

Nota Penyelidikan/Research Note

Union Organisation and Effectiveness: An Empirical Study on In-House Union in Malaysia

Organisasi dan Keberkesanan Kesatuan: Satu Kajian Empiri mengenai Kesatuan Sekerja Dalam di Malaysia

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ABSTRAK

Nota penyelidikan ini membentangkan dapatan kajian yang meneliti hubung kait antara cara yang digunakan oleh kesatuan sekerja dalam dalam pengorganisasian dan keberkesanan penyampaian. Data telah dikutip melalui kaedah survei dalam kalangan ahli kesatuan sekerja dalam di sebuah syarikat pembuatan di Kedah, Malaysia (n = 415) dan dianalisis dengan menggunakan ujian korelasi dan regresi berbilang. Dapatan kajian menunjukkan bahawa pertama, organisasi kesatuan sekerja berhubung kait secara signifikan dengan keberkesanan kesatuan. Kedua, terdapat hubung kait yang signifikan antara dua daripada empat dimensi organisasi kesatuan (yakni, komunikasi dalam kesatuan, dan kefahaman kesatuan terhadap perniagaan majikan) dan keberkesanan kesatuan. Akhir sekali, komunikasi dalam kesatuan didapati bertindak sebagai peramal yang paling penting terhadap keberkesanan kesatuan. Implikasi kajian terhadap praktis dan teori dibincangkan.

Kata kunci: Organisasi kesatuan, keberkesanan kesatuan, kesatuan sekerja dalam, Malaysia

ABSTRACT

This research note attempts to present findings from a study that examined the relationship between the way an in-house union organises itself and its delivery effectiveness. Data were gathered through a survey of union members of an in-house union of a manufacturing company in Kedah, Malaysia (n = 415) and analysed using correlation and multiple regression tests. The results suggest that, firstly, union organisation was significantly correlated with union effectiveness. Secondly, there were significant relationships between two of the four dimensions of union organisation (namely, communications within union, and union understanding of employer's business) and union effectiveness. Finally, communication within union was the most important predictor of union effectiveness. The implications of the study on practice and theory are discussed.

Keywords: Union organisation, union effectiveness, in-house union, Malaysia

INTRODUCTION

The percentage of workers joining union (union density) is declining in many countries (Kuruvilla et al. 2002; Maimunah 2006; Visser 2006). For example, in the United States the rate dropped from 13.6 percent in 1997 to 12.4 percent in 2003, in the United Kingdom from 30.6 percent in 1997 to 29.3 percent in 2003, in Japan from 22.8 percent in 1997 to 19.7 percent in 2003, and in Malaysia from 10 percent in 1997 to 9 percent in 2003 (Maimunah 2006; Visser 2006). Because declining membership means reduced collective strength, unions are becoming more interested in identifying practical measures to attract new members and retain the existing ones. One way of doing this is by enhancing employees' perception of union

effectiveness (Bryson 2003; Burchielli 2004; Fiorito et al. 1993, 1995; Hammer & Wazeter 1993). This is because the desire for non-members to join a union is increased when the union is perceived as an effective organisation capable of delivering better terms and conditions for employees. When unions are seen as effective, existing members' satisfaction also tends to rise or be enhanced (Bryson 2003). In other words, effective unions act as a countervailing force to the employer (Salamon 2000).

A handful of studies have been conducted on union effectiveness in the West (e.g. Bryson 2003; Burchielli 2004; Fiorito et al. 1993, 1995; Hammer & Wazeter 1993), and in general these studies have found that the effectiveness of union in delivering its service to its members depend much on the union's ability to organise

itself. Whilst many of the studies conducted in the West involved national unions that are big in size, to what extent the influence of union organisational effectiveness on union delivery effectiveness is applicable for small-sized unions such as in-house unions in countries such as Malaysia in which in-house unions seemed to be the norm in trade unionism and in which many in-house unions are small in size and are yet to be empirically validated. This is exactly what the present study intends to achieve. In particular, the present inquiry aimed at exploring the influence of union organisational effectiveness on union delivery effectiveness of in-house unions in Malaysia.

LITERATURE REVIEW

Union effectiveness is defined as the activities and organisational attributes which allow the union to achieve its goals (Kochan (1980), as cited in Hammer and Wazeter 1993). In a later research on union effectiveness, Bryson (2003) distinguished two types of union effectiveness i.e. *union organisational effectiveness*, which is a term used to summarise factors which give the union the capacity to represent its members by virtue of its *healthy* state as an organisation. The second type is *union delivery effectiveness*, which is defined as the union's ability to *deliver* for employees in terms of improving work and working conditions. According to Bryson, the combination of these two concepts signals a union that is effective in representing its members.

One large study conducted by Fiorito et al. (1993) among national unions in United States of America was to examine union officials' perceptions on union effectiveness. The objective of this study was to investigate the characteristics of the union as a possible factor in explaining declined union membership in the States. In this study, they interviewed 275 top national union officials representing 111 national unions based on six dimensions of union effectiveness: bargaining, politics, self-help, organising, member-solidarity, and resource acquisition. The results of this study indicate that union effectiveness is enhanced by innovation in their tactics, and reduced by centralisation of decision making in union. This means that unions that are more innovative in their tactics and have been shifting decision downward to their members have had greater success in organising effectiveness. In a later research in 1995, the same researchers focused on organising effectiveness and found that innovation and internal democracy enhanced organising effectiveness (Fiorito et al. 1995). Innovation here refers to the adoption of policies, practices, or services that are new to the union. Internal democracy refers to the union members' influence over the union decision making process. Organising effectiveness refers to the degree to which the union is able to attract and retain members.

Bryson (2003) conducted a study on union effectiveness in Britain. He argues that little research has

been done on the practical measures in order to understand what makes union effective in the eyes of the employees. In an attempt to understand union effectiveness, Bryson based his study on consumer choice theory whereby consumer will make decision (to purchase) based on perceived higher return or benefit to the cost. This is apparent because since union members pay monthly subscription fees, they expect a certain kind return from the union. Within a consumer choice theory of union joining behaviour, higher union effectiveness implies higher returns to membership net of costs (Faber & Western 2002, as cited in Bryson 2003). Based on this theory, if the union is perceived as effective, employees are more likely to think that they will gain something in return for becoming a union member, such as getting better wages, benefits, and insurance coverage. Thus, an increase in union effectiveness will increase an individual's propensity to purchase membership or remain as a member by shifting the individual's perceptions of the benefits relative to the costs.

An Australian study conducted by Burchielli (2004) on union effectiveness at the state branches of three Australian trade unions, which had suffered major membership losses also found a significant relationship between union effectiveness in organisation and delivery.

METHOD

To meet the research objective, a survey was conducted in 2006 among members of an in-house union of one of the manufacturing companies, specialising in tyre production in Kedah, Malaysia. To date the union has been operating for 18 years, while the company for 26 years.

Data were collected via questionnaires. Five hundred questionnaires were sent out to union members out of which 424 were returned. Five questionnaires were rejected due to blank responses and four others were rejected due to the respondents' non-union member status. Thus, 415 questionnaires were finally analysed (n = 415) representing 83.0 percent valid response rate.

The majority of respondents of the present study composed of male (97.5 percent), married (82.8 percent), and Malay (99.5 percent). In terms of education achievement, 183 respondents (46.4 percent) have SPM certificate or equivalent, 116 respondents (26.9 percent) possess SRP or PMR certificate or equivalent, while 88 respondents (22.3 percent) have technical certificate or diploma. Besides that, 194 respondents (48.9 percent) were between 25 to 34 years old, and 139 respondents (35.1 percent) were between 35 to 44 years old. In terms of monthly income, 151 respondents (38.1 percent) earn less than RM1000 per month, and 134 respondents (33.8 percent) earn between RM1000 to RM1499 per month. In terms of length of service with the company, 139 respondents (34.7 percent) have worked with the company between 10 to 14 years, while only 30 respondents

(7.5 percent) have worked with the company for 20 years or more. In terms of union tenure, 125 respondents (33.9 percent) have joined the union between 10 to 14 years, while 49 respondents (13.3 percent) have joined the union for 15 years or more.

VARIABLE MEASURES

Union effectiveness. The dependent variable of the research is union effectiveness defined as the union's ability to deliver for employees in improving working condition. In the study items used to measure union effectiveness were adapted from Bryson (2003). A five-point Likert type scale, ranging from 1= failure, 2= poor, 3= fair, 4= good to 5= excellent, was used. Respondents were asked to rate the performance of the union in terms of: (1) negotiating for better pay, benefits, and work environment, (2) improving security, (3) helping the company to be more competitive, (4) increasing membership, and (5) protecting against unfair treatment of employer.

Union organisation. The independent variable of the present research is union organisation defined as factors such as union's responsiveness to members' problems and union's ability to communicate and share information that give a union the capacity to represent its members. The items used to measure union organisation were adapted from Bryson (2003). A five-point Likert scale, ranging from 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, to 5= strongly agree, was used on the seven dimensions proposed by Bryson to measure union organisation, such as dimension of ability to communicate and share information, usefulness of union as a source of information and advice, union's openness and accountability to members, union responsiveness to members' problems and complaints, how seriously management have to take the union, union understanding of the employer's business, and the power of the union.

Demographic items. In addition to the above, respondents were also asked to supply pertinent personal information such as their gender, marital status, level of education, length of service in the company, length of membership in the union, and monthly income, on categorical scale.

RESULTS

FACTOR ANALYSIS

Factor analysis was carried out to identify the validity of the items in the questionnaire on the independent variable i.e. union organisation. Factor analysis examines the way in which each respondent completed all the opinion items and compares this with the way in which every other respondent completed each and every item, and suggests

that certain items have come together on particular factor (Cavana et al. 2001). In the present research, there are seven dimensions of union organisation with a total of 28 items. To ensure that the items measured the correct concept, factor analysis was carried out and items that measured the same concept were clustered under the same factor (Cavana et al. 2001).

A factor loading based on maximum variance (Varimax) was used. The main objective of maximum variance loading is to identify the related item under one dimension (Cavana et al. 2001). The result of Principle Components Analysis for union organisation is presented in Table 1. As shown in the table, the Varimax rotation of 28 items produced four dimensions accounted for 92.7 percent of the total variance. A factor loading of 0.3 was used as suggested by Kinnear and Gray (2004), which means that the correlation coefficients between the items and the factor are larger than .3.

The factor analysis revealed four new dimensions that were further analysed. Factor 1 is named Communication within Union, Factor 2 is named Power of Union, Factor 3 is named *Management Attitude*, and Factor 4 is named *Union Understanding of Employer's Business*. Total variance of each dimensions were 21.8 percent, 2.6 percent, 65.7 percent, and 2.7 percent, respectively.

RELIABILITY ANALYSIS

To ensure the reliability of the items used to measure the variables, reliability test was conducted using the Cronbach's Alpha model. This model measures the inter-item consistency reliability of the items, which indicates the homogeneity of the items (Cavana et al. 2001). It tests the consistency of respondents' answers to all the items, which ensures the internal consistency of the items used to measure each variable. In the present study, the reliability coefficient for dependent variable is .867, while the reliability coefficient for each dimension of independent variable is .933 for communication within union, .881 for power of union, .878 for management attitude, and .852 for union understanding of employer's business. As suggested by Cavana et al. (2001), the value of Cronbach's alpha reliability coefficient that is over .8 is good, suggesting that the internal consistency reliability of the measures used in this study is good.

DESCRIPTIVE ANALYSES OF MAIN VARIABLES

As indicated by Table 2, the respondents felt that, in general, the union is well organised (mean = 3.27) in terms of all dimensions of union organisation i.e. communication within union, power of union, management attitude towards union, and union understanding of employer's business. As can be seen from the table, the union is most organised in terms of its communication within the

TABLE 1. Varimax Rotated Component Matrix of Union Organisation Variable

Items and Factor Description	Factor 1	Factor 2	Factor 3	Factor 4
The union shares information about employer and workplace with the members	.640			
I am frequently in contact with the union officials.	.749			
The union always update the members of what the union is doing	.745			
I have no difficulties to contact the union officials	.723			
The Union is the most useful source of information about the employer and workplace	.776			
The Union is the most helpful source for advice on my rights as worker	.734			
I rely on the union for information about employer and workplace	.784			
The union is the first that I would go to for advice on workplace issues.	.716			
The union is being open and accountable for the members.	.775			
The union gives its members a say in how the union is run	.739			
The union has a lot to say about how the workplace is run		.721		
The management is in favor of the union.		.838		
The union has lot of influence over the company's rules and regulations		.783		
The union has lots of power		.771		
The management respects the union.			.865	
The management and union usually work together			.839	
The management always discuss with the union before implement any changes at workplace			.805	
The union influence the management decision making			.748	
The union is knowledgeable of the employer's business				.866
The union is knowledgeable of the financial situation of the company				.866
The union makes every effort in getting to know the employer's business				.817
Eigen Value	6.11	.72	18.39	.74
Variance (100 percent)	21.83	2.57	65.67	2.66
Cumulative Variance	21.83	24.39	90.06	92.72
Kaiser-Mayer Olkin (KMO)	.94			

TABLE 2. Means and Standard Deviations of Main Variables (n = 415)

Variables	Mean	SD
<i>Union Organisation Effectiveness^a</i>		
– Communication within union	3.81	.78
– Power of union	2.99	1.02
– Management attitude	3.11	.97
– Union understanding of employer's business	3.16	.97
Overall union organisation	3.27	.66
<i>Union Delivery Effectiveness^b</i>		
– Negotiate for pay, benefits, and working condition	3.83	1.00
– Improve job security	3.81	.89
– Help company to be more competitive	3.68	.85
– Increase membership	3.79	.88
– Protect workers against unfair treatment	3.84	1.00
Overall union delivery	3.79	.75

Note. ^a Five point scale from '1' "strongly disagree" to '5' "strongly agree". ^b Five point scale, ranging from '1' "failure" to '5' "excellent."

union (mean = 3.81) and least organised in terms of its power (mean = 2.99). On the other hand, the union is slightly organised in terms of its ability to influence the company's rules and regulation and how the workplace is run.

With respect to union delivery effectiveness, the respondents felt that, in general, the union has been able to deliver quite effectively (mean = 3.79) in these areas: negotiate for pay, benefits, and working

condition, improve job security, help company to be more competitive, increase membership, and protect workers against unfair treatment. On the other hand, as indicated by the overall mean of 'importance of union delivery,' the respondents felt that, in general, it is important for the union to deliver in all of those areas (mean = 2.56).

CORRELATIONS

The correlation analysis indicates a significant and positive relationship between union organisation and union effectiveness ($r = .404, p \leq .01$). The results also indicate that significant and positive relationships between three of the four dimensions of union organisation (namely, communications within union, power of union, and management attitude) and union delivery effectiveness ($r = .654, p \leq .01; r = .296, p \leq .01; r = .276, p \leq .01$, respectively). However, there is no significant relationship between the fourth dimension of union organisation (union understanding of employer's business) and union delivery effectiveness ($r = -.012, p = .812$).

MULTIPLE REGRESSION

Table 3 reports multiple regression results between union organisation dimensions and union effectiveness.

TABLE 3. Multiple Regression Analysis of Union Organisation Dimensions and Union Effectiveness

Variable Entered	Union Effectiveness				
	Unstandardised Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.598	.156		10.214	.000
Communication within union	.612	.039	.646	15.637	.000
Power of union	.028	.034	.039	.817	.415
Management attitude	.054	.033	.070	1.628	.104
Union understanding of employer's business	-.124	.030	-.162	-4.084	.000

Dependent Variable: Union Effectiveness Independent Variable: Communication within union; Power of union; Management attitude; and Union understanding of employer's business

R Square = 0.455

F = 84.119

R = 0.675

* p ≤ 0.05

The results reveal that 45.5 percent of the variance in union delivery effectiveness is significantly explained by the four dimensions of union organisation, i.e. communication within union, power of union, management attitude, and union understanding of employer's business. The results also indicate that two dimensions of union organisation (namely communication within union and union understanding of employer's business) significantly predict union effectiveness. Communication within union is found to be the most important predictor of union ($\beta = .646$, sig = .000).

DISCUSSION

The present study has examined the relationship between union organisation effectiveness and union delivery effectiveness. Specifically, the study investigated the influence of four dimensions of union organisation effectiveness (i.e. communication within union, power of union, management attitude, and union understanding of employer's business) on the effectiveness of union in delivering its goal to members. The result reveals that 45.5 percent of the variance in union effectiveness is statistically explained by union organisation.

The positive relationship between union delivery effectiveness and union organisation in this study is parallel with the findings of the research carried out by Bryson (2003) and Burchielli (2004). Additionally, the highest and positive coefficient ($r = .654$) between communications within union and union delivery effectiveness indicates that in order to ensure high delivery effectiveness, unions have to ensure effective communication within the union. This is supported by the highest beta value of regression analysis, which revealed that communication within union was the most important factor in union delivery effectiveness (Table 3). Communication within union here refers to the ability of the union to communicate and share information about

union and workplace with the union members, the usefulness of the union as a source of information and advice, and the ability of the union to be open and accountable to its members. In other words, communication within union is about two way communications, which requires communicating parties to listen (and take action) to the feedback of the other parties. Within the context of union effectiveness, for instance, communication is not merely union official informing the union members about what is going on between the union and management or giving advice pertaining to the members' rights. It is more important that the union officials be open to the members' opinion on how the union should operate and grievances and problems.

Communication is important for union in increasing its delivery effectiveness because communication is a mechanism to develop the structure of relationships within the union. Communication enables union members to voice out their concern over workplace issues as well as their perception of the role of union in overcoming the issues. Enhancing the members' right to be heard and having influence over workplace and union issues is referred to as increasing the union internal democracy (Gollan 2005). Enhanced internal democracy would lead to greater union members' satisfaction because union members feel that they are involved in the union decision making process (Lucio 2003). In relations to the present research, the way union organise itself in terms of sharing information, providing advice to union members on workplace issues, and practicing open communication (as the union officials were available in the union office after working hour to deal with issues at workplace faced by union members), had obviously enhanced the union members' satisfaction towards the union that has resulted in perceived union effectiveness.

Despite the empirical insights offered, the findings of the present study need to be considered in light of a number of caveats. Firstly, one limitation of the present

study is that it involved union members of one particular union under study. As such, the findings of this research may not necessarily be generalised to other unions because the characteristics and environment (for example, duration of union formed and elected or appointed union official) of the union under study may vary from other unions (Hammer & Wazeter 1993). However, this limitation does not necessarily weaken the findings of the union under because the findings of this research may be applicable to unions of identical situation and settings (Cavana et al. 2001) as described in the union organisation characteristics as well as the background of the union. Secondly, this study is a cross sectional study and no reciprocal relationship between the variables could not be inferred. There is no guarantee that union effectiveness is not influenced only by union organisation. Union organisation can also be influenced by union effectiveness in that unions that are perceived to be effective in delivering their services to members may heighten their efforts in making sure that their organisation is in a better order to serve the member better.

A number of implications both to future research and practitioners based on the findings established can be identified. For future research, it is recommended that future research should expand the scope to include both national and in-house unions in Malaysia to validate and verify further the findings revealed here. Because the present research asked union members' perception and judgment on the union's effectiveness, future research should include union leaders and managers because they might have different perspectives on union organisation and effectiveness. In terms of practical implications, it is recommended that unions should organize itself in terms of improving communication with union members and understanding the employer business because these factors will enhance the union members' perception of union effectiveness.

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