

## Trade Unions in contemporary Britain

### Executive summary

#### Introduction

Trade unions have become prominent in political debate, in part because of the upsurge of strikes during 2022. This paper does not offer recommendations but gives a short review of the state of the unions and of evidence of their role in industrial relations, which may be useful for those working in policy or related areas.

Five aspects of unions are addressed:

- who belongs to unions today and the extent of union presence;
- whether unions are democratic organisations;
- what unions do for their members;
- unions' impact on productivity and innovation; and
- unions and strikes.

#### Union membership and presence

There are about 6.4 million union members in the UK, equivalent to 23% of the employed population. This percentage is known as union density. Membership is relatively high in the public sector, which accounts for about 4 million union members; union density in education for example is around 50%, compared to 15% in manufacturing and 5% in hospitality.

Union density has been falling since 1980. The peak was 50% in 1979. About one-third of the fall in density has been attributed to a decline in heavily unionised sectors such as parts of manufacturing. The larger part reflects the increasing preference of employers to avoid bargaining with unions, particularly in newly-established companies. Recognition of unions for collective bargaining halved in the private sector between 1980 and 1998 and has since been stable; in the public sector it changed little. This employer preference was encouraged by antipathy to unions from Conservative governments during the 1980s and 1990s.

Union membership is an increasingly female phenomenon. About 56% of union members are women. This reflects in part the extent of women's employment in the public sector, but only in part: within this sector women's union density overtook that of men in 2009. In the private sector, male unionisation remains higher, though the gap has narrowed considerably.

#### Are unions democratic?

Unions are voluntary membership organisations, governed by formally democratic constitutions. At all levels, representatives are elected. There has, however, been concern about low turnout in elections and dominance by small minorities of activists. Such concern informed legislation of the 1980s, which required postal ballots to elect key

officials and to take industrial action; requirements for the latter have become increasingly tight (for example a 50% turnout introduced in the Trade Union Act 2016).

Unions have learned to live within often demanding rules on ballots. Such legal restriction has not, however, always had the intended effect. It has not prevented the swing towards left-wing leadership in some unions. In relation to strikes, unions have become adept at using ballots to gauge support and signal intent to employers.

Unions have proved to be responsive to the changing profile of their membership. They have for example made substantial improvements to their structures such as guaranteeing seats on committees for women and members of minorities and offering training and development for under-represented groups.

Unions also contribute to democratic culture through political action. Several have political funds, which must be endorsed by members, to sustain lobbying and campaigning. Eleven are formally affiliated to the Labour Party. Though concerns are widely expressed that they thereby exercise undue influence, historically unions tended to sustain the party's leadership, a moderating function that some researchers argue has re-emerged.

## **What do unions do for their members?**

Unions have two fundamental aims in the workplace: to bargain over wages, working hours and other conditions of employment; and to influence the exercise of employers' authority in such matters as discipline and the fairness of pay systems. As a result, they can influence the overall quality of their members' jobs.

Along with their declining presence, unions have seen a fall in their ability to shape industrial relations. The wage premium of being a union member has fallen, though it still exists (at around 5% on average though higher for women than men). There is also evidence that unions tend to reduce pay inequality, for example between men and women and by ethnic group. Reducing inequality has important effects, notably increasing the level of trust in management felt by workers.

As for the other side of the reward-effort bargain, the intensity of work, evidence in the past suggested that unions tended to reduce work intensity. Recent evidence suggests that this effect has disappeared.

In relation to fairness and rules, formal procedures to handle grievances and discipline are now very widely established. It remains the case, however, that unionised firms are more likely than others to have procedures that meet established good practice. It also remains true that levels of disciplinary sanctions are relatively low in unionised workplaces.

In terms of job quality, research has tended to focus on one measure, job satisfaction. Evidence going back many years generally found a negative relationship with unionisation, though the reasons for this tended to be based on speculation. More recent evidence has pointed to a diminution or even reversal of the association, though why this should be the case is more in doubt. Some studies suggest that a link is not in fact present, and that it is working conditions that are key to job satisfaction. Wider studies of the processes linking unions and job quality argue that, at least in some circumstances, unions can generate bargaining agendas that contribute to job quality.

Overall, union influence has weakened but not disappeared. The potential to improve many aspects of job quality remains, should conditions be conducive.

## **Are unions associated with lower productivity?**

The possibility that unions lower productivity has long shaped debate. In popular discussion, 'restrictive practices' have featured for at least a century. In academic debate, scholars have tested whether unions are associated with a range of outcomes such as output per head and innovation.

In terms of any straight correlation, any union effects have been found to have declined to a low level. Reviews of the quantitative evidence conclude that, despite a huge number of studies, estimates of effects vary widely. This is because unions do not exist independently of their context. Workers join unions to improve some aspect of their job quality, and the factors causing this decision are likely to affect other outcomes such as productivity. And once unions are present, they interact with employers in the context of economic and other forces. Union presence may at best merely be a marker of certain factors, and what unions do varies widely.

There is also evidence that unions can work with employers to improve outcomes for both parties. Partnership arrangements, which are generally based on principles such as a joint commitment to success, recognition of the legitimacy of the other party, and commitment to job security, are one example. Such arrangements exist in the private sector, as at Tesco, and in parts of the public sector including the NHS. Studies show that partnership can generate mutual gains such as an increased capacity for change. It needs, however, management commitment and suitable external conditions, without which it can fizzle out or even be associated with some negative results for workers such as increased stress.

## **Do unions encourage strikes?**

Despite recent events, strike activity remains at historically low levels. In 2018, the latest year with complete data reported, a mere 81 industrial disputes were recorded, compared to the peak of nearly 4000 (3946) in 1970. A standard measure of impact is estimated 'working days lost', which in 2018 was 273,000; the number exceeded 20 million in three years since 1970 (1972, 1979, and 1984). The 2018 figure equates to about 10 days per 1000 people employed. By comparison, the HSE puts days lost due to work-related ill-health and injuries at 36.8 million days a year.

Strikes are increasingly regulated by law. The 2016 Act followed a long series of laws with for example the definition of a lawful dispute being narrowed six times, Research shows that unions have learned to work within legal frameworks, in some cases using ballots to mobilise worker so that more, and not fewer, votes supported industrial action.

Strikes generally emerge out of a sense of discontent or unfairness, not because of a desire to exploit bargaining leverage. Case studies of significant strikes reveal specific sources of discontent, which may be about pay, but can also include working conditions and perceived arbitrary management power.

## Conclusions

Bodies as diverse as the OECD and the consultancy PWC have noted social and economic benefits of unions and collective bargaining. Yet the conditions necessary to secure these benefits -- identified in one study as strong unions in established relationships with employers and co-ordinated bargaining -- are rare in the UK. To secure them would require an institutional context very different from that of the past 40 years.

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## About the author

This ReWAGE summary paper was authored for ReWAGE by Paul Edwards (Emeritus Professor of Employment Relations at Birmingham Business School). Comments were provided by Gill Dix (formerly Head of Workplace Policy at ACAS).

This paper represents the views of the authors based on the available research. It is not intended to represent the views of all ReWAGE members.

## About ReWAGE

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