

TRADE UNIONS: GROWTH, STRUCTURE AND POLICY IN CURRENT SCENARIO

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Abstract

Unions are important mechanisms by which employees represent their interests in the employment relationship, although the ways in which unions perform this function vary considerably. Unions come in many shapes, they differ in their forms of internal governance and the external alliances they form also vary. In this context, the Australian union movement has attempted to be strategic in recent years by consolidating the number of unions in order to generate economies of scale and provide better services to members; and by urgently encouraging the devotion of more resources to organizing and a greater use of technology to service the needs of existing members. Greater attention to the needs of women and workers in part-time and casual employment, many of whom are women, is also an important development.

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1. Introduction

How do employees represent their interests in the employment relationship? In other words, how do employees contribute to the formation and enforcement of the rules that regulate the terms and conditions of their employment? Perhaps more colloquially, how do employees 'have a say' at work? In the US, a review of trends in employee representation by Freeman and Rogers lamented the weakness of unionism and the paucity of non-union forms of representation. This outcome, they believed, was partly caused by state policy and it was an outcome, they saw, as being remedied by 'new state intervention. This assessment was also informed by a comparison between the US experience and the experiences of other countries. In particular, Freeman and Rogers emphasized the reliance in the US on a single channel of representation namely, unions and collective bargaining and contrasted this with the dual systems in a number of European countries, where employees enjoy the opportunity to advance their interests through both trade unions and state-sponsored non-union forms of participation. Even in Japan, voluntary management-initiated consultation is far more routinely practiced alongside more formal forms of union representation than it is in the US. This research and the next use the concept of employee representation to explore historical trends and trends that are more recent in Australia. In so doing, they draw on a four-fold categorization of alternative forms of employee representation. This research first explores in more depth, but still conceptually the role of unions and the different forms they assume. The following section becomes more empirically-grounded by tracing the origins and evolution of trade unions in Australia, ending with the recent decline in union membership and power.

2. Unions & Mechanism

It has already been argued that unions provide one mechanism by which employees can contribute to the authorship and enforcement of the rules that regulate the employment relationship. This is, however, a rather glib and general assessment of a complex form of institution that has existed in many countries for over a century and a half. They have called these roles the two 'faces' of unions the 'monopoly' face and the 'collective voice/institutional response' face. The monopoly face of unions focuses on the role of unions in uniting individual employees into groups that seek to raise wages above rates which would have been expected under 'pure' market forces. While many later writers have also focused on the asymmetric market

power of employers and employees as justification for union organization and action, the notion of unions organizing collective action by employees in the labor market is old. Critics of unionism, who have more faith in the role of market forces, have long condemned such collective action by employees through trade unions as evidence of an attempt to create a monopoly power that prevents the labor market from achieving an efficient allocation of resources. The second role of unions was the collective voice/institutional response face. This aspect of union activity draws on an argument that was made at an earlier date by Hirschman that all societies have two mechanisms for dealing with social or economic problems 'exit' and 'voice'. A third role for unions, then, involves their political activities. Many union members, and especially many union leaders, see an important role for unions in pursuing political objectives that advance the interests of union members, unions as organizations and the broader working class. It is, however, the extent of these political objectives that can be a cause of considerable disagreement, because this question goes to the heart of political ideology. The extent of these political objectives also reflects the alliances or affiliations in almost all countries that often develop between unions and political parties. Unions will support political parties that not only promise to implement union policy objectives, but also share the same political ideologies as the unions. At one extreme, there are unions that pursue limited political goals there are few that play no political role at all.

At the other extreme are unions that conceive of the political role of unions as being far broader, not only advancing the particular interests of union members, but also protecting the interests of all workers. For unions that support the radical perspective and consider the existing social structures to be fundamentally hostile to workers' interests, this may even mean advancing the cause of revolution. Unions of this type are often associated with Communist or Socialist political parties; although, there are many competing ideas within Marxist writings about how unions should contribute to the revolution. Hyman, for example, distinguishes between the optimistic approach to the role of unions in the revolution which sees unions as performing the positive role of educating workers in the evils of capitalism and training them in the tactics of collective action and the pessimistic approach which actually sees unions as an impediment to the revolution because union leaders too often cooperate with employers to placate workers and frustrate revolutionary consciousness. In between these two extremes, there are many who see a broader role for unions than simply advancing the economic interests of their members by

pursuing political reforms that make society more equitable; and, thereby benefiting workers as a whole without fundamentally challenging the social structure. These unions most often support Social Democratic or Labor political parties. As well as promoting the legal recognition and the protection of the unions, these unions promote progressive economic policy, strong social-security systems, and government intervention to advance social agendas.

3. Union Structures

There are three main aspects of union structure: first, the shape of individual unions resulting from their membership composition; second, the internal governance structures within these individual unions; and third, the external affiliations and alliances that individual unions enter on a geographic or industry basis. Each of these structural features is discussed in turn at a fairly abstract level. Examples of these structural features have been provided from overseas and from within Australia. Craft and occupational unions are characterized by members who work in the same occupation rather than members who work in the same company or industry. In this way, such unions can be regarded as organizing 'horizontally' across the labor market because they recruit members according to their occupation, irrespective of the industry in which they work. Historically, craft unions were the first unions to emerge in most countries because they limited their membership to only craftsmen (i.e. skilled manual workers) who had served an apprenticeship, in such industries as building and manufacturing, and who had considerable bargaining power flowing from the short supply of skills that employers valued. Occupational unionism is a broader term that refers to unions that either emulates the organizational structure of craft unions among less-skilled workers who have not served an apprenticeship, or they are the result of former craft unions opening their ranks to less-skilled workers. National union movements based on era occupational structures are especially common in Britain where early and slow industrialization and elitist ideologies allowed strong social distinctions to develop between skilled and less-skilled workers and in countries that were strongly influenced by Britain, like Australia, New Zealand, the US and Canada. Industry unionism is which recruits all employees in an industry irrespective of the occupation of those workers, is a 'vertical' form of union organization. Industry unions are more common in European countries where new technologies associated with late and rapid industrialization along with socialist ideologies reduced the distance between skilled and less-skilled workers and allowed 'class-based'

organizations of all workers to develop and dominate the existing, but poorly entrenched, craft unions. In Australia, there are no 'pure' examples of industry unions, the closest being some unions in white-collar industries like the former Australian Bank Officers' Association.

Company or enterprise unions restrict their membership to the employees of one company; again, this is irrespective of the occupation of the employees. These unions are relatively rare in English-speaking countries, where they are often associated with 'tame cat' unions that have been sponsored by employers. However, the enterprise union constitutes the dominant form of unionism in Japan, and Asian countries that have consciously tried to emulate Japan. General or conglomerate unions are final category describes unions that are more indiscriminate in their organizational patterns, in that they recruit members across industries and across occupations. Historically, such unions often had their origins in attempts to forge political movements across the working class the International Workers of the World and the One Big Union (OBU) movement. In Australia, despite their ambitions, the closest that unions like the Australian Workers' Union or the Federated Ironworkers' Union have come to forging political movements across the working class has been to recruit non-craft workers across a number of industries.

4. Internal Governance Structures

The internal governance structures of unions are concerned with the processes by which decisions about policy and action are made within unions. In other words, they describe the formal mechanisms by which individual union members participate in the affairs of their union and thereby affect the rules that regulate their employment relationship. In small and localized unions, members have direct input through meetings of members at either their places of work or accessible community venues; the characterized such arrangements in early British craft unions as 'primitive democracy'. However, as unions grow in size and recruit members in geographically separate locations, then participation in decision making must come through elected representatives. In fact, in large unions, as many modern unions are, there are often complex hierarchies of committees that make decisions about union policies and important union activities. The governance structures of individual unions vary enormously across countries and within countries. In Australia there are at least two common features of unions that deserve attention. Martin's description of how these two dimensions of internal governance come

together in a typical federal union is still broadly accurate: The federal level consists of a council, the union's highest policy-making body which meets annually, and of an executive committee which meets more frequently to supervise the administration of policy. Both bodies are largely made up of full-time officials. At the state level there are branches, each with an office in the appropriate state capital and headed by an annual conference, a council which meets monthly and an executive body which is convened more frequently. Part-time officials are much more prominent at this and lower levels, Sub-branches based on localities comprise the district level and convene general meetings of their members at monthly intervals. At the workplace level there are shop or office committees which call rank and file meetings as the occasion demand.

5. External Union Affiliations and Alliances

Individual unions frequently join forces with other unions to create inter-union bodies at several levels and with a wide variety of names and functions. At the lowest level, there are shop committees, or office committees, comprising representatives from different unions within a single workplace or office. Given the traditional occupational basis of most Australian unions and the consequent multi-unionism within most workplaces, shop committees are the prime means of inter-union cooperation for discussion and action at a local level. At times, shop committees have been very active in specific companies or industries, but the general lack of union organization in Australia at the workplace and the fears that many full-time officials hold of such bodies have meant that shop committees have not been widespread. Likewise, unions with members in the same industry often join together to form industry groups or industry federations. As with shop committees, multi-unionism makes such inter-union cooperation important; although, unlike their workplace counterparts, industry federations tend to comprise full-time officials from the various unions. Industrial campaigns run jointly by the unions in an industry and political lobbying are commonly part of the agendas of industry federations. The best Australian example is the Metal Trades Federation. A third type of inter-union cooperation comes in the form of union regional peak bodies at the city or regional level; in Australia, these are most commonly called labor councils or trades hall councils. Individual unions affiliate with these bodies in order to pursue common interests, like political lobbying and the coordination of

industrial disputes that affect more than one union. The most important of these bodies are those in state capitals, such as the Labor Council of New South Wales; they not only serve as state branches of the ACTU, but they have traditionally enjoyed close relations with state-level Labor parties. The fourth form of inter-union cooperation comes through national peak bodies or national confederations. In many countries, there are rival national confederations divided by the religious or political leanings of the constituent unions. However, since the early 1980s, Australian unions have affiliated to a single national confederation, namely the ACTU. In 2003, the ACTU had 46 affiliated unions representing around 1.8 million workers. The governing body of the ACTU is the congress, which brings together around 800 delegates from affiliated unions every three years; but between the congresses.

6. Origins and Evolution of Australian Unions

Trade unions have existed in Australia for more than 150 years. They began in the early decades of a small collection of occupationally-based mutual benefit societies that grew organically into craft unions in defiance of, rather than with the support of, the state. Unions of less-skilled workers, but still occupationally-based, began to join their more skilled counterparts from the 1870s onwards. By the late 1880s, the unions had attained considerable membership and power. The turning point, however, was their major defeat in the Great Strikes of the 1890s, the result of which was 'new' state policies, in the form of compulsory conciliation and arbitration that supported unions. In fact, such policies established unions as the sole state-supported form of employee representation until the 1990s. Consequently, during the bulk of the twentieth century, unions in Australia grew to become a broadly-based movement with around 50% of all employees as members, relatively democratic internal structures, and strong inter-union organizations and close links with a successful political party. By the end of the 1980s, however, their peak had been reached and during the next 15 years the union movement saw rapidly declining union density, and weakening industrial and political power that continued into the 2000s.

7. Declining Union Density

Union membership in Australia has fallen significantly in recent years. There is a large body of

research that has sought to identify the causes of this decline. The research can be classified under six main themes changes in the structure of employment; effects of economic factors; social attitudes towards unions; management practices; government policies; and unions themselves. An important factor accounting for the contraction of union numbers has been the changing occupational and industrial structure of the Australian workforce. The growth in the proportion of non-manual service-sector employees, combined with the significant expansion of part-time work and self-employment, would appear to be associated with declining membership. In recent years, there has been an expansion of employment in those industries and jobs where the propensity to unionize has tended to be lower. Further, there has been a contraction of employment in those sectors where unionization rates are highest. Borland and determinant of the declining union-density rate was the fall in the proportion of manufacturing employment. In addition, most of the employment growth that occurred in the Australian economy in the 1980s and 1990s was confined to the private sector, where the union-density rate was considerably lower than that of the public sector. The problem for unions was further compounded by significant reductions in levels of public-sector employment. Between 1990 and 1995, employment in the public sector dropped employees. Using shift-share analysis, estimated that up to half of the decline in unionization rates during the 1980s was the result of structural changes in the mix of industries, sectors and occupations in Australia. He also suggested that changes in establishment and organization size contributed to this process. In addition to changes in the occupational structure and composition of the workforce, another possible factor affecting union-membership levels is the rate of unemployment.

8. Changing Popularity of Unions

A number of writers have pointed to the downward shift in community support for unions across the industrialized world in general. In Australia, public opinion polls show that unions are seen as being too powerful. Where such beliefs exist, individuals may be less inclined to take out membership. Certainly, the ACTU has shown ongoing concern about the poor public image of trade unions and spoken about the need for improved marketing of the union movement in order to make it 'more attractive to members and prospective members'. The ACTU Congress 2000 endorsed the development of an integrated media strategy 'designed to enhance public awareness of the benefits of union membership'. Some writers have tended to regard the issue of the public's

perception of union power as largely irrelevant to union membership. Kelly, for example, asserts that 'there is no obvious recruitment and membership pay-off for cultivating public opinion. In fact, in so far as successful recruitment entails industrial action it may damage union standing in public opinion'. Certainly, there is evidence to indicate those employees' perceptions 'of what unions do for their members at the workplace' is a much more important influence on the propensity to organize than their general image of unions in the wider society. On the other hand, using Australian data, found that employees who held a 'negative image' of unions and their leaders were significantly less likely to be unionized.

9. Management's Policies

There is a belief that management may have played a role in affecting both the demand for union services and the availability of union membership. Organization can put into effect policies that seek to substitute or suppress unions. Substitution policies that aim to reduce or remove the demand for union services can take the form of initiatives such as enhanced communication processes, decentralized decision making or employee shareholding schemes. On the other hand, management may seek to heighten the barriers to unionization by restricting the access of union officials to worksites or by denying unions a collective role in the determination of wages and working conditions. There have been some attempts to isolate the effect of managerial strategies on union membership. The effect of HRM policies on union density, the 'results suggest that where management is prepared to offer pecuniary incentives (such as shares) tied to the performance of the organization, there is evidence of some degree of union substitution, investigated the incidence 'voice mechanisms' in union and non-union workplaces. It found a higher incidence of a broad range of voice mechanisms in union workplaces, speculates that this higher incidence of voice mechanisms in union workplaces may represent 'managerial strategy aimed at reducing the influence of unions and "recapturing" employees'. In contrast, there is growing evidence of an anti-collectivist managerial style among Australian business organizations. A clearly defined desire to introduce individual contracts and remove the collective bargaining role of trade unions is evident in industries as diverse as telecommunications, banking and natural resources. The company vigorously pursued a policy of introducing individual staff contracts at most of its business operations.

10. Government Policies

There is considerable evidence that conservative state and federal government policies since the early 1990s have contributed to a more hostile operating environment for most trade unions in Australia. In particular, labor law reforms introduced by conservative governments at state and federal levels have comprised many common elements. These measures have sometimes had a direct impact on unions. Government also has a significant role in industrial relations as a major employer in its own right. Over the last few decades, unions in the public sector (a traditional stronghold for unionism) have been placed under increased pressure from government privatization policies and from the efforts of conservative governments to promote the use of statutory individual contracts by strongly encouraging their use in the public sector. Union-density rates have remained significantly higher in the public sector than they have in the private sector. But privatization has meant that corporations that were formerly in the public sector are now in the private sector, while employment growth in recent years has been concentrated in the private sector.

11. Union Policies and Structures

It has been asserted that union structures and policies have contributed to the decline in union membership, or they have at least failed to prevent it. In fact, the unions have come to support this interpretation. The argument here has many facets. First, there is a belief among many critics, especially from the 'left', that the enthusiastic participation of the ACTU and individual unions in the Accord during the 1980s and 1990s alienated many union members or potential union members. The unions, it is claimed, became too close to governments and employers, and failed to advocate and advance the interests of union members. Some commentators believe that union structures became less democratic and responsive as a result of the union amalgamation process and the trend to employ professionals in the positions of union advisors and advocates, rather than elect members to these positions. Second, it is further argued that the Accord accentuated a long-term structural weakness of Australian unions; namely, their poor organization at a workplace level. The accord was highly centralized in the determination of union policies and in the methods by which those policies were pursued. This left little opportunity for the participation of rank and file union members or local union officials in the development of policies and in workplace mobilization to achieve union objectives. The

employee satisfaction with unions was strongly influenced by delegate presence and, in particular, by the presence of 'active' unionism. Delegate presence at the workplace has played a major part in retarding the recent decline in union density. It is especially effective when the presence is not simply 'passive', but is reflected in delegate involvement in workplace negotiations. The evidence suggests that union organization and bargaining capacity, rather than management style, are decisive elements in maintaining the union membership base. The trade union movement initiated a number of important strategies designed to assist its survival and guarantee its continued relevance in the twenty-first century. These strategies principally were built around the need to rationalize and consolidate union structures and resources, and to recruit additional members.

12. Summary

After reading this research we would be able to distinguish the different forms of employee representation, discuss the three main ways that unions represent employees; Identify the different shapes assumed by unions according to their membership bases; Describe the typical governance structure of Australian unions; Analyze the various reasons as to why employees join unions; Trace the historical development of Australian unions; Explain the recent decline in union membership in Australia; Discuss the strategic responses of Australian unions to their recent decline.

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