

John T. Addison und Clive R. Belfield

Unions, Training and Firm Performance

This paper looks at two controversial issues: first, is workplace training productive; and, second, how do unions impact on firm performance?

The evidence that training is productive is surprisingly mixed in the extant empirical literature. That said, there are many types of training – that are often hard to measure – while firms who train their workers may differ materially from those who do not. Also, despite analytical insights from contract theory and notions of collective voice, exactly how unions might favourably influence workforce performance has gone largely undocumented. But one possibility here is that they encourage firms to train workers or make workers more willing to invest in themselves.

Using a combination of workplace and linked employee-workplace data from the 1998 Workplace Employee Relations Survey and the 2004 Workplace Employment Relations Survey on workers and workplaces in Britain, we investigate the effect of unions on training (both the numbers of workers trained and the amount of training each worker receives); consider the extent to which unions and training influence wages; and seek to determine whether unions and training are associated with greater labour productivity and improved financial performance.

Our findings are as follows. Unions have a less than transparent influence on the amount of training in firms. The influence is modest for individual workers and weaker still for overall workplace training. Training is linked with higher wages but, consistent with the wider literature, British unions (today) appear to have only a small impact on wages directly. Finally, we find that firms that train a higher proportion of their workers report higher labour productivity and better financial performance. There is no indication of a reduced payoff to training in union regimes even if some adverse direct union effects on performance emerge in some of our specifications.