A New Form of Union Representation to Meet the Challenges of a Globalized World

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Abstract
Union membership worldwide has been falling due to structural factors such as smaller public sector, smaller manufacturing sector and fewer large firms. At the same time, the labour market has become more volatile, with worker mobility, shorter job tenure, part-time work, and flexible work arrangements on the rise. Furthermore, more enlightened management and mobility of capital as well as diversity of workforce and workplace have reduced the benefits of joining unions, impaired union bargaining power and increased the cost of organizing. These developments have adversely affected trade union density worldwide. The paper proposes, in the new economy, a systematic approach to increase union membership.

(104 words)

Introduction
Trade union membership has generally been falling across the industrialised market economies in recent decades. This is due largely to common developments such as a decline in employment in traditionally “high-unionisation” manufacturing industry and the growth of “lower-unionisation” services employment, and increasing levels of ‘atypical’ employment (Carley 2001). Job tenure has become shorter and the labour market more volatile, according to the US Bureau of Labor Statistics (1997).
There is also an increasingly critical attitude towards trade union membership than before (Berg 2001). This is especially true among young workers. At the same time, workers are also less keen to join the labour movement (Jarley & Fiorito 1990) and are more interested in non-work benefits.

Employers increasingly use flexible staff arrangements because of workload fluctuations, staff absences, screening for regular positions, and savings on benefits costs; and worker mobility, shorter job tenure, part-time work, flexible work arrangements have all been on the rise (Houseman 2001). Such arrangements make union membership less meaningful.

At the same time, the notion of employment may change in the future, and most people may not be employed for long by any one employer. In the new economy, there are more temporary jobs, with more and more people working on projects. This has hurt the labour movement, as getting union benefits requires a long gestation period. However, the existing union framework is not adequate to the task of dealing with these changes.

All these developments will continue to erode trade union density unless new ways to attract union members can been found. This paper proposes a systematic approach to increase union membership to counter the decline in trade union membership worldwide. The paper proceeds as follows: The following section discusses the decline in trade union membership across various countries in the world, the reasons underlying the decline. This followed by a discussion on unions’ responses to declining trade union membership and their effectiveness. The next section proposes a systematic approach to increasing trade union membership. Singapore’s National Trades Union Congress is offered as an example of a union which has successfully adopted this approach.
Worldwide Union Membership Trends

Trade union density has been declining in recent years in many of the world’s industrial nations. This trend is observed in many countries around the world, including the US, UK, Canada, Australia, as well as in Europe and East Asia.

Union membership in the US has fallen over the years from about 25 percent in 1970 to 12 percent in 2002 (Borjas 2010); in the UK the decline is from 55 percent in 1979 to 29.6 percent in 1998 (http://www.bized.ac.uk:8080/compfact/tuc/tuc25.htm); Australian trade unions covered only 39.6 percent of the workforce in 1992 (Cook 2000), and even in Canada, where union growth was substantial during 1956 to the 1980s, trade union membership had stabilized in the 1990s (Rose, 2001). In Europe, trade unions in recent years have been preoccupied with the problem of declining trade union membership (down to 28.1 percent in 1998, Carley 2001). Union density was under 30 percent in the Netherlands in 2001 (Grünell 2001); total union membership in Germany declined to 7.77 million in 2000 (Behrens 2001); Irish union density is much lower than the levels achieved in the 1980s (Dobbins 2001); total membership of Swedish trade unions also declined in 2000 to 79 percent from 84 percent in 1994 (Berg 2001). This situation is similar to that in Taiwan (Pan 2001) and in Japan, where union membership fell from 1.252 million in 1983 to 1.121 in 2001 (Japan Minstry of Health, Labour and Welfare, White Paper on Labour Overseas). Korean unions saw a substantial reduction in union membership in the aftermath of the East Asian currency crisis (Park 2001); and in Hong Kong, persistent high unemployment rate in Hong Kong has eroded the basis for unionization (Chiu & Levin 2001).

This decline may be attributed to factors such as structural changes in the workplace and society (Koeller 1994); the growth of the share of the workforce of the services industry as consumer demand shifts away from blue-collar manufactured goods to
white-collar services and the disproportionate growth of employment growth in small firms (Even & Macpherson 1990; Druker and White 2001); the growing labour force participation rate of women and the lower labour force participation of workers age 55 or older; effective managerial opposition (Freeman & Kleiner, 1990) reinforced by proactive management’s provision of effective communication channels and employee welfare and participation schemes; and increasing substitution by government for the services and benefits provided by the union (Neumann & Rissman 1984); a fall in traditional full-time employment and an increase in part-time and temporary workers (Druker and White 2001; Spooner, Innes and Mortimer 2001); increasingly critical attitude to trade union membership and the rapid relocation of Taiwanese industries to China (Pan 2001). Some researchers believe that the decline in trade union membership is caused by the current trend of employing workers on fixed-term contracts (Berg 2001).

The above discussion points to the fact that union membership has declined worldwide. The three main factors are: smaller manufacturing sector, smaller public sector and smaller number of large firms, combined with an increase in part-time jobs, shorter job tenure and rise in the number of service jobs. Besides these structural factors, more enlightened management practices and increasing government substitution have also reduced the reliance on unions. MNCs also reduce union bargaining power as they can shift production to other countries (Hodgkinson & Nyland 2001).

**Unions’ Response to Declining Union Density**

Faced with a hostile environment, the labour movement worldwide has attempted in various ways to increase union membership. In the UK, one of the focuses has been on union organizing (Metcalf 1991; Heery and Delbridge 2000; Heery, Delbridge, &
Simpson 2000). Nevertheless, although both formal and informal union orientation may shape early attitude toward unions and a one-on-one contact and buddy system may be effective in increasing union membership (Clark 2000), it is observed that union effectiveness is essentially enhanced by innovation and by internal union democracy and reduced by centralized control (Fiorito, Jarley & Delaney 1995). There are thus two complementary approaches to increasing union membership in the UK: the social partnership approach and the union organizing and recruitment approach (Heery 2002).

In the case of Australia, the Australian Council of Trade Unions (ACTU) allocated more financial resources to recruiting new members in industries where the workforce is increasing, created “specialist” recruitment teams, upgraded its organising methods and sent even more union officials overseas “to gain experience”, offered workers all kinds of incentives and gimmicks, including access to a range of discounted retail goods and cheap holidays. However, recent ABS figures indicate that this is all to no avail (Cook 2000). (Why this works for Singapore but not for Australia could be because workers in non-unionised firms in Singapore are provided access to trade union membership via a form of associate membership, which is discussed later in the paper).

One researcher suggests that union membership may be increased by focusing on the female workforce (Berg 2001). She proposes that, in order to make more young female workers interested in trade union work and thus break the current male dominance in trade union boards, committees etc, more use should be made of gender quotas, special arrangements for women members, and women’s meetings, networks and working groups. In this way, the unions might even also attract young male workers’ interest by providing more unorthodox forms of trade union work than is often the case.
However, union organizing tools, including the buddy system, internal union democracy, investment in full-time organizing staff, may be insufficient to reverse the trend of falling membership. This paper proposes that unions need to do much more, especially in terms of providing incentives for workers to join the unions. The following section presents a method by which unions can use to increase union membership.

**The Economics of Joining the Trade Union**

Booth (1984) presents a model of union membership where a worker’s decision to acquire trade union membership depends on his wage premium plus non-contractual benefits and his probability of being retrenched. The amount of wage premium is positively related to the probability of retrenchment, as the demand curve for labour has a negative slope. At the same time, effective union strategies can enhance a worker’s valuation of non-contractual services and thereby increase union membership. Unions also provide benefits to members in terms of an insurance scheme (Boyer 1988).

However, reliance on the creation of wage premium is not effective in increasing union membership as firms worldwide face intense competition and the market constraint would limit the amount of wage premium a union can effectively command since the number of employed would fall, while non-contractual services and union benefits such as insurance package alone are not able to reverse the declining union membership trends because these benefits are not substantial owing to job mobility and/or shorter job tenure.

It is proposed that union confederation can take the following steps to increase union membership:

1. Increase the amount of non-collective bargaining benefits.

Non-collective bargaining benefits are provided by unions and not by employers.
Hence, unlike wage premiums, an increase in non-collective bargaining benefits will not increase labour costs and has no impact on employment level. Examples of non-collective bargaining benefits (given in the appendix) include:

a. Leisure-related benefits. A worker who is a union member can have access to facilities at various clubs such as swimming clubs, health clubs, golf clubs, including overseas golf clubs at a discount.

b. Discounts for training courses run by the labour movement, which also provide job counseling, etc.

c. Discounts or rebates for purchases at departmental stores and supermarkets.

d. Discounts at childcare centers

e. Discounts at medical centers, dental care centers and centers for health screening.

f. Life insurance coverage, death benefits and scholarships for children.

The exact value in dollar terms of non-collective benefits varies for each worker. If a worker takes part in one training programme, the discount can amount to a few hundred dollars. Obviously, the total value of non-collective bargaining benefits ultimately depends on the lifestyle of the workforce. Hence, it is imperative that the labour movement fully appreciates the aspirations of the various segments of the labour force: young workers, female workers, mature workers, etc. As female labour force participation has increased over the years in industrialised countries, getting more female staff into the decision-making body of the labour movement also makes sense as they can help to design a package of non-collective bargaining benefits that will appeal to the female workforce to allow greater usage of the various benefits and hence enhance the value of non-collective bargaining benefits (Berg 2001).

In order to be effective as an inducement to workers to join the union, the amount of
non-collective bargaining benefits provided must be substantial and not merely cosmetic. With such an inducement, unions would not need to rely so much on the wage premium to increase trade union membership.

2. Make non-collective bargaining benefits transferable across unions and jobs

As mentioned above, because of job mobility and shorter job tenure, workers do not stay at one workplace for too long. Since workers in general are interested in non-work benefits but are not keen to join the labour movement (Jarley & Fiorito 1990), if union members lose their union benefits when they quit their job to join another unionised company, they would be less inclined to join the trade union. The union confederation must ensure that non-collective bargaining benefits be transferable across unions so that workers who change jobs can still retain their union benefits.

3. Enable workers in non-unionized firms to join the union

Workers in non-unionised firms may wish to join the union if the non-collective bargaining benefits offered by the union are substantial. But if there is no structure available to cater to this group of workers, the trade union would not be able to exploit this desire to its advantage. It is proposed that the union confederation make it possible for workers in non-unionised firms to join the labour movement, by setting up, say, a quasi union. This will enable a worker to be associated with the labour movement regardless of where he works. It is obvious that members of a quasi union would enjoy only non-collective bargaining benefits and have no access to collective bargaining benefits at the workplace. As Figure 1 shows, with the establishment of the quasi union, each worker is able to be associated with the labour movement either as a member of the quasi union or of the traditional union. In this way, the worker can benefit from the full realization of the non-collective bargaining benefits.
4. **Allow workers who are retrenched or who have resigned to join the labour movement as members of the quasi union**

Workers who are looking for jobs, are retrenched or have resigned also should be allowed to remain engaged with the labour movement and continue to enjoy non-collective bargaining benefits. In other words, the union confederation should allow them to be associate members of the quasi union. Hence, even school leavers who are looking for jobs can be associate members of the quasi union.

5. **Enhance non-collective bargaining benefits by providing lifelong union membership regardless of labour market status (ie, make joining a union no longer like taking up insurance)**

Traditionally, joining a union is like taking up insurance. Union dues are to be paid every month, but the benefits that can be realised at the end of the day depends on the worker remaining associated his job for a long period. The formation of a quasi union would enable a worker to remain associated with the labour movement even upon retrenchment or retirement, and consequently be assured over a period of 20 to 30 years of tangible union benefits. This would ensure that benefits outweigh the costs of joining the union. Joining a union would then be no longer like taking up insurance (where a person might get what he has paid for when there is some sort of trouble, but 95% of the time there is no trouble) where the benefits are not quite visible or tangible unless one is “covered” for the entire working life.

6. **Use the mass media approach in promoting union membership via non-collective bargaining**

The labour movement can use the mass media approach to inform the labour force of the nature and extent of non-collective bargaining benefits. The campaign need not be targeted only at big companies. Indeed, the campaign can even target the entire
society, including upper level school students, tertiary students, ordinary workforce, unemployed, etc.

7. Conversion of associate membership into ordinary membership

Ichniowski and Zax (1990) find the presence of an association to be a strong predictor of the formation of a bargaining unit. This supports the setting up of quasi union, which can become a source of ordinary union members. The labour movement can convert members of the quasi union into ordinary union members in the following manner:

(i) If a sufficient number of workers in a particular workplace or company become associate members, the labour movement would have legitimate grounds to start organising the workers from that company. This will set off the normal union organising procedure at the plant level. In this case, the chances of a successful union organising campaign would be high, as many of the workers in the company are already associate members of the labour movement.

(ii) If the associate members come from various companies within an industry for which there is a traditional union, say, the Textile Union, then the Textile Union should provide these members with some sort of industry-specific benefits, such as training specific to the industry which is useful to these members. Such a strategy may induce more workers to join the quasi union, which may lead to sufficient numbers in each company to enable step (i) above to be initiated.

(iii) If there are many associate members in an industry or sub-industry for which there is no traditional union, then the labour movement should set up a traditional union to look after this sub-group to provide industry-specific benefits.

8. Helping associate members in job search
Associate members are union members who do not have jobs for one reason or another. The labour movement can help them obtain employment by providing information with regard to availability of jobs. The labour movement can work with various government ministries and employers’ associations to hold job fairs. More importantly, the labour movement can initiate training programmes to equip associate members with the right skills. Training should also include soft skills such as how to attend a job interview and also adopt appropriate wage expectations. Once a sufficient number of associate members are employed in a specific non-unionised sector or industry, step 7 can be initiated.

**Provision of Non-Collective Bargaining Benefits as a Competitive tool**

When a worker decides to join a union, he is entitled to collective bargaining benefits and non-collective bargaining benefits. As firms compete, collective bargaining benefits would increase the cost of production. In the era of globalization, a typical union would be moderating his demands with regard to collective bargaining benefits. However, if the union can provide significant non-collective bargaining benefits, union members can be made contented without adversely affecting the competitiveness of the firms.

**Resources Required for the Provision of Non-collective Bargaining Benefits**

In most countries, the labour movement is not endowed with many resources. Lack of resources will restrict the ability of the labour movement to provide non-collective bargaining benefits, which can include scholarships for children of trade union members, discounts for purchases at departmental stores, recreational facilities, etc. However, the provision of such benefits and facilities is very costly. Unless many of the facilities or land resources are provided free or subsidized by the government, the non-collective bargaining benefits provided will not be substantial. This is where the
government can help the labour movement to provide substantial non-collective bargaining benefits.

In order for the government to help the labour movement in providing non-collective bargaining benefits, the objectives of both government and the labour movement cannot be conflicting. Most governments aim to achieve full employment and low inflation. If the aim of the labour movement is to obtain a wage premium to induce union membership, this may run counter to the objective of the government, as a wage premium by definition would reduce employment level. In some cases, it may also result in numerous strikes, which is bad for attracting foreign investment.

On the other hand, if the labour movement focuses on the use of non-collective bargaining benefits to increase union membership, this will not affect the employment level. Indeed, this strategy of using non-collective bargaining benefits to induce workers to join unions may enhance industrial peace and help to attain full employment and reduce inflationary pressure. There is much scope for both government and the labour movement to work together.

The Effectiveness of Non-Collective Bargaining in Increasing Union Membership:

The Labour Movement of Singapore

The labour movement in Singapore is represented by the National Trades Union Congress (NTUC). The NTUC has evolved into a responsible national trade union over the years. This has been possible because of the symbiotic relationship that exists between the NTUC and the ruling party (the People’s Action Party, known as the PAP) that has governed Singapore since 1959. The secretary-general of the NTUC is also a key member in the PAP as well as a member of the Singapore government cabinet. Hence, the labour movement in Singapore, which is dominated by the NTUC, has
always strongly supported the Singapore government’s objectives of nation building and economic development.

NTUC therefore has enjoyed close relations with the government, and as a result Singapore has a harmonious industrial relations climate. With the help of the government, NTUC has set up many co-operatives such as INCOME and FAIRPRICE, which have been very effective and profitable. Moreover, the government has helped NTUC by providing land resources at very affordable rates. This means that NTUC can provide good value in non-collective bargaining benefits. (The list of non-collective bargaining benefits is given in Appendix 1).

_Growth of NTUC_

During the 1960s, the PAP government worked closely with the NTUC and employers on developing the Singapore economy. At that time, the economy was faced with massive unemployment as a result of the pullout of the British forces. Since it was believed that foreign investment was the best solution to the unemployment problems, after 1960 the government passed a series of legislative measures with the aim of creating a climate conducive to foreign investment. For instance, the Industrial Relations Ordinance of 1960 legislated collective bargaining procedures through compulsory conciliation and arbitration. Strikes and lockouts were prohibited once an industrial dispute was referred to the Industrial Arbitration Court by either party or by the government. The Industrial Relations (Amendment) Act of 1966 gave greater discretion to employers in the deployment of the workforce, and removed decisions on promotions, internal transfer, hiring and dismissals from being subject to negotiation with unions. The Employment Act of 1968 reduced labour costs by limiting the sums payable on bonuses, annual paid leave, retrenchment benefits, retirement benefits and overtime. These legislative measures
constituted a form of informal wage restraint, which effectively reduced the bargaining power of the trade union and had the desired dampening effect on wages.

Nevertheless, collective bargaining went on at the plant level. The government did not interfere with wage negotiations unless there was a deadlock between the two parties. In the event of a breakdown of negotiations, either party involved could refer their industrial dispute to the Ministry of Labour for conciliation. Should this fail to resolve it, the dispute could be referred to the Industrial Arbitration Court for final settlement.

NTUC union membership increased from 102,824 in 1964 to a peak of 236,628 in 1979 (Chew and Chew 2010). However, due to economic restructuring, the union membership fell to 186,111 in 1984. Since then, union membership had increased gradually again, and was near the peak level by 1993. In that year, NTUC introduced the General Branch Union for workers from non-unionized firms. Members of the General Branch Union do not have collective bargaining benefits but they enjoy non-collective bargaining benefits. Since the introduction of the General Branch Union, NTUC membership has increased steadily. In 2008, NTUC membership stood at 517,197 including 211,711 from the General Branch Union. In 2011, NTUC membership reached 650,000 with 30% from the General Branch Union.

This membership growth shows that NTUC’s positive discrimination strategy of using non-collective bargaining benefits to attract workers to join the labour movement has been successful. With the aid of the General Branch Union, NTUC has been able to more than double the number of union members in 1979. Needless to say, while much of the success of the union's membership recruitment drive can be attributed to the General Branch Union, NTUC’s personal services to workers have also contributed to the success of its membership recruitment drive. As mentioned earlier, the Australian Council of Trade
Unions also tried to use non-collective bargaining benefits to increase union membership, but with limited success. This could be due to the fact that Australia does not have a (quasi) union to tap the potential for union membership among workers in non-unionised firms.

**Conclusion**

The paper argues that the traditional strongholds of union membership, the large manufacturing sector, large public sector and large firms, have seen their respective share of employment falling in the national economy. As a consequence, union membership worldwide has been falling. The challenges of globalisation and the network economy have eroded labour power considerably, and have placed workers in a vulnerable position for exploitation as management becomes more powerful in sourcing for alternative labour resources worldwide. Under such circumstances, it becomes even more imperative for labour to remain organised. The paper shows that the labour movement can make use of non-collective bargaining benefits to induce workers to be associated with the labour movement. The discussion of the case of Singapore shows that the methods proposed in this paper can increase union membership substantially.

**References**


Appendix 1: Non-Collective Bargaining Benefits

(i) Better security provided through:

   Job counselling by industrial relations officers for Quasi Union members

   Discount on training courses

   Training grants and skills redevelopment programmes

   Free insurance coverage

   The exact value in dollar terms of this category of benefits is not known. Training grants and skills redevelopment programmes alone, however, are worth at least $50 a year. If a worker takes part in one training programme, the discount is normally a few hundred dollars.

(ii) Better leisure provided through:

   NTUC club branches

   Chalets at Pasir Ris and Sentosa Beach Resort

   NTUC Lifestyle World - Downtown East Theme Park

   Orchid Country Club and Aranda Country Club Facilities

   Holiday facilities in Perth and Genting Highlands

   Promotional rates at INCOME Fitness Centre

   Even if a worker uses only some of these facilities as a member of the Quasi Union, the saving he enjoys is worth at least a few hundred dollars.

(iii) More affordable health/dental care and childcare rebates through:

   Rebates at NTUC Childcare

   Members' rate at NTUC Denticare

   Rebates at NTUC Eldercare

   Special health screening packages

   Scholarships for members' children
Not all workers are able to benefit from this category of provisions, but if he does use at least one of these entitlements, the saving can be around twenty dollars per item, except in the case of a scholarship, which is worth at least a few hundred dollars.

(iv) Better value for money through:

- Rebates at NTUC FairPrice Supermarkets
  
  Free 100 FairPrice shares with purchase of Income Life Policy with a monthly premium of at least $60

- NTUC Link Card bonuses

- Discounts at retail outlets