

The Future of Trade Unions

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As our nation strive towards the goals of Vision 2020, the role of industrial relations i.e. the tripartite relationship between the government, the employers, the employees and their trade unions, becomes crucial factor in determining our industrial competitiveness. However, with the membership of trade unions in developed countries on a 10 year decline^{1,2}, one undoubtedly question its role and relevance in a fully developed Malaysia in 20 years' time. Will unionism outlive its usefulness ? This paper will examine the implications of the legal definition of a trade union on its current roles and attempt to refine or redefine a new definition that befits the its future role.

Besides defining trade unions based on its organizational objectives the Trade Unions Act 1959 also cut across a multitude of dimensions, including :

- Geographical location - West Malaysia, Sabah or Sarawak
- Types of participants - workmen or employers only
- Employer organizations - the establishment
- Type of businesses - trade or similar trades (as determined by the Director General)
- Occupation of workmen
- Industry
- Time frame - Temporary or Permanent

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Definition of Trade Union under the Trade Unions Act 1959.

“trade union” or union means any association or combination of workmen and employers, being workmen whose place of work is in West Malaysia, Sabah or Sarawak, as the case may be, or employers employing workmen in West Malaysia, Sabah or Sarawak, as the case may be -

- (a) within any particular establishment, trade, occupation or industry or within any similar trades, occupations or industries; and
- (b) whether temporary or permanent; and
- (c) having among its objects one or more of the following objects -
 - (i) the regulation of relations between workmen and employers, for the purpose of promoting good industrial relations between workmen and employers, improving the conditions of workmen or enhancing their economic and social status, or increasing productivity;
 - (i a) the regulation of relations of relation between workmen and workmen, employers and employers;
 - (ii) the representation of either workmen or employers in trade disputes;
 - (ii a) the conducting of, or dealing with trade disputes and matters related thereto; or
 - (iii) the promotion or organization or financing of strikes or lock outs in any trade or industry or the provision of pay or benefits for its members during a strike or a lock out;

The consequence of these dimensions has not only led to a great number of permutation of unions, it has also inhibited the formation of a truly national union. Intentional or not, this fragmentation has resulted in lower membership of individual unions, lessening its bargaining powers and what unionist claim to have reduced their “overall effectiveness” in collective bargaining. Subsequently, pan Malaysian establishments like Securicor Malaysia Sdn. Bhd, has to deal with two unions, one in the peninsular, the other in Sarawak. This phenomenon not only causes the unnecessary duplication of unions, but also the duplication of collective bargaining process and whatever may follows afterwards. Moreover, some branches of these establishments may a too few staff to form a union, they may resort to joining an industry union in Sabah or Sarawak. Hence pan Malaysian employers will need to deal with multiple unions that may make different demands, causing unnecessary complications and duplications in the process of managing of their businesses.

With regard to the government’s policy to encourage industrial harmony through in-house unions ³, this fragmentation approach to has inhibited the strength of the labour movement

and their bargaining power in an industry structure dominated by small scale manufacturers and service establishments⁴ This development also affects the Ministry of Human Resources, where it has to dedicate more resources manage greater number of trade unions and the resulting disputes, a phenomenon somewhat contradictory to the Ministry's aims of increasing national productivity and efficiency ! Whilst it may be politically justifiable to fragment and control the labour movement in the era of counter insurgency of the 1940s and 1950s, it is indeed surprising to find this outdated definition goes unchallenged even after the demise of communism in Malaysia.

Another interesting implication lies in the phrase "work place" that assumes that workmen congregate and work in a single location i.e. at the plant. However, with technological advancements in the areas of telecommunications and computing, a phenomenon known as *telecommuting* or *teleworking*⁶ is challenging the physical confines of the work place. The workers of the future will be mostly geographically dispersed and work from home or some remote location possibly outside the confines of our national borders. The current definition implies that workers of this nature may be denied the right or restrict the opportunity to join a union that represents their collective rights. It also gives the employers a leeway to deny these workers of proper working conditions and opportunities⁷. Perhaps in such cases it is better to define the unions solely on the basis of the establishment rather the combination of geography and establishment.

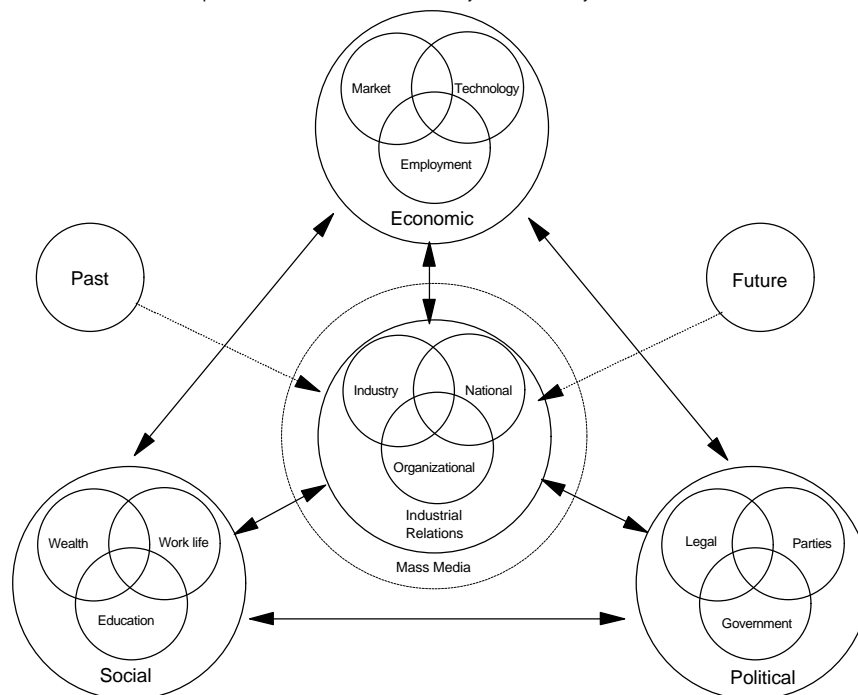
Despite these shortcomings, this definition of Trade Union is not without its merits. To begin with, it is not racially discriminating, and it accords the right to form unions for the employees as well as the employers and to have their rights collectively represented. It also provide a means for the authorities to control union activities such that it does not cause severe economic damage to our country. And over the years it has proven to be effective and placing Malaysia as the seventh best in terms of industrial relations⁷. Having achieved industrial harmony, do trade unions still have a role in national development ? The analysis of the trade unions in the developed nations will provide some insight as to their roles a fully industrialized society and attempt to assess the similar impact of such developments on the local trade unions.

Michael Salmon's Model of Industrial Relations

Perhaps the most comprehensive model for such an analysis is Michael Salamon's model of industrial relations¹⁰. This model analyses the industrial relations from a systemic stand point and examines development of any given environment based on economic, political and social perspective.

The Context of Industrial Relations

Adapted from Industrial Relations - Theory and Practice by Michael Salamon



From a historical perspective, the trade union is an offspring of the industrial revolution that created a working class in our society. Once outlawed in many countries in the 1900s the labour movement and the strength of trade unions became respectable and was at its zenith just after World War II. Fifty years later, they are in tatters and disarray. Recent ILO World Labour Report 1997-98¹³ reveal that trade unions membership has been on a 10 year decline in most developed countries. There are many factors that have contributed to its decline, one of them being the trade unions themselves. It would not be wrong to say that the trade unions have done their job so well over the years that they are putting themselves

out of business ! Much of what they championed for, overtime pay, working conditions, retirement benefits and so on, has either become law or the employers themselves choose to offer these benefits. Compounded by socioeconomic development in the form of higher education, increasing purchasing power and better living conditions, the individual's need for union membership decreases. Furthermore public perceptions of trade unions has changed as some unions degenerate into self perpetuating oligarchies and perceived by many to be "arrogant" and "overpowering" instead of being the "champion of the weak".

By far the single most important factor is the gradual shift in the center of gravity of the workforce from the blue collar to white collar workers of manufacturing industry to the knowledge workers. Without the numbers of industrial workers at its core, the trade unions are losing their significance.

Despite the steady decline of unions in the developed nations, trade union membership in developing Malaysia is on the rise, largely due to the increasing population of industrial workers. However, evidence (see Table 1 on the following page) suggests that as Malaysia's population of knowledge workers increases as a result of industrial restructuring and unless the union react positively, it is a matter of time before our unions will degenerate into the current state of its Western counter parts.

There a few possible scenarios, if the trade unions do nothing, they will eventually disappear. On the other hand, they may maintain themselves by dominating the political scene. Although this scenario is true for some countries like Germany, Holland and Scandinavia, it is quite unlikely to happen in Malaysia given the fragmented nature of our unions and the prevailing public policies. A third scenario, and by far the most promising one, require the trade unions to change their paradigm and reinvent themselves to serve the society in a different and more meaningful way. There are many emerging areas of concern for our workers that is yet to be addressed, for example, Malaysian unions should change their traditional thinking of only championing the industrial worker, to one that covers emerging workforce of women where the issue of glass ceilings and sexual harassment is and will be of prime concern.

Based on the Salamon Model the table below provides a summary of the current and future trends in areas that will affect the future roles of trade unions in Malaysia.

	Current	Future
Economic	<p>Market - most businesses are still domestically focused in nature. Subsidized and high tariff barriers apply.</p> <p>Technology - technology users, usually borrowed or bought with little local innovation or research</p> <p>Employment - combination of local and foreign workers, labour intensive, low value added manufacturing and services.</p>	<p>Market - global in nature, with intense competition with global players. Continue deregulation and liberalization towards a free market.⁹</p> <p>Technology - to innovate and create new technologies with research and development.</p> <p>Employment - increased number of knowledge workers (white collar in nature). Likely with fewer Malaysians in manual labour. Possible more foreign workers in manual work. Knowledge based, high value added services and manufacturing and more technology based i.e. automation and information technology, biotechnology, aerospace.</p>
Social	<p>Wealth - unevenly distributed across race and geography. Average purchasing power but per capita wage still below US\$20,000 p.a.</p> <p>Education - although literacy rate has increase, the number of people with tertiary education is still low compared to developed nations.</p> <p>Work life - tend to be collective with little team work and collaboration. Specialized skills.</p>	<p>Wealth - approached wage levels of developed nations with stronger purchasing power. More women and younger people in the work force. More white collar workers.</p> <p>Education - more IT literate and tertiary graduates in work force. Knowledge workers in high value added services.</p> <p>Work life - team based work environment that emphasizes collaboration with colleagues, employer and/or authorities. Multi skilled workers. Telecommuting or teleworking. Better working conditions. People are generally more receptive and adaptable to changes in the economic / work environment.</p>
Political	<p>Legal - restricts trade union memberships. The law effectively fragments the labour movement to reduce or control it.</p> <p>Government - emphasis on Malaysia Incorporated concepts where government is business like. Economic policies will maximize Foreign Direct Investments with the promises of non-unionized workers.</p>	<p>Legal - most of what Trade Unions stood for have become legislation. Extend trade union membership to foreign workers.</p> <p>Government - close government to government cooperation in ASEAN. Moving from a Free Trade Area (AFTA) to a single ASEAN market.</p>
Industry	<p>Industry - Traditional SMI, poor intra industry linkages. Low management skills and knowledge. Dependent on foreign direct investments for national development and employment.</p>	<p>Industry - Modern SMIs in manufacturing with strong linkages, modern equipment and automation, high specialization, niche market. Strong and developed financial and technology services markets. Emergence of professional managers. Self sustaining economy, less dependent on foreign direct investments. Many Malaysian companies will have off shore manufacturing plants. More internationalized work force.</p>

Table 1 : Political, Social and Economic factors that impact Industrial Relations and Trade Unions in Malaysia.

Given their future roles, the legal implications of trade unions and the system of industrial relations may need to be reexamined and assess their relevance and effectiveness in the preventing and handling the new social ills in the “work place”.

The Malaysian trade unions of the 21st century can be more effective with :

- Removal of the geographical barriers between the peninsular with Sabah and Sarawak, although the need to control the labour movement such that it does not pose any economic or security risks, the authorities should consider other means of control.
- The scope “work place” that take into account the changing socioeconomic and technological changes.
- The term “employee” or “work person” may be a less discriminating substitute for “workmen”.

Hence the new definition of trade unions should be read “... any association or combination of *employees* and employers, being *employees* whose place of work is in *Malaysia*, or employers employing *employees* in *Malaysia*,”.

Furthermore, it is heartening to find that the definition of objectives of trade unions under part (c) is adequate in meeting future developments of trade unions. The insertion and substitution in part (c)(i) and (ii) in 1988 was indeed a timely and necessary. However, the “promotion of strike and lock outs” should be discouraged and used as the last resort. A consensual and consultative approach that is constructive compared to a confrontational one that leads to resentment. Perhaps part (c)(iii) should read :

“the ~~promotion or~~ organization or financing of strikes or lock outs in any trade or industry *as a last resort* or the provision of pay or benefits for its members during a strike or a lock out;”

In conclusion, geographical limitations aside, the legal definition is found to be open enough not to restrict the future roles of the trade unions. However, it is felt that visionary leadership is more crucial to the long term success of Malaysian trade unions rather than the

legal implications. In light of the socioeconomic developments, it is imperative that the trade union leadership reexamine their future roles and where possible collaborate with the government and employers (or their unions) to bring about reforms, legal or otherwise, that will benefit the Malaysian economy and society at large.

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