sector" approach a different pattern of results emerges with respect to a comparison of purely public sector and purely private sector bargaining outcomes. A comparison of columns (2) and (4) suggests that, overall, public sector unions have had as great an impact on the hospitals with which they bargain as have private sector unions bargaining without the protection of public sector type laws.

Conclusions

This study has used data from a single industry to assess the magnitude of differences in aspects of bargaining processes and bargaining outcomes across sectors. The perceptual nature of the data, the relative simplicity of the analysis, and the single industry sample all stand as caution signs against drawing firm and far-reaching conclusions. However, even viewed as partial and preliminary evidence, the results reported here strongly suggest the need to move ahead with additional comparative studies of public and private sector labor relations, and to re-examine the content of current bargaining theory and its impact on the research agenda of the field. Further, while this analysis cannot be considered a definitive test of either of the theoretical approaches employed, the results do suggest the limitations of the "two sector" paradigm and the need to develop a more general, less sector-specific model.



#### FOOTNOTES

1. For one concise summary of the extensive public sector literature see David Lewin, "Public Sector Labor Relations: A Review Essay," in David Lewin, Peter Fenille, and Thomas A. Kochan, Public Sector Labor Relations: Analysis and Readings (Glen Ridge, NJ: Thomas Horton and Daughters, 1977), 372-383.
2. See, for example, Harry Wellington and Ralph K. Winter, Jr., The Unions and the Cities (Washington: The Brookings Institution, 1971); Kenneth McLennan and Michael H. Moskow, "Multilateral Bargaining in the Public Sector," Proceedings of the 26th Annual Meeting of the Industrial Relations Research Association (1969), 34-41; Thomas M. Love and George T. Sulzner, "Political Implications of Public Employee Bargaining," Industrial Relations 11:2 (May, 1971), 19-33.
3. Hervey A. Juris and Myron Roomkin, "A General Theory of Collective Bargaining with Implications for the Study of Collective Bargaining in Education," mimeo, 1979.
4. John T. Dunlop, Industrial Relations Systems (New York: Holt and Co., 1958).
5. As stated in Juris and Roomkin, op. cit.
6. This simplified summary is not intended to minimize the significance of the complexities of the hospital industry for collective bargaining. For a detailed review of the industry and its labor relations, see Richard U. Miller, "Hospitals," in Gerald G. Somers (ed.), Collective Bargaining: Contemporary American Experience (Madison, Wisconsin: Industrial Relations Research Association, 1980), 373-434.
7. For details of the legal circumstances which have affected hospital industry bargaining, past and present, see Miller, "Hospitals," op. cit., and Norman Metzger and Dennis D. Pointer, Labor Management Practices in the Health Services Industry: Theory and Practice (Washington: Science and Health Publications Inc., 1972).
8. Cities included in this study with "public sector type" hospital bargaining legal frameworks are New York, Philadelphia, and Minneapolis-St. Paul. Other cities included are San Francisco, Los Angeles, and Seattle.
9. The study from which these data are taken was supported in part by Grant 5R18 HS 01557-03, National Center for Health Services Research, U.S. Public Health Service.
10. For two discussions of the problems in using contract content analysis to derive "outcome" measures, see Thomas A. Kochan and Hoyt N. Wheeler, "Municipal Collective Bargaining: A model and

Analysis of Bargaining Outcomes," Industrial and Labor Relations Review 29 (Oct. 1975), 46-66, and Paul F. Gerhart, "Determinants of Bargaining Outcomes in Local Government Labor Negotiations," ILR Review 29 (April 1976), 331-351.

11. This is consistent with the "two bites at the apple" thesis of Wellington and Winter, op. cit.

Table 1

X̄ Values  
Frequency of Union Use of Selected Bargaining Tactics as Perceived  
by Managers--Two Sectors

<u>"Traditional" Union Tactics</u>	Total Sample (n=250)	(1) Public Sector (n=84)	(2) Private Sector (n=166)	F-Value <sup>2</sup>
Strike	2.0	2.1	2.0	0.34
Strike Threat	3.4	3.4	3.5	0.60
Slowdown	2.1	2.3	2.0	3.47
Informational Picketing	3.2	3.2	3.1	0.11
Excessive Use of Grievances	2.7	2.9	2.6	2.44
<u>Tactics Typical of Public Sector</u>				
Direct Contact--Hospital Board	1.8	2.4	1.4	48.48***
End Runs--Higher Administrators	2.0	2.4	1.6	25.33***
Direct Contact--Community Groups	2.1	2.3	2.0	5.01*
Contact with Third Party Payers	1.5	1.3	1.6	4.58*
Use of Media to Influence Public	3.1	3.1	3.1	0.01
Contacts with Accrediting Agencies	1.2	1.3	1.2	2.71
Lobbying with Elected Officials	2.4	2.9	2.1	21.86***
Campaigning for Elected Officials	2.2	2.6	2.0	11.06***

<sup>1</sup> Respondents were asked how frequently, if at all, the union with which they bargain uses each of the tactics listed (1 = Never; 2 = Rarely; 3 = Occasionally; 4 = Frequently; 5 = Always--Every Negotiation).

<sup>2</sup> Significance Levels: \*\*\* = .001; \*\* = .01; \* = .05

Table 2

X̄ Values  
Frequency of Union Use of Selected Bargaining Tactics as Perceived  
Perceived by Managers--"Three Sectors"

<u>"Traditional" Union Tactics</u>	Total Sample (n=250)	(1) Public Sector (n=84)	(2) "Mixed" Sector (n=98)	(3) Private Sector (n=68)	F-Value <sup>2</sup>
Strike	2.0	2.1	2.3	1.5	9.22***
Strike Threat	3.4	3.4	3.7	3.1	4.42**
Slowdown	2.1	2.3	2.4	1.5	17.24***
Informational Picketing	3.2	3.2	3.5	2.7	6.82***
Excessive Use of Grievances	2.7	2.9	2.5	2.7	1.70
<u>Tactics Typical of Public Sector</u>					
Direct Contact--Hospital Board	1.8	2.4	1.4	1.4	24.25***
End Runs--Higher Administrators	2.0	2.4	1.6	1.7	12.65***
Direct Contact--Community Groups	2.1	2.3	2.2	1.7	5.49**
Contact with Third Party Payers	1.5	1.3	1.9	1.3	10.08***
Use of Media to Influence Public	3.1	3.1	3.6	2.4	16.14***
Contacts with Accrediting Agencies	1.2	1.3	1.2	1.2	1.38
Lobbying with Elected Officials	2.4	2.9	2.3	1.7	15.58***
Campaigning for Elected Officials	2.2	2.6	2.3	1.6	11.60***

<sup>1</sup> Respondents were asked how frequently, if at all, the union with which they bargain uses each of the tactics listed (1 = Never; 2 = Rarely; 3 = Occasionally; 4 = Frequently; 5 = Always--Every Negotiation).

<sup>2</sup> Significance Levels: \*\*\* = .001; \*\* = .01; \* = .05

Table 3

Managers' Perceptions of Union Impact: Selected items ( $\bar{X}$  Values)

Total Sample (n=270)	(1)	(2)	(3)	(4)	(5)	(6)
	Private Sector (n=183)	Public Sector (n=83)	"Mixed" Sector (n=106)	Private Sector (n=77)	2 Sector F-Value	3 Sector F-Value
<u>Union Impact on:</u>						
Union Wage Levels	4.0	3.9	4.3	3.6	0.93	12.16***
Nonunion Wage Levels	3.6	3.4	3.9	3.2	1.74	7.98***
Fringe Benefit Levels	3.8	3.5	4.1	3.5	4.99*	7.70***
Rates Charged Patients	4.0	3.4	4.2	3.7	14.57***	10.07***
Financial Standing of the Hospital	4.0	3.2	4.2	3.8	27.31***	15.65***
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Success in Attracting New Employees	2.7	2.6	3.0	2.4	0.27	3.52*
Quality of New Employees	2.5	2.4	2.8	2.1	0.03	5.98**
Ability to Retain New Employees	2.7	2.7	3.0	2.4	0.08	4.06*
Importance of Knowing Other Hospitals' Wage and Personnel Practices	3.8	3.2	3.9	3.6	10.64***	6.70**
Importance that Hospitals Have Similar Policies	3.8	3.1	3.9	3.7	14.03***	7.69***
Importance of Inter- Hospital Cooperation	3.9	3.0	4.0	3.8	29.65***	15.44***

Significance levels: \*\*\* = .001; \*\* = .01; \* = .05.