Effects of Organizational Change on Worker Well-being and the Moderating Role of Trade Unions

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Brussels 20th November 2012

National Institute of Economic and Social Research

Summary

- How does work reorganization affect worker well-being and what role is played by unionization in ameliorating the effects?
- Exploit nationally representative linked employer-employee data with multiple measures of innovation and wellbeing
- Work reorganization is negatively correlated with wellbeing
- Effects stronger for labour reorganizations than capital reorganization
- Effects are confined to non-union workers
- It is union involvement in the introduction of change that makes the difference

Overview

- Theory and existing evidence
  - Impact of organizational change on worker well-being
  - Role of trade unions
- Data
  - Well-being
  - Organizational change
  - Unionization
- Empirical approach
- Results
- Conclusions

Theory: Change and Wellbeing

Organizational Change -> lower well-being
- Intensification
- Future loses -> uncertainty

Organizational change -> improve well-being
- Autonomy; responsibility; control

Different types of organizational change
- Different effects

How change is introduced
- Worker ‘voice’
- Procedural and distributive fairness

Theory: Role of Unions

Union negotiation effects
- nature of organizational change
- terms under which organizational change is accepted

Unions as ‘social support’
- Coping with high demands under conditions of low control

Union voice effects
- Information flows
- Voice-induced complaining
- Stock of dissatisfied workers

Empirical Literature: Organizational Change and Wellbeing

- Labour-related change experienced as intensification (Ramsay et al 2000; Gallie 2005)
- No adverse effects on stress (Appelbaum et al., 2000)
- Job demands bad; job control good; higher job control reduces negative effect of job demands (Wood, 2008)
- Little/no evidence on organizational change more broadly

Empirical literature: Union effects

- Positively associated with labour-related change (Wood and Bryson, 2008; Black and Lynch, 2004)
- Negatively associated with capital investment (Denny and Nickell, 1991; Hirsch, 1992)
- Union workers get higher wages to compensate for labour reorganization (Bryson et al., 2005)
- Unions associated with job dissatisfaction but is it causal (Bryson et al., 2004)
- No evidence on unions*change on wellbeing

Data

- 2004 WERS survey: nationally representative survey of all workplaces in Britain with 5+ employees
- Data collected via face-to-face interview with senior manager responsible for personnel issues
- Sample for analysis: private sector workplaces with 5+ employees
- Linked employee data collected via self-completion questionnaire

Well-being Measures (1)

- “Thinking of the past few weeks how much of the time has your job made you feel each of the following.. tense, calm, relaxed, worried, uneasy, content?”
- Responses: “all of the time”, “most of the time”, “some of the time”, “occasionally”, “never”
- Warr’s (2007: 19-49) anxiety-contentment axis for measuring SWB
- Single summative scale (-12,12) having recoded each item. Cronbach’s Alpha: 0.85

Well-being Measures (2)

- "How satisfied are you with the following aspects of your job?... achievement you get from your work; the scope for using your own initiative; the amount of influence you have over your job; the training you receive; the amount of pay you receive; your job security; the work itself; the amount of involvement you have in decision-making at this workplace?"
- Responses: "very satisfied" to "very dissatisfied". 5-point Likert scale
- Job satisfaction captures the pleasure-displeasure axis in Warr's concept of subjective well-being
- Single summative scale (-16,16) having recoded each item. Cronbach's Alpha: 0.85

Change Measures

Over the past two years has management here introduced any of the changes listed on this card? PROBE: Which others? UNTIL 'None'.:

1) Introduction of performance related pay

2) Introduction or upgrading of computers

3) Introduction or upgrading of other types of new technology

4) Changes in working time arrangements

5) Changes in the organisation of work

6) Changes in work techniques or procedures

7) Introduction of initiatives to involve employees

8) Introduction of technologically new or significantly improved product or service

9) NONE None of these"

Change Measures

- Principal components analysis reveals two factors
- Labour changes (items 4-7)
  - ¼ none; 1/5 one; 1/5 two; 1/5 three; 13% four
- Capital changes (items 2, 3 and 8)
  - 1/5 none; ¼ one; 29% two; ¼ three
- Introduction of performance pay does not load so treated separately
  - (12% introduced)
- Whether negotiated/decided, consulted, provided information or did not engage employees

Unionization Measures

- Individual-level
  - membership (employee questionnaire)
  - coverage by collective bargaining (varies within workplace; obtained from employer and linked to employee via occupation)
  - Correlation coefficient for membership and coverage: 0.40

- Workplace-level: any union recognised for pay bargaining
  - 32% private sector workplaces with trade union

Other Data Items

Workplace characteristics

- Workplace size (employees)
- Part of larger organisation
- Industry sector
- Region
- Urban location
- TTWA unemployment rate
- Benchmarking

Workforce characteristics

- % employees female

Market characteristics

- Location
- Growing / declining etc
- Product/service diversity

Employee Characteristics

- Age
- Gender
- Ethnicity
- Disability
- Dependent children
- Academic qualifications
- Vocational qualifications
- Occupation

Empirical Approach: Employee-level OLS

$$W_{if} = \beta_1 OC_f + \beta_2 Union_{if} + \beta_3 + OC_f XUnion_{if} + \beta \; '_x X_{if} + \varepsilon_{if}$$

- W_{if} expresses well-being (or job satisfaction), OC_f express the number of organizational changes introduced in workplace f (different measures), $Union_{if}$ expresses a dummy for union coverage (which varies at the worker level), while the X's express our control vector and ε_{if} represents a standard normal distributed error term
- Pooled plus separate regressions by union status
- Unweighted; robust estimator; clustered standard errors
- N=13,500 employees in 1,238 private sector workplaces

OLS for correlation between OC and JA/JS

	Job-related Anxiety				Job satisfaction			
	All	All	Uncovered	Covered	All	All	Uncovered	Covered
	M1	M2	M3	M4	M5	M6	M7	M8
Org change	0.086***	0.134***	0.132***	0.031	-0.025	-0.043	-0.034	-0.020
Covered	0.067	0.521**			-0.348**	-0.519*		
OC*Covered		-0.115**				0.043		
R-squared	0.072	0.073	0.083	0.063	0.099	0.099	0.088	0.086

OLS for correlation between innovations SWB and JS

	Job-related Anxiety				Job satisfaction			
	All	All	Uncovered	Covered	All	All	Uncovered	Covered
	M1	M2	M3	M4	M5	M6	M7	M8
Labour	**0.146*****	**0.199*****	**0.208*****	**0.083**	**-0.143*****	**-0.180*****	**-0.172*****	**-0.118**
Capital	**0.016**	**0.074**	**0.060**	**-0.037**	**0.117**	**0.093**	**0.102**	**0.139**
Perf.pay	**-0.013**	**-0.083**	**-0.095**	**0.038**	**0.143**	**0.365**	**0.363**	**-0.240**
Covered	**0.042**	**0.522****			**-0.301**	**-0.525***		
Lab*Cov		**-0.135***				**0.096**		
Cap*Cov		**-0.126**				**0.055**		
Perf.pay*Cov		**0.191**				**-0.664**		
R-squared	0.073	0.073	0.084	0.064	0.100	0.101	0.089	0.087

Role of employee involvement in change and Job-related Anxiety

	Uncovered employees		Covered employees	
	Not involved	Involved	Not involved	Involved
	M1	M2	M3	M4
Panel A: Number of organizational changes = OC				
OC	0.152***	0.124 **	0.157 ***	0.046
R-squared	0.089	0.090	0.079	0.059
Panel B: Number of labour and capital changes, and introduction of performance pay				
Labour	0.224 ***	0.202 ***	0.203 **	0.026
Capital	0.123	0.044	0.053	-0.119
Perf.pay	0.299	-0.101	0.598	-0.144
R-squared	0.090	0.091	0.080	0.060

Summary and conclusions

- Workplace organizational change is negatively correlated with employee wellbeing
- Effects stronger for labour changes than capital changes
- Effects are confined to non-union workers
- It is union involvement in the introduction of innovations that makes the difference
- Open question: are these relationships causal?