

# **THE ROLE AND RESPONSIBILITIES OF TRADE UNIONS: WHAT'S CHANGING, WHAT'S NOT!**

*presented by*  
**Maimunah Aminuddin**  
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In order to examine the role and responsibilities of trade unions now and in the near future, it would be useful to try to identify what is changing in society and the economy and the potential impact of these changes on trade unions. Some aspects of society are changing rapidly, some are not. In order to adapt successfully to the changes, trade unions, like other organizations, need to continuously scan the environment.

Let me quote Tun Haniff Omar, the ex-Inspector General of Police and now active business-man at a forum recently organized by the Malaysian Institute of Management. He said, "Every future has a past". He pointed out that we need to examine the legacy of the past. We should value what worked in the past and what is still relevant. What worked in a different time and is now a barrier to progress must be discarded. What worked in the past may or may not be the answers to the issues of today and tomorrow. For this reason I will try to look at some past successes of trade unions and also examine what is changing in the world of work and which may need us to re-think our strategies and tactics. Let me begin by looking at what is not changing.

## **THE DOMINANCE OF BUSINESS AND THE MULTI-NATIONAL CORPORATION**

The dominance of the multi-national corporation is almost complete. Governments throughout the world, and most particularly in developing nations, are competing to attract multi-national corporations to invest in their respective countries. Obviously, some countries are more successful than others; some nations are strongly dependent on foreign investment to create jobs, bring in technology and generally keep the economy humming and ensure a strong rate of growth. In order to entice multi-national investors,

governments offer a variety of benefits and incentives to these organisations. A reputation for having a docile workforce and harmonious industrial relations are one strategy for drawing multi-national corporations to invest. Malaysia previously used this strategy coupled with low wages to jump-start the economy in the period from the 1970s to the 1990s. The strategy was so successful that the economy of the country grew at a rapid pace in the range of 8% per annum in the latter part of this period and wages rose. Malaysia is no longer a low-wage country. The government today has to find alternative methods to pull foreign investment and companies to the country. The provision of a good physical infrastructure including highways and access to high speed computer networks is one tactic being adopted. At the same time, the original concept developed by the government whereby harmonious industrial relations would act as a magnet to multinational companies and draw them to invest here, is still very much actively being pursued.

What are the consequences of this dependence on multi-national employers? Following the American model of doing business, they believe in profits above all else and when a company, for whatever reason, is having financial problems, their first answer is to downsize the workforce; remove as many workers as possible and yet still stay in business. This, of course, usually leads to a quick reduction in costs which will satisfy stock markets and analysts that the company is back on track. As we will see later, the idea of employers being loyal to their faithful workers and life-time employment is as dead as dead can be. It is even dying in Japan, a country which supposedly built its wealth today around this system. We will also see that workers in return show no loyalty or devotion to their employers. I will return to this issue in a few minutes.

Frequent and deep reductions in the workforce either because of financial crises or because of changes in the market-place, largely beyond the control of the employer, are here to stay. To compound the issue, multi-national corporations have no qualms about moving their operations from one country to another, wherever profits can be maximized. Indeed, considering that service industries are beginning to overtake manufacturing as the driver of many economies, including Malaysia, it has become even easier to move a

business, lock, stock and barrel ,from one country to another. I will deal with the issue of outsourcing and outshoring a little later in this presentation.

What are the implications on the trade union movement of the power of multi-nationals and their belief that workers are expendable?

1. Malaysia needs a retrenchment fund. The MTUC has been in discussions with the government and the employers and I believe that, in principle at least, a system for providing financial assistance on a monthly basis to retrenched employees has been agreed upon. It is unfortunate that little is happening on the ground to make this excellent idea a reality. I hope we do not postpone this urgent matter until the country is facing a financial recession, at which time it will be too late to set up the scheme.

2. Malaysian trade unions need to continuously communicate with and hold dialogues with their counterparts in other countries. I believe this is being done under the auspices of various international and Asian confederations of unions. The more effort that can be expended on this worthy endeavour, the better.

3. Malaysian trade unions need to champion employability initiatives. In the past, one of the main roles of a trade union was to fight for security of employment. But life-time employment in the same firm is dead and gone. It has vanished and it is unlikely to be seen again in this century at least. Employability is the buzz-word. Unions must now insist that employers introduce training policies. Retrenchment benefits clauses in collective agreement must lay down the requirement for re-training to be provided to workers who are to be retrenched, particularly when the company concerned is making a profit.

## **LEGAL FRAMEWORKS**

Industrial relations systems are played out within a legislative framework. Notwithstanding the recent 2007 amendments to the Industrial Relations Act, the

Malaysian laws relating to trade unions, collective bargaining and the right to take industrial action have hardly changed in the last 25 years. This is in stark contrast to countries such as Australia and New Zealand which have altered their industrial relations legislative landscape radically in the last decade. Australia, for example, introduced the Australian Workplace Relations (Work choices) Act 2005, implemented in March 2006 which reduced the role and power of trade unions. Further, unfair dismissal legislation, in place since 1994, was dismantled for firms employing 100 or less employees. Simply put, these nations have moved to encourage employment relations rather than industrial relations. In other words, they have stripped trade unions of their powers and have fostered a system whereby employers negotiate terms and conditions of employment with individual workers or small groups of workers who do not belong to a union. New Zealand had made similar changes earlier. Have the economies of the two countries improved as a result of the changes? The answer depends upon who you are speaking to. The Australian government's purported reasons for the change was to encourage job creation and encourage and assist small businesses which are the mainstay of the economy. There is no consensus on whether either country has a stronger economy after the changed legislation. In Australia, it remains to be seen whether there will be further change, considering that in the recent elections, the Labour Party has taken over the reigns of government.

Clearly, there is a need for trade unions to highlight and publicize the positive things that they do for employees and for society as a whole, failing which more and more countries are likely to take steps to shackle the union movement. I do not think it likely that the employment and industrial relations laws in this country are going to be amended in favour of workers' interests any time in the next 20 years. Hence, trade unions have to face reality. Solutions to industrial relations issues at the workplace have to be designed with this reality in mind.

## **LEADERSHIP**

Effective and successful trade unions need leadership. Leadership is about serving your followers. Serving your fellow-workers requires sacrifice. Leadership is also about power and struggles to attain power. Internal conflicts and squabbles are inevitable. Yet, these conflicts must NEVER be allowed to dominate the trade union's agenda. When you join a trade union, you should be aware of the sacrifices made by workers in the past, especially in the early days of trade unionism when the whole weight of society was against workers and their struggle.

Do you know the story of the Tolpuddle Martyrs? What can you tell your comrades about the matchgirls' strike? The Tolpuddle Martyrs were a group of village labourers in a small village in England in the 1830s. Life was tough for agricultural labourers in those days so a few workers got together and established a Friendly Society of Agricultural Labourers. The local authorities, afraid that these workers might create problems for employers, ordered the arrest of six of their leaders on the charge of "administering an unlawful oath and participating in an unlawful assembly". They were found guilty and sentenced to seven years transportation (banishment) to the penal colony of New South Wales, Australia. There was a huge outcry at the severity of this punishment which was eventually withdrawn. Did these workers intend to be martyrs for the trade union cause? No! Did they wish to be heroes? No! But they did what they had to do. They were committed to improving their lot whatever the consequences.

The 1888 matchgirls' strike is another historical example of workers who did what they had to do to improve their working lives. At the Bryant and May match factory in the East End of London, three workers were fired for talking to a journalist about their working conditions. The remaining workers then went on strike. What was the employer's response? First, they threatened to re-locate the factory to Norway, then they tried to put pressure on the strikers by saying that they would import workers from Glasgow, Scotland to replace the striking workers. In the newspaper, the Managing Director stated that the company had friendly relations with the workers but they, the

workers, were being instigated by socialist outsiders. The workers stayed on strike for three weeks. A mediation meeting was eventually arranged by the London Trades Council at which the company conceded to nearly all the strikers' demands. Did these matchgirls plan to be heroes? No! They did what they had to do.

These are very old stories. Why tell them now, in the 21<sup>st</sup> century? Because, workers today need to make the same sacrifices and show the same commitment that these workers did more than 100 years ago. It does not mean that the lot of workers has not improved. It has. Nevertheless, dedication and sacrifice are still required.

What is the function of trade union leader? Leaders create other leaders. Leaders have personal humility. Leaders are coaches, mentors and followers of other leaders. Leaders must be passionate and self-less. When they are, they can be proud that they are following in the footsteps of great trade union leaders before them such as the Tolpuddle Martyrs and the Matchgirls of London. Leaders of trade unions will not amass great wealth. But if they do what they have to do, they will leave a legacy which will be appreciated by all workers, now and in the future.

Leaders need to have a strong sense of direction. They must decide where they want their organization to be in five years time. They must decide how to get to that destination. They must decide who is going to do what. What drives the future? Is it a repeat of the strategies and tactics of the past? No! The future is driven by innovation.

Leadership and power are twins. There is no leadership without power and he who has power has the opportunity to lead others, if he chooses to use his power. Still, many people are wary of the effects of power on individuals. Sir William Gladstone, prime minister of England in the 1870s said, "We look forward to the time when the power of love will replace the love of power. Then will our world know the blessings of peace." I believe we still await this transformation.

## OVERALL ROLE OF TRADE UNIONS

The function and role of trade unions has not changed greatly over the last century. Unions still speak on behalf of workers at enterprise level. They provide protection at the most personal level for individual workers. Collective bargaining for better terms and conditions of employment and assistance to individual workers who have a grievance or problem with their employer such as disciplinary action or victimization are still the bread and butter activities of a trade union. This role requires trade unions to be present at the worker's workplace. What has happened to union membership in Malaysia? Lets look at the statistics provided by the Department of Trade Union Affairs.

Table 1. Trade Union Membership 2002-2006

<b>YEAR</b>	<b>NO. OF UNIONS</b>	<b>MEMBERSHIP*</b>
2002	561	807,260
2003	609	789,163
2004	611	783,108,
2005	621	761,160
2006	631	801,585

\*Includes unions of employers (13)

Source: Trade Unions Department.

Union density in Malaysia is roughly 9% of the workforce. Is this a number to be pleased with? To answer this question, we can compare the union density in Malaysia with other countries.

Table 2. Union density in selected countries

Country \_\_\_\_\_ Density

Malaysia	9%
Singapore	18%
Korea	14%
United States	13%
Japan	21%
United Kingdom	29%
Thailand	3%
Denmark	80%

The wide disparity in numbers is largely due to historical differences and attitudes of the ruling governments toward the trade union movement. What is very clear is that the number of workers joining trade unions around the world is dropping significantly. I will return to this issue.

The numbers of workers who have joined trade unions affects not only the role of unions as representative of their members at the workplace but also the union role of political advocacy. Trade unions speak on behalf of all workers so that decision makers in the government understand the impact of their decisions on workers. In Malaysia, it has been said that this role is constrained by the unwillingness of some government officials to participate in real dialogue. Still, to the extent that trade unions represent a minority of workers, it is understandable that governments might choose not to recognize their right to speak for employees in general.

The ability of trade unions to carry out the role of advocacy effectively is also affected by the lack of support amongst the print and broadcast media. Simply, the message is not getting out to the people.

What is the implication for trade unions in Malaysia today? There is a need to improve union public relations. What steps are being taken to enlist help from newspapers and even the broadcast media (TV and radio) to publicize the issues facing workers?

## **SIGNIFICANT CHANGES**

So what is changing? On the one hand, the world's population is aging. Countries such as Japan and Singapore are already facing this world-wide phenomenon which is causing major headaches throughout Europe. Pension bills are rising as is the cost of medical care for older persons. Unions have to prod employers into preparing for this wave of demographic change. In Malaysia, aging is not yet at the forefront of human resource management issues, but it will be. We are already having to make decisions about retirement ages. More and more people want to continue working after 55 or 56, the current retirement age for most workers. Indeed, many people have little or no choice. Generally, workers are marrying later, and having children at a later age. As a result, when the worker reaches 55, his children are still at school or college and need financial support. Parents cannot hope to rely on scholarships to sustain their children through higher education. If they have not saved a sufficient sum of money for this purpose, they will need to finance their children through current earnings. Having said that, more and more people want to work well into their late 50s and 60s, it should not be forgotten that not everyone wishes to work beyond a certain age. Therefore, I do not necessarily think the best solution is to make it compulsory for all employers, private and public, to increase their retirement age. Malaysian employers need to change their attitudes and open their minds to the advantages to all parties of offering short-term contracts to hard-working employees who wish to continue working after retirement. To maximize flexibility for the employer and the employee, part-time working should be encouraged, particularly in jobs which do not require great physical strength. This step would also assist in reducing Malaysia's current dependence on foreign labour.

## **GENERATION Y**

While aging of the workforce is a very real problem which we will have to face very soon, right now Malaysian has a relatively young labour force. Trade unions must attract and recruit young people. The average age of Malaysians is 25.6 years old! These people are known as Generation Y. Generation Y must be your target as potential members.

What do we know about Generation Y (those born after 1980)? A great deal of research has been conducted to determine the characteristics of this generation, the young people who are now leaving school and college and joining the workforce. They are technology savvy; indeed they cannot survive without their gadgets which sprout from their ears and pockets. They and their technology are wired into one package. They communicate with words, just like you and me, but these words are sent through the air-waves by electronic means. They internet, they SMS, they google, they Facebook. Are unions talking to these young people? Are you making them excited so that they want to become trade union members? Do you know how to talk to them? To communicate with this Generation Y you have to provide entertainment. They grew up with TV and Astro and computer games. But they are not couch potatoes. They want to be with others of their generation. How does TV3 attract these people? They organize concerts, Jum Heboh concerts! What are trade unions doing to make these new workers understand the importance of solidarity and team work?

Generation Y grew up with computers at school. They frequent cyber cafes, if they can't afford their own home computer or laptop. They expect to find all their information needs on the Web. How many trade unions have websites? How many are regularly updated? How many are vibrant and interactive?

What does Generation Y want from their work and their employment? You need to ask them. I do know that they want learning opportunities. Is this topic on your agenda when you meet with the managements of the companies where your members work? Are you insisting that collective agreements include a training policy which states the minimum number of training hours to be provided by the employer to each and every worker?

Generation Y expect fast-track upward career movement. They belong to the instant society – instant noodles, instant food and instant promotion. After just six months out of college, fresh graduates expect to be a manager! When employers cannot or will not meet these expectations, these young workers leave, looking for greener fields. They become wanderers, always hunting for the right job and the right employer. Hunting may be an

ancient past-time, but in a modern industrial, knowledge-based society, incessant hunting for a better job causes problems which affect employers and everyone in general.

### **Service to Members**

Economic improvement for workers and especially trade union members is still the bread and butter role of trade unions in a developing country like Malaysia. Assisting members who need help when they are accused of misconduct or who have been dismissed for whatever reason is crucial. But service to members needs to go way beyond these basics. If life-time employment with one employer has died out, employability has become more important than ever. Who is responsible for ensuring workers have a variety of opportunities to improve their knowledge and skills throughout their lives, to be able to move from one job to another seamlessly, even when the skill-sets required are entirely different? Of course, employees have to look themselves but assistance is forthcoming from employers and the government. Trade unions can work with other NGOs to provide life-long learning opportunities. Trade unions can be the catalyst of self-help and community efforts. Many workers still need IT skills, language skills, and sharing of technical expertise in areas ranging from gardening, to fixing cars and so on. Workers can teach each other these skills thus helping to create chances for people to change careers and life-styles if they so wish.

### **HUMAN RESOURCE MANAGEMENT**

Human resource managers are changing. They are getting better at their jobs. This is both good news and bad news for trade unions. To the extent that human resource managers are able to influence employers to offer decent workplaces with decent terms and conditions of employment, then all workers gain. It may also mean that trade unions are not needed as much as in the past. I think that while it is true that human resource management is improving, there are still many employers who don't listen to their HR managers and who prefer to exploit workers in the interests of maximizing their profits.

What changes are HR managers effecting? Many HR practitioners in the 1970s and 1980s were either ex-teachers or ex-armed services. To them, human resource management was about controlling the workforce and this was something they were well-trained to do, but by the 1990s, it had become very obvious that human resource management was not about controlling employees. It was and is about providing a working environment which allows workers to work together productively, to find solutions to business problems, and to generate new ideas to ensure the ongoing survival of the organization. Amongst other changes, human resource managers today are exploring ways to create workplace which are exciting, fun and suit the temperament of the youngsters working there. An excellent example is the physical working environment developed in DiGi.Com Bhd, known as D'House. Bloggers read about this workplace and say, "Cool. How do I get a job in DiGi? I wish my office looked like that."

Competition amongst employers is forcing human resource managers to find ways to make their employer "the employer of choice" so that they can hire talented workers. Companies participate in all sorts of contests to show that they care about their employees. They vie to be "Best Employer of the Year", or "Employer with the Safest Work Environment". I do not necessarily believe that the companies that win these awards deserve them or that they are actually the best. But, the point is that these awards all related in some way to how people are managed in the organization and they therefore reflect these companies understanding that successful management of people is the key to business success.

## **RE-STRUCTURING OF BUSINESSES**

Businesses are re-structuring as never before. Mergers and acquisitions are not entirely new. But they are certainly becoming a major phenomenon. Re-structuring of businesses is a constant but the speed and size of these mergers is changing the face of business. As companies look for ways to survive in the competitive world of the 21<sup>st</sup> century, they are trying to maximize the flexibility of the workforce. One of the most popular forms of flexibility in recent years has been the outsourcing and outshoring of work. There is very

little published evidence on whether workers are better off once chunks of a business are hived off to another entity.

The changes and challenges to trade unions in Malaysia are many. Are the unions ready to face these challenges? If you have the will and the wisdom, you can create the future.

**MAIMUNAH AMINUDDIN** is the author, or co-author of the following books:

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2. *Malaysian Employment Law Practices*, Best HR and Employment Practices Series, LexisNexis, 2006.
3. *Safety and Health at Work*, Best HR and Employment Practices Series, LexisNexis, 2006.
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