

Whither the Trade Unions?

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The trade union movement in Canada, as in many other industrial countries, is in the throes of change. Among other things, it is grappling with pressures stemming from the rapid pace of economic and technological change as well as shifts in business practices, employment patterns and social attitudes. This report briefly examines some of the challenges facing trade unions on the eve of the new millennium.

The Global Picture

A number of trends are altering the external environment for trade unions in Canada and other industrial countries: new technologies; the globalization of product and capital markets; falling trade barriers; deregulation of key industry sectors; and shifts in both the occupational structure of employment (especially the increasing role of professional, managerial and skilled technical workers) and the nature of work (e.g. rapid growth of services employment, self-employment, and 'contingent' employment).

A glance at the evolution of international union density ratios—which measure the proportion of a country's paid workers who belong to trade unions—portrays a mixed picture. According to data collected by the OECD, between 1980 and 1994 five industrial countries experienced an increase in the proportion of paid workers in unions, 13 had decreases (in some cases quite sizable), and one saw no change (OECD 1997).

The overall pattern, however, points to declining unionization in most industrial countries. Several factors help to explain this trend.

The first is changes in the distribution of employment by industry. Net job creation is now heavily concentrated in service industries. The share of economy-wide employment in manufacturing and primary industries has dwindled since the late 1960s, and is not expected to rise in the foreseeable future. Service industries currently account for between 60 and 70 percent of all jobs in most OECD countries (in Canada and the U.S., the figure is closer to 75 percent).¹ Except for transportation, public administration and other government-financed services (health care and education), unions have generally failed to make major inroads into the service sector. Firms that produce services are harder for unions to organize, and their employees often evince little interest in unions.

Continuing Trends?

- Changing industry distribution of employment
- Well-educated 'knowledge' workers
- Work force diversity
- Reengineering
- Outsourcing
- Decentralized wage-setting systems

A second, closely related trend is the steadily rising share of the employed labour force made up of well-educated and highly-skilled 'knowledge' workers. Knowledge workers often have little experience or affinity with trade unions. Compared to the population as a whole, they tend to have more education, higher incomes, more flexible career paths, and a greater appetite for ongoing educational/skill upgrading. Outside of the broad public sector (e.g., the civil service, health care and education), unions have had limited success organizing knowledge workers. Research in Sweden suggests that well-educated white collar workers' waning interest in trade unions can be attributed to their inherent satisfaction with the content of their jobs (Onley 1996, 10).

New Approaches?

- Organize in non-traditional sectors
- Form alliances for collective political influence
- Promote cooperation among unions at the international level
- Add value for members
- Retain linkages with former members

A third trend that poses challenges for trade unions is the increasing diversity of the work force. Unions in several industrial countries have found it difficult to organize groups of workers whose numbers have been growing at above average rates—e.g., women, youth, part-time employees, contract employees, and other workers engaged in 'contingent' employment (International Labour Organisation 1998, 6-9). Unions in Canada have now made it a priority to organize industries where high concentrations of workers fall into these groups. Given their traditional focus on full-time 'standard' employment, it is perhaps not surprising that unions have been slow to respond to the proliferation of 'contingent work.' In some countries, they have lobbied to reduce the amount of contingent work by securing changes in government legislation and/or collective agreements. Although the preference for full-time jobs is understandable, contingent workers may represent a major new source of potential union members (Onley 1996, 23).

There has also been a significant reengineering of jobs and production processes over the past decade. More jobs are now multi-skilled, flexible, and involve extensive interaction between employees, suppliers and customers. This has led to a broadening of job classifications, an upskilling of many jobs, and greater employee empowerment (International Labour Organisation 1998, 95). There has also been an associated move to flatter organizational hierarchies and more worker autonomy. These developments are frequently at odds with the traditional paradigm of employer-employee relations in unionized workplaces.

The fact that companies are putting more emphasis on outsourcing also complicates life for trade unions. Outsourcing not only reduces direct employment in larger (often unionized) organizations, it has also been an important factor fueling the growth of small and mid-sized enterprises (SMEs). In Canada, more than half of all private sector paid workers are now employed by small businesses

(defined as firms with fewer than 100 employees). The SME sector is difficult for unions to organize and service; in most OECD countries, they have had only modest success in penetrating this expanding part of the economy. The international data show that the incidence of unionization is positively correlated with plant size. It's obviously easier and cheaper for a union to organize a single 1000-worker plant than 100 ten-worker plants. As average plant size has declined, there has been downward pressure on union density ratios in some parts of the private sector. Analysts are virtually unanimous in predicting that employment growth in the future will be concentrated among smaller enterprises. This is not an auspicious forecast from the standpoint of trade unions worried about protecting their existing position or enlarging their 'market share' (International Labour Organisation 1998, 87).

Finally, unions historically have been most successful in jurisdictions with centralized wage-setting systems. As these erode, however, unions typically lose influence—both within the industry sectors affected and more generally. Sweden, Italy, France, and New Zealand have all retreated from highly centralized bargaining systems. Although industry-wide bargaining never took hold in North America in the same way as in parts of Europe, it has become even less prevalent in Canada and the United States in the 1990s.

Unions are far from paralyzed in the face of these structural challenges. In most OECD countries, they are pushing forward with campaigns to organize in non-traditional sectors (often, this is accompanied by efforts to lobby governments to pass legislation that will help them achieve this goal). Alliances are being forged with other domestic constituencies who share the unions' general philosophical orientation, in the hope of strengthening their collective political influence. There is also evidence of greater cooperation among unions at the international level; in many ways this represents a logical response to the realities of globalization, freer trade, and the growing economic power of transnational corporations.

Unions are also devising new ways to add value for their members. For example, there is a stronger focus on supplementary benefits and advisory services on work-related subjects (legal, social security, taxation, careers, retraining and the negotiation of individual employment contracts). Some British trade unions offer discounts on loans, insurance premiums and credit cards, while in other cases unions run their own travel agencies or retirement homes (International Labour Organisation 1998, 31). Certain unions now offer reduced prices on a range of products through centrally negotiated contracts—e.g., discounted car insurance, house insurance, access to various services at a reduced rate. The availability of such extended benefits may help to persuade workers reluctant to join unions to do so. Unions are even exploring options to retain linkages to former members when the latter move to nonunion jobs. The AFL-CIO in the United States, for example, is considering a scheme that would give former members 'associate membership' status contingent on the payment

of partial union dues. In exchange, the union would permit the associate members to access various union-sponsored services.

Unions in Canada: Some Key Trends²

As of 1997, fewer than one-third of all paid workers in Canada belonged to a trade union.³ The national union density ratio has actually been quite stable over the past three decades (see Table 1). However, it now appears to be falling, as employment increasingly shifts to service industries and the small business sector, as various forms of contingent work proliferate, and as many large organizations continue to outsource non-core activities.

The composition of the Canadian union movement has changed markedly over time. In 1967, approximately four-fifths of Canadian union members were men; today, fully 45 percent are women. Since 1967, union density among paid female workers has almost doubled, while in the case of paid male workers it has dropped by almost 9 percentage points. Fewer Canadian union members now belong to internationally affiliated unions. In 1962, about two thirds were members of unions headquartered outside of Canada; today, only 30 percent belong to such international unions.

Table 1

Union Membership and Density in Canada

Union Membership ('000) Union Density* (%)

	Both Sexes	Men	Women	Both Sexes	Men	Women
1967	2056	1654	402	33.2	40.9	15.9
1972	2355	1780	575	31.9	37.9	21.4
1977	2785	2003	781	31.2	37.4	22.6
1982	2997	2016	981	31	37.8	24
1987	3614	2261	1353	32	36	27
1992	3809	2216	1587	33.2	36.1	29.8
1997**	3547	1949	1598	31.1	32.4	29.6

Source: Statistics Canada. *Perspectives on Labour and Income* (Winter 1997)

*Union Density is the ratio of the number of employees who belong to a union to the number of paid employees.

**Average for the January-September 1997 period

It is striking to observe that the incidence of unionization is more than three times higher among public sector workers than among those in the private sector—73 percent in the Canadian public sector, versus 22 percent in the private sector (see Table 2). Put another way, while public sector workers represent only 18 percent of the paid work force, they account for more than 40 percent of all Canadian union members. As summarized in Table 3, paid employees in public administration have the highest rate of unionization (65 percent), followed by those in utilities (62 percent) and transportation, communication and storage (44 percent). Workers in agriculture (2 percent) and the various industries that make up the finance, insurance and real estate sector (9 percent) are least likely to belong to a union. In manufacturing and construction, which once had high unionization rates, density ratios today are closer to the average for all industries.

A few other interesting features of the contemporary union movement in Canada include the following:

- Unionization is more common among older workers. Only 11 percent of paid workers aged 15-24 are unionized, compared to 35 percent of those ages 25 to 54. Workers aged 45-54 are most likely to be unionized (44.1 percent)—a finding which is consistent with the observed relatively high unionization rates among aging blue-collar and public sector workers.
- Workers with full-time jobs are one-and-a-half times more likely to belong to a union than workers who are employed part time (33 percent versus 22 percent).
- Blue-collar workers are still more likely than their white-collar counterparts to be part of a union. Although the unionization rate among white-collar workers (29 percent) is slightly below that for all paid workers, the rate for professional white-collar workers (49 percent)—a category dominated by teachers, social workers, and health care workers—is the highest among all occupational groups, blue- and white-collar alike.
- As noted previously, the international evidence shows that union density is positively correlated with firm size in most countries, and Canada is certainly no exception. Union density ratios range from 12 percent in firms with fewer than 20 employees to 58 percent in those with more than 500 employees.
- There is also a link between union density and employee job tenure. Membership in unions is least common among workers with job tenure of 12 months or less (13 percent are unionized), and most common among those with job tenure of over 14 years (58 percent). Again, this gap partly reflects relatively high rates of unionization among older, blue-collar and public sector employees.
- The incidence of unionization varies by province (see Table 4) due to differences in industrial structures, labour laws, and traditions. Paid workers in Newfoundland are most likely to belong to a union, followed by those in Quebec. Manitoba (35 percent), BC (34 percent), and Saskatchewan (34 percent) have union density ratios slightly above the national average, while

Ontario and the three remaining Atlantic provinces are below the Canadian average. Alberta has the lowest proportion of unionized workers in the country (22 percent) (Akyeampong 1997, 48).

Notwithstanding the rise over time in the absolute number of unionized workers, the Canadian union density ratio has stagnated since the late 1970s, fallen since 1992, and may now be in the midst of a longer-term gradual decline. Fundamental to this trend is the fact that employment is growing much faster in service-producing industries and the small business sector than in goods-

producing industries or within the large enterprise sector of the Canadian economy. The union density ratio undoubtedly would have dropped more sharply than shown in Table 1 were it not for the addition to union ranks of enormous numbers of public sector workers since the late 1960s. Indeed, arguably the single biggest success of the Canadian union movement since the Second World War has been its deep penetration into all parts of the broad public

Table 2
Canadian Union Members Selected Characteristics 1997

	Total Employed	Union Membership Total	Density
	'000	'000	%
Total	11414	3547	31.1
Public/Private Sector			
Public	2070	1501	72.5
Private	9345	2045	21.9
Sex			
Men	6010	1949	32.4
Women	5404	1598	29.6
Age			
15 to 24	1888	202	10.7
25 to 54	8640	3029	35.1
25-44	6350	2019	31.8
45-54	2289	1009	44.1
55 and over	887	317	35.7
Work Status			
Full-Time	9336	3096	33.2
Part-Time	2079	451	21.7

Source: Statistics Canada

Table 3
Union Density in Canada by Industry, 1977

Industry	Density(%)
Goods-producing industries	31.8
Agriculture	2.2
Other primary	28.5
Manufacturing	33.2
Construction	26.6
Utilities	62.1
Service-producing industries	30.8
Transportation, communication and storage	44.1
Trade	11.9
Finance, insurance and real estate	9.4
Community, business and personal services	33.8
Public Administration	66.5

Source: Statistics Canada

sector—a 'success' that has been aided and abetted by governments of all political stripes.

Conclusion

Even though the world in which they now operate is less favourable to their interests than that which existed two or three decades ago, trade unions are not going to disappear. In most industrial countries, they have shown themselves to be resilient institutions. In Canada, unions have displayed an ability to adapt to changing circumstances—e.g., through merger activity, new organizing techniques, and modifications in their workplace bargaining agendas. Faced with stagnating membership bases in their traditional industries, some unions are making concerted efforts to organize in non-traditional industries—nursing homes, security guards, retail clerks, etc. They are also entering into mergers in order to limit inter-union conflict and advance the larger union cause. The example of the Communication, Energy and Paperworkers Union—comprised of three once-rival unions that joined together in 1992—is illustrative of the trend.

Union bargaining strategies and operating principles that may have made sense in Canada's once-protected and insular economy have lost much of their relevance in today's increasingly global, flexible and knowledge-based economy. To achieve success in the future, unions will have to let go of outmoded notions of 'demarcation and control,' and adopt a positive attitude toward worker-management cooperation to improve competitiveness and employee empowerment and self-direction. As one author has noted, to remain relevant they must become more innovative, look less to government for solutions to their problems, and overcome their 'grief for lost Utopias' (Dieter Schultz, General Secretary of the German Confederation of Trade Unions, as cited in Onley1996, 91).

Trade unions are being buffeted by enormous structural and attitudinal changes which threaten their long-term effectiveness and viability. Regardless of how Canadian unions respond to these challenges, their influence and presence within the Canadian private sector will probably continue to diminish. A combination of above-average employment growth in service industries and small business, continued downsizing and outsourcing by larger organizations, and weak growth in public sector employment, is likely to push the overall Canadian union density ratio below 30 percent—and the ratio in the private sector to significantly less than 20 percent—by the first half decade of the next century.

Table 4

Union Density by Province 1997

Province	Density(%)
Newfoundland	39.3
Prince Edward Island	26.7
Nova Scotia	28.6
New Brunswick	28.0
Quebec	37.4
Ontario	27.9
Manitoba	34.9
Saskatchewan	33.6
Alberta	22.3
British Columbia	34.4

Source: Statistics Canada

Notes

1. This includes workers engaged in the provision of non-market (i.e. government-provided) services.
2. Unless otherwise indicated, the statistics cited in this section are taken from Akyeampong (1997, 45-54).
3. The definition of paid workers includes those in agriculture. The definition of union workers includes only those who belong to a union. If agriculture is excluded from the calculation, and if workers who are not union members but are nonetheless covered by collective agreements are included, the union density ratio is somewhat higher (closer to 35 percent in 1997).

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