in brief...

The end of trade unionism as we know it?

The number of workers belonging to trade unions has declined markedly since the Conservative government's reforms of the mid-1980s. **Alex Bryson** and **David Blanchflower** explore the changing nature of British unions and whether their decline really matters for employees and firms.

Trade unions have seen falling membership across most advanced economies over the last 25 years. In Britain, workers are far less likely to be members of a union than they were two decades ago, and fewer and fewer employers recognise unions for pay bargaining. While unions remain important in the public sector, private sector union membership has declined rapidly. Our research tries to establish why this has happened and whether it really matters for workers and for firms.

It is often assumed that the decline of large-scale manufacturing plants has been the principal reason for the decline in union membership. While this may be partly true, employer recognition of unions does not depend only on what industries produce. If workers continue to want union representation, there is no reason why unions should not be able to colonise new workplaces and new occupations. While union recognition is usually up to the employer, employers may be forced into recognition if workers want it and possess sufficient bargaining power.

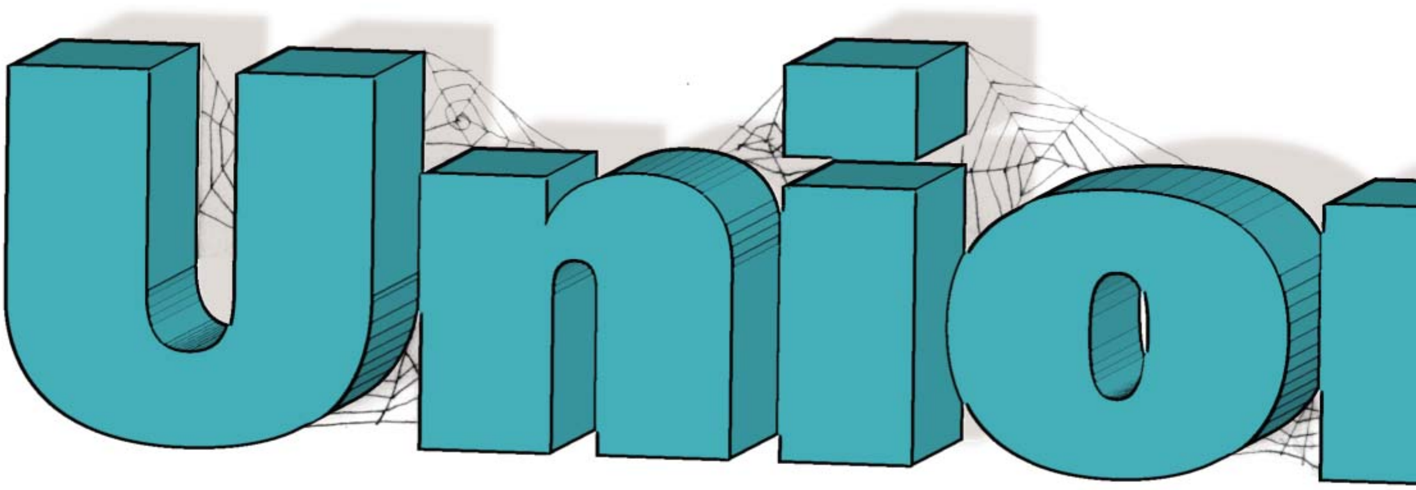
We analyse nationally representative data for British private sector workplaces with 25 or more employees to assess the differences in unionisation rates between sectors and over time. We find that since 1980, there have been substantial and persistent differences in unionisation rates between sectors and regions.

'Distribution, Hotels and Catering' is the industry with the lowest probability of unionisation, while this probability is highest in 'Energy and Water'. There are also sizeable regional effects, with the probability of unionisation being the lowest in the South East of England. And throughout the period, larger workplaces have higher unionisation rates than smaller ones.

But structural changes in the economy do not account for much of the decline in unionisation. Only a third of the 28 percentage point decline in private sector union recognition between 1980 and 2004 is attributable to changes in workplace characteristics, such as the decline of heavy industry.

So most of the decline in union recognition – the remaining two thirds – is not due to structural change. Rather, it is due to the fact that after 1980, firms are much less likely to recognise unions than firms that employed the same number of people in the same region and in the same industry in 1980. This is consistent with studies suggesting that the decline in unionisation is

Unions are less prevalent in some industries, such as catering, and some regions, such as the South East



Unions may help protect their members from the worst of the current economic downturn

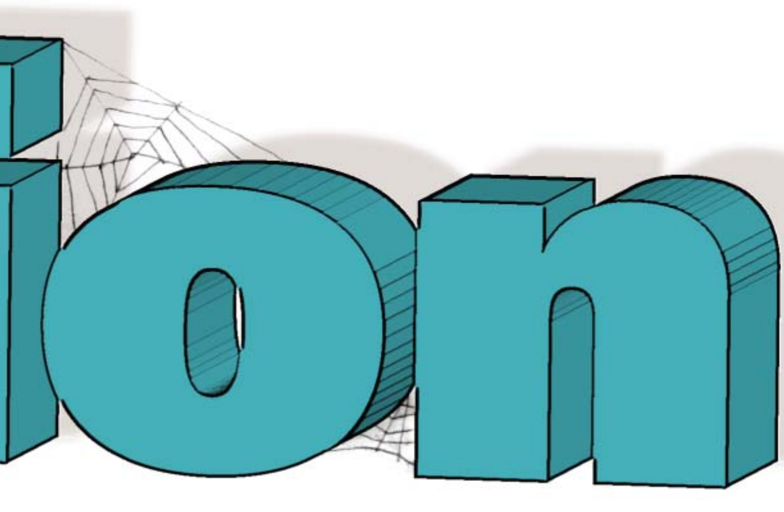
largely due to employers turning their back on unions – preferring to 'go' or 'remain' non-union (see, for example, Bryson et al, 2004).

It is often assumed that union decline is accompanied by a similar decline in the effect that remaining unions have on workers and firms. Nationally, this must be the case: a decline in the presence of unions means that they affect fewer workplaces. But it is unclear what effect unions can have on those workplaces that remain unionised.

Unions' effects depend on their ability to bargain on behalf of their members and to act as the representative voice of workers to management (as first noted by Freeman and Medoff, 1984). Whether unions are able to do so depends on which unions survived the decline in unionisation – the strong ones, the weak ones or perhaps a mixture of the two. Their effects also depend on firms' preparedness and ability to resist union demands or accommodate them.

Conventional wisdom among employers suggests that unions are undesirable. But we find limited evidence that unions have a negative effect on firms in recent years. In particular, there is little evidence that unions have a negative impact on employment growth, financial performance and industrial relations.

Although this may be because strong unions with the power to disrupt business operations have disappeared, there is no evidence for this. If anything, it seems that the association between workplace closure and unionisation in the 1990s was most evident where unions were weaker.



Alternatively, it is possible that unions have increasingly chosen to co-operate with employers. Our results suggest that unionised workplaces have seen a faster improvement in financial performance than non-unionised workplaces, all else being equal. In part, this might be because unions appear to have less impact on the wages of their members than in the early 1980s.

Overall, unions have a smaller effect today than they did in 1980. But we are unable to establish whether this is permanent or temporary. We would expect smaller union effects when economic conditions are good, as employers are often more profitable and in a better position to resist union demands at such times.

Historically, unions have made their presence felt in recessions, as unionised labour has proved more able to hold onto the gains made in the boom years. Whether unions will help protect their members from the current economic slowdown remains to be seen.

This article summarises 'Union Decline in Britain' by David Blanchflower and Alex Bryson, CEP Discussion Paper No. 864 (http://cep.lse.ac.uk/pubs/download/dp0864.pdf) and forthcoming as a chapter in *The Evolution of the Modern Workplace* edited by William Brown, Alex Bryson, John Forth and Keith Whitfield, Cambridge University Press. The research was conducted as part of an ESRC grant (RES-000-23-1603).

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Further reading

David Blanchflower and Alex Bryson (2008) 'The Wage Impact of Trade Unions in the UK Public and Private Sectors', *Economica* 75: 1-18.

Alex Bryson, Rafael Gomez and Paul Willman (2004) 'The End of the Affair? The Decline in Employers' Propensity to Unionize', in *Union Organization and Activity* edited by John Kelly and Paul Willman, Routledge.

Richard Freeman and James Medoff (1984) *What Do Unions Do?*, Basic Books.

Paul Willman, Alex Bryson and Rafael Gomez (2007) 'The Long Goodbye: New Establishments and the Fall of Union Voice in Britain', *The International Journal of Human Resource Management* 18(7): 1318-34.