



Revisiting Collective Bargaining Outcomes: Employee Engagement and the Mediating Role of Trade Union Effectiveness. A case study to public and private organisations A.P

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Abstract

This chapter examines how collective bargaining affects employee engagement, with trade union effectiveness as a mediating factor. Based on the Social Exchange Theory, the study adopts a quantitative, cross-sectional design based on data collected from 145 employees in both public and private sector organisations. Data were analysed using IBM SPSS Statistics and the PROCESS Macro with bootstrapping. The results show that collective bargaining has a significant positive impact on employee engagement ($\beta = 0.62, p < 0.001$), which is mediated by trade union effectiveness to some extent. The findings of the mediation reveal that effective unions play a crucial role in translating bargaining outcomes into positive employee attitudes. The study contributes to the industrial relations literature by linking institutional practices with employee engagement and providing some practical implications on how to enhance the collaborative bargaining and union performance.

Keywords: Collective Bargaining; Employee Engagement; Industrial Relations; Trade Union Effectiveness.

1. Introduction

In this context, collective bargaining remains a crucial factor in the formation of employment relationships despite the circumstances of the diminishing union density and the growing flexibilization of the labour market. Recent research notes that modern collective bargaining has also transformed into a less adversarial and more cooperative and strategic alliance with the goal of promoting the sustainability of the organisations and the welfare of the workers (Marginson, 2021; Visser, 2022).



Meanwhile, employee engagement has become an important organisational priority, especially within the post-pandemic workplace with remote work, job insecurity, and shifting psychological contracts. There is empirical evidence that indicates that organisations with higher levels of employee engagement demonstrate better performance outcomes, such as productivity, innovation, and employee retention (Saks, 2022; Albrecht et al., 2021).

Nonetheless, although both constructs have become increasingly relevant, limited research has been conducted on the effects of institutional mechanisms, including collective bargaining, on employee engagement. More to the point, the mediating role of trade union effectiveness has not been adequately explored in the recent literature, especially in secure representation and building trust (Pulignano et al., 2022). This gap is particularly evident in the developing economies, where unions are changing according to the new dynamics of labour.

In line with this, this study examines the effect of collective bargaining on employee engagement and explores the mediating effect of trade union effectiveness.

2. Literature Review

Recent research has increasingly focused on the evolution of collective bargaining in the face of globalisation, modern technology, and evolving labour market trends. According to Marginson (2021), decentralisation of bargaining structures has transformed the conventional power dynamics as it has compelled organisations to adopt more flexible and collaborative forms of negotiations. This change represents a wider trend of adversarial to partnership-based industrial relations.

There is empirical evidence that collective bargaining has the potential to affect employee attitudes positively in cases where it fosters fairness, transparency and participation. As an example, Bryson et al. (2022) show that employee voice mechanisms that are anchored in collective bargaining structures have a significant positive impact on job satisfaction and organisational commitment. These findings are in line with the argument that participative bargaining processes enhance the sense of inclusion and organisational belonging in employees.

Nevertheless, the connection between employee outcomes and collective bargaining is not always beneficial. Although the positive impact of employee voice is emphasised by previous research (Bryson et al., 2022), there is conflicting evidence that antagonistic union-management relationships can undermine the attitude of employees and lower the level of engagement (Doellgast et al., 2022). This divergence suggests that the effectiveness of



collective bargaining depends on the character of union-management relations and the institutional environment in general.

The employee engagement literature also emphasises the significance of organisational practices in defining the behaviour of employees. As Saks (2022) underlines, perceived organisational support and fairness are critical factors of engagement and are typically entrenched in collective bargaining. In the same manner, Albrecht et al. (2021) emphasise that the engagement is heavily dependent on job resources, such as the involvement in decision-making and access to information, which are the postulated factors of the Job Demands-Resources (JD-R) model. These results suggest that collective bargaining can indirectly affect engagement through the improvement of important job resources.

Other recent studies have also shifted towards the effectiveness of trade unions, as opposed to their existence. According to Pulignano et al. (2022), the effectiveness of the union is a very important factor that defines the outcomes of employees because it influences the perception of fairness, trust, and representation. Strong unions can help in communication, reduce uncertainty and increase confidence of the employees in organisational processes. Conversely, weak unions can be unable to convert negotiated agreements into significant experiences of employees, thus restricting their influence.

With these developments, the current literature remains fragmented. The majority of the research has been done on collective bargaining, the effectiveness of the trade unions regarding the employees and engagement of the employees as independent constructs, but there have been few studies which have tried to put these constructs together in a single framework. Specifically, the moderating impact of trade union effectiveness in connecting collective bargaining with employee engagement has had inadequate empirical coverage.

Thus, this paper fills this gap by suggesting a mediation model of collective bargaining on employee engagement mediated by trade union effectiveness.

3. Theoretical Framework

The present research is based on Social Exchange Theory (SET) and the industrial relations theory, which provide a strong foundation for analysing the relationships among collective bargaining, the effectiveness of trade unions, and employee engagement.

According to Social Exchange Theory, social relationships are founded on reciprocity between the parties, whereby a positive relation is reciprocated by positive attitudes and activities (Cropanzano and Mitchell, 2005). In an organisational setting, when the workforce feels that there is equity, transparency, and involvement in the collective bargaining activities, they tend



to reciprocate with higher levels of engagement. The most recent extensions of SET also highlight the importance of institutional mechanisms, including trade unions, in the development of these exchange relationships (Saks, 2022).

According to the industrial relations view, organisations like the trade unions are instrumental in regulating the employment relationships and providing equal power distribution between the employer and the employees. The modern theory of industrial relations emphasises that the effectiveness of these institutions, and not their existence, is what defines their effect on the outcomes of employees (Visser, 2022). Effective trade unions enhance communication, create trust and make sure that agreements reached are carried out in a way that is beneficial to employees.

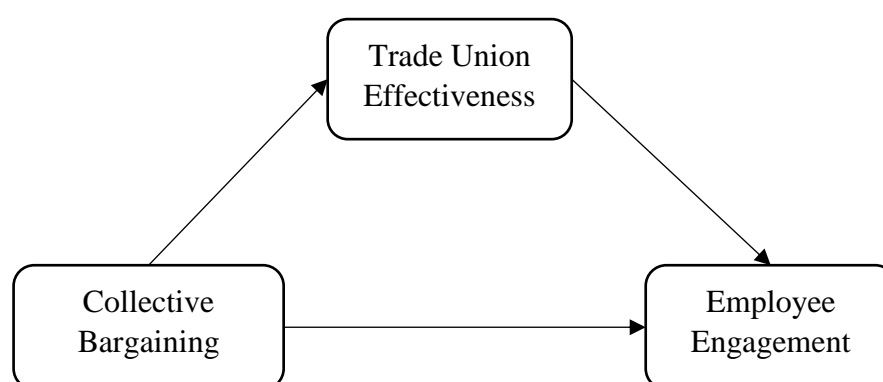
Therefore, collective bargaining is a structural process that determines the terms of exchange and trade union efficacy realises this exchange relationship by converting negotiated results into meaningful employee experiences, which, finally, affects employee engagement.

This combined theoretical approach offers a good rationale for studying the effectiveness of trade unions as a mediating factor since it describes how the processes of collective bargaining are translated to employee attitudes and behaviours.

4. Hypothesis and Conceptual Framework.

The effectiveness of trade unions mediates the relationship between collective bargaining and employee engagement by ensuring that the results of the negotiation are fair, trustworthy, and reflect the voice of the employees, and boosting the level of engagement.

Figure 1. Conceptual Framework of the Study



Hypotheses:

H1: Collective bargaining has a positive impact on employee engagement.



H2: Collective bargaining positively influences trade union effectiveness.

H3: Trade union effectiveness positively affects employee engagement.

H4: Trade union effectiveness mediates the relationship between collective bargaining and employee engagement.

5. Research Methodology

Research Design

The study adopts a quantitative, cross-sectional research design, which aims to examine the relationships among collective bargaining, the effectiveness of trade unions, and employee engagement. This design allows the empirical testing of the direct and indirect relationships between variables on the basis of collected data at one time.

Variables and Measurement

The paper includes three important constructs:

The independent variable is the collective bargaining:

Measured using items capturing Fairness, participation, transparency, and outcome of negotiation.

The Dependent Variable is the Employee Engagement.

Evaluated on the Utrecht Work Engagement Scale (UWES) (Schaufeli et al., 2006), which consists of vigour, dedication, and absorption.

Mediating Variable: Trade Union Effectiveness.

Measured through perception-based questions concerning the quality of the representations, effectiveness in communication and success in negotiation.

All variables are measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

Data Collection and Sample.

Primary data were collected using a structured questionnaire directed to the employees in the organisations of both the public and private sectors. A total of 145 valid responses were obtained and used for the final analysis.

A stratified sampling method was used to provide a representation of various sectors and types of employees. The sample size of 145 is considered adequate in order to conduct regression-based mediation analysis (Hair et al., 2019), especially when bootstrapping methods are employed.



Before the actual survey, a pilot study was done to determine the clarity and reliability of the instrument. The ethical considerations related to voluntary participation, informed consent, anonymity, and confidentiality were seriously adhered to in the course of data collection.

Analysis and Statistical Tools.

The data was analysed with the help of IBM SPSS Statistics and the PROCESS Macro created by Andrew F. Hayes.

The following analysis procedures were used:

Descriptive Statistics:

The data were summarised using mean, standard deviation and frequency distributions.

Reliability Analysis:

Internal consistency was determined by calculating Cronbach's alpha, and a value of above 0.70 is acceptable.

Correlation Analysis:

Pearson correlation analysis was conducted to study the correlations among the variables.

Common Method Bias Test:

Harman's single-factor test was conducted to determine whether common method bias was present, and the findings revealed that no single factor explained most of the variance, implying that the common method bias was not a big issue.

Mediation analysis was conducted (PROCESS Macro - Model 4).

The mediating role of trade unions was tested by PROCESS Macro (Model 4) with bootstrapping (5,000 samples) to provide the estimates of the indirect effects and the bias-corrected confidence intervals.

The mediation was established where:

The indirect effect was statistically significant, and

- The confidence interval excluding zero was 95.

It has been said to be more robust than the traditional methods since the approach does not assume normal distribution.

6. Results and Discussion

6.1 Descriptive Statistics

Descriptive statistics were computed to examine the distribution of the study variables. The results indicate moderate to high mean values across all constructs, reflecting generally positive perceptions among respondents.

Variable	Mean	Standard Deviation
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Collective Bargaining	3.72	0.68
Trade Union Effectiveness	3.65	0.72
Employee Engagement	3.81	0.66

The relatively low standard deviation values indicate consistency in responses across the sample (N = 145).

6.2 Reliability Analysis

The reliability of the constructs was assessed using Cronbach's alpha.

Variable	Cronbach's Alpha
Collective Bargaining	0.84
Trade Union Effectiveness	0.87
Employee Engagement	0.89

All values exceed the recommended threshold of 0.70, indicating **good internal consistency**.

6.3 Correlation Analysis

Pearson correlation analysis was conducted to examine the relationships among variables.

Variables	1	2	3
1. Collective Bargaining	1		
2. Trade Union Effectiveness	0.58**	1	
3. Employee Engagement	0.62**	0.66**	1

Note: $p < 0.01$

The results indicate that all variables are positively and significantly correlated, providing preliminary support for the proposed relationships.

6.4 Regression Analysis

To examine the direct relationships among variables, multiple regression analysis was conducted.

Effect of Collective Bargaining on Employee Engagement (H1)

- $\beta = 0.62$
- $p < 0.001$
- **$R^2 = 0.38$**

The results indicate that collective bargaining significantly predicts employee engagement, explaining **38% of the variance**. Thus, **H1 is supported**.

Effect of Collective Bargaining on Trade Union Effectiveness (H2)

- $\beta = 0.58$
- $p < 0.001$



- $R^2 = 0.34$

Collective bargaining has a significant positive effect on trade union effectiveness, explaining **34% of the variance**, thereby supporting **H2**.

Effect of Trade Union Effectiveness on Employee Engagement (H3)

- $\beta = 0.49$
- $p < 0.001$
- $R^2 = 0.31$

Trade union effectiveness significantly influences employee engagement and explains **31% of the variance**, supporting **H3**.

6.5 Mediation Analysis (PROCESS Macro – Model 4)

Mediation analysis was conducted using PROCESS Macro with 5,000 bootstrap samples.

Model Summary

Effect Type	Coefficient	p-value	95% Confidence Interval
Direct Effect	0.34	< 0.01	—
Indirect Effect	0.28	—	[0.18, 0.40]

The overall mediation model explains a substantial proportion of variance in employee engagement.

6.6 Interpretation of Mediation

The indirect effect of collective bargaining on employee engagement through trade union effectiveness is statistically significant, as the confidence interval does not include zero.

At the same time, the direct effect remains significant, indicating **partial mediation**.

This suggests that collective bargaining influences employee engagement both directly and indirectly through trade union effectiveness. The findings confirm that trade union effectiveness acts as an important mechanism through which bargaining outcomes are translated into employee attitudes. Thus, **H4 is supported**.

Discussion

The results provide strong empirical evidence of the proposed relations between collective bargaining and the effectiveness of trade union and employee engagement.

To begin with, the fact that collective bargaining positively influences the engagement of employees proves that a fair and participative negotiation process helps to engage employees more psychologically with their work. This observation aligns with the previous studies, especially Saks (2022), which highlights the importance of perceived fairness and organisational support in enhancing employee engagement. The present study extends the



literature showing that collective bargaining is an institutional mechanism through which such perceptions can be formed.

Second, the remarkable correlation between collective bargaining and trade union efficiency points out the relevance of institutional mechanisms in influencing the perceptions of employees. This finding is in line with Pulignano et al. (2022) who posit that good representation leads to increased trust and perceived justice in organizations. Simultaneously, the evidence indicates that the collective bargaining processes per se are key factors to enhance the union efficiency and, hence, institutional credibility.

Third, the findings reveal that employee engagement is positively influenced by trade union effectiveness significantly. This result is consistent with previous literature (Bryson et al., 2022), which notes the relevance of employee voice and representation to workplace attitude enhancement. Nonetheless, the current research adds further nuance by demonstrating that it is not only the existence of unions, but their performance that defines their intervention towards the outcome of engagement.

Most importantly, the mediation analysis shows that the effectiveness of trade unions is a key intervening mechanism in the relationship between collective bargaining and employee engagement. Although these relationships have been studied separately in the past the current study combines such relations in one framework. In this way, the results are aligned with the existing literature, however, they build it by showing the mediating effect of trade union effectiveness in an empirical manner.

On the whole, the results point to the idea that organizations need to forget about conventional adversarial practices and shift to more collaborative and participative forms of bargaining. The effectiveness of trade unions may further be strengthened to maximize the beneficial effect of collective bargaining that will eventually result in increased employee engagement rates.

Implications

Theoretical Implications

This paper builds on the Social Exchange Theory and adds an institutional approach, proving that collective bargaining affects staff engagement by effecting the performance of trade unions. It re-orientates the collective bargaining research to employee-based outcomes rather than conventional economic outcome and empirically demonstrates the mediating effect of trade union effectiveness, thus, incorporating formerly disparate constructs into a cohesive framework.

Managerial Implications



The results indicate that companies ought to implement open and participative collective bargaining to improve employee engagement. Trade unions should be regarded by the management as strategic partners and enhanced by improved communication and representation. Trust, engagement and overall organisational effectiveness can also be promoted by enhancing employee voice mechanisms.

Conclusion

This chapter revisits the role of collective bargaining in modern organisations by looking at how the trade union effectiveness mediates between collective bargaining and employee engagement. It transcends the view of traditional outcomes-based viewpoints and establishes collective bargaining as a strategic measure to improve the outcomes related to employees in contemporary workplaces.

The results indicate that collective bargaining, when applied in fair, participative, and clear ways, has a significant impact on employee engagement. When employees feel that the processes of bargaining are just, then chances are that they will be more vigorous, dedicated, and absorbed in their work roles.

One of the most important contributions to the study is the emphasis on the mediating power of the trade union effectiveness. The findings have shown that collective bargaining has a direct influence on employee engagement and is enhanced by the presence of efficient union representation, communication, and negotiation. This highlights the role of institutional efficacy in transforming the outcomes of bargaining into worthwhile experiences among the employees.

Despite these contributions, the study has certain limitations. The cross-sectional design limits causal interpretations, and the self-reported data could result in common method bias. Also, the sample size and sectoral nature can be a limitation to the extension of the findings. The future studies are to use longitudinal designs, bigger samples, and examine moderating variables, including either organisational culture or leadership style.

In conclusion, the study highlights that successful industrial relations are characterised by cooperative, open, and trustful policies. Empowerment of trade unions and progressive collective bargaining practices has the potential of being a major tool in improving employee engagement and attaining sustainable organisational performance.



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