in brief...

Union blues

The membership of Britain's trade unions continues to decline and, despite a series of mergers, most of them face severe financial difficulties. **Alex Bryson** and **Paul Willman** examine their organisational failings and find a glimmer of hope in the handful of success stories – unions representing professional workers.

Trade unions are in the doldrums. Although the rate of decline in union membership has slowed since Labour came to power in 1997, the latest figures show that they continued to lose members in 2006. The reasons are clear. Unions are less able to organise 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 the loss of membership is having on unions as organisations. These effects are identified for the first time in our research, which measures the resources available to unions both on their own balance sheets and within establishments.

As Figure 1 suggests, the finances of British unions are in a parlous state. This is not particularly surprising since they 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.

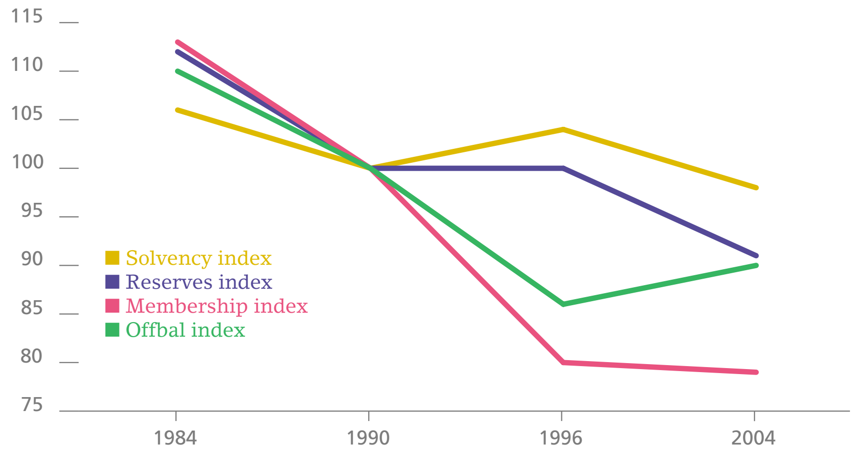
Few unions like to raise membership fees. It's generally viewed as impractical and unacceptable. Most unions allow their annual conferences to debate a higher fee but, not surprisingly, there is rarely an appetite for it so it doesn't happen. Yet unions elsewhere in the world have adopted this approach. For example, the Health Services Union of Australia recently decided to increase their subscriptions dramatically, arguing that the quality of their services, including collective bargaining, requires them to be 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 test the sensitivity of demand for membership to the price of joining – whether and by how much numbers might fall if fees were higher.

Meanwhile, the chief response of unions to the diminishing pool of unionised labour has been to engage in what we call 'market share unionism', in which they have sought to grab a greater share of the remaining union pie. It is this strategy that lies behind the wave of union mergers we've witnessed in Britain in recent years.

The most successful unions organise occupations rather than industries or workplaces

Figure 1:
Changes in union resources 1984-2004



Each of the four indices is set at 100 in 1990. The Offbal ('off-balance sheet resources') index is constructed using the Workplace Employment Relations Surveys, from which a workplace can be rated between 0 and 3, scoring 1 each time it has one of the following: check-off; management recommendation of union membership or a closed shop; and an on-site union representative. The other three indices are derived from Certification Officer returns. Solvency is the margin of total income over total expenditure. Reserves are total funds divided by expenditure.

Unions no longer have the organisational resources to reach out to new workers and new workplaces

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 organisation 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 duplicate 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 succeeded in expanding membership beyond their traditional base.

What's more, they have not been cutting costs so as to take advantage of the economies of scale that mergers offer. This is partly because, despite mergers, these unions rarely operate as general unions. Instead, they continue to operate along sectoral, industrial or occupational lines, often because unions recognise that different types of members require different types of service.

This organisational knowledge is often locked away in particular sections of unions used to servicing parts of the unions' membership. If unions are to reap returns to scale, they'll have to work out how to share this knowledge around the organisation and create efficient structures that permit them to service their members with fewer staff and offices.

What does all of this mean for unions in the future? First, it is doubtful whether unions will be able to service their existing members without greater reliance on the voluntary endeavours of lay union activists and their broader membership. This is what we call their 'off-balance sheet resources'. Alas, our research shows that these resources are also in decline.

Second, unions' organising capability is severely damaged. When finances are tight, unions are less likely to risk spending money organising in new workplaces unless they can be fairly sure of success. More generally, they simply do not have the organisational capacity on the ground to reach out to new workers and bring them into the union movement.

But it would be wrong to conclude that all is doom and gloom. Although the general picture looks bleak, there are huge differences in the finances of different unions and there are some real success stories.

What's 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, in particular, those representing doctors (the British Medical Association), nurses (the Royal College of Nurses) and teachers (the National Union of Teachers).

These unions continue to organise occupations, rather than industries or workplaces, because union membership remains 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 summarises 'Accounting for Collective Action: Resource Acquisition and Mobilisation in British Unions' by Alex Bryson and Paul Willman, CEP Discussion Paper No. 768 (http://cep.lse.ac.uk/pubs/download/dp0768.pdf) and forthcoming in *Advances in Industrial and Labor Relations.*

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The latest figures on union membership are in a 2006 DTI/ONS report by Heidi Grainger and Martin Crowther (http://www.berr.gov.uk/files/file39006.pdf).