

Draft Centrepiece article

Union Blues by Alex Bryson and Paul Willman

Trade unions are in the doldrums. Although the rate of union membership decline has slowed since Labour came to power the latest figures show they continued to lose members in 2006 (Grainger and Crowther, 2006). The reasons for this are clear. Unions are less able to organize new workplaces and new workers than they used to be. As a consequence, an increasing proportion of all workers have never been union members, and new workplaces rarely recognise unions for pay bargaining. Less well known is the effect that membership loss is having on unions as organizations. These effects are identified for the first time in new CEP research.

The research measures the resources available to unions both on their own balance sheets and within establishments. It shows that union finances are in a parlous state (Figure 1). This is not particularly surprising. British unions rely very heavily on members' subscriptions as their primary source of income. Thus, their income flows fall as membership falls, unless they can increase membership fees substantially or generate income from other sources. Moreover, expenditure has exceeded subscription income for some time.. Of course, this is not a sustainable strategy in the long run and it has implications for their ability to sustain assets. Few unions like to raise membership fees. It's generally viewed as impractical and unacceptable. Most unions allow their annual conferences to debate membership fee up-rating. Not surprisingly, there is rarely an appetite for hiking fees so it doesn't happen. However, unions elsewhere in the world (eg.the Health Services Association in Australia) have adopted this approach arguing that the quality of union membership services, including collective bargaining, requires unions that are on a stable and viable financial footing. In countries like the United States members are used to paying a much higher percentage of their wages in union fees. In return they get the largest union wage premium in the world. Some unions in Britain are studying this issue carefully and are considering running experiments to see how sensitive demand for union membership is to the price of joining.

The chief response of unions to the diminishing pool of unionised labour has been to engage in what we term 'market share unionism' in which unions have sought to grab a greater share of the remaining union pie. It is this strategy that is behind the wave of union mergers we've witnessed in Britain in recent years. Between 1990 and 2005 the number of unions fell by over 40%. In 2007 there have been further reductions and greater membership concentration following the merger between AMICUS and the Transport and General Workers Union. The rationale for such mergers is analogous to the rationale for corporate mergers and acquisitions: unions try to consolidate their resources, creating a more substantial organization that, at least in theory, is capable of grabbing a bigger share of existing members and, if they are lucky, attracting new members through greater 'reach'. At the same time, the logic goes, unions can reduce their cost base by stripping out duplication in union services (offices, officials and the like). In practice, it hasn't really worked out like this. By definition the big unions each have a greater share of union membership than they did when they operated separately. But there is no evidence that they have been successful in actually expanding their memberships beyond their traditional base.

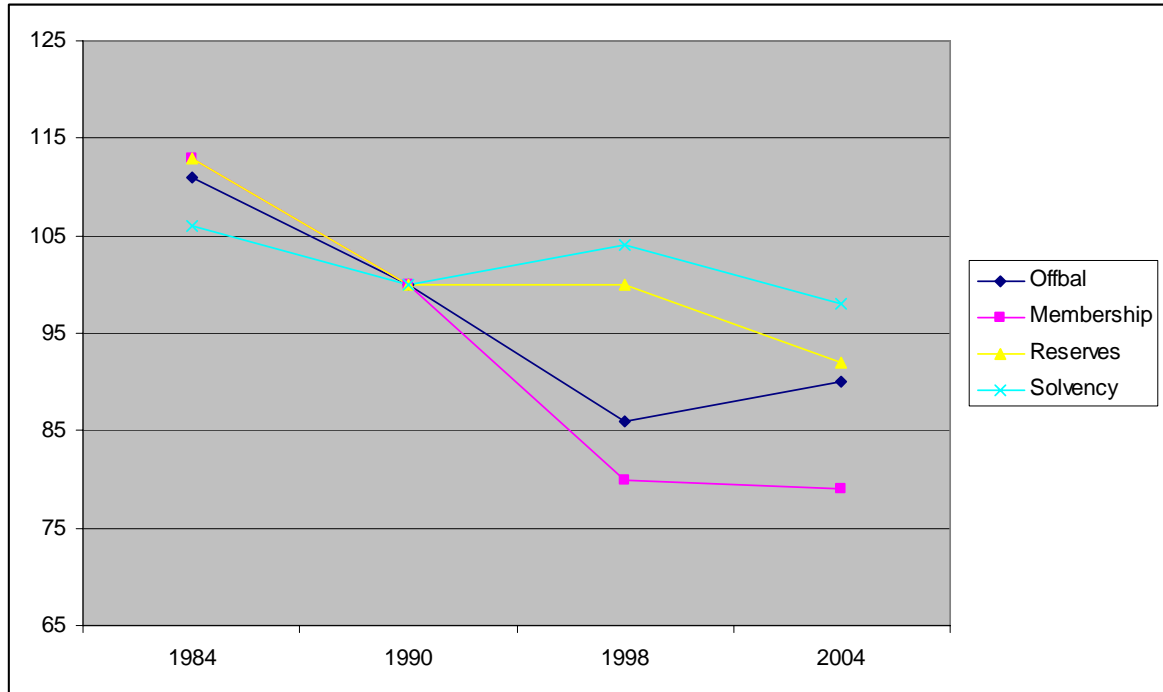
What's more, they have not been making the cost cutting necessary to reap the economies of scale that mergers offer. This is partly because, despite merger, these unions rarely operate as general unions. Instead, they continue to operate along sectoral, industrial or occupational lines, often because unions recognise that different sorts of member require different types of service – this organizational knowledge is often locked away in particular sections of unions used to servicing parts of the unions' membership. If unions are to reap the returns to scale they'll have to work out how to share this knowledge around the organisation and create efficient structures that permit unions to service their members with fewer staff and offices.

What does all of this mean for trade unions in the future? First, there must be doubts about unions' ability to service their existing members without greater reliance on the voluntary endeavours of lay union activists and their broader membership. This is what we term their 'off-balance sheet' resources. Alas, the research shows that these resources are also in decline. Second, unions' organizing capability is severely damaged. When finances are tight unions are less likely to risk spending money organizing in new workplaces, unless they can be fairly sure of success. More generally, they simply do not have the organizational capacity on the ground to reach out to new workers and bring them into the union movement.

However, it would be wrong to conclude that all is doom and gloom. Why? Because, although the general picture looks bleak, there are huge differences in the finances of different unions. There are, in fact, some real success stories. What is more, success depends, at least in part, on the business models that unions are deploying. The most successful unions, both in membership terms and financially, are those representing professional workers and, in particular, those representing doctors (BMA), nurses (RCN) and teachers (NUT). These unions continue to organise occupations, rather than industries or workplaces, because union membership is strongly linked to occupational identity. As well as representing their members in pay and conditions negotiations, grievance procedures and the like, these unions also protect their members against clients and state interference. Other unions would do well to take note – before it's too late.

[This article is based on "Accounting for Collective Action: Resource Acquisition and Mobilisation in British Unions", CEP Discussion Paper No. 768. The paper is forthcoming in *Advances in Industrial and Labor Relations* (<http://cep.lse.ac.uk/pubs/download/dp0768.pdf>)]

Figure 1: Union resources, 1984-2004



Notes:

- (1) Changes in union resources. Index = 100 in 1990.
- (2) OFFBAL is an index constructed using the Workplace Employment Relations Surveys running from 0 to 3, where the workplace scores '1' each time it has one of the following: check-off, management recommendation of membership or a closed shop, and an on-site union representative.
- (3) Union membership is taken from Certification Officer returns.
- (4) Solvency is the margin of total income over total expenditure and is derived from Certification Officer returns
- (5) Reserves are total funds divided by expenditure and are derived from Certification Officer returns.