

DETERMINANTS OF A GRIEVANCE PROCEDURE FOR NONUNION EMPLOYEES: EVIDENCE FROM ATLANTIC CANADA

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ABSTRACT

In light of the growing interest in grievance procedures for nonunion employees, this study investigated the incidence and determinants of such procedures using data from a large sample of employers in Atlantic Canada. About one-third of the organizations reported having a nonunion grievance procedure without arbitration while less than 7 percent had a nonunion grievance procedure with arbitration as the final step. Progressive decision-making ideology, the presence of a human resource management department, and organization size were strongly related to the presence of a nonunion grievance procedure.

Formal grievance procedures with arbitration as the final step in the process are commonplace within unionized workplaces in both Canada and the United States. However, there is growing evidence that a number of employees not protected by collective agreement provisions are covered by nonunion grievance procedures.

In recent years, there has been increasing attention by researchers on issues addressing aspects of nonunion grievance procedures [1]. However, as Feuille and Chachere observed, almost no research has systematically investigated the incidence of nonunion grievance procedures across a large number of organizations [2]. This is particularly true with respect to Canada.

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The current study has two major objectives. First, it provides information on the incidence of nonunion grievance procedures by using a large sample of almost 1,200 organizations in Atlantic Canada. Second, it examines some specific factors that distinguish the presence or absence of a nonunion grievance procedure.

BACKGROUND

Grievance procedures are a basic feature of collective agreements in both Canada and the United States. However, there is growing evidence that a number of nonunion organizations are also establishing grievance procedures [3] and a growing number of researchers are investigating grievance procedures in the nonunion environment [4].

From an organizational justice perspective, a nonunion grievance procedure may be aimed at addressing aspects of procedural and distributive justice—in other words, it is important to address both the perceived fairness of the procedures used in making decisions and the perceived fairness associated with the outcomes and consequences of the decisions [5]. While the exit/voice hypothesis is frequently discussed in the labor relations literature [6], the extent of employee voice in the nonunion setting has been the subject of considerably less discussion.

Why adopt a grievance procedure in a nonunion firm? Historically, a number of observers have argued that firms establish employee voice mechanisms as a way to avoid unionization [2]; this position is in line with the union substitution argument that an employer seeking to remain union-free can do so by “substituting” what a union brings to the workplace. As well, there is the possibility that as nonunion organizations become aware of grievance procedures existing in other firms, they are more likely to consider establishing such procedures in their own organizations. Ng and Maki asserted that large firms are often the trend setters with respect to human resource management practices and over time, programs developed in larger firms make their way into smaller organizations [7]. In addition, there is evidence that fairness in the workplace may be related to more effective organizational functioning and employee work attitudes [8]. Moreover, fair treatment may be related to the ability of an organization to attract and retain good people and to avoid wrongful dismissal litigation [9].

As Feuille and Delaney [1] noted, the growth of nonunion grievance procedures has been somewhat steady over the past four decades so that today, roughly half of large employers indicate that they have some type of formal grievance procedure applicable to at least some portion of their nonunionized workforce. For instance, Feuille and Chachere [2] found, in their 1991 survey, that 57 percent of respondents reported having a formal nonunion grievance procedure.

Unlike grievance procedures in the union setting, nonunion procedures tend to vary considerably more in their content and structure. Feuille and Delaney [1] identified four types of procedures, including 1) an open-door appeal to higher management (such as an employee’s immediate supervisor or a higher level

manager or executive), 2) ombudspersons or investigators (who investigate grievances and try to settle complaints, usually using mediation skills), 3) review boards (or internal tribunals) that decide grievances, and 4) arbitration (in which an outside arbitrator or panel hears the dispute and renders a decision). Obviously, substantial differences exist in terms of such features as the right of the employee to counsel, the nature of the hearing, the introduction of documents or evidence, the questioning of witnesses, the power of the decision-maker, and the right of appeal or review.

METHOD

The data used in this study were obtained by a mail survey of organizations in Atlantic Canada (the provinces of New Brunswick, Newfoundland, Nova Scotia, and Prince Edward Island). Surveys were mailed to public and private sector organizations with a minimum of twenty employees, using a mailing list obtained from Dun and Bradstreet.

The survey was addressed to the organization's chief executive officer (with a note asking the recipient to pass the survey on to another organization member if that individual was in a better position to complete the survey). Overall, responses were received from 1,288 organizations (a response rate of about 48%). Because of missing data on some of the questions, a small number of respondents were excluded from the analysis. Consequently, the results presented in this article are based on complete responses from 1,194 organizations.

Dependent Variable

The dependent variable in this study was the presence or absence of a grievance procedure for nonunion employees. Respondents were asked to indicate whether their organization had a grievance procedure for nonunion employees; respondents with such a procedure were also asked to indicate whether there was a provision for arbitration as the final step in the process. Based on responses to these two questions, organizations were placed in one of three categories: 1) no grievance procedure for nonunion employees, 2) grievance procedure (without arbitration) for nonunion employees, and 3) grievance procedure with arbitration as the final step for nonunion employees. These three categories were used as the dependent variable.

Primary Independent Variables

In addition to examining the extent to which organizations had a grievance procedure for nonunion employees, the study was also designed to investigate the relationship between a nonunion grievance procedure and four other variables (progressive decision-making ideology, presence of a human resource management [or industrial relations] department, union status, and organization size).

There is virtually no research examining the relationship between the presence of a nonunion grievance procedure and the progressive decision-making ideology of the firm. However, Goll [10], in her research on U.S. manufacturing firms, found a strong association between progressive decision-making ideology and the existence of participative practices in both union and nonunion organizations. Similarly, Osterman [11] found the most important variable determining the presence of flexible work practices was managerial values. Progressive decision-making ideology of the firm was measured using four statements from Goll (e.g., organization explains proposed changes to those affected by them; organization has open channels of communication). It was hypothesized that a more progressive decision-making ideology would be associated with a greater likelihood of having a nonunion grievance procedure.

Firms with a human resource management department are expected to be more aware of current trends and developments in human resource management, and HR staff are more likely to encourage the establishment of new practices such as a nonunion grievance procedure [7]. Consequently, the presence of a human resource management department is anticipated to be associated with a greater probability of having a nonunion grievance procedure.

Past research has supported the position that the union status of the organization may be related to the adoption of specific human resource management practices [12]. With reference to the relationship between nonunion grievance procedures and union status, the empirical literature is mixed. While Edelman [3] found union status was not related to the presence of a nonunion grievance procedure, Delaney and Feuille [13] and Feuille and Chachere [2] found union status was negatively associated with the probability of having a nonunion grievance procedure.

On one hand, it can be argued that nonunion firms may be more likely to implement nonunion grievance procedures as a way of discouraging unionization. On the other hand, it can also be asserted that unionized firms may be more likely to implement a grievance procedure for their nonunionized personnel as a means of establishing more uniformity in terms of procedures relating to employee voice in the workplace.

Concerning the size of the organization, there is strong evidence that larger organizations are more likely to establish nonunion grievance procedures [2, 3, 13]. This finding is consistent with past research linking organization size and the adoption of a number of human resource practices [7, 14].

In this study, progressive decision-making ideology was calculated as the average of the four statements (each of which was measured using a 6-point scale where 1 = strongly disagree and 6 = strongly agree). The Cronbach's coefficient alpha for progressive decision-making ideology was .77. Both union status of the organization (1 = union; 0 = no union) and presence of a human resources department (1 = yes; 0 = no) were coded as dichotomous variables, while organization size was measured as the natural logarithm of the number of employees.

Control Variables

In addition to the primary independent variables, several other variables were entered into the model as control variables. Demand for employer's primary product or service, which was measured using a 6-point scale (1 = substantial increase and 6 = substantial decline), was included because the economic environment of the organization may influence its ability or desire to adopt a nonunion grievance procedure. Investment in new technology was also measured using a 6-point scale (1 = no investment; 6 = substantial investment). There is some evidence from the human resource management literature that technology driven firms may adopt different human resource strategies [11, 14]. The extent to which employees are required to follow formal procedures, which was measured using a 6-point scale (1 = strongly disagree; 6 = strongly agree), was included to control for the possibility that the presence of a nonunion grievance procedure may be associated with reliance on formal procedures within the organization.

Both organization change (1 = major change in management or strategy; 0 = no major change) and permanent workforce reduction (1 = permanent workforce reduction; 0 = no permanent workforce reduction within the past two years) were included to control for the impact of such changes on resource allocation, which may influence the decision to institute a nonunion grievance procedure [15].

Finally, there is evidence that human resource management practices may be associated with the industry sector of the employer [7, 14]. Organizations were classified into one of eight industry categories—transportation and communications, wholesale and retail trade, finance and insurance, health, education, public or government, other business services, and manufacturing (the omitted category).

RESULTS OF THE RESEARCH

Descriptive Statistics

Descriptive statistics relating to the primary independent and control variables are summarized in Table 1. Concerning organization size, the breakdown was as follows: 22 percent of respondents had twenty-five or fewer employees, 31 percent had between twenty-six and fifty employees, 23 percent had between fifty-one and 100 employees, and 24 percent had more than 100 employees. Just over 28 percent of the organizations were unionized, and the most common industry sectors represented in the sample were wholesale and retail trade (35%), other business services (22%), and manufacturing (22%). The mean score for progressive decision-making ideology was 4.65, and approximately 26 percent of respondents had a human resource management/industrial relations department.

Table 1. Means and Standard Deviations for Independent Variables

Variable	Mean	Std. Dev.
Primary Independent Variables:		
Progressive Decision Making	4.65	0.80
Human Resource Dept.	0.26	0.44
Union Status	0.28	0.45
Number of Employees (national log)	4.13	1.16
Control Variables:		
Demand for Product/Service	3.39	1.19
Investment in New Technology	3.83	1.38
Following Formal Procedures	4.47	1.00
Major Organization Change	0.48	0.50
Permanent Workforce Reduction	0.34	0.47
Transportation/Communications	0.04	0.20
Wholesale/Retail Trade	0.35	0.48
Finance/Insurance	0.04	0.20
Health	0.05	0.22
Education	0.03	0.18
Public (Government)	0.05	0.22
Other Business Services	0.22	0.42

With reference to the control variables, the average score for market demand for the firm's primary product or service was 3.39, which was near the midpoint of the 6-point scale; respondents were almost equally divided in terms of whether product or service demand increased or declined over the past two years. The mean score for investment in new technology was 3.83, while there was some agreement that employers get employees to follow formal procedures (mean of 4.47). Approximately 34 percent of respondents had had a permanent reduction of the workforce, and 48 percent reported a major organizational change.

With reference to the extent that employers had implemented a grievance procedure for nonunion employees, the results revealed that 713 (59.7%) employers did not have a nonunion grievance process. Approximately one-third of respondents (400, or 33.5%) had a nonunion grievance procedure without arbitration as the final step, while a relatively small number of organizations (81, or 6.7%) had a nonunion grievance procedure with arbitration.

Multivariate Analysis Results

While documenting the incidence of nonunion grievance procedures is important, this study was also designed to investigate whether four specific

characteristics of the organization were associated with the presence of a nonunion grievance procedure. Because employers were divided into three distinct categories, multinomial logit analysis was the statistical procedure used [16]. The multivariate results are provided in Table 2; note the comparison category is no nonunion grievance procedure.

Progressive decision-making ideology was positively and significantly ($p < .01$) related to the presence of a nonunion grievance procedure—a higher score on the progressive decision-making ideology scale was associated with a higher probability of having a nonunion grievance procedure. Note this finding applied to both employers with and without arbitration as the final step in the procedure.

This trend was also revealed when considering the presence of a human resource management department. Compared with employers not having a nonunion grievance procedure, organizations with a human resource management were more likely to report having a nonunion grievance procedure ($p < .05$ for respondents without arbitration and $p < .01$ for employers with arbitration as the final step in the procedure).

With reference to union status, the results were mixed. Although not statistically significant, the coefficient on union status was negative when considering employers with a nonunion grievance procedure without arbitration. On the other hand, union status was positively and modestly related ($p < .10$) to the presence of a nonunion grievance procedure with arbitration.

In line with past research, the probability of having a nonunion grievance procedure without arbitration was positively associated with increasing organization size. In other words, as employers became larger, they were more likely to implement a nonunion grievance procedure without arbitration. However, the relationship between organization size and the presence of a nonunion grievance procedure with arbitration was not significant.

To further explore the relationship between the primary independent variables and the presence of a nonunion grievance procedure, the partial derivative (that is, the effect of a one-unit change in the variable on the probability of choosing one of the three categories of the dependent variable) for each of the primary independent variables is provided in Table 3. By way of example, a one-unit increase in progressive decision-making ideology decreases the probability of being in the $Y = 0$ category (no nonunion grievance procedure) by .113 and increases the probability of being in the $Y = 1$ category (grievance procedure without arbitration) by .113 and of being in the $Y = 2$ category (grievance procedure with arbitration) by .019. The probabilities associated with the other variables are also presented in Table 3.

CONCLUSION

This article had two major objectives—to document the incidence of nonunion grievance procedures in Atlantic Canadian organizations and to investigate the

Table 2. Multinomial Logit Results

Variable	Grievance Procedure (Without Arbitration)	Grievance Procedure (With Arbitration)
Primary Independent Variables:		
Progressive Decision Making	0.549*** (0.095)	0.623*** (0.187)
Human Resource Dept.	0.422** (0.168)	0.765*** (0.297)
Union Status	-0.265 (0.185)	0.541* (0.324)
Number of Employees (nat'l log)	0.192*** (0.071)	0.052 (0.125)
Control Variables:		
Demand for Product/Service	-0.082 (0.060)	0.251** (0.108)
Investment in New Technology	-0.060 (0.049)	0.157 (0.099)
Following Formal Procedures	0.074 (0.071)	0.164 (0.139)
Major Organization Change	-0.021 (0.134)	0.250 (0.259)
Permanent Workforce Reduction	-0.089 (0.147)	-0.576** (0.287)
Transportation/Communications	-0.137 (0.379)	0.325 (0.552)
Wholesale/Retail Trade	0.103 (0.186)	-0.966** (0.416)
Finance/Insurance	0.089 (0.352)	0.591 (0.540)
Health	0.629** (0.356)	1.289*** (0.474)
Education	0.480 (0.410)	1.450*** (0.537)
Public (Government)	1.149*** (0.336)	0.790 (0.562)
Other Business Services	0.203 (0.202)	-0.254 (0.407)
Constant	-3.961*** (0.638)	-7.987*** (1.246)

* $p < .10$ ** $p < .05$ *** $p < .01$

Table 3. Marginal Effects

Variable	Probability		
	Y = 0	Y = 1	Y = 2
Progressive Decision Making	-0.132	0.113	0.019
Human Resource Dept.	-0.109	0.083	0.027
Union Status	0.040	-0.068	0.028
Number of Employees (nat'l log)	-0.041	0.042	-0.001

Note: Y = 0 refers to the no nonunion grievance procedure category, Y = 1 refers to the nonunion grievance procedure without arbitration category, and Y = 2 refers to the nonunion grievance procedure with arbitration category.

relationship between the presence of nonunion grievance procedures and four specific characteristics of the organization. While the majority (59.7%) of employers did not have a nonunion grievance process, 33.5 percent of organizations had a nonunion grievance procedure without arbitration, and 6.7 percent had a nonunion grievance procedure with arbitration as the final step in the procedure.

Progressive decision-making ideology and the existence of a human resource management department were both strongly and positively associated with the presence of a nonunion grievance procedure (for employers both with and without arbitration as the final step). It appears that organizations with a more progressive decision-making ideology are more likely to acknowledge the importance of employee voice in the workplace and provide workers with a grievance procedure as a means of exercising the voice option.

As Ng and Maki [7] argued, having a human resource management department is often associated with an awareness of human resource trends and a greater willingness to establish new practices at work. This proposition appears to apply with respect to the presence of a nonunion grievance procedure—it may be that human resource management professionals are more aware of such procedures and seek to have them implemented in their organizations.

With respect to union status of the organization, Feuille and Chachere [2] found unionization was negatively associated with the presence of a nonunion grievance procedure. In the present study, the coefficient on unionization was also negative (but not significant using a two-tailed test). However, unionized firms were more likely to have implemented a nonunion grievance procedure with arbitration as the final step. This finding suggests that while unionized organizations are not more likely to establish a nonunion grievance procedure without arbitration, they have a higher probability of having arbitration as the final step if they decide to institute a nonunion grievance procedure.

Consistent with past research, larger organizations were more likely to implement a nonunion grievance procedure without arbitration. Smaller organizations

may be unaware of nonunion grievance procedures, lack the resources to implement such procedures, or believe that such procedures are unnecessary. However, larger organizations were not significantly more likely to favor arbitration as the final step in the procedure. Interestingly, employers in health and education were more likely to have a nonunion grievance procedure with arbitration, while organizations undergoing a permanent workforce reduction were less likely to institute such a procedure.

While this article addresses a number of issues related to nonunion grievance procedures and provides evidence of their incidence from a sample of organizations in Canada, several challenges for researchers exist. For example, are the findings generalizable across the country and to organizations in other countries? What factors motivate employers to institute a nonunion grievance process? What are the benefits and drawbacks of implementing a nonunion grievance procedure? These questions are but a few deserving of research attention.

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ENDNOTES

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16. For more information on this procedure, see W. Greene, *Econometric Analysis* (2nd Edition), Macmillan, New York, 1993.

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