Trade Unions: History & Developments

The Union Movement

- In the year 2000 more than 700,000 Malaysian workers belonged to unions.
- This constitutes about 9% of total workforce in the country.
- The influence of unions goes beyond their membership.
- Constitutional rights – Freedom of Association, Art 10(1)
What is a Trade Union?

- An organization of employees formed to bargain with the organization.
- An economic organization which negotiate pay and conditions of employment with management on behalf of their members.
- An expression of the fundamental rights of men & women to organize to protect & promote their interest.

Legal definition of a trade union

- any association or combination of workmen or employers…whose place of work is in West Malaysia, Sabah or Sarawak, within a particular establishment or industry or trade or occupation or within similar industries trade or occupation ...(Section 2, Trade Unions Act 1959)
Legal definition of a trade union

- **Implications:**
  - A trade union need not be called a union
  - Membership of unions is limited geographically
    - West Malaysia, Sabah and Sarawak
  - Unions of general nature are not permitted
    - members of a trade union must be homogenous
  - Both employees and employers have the right to form and join unions
  - Trade unions must conform to all legislative requirements

Trade union objectives

- To promote the industrial, social and intellectual interests of its members
- To obtain and maintain for its members just and proper rates of remuneration; security of employment and reasonable hours and conditions of work
- To promote the material, social and educational welfare of the members
- To promote legislation affecting the interests of the members in particular or trade unionists in general
6 distinct aspect of trade union functions

- **Power** – to protect & support the individual by providing a collective strength to act as a countervailing force to the employer and a pressure group within society.
- **Economic regulation** – to maximize the wages & employment of their members within the framework of the wage/work contract of employment.
- **Job regulation** – establish a joint rule-making system to protect members form mgt arbitrary decision making and allow employee to participate in decision making. (No legislative support – employee involvement programs)
- **Social change** – express social cohesion, aspirations or political ideology (highly restricted in Malaysia)
- **Member services** – provide range of benefit or services to its members.
- **Self-fulfillment** – to provide a mechanism whereby individuals may develop outside the immediate confines of their jobs and participate in the decision making process.

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**Historical Background**

*General Unionism*

- Unions were first formed in Great Britain as a result of the development of the factory system in the nineteenth century which led to the exploitation of workers, poor working conditions and job insecurity.
- In Malaysia, organisations functioning as unions first emerged in the 1920s with the development of estates and tin mines.
- Predominantly initiated by Chinese laborers.
- 1920s onward – Communist Party of Malaya deliberately set out to develop the labour movement, and thus it encouraged unskilled workers to unionise – resulted in several strikes in 1930s.
- The employers’ insistence, the first laws relating to trade unions were implemented in 1940 (could not be enforced due to Japanese Occupation).
Workers' awareness on unionism increased after the war
The Communist Party of Malaya tried to take advantage on this by capturing the leadership of trade unions
1946 – Trade Union Advisers Department was set up and Trade Union Enactment containing three important clauses was passed:
- All trade unions had to be registered
- Federations of trade unions could only be formed by unions in the same industry
- Union officials had to have been employed for a minimum of three years in the industry which they represented
The legislation was intended to limit Communist Party involvement within trade unions

Issue of Electronic Workers
- EIWU (Electrical Industry Workers Union) – include electronic workers. Rejected by RTU.
  - Govt refused: electronic industry play an important socio economic role in attracting foreign investors
- MTUC apply to form industrial union exclusively for electronic workers since 1980. Application to High Court was rejected.
### Jadual Table C2.11
**Bilangan Keahlian Khasah Sebenar / Number of Trade Unions**

<table>
<thead>
<tr>
<th>Industri / Industry</th>
<th>2001</th>
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<td>578</td>
<td>577</td>
<td>576</td>
<td>575</td>
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</table>

Sumber / Source: Jabatan Perkhidmatan Manpower, Kemerosotan Suruhan Kerja

### Jadual Table C2.12
**Malaysia: Bilangan dan Keahlian Keahlian Sebenar / Number of Trade Unions and Membership**

<table>
<thead>
<tr>
<th>Kategori / Category</th>
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<th>2005</th>
<th>2006</th>
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<td>421,761</td>
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<td>420,921</td>
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<td>Jumlah / Total</td>
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<td>817,002</td>
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<td>715,153</td>
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</tbody>
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Sumber / Source: Jabatan Perkhidmatan Manpower, Kemerosotan Suruhan Kerja

Note: 1. Total本领包括了所有在业和不在业的会员。/ Total of Trade Unions includes both members at work and members that are out of work.
Membership of a trade union

- **Industrial Relations Act (Section 5):**
  - No employer shall prevent a worker from joining a union by putting a condition in his contract of employment
  - No employer shall refuse to employ a worker on the grounds he is a trade union member or officer
  - No employer shall discriminate against a worker on the grounds he is a trade union member or officer
  - No worker shall be threatened with dismissal or dismissed if he proposes to join a trade union or if he participates in union activities

| Year | Number of Unions | Total Membership | Male | Female | Penang
<table>
<thead>
<tr>
<th></th>
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<td>807,062</td>
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<td>2003</td>
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<td>621</td>
<td>781,160</td>
<td>484,338</td>
<td>296,822</td>
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</tbody>
</table>

Source: Department of Trade Unions Affairs, Ministry of Human Resources
Who can join a union?

- Any worker over 16 years of age is eligible to join union which is relevant to his trade, occupation or industry
- Union members under 18 – restrictions in trade union activities
- Union members under 21 – not eligible to be elected as officers of the union
- Public sector workers can only join unions formed by workers in the same occupation, department or ministry

Who can join a union?

- Certain groups of government servants are not allowed to join union at all – Police, Prison Service and the Armed Forces
- Employees in the professional and managerial group in the public sector also cannot join a trade union
- Certain categories of employees are not permitted to join unions whose membership is not of the same category as themselves (Industrial Relations Act, S.9) – managers, executives and staffs in confidential or security positions
Registration of a trade union

- Application must be made to DG of Trade Union within 1 month (can be extend up to 6 months)
- The application registration must be signed by at least 7 members
- Application must be accompanied by required fees and a printed copy of the rules or constitutions of the union
- The application must also include: name of the unions and its address, addresses and occupations of the members making the application and the names, ages, addresses and occupations of the union’s officers

Registration of a trade union

- The DG will refuse registration in the following circumstances:
  - If any of the union’s objectives are unlawful
  - If any part of the union’s constitution conflicts with the Trade Unions Act
  - If the name of the union is undesirable or identical to another already existing or if the name is deceiving
  - If the union is likely to be used for unlawful purposes
Union Funds

- Members of trade unions have to pay an entrance fee and monthly subscription – between RM3.00 to RM8.00
- Union funds can only be used for [Section 50, Trade Union Act]:
  - Expenses related to salaries for employees of the unions
  - Expenses related to the upkeep of an office
  - Expenses related to the settlement of a trade dispute
  - Compensation to members for losses arising out of trade disputes (i.e. a strike allowance)
  - Allowances to members and their families on account of death, old ages, sickness, accident or unemployment
  - Expenses related to the publishing of a newsletter
  - Expenses related to the organisation of social, sports, educational and charitable activities of the members

Union executives

- Union leadership is confined to Malaysian citizens who have been employed for at least 1 year in the related trade, occupation or industry which union represents, proved that they are not:
  - Office bearers or employees of a political party
  - Convicted of any criminal offence
  - Adjudged bankrupt
Union Employees

- Employees of unions must be Malaysian citizens
- Those who are not eligible include:
  - Those convicted of criminal offences
  - Those who are officer or employees in other trade unions
  - Those who are office-bearers or employees of a political party

Types of Unions

- Three categories of unions in Malaysia:
  - Public sector employees’ unions
  - Private sector employees’ unions
  - Employers’ unions
Public Sector Unions

- Public sector consists of the civil service, the statutory bodies, and local authorities
- 212 unions in this sector (2000) including some of the largest unions in the country – National Union of Teaching Profession (NUTP), the Malayan Nurses Union and the Malayan Technical Services Union
- The TUA provides that workers in the public sector can only form and join unions whose members are in the same ministry, department or occupation
- The number of union members in public sector is dropping due to government’s policy of privatization
- One significant difference betw. public vs private sector unions - public sector unions are not involved in collective bargaining

Private Sector Unions

- Private sector unions are either national or in-house
- National unions attempt to cover all workers in the same industry, trade or occupation
- An in-house union is one where members are employed by the same employer regardless of occupations
- The number of in-house unions has been increasing rapidly in last few years
Private Sector Unions

Disadvantages of in-house unions:
- In-house unions are generally weak due to limited membership
- High possibility of employer exploitation on union leadership
- Weak financially
- Fear of victimization among union leaders
- Unable to provide extra benefits such as scholarship to members

Types of Trade Unions in Malaysia

Maimunah (2007)
Affiliation to Other Bodies

- Trade unions in Malaysia are permitted to affiliate to other bodies – local and international
- Affiliation to foreign bodies requires the express permission of the DG of Trade Unions
- Many union in this country join MTUC to get support and advice

Employers’ Associations

- Employers also have the right to form and join trade unions (normally known as associations)
- Employers’ unions are a response to the large and powerful national trade unions
- The objectives: to promote and protect the interests of their members, to negotiate and deal with trade unions of employees, and to represent their members in any trade disputes between an individual member and the employees’ unions
Employers’ Associations

- The most active employers’ associations:
  - Malayan Agricultural Producers’ Association (MAPA) – Plantation industry
  - Commercial Employers’ Association of Peninsular Malaysia – Commercial industry
  - Malayan Commercial Banks’ Association (MCBA) – Banking industry
  - Association of Insurance Employers (AIE) – Insurance industry

Congress of Unions of Employees in the Public and Civil Service (CUEPACS)

- CUEPACS is a federation of trade unions of government workers
- Serves as the spokesman for the public service workers and was first registered in 1959
- The objectives of CUEPACS:
  - To promote the interests and improve the working of its affiliate trade unions
  - To protect the interests of the affiliate trade unions and their members
  - To endeavour to improve the conditions of employment of the members of the affiliate trade unions
  - To promote legislation affecting the interest of the member unions in particular or trade unionists in general
Malaysian Trades Union Congress (MTUC)

- The MTUC is not a trade union but a society registered with the Registrar of Societies.
- Members of the MTUC are individual trade unions which choose to affiliate to it – most from the private sector.
- Acts as the spokesman for trade unions both at national and international levels.
- Represents the workers’ viewpoint on tripartite bodies such as NLAC and the Employee Provident Fund Board.

Malaysian Trades Union Congress (MTUC)

- The objectives of the MTUC:
  - Providing an advisory service to its members.
  - Presenting the labour viewpoint to the government.
  - Presenting workers’ views on national issues.
  - Helping to organise workers who do not belong to a union.
  - Representing the Malaysian labour movement at forums abroad.
  - Providing trade union education.
  - Carrying out research on matters of trade union interest.
Malaysian Trades Union Congress (MTUC)

- Involved in various controversies:
  - Membership disaffiliation
  - Conflict with CUEPACS
  - Formation of Malaysian Labour Organisation (MLO)
  - Financial problems
  - Involvement of its leaders in politics
  - Leadership problems

Malaysian Employers Federation (MEF)

- MEF is the employers’ equivalent of the MTUC
- It is registered as a society with membership from individual companies and employer’s associations
- Has representatives on council and bodies such as NLAC, EPF Board, the Social Security Organisation’s Board, the National Productivity Corporation and the National Council for Occupational Safety and Health
- Carry out research needed by its members – collective bargaining, wage & benefits survey, CPI etc.
- Published monthly newsletter entitled The Malaysian Employer
Malaysian Employers Federation (MEF)

- The objectives of MEF:
  - To secure the organisation of all employers
  - To co-ordinate and present the opinions of the employers on labour matters
  - To promote, protect and defend the interests of employers in general
  - To inform and advise members on the implementation of the labour laws
  - To advise members on the settlement of trade disputes

Are Unions Good or Bad?

- In the early days the image of unions was bad – low class, criminal conspiracies etc.
- Against unions – making exorbitant wage demand that push up the cost of doing business, causing inflation etc.
- Support unions – protect workers from exploitation by the employers
Why Workers Join Trade Unions

- Three main reasons which explain why workers form and join trade unions:
  - To improve their economic situation
  - To ensure their rights are protected
  - For social reasons

Economic Motive

- To improve terms and conditions of service
- To increase bargaining strength of employees
- Unions give benefits directly to their members
  - Insurance, funeral benefits, scholarship etc.
Protection of rights

- Workers expect unions to protect them against discrimination by their employers
- Workers expect the unions to protect their rights; to protect them from exploitation and to protect them from unfair treatment at work
- Job security is one of the most important rights which unions try to protect – protection from retrenchment and unfair dismissal

Social Reasons

- Human nature to be part of groups – Hierarchy of needs
- Intense peer pressure to join unions
- Some join unions to exercise their leadership qualities
Trade Unionism – the need to reassess their *raison d’etre*

- Declining membership
  - High unemployment rate in Europe
  - De-collectivization of employment relations
  - Development of new individualism strategies by management
  - Worldwide threat to jobs in industries which traditionally have been mass employees.
  - K-worker in the global economy

Cont.

- Need to adapt to the development of HRM/HRD and changes in the employment relationship.
- Hayman (in Salamon, 2004) suggest trade union identity stem from an interaction between interest of members. He suggest 4 alternative identity for the future:
  - Friendly society – focus on individual employee/member and the provision of services, advice and individual representation
  - Company union – focus on cooperation with management to enhance organizational performance
  - Social partner – focus on govt and improvement of social wage element through political exchange
  - Social movement – focus on mass support and campaigning on wider social and community issues
cont

- Salamon suggest for the union to broaden their bargaining agenda:
  - Quality of working life issues – promote health & safety, Training & dev., work re-design and flexible working pattern.
  - HRM strategy – TU to encourage mgt to implement sound, effective & fair HRM practices

Strength of the Trade Union Movement

- Reasons why Malaysian unions are relatively weak:
  - The incompetence of the labor leaders
  - The hostility of employers to unions
  - Government policies
  - The legislation relating to unions
Employers’ attitudes to unions

- Conflict or open hostility
- Controlled hostility
- Accommodation
- Co-operation

Creating a non-union environment

- Steps to reduce or eliminate the needs for unions:
  - Pay higher wages and give better benefits than those prevailing in comparable companies that are organized in the same locality
  - Involve employees in all levels of decision making and effectively implement an open door policy
  - Offer training, development and a measure of security of tenure
  - Develop a climate of trust and loyalty in the organization
References