

Management Opposition, Strikes and Union Threats

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Extended Abstract

JEL classification: J51, J53, J71, C93

Keywords: Trade Unions, Industrial Relations, Management Opposition, Union Threat, Labor Disputes, Field Experiments

The basic purpose of unions is to organize workers to improve wages and general working conditions, using their key tools collective bargaining and strikes. But unions face strong opposition and are almost everywhere in decline. Consequently, we observe growing monopsonistic competition (Erickson and Mitchell, 2007) and increasing inequality (Card, 2001; Dustmann et al., 2009; Western and Rosenfeld, 2011; Farber et al., 2021).

Management opposition is expressed by direct (not always legal) actions such as spreading fear, firing unionized workers, improving working conditions (Freeman and Kleiner, 1990) and hiring discrimination (Leap et al., 1990; Saltzman, 1995). Common indirect actions are the use of non-standard contracts (Hatton, 2014), for example temporary employment, outsourcing and the use of temporary employment agencies. This makes organizing more difficult and allows to suppress wages (Drenik et al., 2020). There is little reason to doubt the existence of firms action against unionism, but where and how wide spread are these actions? What are the driving factors behind it? What is the link to the erosion of entire industrial relation systems?

By sending 13000 fictitious job applications, revealing union membership in the CV and a pro-union attitude via social media accounts, I provide robust evidence for management opposition in terms of hiring discrimination for the German labor market. Due to the institutional separation of union voice (works councils) and wage bargaining (unions) in Germany, the experiment allows to focus on unions' activity to improve wages and working conditions.

A correspondence experiment on management opposition allows to avoid potential systematic bias in reports of management opposition, selection problems resulting from unions organizing attempts as well as unobserved determinants of union memberships and organizing attempts. Furthermore, given the easy opportunity to discriminate against union members, the experiment allows employers independent of firm size to reveal their attitude toward unions. As a result, this correspondence experiments can determine how widespread management opposition against unions is in an economy.

I provide evidence for widespread management opposition in Germany with strong variation based on firm and industry characteristics. While firms with less than 6 employees do not

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discriminate against union members, firms with 6 to 50 employees have about 20% lower callback rates for union members, which further increases with firm size. This goes against potential concerns about an underestimation of existing management opposition and support the idea that larger firms are the main venue of union-employee conflicts.

In line with recent correspondence experiments ([Baert and Omey, 2015](#); [Kreisberg and Wilmers, 2021](#)) the results indicate that management opposition is strongest in sectors where unions possess bargaining power and threat potential. In contrast to [Kreisberg and Wilmers \(2021\)](#) the results indicate that unions strike activity during collective bargaining has spillover effects increasing union threat within a sector/region. The results are consistent with the theory of union threat and the absence of union threat effect as an important reason for companies to exit collective agreements. This becomes even more important in a world where unions lose influence and collective bargaining coverage, since union threat potential can reduce the negative effect on wages and working conditions.

While most attempts of management opposition in particular hiring discrimination against unions are of illegal nature, the results suggest that management opposition is a symptom of a well functioning industrial relation system where unions are recognized as influential. In sectors without employers perceiving unions as an influential opponent (in example in small firms and sectors with low union density) firms are more likely to leave collective agreements and also stop voluntarily adhering to collective agreements in their wage setting. Therefore the absence of hiring discrimination in some sectors (in example the health sectors) in Germany, in Belgium ([Baert and Omey, 2015](#)) and the United States in general ([Kreisberg and Wilmers, 2021](#)), suggest worsening wages and working conditions in the future.

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