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## **Impact of trade union on Work place performance in organization: Comparison between having trade union on not**

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### **Abstract**

#### **PURPOSE**

The purpose of present study empirically investigates the relationship between unionization & non unionization and work place performance and also about the organization's financial performance in Vehari district and Multan region. This paper describes a theoretical model for union bargaining is associated with poorer workplace performance but the effect disappears in unionization.

#### **DESIGN/ METHODOLOGY**

SPSS 20.0 Version was used in the analysis of collected data. Multiple regression was used to take a look at the study hypotheses. With few time, we will concern the finding that the union effect does not rise with union density.

#### **FINDINGS**

Trade union has positive relationship with employee workplace performance and employment relations surveyed from (PIA, and textile industry at Multan). The study indicated that union effects on workplace financial performance vary with the institutional arrangements employment relation. We also explored the heterogeneity of unions in two organizations. Because, it is being influenced by the emotions. Emotions can be raised by using different techniques.

### **Limitations:**

The limitations related with research are acknowledged. There should be further study on this topic to understand the relationship between these factors and their effect on each other. This research was on small scale. Due to limited time small size of sample was taken.

### **Practical implications:**

This study will be helpful for the organizations because through this they can do their analysis for having the trade union or not. They can make better decision about making a trade union for employees that will support and secure the rights of employees but also motivate them for work.

### **Originality value:**

Originality value of this study is the specific area from where the data has been collected for research purpose. The Vehari district and Multan region at the moment are still in the experimental stage in unionization of work place performance.

### **Key words:**

High performance work system, Quality, Organizational performance.

### **Introduction:**

The performance of employees on workplace has been one of the most debated topics of recent years. In an increasingly competitive environment enhancing the productivity of employees that has been repeatedly emphasized by government, (HM Treasury, 2003; CBI/TUC, 2001). On the other side the management of the company plan, introduce and implement such kind of framework for HR department through which employees can work more effectively and this will also increase the company's performance.

The strong trade unions have the ability to influence the HR policies of a company in this way the certain rights of employees are protected. It is a fact that a problem always exists between management and employees that could be about wages, working hours, incentives, bonuses and pension etc... For solving these issues employee/trade union was introduced.

In the 1980s &1990s, the workplace activities of trade unions attracted much attention, in the light concerns about the performance effects of the monopoly face of unionism. However, as

unions have decreased both in prevalence and in power attentions has increasingly turned to the management practices (Addison teal, 2005).

So that's why, now a day's many trade unions are in existence which are doing work for the security and protection of the employees certain rights. So we can also say that, labor union has extreme effect on the relationship between employees and company management. Some of the analyst says that this kind of union has positive effect on working and company performance while on the other side some of them said that it has negative effect (forth and Mill ward, 2002a,2004).

It is an obvious fact that employees always make demand for better facilities and incentives but it is not possible for the owner of the organization to provide them all these facilities which is demanded by them. So for increasing their power and putting pressure on employer labor union is very helpful. But this doesn't mean that its purpose is just to increase power. Labor union is also very helpful in increasing the efficiency of the employees. By increasing the efficiency, productivity and company's performance also increased.

In this paper we have to check the effect of employee's union on working place, employee's performance and company's performance. For this we must know the answer of question: what does the labor union do at working place? So in this paper we shall discuss the impact of union on working place, employees and company performance. Within the organization the union has both positive and negative effect on managerial practices. In some exceptional cases unions may hinder the productivity or efficiency. We can say that union play double face in an organization because on one side it can increase the efficiency on the other hand it can also decrease it.

So the relationship between performance increment and union is complex. It is a fact that unions can increase productivity by forcing those employees who are not more efficient. So in this we can also recognize the competent and hardworking employees and on the other side we can compensate them on the basis of their abilities.

Unions have the strong position in the labor market; therefore, it can influence the entry and exit of the labor in the labor market. It provides the free entry and exit in the market. It helps

the competent employees in finding better job opportunities. Unions play very important part in increasing the productivity of the employees and firms.

Due to the strong position of the union, union has also very important role in recruitment and selection process of the company. So that's why we can say that it is as important as like management. Union has the capability to influence the attitude of the employees. So it is very helpful to motivate the employees toward the work. If the workers will have motivated they will work with efficiency and cause the increase of the productivity and firm's profit.

The main and basic purpose of the union is to protect the rights of the labor and increase their wellbeing. Another factor of the union is to increase the competition among the employees. For this purpose, they ask the management to raise job vacancy within the organization. Means that the internal recruitment. Due to the competition the employees will work more efficiently and will be the cause of higher productivity and profit.

Kaufman and Kaufman (1987) have studied that in the auto parts industry, union plants internal job twice at their nonunion counterparts.

The main and basic purpose of this paper is to study about the influence of unionism on the efficiency of employees, working place and on company's financial performance. We will try to make comparison of unionized and non-unionized firms and then we will come to the conclusion on this topic.

### Literature review:

Every person has the different thinking and perceiving power about anything. So about this topic different analysts have different point of view.

(Freeman RB, What do unions do?, 1985) Investigated that there are two different point of views about this topic. According to the study of one school of thoughts, the unions have only formed to protect the rights of the employees like as wages, working hours and incentives etc... at the expense of working with efficiently. (AA, 2010) On the other hand, the other says that union has the power to influence the performance of the organization which is beneficial for

the unionized firm as compare to non-unionized firms. According to some analyst's union has negative impact on the firms, due to strikes of the labor union for some demand. And sometimes employee's losses their jobs due these demand so it's a negative impact of union on employees on the other hand this will also be costly at the end of the company due to the recruiting process.

(Laroche P, 2011) While the other consider its part positive in the unionized organization because it motivates the employees for working efficiently through that the production and financial performance will increased.

Some analysts consider it to be very effective and beneficial for the company in terms of economically and politically.

(soylu & singh, 2017) Investigated that the firms which are unionized have higher rate of productivity than the non-unionized firms. Unions have the strong position that's why it can influence the labor and labor market. It can motivate the employees for working with efficiency. The positive impact of the unions is not only for the increment of the productivity of the organization but also the whole industry is influenced by the unions. The higher productivity leads to higher rate of profit that leads to the stable economic condition. Unions have also some negative points because nothing could be perfect. However, when we see the overall effects of it we can say that it is very effective for the organizations due to the positive points of increasing efficiency and productivity.

(RB & JL, 1985) Studied that employee productivity is positively influenced by the unions. In many sectors unionized establishment is more effective than the non-unionized firms. This establishment is very helpful in increasing the productivity. Higher rate of productivity is due to lower turnover and cooperative relations at plant level. Under the establishment of the unionism there is low rate of return because higher wage rate will decrease the profitability. However higher productivity and profit is more concentrated by the union.

(Y, Z, & Y, 2010) Investigated that unions have positive and statistically proved significant impact on the productivity but not on the profit. They also found through their study that

although unions do not directly make any contribution to the wages of the labor but it is very helpful in protecting the rights and incentives of the labor. They provide them guideline about the way through which they can avail the opportunities and make better employment contracts.

(M, 2010) Studied and analyze after the comparison of the labor union and firm's performance in productivity and profitability by using large amount of data collected from the manufacturing and non-manufacturing sectors. The existence of the labor union has the positive impact on the firms which is economically and statistically approved. Its effect on wages and other incentives is also very positive. If there is good controlling and planning the productivity will be higher. Productivity also influenced by the efficient working skills, motivation and leadership.

Leadership is also an important factor because the motivation is provided by the leadership and the motivation leads to higher productivity and profit ratio. Every organization wants to meet its goals and higher ratio of productivity it is also dependent on good management, planning and leadership. Management also want to retain the existing experienced employees, this objective could be achieved by good communication and the information can flow out through the union. Sometimes lack of communication can cause a very loss to the organization in shape of losing its experienced employees and it will also result in shape of occurring cost on the recruiting process.

(Friedman, 1950) Investigated that that workers would reject substantially above-market wages, knowing full well that such wages could adversely affect job security. Unions, after taking these considerations into account, would tend to moderate wage demands. Moreover, firms may respond to a unionization threat by conceding higher wages and better working conditions.

Accounting for these forces suggests a reduction in the gap in compensation and working conditions between union and nonunion workforces, at least in situations where there is a threat of unionization.

(J, 2009) Investigated that most of the efficient working unions have the characteristics of higher productivity. The functionality of improved workplace communication and trained work force also exist in it. He further studied that higher rate of productivity effects the economic growth and development positively. According to conditions: the employee's relations are good with management in industries and the working of employees in unions is together which is very favorable for the higher productivity and this favorable condition will not be available in case of non-unionized organizations. And the important aspect is that there is a need of proper and regular communication and meetings between staff and management. It's an opportunity to appreciate the staff on better working and also management can overcome the problems that occur in the working due to any reason/problem. This will be healthful for the company and its economic conditions.

### **Problem Statement**

Our problem statement is that impact of trade union on workplace performance in organization: comparison between having trade union or not. Trade union has been found to play an important role in organizational productivity through on individual employees.

### **RESEARCH OBJECTIVE**

The objective of this study is to examine the various activities in the trade union. To make the comparison between unionized and non-unionized firms and what's the effect of it's on those firms. We will also check its effect on workplace performance, working efficiency and overall company's performance.

### **RESEARCH SIGNIFICANCE**

This study will help the different organization to examine that is the trade union is beneficial for their organization or not. This study will give guideline to the owners to make

policies about workplace performance of employees. They will able to improve their quality services, incentive and promotions to their employees

### **Hypothesis**

H<sub>1</sub>: Trade union militancy is positively associated with the adoption of HPWS (High performance work system).

H<sub>0</sub>: Trade union militancy is negatively associated with the adoption of HPWS. (High performance work system).

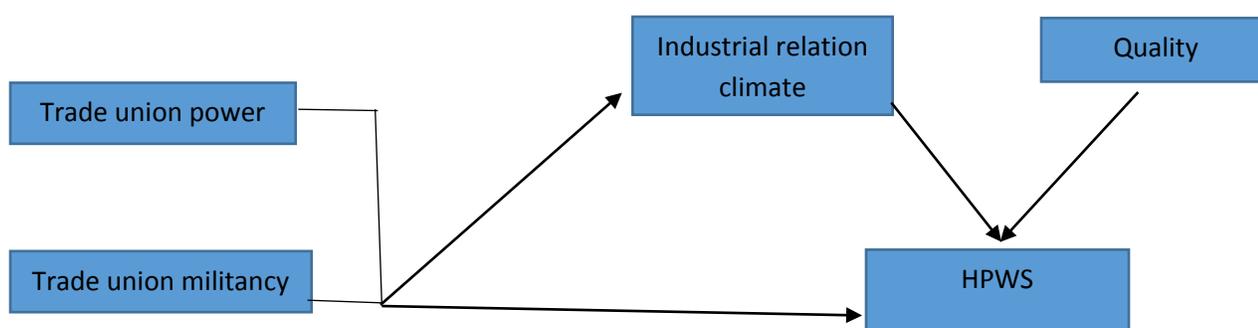
H<sub>2</sub>: Trade union power is positively associated with industrial relation climate.

H<sub>0</sub>: Trade union power is negatively associated with industrial relation climate.

H<sub>3</sub>: Industrial relations climate fully mediates the effect of trade union power and union militancy on the adaptation of HPWS.

H<sub>0</sub>: Industrial relations climate fully mediates the negatively effect on trade union power and union militancy on the adaptation of HPWS.

### **Conceptual frame work:**



## **Research Method:**

### **Population, sample and data collection:**

The study population was employees of organization. The needed data was collected from them. The employees from different organization were taken as target population. The reason for selecting this population is that the employees have better information experience about trade union and they also know the effect of trade union in their working efficiency and on company performance. A sample of 300 employees from different organization was taken for analysis and 275 questioners with response rate 76% were return back. .

### **Instruments and measurements:**

There are numbers of instruments that is being used for measuring the impact of trade union on work place performance in organization: comparison between having trade union or not. For this purpose, we adapted the questioner of Alex BRYSON, John FORTH. The demographic segmentation was included in the questioner.

### **Data Analysis:**

The research was directed in order to measure the impact of trade union on work place performance in organization: comparison between having trade union or not. The version of SPSS 20.0 was used for its analysis.

**V. FINDING AND DISCUSSION**

Respondent Profile 1) Gender Based on 300 sample employees of PIA, Ibrahim Fiber Industry, and UAF sub campus burewala, the percentage of male and female respondents are 59 percent and 41 percent respectively, which shows that the male dominance of trade union.

**Descriptive analysis of demographic**

TABLE I: GENDER

Gender	frequency	percentage
Male		59
Female		49
Total	300	100

TABLE II: AGE

Age	Frequency	%
17 -20		61
21- 24		31
>24		08
Total	100	

**Trade union in work place**

The study revealed that most of respondent have one to three years' experience in trade union some have not. This condition is understandable because in Multan region is a new marketing media compared to conventional marketing.

TABLE III: Work place performance

Length	Frequency	%
< 1 year		44
1 – 2		38
3 - 4		13
>4		5
Total	300	100

In the whole sample, 61 percent are at the range of 17 to 20 years old, 31 percent are at the range of 21 to 24 years old, and 8 percent are more than 24 years old.

**Pearson's correlation of performance**

	Average of No Trade Union	Average of Objective of Trade Union	Average of Work Performance
Average of No Trade Union	1	.414**	.312**
Pearson Correlation			
Sig. (2-tailed)		.000	.000
N	150	150	150
Average of Objective of Trade Union	.414**	1	.385**
Pearson Correlation			
Sig. (2-tailed)	.000		.000
N	150	150	150
Average of Work Performance	.312**	.385**	1
Pearson Correlation			
Sig. (2-tailed)	.000	.000	
N	150	150	150

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

**4) Validity and Reliability**

Validity of the scale in this study, the validity of the construct was measured by checking the square root of the average variance for each construct. Table I, showed that the value of all constructs are above 0.374, those value indicated that the constructs are valid as suggested by Sugiono.

Average number of trade union is 1 about the person correlation and two tail test is used and the number of N is 150. Average of objective in trade union .414 according to two tail test and their performance also test by Pearson correlation of union and work performance.

**Beta coefficient**

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.945	.232		4.077	.000
	Average of Objective of Trade Union	.374	.087	.344	4.306	.000
	Average of Work Performance	.199	.089	.180	2.246	.026

a. Dependent Variable: Average of No Trade Union.

This test will be standardized because alpha will not stop and beta will cover error and test will be reliable.



**Regression table**

**Model Summary <sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. Change	
1	.446 <sup>a</sup>	.699	.889	.786	.199	18.210	2	147	.000	1.926

a. Predictors: (Constant), Average of Work Performance, Average of Objective of Trade Union.

b. Dependent Variable: Average of No Trade Union.

The square root of value and all test will be reliable and our research will be good and survey of study also belongs to overall results.

**ANOVA**

**ANOVA<sup>c</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22.504	2	11.252	18.210	.000 <sup>b</sup>
	Residual	90.830	147	.618		
	Total	113.333	149			

a. Dependent Variable: Average of No Trade Union.

Trade union of mean square will be .618 and sum of square will be 113.33.

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b. Predictors: (Constant), Average of Work Performance, Average of Objective of Trade Union.

### **Reliability**

Cronbach coefficient alpha is the most common accepted formula for assessing the reliability of measurement scale with multi point item [54]. The reliability of the construct is considered acceptable, as Cronbach's alpha and composite reliability coefficients offer values which, in all cases are appreciably higher than the recommended value of 0.7-0.9. The reliability of each construct is: Average quality 0.743, trade union 0.700 and work performance 0.825. Therefore, all constructs are valid.

### **Cronbach Alpha**

TABLE V: RELIABILITY OF CONSTRUCT

Description	Cronbach Alpha Value
Average Quality	0.743
Trade Union	0.700
Work performance	0.825

The Correlation of Average quality, trade union and work performance will be reliable. A multiple regression analysis was performed to examine the relationship among trade union and work performance.

#### **1 The Multiple regression of trade union and work quality**

The study results show that work quality has positive and strong relationship with trust ( $\beta = 0.667$ ).

#### **2 The Multiple regression of trade union and performance**

The study also reveals that employee's performance influence in trade union significantly ( $\beta = 0.187$ ).

#### **3 The Multiple regression of quality and performance**

The influence of work performance on quality work receives support ( $\beta = 0.365$ ).

### **Discussion and Conclusion:**

The results of different formulas which are being applied on the collected data show positive impact of trade union on workplace performance and also elaborate that it will be beneficial for the company to have the trade union because this will have positive impact on the employee's performance. The values of average quality, trade union and workplace performance in Cronbach Alpha analysis are in the line of reliability which shows that trade union positively influence the workplace performance as a result of this average quality of work increased that is beneficial and profitable for the organization.

The values of multiple regressions of trade union and work quality, trade union and performance and multiple regressions of work quality and performance are also reliable and significant. These values show that these variables are being positively influenced by each other. Not only influenced but also support each other for positively working.

After getting the findings and doing discussion we can conclude that trade union has positive impact on workplace performance because it helps the employees to enhance their working skills and capabilities which is beneficial for the organization because improved and increased working of the employees will also increase the production of the company through this the profit ratio will also increase. Somehow the trade union also has some disadvantages but those are minor in front of advantages. So the organizations should have trade union because this will be helpful for them to increase employee performance and also their profit ratio.

The comparison proves that the organizations that have trade union are more better and getting benefits from the organizations that have no trade union concept.

### **Practical implications:**

This study will be helpful for the organizations because through this they can do their analysis for having the trade union or not. They can make better decision about making a trade union for employees that will support and secure the rights of employees but also motivate them for work.

### **Limitations and future study:**

The limitations related with research are acknowledged. There should be further study on this topic to understand the relationship between these factors and their effect on each other. This research was on small scale. The sample size was small and the area from which we have collected data for this purpose was also small. As this research is based on the collected data

from some specific areas so the results will be different when it is conducted in some other different areas.

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