A review on factors contributing to declining trade union membership in Malaysia

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**ABSTRACT**

Trade union membership is a vital element in assessing the strength and status of a trade union. Its growth is attributed to the advancement in the National industrial relations system. Therefore, this focuses on identifying the factors that contributes the factors responsible for declining trade union membership. The respondents of this study are unionized employees representing five different sectors. The data is analyzed using multiple regression. The findings indicate that all the factors studied contribute to decline in trade union membership. This includes trade union internal factors, employer hostility and industrial relations climate. Thus, the actors of industrial relations system should pay attention in protecting the rights and welfare of the workers.

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1. Introduction

Trade unions are one of the key partners in the Malaysian industrial relations system. An understanding of the factors that influence the growth of union is vital because it has implications on the strength and effectiveness of unions. Labor legislations in Malaysia protect the rights of employers and employees in organizing and forming trade unions. This is evident through the Employment Act 1955, the Industrial Relations Act 1967 and the Trade Union Act 1959 (Tarumaraja et al., 2015). The number of trade unions in Malaysia is steadily increasing. However, the trade union membership is slowly declining. Many studies were conducted to examine the factors responsible for declining union membership (Ramasamy, 2010).

According to Gall and Fiorito (2012), when unions tend to be more effective and productive when they have greater participation from members. Simms et al. (2012) stated that that unions have greater bargaining power when they have stronger membership. In the Malaysian context, there is undoubtedly pressure on unions emphasise on increasing their membership as they confront challenge of state/employer dominated industrial relations system (Kumar et al., 2013). However, according to Rose et al. (2011) the existence of unions at workplace has both positive and negative effects.

1.1. Overview of trade union membership in Malaysia

Table 1 provides statistics of trade unions and membership growth in Malaysia from 2006 to 2015. Trade union density changed from 7.18 in 2006 to 6.51% in 2011 and increased again in 2012 to 6.99%. The average trade union density from 2006 to 2015 was 6.8%. Membership growth rate was 1.26% in 2000 and 2.8% in 2013. However, the number of trade unions has steadily increased from 631 unions in the year 2006 to 706 unions in the year 2013. However, in 2014 the number of unions increased to 735 but in 2015 it decreased to 729.

Taking Table 1 into perspective, the picture does not represent a healthy trend in the growth of unions. According to recent statistics there were 729 unions in Malaysia out of which 626 were in-house trade unions and 103 were national trade unions. This was another indication that Malaysian unions were in-house in nature, and in-house unions have their own advantages and disadvantages.

The growth and the density of the trade union membership has always been stagnant for an over a past few decades. Only 9% of workers in Malaysia are unionized and this percentage has never been increased over the years despite the steady increase on population and the work opportunities in this country. Malaysian union membership growth rate had showed a decreasing trend despite increasing
2. Literature review

2.1. Trade union membership

Trade unions represent workers’ interests and rights at workplace. Unions play a significant role in collective bargaining and settlement of disputes. However, several studies report that there is a steady decline in the union density and union membership across the world. This scenario poses a serious challenge to unions in sustaining their existence as well as their role in industrial relations system. Several factors such as economy fluctuations, foreign direct investment, employer opposition, changes in employment conditions and patterns, human resource management practices, labor legislations affect the union membership and union strategies to a greater extent (Aminuddin, 2013; Benson and Zhu, 2008; Rose et al., 2011; Linda, 2012; Arthur and Gemma, 2014).

Table 2 indicates some of the previous studies on trade unionism and trade union membership in the Malaysian context.

Table 1: Trade union membership and trade union density

| Year | Total Employment (000) | Total Trade Unions | Total Membership | Average Members per Union | Union Density (%) |
|------|------------------------|--------------------|-----------------|--------------------------|------------------|
| 2006 | 10,275.4               | 631                | 801,585         | 1,270                    | 7.18             |
| 2007 | 10,538.1               | 642                | 803,212         | 1,251                    | 7.05             |
| 2008 | 10,659.6               | 659                | 805,565         | 1,222                    | 6.96             |
| 2009 | 10,897.3               | 680                | 806,860         | 1,186                    | 6.94             |
| 2010 | 11,899.5               | 670                | 803,289         | 1,198                    | 6.75             |
| 2011 | 12,284.4               | 697                | 800,171         | 1,148                    | 6.51             |
| 2012 | 12,723.2               | 694                | 889,718         | 1,282                    | 6.99             |
| 2013 | 13,210.0               | 706                | 914,677         | 1,295                    | 6.92             |
| 2014 | 13,852.0               | 735                | 930,512         | 1,266                    | 6.71             |
| 2015 | 14,067.0               | 729                | 913,169         | 1,252                    | 6.49             |

Table 2: A brief review of literature on trade union growth and trade union membership

| Source | Contribution | Contribution |
|--------|--------------|-------------|
| Anantaraman (2007) | The study focused on how the industrial relations climate and the weakness of the trade union movement in Malaysia are not hostile to foreign direct investment. | Role of state and union fragmentation |
| Arudsothy and Littler (1993) | | Growth of industrial relations and trade unions |
| Parasuraman (2004) | | Trade unions and political interventions |
| Bhopal (2001) | Determinants of trade union membership in Malaysia: A new model of trade union membership growth in Malaysia for the period 1970-2000 is proposed with special focus on political factors. | |
| Fatima Said et al. (2002) | | |
| Jomo and Todd (1994) | Trade union development in Peninsular Malaysia. | Structural barriers to trade union growth at workplace |
| Kumar et al. (2013) | | Stages of industrialization, industrial relations and trade unions in Malaysia. |
| Kuruvilla (1995,1996) | | Unions and employment relations in the private sector. |
| Aminuddin (2009) | | Actors' perceptions towards barriers of trade union growth. |
| Ramasamy (2010) | | Industrialization and labor movement. |
| Rasah (1995) | | Economic factors and union growth in Malaysia and Singapore. |
| Sharma (1989) | | |

2.2 Industrial relations climate

Industrial relations climate describes how employees, employers and the union with the support of state coordinate with each other at workplace. The industrial relation climate is a crucial factor which influence employees work performance and also their effective participation at workplace. In the Malaysian context, industrial relation climate plays an important role in determining quality of work life (Nasurdin et al., 2006; Abdullah et al., 2009; Qureshi et al., 2014). Some studies demonstrated that the industrial relation climate may influence the unions in a positive way to sustain their membership (Magenau et al., 1988; Dastmalchian, 2008; Snape and Redman, 2012). According to Pyman et al. (2010), industrial relations climate reflects the behaviour of people at workplace and also describes the relationship between employees, management and unions. Aminuddin (2013) stated that industrial relations climate is
influenced by legislations and government regulations.

3.3 Employer hostility

Hyman (1989) stated that employees design the organisational culture or work culture which pose challenges to workers’ collective identity with their unions. Gall and McKay (2001), Culinane and Dundon (2012), Rose et al. (2011) argued that the degree of harmonious industrial relations depends upon the employer's acceptance or resistance of unions at workplace. Moreover, this directly influences the employees' decisions to join unions. According to Gall and McKay (2001) employers substitute the presence of unions with sophisticated human relations strategies. However, in the Malaysian context, where industrial relations system is said to be state dominated, employers delay union recognition without concrete reasons (Aminuddin, 2013; Ramasamy and Rowley, 2008). Malaysian employers have historically been viewed as less accommodative to unions (Kumar et al., 2013; Aminuddin, 2013).

2.4 Trade union internal factors

Union organizing is described as the ability of unions to attract and retain members (Fiorito and Jarley, 2003). According to Tarumaraja et al. (2015), there is a significant impact of union organizing on union effectiveness. Their study further reveals that union organizing also implies the capability of a union is achieving targeted goals set by visionary union leaders. This reflects the relationship between union organizing and union effectiveness. However, as stated by Ramasamy (2010) trade unions in Malaysia experience a demonstrating decline in union density. This indicates the fact that if unions are to be effective, unions should urge on setting goals that combat with social, economic and legal changes. Unions should also reconsider in reorganizing their structures, systems, leadership styles, and strategies in line with both national and international industrial relations systems (Fiorito and Jarley, 2003; Ganesan et al., 2015).

Union commitment can be divided into four different types such as loyalty to the union, responsibility toward the union, willingness to make a mental or physical effort on behalf the union, believing on the goal of union. It is also assumed that the value and the rationality based commitment can be a positive source of union membership but the members level of commitment may differ according to the culture, laws and industrial relations of each country (Johari, 2014). Union strategy has been recognized as one of the most important determinants of reviving unions from the density of memberships, legitimacy, and influence (Gahan and Bell, 1999; Satrya and Parasuraman, 2012). Union instrumentality is described as the belief that unions are able to provide a better economic security, quality work life and protect worker rights at work (Bamberger et al., 1999). Union leadership refers to the ability of the union leaders to facilitate and encourage positive attitude towards union and its activities. This initiative by the leaders may assist union members in understanding the values, objectives and strategies of the union (Dhamika et al., 2013).

3. Methodology

Data for the study was collected through the survey method. A self-administered questionnaire was used as the research instrument in collecting data. The questionnaire was developed based on the literature review as stated below in Table 3. The respondents for the study were unionised employees who were members of the Malaysian Trade Union Congress representing five different sectors. These respondents were identified through purposive sampling. A total of 250 questionnaires were distributed and 237 questionnaires were collected.

4. Results and discussion

A total of 237 completed survey questionnaires were received. All questions tested were found to be reliable and valid. The reliability value was above 0.80 for all the variables. The descriptive analysis indicated that 63 % of the respondents who participated in this survey were found to be in the age group of 35-44. A total of 89 % of the respondents were diploma holders. Around 83% were earning between RM 2,000-RM 3,000 and 37% of the respondents represented the manufacturing sector. Around 90 % of the respondents were male and in terms of race distribution 73 % of the respondents were Malay.

The correlation analysis was conducted to test the relationship between factors (Trade Union Internal Factors, Employer Hostility, and Industrial Relations Climate) and trade union membership. The result is presented below.

All the three independent variables have a positive impact on declining trade union membership at 0.000 significant level. Therefore, it is evident that trade union internal factors, employer hostility, industrial relations climate have significant relationship with trade union membership (Table 4).

Next, multiple regression analysis is conducted to identify the predictors of declining trade union membership. Table 5 presents the multiple regression analysis results. The r square value is 0.463 which indicates that 46.3% of the variation within the dependent variable could be explainable by the variation in the three independent variables. Furthermore, the F value is 40.271 and the p value is 0.000 (p <0.05). Therefore, it means that the at least one of the independent variables predicts the dependent variable (Table 5).

The coefficient analysis result is presented in Table 6. The significant value showed that all of the factors have p value of below 0.05. This means all the factors are predictors. The highest beta value is for
industrial relations climate (B= 0.424). This indicates that industrial relations climate is the most significant influencing factor on trade union membership. This is followed by employer hostility (B= 0.399), and the lowest is for trade union internal factors (B= 0.132; p<0.05).

### Table 3: Sources of variables

| Variable                  | Source                                                                 |
|---------------------------|------------------------------------------------------------------------|
| Trade Union Internal Factors | Satrya, 2010; Kumar et al., 2013; Johari, 2014; Fiorito and Jarley, 2003; Ramasamy, 2010; Rose et al., 2011; Pyman, 2002 |
| Industrial Relations Climate | Snape and Redman, 2012; Pyman, 2004                                    |
| Employer Hostility        | Campolieti et al., 2013; Gall and McKay, 2001; Cullinane and Dundon, 2012 |
| Union Membership          | Ramasamy, 2010; Rose et al., 2011; Kumar et al., 2013.                 |

### Table 4: Results of correlation analysis

| Industrial Variables               | Dependent Variable       | Trade Union Membership |
|------------------------------------|--------------------------|------------------------|
| Pearson Correlation                | .680                     |                        |
| Sig.                               | .000                     |                        |
| Employer Hostility                 | Pearson Correlation      | .750                   |
| Sig.                               | .000                     |                        |
| Trade Union Internal Factors       | Pearson Correlation      | .772                   |
| Sig. (2-tailed)                    | .000                     |                        |

### Table 5: Results of multiple regression analysis

| R       | R Square | Adjusted R Square | Std. Error of the Estimate | F      | Sig.     |
|---------|----------|-------------------|----------------------------|--------|----------|
| .680    | .463     | .460              | .434                       | 40.271 | .000     |

### Table 6: Coefficient table

| Variable                          | B      | Std. Error | Beta | t     | Sig.  |
|-----------------------------------|--------|------------|------|-------|-------|
| Constant                          | .138   | .309       |      | .838  | .403  |
| Trade Union Internal Factors      | .132   | .055       | .421 | 2.395 | .000  |
| Employer Hostility                | .399   | .061       | .361 | 6.499 | .000  |
| Industrial Relations Climate      | .424   | .059       | .135 | 7.240 | .017  |

Model Equation of this study: TUM = 0.138 + 0.132TUIF + 0.399 EH + 0.424IRC + ERROR

The purpose of the study is to identify the factors that contribute towards the declining trade union membership. The study was conducted among unionized employees from five different sectors namely, telecommunication, manufacturing, health, transport and storage and services. They are considered appropriate to provide the information since they are unionized and members of the Malaysian Trade Union Congress and are well versed with industrial relations system and trade union activities. Therefore, they will be able to determine the factors contributing for decline in trade union membership and regarded suitable for this study.

Three factors were tested to identify which contributes to the decline of trade union membership and the finding reveals all the factors tested are contributors. Industrial relations climate is important to union membership because the government restricts the union rights in collective bargaining through a management prerogative clause under the Industrial Relations Act 1967. Further, the Trade Union Act 1959 also impose strict restrictions on union organising and union activities. This is supported by Baird and Lansbury (2007). Wad (2012) stated that some of the in-house unions are not capable of protecting employee rights at workplace.

Employers adopt intense union suppression or avoidance strategies and managerial tactics to diffuse union organising. This finding is supported by previous studies such as Logan (2006). Next, trade union internal factors such as the ability of the unions to organise, union instrumentality, union leadership and union commitment also influence the membership of trade unions. This is because especially in the Malaysian context without the approval of employers’ trade unions cannot increase their membership and revitalise their strategies. However, unions do not take proactive measures to resolve this situation. Thus, Malaysian unions are unable to gain the confidence of members. This is supported by Kumar et al. (2013).

### 5. Conclusion

Globalization, employer supportive labor legislations, 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 labor market, particularly in light of challenges such as hostility from employers at workplace. The study’s main limitation is the sample size. Future study should consider a higher number of respondents. Furthermore, union leaders can also be used as
sample. Employers’ viewpoint can be an area of study especially in the context of industrial relations climate and employer hostility. In addition, studies in future may include a set of other variables to determine declining trade union membership.

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