

Task 5.3

Unions and the quality of work

Leader: wiiw, Contributors: UNIPG, LISER, ZSI

1. Task description

Task 5.3 will study the effects of unions as moderators of the effects of megatrends on the quality of work. Quality of work (job type: typical/atypical jobs; job quality: skills mismatch) and trade union representation will be captured at the individual level, while the megatrends will be captured at the industry level. Data sourced include EWCS, WIOD, IFR, LFS. As in the previous tasks, the methodological approaches will be based on mixed effect multilevel model with cross-level interaction terms and addressing identification issues as mentioned in previous tasks. Depending on data availability, firm level analysis will be done, interacting union representation and firm level technological variables.

2. Background/Setting

Some of the current megatrends, particularly digitalisation/automation and the expansion of global supply chains and the internationalisation of the world's production system, are considered important drivers behind the proliferation of atypical, non-standard forms of employment, such as temporary employment, marginal employment, part-time employment, temporary agency work or any other form of multi-party employment relationship, bogus or dependent self-employment in sectors and occupations where they did not previously exist (ILO, 2016). This is a concern as workers in non-standard employment often have low job tenure and are more likely to transit in and out of the labour market with respective high risk of low pay, (in-work) poverty, unemployment, which erodes employability and exacerbates the likelihood of precarious employment careers over their life course. As these workers are more likely than 'standard workers' to have interrupted or even no social insurance contribution records, their entitlement to benefits in case of unemployment, illness, maternity, disability and old age are also negatively affected (Schmid and

Wagner, 2017). Hence, unions and employee representations become of utmost importance, potentially mitigating – or even avoiding altogether – negative effects on the type of jobs.

3. State-of-the-art

Generally, trade unions have an important role to play for labour market outcomes, that are, however, not always positive. For instance, on the positive side, despite declining bargaining power, unions – whose main attention is on pay bargaining – continue to generate a wage premium, which has declined though over the last decades (Blanchflower and Bryson, 2003; Blanchflower and Bryson, 2010). The benefits of unionisation also extend to fringe benefits such as holiday entitlements, pension provision, and extra-statutory sick pay (and Millward, 2000; Green and Potepan, 1988).

On the negative side, however, if successful in raising wages, unions tend to depress employment levels by making labour costly relative to capital which encourages employers to substitute capital for labour (Millward et al., 2001). Similarly, unions tend to be negatively associated with different job quality indicators which, in view of unclear causality, is, however, taken as evidence that unionization is partly a reflection of poor working conditions (Bryson and Green, 2015). However, other evidence suggests that union presence in companies, especially in co-ordinated market economies, improves job quality in call centres (Doellgast et al., 2009) and low-wage occupations (Lehndorff, 2015)

Little is known about the role of trade unions for the type of job and the emergence and proliferation of non-standard forms of employment, and evidence is often in terms of case studies (see, e.g., Mailand and Larsen, 2011 on selected EU countries).

Moreover, to the best of our knowledge, no empirical analysis exists which studies the moderating role of unions on the effects of megatrends on non-standard employment, particularly in view of the decline in union membership and density as well as in the scope of union bargaining over the past decades.

4. Advancement compared to the state of the art

Extensive existing literature focuses on the impact of unionisation on labour market outcomes; the original contribution of this task is to provide evidence on how unions moderate the impact of megatrends on labour market outcomes, specifically the prevalence of typical/atypical jobs as well as self-evaluated skills mismatch, particularly in a period of declining union membership and density.

5. Research to be done

For this task, we will use worker-level data (EWCS) combined with industry-level data (WIOD, IFR, EU-LFS) – to be merged at the detailed 2-digit industry level through a worker’s industry affiliation – and establish if and to what extent unions (i.e. ‘the presence of a union, works council or a similar committee representing employees’ – from the EWCS) moderate the effect of different megatrends (i.e. globalisation/offshoring, automation) on labour market outcomes, specifically on the type of work (typical/atypical jobs, (self-evaluated) skills mismatch).

6. Methodology

Descriptive analysis to show the prevalence of typical/atypical jobs and skills mismatch, by country, industry, and occupations

Econometric analysis to determine the role of union membership (at the company level) as moderator of the effects of megatrends (i.e. automation/robotisation, offshoring) on the quality of work; methodological approaches to be used: split sample analysis, threshold regressions, identification issues related to endogeneity and self-selection biases will be duly accounted for by means of usual approaches (including IV, DiD, Heckman selection correction), simultaneous equations systems, mixed effect multilevel model with cross-level interaction terms

7. Data sources

- EWCS: European Working Conditions Survey (Eurofound); 6th EWCS and potentially also the EWCS Extraordinary 2021 as far as useful (previous waves do provide information on unionization/employee representation); union/employee representation will be captured by the following question: ‘*Does the following exist at your company or organisation...? A - Trade union, works council or a similar committee representing employees?*’; skills mismatch as follows: ‘*Which of the following statements would best describe your skills in your own work?* (1) I need further training to cope well with my duties, (2) My present skills correspond well with my duties,

(3) I have the skills to cope with more demanding duties.’ An employee is considered under-skilled in the first case, well-matched in the second case, and over-skilled in the third case.

- WIOD: World Input Output Dataset
- IFR: Robots data from the International Federation of Robotics
- EU-LFS: Labour Force Survey

References

Blanchflower, D.G, and Bryson, A. (2010). The wage impact of trade unions in the UK public and private sectors. *Economica*, 77, 92-109.

Blanchflower, D.G., and Bryson, A. (2003). What effect do unions have on wages now and would ‘what do unions do?’ be surprised?. NBER working paper No. 9973.

Bryson, A., and Green, F. (2015). Unions and job quality. In Felstead, A., Gallie, D., and Green, F. (eds.) ‘Unequal Britain at work’, Oxford University Press.

Doellgast, V., Holtgrewe, U., & Deery, S. J. (2009). The effects of national institutions and collective bargaining arrangements on job quality in frontline service workplaces. *Industrial & Labour Relations Review*, 62(4), 489–509.

Forth, J., and Millward, N. (2000). The Determinants of Pay Levels and Fringe Benefit Provision in Britain. National Institute of Economic and Social Research Working Paper.

Green, F., and Potepan, M.J. (1988). Vacation Time and Unionism in the U.S. and Europe. *Industrial Relations*, 27(2), 180-194.

ILO (2016). Non-standard employment around the world: Understanding challenges, shaping prospects, Geneva.

Lehndorff, S. (2015). Institutional anchors for job quality—The case of industrial relations. In U. Holtgrewe, V. Kirov, & M. Ramioul (Eds.), *Hard work in new jobs. The quality of work and life in European growth sectors* (pp. 101–113). Houndmills, London: Palgrave.

Mailand, M., and Larsen, T.P. (2011). Trade unions and precarious work – Danish country report to the BARSORI-project. FAOS – Forskningscenter for Arbejdsmarkeds- og Organisationsstudier – Research Paper No. 121.

Millward, N., Forth, J., and Bryson, A. (2001). Who calls the tune at work? The impact of trade unions on jobs and pay. Joseph Rowntree Foundation.

Schmid, G. and Wagner, J. (2017). Managing social risks of non-standard employment in Europe. *Conditions of Work and Employment Series No. 91*, ILO Geneva.