

## **Relations industrielles**

### **The Labour-Management Relationship and Organization Outcomes : Some Initial Findings**

Terry H. Wagar

---

Volume 52, numéro 2, 1997

URI : [id.erudit.org/iderudit/051173ar](http://id.erudit.org/iderudit/051173ar)

DOI : [10.7202/051173ar](https://doi.org/10.7202/051173ar)

[Aller au sommaire du numéro](#)

---

Éditeur(s)

Département des relations industrielles de l'Université Laval

ISSN 0034-379X (imprimé)  
1703-8138 (numérique)

[Découvrir la revue](#)

---

Citer cet article

Wagar, T. (1997). The Labour-Management Relationship and Organization Outcomes : Some Initial Findings. *Relations industrielles*, 52(2), 430-447. doi:10.7202/051173ar

---

Tous droits réservés © Département des relations industrielles de l'Université Laval, 1997

**é**rudit

## Résumé de l'article

Depuis quelques années, on réclame plus de relations coopératives entre les travailleurs et la direction comme moyen d'accroître la productivité et d'améliorer la position concurrentielle canadienne dans l'économie globale. Alors que les chercheurs s'attardent de plus en plus sur la coopération patronale-syndicale, très peu d'études ont examiné l'effet des relations du travail sur les résultats organisationnels. On a certes prétendu que la qualité des relations du travail a plus à faire avec la performance de l'organisation que la syndicalisation en soi. Cependant, le débat est sérieux entre chercheurs, dirigeants syndicaux et administrateurs sur les avantages et inconvénients de la coopération patronale-syndicale. Plusieurs observateurs questionnent la légitimité des programmes de coopération et la motivation d'y participer. De plus, les dirigeants syndicaux affichent un scepticisme compréhensible eu égard aux expériences de coopération. Ici, nous examinons la question de savoir si la qualité des relations du travail est associée à un certain nombre de variables de résultats organisationnels. Nous avons obtenu nos données par une enquête auprès des directeurs généraux ou directeurs de ressources humaines de grandes organisations canadiennes comptant au moins 100 employés. Même si nous avons reçu des réponses de 1 282 organisations, les données pour le présent article sont basées sur les réponses obtenues de 752 organisations syndiquées. Les variables dépendantes sont des sujets qui ont trait aux résultats organisationnels. Nos dix énoncés visaient la résistance des employés au changement, le moral, le conflit, le roulement des employés, l'absentéisme, l'insécurité d'emploi, les activités innovatrices, la productivité, la qualité du produit ou du service et la réputation de l'organisation. Il est à noter que ces variables dépendantes sont basées sur des mesures perceptuelles. La variable indépendante primaire était la nature de la relation du travail (mesurée sur une échelle de six points de conflictuelle à coopérative). De plus, nous avons inclus à ce modèle bon nombre de variables de contrôle (demande du marché, implication dans une fusion, introduction d'une technologie réduisant les coûts de main-d'œuvre, pourcentage de main-d'œuvre syndiquée, réduction permanente de main-d'œuvre dans l'unité de négociation, présence ou non d'une grève, concessions syndicales, changement majeur dans la stratégie managériale, taille de l'organisation et secteur industriel). Quant à la variable indépendante primaire, la qualité de la relation, les résultats indiquent que les employeurs déclarent avoir une relation coopérative modérée avec leur syndicat. Un peu plus de 28 % des répondants ont qualifié leur relation de conflictuelle et seulement 5 % l'ont qualifiée de hautement coopérative. L'analyse probit a servi à évaluer différents modèles. Les résultats sont qu'une relation plus coopérative entre les deux parties est associée avec plusieurs résultats organisationnels positifs. Plus spécifiquement, les répondants qui ont précisé que leur relation avec leur plus important syndicat était coopérative, étaient plus susceptibles de ne pas supporter les énoncés à l'effet que la résistance au changement des employés augmentait, que le conflit s'accroissait, que le roulement et l'absentéisme devenaient plus élevés. Ils appuyaient plutôt des énoncés tels l'activité innovatrice s'accroît et la réputation de l'organisation est

Ce document est protégé par la loi sur le droit d'auteur. L'utilisation des services d'Érudit (y compris la reproduction) est assujettie à sa politique d'utilisation que vous pouvez consulter en ligne. <https://apropos.erudit.org/fr/usagers/politique-d-utilisation/>

---

Cet article est diffusé et préservé par Érudit

Érudit est un consortium interuniversitaire sans but lucratif composé de l'Université de Montréal, l'Université Laval, l'Université de Québec et l'Université de Sherbrooke. Sa mission la promotion de la recherche et de la recherche en éducation.

Établir des programmes de coopération. De plus, il y a preuve qu'un certain nombre d'employeurs ont abusé des programmes de participation. Des entrevues avec des dirigeants syndicaux et patronaux ont permis de confirmer qu'il est extrêmement difficile de développer une relation coopérative (avec implication syndicale réelle dans le processus de décision). Cela requiert un engagement à long terme de part et d'autre, l'établissement de relations de confiance et de la cohérence lorsque l'on traite avec l'autre.

# ***The Labour-Management Relationship and Organization Outcomes***

## ***Some Initial Findings***

TERRY H. WAGAR

*Based on responses from 752 unionized organizations in Canada, this study examines the association between the quality of labour-management relations and a number of organization outcomes. The average relationship between an employer and its major bargaining unit was moderately cooperative, with 28% of respondents reporting adversarial relations and 5% indicating a highly cooperative relationship. Results from ordered probit estimation indicated that more favourable organizational outcomes (as measured by management perceptions) were generally associated with a more cooperative relationship between union and management.*

Recent years have witnessed a growing call for more cooperative relationships between labour and management as a means of increasing productivity and enhancing Canada's competitive position in the global economy. Despite the growing attention being paid by scholars to labour-management cooperation, only a handful of studies have examined the effect of the labour-management relationship on organization outcomes. As Thornicroft (1993) has argued, the quality of the labour-management relationship may have more to do with organizational performance than unionization per se. However, there is considerable debate among academics, union officials and management executives concerning the benefits and drawbacks of labour-management cooperation.

- 
- WAGAR, T.H., Department of Management, Saint Mary's University, Halifax, Nova Scotia.
  - This study was funded by a grant from the Social Sciences and Humanities Research Council of Canada.

The purpose of the present study is to examine whether the quality of the labour-management relationship is associated with a number of organization outcome variables. Using data from 752 unionized organizations in Canada, it was hypothesized that more cooperative relationships would be associated with more favourable outcome measures (from the perspective of the organization) including (a) decreased resistance to change, conflict, turnover, and absenteeism, (b) increased morale, innovation, productivity, and product quality, (c) reduced job insecurity, and (d) a favourable corporate reputation.

### **REVIEW OF THE LITERATURE**

As noted by Barbash (1984) and Cooke and Meyer (1990), the union-management relationship has traditionally been characterized by higher wages and benefits, a well-developed grievance procedure, strong adherence to seniority, and restrictive work rule and job classification procedures. Furthermore, labour-management relations have been largely adversarial and power-oriented, with both parties viewing the relationship as distributive and accepting the position that management was responsible for increasing the wealth of the organization while the union's responsibility was to bargain for a share of the wealth. However, some organizations are moving away from the adversarial approach to collective bargaining toward a relationship that is more cooperative (Smith 1993; Kochan and Osterman 1994; Betcherman et al. 1994; Walton, Cutcher-Gershenfeld and McKersie 1994).

On the one hand, at least some conflict between labour and management appears to be inevitable. Godard (1994) identifies three "underlying" sources of conflict: (1) the legal alienation of employees who do not own or control the process and proceeds of their work, (2) management's goal of profit maximization, which requires obtaining the most favourable ratio of employee output to labour cost, and (3) the authoritarian nature of the employment relationship and the subordination of workers. In addition, Godard argues that the indeterminacy of the employment contract, as well as "contextual" factors (such as income and status of most workers relative to management, uncertain or undesirable work and labour market conditions, minimal opportunity for personal fulfillment or growth), generate to conflict in the workplace.

On the other hand, some scholars, industrial relations practitioners and union officials believe that organizations should retreat from the traditional approach to management characterized by hierarchical decision making, repetitive jobs and rewards based on individual performance in favour of an "involvement" or "commitment" approach to designing and managing organizations (Lawler 1988, 1992). While there has been considerable

discussion and debate about the "transformation" (Kochan, Katz and McKersie 1986) of industrial relations, evidence from the United States (Osterman 1994) and Canada (Smith 1993; Godard 1994; Leckie and Betcherman 1994) indicates that "workplace innovations" and work reorganization are by no means occurring in every organization.

From a conceptual perspective, Cooke (1989, 1990a, 1990b) has developed a framework for examining labour-management relations. He asserts that the collaborative structure, the relative power of the company and union, and organizational constraints affect the intensity of collaboration efforts. In turn, the intensity of collaboration efforts (as well as the relative power of the company and union, and organizational constraints) affect measures of organizational performance (such as quality, productivity or employee-supervisor relations).

In addition, Dastmalchian, Blyton and Adamson (1991) present a model for studying the industrial relations climate. The Dastmalchian et al. model begins with "inputs", including the organizational context (age, size, ownership, technology, dependence and change), the organizational structure (such as degree of specialization, centralization, participation, etc.), and the human resource management context (changes in HRM, internal labour markets, training). The second component of the model is "processes", which include the workplace industrial relations climate and a number of contextual influences (for instance, bargaining structure, union density, membership commitment, previous relationship between the parties, and so on). The final element in the model is the "outcomes" (IR incidents such as strikes or walkouts, turnover, absenteeism, and union and management perceptions of IR outcomes). The major argument is that understanding the workplace IR climate is critical in examining the determinants of industrial relations outcomes.

### ***Joint Labour-Management Programs***

Although few recent studies have directly examined the nature of the labour-management relationship and its impact on the organization, a number of researchers have investigated related issues. In particular, the past decade has witnessed a growing interest in the relationship between employee involvement programs and the performance of the organization.

Using data from a 1984 survey of unionized Wisconsin firms, Voos (1989) analysed the effect of specific joint labour-management programs on industrial relations (IR) outcomes. She found that none of the programs was perceived as having average negative effects on the IR outcome measures. Joint committees operating at the plant level, and in particular those dealing with general issues, had the largest impact on IR outcomes. Although

workplace programs also affected specific industrial relations outcomes, significant differences existed depending on the type of program.

Cooke (1989, 1990a, 1990b, 1992) has been investigating employee involvement initiatives and analysing their effect on the organization. Cooke (1989) found that perceived changes in productivity and product quality were more positive in manufacturing plants with more active teams. There was no evidence, however, that committee-based programs had a lower impact on productivity or quality, on average, than active team-based programs. Firms with more than one joint program were more likely to report greater improvements in product quality (but not productivity). In addition, improvements in employee-supervisor relations were more likely in the presence of active team-based programs, substantial union leader participation, and a reluctance on the part of management to subcontract bargaining unit work (Cooke, 1990a).

Cooke (1992) found that improvements in product quality were associated with jointly administered participation programs. Moreover, gains achieved by unionized firms using joint participation programs were equivalent to gains achieved in nonunion firms with participation programs. Furthermore, Cooke underscored the critical importance of the labour-management climate on the success of joint programs: adversarial relations decrease trust between the parties and preclude the development of commitment to joint activities.

In short, there is a significant body of research supporting the proposition that company performance is better in organizations where the overall labour-management relationship is more cooperative (see, for example, Katz, Kochan and Weber 1985; Ichniowski 1986; Voos 1987; Juravich, Harris and Brooks 1993).

Critics of labour-management cooperation have pointed to negative aspects of participatory programs (Parker and Slaughter 1989; Grenier and Hogler 1991) and argued that many of the programs are designed to increase managerial domination in the workplace (Fantasia, Clawson and Graham 1988; Banks and Metzger 1989) or hide underlying sources of conflict and either avoid unionization or markedly reduce the power of the union to represent worker interests (Godard 1994). By way of example, Godard (1991) concluded that the progressive HRM paradigm is oversimplified: while progressive HRM practices were associated with lower conflict, the relationship was relatively weak.

Although proponents of cooperation argue that the fundamental economic and technological changes we are currently experiencing dictate a movement toward more cooperative labour relations, McLeod (1990: 238) argues that "rightist cooperation is designed to transcend adversarial relationships

by simply subsuming the interests of workers into the interests of management." He asserts that the dominant views of management toward cooperation are not aimed at serious discussion and potential implementation of real workplace democracy; rather, cooperation is a management initiative designed to meet management objectives and is, perhaps, the greatest challenge facing organized labour today.

Smith (1993) has noted that there are differences of opinion with respect to what cooperation may entail: on the one hand, it may be argued that common interests between labour and management do exist; on the other hand, cooperation may represent compliance on the part of unions with the demands of employers. Perline and Sexton (1994), in a U.S. study of managerial perceptions of labour-management cooperation, found that managers who perceive the relationship with their union as cooperative were also least likely to support union input into the decision-making process. While Leana and Florkowski (1992) note that participation programs have been abused by employers, they also observe that a union may alienate rank-and-file members by failing to support a program perceived as successful; in addition, some unions believe that involvement in corporate decision-making is not only desirable but a "right".

### *Views From Organized Labour*

There are differences in opinion among academics and labour leaders concerning the impact of collaborative efforts on both labour unions and the labour relations system. However, little is known about the approaches used by local unions in addressing joint programs.

Betcherman et al. (1994) identified three strategies available to unions in the present era of restructuring: (1) resistance to management demands for change, (2) passive cooperation with management's agenda, or (3) embarking on a strategy for restructuring that integrates both the objectives of labour and management. Furthermore, they observed that employers are often willing to unilaterally introduce workplace reforms and that a lack of involvement by unions may hurt the long-term interests of labour.

In a survey of 86 local unions, Eaton (1990) found that considerable variation among unions existed with regard to the degree of control over participative programs. In short, union control was affected by the resources of the local union, the policies of the international union, and concerns relating to the threat of participative programs to the union. Although there is a dearth of longitudinal data examining the longevity of employee participation programs, Eaton (1994) found, in a study of both unions and employers, that from about two-thirds to 80% of such programs were still in existence over a three-year period. However, there were differences in union and

management respondents' perceptions concerning the survival of some programs and the factors responsible for the demise of some participation efforts.

Juravich, Harris and Brooks (1993) asked labour and management representatives to evaluate the impact of employee involvement programs on the workplace. They found that managers tended to be relatively positive when assessing the impact of employee involvement programs on a variety of social/psychological and production/economic measures; although EI programs were viewed as having a major positive effect on the relations between union officers and plant managers, product or service quality and employee morale, there was less support for the impact of such programs on economic issues such as profitability or labour costs. Union respondents were somewhat less optimistic in their views of the impact of employee involvement programs; still, few unionists indicated that such programs had a negative impact on the various behavioural and economic measures. However, union respondents were noticeably less positive than their management counterparts in evaluating the quality of the union-management relationship.

As asserted by Marshall (1992), the weakening of unions over the past three decades permitted organizations facing increasing global competition to respond by cutting costs rather than developing strategies aimed at quality and productivity improvement. Marshall notes that high performance organizations tend to emphasize positive incentive systems and address the significance of the degree and quality of employee participation. In short, employee involvement programs, in the absence of real participation by workers, are not enough to produce high levels of performance.

In sum, although there is a growing concern that the adversarial approach to labour relations will result in a decreased ability on the part of business to remain competitive in the global economy, several observers question the legitimacy of and motivation for cooperative programs and union officials are understandably skeptical about cooperative ventures. However, other writers believe that labour and management must work together if an organization is to remain competitive in today's changing environment.

## **METHOD**

In early 1992, a survey was sent to the chief executive officer or human resource executive of major Canadian organizations with at least 100 employees<sup>1</sup> (with a note asking the recipient to pass the survey on to

---

1. The mailing list was obtained from Dun and Bradstreet who identified organizations with a minimum of 100 employees. Due to workforce reductions, some of the respondents actually had fewer than 100 employees at the time of the survey.



another organization member if that individual was in a better position to complete the survey). Completed surveys were received from 1,282 organizations in seven major industry groups: manufacturing, transportation and communications, wholesale and retail trade, finance and insurance, health, education, and other business services. While the overall response rate for the survey was more than 35%, the data for this study are based on responses from the 752 unionized organizations.<sup>2</sup> Questions addressed a variety of issues including the competitive environment confronting the organization, human resource management policies, organizational outcome measures, labour-management relations (with reference to the organization's largest group of unionized workers), and organizational characteristics.

### *Dependent Variables*

The dependent variables in the study are based on questions addressing organizational outcomes. The ten statements, which were drawn from the literature on organization decline (Cameron, Whetten and Kim 1987; Cameron, Sutton and Whetten 1988) and labour relations (Voos 1987, 1989; Cooke 1990b), included (1) RESISTCH: employees' resistance to change is increasing, (2) MORALE: morale is decreasing, (3) CONFLICT: conflict is increasing, (4) TURNOVER: turnover is increasing, (5) ABSENT: absenteeism is increasing, (6) JOBINSEC: employees are more concerned about their jobs, (7) INNOVN: innovative activity is increasing, (8) PRODUCT: productivity is increasing, (9) QUALITY: product/service quality is declining, and (10) REPUTN: corporate reputation is favourable.

Adapting in part the distinction used by Thornicroft (1993) and Leckie and Betcherman (1994), it is possible to consider the first six measures as labour relations outcomes and the last four measures as efficiency or organizational outcomes. Although this paper examines each of the outcomes independently, it can be argued that the nature of the relationship between labour and management influences labour relations outcomes which in turn impact on efficiency and organizational outcomes. Adopting the argument developed by Betcherman et al. (1994), it is asserted that the ultimate impact of the labour-management relationship on financial performance is more difficult to isolate because of the influence of a variety of other factors.

Note that each of the statements was originally measured using a six-point scale with the anchors 1 = strongly disagree and 6 = strongly agree. However, three of the statements (INNOVN, REPUTN and PRODUCT) were

---

2. The original mailing list did not distinguish union and nonunion organizations. Consequently, the specific response rate for union firms is unknown.

reverse coded; recoding was conducted so that for all ten statements, a lower score represents a more favourable outcome from the perspective of the organization. In addition, for the purposes of analysis each of the ten variables was rescaled into five categories with 0 indicating strong disagreement (original score of 1), 1 indicating disagreement (original score of 2), 2 indicating modest disagreement (original score of 3), 3 indicating modest agreement (original score of 4), and 4 indicating agreement or strong agreement (original score of 5 or 6). The latter two categories were combined because of a very low frequency of responses associated with the last category.

Similar to other researchers (Voos 1989; Cooke 1992; Juravich, Harris and Brooks 1993), the dependent variables were based on perceptual measures and respondents were not asked to attribute perceived changes in the dependent variables to specific independent variables (such as the nature of the labour-management relationship). As Cooke (1992) has argued, the use of perceptual measures permits comparison across organizations in a variety of industries. In addition, while any measure of organizational outcomes contains idiosyncracies, reliance on a broad range of measures is generally preferable to using only a single measure (Drago, Wooden and Sloan 1992). However, while the use of perceptual outcome measures is often employed in studies of industrial relations, human resource management and strategic management, reliance on such measures is a limitation of the study.<sup>3</sup>

### *Primary Independent Variable*

The primary independent variable in this study was the nature of the labour-management relationship (RELSHIP) where 1 = adversarial and 6 = cooperative. As noted previously, respondents from unionized organizations were asked to respond to a series of questions about labour relations (if an organization had more than one bargaining unit, the respondent was to identify the union representing the largest number of employees and respond to the questions with reference to that union).

The use of a global measure of the labour-management relationship was examined during the pretesting stage and participants indicated little difficulty in understanding the question. However, the use of such a measure obviously does not tap into all of the various elements that ultimately determine the quality of the relationship between the parties. Still, there is recent

---

3. The use of perceptual measures has been utilized (and debated) in the strategic management literature as well. For a discussion of some of the issues, see Naman and Slevin (1993) and Powell (1995). Recent examples of human resource management studies using perceptual measures of performance include Betcherman et al. (1994) and Cameron (1994).

evidence (Huszczko and Hoyer 1994) that a global measure of the union-management relationship is highly correlated with individual factors (in particular, cooperative relationship values, administration of labour-management relations, and joint participation policies).

### *Control Variables*

Based on previous research (see, for instance, Kochan, Katz and McKersie 1986; Jackson, Schuler and Rivero 1988; Cooke 1990; Godard 1994), a number of variables were also included in the estimations as control variables. These included the market demand (MKD) for the organization's primary product or service (1=substantial increase and 6=substantial decline), whether the organization had been involved in a merger or acquisition (MERGER) over the past 5 years (1=yes, 0=no), introduction of new labour-saving technology or automation (TECH; 1=yes, 0=no), percentage of the workforce unionized (PERCENTU), permanent workforce reduction (UREDND) of the bargaining unit (1=yes, 0=no), whether there has been a strike (STRIKE) over the past 5 years (1=yes, 0=no), union concessions (CONCESS) relating to wages, seniority, job assignments or job classifications (1=yes, 0=no), major change in management/strategy (MCHANGE; 1=yes, 0=no), size of the organization (LNNEWEE; natural logarithm of the number of employees), and industry sector (manufacturing (MFG), transportation and communications (COMM), wholesale and retail trade (RETAIL), finance and insurance (FINANCE), health (HEALTH), and education (EDUCN); other business services was the omitted category).

## **RESULTS OF THE RESEARCH**

### *Descriptive Statistics*

Descriptive statistics for the variables are reported in Table 1. Respondent organizations had a mean size of approximately 1,600 employees. About one-third of the organizations were in the manufacturing sector, 24% had been involved in a merger or acquisition over the past five years, 28% indicated that their organizations had introduced new labour-saving technology or automation, and 54% reported a major change in management/strategy. In terms of market demand for the organization's primary product or service, the mean was 3.37, indicating a very slight increase in demand.

When examining questions pertaining to the organization's largest bargaining unit, the results indicated that the union had represented workers for an average of 22 years. Twenty-three percent of respondents indicated that there had been a strike over the past five years, 44% reported union

concessions, and 47% of organizations had permanently reduced the number of bargaining unit employees.

TABLE 1  
Descriptive Statistics

<i>Variable</i>	<i>Mean</i>	<i>Standard Deviation</i>
<b>Dependent Variables</b>		
RESISTCH	1.95	1.05
MORALE	2.26	1.08
CONFLICT	1.97	1.05
TURNOVER	1.22	1.06
ABSENT	1.86	1.06
JOBINSEC	3.49	1.00
INNOVN	1.83	0.91
PRODUCT	2.06	0.92
QUALITY	1.22	0.97
REPUTN	1.34	0.96
<b>Primary Independent Variable</b>		
RELSHIP	3.98	1.17
<b>Control Variables</b>		
MKD	3.37	1.18
MERGER	0.24	0.43
TECH	0.28	0.45
PERCENTU	70.77	24.60
UREDNI	0.47	0.50
STRIKE	0.23	0.42
CONCESS	0.44	0.50
MCHANGE	0.54	0.50
LNNEWEE	6.29	1.29
MFG	0.33	0.47
COMMN	0.08	0.27
RETAIL	0.07	0.25
FINANCE	0.04	0.19
HEALTH	0.21	0.40
EDUCN	0.18	0.39

With regard to the primary independent variable, quality of the relationship (RELSHIP), the mean score was 3.98 (suggesting a moderately cooperative relationship). Slightly more than 28% of respondents indicated that the relationship was adversarial (a score of 3 or less) and only 5% reported a highly cooperative relationship (a score of 6).

Concerning the dependent variables, the mean scores are also provided in Table 1. As mentioned previously, the dependent variables were recoded and reduced to five categories (see above). In addition, the underlying scale used to measure the dependent variables is ordinal. Consequently, care should be exercised in the interpretation of the mean scores. Overall, the means for most of the dependent variables were between 1.0 and 2.0 (that is, respondents tended, on average, to perceive the outcomes as moderately favourable from the perspective of the organization).<sup>4</sup>

### *Ordered Probit Results*

Because the dependent variables were measured using an ordinal scale, ordered probit was used to estimate the various models. As Greene (1993) has observed, ordered probit is preferred to OLS regression when the dependent variable is ordinal in nature. The results of the ordered probit estimations are provided in Table 2. While each of the models was estimated with all of the control variables entered, Table 2 only provides the coefficients with reference to RELSHIP (the primary independent variable). It should be noted that although there were 752 unionized respondents, the actual number of observations in the estimations varied somewhat because of missing data (resulting either because the respondent chose not to respond or because the question did not apply to the organization).

While the coefficient on RELSHIP was negative for all of the estimations, it was not significant for MORALE and JOBINSEC. However, there was strong evidence ( $p < .01$ ) that a more cooperative relationship between labour and management was associated with positive organization outcome measures for RESISTCH, CONFLICT, TURNOVER, ABSENT, INNOVN and REPUTN. In addition, the coefficient for RELSHIP was significant at  $p < .05$  for QUALITY and at  $p < .10$  for PRODUCT.

If we make the assumption that RELSHIP is a continuous variable,<sup>5</sup> it is possible to examine the marginal effects on changes in the dependent

4. On the suggestion of one reviewer, I also examined the intercorrelation among the dependent variables. The strongest correlations were between MORALE and CONFLICT ( $r=.50$ ), INNOVN and PRODUCT ( $r=.40$ ), RESISTCH and MORALE ( $r=.36$ ), and RESISTCH and CONFLICT ( $r=.34$ ). As well, the results of a factor analysis revealed three factors: the first factor included RESISTCH, MORALE, CONFLICT, TURNOVER and ABSENT, the second factor included INNOVN, PRODUCT, QUALITY and REPUTN, and the third factor was a single variable (JOBINSEC). These results are generally consistent with the classification of the variables into labour relations outcomes and efficiency or organizational outcomes.
5. While researchers frequently treat such scales as continuous, they are actually ordinal. Consequently, care must be exercised in the interpretation of the results. Note that in calculating the partial derivatives, all other independent variables were set to their means.

TABLE 2  
 Ordered Probit Results  
 (Standard Errors in Parentheses)

<i>Dependent Variable</i>	<i>Coefficient for RELSHIP</i>	<i>Sample Size</i>
RESISTCH	-.188*** (.036)	668
MORALE	-.057 (.035)	664
CONFLICT	-.119*** (.037)	665
TURNOVER	-.089*** (.035)	667
ABSENT	-.154*** (.035)	664
JOBINSEC	-.018 (.043)	668
INNOVN	-.130*** (.035)	667
PRODUCT	-.062* (.036)	663
QUALITY	-.087** (.040)	618
REPUTN	-.152*** (.034)	664

\*\*\*  $p < .01$ ; \*\*  $p < .05$ ; \*  $p < .10$

variables. The marginal effects for each dependent variable indicate the average changes in the probabilities of being in the five response categories. For each of the dependent variables (organization outcomes) that was significant, the partial derivatives for RELSHIP were calculated and are reported in Table 3.

By way of example, consider the difference between a somewhat adversarial relationship (score of 2) and a somewhat cooperative relationship (score of 5) on RESISTCH. The probability of being in the lowest category ( $Y=0$ ) increases by .042 ( $3 \times .014$ ), the probability of being in the second category ( $Y=1$ ) increases by .177, the probability of being in the third category ( $Y=2$ ) decreases by .033, the probability of being in the fourth category ( $Y=3$ ) decreases by .099, and the probability of being in the fifth category ( $Y=4$ ) decreases by .084.

TABLE 3  
 Marginal Effects (Partial Derivative) for RELSHIP

<i>Dependent Variable</i>	<i>Y=0</i>	<i>Y=1</i>	<i>Y=2</i>	<i>Y=3</i>	<i>Y=4</i>
RESISTCH	.014	.059	-.011	-.033	-.028
CONFLICT	.012	.032	-.003	-.025	-.016
TURNOVER	.029	.003	-.014	-.009	-.008
ABSENT	.020	.040	-.013	-.027	-.020
INNOVN	.009	.040	-.014	-.024	-.011
PRODUCT	.004	.015	.001	-.013	-.007
QUALITY	.023	.006	-.014	-.009	-.006
REPUTN	.037	.020	-.029	-.021	-.006

To take another example, consider the probabilities for QUALITY. The probability of being in the Y=0 category increases by .069 ( $3 \times .023$ ), the probability of being in the Y=1 category increases by .018, the probability of being in the Y=2 category decreases by .042, the probability of being in the Y=3 category decreases by .027 and the probability of being in the Y=4 category decreases by .018 when the relationship is somewhat cooperative as compared to somewhat adversarial. Obviously, these results are more extreme when comparing highly cooperative and highly adversarial relationships. Although the calculations are only provided for RESISTCH and QUALITY, the results for the other significant variables can easily be determined from Table 3.

### ***CONCLUSION AND DISCUSSION***

The findings of this research indicate that a more cooperative relationship between labour and management is associated with a number of positive organizational outcomes. More specifically, respondents indicating that the quality of the relationship between the organization and their largest union was cooperative were significantly more likely ( $p < .01$ ) to not support the statements that employees' resistance to change is increasing, conflict is increasing, turnover is increasing, and absenteeism is increasing and more likely to support the statements that innovative activity is increasing and the organization's reputation is favourable. While the relationships were not as strong, participants with a more cooperative relationship were more likely to agree that productivity is increasing ( $p < .10$ ) and less likely to indicate that product quality is declining ( $p < .05$ ).

Although the findings of this study indicate that a more cooperative relationship is associated with a number of positive organization outcomes,

it should be emphasized that the outcome measures are based on management perceptions. In addition, while a global measure of the labour-management relationship has been used in past research and found to be highly correlated with specific aspects of labour climate (Huszczko and Hoyer 1994), the relationship between an employer and union is very complex and cannot be fully captured using a single measure. Moreover, while the results of the study indicate that the quality of the relationship is associated with a number of positive organization outcome measures, a whole host of factors (including economic conditions, organizational culture and ideology, strategic planning and so on) interact and impact differentially on organizational performance and effectiveness. Nevertheless, from the employer's perspective, the results of the study do indicate that a cooperative relationship with the union is associated with a number of positive attributes.

Should unions move toward greater cooperation with employers? As noted earlier, several writers are skeptical about labour-management cooperation and employer motives in establishing cooperative programs. In addition, employer and union perceptions with regard to what constitutes cooperation often differ (Smith 1993; Perline and Sexton 1994) and there is evidence that participation programs have been the subject of abuse by a number of employers (Leana and Florkowski 1992). Interviews with union and management officials confirm that developing a cooperative relationship (with real union involvement in the decision-making process) is extremely difficult, requires a long-term commitment from both sides, the development of a trusting relationship, and consistency in dealing with the other side.

In terms of future research, the opportunities are numerous. It should be stressed that survey respondents were major Canadian organizations. To what extent are the findings generalizable to smaller firms and organizations outside of Canada? In this study, the quality of the labour-management relationship is measured by a single variable; there is a need for research examining other aspects of the labour-management climate and its impact on organization performance. Finally, there is a need for further study of the factors affecting the quality of the relationship. What variables determine the relationship? How does an employer and union go about changing the relationship? What are the costs and benefits of adopting a cooperative or adversarial approach to collective bargaining? What is the impact of employee involvement programs, total quality management initiatives and workforce reduction / restructuring efforts on the relationship? These are but a few of the questions that will challenge researchers in the years to come.



## ■ REFERENCES

- BANKS, A., and J. METZGER. 1989. "Participation in Management: Union Organizing on a New Terrain." *U.S. Labor Research Review*, Vol. 8, 1-55.
- BARBASH, J. 1984. *The Elements of Industrial Relations*. Madison: University of Wisconsin Press.
- BETCHERMAN, G., K. MCMULLEN, N. LECKIE, and C. CARON. 1994. *The Canadian Workplace in Transition*. Kingston: IRC Press.
- CAMERON, K. 1994. "Strategies for Successful Organizational Downsizing." *Human Resource Management*, Vol. 33, 189-211.
- CAMERON, K., D. WHETTEN, and M. KIM. 1987. "Organizational Dysfunctions of Decline." *Academy of Management Journal*, Vol. 30, 126-138.
- CAMERON, K., R. SUTTON, and D. WHETTEN. 1988. *Readings in Organizational Decline*. Cambridge, MA: Ballinger.
- COOKE, W. 1989. "Improving Productivity and Quality Through Collaboration." *Industrial Relations*, Vol. 28, 299-319.
- COOKE, W. 1990a. "Factors Influencing the Effect of Joint Union-Management Programs on Employee-Supervisor Relations." *Industrial and Labor Relations Review*, Vol. 43, 587-603.
- COOKE, W. 1990b. *Labor-Management Cooperation*. Kalamazoo, Michigan: Upjohn.
- COOKE, W., and D. MEYER. 1990. "Structural and Market Predictors of Corporate Labor Relations Strategies." *Industrial and Labor Relations Review*, Vol. 43, 280-293.
- COOKE, W. 1992. "Product Quality Improvement Through Employee Participation: The Effects of Unionization and Joint Union-Management Administration." *Industrial and Labor Relations Review*, Vol. 46, 119-134.
- DASTMALCHIAN, A., P. BLYTON, and R. ADAMSON. 1991. *The Climate of Workplace Relations*. London: Routledge.
- DRAGO, R., M. WOODEN, and J. SLOAN. 1992. *Productive Relations? Australian Industrial Relations and Workplace Performance*. Sydney, Australia: Allen and Unwin.
- EATON, A. 1990. "The Extent and Determinants of Local Union Control of Participative Programs." *Industrial and Labor Relations Review*, Vol. 43, 604-620.
- EATON, A. 1994. "The Survival of Employee Participation Programs in Unionized Settings." *Industrial and Labor Relations Review*, Vol. 47, 371-389.
- FANTASIA, R., D. CLAWSON, and G. GRAHAM. 1988. "A Critical View of Worker Participation in American Industry." *Work and Occupations*, Vol. 15, 468-488.
- GODARD, J. 1991. "The Progressive HRM Paradigm: A Theoretical and Empirical Re-examination." *Relations industrielles/Industrial Relations*, Vol. 46, 378-400.
- GODARD, J. 1994. *Industrial Relations: The Economy and Society*. Toronto: McGraw-Hill Ryerson.
- GREENE, W. 1993. *Econometric Analysis*. 2nd ed. New York: Macmillan.

- GRENIER, G., and R. HOGLER. 1991. "Labor Law and Managerial Ideology: Employee Participation as a Social Control System." *Work and Occupations*, Vol. 18, 313-333.
- HUSZCZO, G., and D. HOYER. 1994. "Factors Involved in Constructive Union-Management Relationships." *Human Relations*, Vol. 47, 847-866.
- ICHNIOWSKI, C. 1986. "The Effects of Grievance Activity on Productivity," *Industrial and Labor Relations Review*, Vol. 40, 75-89.
- JACKSON, S., R. SCHULER, and J. RIVERO. 1989. "Organizational Characteristics as Predictors of Personnel Policies." *Personnel Psychology*, Vol. 42, 727-786.
- JURAVICH, T., H. HARRIS, and A. BROOKS. 1993. "Mutual Gains? Labor and Management Evaluate Their Employee Involvement Programs." *Journal of Labor Research*, Vol. 14, 165-185.
- KATZ, H., T. KOCHAN, and M. WEBER. 1985. "Assessing the Effects of Industrial Relations and Quality of Working Life Efforts on Organizational Effectiveness." *Academy of Management Journal*, Vol. 28, 509-526.
- KOCHAN, T., H. KATZ, and R. MCKERSIE. 1986. *The Transformation of American Industrial Relations*. New York: Basic Books.
- KOCHAN, T., and P. OSTERMAN. 1994. *The Mutual Gains Enterprise*. Boston: Harvard Business School Press.
- LAWLER, E. 1988. "Choosing an Involvement Strategy." *The Academy of Management Executive*, Vol. 2, 197-204.
- LAWLER, E. 1992. *The Ultimate Advantage: Creating the High Involvement Organization*. San Francisco: Jossey-Bass.
- LEANA, C., and G. FLORKOWSKI. 1992. "Employee Involvement Programs: Integrating Psychological Theory and Management Practice." *Research in Personnel and Human Resources Management*, Vol. 10, 233-270.
- LECKIE, N., and G. BETCHERMAN. 1994. "The Impacts of HRM Practices on Establishment Performance." *Canadian Business Economics*, Vol. 2, 36-45.
- MARSHALL, R. 1992. "Work Organization, Unions and Economic Performance." *Unions and Economic Competitiveness*. L. Mishel and P. Voos, eds. Washington: Economic Policy Institute, 287-315.
- MCLEOD, W. 1990. "Labor-Management Cooperation: Competing Visions and Labor's Challenge." *Industrial Relations Law Journal*, Vol. 12, 233-292.
- NAMAN, J., and D. SLEVIN. 1993. "Entrepreneurship and the Concept of Fit: A Model and Empirical Tests." *Strategic Management Journal*, Vol. 14, 137-153.
- OSTERMAN, P. 1994. "How Common is Workplace Transformation and Who Adopts It?" *Industrial and Labor Relations Review*, Vol. 47, 173-188.
- PARKER, M., and J. SLAUGHTER. 1989. "Dealing with Good Management." *Labor Research Review*, Vol. 8, 73-79.
- PERLINE, M., and E. SEXTON. 1994. "Managerial Perceptions of Labor-Management Cooperation." *Industrial Relations*, Vol. 33, 377-385.
- POWELL, T. 1995. "Total Quality Management as Competitive Advantage: A Review and Empirical Study." *Strategic Management Journal*, Vol. 16, 15-37.

- SMITH, A. 1993. "Canadian Industrial Relations in Transition." *Relations industrielles/Industrial Relations*, Vol. 48, 641-659.
- THORNICROFT, K. 1993. "Does Labor Climate Matter?" *1992 Canadian Industrial Relations Association Proceedings*, Fredericton, New Brunswick, 69-81.
- VOOS, P. 1987. "Managerial Perceptions of the Economic Impact of Labor Relations Programs." *Industrial and Labor Relations Review*, Vol. 40, 195-208.
- VOOS, P. 1989. "The Influence of Cooperative Programs on Union-Management Relations, Flexibility, and Other Labor Relations Outcomes." *Journal of Labor Research*, Vol. 10, 104-117.
- WALTON, R., J. CUTCHER-GERSHENFELD and R. MCKERSIE. 1994. *Strategic Negotiations: A Theory of Change in Labor-Management Relations*. Boston: Harvard Business School Press.

## RÉSUMÉ

### **Relations du travail et résultats organisationnels**

Depuis quelques années, on réclame plus de relations coopératives entre les travailleurs et la direction comme moyen d'accroître la productivité et d'améliorer la position concurrentielle canadienne dans l'économie globale. Alors que les chercheurs s'attardent de plus en plus sur la coopération patronale-syndicale, très peu d'études ont examiné l'effet des relations du travail sur les résultats organisationnels. On a certes prétendu que la qualité des relations du travail a plus à faire avec la performance de l'organisation que la syndicalisation en soi. Cependant, le débat est sérieux entre chercheurs, dirigeants syndicaux et administrateurs sur les avantages et inconvénients de la coopération patronale-syndicale. Plusieurs observateurs questionnent la légitimité des programmes de coopération et la motivation d'y participer. De plus, les dirigeants syndicaux affichent un scepticisme compréhensible eu égard aux expériences de coopération. Ici, nous examinons la question de savoir si la qualité des relations du travail est associée à un certain nombre de variables de résultats organisationnels.

Nous avons obtenu nos données par une enquête auprès des directeurs généraux ou directeurs de ressources humaines de grandes organisations canadiennes comptant au moins 100 employés. Même si nous avons reçu des réponses de 1 282 organisations, les données pour le présent article sont basées sur les réponses obtenues de 752 organisations syndiquées.

Les variables dépendantes sont des sujets qui ont trait aux résultats organisationnels. Nos dix énoncés visaient la résistance des employés au

changement, le moral, le conflit, le roulement des employés, l'absentéisme, l'insécurité d'emploi, les activités innovatrices, la productivité, la qualité du produit ou du service et la réputation de l'organisation. Il est à noter que ces variables dépendantes sont basées sur des mesures perceptuelles.

La variable indépendante primaire était la nature de la relation du travail (mesurée sur une échelle de six points de conflictuelle à coopérative). De plus, nous avons inclus à ce modèle bon nombre de variables de contrôle (demande du marché, implication dans une fusion, introduction d'une technologie réduisant les coûts de main-d'œuvre, pourcentage de main-d'œuvre syndiquée, réduction permanente de main-d'œuvre dans l'unité de négociation, présence ou non d'une grève, concessions syndicales, changement majeur dans la stratégie managériale, taille de l'organisation et secteur industriel).

Quant à la variable indépendante primaire, la qualité de la relation, les résultats indiquent que les employeurs déclarent avoir une relation coopérative modérée avec leur syndicat. Un peu plus de 28 % des répondants ont qualifié leur relation de conflictuelle et seulement 5 % l'ont qualifiée de hautement coopérative.

L'analyse probit a servi à évaluer différents modèles. Les résultats sont qu'une relation plus coopérative entre les deux parties est associée avec plusieurs résultats organisationnels positifs. Plus spécifiquement, les répondants qui ont précisé que leur relation avec leur plus important syndicat était coopérative, étaient plus susceptibles de ne pas supporter les énoncés à l'effet que la résistance au changement des employés augmentait, que le conflit s'accroissait, que le roulement et l'absentéisme devenaient plus élevés. Ils appuyaient plutôt des énoncés tels l'activité innovatrice s'accroît et la réputation de l'organisation est bonne. Là où les relations n'étaient pas aussi fortes, les participants avec une relation plus coopérative étaient d'accord que la productivité augmentait et étaient moins susceptibles d'indiquer que la qualité du produit baissait.

Les syndicats devraient-ils recourir à une plus grande coopération avec les employeurs ? Plusieurs auteurs et syndicalistes sont sceptiques eu égard à la coopération patronale-syndicale et quant aux motifs des employeurs d'établir des programmes de coopération. De plus, il y a preuve qu'un certain nombre d'employeurs ont abusé des programmes de participation. Des entrevues avec des dirigeants syndicaux et patronaux confirment qu'il est extrêmement difficile de développer une relation coopérative (avec implication syndicale réelle dans le processus de décision). Cela requiert un engagement à long terme de part et d'autre, l'établissement de relations de confiance et de la cohérence lorsque l'on traite avec l'autre.