

Trade Union Membership and Collective Bargaining Coverage: Indicators of Social Dialogue

In response to the statistical needs for comparative indicators of industrial relations and social dialogue, the International Labor Organization (ILO) conducted studies towards the development of a core set of indicators that can help to appreciate the progress made towards the improvement of social dialogue. Works on social dialogues identified statistics on trade union membership and collective bargaining coverage as most relevant in measuring such efforts. The recent study conducted by the ILO on social dialogue is published in the ILO Working Paper No. 59 "Social Dialogue Indicators Trade union membership and Collective bargaining coverage: Statistical concepts, methods and findings". This paper discusses the methodological considerations and preliminary findings of its exploratory survey of 68 countries from all regions of the world, of key industrial relations statistics collected on the following variables: trade union membership, trade union density, number of workers covered by collective agreements and collective bargaining coverage rates. It also provides some recommendations on the definitional criteria of the statistical concepts and methods of measurement of the social dialogue indicators that would allow international comparability.

To primarily update our stakeholders of this international effort on the development of measuring social dialogue, this issue of the LABSTAT presents some of the highlights of the abovementioned working paper. To clearly illustrate the results of the ILO study on country differences and/or similarities in concepts and methods used to collect, maintain or compile statistics relating to trade union membership and collective bargaining coverage, a country profile of Southeast Asian countries (Philippines, Malaysia, Thailand and Singapore) was taken from the study.

Overview

One of the challenges faced by the International Labor Organization (ILO), as an organization specializing in industrial relations issues and social dialogue and responsible for the collection and dissemination of labor statistics internationally, is the compilation and dissemination of comparable statistics by country on social dialogue.

"Social dialogue", according to ILO, is a measure of a country's state of industrial relations, of how workers are free to exercise their right to self-organization, how workers collectively represent their interest and voice concern in work-related matters and participate in defining their conditions at work.

In a more general sense, it defines social dialogue, "as all types of negotiation, consultation or simply

exchange of information between representatives of governments, employers and workers, on issues of common interest relating directly to work and related economic and social policy." [p. 3]

Based largely on data availability and feasibility, trade union membership and collective bargaining coverage are identified by ILO as indicators of social dialogue.

However, statistics on these indicators suffer from significant methodological variation and benefit from no international consensus or comparability.

Issues and Problems

1) Concepts and definitional criteria

The results of the study showed that the concept of trade union membership requires a clear definition

of what constitutes a trade union and who should be counted as its members.

Country profiles revealed that national definitions of trade unions differ even across countries in Southeast Asia. Primarily, national definitions were based on those provided by legislation such as, industrial acts as in the case of Malaysia and Singapore or on administrative definition used for union registration based on the Labor Code, as in the Philippine case. (*Table 1*)

Union membership

Currently, no international guidelines exist for statistics of trade union membership. A definition recently developed for the purpose of statistics defined a trade union, "as an independent organization, existing predominantly of employees, the principal activities of which include the negotiation of rates of pay and conditions of employment for its members; excluding non-operating unions or branches, i.e. those with no members at the date of collection." [p. 8]

To come up with a standard definition of the concept of trade union membership for statistical purposes, the following components or descriptive variables need to be described according to ILO.

- a) Organization– this may cover only formal, 'live' or operating union organizations, or also temporary groupings, informal club or association or could include major interest groups.
- b) Independent– this criterion indicates whether the organization has the right to draw up its constitution and rules, to elect representatives in full freedom, to organize its administration and activities and to formulate its programs free from

government or other third party interference, and irrespective of political changes in the country.

- c) Composition–often predominantly full-time employees in employment. Other categories of persons in employment such as part-time, casual, home workers, military conscripts, and the self-employed could be included.
- d) Activities/Functions- negotiation of pay and other employment conditions on behalf of its members is the principal union activity/function.
- e) Membership- may be defined in terms of dues-paying membership.

Collective bargaining coverage

The international statistical guidelines on collective agreements dates back to 1926 on the 3rd International Conference of Labor Statisticians (ICLS).

The 1926 ICLS resolution defined collective bargaining agreement for the purposes of statistics as: "a written agreement concluded between one or more employers or an employers' organization on the one hand, and one or more workers organizations of any kind on the other, with a view to determining the conditions of individual employment ...". [p. 11]

Like trade union membership, the concept of collective bargaining coverage varies among countries in Southeast Asia. The definitions of collective bargaining coverage are primarily legal or based from the Labor Code, as in the case of the Philippines or a part of industrial/labor relations act specifically for Thailand, Malaysia and Singapore. They differ with respect to persons covered. In the Philippines, it covers all regular employees while definitions of Malaysia and Thailand do

not indicate statistical coverage. Singapore on the other hand, does not have a definition of collective bargaining coverage. (*Table 2*)

According to the study, there are two statistical problems associated with collective bargaining coverage rates: First, the existence of several levels of collective bargaining (company, sector, region-nation-wide). Some workers may have their working conditions regulated by more than one collective agreement at different levels. This may cause double counting and overestimation of coverage rates. Second, a problem may arise from varied lengths of the validity of collective agreements.

The prevalence of CBA coverage at the company level could indicate an underestimation because of the restriction of collective bargaining coverage to registered trade union members only.

Collective bargaining coverage could be measured according to ILO on the basis of the number of workers in employment whose pay and/or conditions of employment are directly or indirectly determined by one or more collective agreements. Bargaining may be viewed according to the type and level of negotiation, which may be bi-partite between employers and unions or tripartite when government is involved.

Trade Union Density

As a measure of relative rather than absolute size, trade union density rate is a better indicator to compare the degree of unionization among countries, than absolute numbers of membership.

Union density may be measured as gross or net density. **Gross density** takes wage and salary-earners as denominator, and all union members including unemployed and retired members as numerator. **Net density**,

on the other hand, takes as numerator only employed union members. [p. 4]

Collective Bargaining Coverage Rate

This indicator refers to the number and proportion of workers who are covered by a collective agreement because their pay and/or other conditions of employment have been negotiated through collective bargaining.

There are two overall types of indicators for collective bargaining coverage: **unadjusted and adjusted** collective bargaining coverage rates. [p. 5]

The **unadjusted** refers to all employees covered by a collective agreement as a proportion of the total number of employees (or other, larger denominators e.g. labor force) while the **adjusted** stands for number of employees covered by a collective agreement as percentage of total covered employees minus the number of employees excluded from the right to bargain.

2) Measurement Methods

Apart from coverage problems associated with individual statistical sources of data, ILO identified several issues in the measurement of trade union membership and collective bargaining coverage as indicators of social dialogue.

Sources of statistics

The possible data sources for statistics on social dialogue are mainly administrative records or surveys.

Country profiles showed that Malaysia, Singapore and Thailand, relied mainly on administrative records in the compilation of data on union membership and collective bargaining. Aside from administrative records, an

annual establishment survey is carried-out in the Philippines to provide estimates on these indicators. (*Tables 1 & 2*)

Administrative records which is the most common source of statistics on social dialogue have some problems or disadvantages: 1) records are designed for internal purposes (financial/administrative) rather than to provide overall statistics; 2) particular estimation problems may be associated with data confidentiality, verification, reliability and timeliness; 3) registered collective agreements may have different or no expiry dates and only recorded when first negotiated; 4) differences in under/overestimation in relation to overlapping membership, i.e. when a single person is a member of more than one union – or for bargaining coverage where bargaining may occur at different, non-exclusive level, or where one or more agreements cover one single worker or records are never “cleaned” to delete departures.

Although not a common source, household surveys have more widespread and reliable coverage than union based or bargaining unit administrative registrations. It cover all types of household and thus reports on all types of members in all types and sizes of unions as well as other categories of workers who could eventually be considered part of the union. It is also a good tool for cross-classification analysis of union representation or bargaining coverage with other variables. However, it may not collect information on size and ownership of enterprise needed for analysis of union density by sectors.

Surveys of establishments can obtain more accurate information from employers’ records on collective agreements, the “number of workers covered” and on “number of members of union”. However, establishment surveys tend to cover only

establishments in the formal sector specifically, the non-agricultural sector. It may represent limited coverage of paid workers in large establishments. This is a serious limitation specifically for a country with large agricultural sector and where an important share of the labor force is working in small-scale establishments and in the informal economy. [p. 16]

Periodicity and Classification

The frequency of collection for social dialogue statistics according to ILO may depend on the source of information available and collection efficiency. To obtain trends or an indication of direction of movement, statistics could be collected on an annual basis or a periodicity of once every two or at least five years, where it is not possible.

For union representation, classification variables that would be useful to collect with regard to individual’s characteristics are sex, age, occupation, industry, institutional sector (public/private/informal) and for institutional characteristics: size of enterprise, size class of unions, form of ownership, economic activity of the establishment or enterprise, sector, etc.

The key variables on classification of collective wage bargaining are similar for individuals’ characteristics. These differ when referring to institutional set-up or collective negotiation units, and could include: level of bargaining, length of agreements, size of agreements (number of workers covered), sector, etc. The classification of negotiation units may be based on the characteristics of the employer, the trade union or the establishment.

Findings and Future Challenges

The study points out to the heterogeneity of methodologies applied

in the collection of statistics on social dialogue indicators, notably on trade union membership and collective bargaining coverage. Country profiles also indicate that not all countries even within Southeast Asia have official statistics on these indicators.

Part of the problem is that the international statistical standards are either very old or non-existent. Another impediment to international comparability is that many statistics in this field are derived from administrative systems that are closely linked to laws and practices that vary between countries and over time within countries.

To get a better picture of the state of social dialogue between countries, the study pointed out to the following challenges to be primarily

addressed by the ILO: a) develop guidelines for a systematic approach to the definition of trade union membership and collective bargaining coverage; b) design a procedure to reconcile divergent data from multiple national sources based on the methodologies gathered from reporting countries; and c) establish specific definitions of the various components to measure union representation and bargaining coverage, that is agreed by the international statistical community.

In support of the international guidelines that will be approved, the ILO shall undertake systematic capacity building efforts specifically in those countries or regions where no industrial relations statistics exist.

FOR INQUIRIES:

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TABLE 1 - Selected Methodological Country Profiles Relating to Trade Union Membership

Country/Latest Year Data is Available	Concepts and Definition	Source Information	Operational Coverage		Economic activity status of union members
			Scope of Source	Periodicity	
Philippines (2003)	Trade union membership (source specific)- group of employees that exists in whole or in part in an establishment for the purpose of collective bargaining or dealing with employers concerning terms and conditions of employment.	BLES Integrated Survey	All non-agricultural establishments in the whole country with 20 or more employees	Annual, however no survey was conducted in 2005	Wage and salaried employees
- do -	- do -	Administrative records based on data/information provided by the officials of the trade union	Whole country	Annual	- do -
Malaysia (2003)	Trade union (national definition) - association of combination of workers or employers. Covers workers whose place of work, or employers employing workers in West Malaysia, Sabah or Sarawak, a) within any particular establishment, trade, occupation or industry or within similar trades; b) whether temporary or permanent; c) having one of its one or more of the following: the regulation of relations between workers and employers for the purposes of promoting good industrial relations, improving the working conditions of workers or enhancing their economic and social status, or increasing productivity.	Administrative records from the Register of trade union, Trade unions' annual return and Statutory inspection report	Whole country	Annual	-
Singapore (2003)	Trade union (national definition)- that has been – a) registered under any written law in force at the time, relating to the registration of trade unions; and b) accorded recognition by the employers pursuant to section 16 (1) of the Industrial relations Act.	Registry of Trade Unions	Records obtained from trade unions on a regular basis	Annual	-

Source of data: ILO Working Paper No. 59 "Social Dialogue Indicators Trade union membership and Collective bargaining coverage: Statistical concepts, methods and findings".

TABLE 2 - Selected Methodological Country Profiles Relating to Collective Bargaining Coverage

Country/Latest Year Data is Available	Concepts and Definitions	Source Information	Operational Coverage		Main Characteristics	
			Scope of Survey	Periodicity	Bargaining Levels by Prevalence	Length of Agreements
Philippines (2003)	Collective bargaining coverage (source specific)- covers all the regular employees of an appropriate bargaining unit who are excluded by law or by express provisions of the CBA itself	BLES Integrated Survey	All non-agricultural establishments in the whole country of 20 or more employees	Annual, however no survey was conducted in 2005	Company level only	5 years
- do -	Collective bargaining coverage (source specific)- number of workers in the bargaining unit whose wages, hours of work, and all other terms and conditions of employment are established in the CBA	Administrative records based on data/information provided by the employer and the collective bargaining agent upon registration of a collective bargaining agreement	Whole country	Annual	Company level only: single enterprise bargaining- one bargaining unit in a single employer unit; multiple enterprise bargaining- different bargaining units involving different establishments	- do -
Malaysia (2003)	Collective bargaining coverage (national definition)- As per section 2 of Industrial Relations Act 1967, "Negotiating with a view to the conclusion of a collective agreement"	Records maintained by the Industrial Relations Department based on questionnaire forms from the Industrial Courts	Whole country: West Malaysia, Sabah and Sarawak	Annual	Company level is the most important, followed by the national single sector	Three years for both company and national level
Singapore (2003)	Collective agreement (national definition)- an agreement concerning industrial matters, pertaining to the relations of employers and employees on the terms of employment, transfer of employment or conditions of work of any person.	Registry of Trade Unions (SNTUC)	Whole territory	Annual	Most at the company/enterprise level	Usually around 2 to 3 years
Thailand (2003)	Collective bargaining coverage (national definition)- is based on the labor dispute and settlement procedure under the Labour Relations Act	Notification of Labour Disputes	Whole country	-	Only company level, referred as in house negotiation as provided for and prescribed by the Labor Relations Act.	Most come into effect for a period of one year

Source of data: ILO Working Paper No. 59 "Social Dialogue Indicators Trade union membership and Collective bargaining coverage: Statistical concepts, methods and findings".