Centre for Labour Economics,
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THE EFFECTS OF UNIONS ON ORGANIZATIONAL CHANGE, INVESTMENT AND EMPLOYMENT: EVIDENCE FROM WIRS

by

S. Machin and S. Wadhwani

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ABSTRACT

This paper investigates the association between unionism and organisational change, investment and employment using British data over 1980-1984.

It finds that:-

(i) Union plants were more likely to have experienced organisational change.

(ii) Unionism is also positively correlated with investment, though this association disappears once one controls for organisational change and other relevant variables.

(iii) The oft-cited negative relationship between unionism and employment growth may well arise from the differential extent to which restrictive practices were removed in union plants. Also, the negative relationship might not, in any case, be present among larger plants.

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TABLE A.1

Descriptive Statistics and Variable Definitions

		MEANS		
		ALL	UNION	NON-UNION
OC	= 1 if organisational change occurred for manual or non-manual workers during past three years	0.272	0.329	0.214
CC	= 1 if conventional change occurred for manual or non-manual workers during past three years	0.258	0.297	0.217
AC	= 1 if advanced technical change for manual or non-manual workers occurred during past three years	0.455	0.527	0.381
UNION	= 1 if unions recognised for bargaining purpose among manual or non-manuals	0.509	1.000	0.000
FOREIGN	= 1 if plant foreign owned	0.081	0.099	0.060
DRISE	= 1 if demand for firm's product falling in last 12 months	0.134	0.160	0.106
DFALL	= 1 if demand for firm's product rising in last 12 months	0.134	0.160	0.106
ABOVE	= 1 if financial performance above average	0.452	0.399	0.507
BELOW	= 1 if financial performance below average	0.065	0.095	0.032

cont...

APPENDIX

TABLE A.1 (cont.)

Descriptive Statistics and Variable Definitions

		MEANS		
		ALL	UNION	NON-UNION
FULLCAP	= 1 if plant operating at full capacity	0.484	0.440	0.530
LOWCAP	= 1 if plant operating well below full full capacity.	0.108	0.149	0.066
UNEMP	= local labour market unemployment rate	0.132	0.142	0.122
SIZE	= number of employees in 1980	122.7	181.3	62.1

Notes:

1. Weighted sample proportions reported.
2. Unweighted sample size = 721.

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