

PERCEPTION OF COLLECTIVE BARGAINING AND SATISFACTION WITH COLLECTIVE BARGAINING ON EMPLOYEES' JOB PERFORMANCE

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Abstract

This study explores the influence of collective bargaining and satisfaction with bargaining on employees' job performance. A structured questionnaire was distributed to selected sample of 181 unionized employees in the public sector organizations. The results revealed two models, with the first model indicating that satisfaction with collective bargaining ($\beta = .56$, $p < 0.01$) was a significant direct predictor of job performance among employees. The second model showed 35% incremental change in employees' job performance. This indicated that age ($\beta = .27$, $p < .01$), and educational qualification ($\beta = .58$, $p < .01$) were significant independent predictors of employees job performance. This study showed that collective bargaining process is very critical in determining organizational industrial relations which in turn help to improve job related outcome such as employees' job performance.

Keywords: Collective Bargaining, Satisfaction, Job Performance, Union

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1. INTRODUCTION

Collective bargaining is quite common within the public sector (Moe, 2006; Moe, 2009), because the power of the unions, and the interest of the union to pursue negotiations, are rooted in survival strategies (Moe, 2009). Collective bargaining therefore, is a process of mutual influence between the employer and the union (representing employees) with an objective of reaching mutual agreement on employees' working conditions (Cloutier *et al*, 2012). According to Godfrey *et al* (2007), collective bargaining is central to any industrial relations system, as a tool through which regulated flexibility is achieved as the involved parties (the employer, and the union) operate on divergent interests and different conclusion as a result of available resource or perceived available resource, and competitive position. In addition, relations between unions and employers are often portrayed as a 'zero-sum game', where union members benefit at the expense of employers, and vice versa (Bryson, 2001). In their studies Bacharach and Lawler (1981) and Katz *et al* (2008) stated that employees are the productive power of the organization while the employer provides wages and benefits.

There is growing evidence that both workers and employers can benefit under the conditions of fair collective bargaining system (Bryson and Wilkinson, 2002). Likewise, Chaulk and Brown (2008) study showed that collective bargaining could be a significant event which might leave deep scars in the workplace, such as reducing job satisfaction, and

organizational commitment beyond the end of collective bargaining process. While, it could also provide positive influence on productivity due to workers' higher motivation and satisfaction (Addison *et al*, 2004). On the other hand, Cahuc and Zylberberg (2004) opined that the total effect of collective bargaining is an open empirical question. However, unions may significantly increase worker motivation, thereby improving productivity and performance through giving 'voice' to workers concerns and grievances and represent their concerns and grievances to management (Bryson and Wilkinson, 2002).

2. LITERATURE REVIEW

The framework governing collective bargaining according to Cloutier *et al* (2012: 401) is based on a National Labour Relations Act (NLRA) in case of United States, which give employees the right to be represented by a union, thus, making employees' working conditions to be determined through collective bargaining process. The Act (NLRA) gives either party to use economic weapons, such as strikes and lockouts, to impel the opposing party to make concessions and reach an agreement. As collective bargaining, is a process through which employees (union) are encouraged to participate actively in activities that put pressure on the employer for better condition of service, such participation is often viewed as crucial for determining outcomes. Employee and employers participation in bargaining therefore involve a cost

to be paid after evaluating the extent to which actions are useful and profitable (cost-benefit ratio).

This can be explained through expectancy theory (Vroom, 1964) which is based on a rational calculation of costs and benefits of actions. According to Cloutier et al (2012), the expectancy theory predicts that employees motivation are based on obtaining the desired outcomes (benefits) when the probability that their action will lead to the desired benefits is high (instrumentality); and that the costs of actions are lower than the desired benefits (costs-benefits ratio). In terms of collective bargaining, employees response are based on how the employer improve their offer to the expected level (instrumentality), and if the costs are higher than the benefits they seek (cost/benefit ratio). This study assumed that if employees are satisfied with collective bargaining, the employees will be in position to do more in terms of job performance. Just as, Martin and Sinclair (2001) study showed that employees' decisions not to engage in a strike could be explained largely by their belief that the costs associated with the strike could be too high considering the concessions expected from the employer (expected benefits).

A number of studies had shown that where employees had their terms and conditions of employment determined through collective bargaining, and where management supported unions, there was an improved industrial relations environment (Beardwell *et al.*, 2004). Possibly because union members and other workers covered by collective agreements, on average, get higher wages than their non-unionized (or uncovered) counterparts. Although, according to Aidt and Tzannatos (2002), it is not known whether employees performance improve with positive outcome of collective bargaining agreements.

Nevertheless, collective bargaining had been noted to help promote cooperation and mutual understanding between workers and management by providing a framework for dealing with industrial relations issues without resort to strike and lockouts. According to Gomez-Mejia et al (2003), fair and legal process would often result in successful collective bargaining, maintenance of industrial discipline and peace. In the same vein, Adewole and Adebola (2010) asserted that frequent outbreak of industrial conflicts between employers and employees could be effectively managed through collective negotiation and consultation with the workers' representatives.

Though, there have been few studies that focus on the application of collective bargaining (Morrow and McElroy, 2006; Nurse and Devonish, 2007), Jensen and Rässler (2007) study indicated that effects of collective bargaining on wages and firm performance have received a great deal of interest. While Traxler and Brandl (2011) study showed that collective bargaining institutions had no impact on employment performance in the OECD countries. These empirical evidences showed mixed results that are inconclusive. Literature also decried limited scholarly contribution on industrial relations from developing nations especially the African continent (Budhwar, 2003; Pyman *et al.*, 2010; Wood and Dibben, 2006; Wood, 2008). In addition, few

empirical study have been conducted on the influence of satisfaction with collective bargaining, while collective bargaining activity on 'performance in organization has not received adequate research attention. To fill this information gap and stimulate more research on labour relations from African continent, this study was designed to investigate the influence of perception of collective bargaining and satisfaction with collective bargaining on employees' job performance. It assumed that perceptions formed during the collective bargaining process would likely be spread to employees' attitudes and behaviours in the workplace as collective bargaining process have a way of influencing the quality of industrial relations. This study therefore hypothesized as follows:

1. That collective bargaining activities and satisfaction collective bargaining would be positively related to job performance.
2. That there would be significant difference between employees who engages and supports collective bargaining activities on job performance and those that who do not.
3. That there would be significant difference between employees who are satisfied with collective bargaining agreements process on job performance and those who do not.
4. That psycho-social variables would incrementally increase the prediction of job performance compared to collective bargaining variables.

3. METHODOLOGY

3.1. Research Design

The study was an ex post-facto which utilized the cross sectional survey with the data collection done at a single point of time. Ex post facto is used to refer to a study in which the researcher, rather than creating the treatment, examined the effect of a naturally occurring treatment after it had occurred (Landman, 1988: 62). In other words it attempts to discover the pre-existing causal conditions between groups. The main independent variables considered in this study were perception of the collective bargaining (incidence and satisfaction). The demographic independent variables were sex, age and education while the dependent variable is job performance.

3.2. Participants

Evidence from research showed that membership of union was much higher in public sector (Bender & Sloane, 1998). A total of 181 participants were therefore sampled from the selected employees public research institutes in Ibadan, Nigeria. Fifty-three per cent were males and the mean age of all participants was 36.3 years ($s = 8.4$ years). Marital Status showed that 47% were Singles, 46.4% Married, and 6.6% Divorced. Educational qualification ranged from High School Certificate 17.7%; Diploma 14.9%; Bachelor degree 52.5%; and Postgraduate degree 14.9%. Highest work experience was 26 years ($\bar{x} = 10.6$ year, $s = 5.2$).

3.3. Instrument of Study

Self-administered structured questionnaires which consisted of four sections were used for the survey study. Section A comprised the demography of the respondent, that is, gender, age, educational level, occupation, and years of experience.

Section B measures collective bargaining behaviour among respondents using a 7 item scale developed by Dastmalchian et al (1991) with a reliability coefficient of 0.97. Respondent expressed their degree of agreement or disagreement on a 5-point Likert-type scale ranging from very strongly disagree (score 1) to very strongly agree (score 5). The higher the score on the scale, the higher the level of collective bargaining behaviour, while scores below the mean score indicated lower collective bargaining agreement. The Cronbach alpha in this study was 0.82.

Section C measures satisfaction with collective bargaining agreement among respondents using 4-item scale adapted from researchers (Bryson and Wilkinson, 2002; Dastmalchian *et al.*, 1991; Deery *et al.*, 1994). The respondent expressed their degree of agreement or disagreement on a 5-point Likert-type scale ranging from very strongly disagree (score 1) to very strongly agree (score 5), the higher the score, the higher the levels of satisfaction with collective bargaining agreement. The Cronbach alpha in this study was 0.71.

Section D: Measures job performance of employees using a 7-item scale developed by Williams and Anderson (1991). High score in this measure indicated high job performance of employees, while low scores indicate low job performance. The respondents expressed their degree of agreement on a 5-point Likert-type scale ranging from very strongly disagree (score-1) to very strongly agree (score-5). The reliability co-efficient for the scale from study was 0.82 while the alpha for this study was 0.84. All scale items score are combined into a single total score through, computing the average score.

3.4. Procedures

Primary sources of data were utilized for this research. Primary source of data involved questionnaire administration. In this research, questionnaires were administered to employees within a period of two months duration so as receive maximum response rate. The research sought for the necessary approval from the management of the Research Institutes. After permission was granted. The researcher visited offices and Departments within the institutes to distribute the questionnaires. A purposive sampling method was used to select the 230 respondents for the questionnaires administration. Hence, the sample consisted of randomly selected operational level employees. After rejecting the incomplete questionnaires, 181 valid questionnaires were used for data analysis purpose. Hence the response rate was 78.69 percent.

3.5. Data Analysis

The collected data was analysed statistically using the latest IBM-SPSS software. The study utilized both descriptive and inferential statistical tools of analysis. The statistical tests used include multiple regression analysis for testing composite relationship of the independent variables, Pearson correlation analysis to test the strength of the relationship between the independent and dependent variables and 2 x 2 ANOVA for testing significant difference between the independent groups.

4. RESULTS

The first hypothesis, which stated that collective bargaining activities and satisfaction collective bargaining would be positively related to job performance, was tested using Pearson Product Moment Correlation.

Table 1. Pearson Product Moment Correlation of sense of competence, collective bargaining process and satisfaction bargaining process

Variables	\bar{x}	S	1	2
1. Job Performance	34.44	8.86	-	
2. Collective bargaining process	36.38	6.57	.37**	-
3. Satisfaction bargaining process	16.16	2.94	.45**	.89**

* $p < .05$; ** $p < .01$

The result in Table 1 showed that there was significant positive relationship between perception of collective bargaining process and job performance ($r = .37$, $p < 0.01$), satisfaction bargaining process and job performance ($r = .45$, $p < 0.01$), and also a positive significant relationship between perception of collective bargaining process and satisfaction bargaining process. Job performance increased with increasing level of employees' collective bargaining process and collective bargaining satisfaction, thus indicating that acceptance of the hypothesis.

Hypotheses 2, 3 and 4 were test with analysis of variance. The result as presented in Table 2 showed that the main effect of collective bargaining

on employees job performance was not significant $F(1,177) = 1.38$, $p > .05$. Differences in job performance were not observed in job performance based on low or high scores on collective bargaining. The finding also indicated the significant main effect of satisfaction with collective bargaining on job performance $F(1,177) = 38.24$, $p < .01$. Employees with higher averaged scores on collective bargaining satisfaction significantly reported higher scores on job performance compared to those with low scores on collective bargaining satisfaction. There was significant interaction effect of collective bargaining and collective bargaining satisfaction on job performance among employees $F(1,177) = 34.90$, $p < .01$.

Table 2. 2 x 2 ANOVA analysis of collective bargaining satisfaction and collective bargaining on job performance among employees

Source	SS	df	MS	F	Sig.
Collective bargain	69.71	1	69.71	1.38	> .05
Collect Bargain Satis.	1934.52	1	1934.52	38.24	< .01
Collective bargain * Collect Bargain Satis.	1765.44	1	1765.44	34.90	< .01
Error	8953.31	177	50.58		
Corrected Total	14581.41	180			

Note: Collective Bargain Satis = Satisfaction with collective bargaining process

Table 3. Mean differences in job performance based on collective bargaining and collective bargaining satisfaction

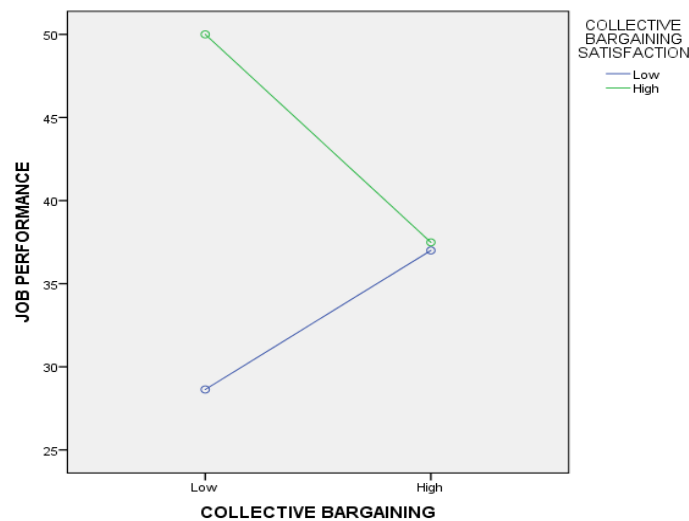
Level of interaction	N	x̄	S	LSD Post hoc Analysis			
				1	2	3	4
Low CB vs. Low SCB	77	28.64	8.73	-	21.36*	8.36*	8.85*
Low CB vs. High SCB	9	50.00	3.10		-	13.00*	12.51*
High CB vs. Low SCB	9	37.00	4.20			-	.48
High CB vs. High SCB	86	37.49	6.10				-
Total	181	34.32	9.00				

*LSD value significant $p < 0.05$

Following the result of significant interaction effect obtained, a multiple comparison analysis was carried out. The post hoc analysis presented in table 3 revealed that workers low on collective bargaining but high on collective bargaining satisfaction reported higher job performance level compared to workers high on both collective bargaining and collective bargaining satisfaction; those low on both collective bargaining and satisfaction, and workers

low on collective bargaining and collective bargaining satisfaction. There were also significant differences between workers high on collective bargaining but low on collective bargaining satisfaction, workers high on collective bargaining and collective bargaining satisfaction, and workers low on collective bargaining and collective bargaining satisfaction.

Figure 1. Interaction effect of collective bargaining and collective bargaining satisfaction on job performance



Hypothesis 5, which stated that psycho-social variables would incrementally increase the prediction of job performance compared to

collective bargaining variables was tested using hierarchical multiple regression analysis and the result presented in Table 4.

Table 4. Hierarchical regression with job performance as the outcome variable

	Model 1				Model 2			
	B	S.E	B	t	B	S.E	β	T
(Constant)	12.97	3.45		3.74	-3.53	3.21		-1.10
Collective bargaining	-.17	.20	-.13	-.84	.16	.16	.15	1.01
Collective Barg Satis	1.71	.45	.56	3.78**	.55	.37	.18	1.50
Sex					.10	.97	.01	.11
Age					.29	.07	.27	4.07**
Highest academic					4.86	.44	.58	11.05**
	R = .45, R ² = .20, F(2,178) = 22.63				R = .74, R ² = .55, F(5,175) = 42.92			

Note: Dependent variable = Job Performance; * = $p < 0.05$, ** = $p < 0.01$

The first model which tested the predictive power of collective bargaining activities and satisfaction explained 2% of the variance in job performance of employees $R^2 = 0.20$, $F(2,178) = 22.63$, $p < .001$. The result demonstrated that collective bargaining satisfaction was significant direct predictor of job performance among employees ($\beta = .56$, $p < .01$), while collective bargaining perception was not significant. The second model saw the introduction of socio-demographic variables improved the prediction of job performance ($R^2 = 0.35$, $\Delta R^2 = .55$, $F = (5, 175) = 42.92$, $p < .001$). There was an incremental 35% change in employees' job performance. This indicated a higher variance compared to the variance accounted for by collective bargaining behaviours. The result revealed that in the second model, age ($\beta = .27$, $p < .01$), and educational qualification ($\beta = .58$, $p < .01$) were significant independent predictors of employees job performance.

5. DISCUSSION

The study examined the influence of the collective bargaining (incidence and satisfaction) on job performance among employees. The tested hypotheses were supported. First, the study found significant positive relationship between perception of collective bargaining behaviour and job performance and satisfaction with outcome of collective bargaining activities and job performance. In other words, giving employees formal right to negotiate collectively over some aspects of work, offers opportunity to influence workplace outcomes such as job performance. This supported the work of Deery et al (1995) and Deery et al (1999) which demonstrated that collective bargaining not only increased the commitment of employees but their efforts also. However, this findings contradicted Traxler and Brandl (2011) study which found that collective bargaining had no impact on employment performance.

Furthermore, the findings from this study could be interpreted as indicating that collective bargaining was an indirect strategy in employees' job motivation. This is because with a good collective bargaining outcome yielding better welfare for employees. This type of behavior may invariably motivate employees to work towards better job performance. While a poor collective bargaining outcome may lead to a state of chaos i.e. sit-down strikes and increased rate of absenteeism. These findings also gave credence to study of Addison, et al. (2004) that collective bargaining process could also provide positive influence on productivity due to workers' higher motivation and satisfaction. In addition to Bryson and Wilkinson's (2002) study, which suggested that giving 'voice' to workers' concerns and grievances could be a significant factor in increasing worker motivation, thereby improving productivity and performance.

Lastly, the findings also showed that satisfaction with collective bargaining, age and educational qualification were significant predictors of employees' job performance. The result of educational qualification confirmed the study of Pennings, Lee and van Witteloostuijn (1998) that

highly educated employees and age are likely to contribute to activities that increase job-relevant knowledge which strengthen job performance.

6. CONCLUSION AND RECOMMENDATIONS

The findings from this study provided better understanding of the process underlying the impact of collective bargaining on organizational behavioural outcome and also demonstrated the complexities of bringing about change in the research institutions environment. The result proved that collective bargaining and satisfaction with collective bargaining outcome influence employees' job performance. In sum, this study reiterates our understanding that collective bargaining process, is very critical in determining organizational industrial relations as engaging employees in collective agreement tend to help improve job related attitude and employees' job performance.

More studies are still required to look at different categories of employees especially, how unionization, non-unionization and collective bargaining probably influence job performance which the magnitude is difficult to judge given the existing knowledge. Furthermore, changes in the occupational composition of the public workforce need to be assessed. This type of research might shed light on the role unions have played as hours of work, fringe benefits, and work rules may take on greater importance among public employee unions due to the sophistication and better education of members. This is expected to help avoid pitfalls of organizations with poor industrial relations. The research therefore contributes to advancement of knowledge on industrial relations from the African context.

7. LIMITATION

The generalizability of our findings may be limited because the study was conducted among research institutes. This population of employees may be quite different from employees in general, in particular with respect to average education levels. Further studies should involve variety of jobs and settings - public and private.

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