

Impact of Trade Union Participation on Employee Performance of a State Sector Organization: Mediating Effect of Employee Happiness

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Abstract: This study explores the Impact of trade union participation on the performance of a state sector organization: Mediating effect of employee happiness. The objectives of the study follow to identify the impact of trade union participation on employee performance, to identify the impact of trade union participation on happiness on employees, to identify the impact of employee happiness on the performance of employees, to identify the mediating effect of employee happiness between trade union participation and employee performance. The conceptual framework was structured based on the quantitative approach and 03 potential influential factors were explored. Primary data was collected by means of a questionnaire from employees who are active in trade unions. 269 valid questionnaires were used in the analysis. Factor analysis and Regression analysis were used to identify the most influential factors. This study has identified there is a significant moderate positive relationship between the happiness of employees and employee job performance and there is no mediating effect of Employee happiness between trade union participation and employee performance.

Keywords: *Employee Happiness, Employee Performance, Trade Union Participation*

Background of the Study

This State Sector Organization is the guideline authority for giving safe drinking water and working with the arrangement of sterilization and sewerage administration in Sri Lanka. Since it is commencement is worked as a subdivision under the Public Work Department for Water Supply and Drainage in 1965.

Essential elements of organization would be, the operation and support of water supply and sewerage plans to offer palatable assistance to customers, billing, and assortment through moderate levy setting, Investigating, Planning, Designing, and Construction of Water and Sewerage Projects with neighborhood reserves, and unfamiliar asset help.

Problem of the Study

The number of trade union members is higher than the number of employees working in the organization. This is because one employee is a member of several trade unions. From the organizational point of view, it would be disadvantageous.

According to the literature trade union, participation and multiplicity will negatively affect their performance. One of the main features, of industrial relations in Sri Lanka, is the multiplicity of unions. The multiple unions are primarily the result of political outsiders wishing to form their own unions to increase their political influence. (Rao 1983) The politicization of trade unions, which results in a multiplicity of trade unions in Sri Lanka, causes a slew of issues in the country's industrial relations system as well as its economic development. Several

previous research studies have found that higher unionization rates are associated with lower profitability, slower growth, and lower investment in plant, equipment, and research and development. (Bronars et al, 1999; Hirsch, 1991). Maki and Meredith (1986) say that unions have a negative effect on productivity. As well as Non-unionized workers' job satisfaction is more than unionized workers (Leigh, 1986). The multiplicity of unions causes several issues, including intra-union and inter-union rivalries among trade unions, an increase in political influence among trade unions, the development of militant attitudes among leaders, and a tendency to avoid the employer's collective bargaining process. Taher (1999) there are 45 nos. trade unions have been registered in the organization and union multiplicity is also high. Although the literature review confirms this, the annual performance records do not show a decrease in the productivity of the employees in the organization. Practically we face something opposed to the literature evidence. That inconsistency itself is an empirical gap. As well as this state sector organization is the sole monopolistic organization in Sri Lanka for water supply across the country. There are no competitors as well.

Literary reviews indicate that trade unions are a major contributor to workers' pay, work environment, health, and safety. But literature reviews do not discuss how trade unions should intervene in the face of the current pandemic situation of COVID-19. That is, in such an epidemic situation, trade union meetings, strikes and rallies are not possible. According to these things, the researcher expects to fill the theoretical gap.

Although it contributed to the decline in employee performance, there was no reduction in employee performance in their annual performance records. The lack of employee performance was simply

a matter of sight. The results of employee interviews for internal promotions also do not show a decrease in scores and there is no indication that employee promotions are not based on participation in trade union activities. Trade union participation had not affected their career path negatively. It is a problem to see such a situation in the organization.

Salary increments are given in the organization once in 03 years. Employees' salaries should increase by an equal percentage every 03 years. Often that percentage is less than the requested percentage. Employees at various levels of pay are represented by trade unions. But if management decides to give this pay rise to less than the amount demanded, the unions will have to go the trade union actions. As a result, the pay rise has become unaffordable. The pay rise is something that every employee expects. Receiving a pay raise is an opportunity to show employee motivation. Therefore, there is a situation in the organization where employees are resorting to trade union action through their unions. This was also the reason for choosing this organization for this study. Many minor employees in the organization, such as employees, pump operators, and drivers, are recruited through political intervention. They are more involved in trade union action, and some are union leaders. But there is no sign of a drop in their annual performance record. The researcher expects to fill the contextual gap.

There was not any reduction in employee performance in their annual performance evaluation records. But target achievements and completion of power were poor. Here some examples are grabbed and can understand that the poor performance is the reason for this. These projects are not completed yet.

Research Objectives

1. To assess the impact of trade union participation on employee performance.
2. To assess the impact of trade union participation on the happiness of employees.
3. To assess the impact of employee happiness on the performance of employees.
4. To assess the mediating effect of employee happiness on the relationship between trade union participation and employee job performance.

Literature Review

Employee Performance

Employee performance is measured by what an employee does and doesn't do. Employee performance includes the quality and quantity of results, workplace presence, helpful and adaptive nature, and timeliness of results. Understanding everyone's skills is essential as organizational decisions are based on individual performance, leading to increased organizational productivity and success (Sonnetag et al., 2008). Performance is defined as "behavior that accomplishes results" (Armstrong & Taylor, 2014) or whether an employee is doing well at his job or not (Javed et al., 2014). Job performance can also be described as an employee's ability to complete job tasks that will help the company grow (Santos et al., 2018).

Trade Union Participation

There is solid proof that in exceptionally unionized ventures and among unionized workers, turnover is lower than in non-unionized settings. Many examinations guarantee that this is somewhat because of the imposing business model bartering force of associations, which raises

compensation (Freeman, 1980, Freeman & Medoff, 1984). On the other hand, unionization is planned to limit intentional turnover by restraining infrastructure dealing power, yet in addition through allowing representatives a more noteworthy opportunity to tell their work lives. Turnover is an expensive hierarchical outcome, and organizations invest a great deal of energy and cash attempting to limit it, especially useless turnover (Dalton & Toder, 1993). A drop in the leave rate is apparently one of the advantages of unionization. Experimental proof plainly demonstrates that unionized associations have lower leave rates than nonunionized associations (Blau & Kahn, 1981; Brown & Medoff, 1978; Freeman, 1980; Leigh, 1979; Leng & Link, 1983; Wilson et al., 1990; Wooden & Baker, 1994). There are numerous clarifications for why representative leave rates are lower when they are unionized. The first of these is the impact of associations on work, with associations' restraining infrastructure haggling power adding to higher wages in unionized fields. Following the effectiveness wage hypothesis, higher pay rates in unionized associations "Lock" workers in, getting them reluctant to hazard less cash and more terrible advantages with an alternate boss (Katz, 1986; Stiglitz, 1984).

Gandhi's theory (1928) is the theory put forward by Mahatma Gandhi as a trade union leader in India and later became the father of that country, after leading the struggle for independence. This theory describes how unions should work together to promote the health and working conditions of workers. Gandhi argued that "union functions should not stop at the factory gate". The role of unions should extend beyond the factory gates, and they should actively work to improve the welfare of their members. This theory further emphasizes the importance of union participation in

service delivery to demonstrate the effectiveness of employees.

To encourage employees to become more involved in work practices and to participate in different roles around their union, it offers education to members, children of members and hospital services to members. This theory emphasizes that improving the standard of living of workers through trade unions can be used to incentivize workers to improve their performance in the workplace and increase their productivity.

Slitcher (1996) industrial jurisprudence theory argues that unions act as a means of protecting workers in the workplace. This theory demonstrated how employees can use collective bargaining meetings to protect, encourage and improve their rights and standard of living. In addition, he stated that workers as individuals cannot negotiate work-related issues with their employers; therefore, the only option is to rely on unions as a powerful tool to respond to their demands and protect their interests. This gives the impression that unions should be actively involved in resolving membership issues to avoid misunderstandings and to encourage workers to work hard as long as they feel safe. As a result of this theory, unions should be able to help their members improve their performance at work. Webb's Industrial Democracy (1897) asserts that industrial democracy is the "bible" of trade unionism. According to him, the extension of democracy from the political sphere to the commercial sphere is unionism. Trade unionism is a form of class struggle, and the new capitalist state is a step on the road to democratic socialism.

Employee Happiness

Since the 1970s, one of the main yardsticks for measuring economic growth has been happiness. Until the

twenty-first century, when many countries concentrated on the Happiness and Human Development Index, happiness was also considered an essential need in calculating a country's economic development. (Blanchflower and Oswald, 2005). Veenhoven (2006) defined happiness as 'quality of life' or 'well-being' or life is good.

Aside from that, happiness was characterized by optimistic or fun emotions ranging from contentment to extreme pleasure as a mental or emotional state of well-being. (Bhattacharjee, 2013). The interest in happiness has also extended to workplace experiences (Fisher, 2010). Workplace happiness must be seen as part of the overall happiness process. It was a measure of how happy people were with their jobs and lives, (Wesarat et al., 2014), the prevalence of positive emotions at work (including effects and moods) as well as perceptions by individuals who, in their work, have expressed and built their potential, and are now on their way to achieving their life goals (Sousa and Porto, 2015).

Fisher (2010) asserted workplace happiness as a construct that reflected pleasant judgments (positive attitudes), pleasant experiences (positive feelings, moods, emotions, flow states) or positive affective experiences in the workplace. Workplace happiness can be described as an attitude that allows people to perform at their best and reach their full potential (Jones, 2010).

Happiness among public and private sector employees was a contentious issue, as each offered opportunities for happy workers in various ways. Geeta and Pandey (2011) revealed that health, working hours, job orientation, financial variables, and employment status are all factors that can affect worker satisfaction.

Since there are so many variables, more research into workplace satisfaction, whether in the public or private sector, is needed.

According to Jordan (2018), in the United States, employees in the private sector were happier than employees in the public sector. Employees in the Turkish public sector was satisfied based on work and life satisfaction, which assessed the effect of their activities based on bureaucratic procedures that could influence their job satisfaction (Özsoyet al., 2014). Workers in the public sector who were happy in their jobs were those who were more fulfilled in terms of salary because public sector employees earn their pay on time, and the benefit or benefits, they receive corresponded to their duties (Shobhna and Hartesh, 2013). Pleasant coworkers and supervisors were two factors that affected public sector employees' satisfaction at

work (Rashid & Rashid, 2012). Among the factors that increased work happiness among public employees were friendly management and coworkers (Peterson *et al.*, 2003). The top three main factors influencing Malaysian employees' job satisfaction are having a good workplace, good colleagues, and a good company reputation (Malaysia Job Street, 2018).

Conceptual Framework

The Conceptual Framework of the current study in which Perceived Employee Performance is considered the dependent variable and Level of Trade Union Participation is the Independent Variable. Employee Happiness would be mediating effect between the Level of Trade Union Participation and Perceived Employee Performance.

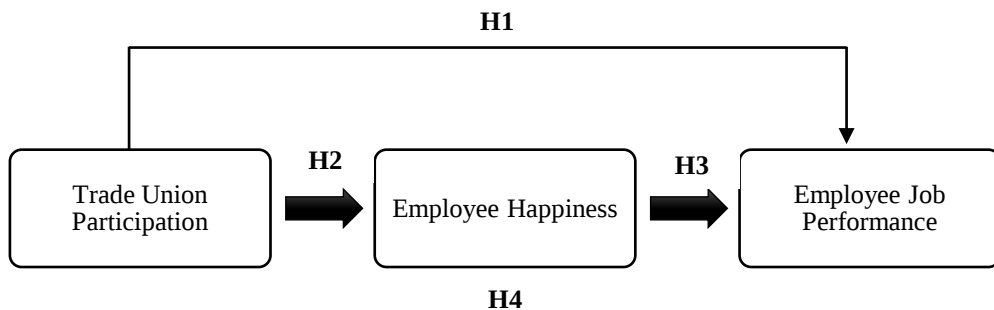


Figure 01: Conceptual Framework of the Study

Hypotheses of the Study

According to the Literature Review and Conceptual Framework Following Hypotheses were developed.

H1: There is a significant impact of trade union participation on employee Performance.

H2: There is a significant impact of trade union participation on the happiness of employees.

H3: There is a significant impact of the happiness of employees on job performance.

H4: Employee happiness is significantly mediating the relationship between trade union participation and employee performance.

Methodology

The construction of a research method based on a theoretical concept is called “Research activity” (Saunders et al., 2016) and the research should be supported by the research method or the research model. It establishes the conceptual structure of the methodology. The research path provides a comprehensive overview of the main classes or steps that must be completed in order to develop an effective methodology. (Saunders et al., 2016). According to the “Research Onion” model, defining the research philosophy is the first step, followed by the selection of the appropriate methodology, process, strategy, and schedule, and finally techniques and procedures such as collection and research data analysis.

There are two main research philosophies, ontological and epistemological approaches. Burrell & Morgan (1979) named ontology, epistemology, human nature, and methodology as philosophical assumptions. The ontological approach means the nature of reality, or in other words, it is “how things really are” and “how things really work”. Epistemology means the essence, the source of knowledge or facts. It is about “What is the nature of the relation between the knower and the knowledge?” (Allison & Hobbs, 2006). In this study, however, research questions and objectives were set to examine the impact of trade union involvement on employees' perceived performance in the mediating effect of State Sector organizations for employee happiness. Therefore, this study relies on an epistemological research model to analyze the nature of the relationship by which the theory is identified.

According to some studies, the epistemological method is the best choice for research activities that involve studying the relationship between independent, dependent, and intermediate

variables. Accordingly, the two main variables that need to be studied are effects and relationships. So, according to the research philosophy, it is epistemology, and the model should be positivism. A research approach is a complete set of procedures about a study and is based on a specific study of data collection, analysis, and interpretation of the meaning of that data. Basically, it provides a research idea, framework, design, and research methodology. Together, these factors create a roadmap for doing research. There are two main research approaches. Such as induction and deduction.

The inductive approach begins with a particular observation and ends with the formulation of a theory. It is also known as the bottom-up approach. Use qualitative research strategies and deepen your understanding of the topic. He starts with observations, then discovers patterns and builds hypotheses. Finally, come up with a theory. This approach is used mainly if there is insufficient literature on a particular study.

However, this study uses a deductive approach, which is a top-down approach. The research will begin with theory, hypothesis, and observations and will be confirmed or disproved by data analysis. This approach aims to test theories and hypotheses. The methods commonly used in this approach are questionnaires and surveys. Quantitative strategies are used to collect digital research data and ultimately convert it into useful statistics.

This study explores the relationship between the level of union participation and the performance of the employees of the State Sector organization in Sri Lanka. But in the public sector, we can observe the participation of employee unions in their organizations. The sampling plan will define the corresponding values of the population and the sampling process

involved in defining the population, the sampling frame, determining the sample size, specifying the sampling method (random sampling), and finally the last is the data collection and the evaluation of the response rate (Taherdoost, 2016).

The population was approximately 9,400 employees of the ABC State Foundation. The researcher selected head office employees from 9,400 employees. For the study, the population will be 900 employees. The second step is to define the Sampling Frame. It lists real-life case examples from Union members working at the organization. This study is a quantitative study, and the researcher wishes to consider the union members of the organization as included in the model framework. Each place in the population has an equal chance of being included in the sample. Therefore, this study chose random sampling, and the researcher used simple random sampling as a technique. The sample size for this study is based on the formula of Krejcie & Morgan (1970). The sample size was determined to be 269 based on calculations for the general population and a confidence level of 90% and a standard margin of error of 5%.

The researcher used the correlation method because the study identified a relationship between union participation, employee performance, and employee happiness. At the initial stage, the researcher uses normality testing applications to verify whether the data set is good for statistical analysis, and this depends on the asymmetry index and the value of Kurtosis. (Kline, 2011). By performing factor analysis using the Statistical Package for the Social Sciences (SPSS) version 23 and performing data cleansing, a researcher identified appropriate measures for the study. Regarding the reliability and validity of the data, researchers used Cronbach's Alpha to assess the reliability of a set of scale items (Nunnally, 1978).

The questionnaire was distributed to 269 employees of the organization whose union membership, union participation, and employee performance were assessed using descriptive statistics. The type of survey is a correlation. Because, in this study, the statistical evaluation is done by examining the relationship between two variables. Systematic changes in one variable will affect the other if there is a correlation. A positive value means a positive correlation and a negative value means a negative correlation.

Data Analysis and Findings

In analyzing the significant factors which are considered in the impact of Trade Union Participation on Employee Performance of a state sector Organization: Mediating effect of Employee Happiness; 269 workers were chosen for the survey and the questionnaire was used for the primary data collection process. Distributed the questionnaire among the employees who act in trade unions.

The questionnaire is divided into five sections mainly the introduction, SECTION A - Perceived Performance, SECTION B – Trade Union Participation, SECTION C – Employee Happiness, and lastly Organizational Link with demographic variables.

H1: There is a significant impact of trade union participation on employee Performance

Pearson Correlation between Trade Union participation and Employee performance (R-value) is 0.417. If the value is less than 0.4, the relationship is weak and if it is greater than 0.7, the relationship is strong. But at this point value is between 0.4 and 0.7. Therefore, it is moderate. The P value is 0.000 level (2-tailed) which is less than 0.01. Hence the relationship between Trade Union participation and Employee performance is significant. Therefore,

there is a significant moderate positive relationship between Trade Union participation and Employee performance. Thus, H1 is accepted.

H2: There is a significant impact of trade union participation on the happiness of the employees

Pearson Correlation between Trade Union participation and Employee happiness (R-value) is 0.467. If the value is less than 0.4, the relationship is weak and if it is greater than 0.7, the relationship is strong. But at this point value is between 0.4 and 0.7. Therefore, it is moderate. The P value is 0.000 level (2-tailed) which is less than 0.01. Hence the relationship between Trade Union participation and Employee happiness is significant. Therefore, there is a significant moderate positive relationship between Trade Union participation and Employee happiness. Thus, H2 is accepted.

H3: There is a significant impact of the happiness of employees on employee performance

Pearson Correlation between the happiness of employees and the employee job performance (R-value) is 0.418. If the

value is less than 0.4, the relationship is weak and if it is greater than 0.7, the relationship is strong. But at this point value is between 0.4 and 0.7. Therefore, it is moderate. The P value is 0.000 level (2-tailed) which is less than 0.01. Hence the relationship between the happiness of the employee and the employee's job performance is significant. Therefore, there is a significant moderate positive relationship between the happiness of employees and the employee's job performance. Thus, H3 is accepted.

H4: Employee happiness is mediated between trade union participation and employee performance

4.1.1.1 Mediator Analysis

For this analysis, the researcher has used Sobel Test to check the mediating effect. Michael E. Sobel (1982) who is a statistics professor developed this model to check the mediating effect of the third variable (mediator) between the independent and dependent variables. There is an indirect effect occurs due to the existence of a mediator variable. According to this study mediating variable is Employee Happiness. The figure represents the model for mediator testing.

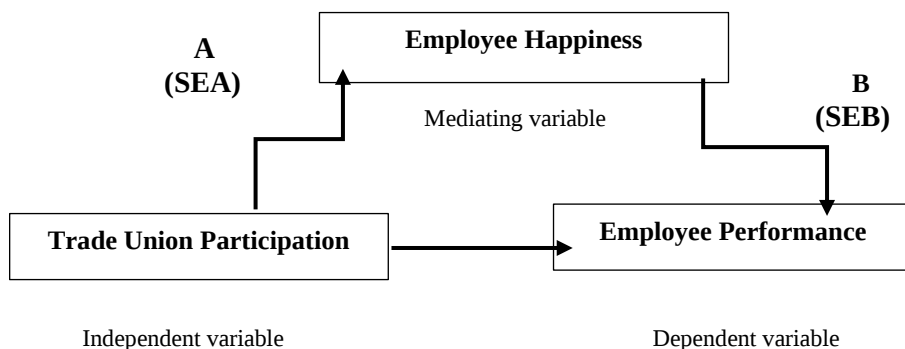


Figure 02: Mediator Testing

A: ?
 B: ?
 SE_A: ?
 SE_B: ?

Sobel test statistic: 4.12275880
One-tailed probability: 0.00001872
Two-tailed probability: 0.00003744

A: 0.522
 B: 0.206
 SEA: 0.060
 SEB: 0.044

After the calculation, the p-value is 0.00004 and which is less than 0.05 which is significant. The Sobel test statistic value is 4.12 and the deciding factor is between -1.96 and +1.96 (Sobel, 1982). But the test statistic value is greater than 1.96. Therefore, it is concluded that there is no mediating effect of Employee happiness between trade union participation and employee performance. Thus, H4 is rejected, and the null hypothesis is accepted.

Conclusion

The first objective of the study was to identify the Impact of Trade Union Participation on Employee Performance. According to statistical analysis, it was proved that there is a significant moderate positive relationship between Trade Union Participation and Employee Performance. Also, it shows that there is a 41.7% variation in Employee performance is explained by trade union participation. Thus, 1st objective is achieved. But the relationship was moderate. Then need to think of process improvement to improve the relationship to a strong one.

The second objective of the study was to identify the relationship between Trade Union Participation on the Happiness of Employees. According to statistical analysis, it was proved that there is a

significant moderate positive relationship between Trade Union Participation on the Happiness of Employees. Also, it shows that there is a 46.7% variation in the Happiness of Employees explained by Trade Union Participation. Thus, 2nd objective is achieved.

The third objective of the study was to examine the relationship between Employee Happiness on the Performance of Employees. According to statistical analysis, it was proved that there is a significant moderate positive relationship between Employee Happiness on the Performance of Employees. Also, it shows that there is a 41.8% variation in Employee Performance is explained by Employee Happiness. Thus, 3rd objective is achieved.

The last objective of the study was to identify the mediating effect of Employee Happiness between Trade Union Participation and Employee Performance. According to the Sobel test statistics value, there is no mediating effect of Employee Happiness between Trade Union Participation and Employee Performance. Thus, the last objective is not achieved and there is no mediating effect.

Recommendations & Directions for Further Research

This study concludes that trade union participation positively and significantly affected employee Performance. But the relationship was moderate. Therefore, it is highly recommended to organizations' top management to keep a strong relationship with the employees. Immediate supervisors have to understand the requirements of the employees and take action as far as they could take. Also, they should always try to work very closely with their subordinates and listen to their queries without any bias. Then it will build a close relationship between supervisor and employee. Through this method, management can influence their expectations of the employees and can increase Employee Performance while the influence of the trade union decreases.

The results of this research are thought to be very helpful in future studies on union

participation. Below discussion points will address future studies.

This research was done for state sector professionals in Sri Lanka based on a single organization. But this can conduct for organizations as a case study or can conduct as sector wise organizations also for the private sector or semi-government sector. Then it will analyze the current union participation qualities of management and supervisors. Meantime, it can effectively measure the productivity and the performance of employees from daily operations.

According to the literature there are other performance styles. Therefore, further research can be conducted based on other performance styles with different sector employees. Because sometimes depending on a single industry area performance style can be different. Also, by changing the mediator variable to "Job satisfaction" can do further analysis to observe the impact between trade union participation and employee satisfaction.

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