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Direct Involvement, Representation and Employee Voice in UK Multinationals in Europe

ABSTRACT ▪ Direct involvement methods are often seen as heralding a new industrial relations in which employee voice is weaker than in systems based on unions or works councils. We test this argument through an empirical study across the European operations of 25 multinationals with headquarters in the UK and find that this is true only when direct voice is used in isolation. Such systems are not uncommon, but more often direct voice coexists with union and other representative channels. It is the variability in the relationship between three channels (direct, representative committee and union) that is significant. This confirms that institutions matter, but we conclude that the subject of industrial relations needs to focus more on the interplay between different voice mechanisms.

Introduction

Direct communication and information-sharing in strategic issues are hallmarks of the 'transformed' industrial relations proclaimed by Kochan et al. (1986). In the USA such innovations in personnel management have long been seen as a potential substitute for a union-based system (Foulkes, 1980). In a similar vein, in the UK direct communication is part of the vision of the end of institutions that Purcell (1995) portrayed in the early 1990s. In such scenarios, management, rather than the state or unions, are pivotal actors in the creation of industrial relations systems. Moreover, management has used this enhanced power to develop a new style of human resource management — high-commitment management — in which direct communication has a central role.

For some, this requires a fundamental reorientation of the subject of industrial relations so that non-union methods come to the fore (Kaufman, 2001). At the other extreme is a defensive reaction, which stresses the continued importance of collective bargaining and the state in moulding industrial relations. Behind both are probably normative

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judgements about the value and effects of unionism; certainly underlying the defensive reaction is a belief in the value of independent worker representation and fear that employee voice is reduced or even becomes a sham under direct regimes.

However, it is increasingly clear that direct communication is not necessarily at the expense of unions or other forms of collective voice. Indeed, the core of the mutual gains model (Kochan and Osterman, 1994) is that unions can exist alongside other institutions; through these, and their own enhanced involvement in production and strategic decisions, employee voice will increase. Even without a significant extension in the union role, employees will gain through having a direct voice in the areas traditionally outside the union's remit.

The most detailed information from within Europe comes from Britain. Analysis of the Workplace Employee Relations Survey series confirms that direct communication, and other elements of high-commitment management, are not more common in non-unionized workplaces (Machin and Wood, 2005; de Menezes and Wood, 2005). By 1998, as many as 78 per cent of unionized British workplaces had multiple channels (Bryson et al., 2004: 138). However, there has been a parallel decline in collective voice and thus an increase in workplaces with no voice arrangements — though this trend has been partially counteracted by EU regulation, notably the European Works Council Directive and the Framework Directive on Information and Consultation.

These developments highlight the need for greater attention to the variability in four relations. The first is that between the three channels of employee voice at the workplace: unions, works councils and other representative committees, and direct methods. Second is the variability in overall level of voice in workplaces, which is likely to reflect the differing combinations of voice mechanisms. Third is the relationship between unionization and the human resource methods, including high-commitment management. Fourth is the variation in managerial autonomy across different national institutional settings. In a separate article we deal with the fourth relationship, the extent to which management's autonomy from both the state and representative influences affects the different ways in which direct and representative methods are combined in workplaces. In the present article we report on a study that examines the use of multiple channels and assesses the extent of both voice and high-commitment management attached to different configurations. We open with an outline of the conceptual background to the study and the hypotheses that we are testing. We then describe the data set, the measures and analysis procedure, before presenting the results and conclusions.

Theoretical Background

The Nature of Enterprise Employee Voice Systems

The starting point of our study is the conception of employee voice as a continuum from information-sharing to joint decision-making (co-determination or collective bargaining) with consultation lying between them. The standard conception of industrial relations systems is that there is a correspondence between particular channels and each stage of voice. Thus, direct methods are associated with information sharing, works councils with consultation and union channels with bargaining. We will thus first test this initial assumption, which may be summarized in the following hypotheses:

> Hypothesis 1a: The use of the direct channel of voice will be predominately for information sharing.
>
> Hypothesis 1b: The use of representative committees will be predominately for consultation.
>
> Hypothesis 1c: The use of the trade union channel will be predominately for negotiation.

If the above hypotheses hold, the level of voice for each channel will be independent of that for other channels. In conventional industrial relations, this assumption is combined with the assumption that one channel dominates, so that all issues, at least in which employees have a voice, are dealt with in the same way. For example, in the Anglo-Saxon econometric literature enterprises or workplaces are widely treated as either union or non-union. In similar vein, national systems have been characterized by whether or not they are predominantly union-based; in consequence, as the salience of unionism has declined, there has been uncertainty as to the nature of such systems (e.g. Kochan et al., 1986; Millward, 1994). Where multiple-channel use has been acknowledged, most predominantly in the portrayal of Germany as having a dual system, the emphasis has been on the divide between bargaining at industry (extra-enterprise) level and consultation at enterprise level, rather than on multiple channels within the enterprise.

Nonetheless, there is increasing recognition that multiple channels may be the norm, at least within Europe. National systems might then be better characterized by the propensity of organizations to use multiple methods, and more specifically by the dominant combinations of channels. Alternatively, the variety of principles underlying organizational practice could be so large that no one type predominates. If this is not the case, multiple-channel systems can be of two types. In the first, the same issue is handled through more than one channel: either different dimensions of an issue are dealt with through different

channels, or one channel is used for disclosing information about an issue while another is used for consultation or bargaining over it. In the second type of system, the channel used varies with the issue: an organization might bargain over wages or the terms of redundancies, consult over working practices and simply share information on strategic questions. If management has become increasingly the main architect of enterprise industrial relations, we might expect this second alternative to come to the fore.

The Level of Voice

If our first set of hypotheses, which link channels to levels of voice, is supported, workplaces that only have direct channels will have a lower level of overall voice. Conversely, the union channel will produce higher levels of voice, the highest being the 'predictive bargaining' described by McCarthy and Ellis (1974: 102–6) 30 years ago, which extends to the organization's overall strategic planning. In practice, the picture may not be so straightforward.

First, each of the three channels can entail any of the three levels of involvement. In the UK, for example, information dissemination and consultation over business and employment matters can take place through union channels, while a union presence may not automatically result in collective bargaining (Brown et al., 1998; Commission on the Future of Worker–Management Relations, 1994). The possibility of bargaining through a works council has long been recognized in the literature on Germany and The Netherlands (Van Ruysseveldt and Visser, 1996: 255; Visser and Van Ruysseveldt 1996: 152). Less often acknowledged is the possibility that direct methods may entail bargaining or joint decision-making (see especially the Australian case in Morehead et al., 1997: 180–204). For example when Nissan (UK) experienced falling demand in 1993, it consulted its employees before deciding how to deal with the surplus labour problem (Wickens, 1995: 136–7).

Second, the union channel may be associated with a significant number of issues on which employees are not involved. For example, as collective bargaining is a cat-and-mouse game and information is a source of power, both parties will be reluctant to share information. Some union-based systems have been founded on a clear demarcation between matters open to negotiation and those subject to managerial prerogative, restricting union participation to operational rather than strategic matters, an effect that may have been reinforced in the past by unions' suspicion of involvement in strategic issues. We summarize this argument in the following hypothesis, which we will subsequently test:

> Hypothesis 2: The trade union voice channel will be used for significantly fewer issues than either representative committee or direct channels.

Third, even where either the direct method or the representative committee predominates, the presence of a union in the workplace or at industry level may encourage increased voice through these channels. This seems especially plausible where there are links between works councils (or other consultative bodies) and trade unions. Conversely, autonomy from union influence may reduce the number of issues over which management involves employees. Thus we test the following hypothesis:

> Hypothesis 3: Autonomy from union influence is associated with a lower number of issues over which management involves employees and lower level of voice regardless of channels.

Fourth, our arguments so far do not predict any particular combinations of channels to be associated with higher overall levels of involvement; but sole reliance on the direct channel might be expected to result in lower overall levels, since direct communication with employees rarely involves more than the provision of information. Although this seems likely if direct channels are associated mainly with information sharing, it is not inevitable, since they can be used for higher levels of voice and the union channel may be used for significantly fewer issues. We thus test the following hypothesis:

> Hypothesis 4: Sole reliance on direct channels will result in lower levels of overall employee involvement compared with the use of representative channels (alone or in combination with the direct channel).

Likewise, we would hypothesize that sole reliance on direct channels will result in a greater use of high-commitment practices, which in the Anglo-Saxon debate has been treated as a criterion in defining industrial relations transformation. High-commitment management is taken to include functional flexibility, teamworking, minimal status differences, systematic appraisals, contingent pay and employee involvement in suggesting productivity- or quality-enhancing innovations (Wood, 1996a; Wood and Albanese, 1995). The limited research thus far has focused on the relationship between unionism and high-commitment management, and has concentrated on the USA and the UK. The results in the UK have tended to show that the use of high-commitment management practices, like direct voice, are not related to unionism; while in the USA the evidence is mixed. For these reasons we do not expect direct voice to be universally related to high-commitment practices unless it is the only source of employee voice. We thus hypothesise:

> Hypothesis 5: A sole reliance on direct channels will be associated with higher use of high-commitment management practices.

We now test these hypotheses. We first introduce the data set, measures and analysis procedures used in the study.

The Study

To test these hypotheses we required data from a set of organizations where there was likely to be both considerable variation in the use of voice mechanisms and in which the full use of all three types of channels was not rare. We also wanted to be able to test for the effect of union influence independent of the level of union voice in the workplaces, which suggested a sample in which industry-wide bargaining was still important. Since the research was part of a wider project concerned with the effects of variability in management autonomy on employee voice and high-commitment practices, it had to be cross-national.

Our study examined the European operations of a sample of UK-headquartered multinationals. By focusing on companies based in a single country we could hold constant any home-country effect. Conducting such a study in Europe is particularly appropriate, since there are still major differences between EU states in the extent to which information and consultation practices between enterprises and their employees are legally mandated. The UK has little such legislation compared, for example, with France and Germany (two countries in which UK investment has been high).[1] We concentrated on UK-based multinationals because of ease of access and resource constraints. The data were acquired from member companies of the European Study Group, a not-for-profit association of companies (the majority in the *Financial Times* Top 100) formed to exchange ideas on developments connected to transnational employment legislation.

For data collection a senior management informant at company headquarters first completed a short questionnaire covering company structure and human resource strategy. Second, management was asked to send a larger questionnaire to the separate country operations within the EU for each of the main business streams, the details of which had been identified in the first questionnaire. Where the MNC was a conglomerate with highly diverse operations, we focused on one major stream of business. We encouraged companies to complete questionnaires even for countries with few employees; but if managers were reluctant to do so they were asked to focus on their UK, French and German operations. This second questionnaire concentrated on personnel practices, in particular employee voice mechanisms, as well as practices that are commonly associated with high-commitment management, in particular teamworking, appraisal systems, performance-related pay and the harmonization of terms and conditions.

The validity of the data could be verified in two ways. First, we conducted interviews at company headquarters following the completion of the first questionnaire. These focused on the typical ways of working in the firm, and we compared this information with the responses to the questionnaire sent to the country operations in stage two of the data collection. Second, we conducted interviews with a range of actors, including trade union and works council representatives, in matched pairs of British and continental European establishments in two of the firms. Neither comparison revealed any substantial differences between the information acquired in the questionnaires and that from the interviews. These exercises also confirmed that managers could readily distinguish between informing, consulting and negotiating with employees or their representatives.

In all, 25 companies participated in the study (a response rate of 56 per cent), with data collected for 111 operations in 15 countries. Of these, 33 were in the UK and another 53 in France, Germany, The Netherlands and Spain; these five countries account for 78 per cent of the total. Because of incomplete data, *N* is smaller in some of the tables which follow.

The Measures

The study focused on issues and channels of employee voice. It covered a range of 15 strategic and operational issues. These were: (1) the financial situation of the organization; (2) future development of the business; (3) changes to company structure; (4) major new investments mergers/acquisitions; (5) transfers of production; (6) cutbacks to or closures of establishments; (7) employment levels; (8) collective redundancies; (9) improving productivity/competitiveness; (10) individual dismissals; (11) pay; (12) employee benefits; (13) new working methods/production processes/technology; and (14) health and safety. The channels through which issues may be handled were, in the terminology of the questionnaire, via union, representative committee (e.g. works council) and direct communication (e.g. team-briefing, town hall meeting).

The level of employee voice was measured in terms of four categories: (1) 'not formally informed or consulted'; (2) 'informed'; (3) 'consulted'; and (4) 'negotiation/joint decision-making'. The mean level was calculated for the 15 issues and for each channel. First we calculated a channel-independent employee voice level for each issue, as the maximum across all three channels on each issue for each workplace. We then took the mean across all 15 issues.

We assessed management autonomy from unions by asking respondents to specify the extent to which a trade union was able to influence decisions. This was scored on a five-point scale from 'no influence' to 'very great influence'. The scale was reversed to give a measure of autonomy from unions.

High-commitment practices were calculated by asking respondents whether the following practices were used:

- Teamworking (measured by asking 'which of the following statements apply to the way that teamworking operates at this workplace?'): (1) there is no teamworking; (2) teamworking depends on team members working interdependently; (3) team members are able to appoint their own team leaders; (4) teams are self-managing.
- Quality circles ('do you have workplace "quality circles" or "continuous improvement teams", i.e. groups set up to discuss aspects of performance or solve specific problems?; if yes, what proportion of employees have been involved in these groups in the last 12 months?') (seven-point scale: 1 = none to 7 = all).
- Harmonized terms and conditions ('do you have harmonized terms and conditions of employment?'): (1) terms and conditions vary by employee group; (2) all non-managerial employees have the same terms and conditions; (3) managers and all employees have the same terms and conditions.
- Single status ('do you have a policy of "single status" [equal access to facilities and fringe benefits] for all employees?'): (1) no; (2) yes.
- Appraisal (proportion of non-managerial employees subject to a formal performance review process).
- Performance-related pay (proportion of non-managerial employees whose pay is partly determined by their performance).

To assess the relationship between high-commitment management variables we conducted a factor analysis of the practices. Table 1 shows the rotated factor-loading matrix. Factor 1 concerns the use of formal appraisal processes and performance-related pay for non-managerial employees. Factor 2 concerns the use of harmonized terms and conditions and single status. Factor 3 concerns the use of quality circles and the level of teamworking.

Analysis Procedures

We used a variety of methods depending on the hypothesis being tested. For hypothesis 1, we examined the number of issues covered at each level of involvement for each channel. We used ANOVA to compare the mean number of issues at each level across the different channels.

In order to investigate the nature of voice systems, we first used an exploratory factor analysis, then cluster analysis and finally correlation analysis. The factor analysis was used to examine the structure of the voice data, in particular to assess the extent to which the level of voice is linked to channels (a linkage that we earlier associated with the traditional industrial relations model) or to issues. If we can fit a three-factor model

TABLE 1. High-Commitment Management Variables: Rotated Factor Loadings

	Factor		
	1	2	3
Proportion of non-managerial employees covered by formal performance appraisal scheme.	**0.858**	0.107	0.136
Proportion of non-managerial employees whose pay is partly determined by their performance.	**0.852**		–0.144
Harmonized terms and conditions of employment?	–0.143	**0.850**	–0.134
Single status for all employees?	0.311	**0.756**	0.189
Level of teamworking (1 = none, 2 = work interdependently, 3 = involved in hiring team members, 4 = self managing).	0.132	–0.151	**0.776**
Proportion of workforce in quality circles or continuous improvement teams?	0.132	–0.151	**0.776**

Notes: Extraction method: principal component analysis. Rotation method: varimax with Kaiser normalization. Variance explained = 69%. N = 108.

in which each factor loads on one of the three channels, this would imply that enterprises have a separate approach to voice for each channel. That is, the level of voice is related across all issues for each particular channel. In contrast, the factors might reflect particular combinations of issues. For example, we might find that the level of voice for the more strategic issues, for example the future development of the business, tends to be related, but that the level differs from that for the more traditional operational issues such as pay and employee benefits; in which case a two-factor model would fit the data. Or even a single-factor model might emerge, which would imply that there is a tendency for the level of voice to vary proportionately across all issues and channels. Finally, it may be the case that no factor model fits the data or that the fitted model is not readily interpretable. In this case we would conclude that the employee-voice practices of UK multinationals are idiosyncratic.

We would expect any multiple use of channels would reflect whichever of channels or issues emerged from the factor analysis as the ordering principle (assuming one does). The cluster analysis was then used, on the basis of the dimensions that emerged in the factor analysis, to see if clear clusters of businesses could be identified using this ordering principle:

that is, whether clusters of businesses could be discerned that reflect a common approach to their use of employee voice and more specifically their use of channels or their mode of handling issues, depending on which was found to be dominant in the data from the factor analysis. Finally, correlation analysis was used to assess whether multiple channels were used in enterprises in combination or as substitutes, i.e. whether they reflect the use of different channels for different issues or whether they reflect the use of multiple channels in combination for each issue.

We tested hypothesis 2 by comparing the mean number of issues on which management involves the workforce via each of the three channels. We approached hypothesis 3 by assessing the correlation between autonomy from union influence and the number of issues that were handled through the three channels. For hypothesis 4 we examined whether the mean number of issues for each of the three levels of voice was lower for those enterprises that rely solely on direct methods. Finally, we assessed, again through ANOVA, the relationship between the three high-commitment management factors and cluster membership to test hypothesis 5 that their level will be higher in direct-only enterprises

Results

Testing Hypothesis 1: Certain Channels Are Associated with Particular Levels of Voice

In order to assess the stereotypes 'union equals negotiation', 'representative committee equals consultation' and 'direct communication equals information', we first examined the usage of each channel in the workplaces across the 15 issues that our survey addressed. Table 2 shows the average number of issues per enterprise on which management used each channel to inform, consult or negotiate with the workforce. The union channel was used for information-sharing purposes for 6.7 issues, the representative committee for 12.1 and direct communication for 11.5. The union channel is used on average for negotiation over 2.4 issues, compared with 1.6 in the case of representative channels and 1.4 in direct channels.

ANOVA tests confirm that the higher use of the union channel for negotiation is statistically significant compared to both the consultative and direct channels, while the lower use of the union channel for information sharing is also significantly different from the use of these other channels. ANOVA tests also reveal that the representative channel is used for consultation to a greater extent than either the union or direct channel.

TABLE 2. Mean Number of Issues Covered at Each Level of Involvement via Each Channel

	Channel		
	Union (base: enterprises which use this channel)	Representative committee (base: enterprises which use this channel)	Direct (base: enterprises which use this channel)
Level of involvement[a]	Mean number of issues (out of 15) covered at each level		
None	8.3*	2.9	3.5
Information	6.7*	12.1	11.5
Consultation	4.6**	6.0	2.02
Negotiation/joint decision-making	2.4*	1.6	1.4
N	48	80	87

Notes: [a] Joint decision-making is assumed to include consultation and information, and consultation is assumed to include information.
*Differences between channels are significant at $p < 0.05$ for union versus representative committee and direct.
**Differences between channels are significant at $p < 0.05$ for direct and union versus representative committee.

When the union channel is used for negotiating, joint decision-making or consultation, it concerns mostly a small set of the more traditional issues of pay, benefits and redundancies, and cutbacks or closures. By contrast, representative committees are used for information across the full range of issues in most enterprises, with the exception of individual dismissals. More detailed analysis suggests that the consultation and joint decision-making through the representative committee channel is focused mostly on collective redundancies, health and safety issues, closures and employee benefits, but in a minority of enterprises it is also used for benefits. The direct channel is used by most enterprises almost exclusively for information. However, a significant minority of enterprises engages in direct consultation or joint decision-making with employees, principally on new working methods, improving productivity/competitiveness and health and safety issues.

The results offer some support for hypothesis 1. The union channel shows the greatest use of negotiation and joint decision-making, the representative committee channel shows the greatest use of consultation and the direct channel is used predominately for information. However, all three channels are used to some extent for each level of voice. The stereotype does not hold in a significant minority of enterprises.

Examining the Nature of Voice Systems: Factor Analysis of the Level of Voice for Issues and Each Channel

A factor analysis (principal component analysis and varimax rotation) of the data on employee voice produced three discrete factors that correspond to the three channels of voice. The three factors accounted for 56.4 per cent of the total variance. Table 3 shows the results: factor 1 shows that there is a strong correlation between the levels of voice on each issue through the union channel; factor 2 shows the same for the representative committee, and factor 3 shows the same for direct communication. The channel rather than the issue explains variability in the level of voice for an issue, and across the total sample the level of voice through each channel is independent of the level of voice through the other channels. The factor analysis suggests that employee voice systems are differentiated by the combinations of channels that they use and not by their differential treatment of issues.

Cluster Analysis of Approach to Employee Involvement

Based on the three factors, we attempted to identify the predominant systems of employee voice on the basis of predominant combinations of channels. We identified five distinct clusters,[2] two pure types and three hybrids. The pure types are: direct voice in which the direct channel predominates ('direct voice-only') and representative voice in which the representative committee/works council predominates ('representative'). The hybrid forms are: union-based in which the union predominates but some use is made of representative committees ('union-based'), direct and representative voice in which both methods are used equally but no use is made of union channels ('direct/representative'), and multi-channel voice in which all three channels are used together ('multi-channel'). Table 4 shows the mean level of voice by channel for each cluster.

Of the five clusters, the most frequently used in our sample is the direct/representative system (33 per cent), followed closely by direct voice-only (32 per cent). The multi-channel grouping accounted for 11 per cent and the representative for 21 per cent. The least used is union-based (4 per cent). Whether this is seen as a hybrid — as types 4 and 5 clearly are — or as an approximation to the pure union-based system is of less importance than the fact that in no organization is the union channel the monopolizing voice.

TABLE 3. Factor Analysis of Employee Involvement Items

Rotated Component Matrix Extent to which employees or their representatives are informed or consulted about	Component		
	1	2	3
Major new investments, via union	**0.848**		
New working methods/production processes/ technology, via union	**0.845**		
Changes to company structure, via union	**0.843**	0.114	
Health and safety, via union	**0.831**		
Transfers of production, via union	**0.822**	0.117	
Future development of the business, via union	**0.818**		
Cutbacks to/closures of undertakings/ establishments, via union	**0.817**		
Employment levels in the company, via union	**0.795**	0.125	
Improving productivity/competitiveness, via union	**0.776**		
Mergers/acquisitions, via union	**0.763**		
Financial situation of organisation, via union	**0.744**		
Employee benefits, via union	**0.721**		
Collective redundancies, via union	**0.720**	0.105	
Pay issues, via union	**0.648**		
Individual dismissals, via union	**0.626**		
Cutbacks to/closures of undertakings, via representative committee		**0.864**	
Collective redundancies, via representative committee		**0.853**	
Changes to company structure, via representative committee	0.100	**0.847**	–0.112
Transfers of production, via representative committee		**0.830**	
Major new investments, via representative committee		**0.793**	–0.119
Future development of the business, via representative committee	0.163	**0.780**	–0.103
New working methods, via representative committee		**0.778**	–0.111
Financial situation of organisation, via representative committee		**0.768**	0.114
Mergers/acquisitions, via representative committee		**0.765**	
Improving productivity/competitiveness, via representative committee	0.152	**0.754**	
Employment levels in the company, via representative committee	0.150	**0.753**	
Health and safety, via representative committee		**0.744**	

TABLE 3. Continued

Rotated Component Matrix Extent to which employees or their representatives are informed or consulted about	Component		
	1	2	3
Employee benefits, via representative committee		**0.674**	
Pay issues, via representative committee		**0.632**	
Individual dismissals, via representative committee	–0.154	**0.537**	
Changes to company structure, via direct communication			**0.832**
Major new investments, via direct communication			**0.784**
Future development of the business, via direct communication			**0.780**
Financial situation of organisation, via direct communication			**0.749**
Collective redundancies, via direct communication			**0.732**
Employee benefits, via direct representation			**0.717**
Mergers/acquisitions, via direct communication			**0.703**
Employment levels in the company, via direct communication			**0.698**
Health and safety, via direct communication			**0.671**
Transfers of production, via direct communication			**0.661**
Pay issues, via direct communication			**0.636**
Cutbacks to/closures of undertakings via direct communication			**0.595**
Improving productivity/competitiveness, via direct communication		–0.206	**0.585**
New working methods/via direct communication		–0.134	**0.568**
Individual dismissals, via direct communication			**0.526**

Notes: Extraction method: principal component analysis. Rotation method: varimax with Kaiser Normalization. Factor weights less than 0.10 not shown. Three-factor solution explains 56.4% of variance. $N = 108$.

TABLE 4. Mean Level of Voice by Channel within Each Cluster

	Cluster				
	1 Direct only ($n = 33$)	2 Representative ($n = 22$)	3 Union-based ($n = 4$)	4 Direct/ representative ($n = 34$)	5 Multi-channel ($n = 11$)
Union/staff association	0.14	0.20	1.41	0.11	1.40
Representative committee	0.06	1.37	0.61	1.44	1.04
Direct communication	0.94	0.12	0.00	0.95	0.89

Correlation Analysis of Channel-specific Voice Levels for Each Issue in Multiple-channel Systems

The factor analysis suggests that, across the whole sample, levels of voice through each channel are independent. However, within the hybrid clusters, do multiple channels reflect an association between channels and issues or are they used for the same issues? We test this by examining the two main hybrid clusters. If, within them, the channels are used as substitutes, then we would expect to find employee voice levels via each channel negatively correlated for particular issues. Alternatively, if multiple channels are used to reinforce each other, we should expect to

TABLE 5. Inter-channel Correlations by Issue (within Clusters 4 and 5)

Issue	Cluster 4: (direct/ representative) $n = 35$.	Cluster 5 (multi-channel) $n = 11$.		
	Representative committee and direct	Representative committee and direct	Representative committee and union	Direct and union
Financial situation of the organization	–0.056	0.418	0.463	0.194
Future development of the business	0.411*	0.000	0.392	0.000
Changes to company structure	0.233	0.770†	0.847**	0.383
Major new investments	0.597**	0.516†	0.671*	0.346
Mergers/acquisitions	0.514**	0.214	–0.113	0.392
Transfers of production	0.082	0.375	0.214	0.570†
Cutbacks to/closures of undertaking/ establishments	0.202	0.351	–0.361	0.247
Employment levels in the company	0.395*	0.441	0.537†	–0.021
Collective redundancies	0.334*	0.748**	–0.260	0.191
Individual dismissals	0.499*	0.785**	0.511†	0.200
Pay issues	0.379*	–0.077	0.031	0.153
Employee benefits	0.125	0.383	0.148	0.516†
Improving productivity/ competitiveness	0.427 *	0.428	0.428	–0.095
New working methods/ production processes/technology	0.416*	–0.222	0.295	–0.540†
Health and safety	0.155	0.345	–0.516†	0.325

Notes: † $p < 0.1$, * $p < 0.05$, ** $p < 0.01$.

find positive correlations. Finally, if there is no systematic link between channel and issue, we should expect no significant correlation.

Table 5 reports the correlation between the level of voice via each channel for each issue. Only the correlations between direct voice and voice via representative committee are reported for the direct/representative cluster (4), since there is little union voice in this cluster, while the correlations involving the union channel are also given for the multi-channel cluster (5). The general pattern is positive, confirming that multiple channels tend to be used in combination for particular issues, rather than as substitutes. There are, nonetheless, two significant negative coefficients for the multi-channel cluster, implying that the union and representative committee channels may be used as substitutes for each other on health and safety issues, and that the union and direct channels are substitutes when dealing with new working methods, production processes or technology issues. These results suggest that multiple channels are used in concert rather than that particular issues are associated with particular channels.

Testing Hypothesis 2: The Trade Union Channel Is Associated with Voice over Fewer Issues

Returning to Table 2, we can see that in those enterprises where the union is used as a channel, the mean number of issues on which management does not involve the workforce through the union channel is 8.3. This compares unfavourably with the equivalent averages via the representative or direct channel, which are 2.9 and 3.5 respectively. ANOVA confirmed that this difference is significant.

Testing Hypothesis 3: Autonomy from Union Influence Is Associated with Fewer Issues over which Management Involves Employees and a Lower Level of Voice Regardless of Channel

To test hypothesis 3, we considered the correlation between our measure of autonomy from the union and the number of issues handled by each channel at each level of voice. We find that autonomy from union influence is significantly inversely associated with the number of issues dealt with via the union and representative committee at all levels, but that this is not the case for the direct channel (Table 6). Representative voice (i.e. via unions or representative committee) is lower for higher management autonomy from unions, in terms of both the number of issues covered and the level, but direct voice is not.

This could indicate that unions act as a coercive and/or normative pressure on management to inform and consult via other representative channels. Alternatively that managements may be using the other

TABLE 6. Correlations with Autonomy from Union

	Via union	Via representative committee	Direct
Information	–0.44*	–0.32*	0.14
Consultation	–0.40*	–0.29*	0.15
Negotiation/joint decision making	–0.34*	–0.32*	–0.05

Notes: The number of issues dealt with via each channel and at each level of influence is correlated with trade union influence.
*$p < 0.01$

channels to bypass and undermine the trade union. However, were this the case we would expect this to cause poor relationships between management and employee representatives, but reported relationships between employee representatives and managers[3] are no worse where multiple channels were in use than where the union channel predominated. It could be that managers who are favourably inclined towards unions and hence more likely to recognize them and grant them voice tend also to be positively disposed to other forms of voice. This might be plausible in a UK-only survey, but in most of our sample, union recognition was not a result of management discretion.

Testing Hypothesis 4: Reliance on Direct-only Methods Is Associated with Less Overall Voice than with Representative Channels

Table 7 shows the mean number of issues covered at each level of voice for each cluster. Direct-only organizations cover fewer issues on average for each level of voice (information, consultation and joint decision making/negotiation), while those in the multi-channel cluster involve employees in the highest number of issues, again at each voice level. An ANOVA on overall employee voice across the five clusters revealed a significant difference in overall employee voice (measured as the mean across all fifteen issues) between groups ($F = 8.81$, sig = 0.000). Post hoc tests showed the only significant inter-cluster difference to be significantly lower overall employee voice in the direct-only cluster than the other clusters.

In order to discover which issues accounted for the significant difference in voice between clusters, we conducted a MANOVA procedure to compare the level of employee voice on each of the 15 issues across clusters. The multivariate statistic (Pillai's trace) showed significant

TABLE 7. Voice Levels by Cluster[a]

	Cluster				
	1 Direct only	2 Representative	3 Union-based	4 Direct/ representative	5 Multi-channel
Information	10.54	12.70	11.50	14.00	14.27
Consultation	3.43	7.13	7.00	6.29	8.00
Joint decision making/negotiation	0.60	2.48	2.50	2.06	3.82

Notes: [a]Mean number of issues (of 15) covered at each level of employee involvement by cluster. $N = 104$.

differences between clusters ($F = 1.83$, 60 d.f., sig = 0.000). Univariate tests (post-hoc Bonferonni) revealed significant differences ($p < 0.05$) for: changes to company structure; mergers/acquisitions; transfers of production; cutbacks to/closures of undertakings/establishments; employment levels in the company; collective redundancies; pay and benefits. Table 8 shows which clusters had significantly different levels of voice. It demonstrates that on all the above issues it is the lower level of voice in the direct-only enterprises that accounts for their lower overall levels of voice. The only other significant difference with respect to these issues is that the union-based cluster, like the direct-only cluster, is significantly lower on employee benefits. On the traditional bargaining issues of pay and benefits, the multi-channel cluster shows the highest level of voice (equal with representative-only for benefits). There are no significant differences between any groups on the other seven issues.

Given that management autonomy from union influence is associated with lower overall levels of voice, we tested whether the effect of lower voice in the direct-only cluster was a direct result of the absence of any union influence. To do this, we conducted a second ANOVA of overall employee voice on cluster membership, this time entering management autonomy from the union as a covariate. Management autonomy shows a significant negative association with overall employee voice and explains significant variance beyond the effect of cluster membership ($F = 4.21$, sig. = 0.043). However, when autonomy from unions was entered, the cluster continued to explain significant variance ($F = 4.69$, sig. = 0.004). So the deficiency in the overall level of voice in the direct-only case is not explained solely by the lack of union influence.

TABLE 8. Differences in Average Voice on Each Issue by Cluster (Post-hoc Test Results)

Issue	Cluster				
	1 Direct only	2 Representative	3 Union-based	4 Direct/ representative	5 Multi-channel
Changes to company structure				>1	
Mergers/acquisitions				>1	
Transfers of production				>1	
Cutbacks to/closures of undertakings/establishments				>1	>1
Employment levels in the company		>1			>1
Collective redundancies					>1
Pay					>1
Benefits		>1, >3, >4		>3	>1, >3

Notes: Table entries show which clusters have significant differences.
Issues which do not differ significantly across clusters are not shown.
$N = 107$.

Testing Hypothesis 5: Sole Reliance on Direct Channels Will Result In Higher Use of High-Commitment Management Practices

We compared the levels of the three high-commitment factors across clusters, using analysis of variance. Only the teamworking factor showed significant variation by cluster ($F = 3.04$, sig. = 0.21); cluster explains 11 per cent of variance in this factor. However, post hoc tests showed that teamworking is highest in the multi-channel cluster 5 rather than the direct-only cluster 1, and significantly greater than in all other clusters except the representative one. We tested to see if this simply reflected the fact that teamworking and direct communication were related, regardless of cluster membership. While they are significantly correlated ($F = 0.332$, sig. 0.001), the correlation is not strong, and further analysis showed that it primarily reflects the disproportionate use of teamworking in the multi-channel group where direct communication was also prevalent. (None of the other high-commitment factors is significantly correlated with the use of the direct voice channel.) Hypothesis 5 is thus not supported.

Conclusion

In this article we have reported research that tests a set of interrelated hypotheses concerning employee voice. We have confirmed that the voice

channel is significantly associated with the level of voice (hypothesis 1), so that direct voice typically involves information-sharing, representative committees entail consultation and trade unions entail negotiation. However, there are significant divergences from this, for example management may in some cases negotiate with representative bodies such as works councils or negotiate directly with employees.

We have also shown through factor analysis that the level of voice for any issue through a channel can be explained to a large extent by an overall approach to that channel: if the level of voice through a particular channel in an establishment is relatively high for one issue it will tend to be relatively high for other issues through that channel. This suggests that voice systems are best represented by their differential combinations of channels that they use and not by differences in how issues are approached. Further tests showed that when combinations of channels are used in an enterprise, they are mainly complementary, so that multiple channels tend to be used for each issue, rather than as substitutes for each other. We found, through testing hypothesis 2, that the trade union channel is used for fewer issues than other channels. Nonetheless, there is some compensation for this, since, as our test of hypothesis 3 showed, where there is a union influence the overall number of issues dealt with via both the union and the representative channel is likely to be higher. Consequently we do not observe significant differences in level of voice between the multiple-channel clusters. However, as hypothesis 4 predicted, the only prevalent single-channel system in our sample, the direct-only system, has significantly lower levels of voice than all other systems. It does not, however, have a greater use of high-commitment practices, as hypothesis 5 predicted.

If we gauge the results against characterizations of old versus new (transformed) industrial relations, they seem to reflect more old than new. The widespread use of direct communication — either alone or in combination with other channels, may be seen as new — but we have no benchmark of past levels of direct involvement in our sample firms. That channels are the key to the ordering principle underlying voice systems suggests however, that there has not been a fundamental transformation of industrial relations so that issues rather than channels dominate the determination of the level of voice. The fact that the lack of union influence affects the overall level of employee voice also supports this conclusion. It may be true, and this will be tested in another paper, that when management has autonomy from national institutions they will take advantage of this and follow direct methods. But the extent of their autonomy throughout Europe does not appear to have reached the level where they can pick and choose the level of voice that they want according to the issue, or largely rely on direct methods.

Nonetheless, rather than judge the results simply in 'old' and 'new' terms, we might conclude that the key results reflect certain potentially universal principles, the most important of which is that unions constrain how management can use direct methods, as may other representative methods that are largely furnished by state support. This study thus offers further evidence for the argument that institutions matter; the implication for union policy is that unions can validly claim that their presence does affect the level of employee voice at work. If the aim is to extend employee voice beyond the provision of information, then representative channels should be fostered. This is consistent with the findings of other studies (e.g. Kessler et al., 2004).

As we have shown that direct voice is not necessarily associated with high-commitment management, the grounds for unions opposing such management practices seem weaker. It is precisely because such practices do not necessarily undermine trade unionism that the partnership strategy being developed by some British unions has some meaning. It is an attempt to marry their concerns for more voice and involvement (both for employees and themselves) with managements' assumed interest in high-commitment management. In Kochan and Osterman's terms, the mutual gains strategy need not lead to lower levels of employee voice. But equally, our research suggests that greater voice can only be achieved if formal representation remains significant.

The study has some limitations that further studies might attempt to overcome. First, the sample is small (albeit with a rich data set) and hence may lack the power to detect weaker relationships. Second, the sample is not random though it may be reasonably representative of large UK-based multinationals, and we can not be sure that the results can be generalized. Third, there may be a 'UK effect' on the practices used in subsidiaries, and in particular our sample may overestimate the extent of direct methods; though it is claimed that they are increasingly used elsewhere (e.g. for Germany see Weitbrecht, 2003). Allowing for such differences is not, however, likely to invalidate our main conclusions since the point of the cross-national study was to extend the range of practice that could be observed. Nonetheless, we need similar studies in non-UK multinationals to see if there is an ownership effect. Fourth, our study is cross-sectional, and longitudinal studies of the evolution of employee voice systems may provide enhanced understanding of the link between the various types of voice.

Finally, the study has implications for the subject of industrial relations. It reinforces the need to centre industrial relations on the interrelationship between voice mechanisms, and to avoid defining systems of industrial or employment relations in terms of single channels. For example, it is the exclusive reliance on direct voice at the expense of representative involvement, rather than direct involvement per se, that is

associated with reduced levels of employee voice. The small number of cases in our sample in the union-only cluster does question any pure definition of industrial relations that is rooted in trade unionism. Nonetheless, the more frequent hybrids are not necessarily selected by management (alone or in combination with employees or their representatives) as totalities. Rather, it is likely that they evolve through time as a variety of influences act on the use of channels. For example, in one of the firms studied, the UK operations were characterized by a long history of collaborative industrial relations conducted through both union and representative committee channels. Interviews with managers and employee representatives revealed that the current arrangements had built up over the 150-year history of the company. Employment relations were founded to a large extent on the nature of the original manufacturing technology, which imposed very high costs for interruptions to the production process. The technology changed, but much of the collaborative approach to industrial relations remained embedded in the practices of the organization. Direct communications were being grafted on this longstanding system.

The lack of an association between voice and high-commitment management could, on the one hand, be used to justify a separation between the subject of industrial relations, with its focus on representation, and human resource management with its focus on personnel practices. On the other hand, since the research shows that neither direct voice nor high-commitment management are necessarily antithetical to unions or strong works councils, there is no case for abandoning the study of collective industrial relations. We suggest that we should not declare the end of industrial relations, but should rather foster an integrated employment relations research and policy agenda (Wood, 2000).

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NOTES

1 At the time of writing the UK was in the process of transposing the EU Framework Directive on Information and Consultation. While this may bring about some convergence, it will impose significantly weaker constraints on UK firms than exist in most other countries.

2 A two-stage cluster analysis was conducted (Punj and Stewart, 1983). First, initial clusters were identified using Ward's minimum variance method. We created a chart of the distance at which successive clusters combined, and, by examining it for step increases in the distance, we were able to determine the

cut-off point for the number of clusters. Five clusters were thus identified. Second, the centroid of each cluster was calculated in order to seed a *k*-means, partitioning cluster analysis. *K*-means clustering starts with a fixed number of (*k*) clusters and specified centres to those clusters. Cases are then allocated to the cluster with the nearest centre. The cluster centre is recalculated as each case is added. The advantage of this process is that such non-hierarchical methods produce more stable clusters and fewer results that are artefacts of the analysis procedure. However, the first hierarchical stage is needed to provide cluster centres for the non-hierarchical procedure. We tested the stability of the five-cluster solution, as McIntyre and Blashfield (1980) suggest, by splitting the sample into two equal halves. The cluster analysis was repeated on the first sub-sample. We then classified the second sub-sample in two ways: first, according to the proximity of each case to the cluster centroids from the first sub-sample cluster analysis; and second, by carrying out an independent cluster analysis on the second sub-sample. The two classifications of the second sub-sample were compared by cross-tabulation and a measure of inter-rater reliability (kappa) was calculated and as a high level of agreement was found the cluster solution was gauged to be stable. The results of this test are available from the authors. Four outliers were identified and removed by examining scatter plots of all cases on the three factors prior to carrying out the cluster analysis.

3 Managers were asked to report the quality of relationships with employee representatives on a five-point scale from 'highly adversarial' to 'highly co-operative'.

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