



Factors Affecting Trade Union Effectiveness of Manufacturing Industry in Peninsular Malaysia

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Abstract. The goal of this study is to look into the manufacturing industry's industrial relations climate, trade union characteristics, and trade union effectiveness in Peninsular Malaysia. Data was collected from 137 manufacturing trade unions using a questionnaire-based survey. The findings reveal that the state of industrial relations and the characteristics of trade unions have a considerable impact on trade union effectiveness. This study focuses solely on the trade union effectiveness from the standpoint of trade union leaders. The findings provide crucial information to trade unions and the government about the factors that influence the effectiveness of trade unions.

Keywords: Union · Industrial Relations Climate · Characteristics · Effectiveness

1 Introduction

Industrial relations is a formal framework for establishing and maintaining relationships between employers and employees in. The government's position as a regulatory authority, which acts through the enactment and enforcement of regulations, lies at the heart of the system. Malaysia uses the tripartite principle, which has been adopted by a number of other nations, to address industrial relations issues by bringing together these three major essential players (government, employer, and union). Trade unions play a vital role in defending the rights of employees by advancing the interests of their members using collective bargaining power. Without trade unions, employees will have no official representation in areas that affect them. Trade unions play an important role in creating harmonious industrial relations in productive nations like Sweden and Denmark, and they are largely viewed as successful at representing their members. In terms of density, trade unions have traditionally had a limited presence in Malaysia's labour market, with a lower percentage than in a number of other countries with strong economic foundations.

When you join a union, you receive access to collective bargaining privileges such as job security, adequate salary, fringe benefits, and grievance procedures. The absence of official control over individuals and the demand that members display a purposeful interest in the organisation are some of the differences between unions and the workplace.

Leaders must educate members on the benefits of union membership and highlight the significance of member commitment to the development of the trade union (Johari and Ghazali 2011; Tarumaraja et al. 2015).

The Malaysian Trade Union Congress (MTUC) is a non-profit trade union that was founded in 1955 and is governed by the Societies Act of 1955. This organisation was the first to use trade unions to represent Malaysian workers. Malaysian legislators regard the MTUC as a representative of workers, and the government consults the MTUC before making changes to employment laws. According to Tarumaraja et al. (2015), one of the major impact on trade union effectiveness is union organising. The study also demonstrates that union organising implies a union's ability to achieve certain goals set by visionary union leaders.

2 Literature Review

2.1 Trade Union Effectiveness

Does the fact that union density has declined since the 1980s imply that employees feel unions are less effective? Without a doubt, employee enthusiasm for unionisation is fading. The fall in union density during 1990s was due to employees' diminishing participation in unionised employment. (Bryson 2003). The number of union members currently enrolled as a potentially eligible to join is considered as union density which refers to the actual membership of a union as potential membership (Emmanuel et al. 2020).

Trade unions may be losing their edge in negotiating better pay and benefits for their members if density and collective bargaining processes are diminishing in places where they are still active. Research has shown that these factors are critical in ensuring that unions remain as viable organisations (Bryson 2003). When it comes to trade union requirements, the union's effectiveness is usually more complete since the union uses proper power levers to achieve its specific goals (Gall and Fiorito 2016). Persuading members to understand the union's effectiveness and position in the tripartite system, where the trade union is solely focused on satisfying members' hopes, is a difficult challenge (Majid et al. 2021).

2.2 Industrial Relations Climate

The atmosphere of labour-management in a company may be summed up by looking at the organization's industrial relations (Dastmalchian 2008; Campbell and Weststar 2020). Industrial relations climate can be defined as the atmosphere, conventions, attitudes, and way of behaving that portray and affect how employees, unions, and managers interact influencing workplace outcomes (Dastmalchian 2008; Kersley et al. 2006; Campbell and Weststar 2020). Industrial relations climate is a part of the organisational climate (De Prins et al. 2020).

Concerns about the dimensions, causes and consequences of the industrial climate have been studied in the past (Kersley et al. 2006). Clark (1989), Huszo and Hoyer (1994); and Martin and Biasatti (1979) have all sought to make this distinction between necessary

variables and techniques for superior union–management relationships. Using leader–member interaction and participatory management, Cheung and Wu (2014) investigated the labour climate where the importance of individuals and their interactions in the union management relationship was highlighted.

2.2.1 Procedural Justice Climate

Procedural justice climate refers to the decency of techniques or procedures used to determine the consequences a representative or employee obtains (Moorman 1991). The climate of procedural justice is a critical factor of union membership (Buttigieg et al. 2014). Generally, employees are prepared to accept a less-than-optimal result if they feel the results was achieved through a fair process and the ability to choose their own representatives and demands are crucial to their vision of a fair process (Tse et al. 2018). This shows that the procedural justice climate should be the most significant issue for assessing compensation. Earlier studies have shown that the “reward choice” paradigm increases fairness and employees will see their pay as more equitable if they have a say in the process (Caza et al. 2015; Tse et al. 2018).

2.2.2 Management Style

Management style, according to Blyton and Turnbull (2004), is the control and direction applied by the management on the employees over a time period. During the 1980s, the number of workers’ unions declined and organisations began looking for new management techniques which can help them to improve the relationship between the employers and employees. (Bacon 2008; Dundon and Rollinson 2011). A company’s culture of employee–manager interactions is heavily influenced by the management style (Emmanuel et al. 2020). Cost-cutting preferences of senior executives, the company’s competitive position in the market, and organisational decision-making style are all included in the process (Emmanuel et al. 2020). Managers’ decision-making processes may also be influenced by their contacts with workers and labour unions in the workplace (Sheppeck and Militello 2000; Emmanuel et al. 2020).

2.2.3 Employee Voice

The term “voice” refers to workers’ informal conduct and choice of communication about thoughts, ideas, information or views about workplace concerns with the intention and purpose of enhancing organisational performance or bringing about change (Prasetyo 2016; Harmen et al. 2011). Voice in the workplace can have a big impact on quality and profits, as well as redirect focus away from potentially dangerous themes (Dundon et al. 2004). Employees can voice their ideas, concerns, and issues to upper-level management through dialogue between workers and management (Mowbray et al. 2020). Workers who have invested in the organisation by acquiring the requisite human capital have the same right to express their desires as other stakeholders (Khan et al. 2021). It is possible for employees to use representative voice in a number of ways to have their say and affect the workplace (Boxall and Purcell 2011).

2.3 Union Characteristic

2.3.1 Trade Union Commitment

Union commitment, according to Gordon et al. (1980), is described as the presence of four key developments which is (1) loyalty to the union, (2) responsibility towards union, (3) a need to put significant effort on behalf of the union, and (4) faith in the goals of the union. Personal circumstances and the achievement of crucial personal goals are major motivators for union membership (Johari and Ghazali 2011). Bamberger *et al.* (1999) work shows a number of union-related variables and qualities linked with the employing organisation which leads to union loyalty. According to Li et al. (2019), union commitment is the most debated approach regarding union studies. Unions may not be effective without the commitment of their members (Majid et al. 2021). The union leader's commitment to putting workers' interests first made a difference in the success of recruiting workers (Trif et al. 2021).

2.3.2 Trade Union Leadership

Leadership is defined as conscious activity that establishes a group's or affiliation's structure and encourages activities and connections within it (Walumbwa et al. 2008). Value-based trade union leadership is the most frequent type; union leaders are organised to define trade union boundaries, consent to collective bargaining agreements, and manage members (Tamunomiebi and Abraham 2019). To some extent, the work of union pioneers has an effect, and the degree to which delegates reinforce their people and support their interest in the responsiveness of union pioneers on a very basic level coordinates the relationship between how amazing people believe their union is and how much they were focused on it, regardless of the point of transition (Nadome 2019).

2.3.3 Trade Union Revitalisation

Throughout the 1990s, union density, workplace activists, and recognition for collective bargaining continued to drop. When collective bargaining continue to drop, fewer organisations bargain collectively with the union and as for new organisations, only few of them bargains with the union (Bryson 2004). Despite disagreements within the labour movement and among industrial relations experts over why union power is dwindling, there is a growing interest in examining trade union organisation and activities to better understand union strength and the opportunities for revitalization (Huxley 2015; Jansson 2022).

3 Methodology

Figure 1 shows the research framework for this study. This methodology tries to quantify the data so that the relationship between the industrial relations climate, trade union characteristics, and union effectiveness can be better understood. Industrial relations climate (procedural justice climate, management style, and employee voice) and trade union characteristics (trade union revitalisation, trade union commitment and trade union leadership) are the model's predictors in general. Parsley's 1980 economic theory of

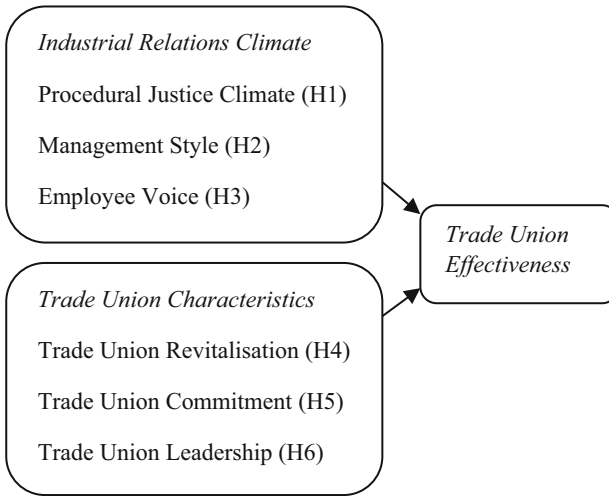


Fig. 1. Framework

labour unions and consumer choice theory of trade unions served as the foundation for this framework (Farber and Western 2002). In order to explain and enhance the proposed model on trade union effectiveness in the Malaysian context, this study model integrates Snape and Redman's (2012) work on industrial relations climate and union commitment, as well as Bryson's (2003) work on trade union effectiveness. The participants in this study are trade union leaders from the manufacturing industry (Peninsular Malaysia). Malaysia's manufacturing industry are represented by 194 trade unions. This study use census study. Questionnaires were sent out to trade union leaders in Peninsular Malaysia's industrial sector through Malaysian Trade Union Congress (MTUC), and 137 of them were returned. Krejcie and Morgan's (1970) sample size determination table was used to obtain the required sample size for this study. As a result, for a population of 194, a sample size of 127 is necessary. The researcher managed to get 137 responses although slightly lower than expected. The research framework for this study is shown in Fig. 1.

The following hypothesis were developed from the framework: (1) There is relationship between the Industrial Relations Climate and Trade Union Effectiveness, (2) There is a relationship between Trade Union Characteristics and Trade Union Effectiveness.

4 Findings

Multiple regression analysis has been shown to be effective in testing hypotheses. The hypothesis testing results are presented in a suitable manner. The goal of this study was to see how the independent factors (industrial relations climate and trade union characteristics) interacted with the dependable variable (trade union effectiveness).

According to Table 1, the R-Square value of 0.591 implies that predictor variables account for 59.1% of the variation in the data. This demonstrates that the industrial relations climate and the trade unions characteristics influenced the trade union effectiveness.

Table 1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.769(a)	.591	.572	.23064
F-value = 31.333 Sig = .000				

Table 2. Multiple Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.255	.339		3.697	.000
	Procedural Justice Climate	.221	.044	.360	5.013	.000
	Management Style	-.321	.061	-.399	-5.312	.000
	Employee Voice	.371	.074	.360	5.016	.000
	Trade Union Commitment	-.238	.072	-.252	-3.318	.001
	Trade Union Leadership	.366	.071	.440	5.160	.000
	Trade Union Revitalization	.266	.044	.400	6.001	.000

The F-value is 31.333, whereas the P-value is less than 0.001. This demonstrates that the regression of all independent variables have a significant relationship with the dependent variable.

According to Table 2, the dependent variable, union effectiveness, is influenced by six different independent variables: procedural justice climate, management style, employee voice, trade union revitalization, union commitment, and union leadership. In the table above, the beta value is used to indicate the level of significance between the dependent and independent variables. Additionally, the highest beta value in the table above is 0.440, which corresponds to trade union leadership, while the lowest beta value is -0.399, which corresponds to managerial style. The procedural justice climate, management style, employee voice, trade union revitalization, trade union commitment, and trade union leadership all have p-values less than 0.05. This demonstrates that the independent variables have a strong relationship with the trade union effectiveness.

4.1 Industrial Relation Climate and Trade Union Effectiveness

Based on Table 3, H1, Procedural justice climate is positively related with trade union effectiveness is proven where workplace justice has been found to be a critical factor

Table 3. Industrial Relations Climate and Trade Union Effectiveness

No	Hypothesis	Result
H1	Procedural justice climate is positively related with trade union effectiveness	Supported
H2	Management style is positively related with trade union effectiveness	Supported
H3	Employee voice is positively related with trade union effectiveness	Supported

Table 4. Trade union Characteristic and Trade Union Effectiveness

No	Hypothesis	Result
H4	Trade union revitalization is positively related with trade union effectiveness	Supported
H5	Trade union commitment is positively related with trade union effectiveness	Supported
H6	Trade union leadership is positively related with trade union effectiveness	Supported

of union participation (Buttigieg et al. 2014). Procedural justice is one of the important variable because it is more significant than distributive justice (Caza et al. 2015). H2 shows a positive correlation exists between management style and trade union effectiveness. Management style is how a manager's preferred approach of handling issues relating to workers and also the method mirrors how the manager and trade union leaders practice their position simply as making decisions (Dundon and Rollinson 2011). H3 shows that the trade union effectiveness is positively related to the voice of employees. Bryson (2004) defined worker voice as planned discourse between employees and the organisation with the purpose of communicating their opinions, concerns, and issues to management.

4.2 Trade Union Characteristic and Trade Union Effectiveness

H4 in Table 4 shows that there is a positive relationship between trade union revitalization and trade union effectiveness. This was supported by Huxley (2015) which reveals the diverse and complicated nature of trade union organisation, prospective union revitalization tactics, and various approaches that are recommended to help trade union revitalization. H5 demonstrates a favourable correlation between trade union commitment and trade union effectiveness. While Gordon *et al.* (1980)'s four-factor model of union commitment supports this, it also incorporates a sense of pride in the union and an awareness of union benefits in addition to union duty, as well as a worker's ability to meet daily union commitments, eagerness to work for the union, and general union beliefs. The H6 in Table 4 illustrates that the trade union effectiveness is positively related to the trade union leadership. Earlier research has established that leadership has an effect on labour and hierarchical outcomes in the majority of workplaces (Day and Harrison 2007; Walumbwa et al. 2008) .

5 Conclusion

The study's core principle is that industrial relations climate (management style, employee voice, procedural justice climate) and trade union characteristic (trade union revitalization, trade union commitment, trade union leadership) determines the trade union effectiveness as seen from the perspective of trade union leaders. Workers are in a weak bargaining position to preserve their fundamental rights when unions' influence on society and industrial relations systems in particular, has been deflated. Significant factors which are likely to affect union operations outcomes were identified and a model of trade union effectiveness was constructed based on the industrial relations climate and trade union characteristics. Interventionism within an industrial relations climate can be described as union power and influence at organisation, industry and national levels which as a result both the economic and political aims were involved in fundamentally transforming the economy.

Regardless of the unstable economic environment, trade unions must play an important role in defining their own future. However, labour laws, public policy, organisational influence, employer behaviour, and new social movements can all be viewed as external forces for change. It's clear that robust and successful trade unions are more important than ever before. Stagnant salaries and low wages are among the systemic issues workers facing today is unfair. Job instability and a significant imbalance in the working relationship need the formation of strong unions. Unions, on the other hand, must rethink their strategies for engaging with both businesses and employees. Unions, on the whole, appear to have failed to successfully reach out to their members. Unionization is only feasible with the assistance of individual workers. To be effective in the workplace, unions must identify their members as well as the characteristics that employers want in an industrial relations partners.

Acknowledgments. I would like to express my sincere gratitude to Malaysian Trade Union Congress (MTUC) for their assistance in this study.

Authors' Contributions. The title "AUTHORS' CONTRIBUTIONS" should be in all caps.

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