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**EFFECTS OF UNION STATUS ON  
EMPLOYEE INVOLVEMENT: DIFFUSION  
AND EFFECTIVENESS**

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## **Effects of Union Status on Employee Involvement: Diffusion and Effectiveness**

### **EXECUTIVE SUMMARY**

The research literature on union status and employee involvement was examined with respect to two issues: (1) the relationship between the presence of a union and the adoption of employee involvement; (2) the relationship between the presence of a union and the effectiveness of employee involvement.

Arguments have been made that the presence of a union is both more likely and less likely to lead to the adoption of employee involvement practices. Similarly, arguments have been made that unions can have both positive and negative effects on the performance impact of employee involvement activities.

The existing literature on union status and employee involvement was found to be limited, but it did contain some studies of the effects of the union status of firms on their employee involvement activities. The studies tended to suffer from problems of inadequate samples, poor measures of performance, low response rates, and in some cases they were not designed to directly test the impact of union status on employee involvement practices. Nevertheless, it was possible to reach some tentative conclusions.

Overall, the existing research does not show that union status has a major affect on the likelihood that an organization will adopt employee involvement practices. Other factors such as type of industry and organization size appear to be more powerful predictors of the adoption of employee involvement practices. This finding may reflect the very different views of employee involvement within the union movement. With some unions supporting employee involvement and others not supporting it, it is hardly surprising

that overall, there is little relationship between the presence of a union and the adoption of employee involvement practices.

The research studies reviewed also show no significant relationship between the presence of a union and the effectiveness of employee involvement practices. There is evidence, however, that a supportive union can be a positive as far as the success of employee involvement in a unionized organization. There are relatively few studies addressing this issue so this conclusion must be considered a tentative one.

The findings of no difference in effectiveness fits with the finding of no difference in the adoption of employee involvement practices with and without unions. If unions vary considerably in their support of employee involvement, it follows that there may be no overall effect of union presence on the effectiveness of employee involvement activities as well as on their adoption. Where the union is supportive they may be quite helpful in making the program successful, however, where they are opposed, they may be a significant obstacle to the employee involvement effort. Thus with unions both opposed and supportive of employee involvement, it follows that the presence of a union by itself is not a good predictor of the success of an employee involvement program.

Employee involvement programs tend to succeed in situations where conditions are right in terms of human resource management practices and trust, and where they deal with important organization and work design issues. There is evidence that unions can help in producing these conditions, however, they do not always produce them. This is a second likely reason why the presence of a union is not a predictor of the success of employee involvement programs.

Only future research can answer the question of whether highly supportive unions in fact can help organizations develop better employee involvement programs than they can develop in the absence of a union. In many respects, this is the key unanswered question. The research on Union-Management Quality of Worklife programs does not provide a good answer although it does suggest that joint union management programs are possible and

potentially effective if they address the correct issues. It does seem clear that although different, employee involvement programs in both union and nonunion settings can be effective as long as they make meaningful changes in how information, knowledge, power, and rewards are distributed in an organization.

## **Effects of Union Status on Employee Involvement: Diffusion and Effectiveness**

Employee involvement programs have been part of American business for many decades. Scanlon plans and democratic leadership programs date back to the 1930's and the early days of modern management thinking. However, their popularity was not great until the 1970's. Delaney, Lewin, and Ichniowski (1989) suggest, based on survey data, that the use of employee involvement programs was "virtually nonexistent" prior to the 1970's in both the union and nonunion sectors. There is evidence that employee involvement programs were a widespread response by American firms to the tough competitive global business pressures associated with the early 1980's (Cohen-Rosenthal and Burton, 1987; Levine, 1992). For example, Cooke (1988) explored small manufacturing firms to assess the extent of employee participation programs. He found that 6.5 percent of the nonunion plants and none of the union plants had any evidence of employee participation prior to the 1975. During the 1980's, 92.9 percent of the union programs and 83.9 percent of the nonunion programs he identified were started.

### **Employee Involvement and Union Status**

The relationship between organized labor and employee involvement type management practices is an extremely complex one. On the one hand, unions are usually created to increase the amount of information, rewards, knowledge, and power that employees have in an organization. Thus, unions have as their primary reason for being, creating higher levels of employee involvement. In the United States, historically the employee involvement that occurs through unions has been played out in the collective bargaining arena. Beginning in the 1930's, some union leaders like Joe Scanlon began

arguing, however, that adversarial collective bargaining can only do so much to create an employee involvement oriented organization. Scanlon stressed that cooperation was needed and he created a gainsharing plan, "The Scanlon Plan," to further involve employees in the business by sharing with them the rewards of financial improvement as well as financial information.

The theme of Labor Management Cooperation has been developed and further elaborated upon by a number of today's labor leaders [See for example, Bluestone & Bluestone, 1992]. They have argued that for organizations to truly have employee involvement, unions need to be partners in the management of the firm. Perhaps the most dramatic example of this process in action is the much publicized joint UAW/General Motors Saturn automobile operation.

It has been argued that the use of employee involvement programs often is a strategy of the nonunion sector directed at preventing unionization or to "escape from it in their existing facilities" (i.e., Eaton and Voos, 1992). Others have argued that the nonunion sector has embraced employee involvement as a means to enhance productivity and competitiveness. During the 1970's, a number of organizations opened "greenfield" nonunion plants in traditionally nonunion parts of the country and moved work to them from their organized plants in other parts of the country. General Motors and Proctor & Gamble were among the firms that took this approach. If the objective of organizations was to keep unions out, then resistance by labor unions (e.g., the I.A.M.) to becoming involved with cooperative employee involvement efforts is not surprising (Kochan, Katz, and McKersie, 1986). Recently, however, research has shown that resistance to employee involvement by the labor movement has declined (e.g., Juravich, Harris, and Brooks, 1993; Wolters, 1991). Eaton and Voos (1992) suggest that even though opposition exists today, union leaders on the whole have become much more diversified and less oppositional in their views.

The first question that we will try to answer concerns whether employee involvement is in fact more frequently practiced in union or nonunion work settings. To answer this question we will look at the research studies that have been done in order to assess the prevalence of employee involvement practices in the American workplace. As will be discussed in more detail later, there are reasons to expect that employee involvement might be more prevalent in union settings, but there are also reasons to believe that they might be more prevalent in nonunion settings.

Eaton and Voos (1992) argue that while employee involvement programs appeared first in nonunion firms, "too much credit" is being given to the nonunion sector as the leader in innovative employee involvement practices. The authors further elaborate that the union sector now may actually be leading the nonunion sector in employee involvement efforts.

There are a number of reasons why it is important to determine whether union or nonunion firms lead in installing employee involvement. It has significant implications for government policy and the future role of unions in the American workplace. It also may suggest how likely it is that organizations will adopt employee involvement voluntarily. From a union perspective, it has implications for whether they are delivering one of the things that they promise their members--a higher quality of worklife and more influence on decisions.

The diffusion question sets the stage for a second, perhaps more important question about the use of employee involvement strategies in union and nonunion organizations. This question concerns the relative effectiveness of these practices in the two sectors. It is possible to argue that they are more likely to be effective in union settings and to argue that they are more likely to be effective in nonunion settings. It is an empirical question, however, whether or not they are more effective in one or the other. We will review the research literature to see if there is compelling data with respect to their effectiveness in the two settings. The answer to the effectiveness question has potentially important implications for public policy concerned with the future role of the union movement. It

also may influence the likelihood that companies will voluntarily adopt employee involvement in the absence of legislation and/or union demands.

### **Approaches to Employee Involvement**

The first problem one encounters in discussing employee involvement concerns its definition. Most definitions focus on power sharing as a key element in any employee involvement program. Employee involvement is usually said to exist when employees have the opportunity to participate in decisions that are normally reserved for members of management. This includes decisions about how work will be done, who will do it, at what quality level it is done, and in some cases what work will be done. The early work on employee involvement focused on leadership behavior and often took the form of training leaders to be more participative in their management style. Indeed, for a long time employee involvement was referred to as "participative management."

In the 1980's, Lawler (1986) and others broadened the definition of employee involvement to include how an organization deals with four key features:

1. **Information** about the performance, strategy, and mission of the organization.
2. **Rewards** that are based on the performance of the organization and the capabilities of individuals.
3. **Knowledge** that enables employees to understand and contribute to organizational performance.
4. **Power** to make decisions that influence organizational practices, policies, and directions.

Employee involvement is said to exist to the degree that information, rewards, knowledge, and power are shared broadly throughout the organization.



Lawler has gone on to identify three approaches to employee involvement that differ significantly in the amount of information, rewards, knowledge, and power that are located at the lower levels of the organization. A brief mention of them will help to demonstrate the broad range of management approaches and practices which are relevant to employee involvement.

### **Parallel Suggestion Involvement**

In suggestion involvement programs, employees are asked to solve problems and produce ideas that will influence how the organization operates. The programs are a parallel structure to the ongoing activities of the organization, because they take people out of their regular situations and put them in separate new situations that operate differently from the rest of the organization.

Quality circles and other types of problem-solving groups are often installed as one part of a total quality program. Like written suggestion programs, they ask employees to recommend ways that the operation of the organization can be improved. Suggestions are developed through a problem-solving group or quality circle. In quality circles, considerable training is done to enable the group to function effectively and to help individuals become efficient problem-solvers. The group does not have the power to implement their suggestions; instead, they depend on management to accept and implement their ideas.

Suggestion involvement programs do not represent a major shift in the way control-oriented organizations deal with most issues. They rely instead on a special parallel structure to change the relationship between individuals and their organization. This structure gives people the chance to influence things that they would not normally influence and, in some cases, to share in the financial results of this new activity. It also usually leads to the communication of some additional information and to greater knowledge

among individuals. However, the change in knowledge, information, and rewards is limited to a small percentage of the work force. In addition, this change is encapsulated because individuals are expected to use it only when they are operating in special suggestion activities.

### **Job Involvement**

Job involvement approaches focus on designing work in ways that will motivate better job performance. The job enrichment approach focuses on creating individual tasks that give people feedback, increase their influence over how the work is done, require them to use a variety of skills, and give them a whole piece of work. Another job-involvement strategy calls for the creation of self-managing work groups or teams. It tries to create group tasks and group-performance measures and to make all members feel responsible for their group's performance. Groups designed according to this approach are often called autonomous work groups, self-managing groups, semiautonomous work groups, or work teams.

Job involvement has significant implications for how an organization is structured and managed. In essence, individuals are given new skills and knowledge, new feedback, an additional set of decisions to make, and possibly a different reward system. Both the individual and the team approach have these effects, although the fully realized team approach has them to a greater degree. With the team approach, interpersonal skills and group decision making skills need to be developed. The reward system is also changed more dramatically with groups or teams, since pay is often based on skills. Finally, teams can make certain decisions that individuals usually cannot. Both individuals and teams can control the way the work is done, and perform quality management, inventory, and other task-related activities. Teams can also make personnel management decisions about hiring and firing, and may select their own supervisors.

## **High Involvement**

The high involvement approach has also been called the "commitment approach," "total employee involvement," and, perhaps more descriptively, "business involvement." This approach builds upon what has been learned from the suggestion involvement and job involvement approaches in an effort to produce high performance organizations. It structures an organization so that people at the lowest level will have a sense of involvement, not just in how effectively they perform as individuals or in groups, but also in the performance of the total organization. High involvement goes considerably further than either of the other two approaches toward moving power, information, knowledge, and rewards to the lowest level (Lawler, 1986). It creates an environment in which individuals care about the performance of the organization because they know about it, are able to influence it, are rewarded for it, and have the knowledge and skills to contribute to it. To have high involvement management, virtually every major feature of the organization needs to be designed differently than when the control approach is used (Lawler, 1992).

### **Employee Involvement Research**

This section provides a brief overview of the major works that we will review in order to answer questions concerned with employee involvement diffusion and its effectiveness in union and nonunion organizations. Table 1 presents a summary of these studies.

A 1987 General Accounting Office (GAO) Survey of Employee Involvement has served as an important basis for research on employee involvement (Lawler, Ledford, and Mohrman, 1989). This survey provides the data for two critical studies. It also is the basis for a third follow-up study (Lawler, Mohrman, and Ledford, 1992). The original academic report of the data was done by Lawler, Ledford, and Mohrman (1989). Eaton and Voos (1992) later reported results from this data set.

The data were collected in 1987 from Fortune 1000 firms (the 500 largest service and the 500 largest manufacturing firms in the United States). The survey had an impressive 51% response rate. The sample consisted of firms which averaged about 9000 employees each. The main objective of the survey was to assess the extent of employee involvement programs and practices in large U.S. firms.

A wide range of management practices was listed and firms were asked to indicate the percentage of the employees covered by them. The practices represented various levels of employee involvement. For example, problem solving groups and quality circles were included to assess suggestion involvement, while self-managing teams and job enrichment were included to assess the presence of work involvement. In order to assess high involvement, questions were asked about the amount of information shared in the organization, the amount of training that was done and the use of gainsharing and other financial reward systems. The authors found that more than 80 percent of the companies responding to the survey were using at least one of the approaches defined as employee involvement. Less than 30 percent of the firms had a substantial effort in place that used a variety of practices with a large percentage of their employees (Lawler, Ledford, and Mohrman, 1989).

This same 1987 (GAO) data set was analyzed by Eaton and Voos (1992) in an attempt to understand differences between the union and nonunion sectors with regard to employee involvement. The authors selected certain employee involvement practices from the survey for their analysis. Findings of this research will be discussed in detail later in this paper.

Lawler, Mohrman, and Ledford (1992) conducted a follow-up study to the 1987 GAO study of the Fortune 1000. The study which had a 32 percent response rate is based on data collection during 1990. This study represents the only longitudinal data on the adoption of employee involvement practices by U.S. firms.

The study by Lawler, Mohrman, and Ledford (1992) shows a number of patterns with respect to the adoption of employee involvement. A comparison between the 1987 data and the 1990 data shows a general tendency for employee involvement activities to increase. In both the 1987 and the 1990 data, however, companies report that unions were not greatly involved in their employee involvement efforts. Only 15% of the companies with unions reported very great or great levels of union participation in the employee involvement programs.

The use of certain practices, most notably, gainsharing, skill-based pay, participation groups, job enrichment and self-managing work teams showed an increase from 1987 to 1990. Although the use of some practices increased, the overall coverage of the workforce by employee involvement practices did not change significantly. Companies continued to cover only a small percentage of their workforce with employee involvement oriented management practices. For the most part, companies were quite positive about the impact of employee involvement practices and most foresaw increased use of employee involvement practices. The authors also note that larger firms facing foreign competition and firms with shorter product life cycles tend to be the heaviest adopters of employee involvement practices.

One limitation of all of the studies that are based on the GAO survey must be mentioned. The survey did not ask whether employee involvement practices were located in the unionized parts of the organization. It simply asked whether these practices were present anywhere in the organization and what percentage of the employees in the organization were in a union. Thus, all that can be gleaned from these data is the relationship between the amount of unionization in a firm, and the prevalence of employee involvement activities in the firm. This is an important point because in some cases organizations may have adopted employee involvement practices in their nonunion parts or they may have adopted it only in their union situations.

Delaney, Lewin and Ichniowski (1989) reported on a large survey of human resource policies in American Firms. This study was sponsored by the U.S. Department of Labor and the data were collected during 1986 and 1987. The authors identified 7765 business units from COMPUSTAT data tapes. The study reported a very low response rate of 6.5 percent or 495 business units (Delaney, Lewin, and Ichniowski, 1989). The median size for respondents was 7884 employees. The sample comprised 45 percent manufacturing and 55 percent non-manufacturing units. The survey explored over 1000 human resource management practices.

Osterman (1993) surveyed a random sample of establishments with 50 or more employees. The author defines establishments as a business address, thus it is distinct from a company or firm. This means that each plant of a large manufacturing firm for example is a separate establishment. The author obtained a response rate of 65.5 percent and used 694 establishments in his analysis. The sample was representative across size of establishments. Twenty-four percent of the sample were unionized establishments. The objective of the research was to examine work organization, total quality management programs, and human resource practices. Some of the findings of this study are directly relevant to our research questions concerning the diffusion and effectiveness of employee involvement activities and will be discussed later.

Huselid (1993a) surveyed publicly held firms, with more than 100 employees, from all major industries. The author reported a response rate of 29 percent. Huselid (1993a) used an index of human resource sophistication based on the adoption of ten specific human resource practices: (1) the use of testing in personnel selection, (2) use of performance appraisals, (3) linking performance appraisals and compensation, (4) access to profit sharing, gainsharing, or other incentive plans, (5) use of formal job analysis, (6) promotions from within for non-entry level jobs, (7) access to complaint resolution system, (8) use of information sharing program, (9) use of attitude surveys, and (10) use of employee participation.

In the 968 companies that Huselid (1993a) studied he found that in certain industries a firm was more likely to use sophisticated human resource practices if the firm had a large number of nonexempt employees and if the human resource department was part of the business planning process. Also, capital intensive firms were more likely to employ sophisticated human resource management practices.

Huselid (1993a) reported that after controlling for factors that could influence the amount of turnover or productivity in an organization, he still found that human resource practices have a dramatic effect on both turnover and productivity. As will be discussed later, Huselid also presents research findings that are directly related to the questions we are addressing in this review.

The next study did not concern itself directly with union-nonunion differentials, however, it is an important contribution to the literature on the effectiveness of employee involvement efforts. Levine and Tyson (1990) reviewed 29 studies on the relationship between employee participation in decision making and productivity. The studies were conducted and reported by different researchers. Eight of the studies were case studies, twelve were field experiments, and nine were econometric tests. The authors concluded that participation had a positive effect on productivity in 14 of the studies while only two found that it had a negative effect. The other 13 studies had ambiguous results (Levine and Tyson, 1990).

Ichniowski, Shaw, and Prennushi (1993) investigated human resource systems for 30 comparable steel finishing lines in the U.S. A large majority of these steel lines used unionized workers. The major objective of this research was to provide new empirical evidence on the productivity effects of human resource practices. An important contribution of this work is the focus on systems of work practices. Recent research has called for an increased focus on sets or systems of human resource practices (Wright and McMahan, 1992). The authors found, using a factor analysis, that systems of human resource management practices have larger productivity effects than the sum of any

productivity effects due to individual practices. The data suggest that systems which are more "high involvement" oriented are much more effective than systems of a more "traditional" nature. Ichniowski, Shaw, and Prennushi (1993) provide further evidence directly relevant to the research question concerned with employee involvement effectiveness and unions, this information will be reviewed in the effectiveness section.

Finally, Kelley and Harrison (1992) used data collected and reported in Kelley and Brooks (1988) to study employee participation in machining firms. One thousand fifteen firms responded to the survey representing a 50 percent response rate (Kelley and Harrison, 1992). The authors found that production time decreased considerably when workers wrote their own programs. Also, the presence of collaborative problem solving committees in unionized plants was found to have an ambiguous relationship with productivity. In nonunion plants this type of committee appears to be associated with lower productivity (Kelley and Harrison, 1992). This finding will be referred to later in our discussion of union versus nonunion differences in employee involvement effectiveness.

### **Employee Involvement Diffusion**

The first question to be explored in this paper concerns the diffusion of employee involvement programs in union and nonunion work settings. Arguments can be made on both sides of this question.

Employee involvement programs may be less prevalent in a union setting for a number of reasons. First, these programs might further institutionalize the union presence in the organization by contractually sharing power, an outcome management may resist. Second, nonunion firms may embrace employee involvement programs as a tactic to keep a union out (Eaton and Voos, 1992). Third, diffusion may be less in unionized firms because some of the changes in work rules and structure which are necessary for employee involvement programs go against the basic seniority and job classification systems that are



associated with union representation. Finally, employee involvement may not be as diffused in union settings because of the trust that is required from both union and management. Past negative experiences due to an adversarial history may make it difficult to develop adequate trust between labor and management.

There are some reasons why employee involvement practices and programs may be more prevalent in a union setting. First, the union can be proactive in bringing ideas to the workplace. Unions can provide the mechanism to help create the awareness that is necessary to begin an employee involvement effort. Second, the use of employee involvement programs may be secured through the collective bargaining agreement between the union and management. Bluestone & Bluestone (1992) state that nonunion firms do not have the advantage of democratizing the workplace the way that union firms can through true contractual empowerment. The authors suggest that the underlying weakness of the nonunion work force is the total dependency on the philosophy and goodwill of the management of the organization. Third, the structure of the union organization may help to implement certain employee involvement programs. In matters of business survival the union may be a significant partner in leading their members to adopt new work practices. Finally, union leaders represent existing democratically elected spokespersons for the work force and as a result, represent an in-place resource for participative decision making that can make it start up and operation of employee involvement effort easier.

## **Evidence of Diffusion**

Few studies have had as their major focus the diffusion of employee involvement in unionized versus nonunion firms. However, some of the studies mentioned earlier do provide information pertinent to this issue.

The study by Eaton and Voos (1992) did have as its major focus, union status affects on diffusion. They analyzed the GAO data to determine union/nonunion differences in employee involvement activities. The authors found that nonunion firms were more likely to implement a profit sharing system than union firms. They argue that this is the only employee involvement program which is more prevalent in nonunion firms. Eaton and Voos (1992) also present data which show that union firms are significantly more likely to use work teams, quality circles, and union-management quality of worklife committees. In the case of other practices they found no differences. Eaton and Voos (1992) claim that the "union sector is characterized by a distribution of programs that typically have greater effects on economic performance ... than the nonunion sector (p. 189)." Additionally, these authors state that nonunion firms are no longer ahead of their unionized counterparts with regard to innovative employee involvement programs.

It is important to note that Eaton and Voos (1992) in their analysis of the GAO data selectively chose only 10 workplace innovations to study. By our count there were over 16 different workplace practices in the survey which fall under the rubric of employee involvement innovations. In their analysis of the same data, Lawler, Ledford and Mohrman (1989) found that practices such as cross training, all-salaried pay, and cafeteria benefit plans, were also significantly different between union and nonunion firms, in these instances, however, they were more prevalent in nonunion organizations. These particular employee involvement practices were not reported in Eaton and Voos (1992). Unlike Eaton and Voos they found no differences in the use of teams.

Particularly unsettling in the Eaton and Voos (1992) analysis is their decision to report a statistically significant difference between union and nonunion firms in the use of union-management committees. It is important to note the presence of this practice in union firms but since no nonunion counterpart to it was included in the study, it is impossible to make a reasonable comparison with nonunion firms. This "difference" is one of the three employee involvement practices which the authors argue contributed to the greater diffusion rate for union firms. Based on the problems with the Eaton and Voos study, caution should be taken in relying on its results and conclusions.

Lawler, Mohrman, and Ledford (1992), in their longitudinal study of the Fortune 1000 address the degree of unionization present in firms and its relationship to employee involvement efforts. They found that more heavily unionized firms are less likely to share information about competitors' performance, less likely to offer training in how to understand the business, less likely to use survey feedback, and more likely to use union-management committees (Lawler, Mohrman, Ledford, 1992). Also, the more unionized a firm is the less likely it will be to have: (1) an all salaried work force, (2) profit sharing, (3) individual incentives, (4) work group/team incentives, (5) flexible benefit plans, and (6) employee stock ownership plans (Lawler, Mohrman, Ledford, 1992).

The authors also state that unionization is negatively related to the use of some human resource innovations. Unionization is negatively related to hiring based on employee input, cross-training, and flextime (Lawler, Mohrman, Ledford, 1992). The authors suggest these findings support the view that the unionized workplace is less flexible with respect to human resource management practices than nonunion work places.

Finally, Lawler, Mohrman, and Ledford (1992) report that there is a positive relationship between level of unionization and the current level of union involvement in employee involvement activities. This coupled with a positive relationship between level of unionization and projected increases in spending on employee involvement efforts, suggests a positive trend toward employee involvement efforts in heavily unionized

organizations (Lawler, Mohrman, Ledford, 1992). The authors state that this pattern "may be an indication that management in unionized firms is becoming more willing to work with unions in developing employee involvement efforts (p. 83)."

Delaney, Lewin, and Ichniowski (1989), state that one major finding from their research is the large number of differences in personnel practices between union and nonunion firms. The working hypothesis that most union-nonunion differences would be found in the compensation area was somewhat challenged. The researchers found union status differences in all areas of human resource practices (Delaney, Lewin, and Ichniowski, 1989).

The authors state that unionized business units are more likely than nonunion business units to: (1) resist change in human resource policies; (2) use drug tests, aptitude tests, and physical exams in selection and training; (3) evaluate employee training through testing; (4) use assessment centers for appraisal and promotion purposes; (5) maintain two-tier pay structures, employee counseling programs, vision insurance; (6) use grievance procedures; (7) employee involvement programs; and (8) employee attitude surveys (Delaney, Lewin, and Ichniowski, 1989). In contrast, they found that unionized business units are less likely to: (1) engage in job enrichment, enlargement, or analysis; (2) use extensive recruitment sources and outplacement services; (3) maintain performance appraisal programs and feedback reviews; (4) use market wage surveys, profit-sharing, and stock option plans; and (5) have employee involvement programs covering plant layout and supervision (Delaney, Lewin, and Ichniowski, 1989).

The authors interpret these results in two different ways. First, they describe the union-nonunion differences from a "monopoly model" which suggests that unions create increased labor costs for firms by promoting "rigid" policies and practices in the areas of seniority, promotion, and grievance procedures. The second interpretation of their findings comes from a "voice model" of unionism (Delaney, Lewin, and Ichniowski, 1989). This perspective suggests that unions lead to improved human resource policies and practices

thus creating a higher quality work force. The authors argue that some of their findings with respect to selection, recruitment, outplacement, and compensation are consistent with the "voice model" explanation.

Another set of data that addresses the union-nonunion diffusion issue is the Osterman (1993) study. These data come from a broader cross section of companies than the GAO survey and could be argued to be a more representative sample of all firms. This research found that the larger the organization the higher the likelihood of at least a part of the organization using flexible work practices. This finding further supports the validity of the GAO sample finding as representative of firms involved in employee involvement practices.

Osterman (1993) found that establishments which are more likely to adopt employee involvement practices are high on managerial values, are part of a larger firm, and are a stand alone unit of a relatively small size (under 500 employees). In none of the statistical equations used in the Osterman (1993) study is there any support for the argument that the union status of an establishment is of any significance with respect to adoption. Therefore, in this rich empirical analysis of workplace transformation, there is no evidence to support the argument of Eaton and Voos (1992) that union firms are more likely to be more involved in employee involvement programs. At the same time, there is no empirical support for the anecdotal evidence (Katz, 1985; Capelli and Sherer, 1989) that nonunion firms are more likely to adopt innovative workplace practices (Osterman, 1993).

Table 2 presents an overview summary of the studies on diffusion. It is quite apparent from our review of them that the answer to the question regarding diffusion of employee involvement practices in union and nonunion firms is that no conclusive evidence of a difference exists. There is no consistent pattern of research evidence to support a claim that either the union or the nonunion sector is further ahead with regard to employee

involvement programs. What we can say is that the use of employee involvement programs is widespread (Osterman, 1993) and growing (Lawler, Mohrman, & Ledford, 1992).

### **Employee Involvement Effectiveness**

The second major question of this study is concerned with differences in the effectiveness of employee involvement programs in union and nonunion firms. As with diffusion, the literature surrounding this question is relatively sparse. However, there are a few studies that directly investigate this question.

Bluestone & Bluestone (1992) argue that the presence of a union should improve the likelihood that employee involvement programs are successful. Although they present no research evidence to support their argument, they suggest a variety of reasons why a union presence should bring about employee involvement effectiveness. First, the union voice can help "weed" out bad plans before they are implemented. Second, they can prevent companies from turning back to their old ways of managing. Third, the union serves as a mechanism to keep the company honest toward the employee involvement effort. Fourth, union representation tends to be the only way to give workers a meaningful voice. Finally, unions provide a creative power and tension to the employee involvement process that is absent in a nonunion setting. Additionally, unions have been instrumental in educating workers to make informed decisions. The authors conclude that where unions do not exist, commitment to employee involvement programs is likely to be weak.

There are a number of arguments why employee involvement efforts may be less successful in a unionized workplace. The arguments are essentially of two kinds. First, there are those who argue that unless the union is fully committed to the effort, they can end up as a major obstacle to the successful implementation of employee involvement programs. They can, for example, undermine the trust that is necessary to make employee involvement happen, as well as preventing the implementation of many of the human resource management practices that are needed to support an employee involvement effort.

The second kind of argument concerns the obstacles that even a cooperative union may raise to installing an effective employee involvement program. One of these is the extra decision making time that may be needed in order to involve the formal union hierarchy in decisions about how employee involvement activities will be designed and carried out. Another concerns the need, in some cases, for traditional union commitments to seniority and job ownership to be abandoned in order to put in place such employee involvement activities as self-managing work teams and peer appraisals. To the degree that the union is unwilling to accept these changes, the union may end up as a limitation on the degree to which a total package of employee involvement practices can be put in to place.

Eaton and Voos (1992) discuss the prospect that a given employee involvement practice may have different consequences for organizational effectiveness in union and nonunion firms. Again, they relied on their analysis of the GAO data set to test their prediction. The authors found that there were no statistically significant differences in program effectiveness between union and nonunion firms. This analysis was based on a single question which asked manager's to evaluate the success of programs in improving organizational performance. The authors report on six employee involvement programs: (1) quality circles, (2) other participation, (3) union-management QWL, (4) teams, (5) job enrichment, and (6) survey feedback.

Lawler, Mohrman, and Ledford (1992) looked at the impact of unionization on the effectiveness of employee involvement efforts. Their results must be interpreted cautiously because as with Eaton and Voos, their measure of performance is managerial ratings of performance improvement. Their general conclusion is that level of unionization is not related to the performance impact of employee involvement efforts. However, they found a positive relationship between level of unionization and the degree to which employee involvement promotes better union/management relationships and employee safety and health, two long term goals of the union movement. They found no other relationships

between the degree of unionization and the performance impacts of employee involvement activities.

Lawler, Mohrman, and Ledford (1992) looked separately at firms in which at least some employees belong to a union. For these firms, they found a significant relationship between the degree of union involvement in the employee involvement activities and the success of their employee involvement programs. The degree of union involvement was related to productivity and competitiveness ratings as well as improved implementation of new technology, change to a more participative management style, and a number of internal business effectiveness conditions. A consistent pattern of results supports the conclusion that in unionized firms it is difficult to develop an effective employee involvement effort without union involvement. Clearly, the best results from employee involvement programs in unionized environments are obtained when the union is a partner in the involvement process. Lawler, Mohrman, and Ledford (1992) conclude by rejecting the view that unions are a barrier to effective employee involvement programs.

Kelley and Harrison (1992) examined the influence of labor-management committees on performance and found that plants (both union and nonunion) with such committees to be substantially less productive than plants without this form of employee involvement. They did find that they were less negative in union plants. Kelley and Harrison (1992) also found that nonunion workplaces with labor-management problem solving committees are less productive than those with a traditional unionized system. Their data suggest that suggestion involvement is more of a negative than a positive but that it is less of a negative in a union setting. This somewhat surprising result needs to be interpreted with caution. The authors looked at only one limited measure of organizational performance (production times) and at only one industry. They did not, for example, study the impact of this form of employee involvement on the total cost of manufacturing a product. Further caution is needed because the result is based on one specific employee



involvement activity (labor-management committees) and may not be generalizable across other forms of employee involvement.

Based on their review of twenty-nine independent studies of employee involvement programs, Levine and Tyson (1990) suggest that formal participation programs instituted in the context of unionization are likely to be more productive than their nonunion counterparts. The authors state that in studies reporting positive relationships between employee involvement and productivity, a plant or firm usually has implemented gainsharing or profit sharing, has relatively narrow wage differentials, has long term employment guarantees, and rules prohibiting workers from unjust dismissal (Levine and Tyson, 1990). The authors speculated from their review that when employee involvement enhances productivity, the organizational situation seems to be one that resembles practices found in unionized places of work, thus, the presence of a union should make employee involvement efforts more effective.

In an impressive study exploring the relationships among sophisticated human resource practices and organizational productivity, Huselid (1993b) found a strong correlation between the use of human resource best practices (called HR sophistication) and firm performance. HR sophistication was also associated with lower turnover and increased productivity (Huselid, 1993a). The author's measure of human resource sophistication is arguably a proxy for assessing the level of employee involvement in an organization. With regard to the unionization issue, Huselid (1993b) reports a negative correlation between HR sophistication and union presence. The author argues that this finding may be the result of prohibitions in union contracts against many of these HR practices. This finding is the opposite of what Levine and Tyson (1990) suggest with respect to unions putting in place conditions that enable employee involvement to be successful.

Ichniowski, Shaw, and Prennushi (1993) found that "progressive" employee involvement oriented human resource management practices raise productivity when firms

implement systems of complementary HRM practices. The authors also examined some individual human resource practices. With regard to cooperative teamwork practices, the authors found no evidence of a relationship between measures of teamwork or cooperation and union status. Overall they found that teams were less effective in union environments. Although interesting, these results must be interpreted with caution because they cover a single type of work in a single industry and were not the major focus of the study.

A number of studies have focused on the effectiveness of union-management quality of worklife programs. Typically these efforts begin by creating parallel suggestion involvement activities that are jointly sponsored by unions and management. The first systematic series of studies on them was done by the Quality of Worklife Program (QWL) at the University of Michigan. It created and studied eight union management quality of worklife projects. Each case study was a major research undertaking in its own right and many of them resulted in books that report the findings for the projects. Overall, the studies showed little impact on organizational effectiveness (see e.g., Lawler and Ledford, 1982).

The biggest impact on organizational effectiveness was in an auto parts factory which installed a time-off incentive and invested heavily in training and labor management problem solving activities. The second most positive result came from a coal mine. Here there was a small difference between a control site and the site which was changed to include autonomous self-managing work teams, pay system changes, and a number of training innovations. The other six locations showed either no performance gain or the research did not allow for the measurement of organizational effectiveness. In most cases the changes they introduced were much more modest than those introduced in the coal mine and the auto parts company.

A number of studies were done during the early 1980's which looked at the effects of labor management quality of worklife projects on productivity. Kochan, Katz and Mower (1984), studied the automobile industry and found very small effects of such efforts on performance. Katz, Kochan and Bodeille (1983), studied 18 plants and found no effect

on efficiency, but a modest improvement in quality. In a third study, Katz, Kochan and Weber (1985), used a longitudinal design and found efforts to improve the quality of worklife had little impact on labor efficiency and a negative impact on quality.

As was noted earlier, it is hard to compare union-management quality of worklife projects to a counterpart in the nonunion sector. They are uniquely structured to incorporate unions and thus lack a direct comparison in the private sector. It is important to note, however, that the evidence which we have reviewed does show that these programs rarely produce significant improvements in performance. The exceptions seem to occur when they result in changes that are particularly supportive of performance improvement. That is, when they install incentive plans, self-managing work teams, or lead to the right kind of training. When they simply put in place suggestion involvement, there is little evidence that they produce improvements in organizational performance.

Overall, the evidence, which is summarized in Table 3, suggests that union status is not an important predictor or determinant of whether employee involvement efforts are successful. The most important determinants seem to be the type of employee involvement that is put into place and the conditions that exist in the organization. The evidence rather clearly suggests that regardless of the union status of an organization, suggestion involvement produces few positive effects. The same cannot be said for work involvement and high involvement, there is evidence that in many cases the practices associated with them can produce improvement (Lawler, 1986). The evidence for this statement is voluminous and goes far beyond this review. For example, there is considerable evidence that gainsharing plans produce improvements in performance as do self-managing work teams. However, in order for these factors to work the evidence clearly suggests that certain enabling human resource management practices need to be in place as does the proper organizational climate. As the studies reviewed show, these can be in place as a result of the presence of a union, or in the absence of a union. Thus, there is no conclusive

evidence that unionization is a necessity for employee involvement programs to be successful.

### **Conclusion: Diffusion and Effectiveness**

The evidence on both diffusion and effectiveness shows that no differences exist between union and nonunion firms. The critical factors in determining the success of an employee involvement program appear to be the type of employee involvement chosen and the conditions in the organization. When a powerful form of employee involvement is chosen and when the conditions are correct, the clear suggestion is that employee involvement can lead to an improvement in organizational performance. However, when the conditions are wrong, or a weak approach such as suggestion involvement is used, improvements in performance often do not result.

In many respects, it is not surprising that union status turns out to be a non-predictor of diffusion and effectiveness. As already noted, while there are a number of reasons why unionization might be a positive, there are also a number which might lead it to be a negative. A further problem is that union status is most likely too broad a classification.

Unions are vastly different in their attitudes toward employee involvement and in their effectiveness. Grouping them all together and asking what their effect is may yield no results simply because union status is not an indicator of the presence of the critical conditions for the success of an employee involvement effort. It is quite likely that a union which is favorable to employee involvement and works effectively to produce the conditions which support employee involvement can indeed contribute to a successful employee involvement effort. On the other hand, a union which resists these and sticks to its traditional bargaining positions can quite effectively kill even the best intentioned and most appropriate employee involvement effort. Since the companies studied in many of the research projects undoubtedly include unions that are effective and favorable to employee involvement and those that are not, it is not surprising that the net effect of union status ends

up being neutral or zero. Hidden within this zero effect may be situations where unions are critical to success and others where they are critical obstacles to success.

Overall, the evidence suggests that neither a union or nonunion firm is more likely to have an employee involvement program or to have a successful one. The key determinants of success are conditions which unions may help to create, but there are apparently alternative ways to create these conditions. The policy implications of this conclusion are somewhat complex. It does not lead to a simple conclusion such as, "unions are unnecessary," or that, "unions are needed in order to have a successful employee involvement program and therefore they should be encouraged." Apparently what should be encouraged are workplace practices which create conditions for successful employee involvement and employee involvement programs that move beyond suggestion involvement to significant work and organization restructuring.

A final word is in order here. Organizational effectiveness depends upon a complex system of practices that reinforce each other and which are well integrated with the strategy of a firm. Integrated systems can be developed in a union situation if both union and management will abandon their traditional positions on such classic issues as seniority, wage differentials, and job structures. These systems can also be produced in nonunion situations as has been demonstrated by the success of the many "greenfield" nonunion plants (Lawler, 1978). The challenge is to create a policy environment in the United States in which organizations are encouraged to integrate the kinds of organizational conditions and employee involvement practices which produce greater organizational effectiveness and at the same time lead to a high quality of worklife for the members of the organization. This is clearly the high road and the evidence suggests that this form of employee involvement can be beneficial in either a union or nonunion environment.

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**TABLE 1**

**Research Studies on Union Status and Employee Involvement**

<b>Study</b>	<b>Year</b>	<b>Sample</b>	<b>Focus</b>
<p><b>General Accounting Office Survey of Employee Involvement</b> (Analysis conducted and reported in Lawler, Ledford, &amp; Mohrman, 1989)</p>	<b>1987</b>	Fortune 1000 HR Executives	Employee Involvement & Total Quality Management
<p><b>General Accounting Office Survey of Employee Involvement</b> (Analysis conducted and reported in Eaton &amp; Voos, 1992)</p>	<b>1987</b>	Fortune 1000 HR Executives	Differences in union status in employee involvement activities
<p><b>Huselid Study of Human Resource Management Practices</b> (Huselid 1993a; 1993b)</p>	<b>1992</b>	700 Public held firms with more than 100 employees	HR sophistication and its impact on performance and turnover
<p><b>Ichniowski, Shaw, &amp; Prennushi Study of HR Systems</b> (Ichniowski, Shaw, &amp; Prennushi, 1993)</p>	<b>1991-1992</b>	30 comparable steel finishing lines in the U.S.	HR Management Systems
<p><b>Kelley &amp; Harrison Study of U.S. Metal Working and Machinery Sector</b> (Kelley &amp; Harrison, 1992)</p>	<b>1986-1987</b>	1105 metal working & machinery plants	Unions, Technology, and Labor-Management Cooperation
<p><b>Lawler, Mohrman, &amp; Ledford Survey of Employee Involvement and Total Quality Management</b> (Lawler, Mohrman, &amp; Ledford, 1992)</p>	<b>1990</b>	Fortune 1000 HR Executives	Follow-up to 1987 survey on Employee Involvement and Total Quality Management
<p><b>Levine, &amp; Tyson Review of Employee Participation</b> (Levine &amp; Tyson, 1990)</p>	<b>1990</b>	29 Studies of Participation	Types of Participation
<p><b>Osterman Study of Workplace Transformation</b> (Osterman, 1993)</p>	<b>1992</b>	Random Sample of establishments with 50 or more employees	Work transformation and HR practices
<p><b>U.S. Department of Labor, Bureau of Labor-Management Relations and Cooperative Programs</b> (Analysis conducted &amp; reported by Delaney, Lewin &amp; Ichniowski, 1989)</p>	<b>1986-1987</b>	Executives from 495 business units	HR management practices

**TABLE 2**

**Union Status and Employee Involvement Diffusion**

<b>Study</b>	<b>Findings</b>
<b>Eaton &amp; Voos Analysis of GAO data</b>	Union firms more likely to use work teams, quality circles, and labor management committees. Profit-sharing only nonunion EI program more diffuse when compared to union sector.
<b>Lawler, Mohrman, &amp; Ledford</b> (Survey of Employee Involvement and Total Quality Management)	Nonunion firms more likely to use cross-training, all-salaried pay, and criteria benefit plans. No difference in usage with regard to teams.
<b>Delaney, Lewin, &amp; Ichniowski Department of Labor Study</b>	Unions <i>more</i> likely to: resist change in HR policies; use grievance procedures; use attitude tests in selection; use assessment centers; use employee attitude surveys; and maintain two-tier pay structures.  Union firms <i>less</i> likely to engage in: job enrichment, enlargement, or analysis; extensive recruiting sources; performance appraisals; wage surveys; and profit-sharing.
<b>Osterman Study of Workplace Transformation</b>	No differences between union and nonunion firms with regard to teams, job rotation, TQM, and quality circles.

**TABLE 3**

**Union Status and Employee Involvement Effectiveness**

<b>Study</b>	<b>Findings</b>
<b>Eaton &amp; Voos</b>	No difference in effectiveness of quality circles, union-management QWL, teams, job enrichment, and survey feedback.
<b>Lawler, Mohrman, &amp; Ledford</b> (Survey of Employee Involvement and Total Quality Management)	Level of unionization not related to performance impact of EI efforts.
<b>Kelley &amp; Harrison Study of Unions, Technology &amp; Cooperation</b>	Nonunion plants with labor-management problem-solving committees less productive than traditional unionized system.
<b>Levine &amp; Tyson Review of Employee Participation</b>	In studies reporting positive relationships between EI and productivity, firms have implemented gainsharing or profit-sharing, narrows wage differentials, long-term employment guarantees, and rules against unjust dismissal. Authors stated this work situation resembles that of unionized firms.
<b>Huselid Study of Human Resource Practices</b>	HR sophistication strongly correlated with firm performance, productivity, and turnover. HR sophistication is negatively correlated with a union environment.
<b>Ichniowski, Shaw, &amp; Prennushi Study of HR Systems</b>	No difference between cooperative teamwork practices and union status; however, teams in general were found to be less effective in a union environment.