Impact of Employee Unionization on Work Related Behaviors: A Preliminary Study on Private and Public Sector Organizations in Sri Lanka

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Abstract

One of the distinct characteristic of the industrial relation climate of both the public and private sector organizations is having a high unionized work environment. Understanding of these effects of employee unionization on employees’ outcomes is required for managers to formulate better strategies. The purpose of this study was to examine the effect of employee unionization on employees’ outcomes in Sri Lankan Context. A sample of 100 employees from both private and public sector were drawn using proportionate stratified random sampling method. A questionnaire was administered to collect the data. Data was analysed with correlation analysis. It was found that both union commitment and union politicization are negatively and significantly associated with employees’ outcomes. Further, it was revealed that employee unionization has higher negative association with employees’ outcomes in the public sector than in the private sector. These findings bear some practical implications to the managing of employees. However, since this is a preliminary study of a more deep empirical study, these conclusions should be taken cautiously.

Keywords: Employee Unionization, Union Commitment, Union Politicization, Employees’ Outcomes

1. Introduction

Unions are known to be the employees’ organizations which are formed with the expectation of resolving job related matters and increasing the benefits of employees (Rajesh & Manoj, 2015). Employee unions are known to be a key determinant of the nature of the industrial relation, not only in an industry but also in a country. The acceptance or resistance to the unions by management will determine whether the industrial climate is harmonious or not (Cullinane & Durdan, 2012). Further, the degree of the commitment of employees either to the union or organization or to both decides the relationship of union with the organization (Snape ED, Tom, & Chan, 2000). The perceived organizational support (POS) and the Perceived union support (PUS) are the key factors on which employees determine their attachment to the union and the organization (Goeddeke & Kammeryer-Mueller, 2010). Overall, union activities or participation of employees in union activities can be said to have an effect on employees’ outcomes, an organization is seeking for. This scenario can be observable in Sri Lankan context too given that Sri Lankan industrial relation environment particularly in the public sector is highly unionized (Dhammika, Fias, & Sam, 2012).

One of the distinction characteristic of the industrial relation climate of both the public and private sector organization is that they have highly unionized work environment (Biyanwila, 2003). It has found that 88% of the public sector employees were active members of employee unions (Jinadasa & Opatha, 1999). Complicating this situation is the fact that most of these trade unions are affiliated with mainstream political parties of the country (Nanayakkara, 1998), creating severe economic and managerial implications with respect to these organizations (Fenando, 1988). This situation has helped foster political unionism (Biyanwila, 2003), which is defined as union engagement in the mainstream political activities of a country with the aim of gaining an influencing mechanism for union demands (Lambert, 2002). The political unionism model being at the core of the trade union movement of Sri Lanka has made a significant contribution to the political and social environment in Sri Lanka (Gunawardana & Biyanwilla, 2008). Based on these claims, it can argue that employee unionization may have an effect on employees’ outcomes in organizations that deserves an emperical examination. The objective of this study was to examine the impact of employee unionization on the job satisfaction, organizational commitment, performance and organizational citizenship behaviour (OCB) of public and private sector employees in Sri Lanka.
Though, some researchers have explored the negative impact of unionization on employees’ outcomes earlier, they have examined union’s effects in disjointed manner and in the public sector mainly. This study will examine union effect on employees’ outcomes considering four outcomes together making a significant contribution to the literature. This will bring an important insight in to the problem of high unionization of employees making a significant contribution to the theory. Further, this will help the manager particularly human resource managers in dealing with the unionization of their employees in their respective organization.

2. Literature Review

Unionization of employees of an organization creates a particular industrial relation climate different from that of non-unionized organizations (Snape ED, Tom, & Chan, 2000). Numbers of reasons have been cited for employees to join with a union such as job dissatisfaction, increasing job benefits, resolving career grievances etc. (Charlwood, 2002). Researchers have identified number of constructs and behavioral aspects associated with employee unionization. Political ideology, mobilization of members, union voice (Pyman, Holland, Teicher, & Cooper, 2010), union participation (Tripti & Ginni, 2015), are some of the variables highlighted in union literature. However, union commitment and union politicizations have drawn much of the attention of researchers other than variables. Union commitment is defined as “a relative strength of members’ identification with and involvement in a union” (Mowday et al., 1979). The level of union commitment of employees has been found to affect most employees’ work-related outcomes such as job satisfaction, commitment, and performance (Dhammika, 2012). Employees attached to unions tend to be committed to both union and organizations which is termed as dual commitment to various degree (Aron, 2002). However, employees may be highly committed to their union than organization in some context which is termed as unilateral commitment (Snape ED, Tom, & Chan, 2000).

Union politicization was defined as the engagement of unions and union members in political activities associated with the mainstream political activities of a country (Biyanwilla, 2003). Researchers have identified number of dimensions associated with politicization of unions over the past years. Political instrumentality (Fiorito, 1989), which is defined as the degree of perception of employees that unions’ political activities increase their job related benefits. Political belief on the other hand, is the degree of belief of the members that unions have a political role as well as an economic role in unionization process (Kelly, 2012). However, the validity and applicability of these dimensions vary in different contexts. Therefore, it is recommended to test the validity of some of the dimensions in different context and then measure the politicization accordingly. Given the fact that union context in Sri Lanka being highly politicized, (Jinadasa & Opatha, 1999; Dhammika,2012), it can be claimed that union commitment and union politicization can be argued to be dominant variables associated with the employee unionization in Sri Lanka. It is claimed that the way employees behave in a unionized work environment will be affected by the industrial relation climate based on their attitudes, perceptions and these outcomes at individual, group and organizational level are determined by the nature of the industrial relation climate (Baltel, Zhdanova, & Parker, 2009). Unionized employees tend to look at the union and the organization they work with different perspectives. They perceived their job as work for the organization while they perceive their engagement with the union as work for their individual benefits (Tetrick, 1995).

It is believed generally that unions have a negative impact on employees’ behavior and outcomes in organizational point of view. Organizational commitment of employees in a unionized working environment has drawn the attention of researchers. These researchers have identified two construct related to organizational commitment of employees in unionized context. These two constructs are known as dual commitment (Angle & Perry, 1986), and unilateral commitment (Stanger & Rosen, 1965). Dual commitment is defined as a psychological state that exists in a worker holding a positive attachment to both employer and union (Stanger & Rosen, 1965). On the other hand, unilateral commitment is attachment to union or to an employer but not to both (Stanger & Rosen, 1965; Magenau, Martin, & Peterson, 1988). Unionization will negatively affect employees’ outcomes, if the employees are more committed to the union than the organization in dual commitment scenario (Deery, Iverson, & Erwin, 1994), and employees are attached to union not to the organization in unilateral commitment scenario. Overall, it seems that level of organizational commitment of employees depends on the degree of their attachment to the union in a unionized work context. Artz, (2010) posited that accumulated experiences of employees with union activities decrease the job satisfaction of them. The general view is that union members are less satisfied with the job than are non-union employees (Hammer & Avgar, 2005).
It is due to the fact that unions and union leaders create a culture of discontent where employees perceive more problems than opportunities related to their jobs (Artz, 2010). As a result, higher level of unionization will reduce the job related outcomes of employees. Adding to this is the argument that employees who have a low level of job satisfaction will join with the union than the employees with high job satisfaction (Charlwood, 2002). As a result, most of union member employees report less job satisfaction which may negatively affect the other employees’ outcomes such as performance and organizational commitment. The poor industrial relationship climate due to high level of management resistance to unions and the militant attitude of union leaders over bargaining issues are contributing to the lower level of job satisfaction (Kleiner, 2002). Employee performance which is defined as the completion of duties, assigned tasks, and other formal aspects of the job (O’Reilly & Chapman, 1986), is a major concerned of management even in unionized work environment. Given that employees productivity is negatively affected by higher unionization (Doucouliagos & Laroche, 2003), high unionization creates a hostile industrial relation climate in organizations (Jinadasa & Opatha, 1999), and hinder the implementation of higher performance working practices (Liu, Guthrie, Flood, & MaCcurtain, 2009), it can be asserted that unionization affects employee performance negatively. Goeddeke & Kammeryer-Mucller, (2010) claimed that union commitment increases the level of employee participation in union activities and putting in extra effort in union related activities, the high unionization may reduce the performance of employees. (Johari., 2006).

OCB of employees is found to be negatively affected by the unionization of employees. Edsnape & Redman, (2006) found that unilateral commitment to unions increases the union citizenship behavior of employee and decreases organizational citizenship behavior, in turn resulting in less productivity in their work. Overall, all of the job related outcomes of the employees seem to be negatively affected by the higher level of unionization. McElory, Morrow, and Crum, (1997) pointed out that different expectation creates a gap between management and employees. While unions look for the welfare of its members, organizations mainly focus on productivity and performance of their employees. If it sets odds each other, unionized employee might alter their job related outcomes. On the other hand, politicization of union seems to increase the multiplicity of unions in organizations creating a hostile industrial relation climate between unions (Sharma & Sharma, 2014). This may reduce the harmony between employees required for higher level of employees’ outcomes in organizations. Furthering this is the fact that if employees perceive that management is opposing the union activities, it creates a poor industrial relation climate creating a negative impact on employee productive behavior (Pyman, Holland, Teicher, & Cooper, 2010). This poor industrial climate can be argued to have a negative impact of employees outcomes concerned in this study. If employees perceive that unions are providing more support than the organization for resolving their problems, they are more attached to the union increasing their union commitment and loyalty (Argee & Chay, 2001). This may reduce in turn their commitment and loyalty to the organization resulting in decreasing some of the behaviors required for employees’ outcomes such as organizational commitment and OCB.

3. Methodology

The present study is mainly aimed at exploring the effect of employee unionization on the employee outcomes in unionized work environment in Sri Lanka. It involved developing certain testable hypotheses based on existing theory following the inductive reasoning. Therefore, the present study uses survey research as its research design since it is more appropriate for the purpose of the study.

3.1. Hypotheses of the Study

Based on the extended literature review of the study, the following hypotheses were formulated.

H1: There is a negative relationship of employee unionization with the job satisfaction of employees.
H2: There is a negative relationship of employee unionization with the organizational commitment of employees.
H3: There is a negative relationship of employee unionization with the performance of employees.
H4: There is a negative relationship of employee unionization with the organizational citizenship behaviour of employees.
H5: The negative relationship between employee unionization and employees’ outcomes is greater in the public sector than in the private sector.
3.2 Population
Population of this proposed study was consisted of the union member employees of the public and private sector organizations in Sri Lanka. However, the employees of commercial organizations of the public sector were considered as study population given the fact that all of the variables of this study were highly relevant for commercial type organizations.

3.3. The Sample
The sample of this study is consisted of 100 public and private sector employees. Individuals for the sample were selected using proportionate stratified random sampling method. Questionnaires were distributed among the respondents personally with the assistance of research assistants. 55% of the respondents was from the public sector while the rest (45%) represents the private sector employees. Majority (72%) of them are male while the percentage of female counts to 28%. All of the respondents were of the shop floor workers and member of at least one union in their respective industry. Two questionnaires were found to be incomplete and they were excluded from the analysis.

3.4. Measurements
Union commitment was assessed with the 11 items union commitment measurement of Corlon and Gallagher, (1987) while Job satisfaction is adapted from the Minnesota Satisfaction Questionnaire (MSQ) short form taken from William and Anderson, (1990). To measure commitment, 12 items organizational commitment measurement of O’Reilly and Chapman, (1986) was adapted. Employee performance measure was adapted from 20 items self-rating instrument of Welbourne, Johnson, and Erez, (1998). It assesses employee performance based on five roles namely the job, career, innovator, team and organization. Organizational Citizenship Behaviors was assessed with 24-items OCB scale developed by Podsakoff, Mackenzie, and Bommer, (1996).

4. Results
As a first step, a descriptive analysis was done with the expectation of examining the nature of the distribution and properties of the data collected. The Table I depicts the results of the descriptive statistical analysis.

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
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<tbody>
<tr>
<td>Performance</td>
<td>98</td>
<td>1.32</td>
<td>4.2</td>
<td>3.15</td>
<td>.711</td>
</tr>
<tr>
<td>Organizational</td>
<td>98</td>
<td>1.24</td>
<td>4.3</td>
<td>2.00</td>
<td>.720</td>
</tr>
<tr>
<td>Commitment</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Union Commitment</td>
<td>98</td>
<td>1.21</td>
<td>3.4</td>
<td>3.21</td>
<td>.587</td>
</tr>
<tr>
<td>Union Politicization</td>
<td>98</td>
<td>1.23</td>
<td>4.5</td>
<td>4.04</td>
<td>.650</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>98</td>
<td>1.33</td>
<td>3.2</td>
<td>2.17</td>
<td>.569</td>
</tr>
<tr>
<td>Organizational</td>
<td>98</td>
<td>1.14</td>
<td>3.1</td>
<td>2.23</td>
<td>.612</td>
</tr>
<tr>
<td>Citizenship Behaviour</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Valid N (Case wise)</td>
<td>98</td>
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</tbody>
</table>

The Table I shows that the mean value and the standard deviation are within the range as per the requirement for the testing of hypotheses. Therefore, it guarantees a further analysis of the data for which a correlational analysis was done. Since this study was a preliminary study related to an extended study, a correlation analysis was done with the aim of identifying the possible relations between variables of the study so that it can determine whether a more comprehensive analysis is possible with the extensive study. The Table II shows the result of correlation analysis.
Table II. The result of the Correlational Analysis

<table>
<thead>
<tr>
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<th>4</th>
<th>5</th>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.Organizational Commitment</td>
<td>.620**</td>
<td>1.00</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>3. Union Commitment</td>
<td>-.325*</td>
<td>-.890*</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Union Politicization</td>
<td>-.328**</td>
<td>-.687**</td>
<td>.642**</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Job Satisfaction</td>
<td>.871**</td>
<td>-.730**</td>
<td>-.716**</td>
<td>-.875**</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>6. OCB</td>
<td>.756**</td>
<td>-.780**</td>
<td>-.810**</td>
<td>-.757**</td>
<td>-.853**</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

In keeping with the fifth hypothesis of the study, a comparison between the correlations of variables was compared between the private and public sector respondents. The Table III contains the correlation values across the two sectors.

Table III: the Correlation of Variables across the Public and Private Sector

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1.Performance</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.Organizational Commitment</td>
<td>.42(33)**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Union Commitment</td>
<td>-.38 (-.31)*</td>
<td>-.76 (.61)*</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Union Politicization</td>
<td>-.31(-.30)**</td>
<td>-.56 (.45)**</td>
<td>.53 (.46)**</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Job Satisfaction</td>
<td>.71 (.52)**</td>
<td>-.63 (.47)**</td>
<td>-.61 (.42)**</td>
<td>-.75 (.52)**</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>6. OCB</td>
<td>.56 (49)**</td>
<td>-.70 (.56)**</td>
<td>-.67 (.59)**</td>
<td>-.57 (45)**</td>
<td>-.73 (.59)**</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

() Correlation coefficient of the private sector

According to the Table III, it is clear that the values of correlation coefficients are greater in the public sector than in the private sector. It leads to the claim that the unionization of employees has a higher negative association with employees’ outcomes in the public sector than in the private sector in Sri Lanka.

4. Findings

The two dimensions of employee unionization, namely union commitment and union politicization were correlated with employees’ outcomes differently. Union commitment was associated negatively with performance (r = -.33, p<.05), organizational commitment (r = -.89, p<.01), job satisfaction (r = -.72, p<.01), and OCB (r = -.81, p<.01). Union politicization too related negatively with performance (r = -.33, p<.05), job satisfaction (r = -.88, p<.01), organizational commitment (r = -.68, p<.01) and OCB (r = -.76, p<.01). It was revealed that union politicization was highly and negatively correlated with employees outcomes (r = -.71, p<.01) than union commitment (r= -.61, p<.01). Overall, it was found that employee unionization is correlated with employees’ outcomes. It was correlated negatively and significantly with job satisfaction (r = -.66, p<.01), organizational commitment (r = -.61, p<.01) and organizational citizenship behaviour of employees (r = -.61, p<.05). However, the correlation between unionization and performance of employees was negative but to a moderate degree (r = -.36, p<.05). On the other hand, out of two dimensions of unionization, union politicization was found to be highly negatively related to the employees’ outcomes than union commitment dimension. In a further study with a large sample, it will be possible to assess the negative effect of employee unionization on employee outcome more accurately.

The comparison of the correlational values between the private and public sector reveals that the negative association of employee unionization with employees’ outcomes are greater in the public sector than in the private sector (Table III). The association of union commitment with employees performance, organizational commitment, job satisfaction and OCB respectively, in the public sector (r = -.38, -.76, -.61, -.67, p<.01) are higher than those for private sector (r = -.31, -.61, -.42, -.59 p<.01). The same scenario can be observable with respect to the union politicization and employee outcomes. The negative relationship of union politicization and employees’ outcomes in the public sector is higher than that of private sector.
The correlation values between union politicization and performance, organizational commitment, job satisfaction and OCB recorded a higher values ($r = -.31, -.56, -.75, -.57$ $p<.01$) in the public sector which is comparative low in the private sector ($r = -.30, -.45, -.42, -.45$, $p<.01$).

7. Discussion

It was revealed that employee unionization has a negative association with the employees’ outcomes in Sri Lankan context. First, employees’ performance was negatively affected by higher unionization of employees. This is in congruence with some of the claimed made by early studies such as the negative effect of unionization on employee productivity (Doucouliagos & Laroche, 2003), creating a hostile industrial relation climate in the organization (Gunawardane & Biyanwilla, 2008), and regular participation in union activities. All these factors may produce a negative impact on employees’ performance as found in this study. On the other hand, organizational commitment too is negatively affected by unionization. Similar finding has been reported in other studies too (Hammer & Avgar, 2005).

This can be attributed to the concept of dual commitment where employees are committed towards both the union and organization simultaneously (McElory, Morrow, & Crum, 1997). However, it is posited that employees may be more committed to union when the industrial relation climate is not conducive. Therefore, a negative effect of unionization on employee commitment is acceptable finding in Sri Lankan context where there is a higher degree of unionization. Job satisfaction and OCB have no exception. It was found that both of them are negatively affected by unionization to different degree. Given that union members report less job satisfaction (Artz, 2010), and they find higher union instrumentality (Fiorito, 1989), it can infer that union member employees get less job satisfaction in unionized work context. On the other hand, citizenship behavior of employees get two form namely union citizenship behavior (UCB) and organizational citizenship behavior (OCB) (Argee & Chay, 2001), higher unionization will induce high level of UCB than OCB. This may result in negative effect of unionization on OCB in unionized work context. It is worth noting the difference of the negative impact of employee unionization on employee’s outcomes between the private and public sector. It was found that the negative effect of employee unionization is greater in the public sector than in the private sector. It has been reported that generally public sector employees record less employees outcomes than private sector employees (Markovits, Davis, Fay, & Dick, 2010). Number of factors can be attributable for these differences.

The type of organizational differences as claimed by Baldwin, (1987) may create a particular culture in each sector so that it may moderate the relationship between unionization and employees’ outcomes. This is further envisaged by the fact that the type of relationship between employees and management moderates the employees outcomes in organizational context (Golden & Veiga, 2008). Another reason for this difference would be the leadership prevailing in the two sectors. Given the fact that private sector has more transformational leader while in the private sector has more transactional leaders (Graen & Uhl-Bien, 1995), employees may attach to the organization than to the union in the private sector resulting in reduction of the negative effect of employee unionization. Adding to this is the value system of the employees in two sectors. Lyons, Duxbury, and Higgins, (2006) calimed that private setor employees have more productive work values than private sector employees. This too adds the credential to the higher negative effect of unionization on employees’ outcomes in the public sector than in the private sector.

8. Conclusions

The aim of this study is to identify the possible effect of employee unionization on the employee’s outcomes, namely job satisfaction, commitment, performance and organizational citizenship behaviour. It was found that employee unionization is negatively related to the job satisfaction, organizational commitment and OCB, and performance of employees. This is in congruence with the claim of Goeddeke and Kammeryer-Mueller, (2010). On the other hand, it was revealed that the negative effect on unionization on employees’ outcomes is higher in the public sector than in the private sector. The findings of the study bear significant theoretical and practical implications. This study studied the association of employee unionization with four employees’ outcomes taking them together providing more broader explanation on the possible impact of unionization. This will fill the void in union literature in Sri Lankan context where unionization effect on employees’ outcomes has been studies in disjointed manner. On practical ground, the understanding of the negative effect on employee unionization on employees’ outcomes assists the managers particularly the human resource managers in managing their employees.
They should reduce the employees’ dependence on union in meeting their job related requirements for which union substitute practices should be introduced by the managers in their organization. However, the finding of this study are bounded with few limitations. First, the study was carried out as a first step of a broader study based on a small sample. Therefore, the finding may not be generalizable for the whole sector until the broader study with large sample is done. Second, this study examined only the relationship of employee union of outcomes. Thought it found a negative relationship of unionization on employee and outcomes, it cannot be identified as a negative impact per say. Lastly, the personal and career differences of the respondents were not considered in this study. Therefore, findings might vary across different categories of employees and a further study with a large sample and more rigorous analysis was recommended.

9. References


