

Systems of Employee Voice: Theoretical and Empirical Perspectives

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The concept of "voice" in the employment relationship is grounded in the exit-voice-loyalty model originally formulated by Hirschman.¹ Hirschman sought to explain why some consumers, who are dissatisfied with a firm's product, will "stay and fight" rather than switch to the product of another firm. Consumer switching behavior is, of course, consistent with the basic analytical assumptions underlying microeconomic theory. Thus, Hirschman focused on the exceptional or against-the-grain behavior of certain consumers. From his conceptual formulation of the relationship between the consumer and the producer, it is possible to derive the proposition that it is the more "loyal" consumer who is likely to exercise voice or to protest against the producer.

The major application of the exit-voice-loyalty framework to the labor market has been to union-management relations. This approach is most clearly reflected in the work of Freeman and Medoff.² In brief, their research treats unionism as a proxy for employee voice and concludes that unionism (voice) lowers employee quit rates (exit). Additionally, unionism raises employee job tenure (experience), enhances employer investment in human capital, and increases employee productivity. These are known as the "collective voice" effects of unionism. However, unionism also raises wage and benefit costs to the firm—although according to Freeman and Medoff only to levels which roughly offset union-induced productivity increases. These are known as the "monopoly face" effects of unionism.

Other research using the exit-voice framework has been conducted in both unionized and nonunion businesses. This work concludes that employee use of voice via the filing of written grievances and complaints is positively related to voluntary and involuntary turnover, and negatively related to

(measured) job performance, intrafirm mobility, and work attendance.³

This article focuses centrally on the uses of voice in the labor market, but the scope of analysis is widened beyond unionism and (unionized or nonunion) grievance procedures. We begin by focusing on mandated voice systems, such as European works councils and codetermination, move on to consider "voluntary" voice systems in both unionized and nonunion settings, and later address the absence of such systems from portions of the labor market. A major objective of the article is to provide management with a guide to the available choices of employee voice systems and arrangements, depending in part on where companies operate.⁴

Mandated Works Councils

The first type of mandated voice system considered here is the works council, which prevails in certain Western European nations—for example, Austria, Belgium, Denmark, France, Germany, Greece, Italy, Luxembourg, the Netherlands, and Norway.⁵ Works councils typically exist at the corporate, divisional, and plant/facility levels of an enterprise, and their members are elected. This form of worker representation usually covers a wide range of occupations within an enterprise, sometimes including first-line supervisors and middle-management personnel.

As Bain notes, there is wide variation in the legal status and organizational structure of European works councils as well as in their roles and the scope of issues taken up by them.⁶ Usually a works council is legally independent of both the union and the employer. In some cases, all employees are represented in one works council, while in other cases there may be separate councils for blue- and white-collar workers.

Works councils universally have rights to information, usually have rights to consultation, and occasionally have rights to joint decision making. Thus, French works councils have purely consultative rights within enterprises (though they must be supplied with information about wages, working conditions, and employment prospects). German works councils jointly decide such issues as job evaluation, overtime, work breaks, holiday schedules, recruitment, selection, dismissal, training, and workplace safety with employers. Works councils are widely consulted about though rarely hold joint decision-making rights over business acquisitions and divestitures, plant closings, and plant relocations.

In terms of their economic consequences, European works councils seem to have some of the monopoly effects but few of the collective voice effects typically associated with U.S. unions.⁷ To illustrate, Svejnar⁸ and Blumenthal⁹ report positive wage impacts of German works councils, while Fitzroy and Kraft¹⁰ and Schnabel¹¹ report negative productivity effects of German works councils. The effects of works councils on employee quit rates are insignificant, according to Kraft,¹² and slightly positive,

according to Wilson and Peel.¹³ Further, works councils are reported significantly to reduce company profitability,¹⁴ but also modestly to reduce employee absenteeism.¹⁵

On balance, this research provides little evidence to support the claim that collective voice in the form of works councils yields economic efficiencies, and there is some evidence to the contrary. However, the evidence says little about the extent to which industrial democracy in European enterprises has been affected by works councils. If such democracy is measured in part by the scope of issues taken up by works councils or by their qualitative effects on certain areas of human resource/personnel management—for example, transfers, work assignments, dismissals, and working conditions—then available evidence indicates that works councils, in particular, German and Swedish works councils, have had positive effects on these aspects of the employment relationship.¹⁶

Mandated Codetermination

A second type of mandated voice system is codetermination, which refers to the representation of employees on company managing boards or boards of directors. As with works councils, codetermination is common in European nations and is specifically mandated by law for business enterprises above a limited size cutoff in Austria, Denmark, Germany, Ireland, Luxembourg, the Netherlands, Norway, Sweden, and Spain.¹⁷ The structure of codetermination arrangements and the basis for electing employee directors vary considerably among European nations.

Seldom is there an equal number of employee and management representatives on a board of directors. However German coal and steel companies do have such a parity arrangement. Elsewhere in Germany, employees make up one-third of the board of directors, an arrangement which also prevails in several other European countries.

Unlike elections for works council representatives in which all employees are eligible to vote, employee directors are often selected by unions, as, for example, in Sweden, Luxembourg, and Germany (and, in the rare case where voluntary codetermination exists, in the United States). Bain observes that codetermination provides workers with the type of business information that permits them to make “long-term strategic decisions.”¹⁸ However, the extent to which such decision making actually occurs depends in part on employee directors’ technical training, acceptance by other board members, and dual (and perhaps split) loyalties to employer and employee organizations—dimensions along which there is considerable variation among European nations.¹⁹

Empirical evidence about the economic effects of codetermination is similar to that concerning works councils, with perhaps slightly more support shown for the collective voice “face” of codetermination. Svejnar

reports significant wage effects of German codetermination,²⁰ but Benelli et al. found little evidence of a shift of economic returns from capital to labor under German codetermination,²¹ and Jones and Pliskin found little effect of British codetermination on employee bonuses.²² Jones reports modest productivity increases under codetermination in Britain,²³ as do Cable and Fitzroy for Germany.²⁴ However Svejnar finds no discernible effects of codetermination on the productivity of German enterprises.²⁵

As to the extent to which codetermination achieves industrial democracy for workers, this is perhaps more doubtful than in the case of works councils. For example, Hobson and Dworkin report that German workers place little value on "labor directors" and relatively more value on works councils.²⁶ Kassalow shows how employee representatives on the boards of German companies can be kept off important subcommittees and otherwise bypassed on important decisions.²⁷ And, in a recent study of (voluntary) codetermination in 14 U.S. firms, Hammer et al. report that "worker constituents believed that their board representatives fell short both in protecting workers' interests and in communicating with them about board decisions."²⁸

In sum, the available evidence suggests that it is one thing to mandate voice—in this instance, in the form of codetermination—but quite another thing to mandate *effective* voice, at least as judged by workers who are "represented" by their peers on company boards of directors.

Mandated Systems of Job Security and Industrial Tribunals

A third type of mandated voice system is legislated protection against dismissal from the job. Such worker protection/employee rights legislation is common in Western Europe, with the relevant laws also typically requiring that the terms and conditions of an individual's employment be written and supplied to the employee by the employer. European nations with one or another version of such laws in place include Belgium, France, Ireland, Italy, Luxembourg, Portugal, and the United Kingdom.²⁹ Typically, legislation that protects workers from dismissal specifies the conditions under which dismissal can occur, identifies the procedures that must be employed in dismissal cases, and often requires the use of third-party tribunals to hear and rule on dismissal cases.

In some countries, such as Great Britain, legislation treats dismissal for economic reasons (termed "redundancy" in Britain, "layoffs" and "reductions in force" in the United States) differently from dismissal for disciplinary reasons (termed "discharge for cause" in the United States). Where disciplinary dismissal is the issue, hearings are often conducted to determine if the discharge was "unjust" or "unfair."

Dickens et al. point out that one effect of British law has been to spur the development by firms of more formal procedures to handle matters of

discipline and discharge.³⁰ In this regard, the main opposition to the continuance of Britain's unjust dismissal law comes from small firms and their associations, which have occasionally been successful in persuading the British government to weaken legislative protections against unjust dismissal. For small firms, the establishment of formal, bureaucratic personnel procedures is potentially more costly than for larger enterprises.

The United States is one of the few developed nations of the world without generalized employee rights legislation or narrower unjust dismissal legislation. However, there has been no shortage of proposals for the enactment of such laws.³¹ Indeed, Krueger offers an evolutionary theory of unjust dismissal legislation which proposes that employer groups, responding to the threat of large and variable damage awards imposed by the judicial system, eventually will support unjust dismissal legislation.³² Such legislation, he reasons, will allow firms to define property rights in jobs more clearly, reduce uncertainty, and limit employer liability. In short, he sees a parallel between the evolution of employer support in the early 20th century for workers' compensation laws and a similar evolution of unjust dismissal legislation.

So far, only one U.S. state (Montana) has enacted such legislation, despite the prediction. But as both Krueger³³ and Aaron³⁴ make clear, common law decisions in unjust dismissal cases reached by courts in various U.S. states (notably California, New Jersey, and New York) have substantially eroded the long-prevailing employment-at-will doctrine. Continued erosion may yet generate a base of employer support for new defining legislation.

Indeed, a draft Uniform Employment Termination Act was recently prepared by the National Conference of Commissioners on Uniform State Laws. As Aaron points out, a key provision of this draft law specifies that "an employer may not terminate the employment of an employee without good cause."³⁵ The main procedure proposed for handling complaints of unjust dismissal is arbitration. Under the draft act, both employers and employees can file a complaint and can demand arbitration to determine whether good cause for termination exists. This draft statute is aimed at state legislatures. In that respect it is consistent with the tendency in recent years for state governments to be more active than the federal government of the U.S. in regulating the employment relationship. Apart from unjust discharge, examples of recent state regulation include employee drug testing, employee AIDS testing, the use of polygraph testing, and the privacy of—and access to—personnel file information. Nevertheless, one may question the level of government toward which the proposed Uniform Employment Termination Act and related initiatives will be directed.

If experience in this area does turn out to parallel that of workers' compensation, then unjust dismissal legislation will indeed be thrashed out at the level of, and perhaps enacted by, state legislatures. If, on the other hand, experience turns out to parallel that of union-management relations in the

1930s and pension reform of the 1970s, then initiatives to enact unjust dismissal legislation will be directed toward the federal government. It is even possible that future legislative initiatives in the area of unjust dismissal will parallel the U.S. experience with unemployment compensation, equal employment opportunity, or occupational safety, programs in which there is a mix of federal and state responsibility.

In any case, the type of unjust dismissal legislative protection discussed by Aaron seems, at best, to provide only a modest shift in this type of voice in the employment relationship.³⁶ Under the proposed Uniform Employment Termination Act, the burden of proof rests with the employee, a situation largely similar to the present circumstance in current judicial proceedings on wrongful termination cases. However, if the Uniform Employment Termination Act or similar proposed legislation is enacted by state governments or the federal government, it will provide an explicit, if limited, form of voice in the employment relationship. In that sense, unjust dismissal legislation may be viewed together with works council and codetermination legislation as mandated systems of explicit employee voice—systems with which domestic and foreign-owned companies must comply. Such systems contrast markedly with voluntary voice systems, which are taken up next and about which companies have considerably more freedom to choose.

Voluntary Voice Systems Under Collective Bargaining

The best-known voluntary system of employee voice in the U.S. is collective bargaining between a group of unionized employees and a company's management. Such collective voice is said to be "voluntary" because employees choose whether or not to be represented by a union, and not because the business chooses to have its employees represented by a union (in fact, most U.S. businesses seek to remain or become union-free). Nevertheless, if employees choose the union option, then representatives of the employees and the employer engage in negotiations to determine if a collective-bargaining agreement will be reached and what terms it will contain—once again, a voluntary, though joint, decision. When such agreements are reached between unions and companies, they almost always contain a formal grievance procedure, which is the mechanism through which individual employees can file complaints about or challenge management actions concerning terms and conditions of employment which are covered by the agreement. Though this entire process is often referred to as the "standard bargaining" model, it should be noted that it combines elements of collective voice—the negotiation of an explicit contract—with elements of individual voice—the establishment of a procedure to handle individual grievances.

There is substantial debate among economists about the effects of unionized grievance procedures (or, more precisely, grievance activity) on

firm performance. On the one hand, as Kleiner notes, grievance procedures appear to reduce employee turnover.³⁷ Following a Freeman-Medoff type argument, this result appears to be one link in the chain of union voice-induced enhancements of firm-level human capital and productivity. More generally, grievance procedures may be conceived as providing or signaling certain information to management, which is then used more closely to monitor and manage the workplace.³⁸ In short, this line of reasoning suggests that institutionalized employee voice in the form of grievance procedures potentially enhances firm performance.

On the other hand, several studies of grievance activity in unionized manufacturing establishments reach an opposite conclusion. To illustrate, Ichniowski found a strong negative relationship between grievance rates and monthly tons of paper produced in nine paper mills over the 1976–82 period.³⁹ Katz, Kochan, and Gobeille⁴⁰ and Katz, Kochan, and Weber⁴¹ found strong negative relationships between grievance rates and plant performance measures in two sets of General Motors automobile assembly plants during the 1970s. Finally, Norsworthy and Zabala found that the grievance rate was significantly negatively related to total factor productivity and significantly positively related to unit production costs in the U.S. automobile industry over the 1959–76 period.⁴²

One explanation for these findings is that a “displacement effect” occurs such that time normally devoted to production is devoted to grievance filing, processing, and resolution. However, the magnitude of the productivity losses reported in the aforementioned studies appears to be too large to be accounted for solely by the displacement effect.⁴³ Further complicating the task of sorting out the independent effects of grievance procedures on establishment or firm performance is the case of the unionized aerospace firm examined by Kleiner.⁴⁴ In that case, the lowest levels of unit labor costs were associated with a “moderate” (i.e., nonzero) level of grievance activity.

Recent theoretical treatments by industrial relations scholars suggest a trade-off approach. They argue that union and management decisions to adopt (or not adopt) grievance procedures should be viewed as wage *alternatives*. That is, grievance procedures may be traded off for wages, benefits, or other conditions of employment.⁴⁵

In any case, little of the aforementioned research directly considers the question of whether, and to what extent, grievance procedures provide an effective voice mechanism or, more fundamentally, industrial democracy, to unionized workers. The vast bulk of economic and industrial relations research on this topic focuses on the effects of unionized grievance procedures on measures of establishment and firm performance. Often, as in the research of Freeman and Medoff,⁴⁶ the mere existence of grievance procedures is taken to mean that voice is present in the employment relationship. It is labor law scholars, rather than economists, who most directly address the effective voice/industrial democracy aspect of grievance proce-

dures. In this regard, Aaron concludes that unionized grievance procedures featuring *independent* representation of employees and arbitration as the terminal step of the procedure constitute the "best evidence" of effective voice in the employment relationship.⁴⁷

Going beyond procedural justice dimensions to consider the distributive justice dimensions of grievance procedures, Lewin and Peterson examined selected post-grievance settlement outcomes for large samples of unionized grievance filers and nonfilers in several different industry settings.⁴⁸ They found that grievance filing was significantly positively related to post-grievance settlement turnover rates (both voluntary and involuntary), and negatively related to job performance ratings, promotion rates and work attendance rates.⁴⁹ Moreover, similar findings were reported in comparisons of post-grievance settlement outcomes for samples of supervisors of grievance filers and supervisors of nonfilers.

If this evidence is taken to mean that grievance filers and their supervisors suffer reprisals for being involved in grievance activity, then the alleged effective voice-industrial democracy attributes of unionized grievance procedures are called into question. Reprisals for exercise of voice will inevitably tend to repress the effective use of voice in the employment relationship.

Voluntary Voice Through Nonunion Grievance Systems

A less well known, but apparently growing, voluntary system of employee voice is the nonunion grievance procedure. In the United States, about one of every two large publicly-held nonunion businesses has a formal grievance or grievance-like procedure in place for at least one major occupational group.⁵⁰ Moreover, the incidence of such procedures is even greater for the nonunion portion of so-called double-breasted businesses.⁵¹ Unlike grievance machinery under standard collective bargaining, nonunion grievance procedures are voluntarily put into place by employers.

Why do some nonunion businesses adopt grievance (or grievance-like) procedures? One reason is to preserve the nonunion status of their workforces. Support for this conclusion comes from such case examples as the Northrop Corporation, which adopted its nonunion grievance procedure in 1946 following two separate union representation elections which the company "won" by small margins,⁵² and from Federal Express, which openly describes its Guaranteed Fair Treatment procedure as a viable alternative to unionism.⁵³ Other, more systematic evidence obtained from large scale surveys of nonunion businesses also supports this conclusion.⁵⁴

But union avoidance hardly provides a complete rationale for the presence of nonunion grievance procedures. Kleiner shows how applications of the concept of transactions costs provide a justification for employer-provided voice to employees through "an enforceable grievance procedure even without unions."⁵⁵ Kleiner illustrates this application with the example

of "cheap talk" among production workers. Such talk contains information which is potentially useful for improving the production process, and the business seeks to obtain the benefits of this information by adopting and institutionalizing a grievance procedure-type voice mechanism.

However, if this example and the conceptual basis for it are sound, then why haven't most or all nonunion firms adopted this type of employee voice mechanism? Kleiner offers three responses to this question.⁵⁶ First, the cost of a nonunion grievance procedure may outweigh the benefits. Second, a nonunion grievance procedure is an "innovative" human resource management technology which is yet to be discovered by nonunion firms in general (but presumably will be so discovered). Third, managers are under pressure not to relinquish the control that providing "real" voice to workers seems to require.

For the last of these arguments to be valid, it would have to be shown that contemporary managers are under more control-retention pressures than their predecessors (and the work of Bendix⁵⁷ and Jacoby⁵⁸ casts doubt on this idea). Alternatively, it would have to be demonstrated that the managers of nonunion firms without grievance procedures are under more control-retention pressures than the managers of nonunion firms with grievance procedures. In any case, it should also be noted that a compensating wage differentials framework of analysis leads to the proposition that nonunion firms with and without grievance procedures can exist simultaneously.⁵⁹ That is, nonunion firms which choose not to have grievance machinery could compensate employees for this missing voice element through higher pay.

Yet another rationale for the emergence of a newer nonstandard model of individual employee voice in the nonunion firm is offered by McCabe.⁶⁰ He contends that a combination of challenges to established authority have spurred the adoption of grievance procedures (and participative management mechanisms) by large nonunion companies. These challenges were/are reflected in the student movement (campus unrest) of the 1960s, the women's movement of the 1970s, and public-opinion surveys showing that large proportions of the U.S. population believe that economic and political power is "unjustly" concentrated among managers of large business institutions. Empirically, it does appear that, other things equal, the larger the nonunion company the more likely it is to have a grievance procedure.⁶¹ However, it is also possible to place these social forces into a generalized demand-supply framework for the purpose of explaining the existence and incidence of nonunion grievance procedures.⁶²

McCabe also calls attention to the varied characteristics of grievance procedures in nonunion settings.⁶³ Unlike unionized grievance procedures, which virtually always include third-party arbitration (as the terminal step), some nonunion grievance procedures rely instead on ombudsmen. Others incorporate mediation or rely for final opinions on top executives. But still

others do provide for arbitration to resolve grievances. This last arrangement is unusual, according to McCabe, who reports that only six of the 78 nonunion companies (8%) that he studied in the 1980s "provided for arbitration of grievances."⁶⁴ A higher estimate is reported by Delaney, Lewin and Ichniowski, who found that about 20% of some 180 nonunion companies with grievance procedures in place in 1987 provided for arbitration (usually as the terminal step).⁶⁵

Whichever of these estimates is more valid, it is clear that the very large majority of nonunion grievance procedures do not provide for third-party arbitration. Instead ultimate decision-making responsibility for grievance resolution rests with management. For Aaron and some other legal scholars,⁶⁶ this characteristic of nonunion grievance procedures is *per se* evidence of the sharply limited ability of such mechanisms to provide effective individual voice (and perhaps also industrial democracy) to nonunion employees.

As with research on unionized grievance procedures, some scholars have sought to go beyond the procedural justice dimensions of nonunion grievance procedures to examine the distributive justice outcomes associated with the use of such procedures.⁶⁷ To illustrate, Lewin examined selected post-grievance settlement outcomes for samples of grievance filers and nonfilers in several nonunion firms, and found that grievance filing was significantly negatively related to job performance ratings, promotion rates, and work attendance rates, and significantly positively related to both voluntary and involuntary turnover rates.⁶⁸ In addition, comparable findings emerged from analyses of post-grievance settlement outcomes for supervisors of grievance filers and supervisors of nonfilers. None of these findings were altered by the presence of arbitration as the final step of the nonunion grievance procedure.

These studies conclude that the use of individual employee voice is positively rather negatively related to employee exit from the nonunion firm. Again, the issue of reprisal is raised by this finding; the clear implication is that even the use of an outside third party cannot protect employees from such reprisal. But there is also a loyalty side of grievance filing to consider.

Boroff and Lewin analyzed survey responses from employees and managers of a large nonunion mail and package delivery business which maintains a formal, multistep grievance procedure (a procedure which most managerial personnel of the firm are also eligible to use).⁶⁹ Confining their analysis to respondents who indicated that they had been subject to unfair workplace treatment, these researchers found that employee exercise of voice via grievance filing was consistently and significantly positively related to employees' intent to leave the firm. Additionally, a measure of employee loyalty to the firm was consistently and significantly negatively related to employee grievance filing.⁷⁰

In other words, the more loyal the employee is to the firm, the less likely he or she is to file a written grievance; such an employee can perhaps be

said to suffer in silence. Further, employees who actually file grievances are more likely to intend to leave the firm than employees who do not file grievances. Thus, these grievance filers can perhaps be said to have (mentally) prepared themselves to leave the firm, and to have registered this intent by filing written grievances.⁷¹

All of these findings are contrary to the exit-voice-loyalty propositions derived by Hirschman,⁷² and to the empirical findings of Freeman and Medoff,⁷³ based on studies of unionized grievance procedures. More fundamentally, these findings call into question the supposed effective voice (and perhaps also the industrial democracy) attributes of nonunion grievance procedures.

In spite of their many differences, both unionized and nonunion grievance procedures represent forms of voluntary explicit contracts between employers and employees which are intended to legitimize and activate voice in the employment relationship. These procedures may be thought of as systems of dispute resolution within the internal labor markets of firms. The most voluntary of these systems is the nonunion grievance procedure, which in one form or another has been widely adopted by nonunion U.S. businesses. However, not all businesses maintain such systems, and the reasons for this absence of voice mechanisms from some businesses are taken up next.

The Option of No Voice System

Businesses without explicit voice systems tend to be small, operate in highly seasonal product markets, and/or have intentionally high turnover type internal labor markets. Is there any reason to expect that small businesses will be less likely than large businesses to provide a voice channel for employees? In fact, there are several.

Firm size has been shown to be significantly associated with a variety of human resource management, employee relations, and labor characteristics. For example, wages and fringe benefits vary positively with firm size.⁷⁴ This association may be due to several factors. First, there may be a desire of larger firms to employ higher-quality workers (a human capital explanation). Second, larger firms may have a need to offset a relatively more impersonal work atmosphere and more alienating jobs (a compensating wage differentials explanation).

Third, large, hierarchical firms may have more complex worker monitoring requirements and need to pay a premium to ensure adequate performance (an efficiency wage explanation). Fourth, and finally, firm size is positively associated with unionization. In short, pay premiums, mobility-restricting benefits, the need to invest in employees, and unions are all associated with firm size. Thus, it should not be surprising that it is the larger firms which are most likely to provide a voice mechanism to em-

ployees. Size is a proxy for many characteristics that might be associated with voice.⁷⁵ And, conversely, it is the smaller enterprise which is least likely to offer a voice option.

It is possible, however, that the formal offering of a voice system, while readily measurable, obscures the actual degree of voice offered. In smaller firms, the cost of communication and transactions may be relatively low, and relationships between supervisor and subordinate may be informal and personal. In other words, voice may exist in small firms, but not in the form of explicit arrangements.

Firms with highly seasonal demands for their products and services may be unsuited for formal voice systems. Employment will swing markedly over the year, regularly interrupting the employment relationship. Thus, in nonunion construction, explicit voice mechanisms are quite rare.⁷⁶ It is often the case that industries which are highly seasonal also have relatively small employers, such as construction, tourist services, and agriculture.

One of the more notable human resource management developments in recent years is the shrinking of "core" workforces and the expansion of "peripheral" employment.⁷⁷ The core workforce consists of regular, full-time employees, often with long tenure, who are covered by wage progression and benefit plans and who are offered training, development, and promotion opportunities. In contrast, peripheral workers are often temporary, contracted, vendored, part-time, and/or otherwise contingent. Firms with such workers are unlikely to offer them access to explicit voice systems. In general, firms with high rates of employee turnover and intermittent employment attachments are likely to see little point in establishing and operating voice mechanisms.

Summary and Conclusions

Western European nations have been the most prominent proponents of mandated systems of employee voice. These systems include works councils, codetermination, and legislative protections against unjust discharge. "Voluntary" employee voice manifested through unionism and collective bargaining is also common in Western Europe. In that region of the world, employee exit, especially voluntary exit, from the firm is far less common than in the U.S., and it is perhaps foremost for this reason that Western European nations have seen fit to provide various legislated forms of employee voice.

In the U.S., works councils are unknown, codetermination is rare, unionism and collective bargaining are declining, and legislative protections against unjust dismissal have yet to make much headway despite the rise of wrongful termination lawsuits and court decisions in this area. By far the most important recent development concerning employee voice in the U.S. is the growth of the nonunion grievance or grievance-type procedure, yet

a large proportion of U.S. businesses have not adopted such a procedure—possibly because the notion of an employee quitting a dissatisfying job to pursue an alternative employment opportunity remains more salient in the U.S. than elsewhere.

Economic arguments about employee voice lead to the conclusion that if it is cheaper for a business to offer higher pay than to provide an explicit voice mechanism, it will do so. This is consistent with the absence of employee voice mechanisms from some businesses and also with economists' notion of an implicit employment contract as well as the legal doctrine of an at-will employment relationship. Similar reasoning leads to the conclusion that if it is cheaper for a business to provide voice than to offer higher pay, it will do so. This is consistent with the presence of employee voice mechanisms in some businesses—and with the central idea underlying the exit-voice model of the labor market.

For the business that is interested in adopting an explicit employee voice mechanism, the underlying rationale is that such a system will elicit information from employees that is useful to improving work products and processes, decision-making, and/or organizational performance. Such a business is likely to be large, hierarchically structured, not subject to seasonal demands for its products or services, and likely to have a relatively high proportion of core employees that it wishes to retain.

For this type of business, the choice among explicit voice mechanisms is wide-ranging. Grievance-like systems with and without third-party arbitration (as found in Northrop and Federal Express, respectively) reflect one such choice, but so too do suggestion systems, quality circles, quality-of-work-life improvement programs, autonomous work teams, and other high involvement-participation work systems.⁷⁸ Ironically, this range of choices makes for more complex decision-making than in Western Europe, where both domestic and foreign-owned businesses are mandated by law to provide certain forms of employee voice. Adding to this complexity is the evidence, briefly reviewed in this article, that some voluntary voice systems result in reprisals against employees and managerial personnel who are directly involved in the use of such systems. Thus, it is all the more important for businesses operating in the U.S., whether domestic or foreign-owned, explicitly to address the matter of employee voice, and to make informed choices among the wide range of voluntary employee voice systems that prevail in the U.S. labor market.

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