

What exactly is the relationship between HRM practice and union presence/absence? Evidence from Australian and Canadian firms

John Shields and Rick Long

School of Business, The University of Sydney and University of Saskatchewan, Canada

ABSTRACT

Many local and international commentators argue that the continued decline in union density in developed countries is attributable partly – or even largely – to the ascendancy of HRM discourse and practice in western work organisations since the mid-1980s. Yet, even amongst the critics, there is considerable disagreement as to which practices are primarily to blame. For instance, whereas Sisson, Heery, and Kelly, and (closer to home) Deery and Walsh contend that the ‘individualised employment arrangements’ characteristic of ‘hard’ HRM, particularly individual performance appraisal and individual performance pay, are primarily to blame, other writers, such as Willmott, Kessler and Purcell, suggest that the greater threat to union presence lies in the more subtle practices associated with ‘soft’ HRM, including those characteristic of high commitment/involvement/performance management. Complicating matters still further, writers like Guest and Conway, Bacon and Storey, and Lawler, contend that high involvement HRM practices are not necessarily incompatible with a union presence at all, and that ‘co-partnership’ may represent a superior alternative to non-HRM, non-union ‘bleak houses’. Indeed, Guest and Hoque’s research on greenfield sites in Britain indicates that a union presence is actually associated with a high utilisation of HRM.

What seems to be required here, however, is a little less ideological heat and a little more empirical light. With this in mind, this paper endeavours to address two major shortcomings in the existing literature. Firstly, it seeks to move beyond the assumption of causal unidirectionality by modeling unionisation as both consequence and a cause of HRM practice. Secondly, it seeks to overcome the single-country focus evident in most extant studies by drawing on and comparing quantitative data from firms in two developed, mid-sized countries, namely Australia and Canada.

Using survey data from 349 Canadian and Australian firms, the paper examines, firstly, the bivariate associations between union density and a range of performance and reward management practices applied to non-managerial employees in each country. Using stepwise regression analysis, with controls for industry and firm size, the paper then explores the relative importance of unionisation as a predictor of various HRM practices in each country. Thirdly, using the same technique, the paper models various HRM practices as predictors of union density.

Overall, the findings lend strong support to Deery and Walsh’s contention that individual performance-pay practices are antithetical to union presence. The results also indicate that less highly unionised firms are, indeed, more likely to use a wider range of performance and reward practices. In both countries, total number of individual performance pay plans and total number of HRM practices are found to be strong negative predictors of workforce unionisation. At the same time, the findings indicate significant inter-country divergence in the association between union presence and HRM practice. The results also suggest that some HRM practices, including some group incentives, are more union-friendly than others.

