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### Issues of Trade Union Density: A Review

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#### ABSTRACT

**Background:** Trade unions play a significant role in protecting member rights. However, there is a discouraging trend in the union density. Trade union density is crucial since it has an impact on the bargaining power and overall union effectiveness. In general trade unions appear to have very limited power in carrying out their activities, such as union organising, collective bargaining and decision making in the workplace. This study is an attempt in examining the issues of trade union density. A review of national and international evidence suggests that cyclical, structural and institutional factors influence trade union density.

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#### INTRODUCTION

“Trade union density expresses union membership as a proportion of the eligible workforce and can be used as an indicator of the degree to which workers are organised. However, union density only measures the extent of unionisation and tells us very little about the influence or bargaining power of unions. Trade union density rates should always be interpreted within the particular political and social context and according to the legal and institutional framework. Trade union density does not reflect the bargaining power of unions”. Blyton and Turnbull (1994) stress that the key to explaining the overall trade union influence is the overall trade union density. Union density, in recent years, has shown a decline in many countries around the world. The devolution in union density worldwide proclaims waning their significance (Aminuddin 2008, Benson & Zhu 2008). *Enrolment declination, architectural recruitment alterations, administrative practices, the legislative framework, and the role of state scrutinized in the developed economies* (Waddington & Whitson 1993). In addition, trade unions are opposed by economic components, like threat of capital flight, and overseas rivalry. Trade unions provide exclusive protection for individual workers. In Malaysia, employers, employees, and trade unions constitute an integrated industrial triune alliance. However, the decline in union density worldwide in recent era signifies their fragile influence (Aminuddin, 2008).

#### Literature Review:

Declining participation can be perceived as a generic crisis for trade unions where their legitimacy as interest organisations has interrogated as a result of lack of public support and constant altercating managerial strategies that instils individualism attributes and convictions (Peetz, 1997a). This fact is backed by modifications to “*employment architecture and labour markets, revising labour legislation, employer’s blatant opposition to unions*” (Freeman, 1989; Chasion & Rose, 1991; Western, 1995; Kurvilla et al, 2002; MacKinnon, 2003).

Previous studies on Malaysian trade union have been done in the following areas. Among them are role of state (Anantaraman, 2002; Arudsothy and Littler, 1993; Bhopal, 2001; Rose, 2010; Ramasamy, 2010; Aminuddin, 2007; Parasuraman and et al, 2000; Parasuraman, 2002; Bhopal and Rowley, 2002); trade union development (Parasuraman, 2001; Leong, 1999; Rasiah, 1995; Sharma, 1991; Verma, 1995); trade union membership Fatima Said and et al, 2002; Rohana, 1989); barriers to trade union growth (Ramasamy, 2010; Kumar and et al, 2012); trade union role in employment relations (Aminuddin, 2009; Navamukundan, 2002; Peetz and Todd, 2001; Ramasamy, 2010); employer opposition towards unionisation (Aminuddin, 2003 and 2007; Ramasamy and Rowley, 2008); union avoidance at workplaces especially in Multinational companies (Bhopal and Todd, 2002); employment structure and its impact (Ariff, 1997); industrialisation strategies (Kuruvilla, 1996); employee participation

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Parasuraman (2006); labour market and industrial relations (Parasuraman and et al, (2012); unions and collective bargaining (Rose and et al, 2008); union leadership (Arudsothy, 1985); enterprise unions (Wad, 1988); exemption of collective bargaining for the public sector (Aminuddin, 2008); decentralised collective bargaining in the electronics industries (Wad, 1988; Wad and Jomo, 1994; Kuruvilla and Venkataratnam, 1996); limited union role and union functions at workplace (Aminuddin, 2008; Ramasamy and Rowley, 2008); union organisation and effectiveness (Mohammed, 2009); union commitment (Johari, 2009 and 2011); socio cultural barriers restricting role of women (Jomo and Todd, 1994); women, labour activism and unions (Crinis, 2008). Most of the studies mentioned above have examined the historical developments of employment relations and trade union growth in the Malaysian context. Comparatively, fewer studies had focused on reasons for decline in trade union membership.

### **Determinants of Union Membership:**

#### **Individual Factors:**

Employees are instrumental in their decision to get representation by their union when they perceive it as competent and enduring organisation capable of offering quality terms (Bryson, 2003). *“The recrudescence to membership is reliant upon social background (Charlwood, 2002; Jomo and Todd (1994), age (Bryson et al., 2001; Waddington, 2006; Ramasamy, 2008; Aminuddin, 2008) employment satisfaction and working environment (Farber and Saks, 1980), employer attitudes to unionisation (Bryson, 2003; Ramasamy, 2010) the availability of other vocal representation’s at the workplace (Bryson, 2003), and influence by fellow peers (Bryson and Gomez, 2002).* Trade union membership is focusing more specifically on the individual employee and on the individual’s interest in joining or leaving a trade union (Fazekas 2011, Ebbinghaus et al. 2011). Differences between men and women, between young and old, between skilled and unskilled etc. are used to explain trends in union membership development (Schnabel & Wagner 2007) have indicated the differences between men and women, between young and old, between skilled and unskilled etc. explain trends in union membership development

#### **Labour Laws:**

Malaysia’s trade union movement is presently being governed by three major legislations i.e: Employment Act (1955); the Trade Unions Act (1959), and the Industrial Relations Act (1967), which collectively control and regulate the activities of trade unions in the country. In retrospect, trade unions in Malaysia have begun since before the Independence. Industrial relation practices (including employment practices) in Malaysia have changed and continuously evolved since its early days in the

1920s. Amendments to the employment and industrial-related legislations and Malaysia’s industrialization policies after the Independence have had a marked effect upon the activities of the employers and trade unions (Rose et al., 2001). *“Labour laws in Malaysia which form the triad for the industrial relations seem to be more favourable to employers to some extent than trade unions or employees, repressing employee participation in workplace agreements.”.* (Anantaraman 1997; Ariffin 1997; Parasuraman 2004; Suhanah 2002; Todd, Lansbury and Davis 2006). Moreover, according to Ramasamy(2010) labour laws and existing employee rights along with an avenue to justice have slowly eroded.

#### **Union Organising, Registration and Recognition:**

Union’s efforts to increase union memberships have also been restricted by labour laws in many ways. For instance, Section 2 of the Trade Union Act 1959 requires trade unions in Peninsular Malaysia, Sabah and Sarawak to exist separately and to be similar trades, occupations or industries. Section 2(2) empowers the Director General of Trade Unions (DGTU) in registering a new union and also in determining who is competent to be recognized as the representing union at the workplace. The Act permits only seven members to apply for a registration under Section 10. Section 18 highlights the order or direction of the Human Resource Minister as final and conclusive in the suspension of a trade union. Further, the Trade Union Act, 1959 also states that when an employee is terminated, he/she automatically cease to be an affiliate of the trade union. Thereby depriving employee abutment and assistance from the trade union.

#### **Collective Bargaining:**

According to Section 9 (1) of the Industrial Relation Act 1967 which does not allow employees working in managerial, executive, confidential staff and security capacities to join unions. Section 13(3) restricts trade unions to include issues which are designated as “managerial prerogatives” such as promotion, transfer, recruitment, termination, dismissal and reinstatement and work duties assigned by the employer in the collective bargaining. This restricts the bargaining strength of Malaysian trade unions when compared with their international counterparts. Section 17(1) paves a threat to union membership by making the collective agreement binding on all the employees in an organization irrespective of their union membership status. Thus the provisions in legislations such as the Trade Unions Act 1959 and the Industrial Relations Act 1967 have restricted and not relaxed the employees.

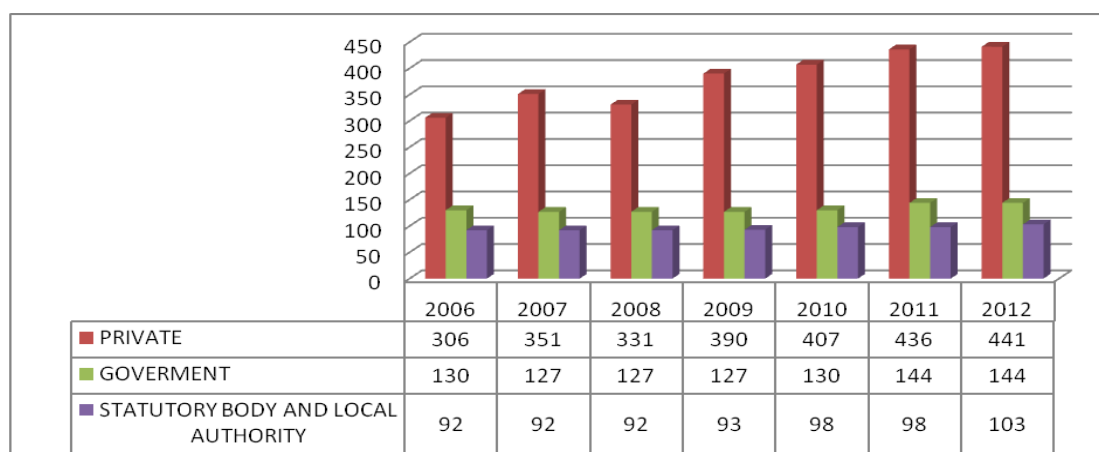
#### **Trade Union Membership Statistics:**

According to D’Art & Turner, (2008), unions have provided significant services to workers at

enterprise and national level. However, Kumar and et al (2012) in their recent study highlighted that “trade union renewal has various features in terms of questions of identity, communication, bargaining renewal, information technology, campaigning and social strategies”. The growth and the density of the trade union membership has always been stagnant for an over a past few decades. Trade union density or trade union membership has fallen in most European countries in the last twenty to thirty years (Jensen 2005).

Figure 1 shows the number of unions by sectors. There is an anomaly in the membership

pattern of private and public sectors. In 2006 the number of unions in the private sector were 396 and 130 in the public sector. By November 2012 the number of unions in the private sector increased to 441 but the public sector had a meagre increase to 144. For the statutory bodies and local authorities, the number of unions and memberships has also significantly increased. Generally, there is an overall increase in the number of unions annually. Parasuraman (2002) argues that the public and private sector unions in Malaysia are weak in terms of membership and also in terms of their bargaining power.



Source: Malaysian Trade Union Congress (MTUC, 2013)

**Fig. 1:** Number of Trade Union Sector in Malaysia (2006-2012)

Table 1 shows statistics of trade unions and membership growth in Malaysia from year 2000 to year 2013. Trade union density declined from 8.37% in year 2001 to 6.99% in year 2005 and increased again in 2006 to 7.18%. The average trade union density for the period 2007 to 2013 is

6.8%. Membership growth rate was 1.26% in year 2000 and 2.8% in the year 2013. However, the number of trade unions has steadily increased from 563 unions in year 2000 to 706 unions in the year 2013.

**Table 1:** Trade Union Membership and Growth Rate (2000 -2013)

Year	Total Trade Unions	Total Membership	Membership growth rate%	Union Density (%)
2000	563	734037	1.26	7.92
2001	592	785441	7.00	8.37
2002	595	807802	2.85	8.32
2003	609	789163	-2.31	7.85
2004	611	783108	-0.77	7.48
2005	621	761160	-2.75	6.99
2006	631	801585	5.31	7.18
2007	642	803212	0.20	7.05
2008	659	805565	0.29	6.96
2009	680	806860	0.16	6.94
2010	670	803289	0.44	6.75
2011	697	800171	-0.38	6.51
2012	694	889718	11.1	6.99
2013	706	914677	2.80	6.92

Source: Department of Trade Union Affairs (2005, 2010, 2014); Malaysian Trade Union Congress (2013)

### Discussion:

The review of literature on trade union membership revealed a number of issues. Based on the previous studies (Anantaraman, 2002;

Aminuddin 2007,2008,2013; Ramasoamy, 2010) is evident that government’s policies and legislation is a stumbling block to union organising, registration and recognition. Strict rules and regulations have

hampered the growth of unions. The past studies argue strongly that unions will struggle to organise in the face of concerted employer opposition. Some studies have highlighted that lack of strong leadership is another contributing factor for the fluctuating growth in union membership. Since Malaysian Industrial Relations is tripartite in nature employers need to implement work practices that accommodate legitimate employee's and trade union interests. Trade unions in Malaysia are more towards functioning at enterprise level. They involve in primary functions such as collective bargaining, employee skill development and welfare schemes, provide advisory support, organising industrial actions in the interest of employee rights. Trade unions have very narrow scope in decision making at workplace. However, studies lack empirical evidence to support that government and employers are the key determinants of union decline.

### Conclusion:

Globalisation, employer supportive labour legislations, technological changes and advancements, changing perceptions of employees towards their workplace make it difficult for unions to establish strong representation in many Malaysian workplaces at present than in early days. Malaysian Unions may continue to have constraints appealing to educated workers unless they continue to adapt to the changes of the labour market, particularly in light of challenges such as hostility from employers at workplace.

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