The future of the labour movement: Some observations on developing countries

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The Labour and Society Programme examines the outlook for labour at the beginning of the new millennium in the light of changes at the workplace and in society at large. Focusing initially on organized labour, the programme seeks to identify approaches and strategies to enhance the profile of labour as a major actor in civil society, and as a contributor to dynamic and equitable growth. Specifically, the programme will review the changing environment of labour and unions; document trade union responses to these changes; highlight promising approaches for trade unions in civil society and the global economy in future; and outline the type of policy and institutional environment required for the growth of free and effective trade unions. This work is undertaken in close collaboration with international and national trade union organizations and international trade secretariats, and will be implemented through networks consisting of trade union practitioners, academics, research institutes and other policymakers. These networks, both international and regional, will also be a means of disseminating research outcomes to a wider audience.

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1. Introduction

Trade unions have been important institutions of industrial society; they have helped deliver significant outcomes in terms of improved living standards, equity and justice to workers all over the world. However, at the end of the twentieth century, unions face a situation marked by the universal trend towards greater liberalization of economic and political regimes. The changing environment requires new approaches and strategies on the part of unions if they are to remain major social actors contributing to dynamic and equitable growth. It is argued in this note that liberalization/globalization, which brings formidable challenges to unions, also provides them with opportunities to play a far more effective and politically important role in society.

This note reviews three sets of issues which should figure in a discussion of the changing role of trade unions. These are: (i) the traditional role of unions; (ii) the changing environment in the world of work and its impact on unions; and (iii) union responses in terms of new approaches and strategies. The different economic, political and geographic settings of unions around the world are given special attention.

The issues raised have been assembled with the following objectives: (i) to identify the gaps in knowledge concerning the responses of unions in different environments; (ii) to define an agenda for further research highlighting the contribution of labour and unions to society; and (iii) to set the terms for policy debates involving unions and researchers on promising approaches for the future.

The above objectives have been incorporated into a programme on “Organized labour in the 21st century”, undertaken by the International Institute for Labour Studies of the International Labour Organization. The issues listed above are being investigated within the framework of studies organized by the Institute in different countries. Based on the findings of these studies, which are at various stages of completion, this paper discusses some questions relevant to the future of labour movements, with special reference to developing countries.1

2. The role of trade unions

Trade unions have traditionally performed three principal roles in their relations with individual employers, business associations, the State, and the public at large.

(i) The economic role of facilitating production and ensuring an equitable distribution of the value-added. This has been achieved mainly through collective bargaining and negotiations at enterprise level, industry/sector level or national level.

(ii) The democratic and representative role of providing voice and identity to labour at the workplace, and in society at large. This includes: (a) representing workers in individual grievance procedures; (b) giving voice to labour’s views on economic and social policies at all levels including enterprises; and (c) promoting cooperation between capital and labour with a view to securing employment, improved working conditions and living standards consistent with sustainable growth.

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1 The ILO studies have been carried out in Brazil, Canada, Chile, Ghana, India, Israel, Japan, Republic of Korea, Lithuania, Niger, South Africa, Spain, Sweden, Tunisia, USA, and Zimbabwe. In preparing this overview paper, I have drawn on findings from the following studies: Japan (Inoue, 1999), Republic of Korea (Song, 1999), Israel (Nathanson et al., 1999), India (Bhattacharjee, 1999), Sweden (Fahlbeck, 1999), Lithuania (Dovideniene, 1999) and South Africa (Bezuidenhout, A. 1999).
(iii) The social role of minimizing the risk of exclusion in an industrial society by: (a) promoting solidarity among workers in different sectors and occupational groups; (b) providing special services to members of unions; and (c) serving as an anchor for broad-based social movements sharing similar values and goals.

2.1 Bargaining and representation

The first and second functions roughly correspond to the two familiar roles of unions - negotiating on wages and working conditions, and representing workers’ interests in various fora (Freeman and Medoff, 1984). The balance of these two functions has been influenced by the pace and spread of industrialization over the past decades.

The experience of a number of industrialized countries suggests that, over a period of time, unions have grown from a predominantly bargaining role to a specialized role, representing the voice and interests of labour. This transition came with economic growth and a sustained increase in capital intensity both in product and labour markets. Unions served as a conduit for turning economic growth and prosperity into improved living standards for workers. The benefits of collective bargaining were transmitted to a broad spectrum of society in terms of wage and non-wage benefits, particularly through a reduction of working time. More importantly, unions helped maintain a wage structure which minimized income disparities between workers; in the process they managed to correct an imbalance in distribution which markets tended to create.

The post-war decades conditioned unions to function in a corporate environment, combining their traditional bargaining activities with the newly acquired voice and representation functions. Corporatism, which was originally a state-sponsored arrangement for cooperation between labour and capital, was transformed into societal corporatism from which social policies have been derived through democratic decision making (Crouch and Dore, 1990). Workers identified common ground and interests with employers and exercised a moderating influence on business strategies. Together they developed labour policies which fitted in with the fluctuating fortunes of business. The new approach was particularly successful in countries like Japan where institutions governing industrial relations were modelled on those in industrialized Western countries.2

2.2 Social cohesion

Unions nurtured social cohesion by involving themselves in the design of institutions which guaranteed a secure income and decent living standards in society as a whole. As industrialization and economic growth led to major changes affecting the age, gender and skill composition of the workforce, a new range of issues emerged for consideration by the unions. Over the years, they embraced a broader agenda including health care, leisure, recreation, retirement and non-wage benefits from employment. They appeared on new representative bodies and platforms for dialogue, and decisively influenced the content of social policy.

The ILO studies, particularly those on Israel, Japan and Sweden, show that at an intermediate stage, unions rose to the challenge of meeting the changing requirements of an industrial society; established themselves as credible partners and provided a variety of services to members, including mutual aid, credit, insurance, housing and consumer services mostly through cooperatives linked to union membership (Nathanson et al 1999; Inoue, 1999; and Fahlbeck, 1999). The Swedish study suggests that in Scandinavia the preeminent position which unions

2 This aspect is discussed in the ILO study on union responses to globalization in Japan (Inoue, 1999).
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3. The union structures which evolved in the industrialized countries conform to two categories identified by Rogers (1993) namely: the high density centralized case (HDCC) and the low density decentralized case (LDDC). In both cases, unions gained ground in industries or enterprises, positioned at vantage points in the markets for products or services, and in the process gained significant outcomes for labour. In the HDCC, union density was anchored in the services which unions provided to their members. One of the oldest trade unions in the Middle East, the Histadrut of Israel, grew in strength until the early 1990s with an impressive membership tally based on the provision of services, notably health care which covered practically the entire population.

3. The strength and influence of trade unions

The preceding discussion points to some tangible indicators of the strength and impact of unions which may be listed as follows: (a) union density - whether unions have built a solid base through membership of the workers they represent; (b) the capacity to mobilize - whether unions, irrespective of numerical strength, have the capacity to mobilize labour successfully; (c) labour institutions - whether the results of union action have been institutionalized through labour legislation, collective agreements, and union participation in the administration of benefits; and (d) union structures - whether unions have developed appropriate structures to deal with labour issues arising at local, regional and global level.

3.1 Union density

The proportion of workers who belong to a union has been the most visible symbol of union strength. Right through the period of industrialization in the developed countries, unions grew in strength, bringing nearly two-thirds of the labour force into their fold. This trend was reversed in the mid-1970s when union density dropped steeply in many industrialized countries. It has continued to increase in a number of developing countries, but at an extremely slow rate. There is considerable scope for growth in union membership among the developing nations, especially in the newly industrializing countries (ILO, 1997).

The growth of trade unions from the collective bargaining function towards a role dominated by voice and representation of workers, seems to have taken place against the background of high density unionism which gained ground mainly in continental Europe and in Japan. The broad membership base which unions commanded and the equitable distribution which they promoted in major sectors and enterprises strengthened the position of unions, giving them more power to bargain or collaborate and to derive successful outcomes.

3.2 Mobilizing capacity

Apart from numerical strength the capacity to mobilize, which brings significant results for workers, is a direct measure of the degree of political support which unions enjoy. The experience of developed countries suggests that union capacity for mobilization has a synergistic effect on the development of democracy. Unions have consolidated their political space and in the process they have strengthened the democratic institutions of such societies. As industrialization spread, unions emerged as major partners influencing the allocation, stabilization and redistribution functions of modern governments. As a result the post-war decades in Europe have been marked by the ascent of an activist State which supervises the distribution of benefits to workers and their
dependents. Certain governments have mobilized resources in excess of 50 per cent of GDP in order to finance the welfare society (Esping-Anderson, 1996; Tanzi and Schuknecht, 1995).

3.3 Labour institutions

Union capacity to deliver successful outcomes for labour means that the benefits they have won have to be incorporated in statutes governing the labour market. In industrialized countries, unions influenced the design and development of the post-war system of industrial relations which was based on a strong political commitment to full employment and workers’ welfare. Some salient features of the system were: (a) participation in full-time employment, governed by an open-ended contract; (b) collectively negotiated wage structure with minimal dispersion across skill categories; (c) social benefits to workers and their dependents distributed through the main income earner; (d) control over working time and safety standards; and (e) job security for individual workers. As it happened, the industrial society with an egalitarian base, fostered by unions, became a powerful engine of growth and prosperity.

The institution of industrial relations was not unique to the developed countries. Some variants emerged in developing countries too, albeit involving a smaller proportion of the total industrial workforce. In the aftermath of decolonization, many States initiated development programmes and embarked on industrialization based on import substitution strategies. The unions became major players, occupying a vantage position supported by State patronage. Regulated industries and public-sector enterprises, such as transport, communications and utilities, became a fertile ground for the growth of unions. In a few countries, such as India, where political pluralism and procedural democracy gained ground (Dahl, 1998), independent unions occupied a prominent place (Bhattacherjee, 1999).

Contractual laws and legal safeguards - mostly adapted from the industrialized countries - were established to fortify an incipient industrial society and to ensure the presence of a stable and committed labour force for the new urban industrial enclaves. Secure jobs, guaranteed higher wages and better working conditions were viewed as preconditions for the development of an industrial society. These provisions often became the critical elements of a “social compact” which set the terms of compromise between capital, labour and the State in sharing the national product (Webster and Adler, 1998). The compact worked in the early stages of industrialization, but eventually it failed to take on board the concerns of a broad spectrum of workers in developing countries, where the labour institutions came to be viewed as problems rather than as solutions.

It is important to view the institutional safeguards for labour in a historical perspective, to assess their past contribution and evaluate their relevance to contemporary labour markets. The need arises because there are strident demands for the removal of these safeguards; it is argued that they protect the interests of workers, sometimes derisively referred to in developing countries as the labour aristocracy.4

3.4 Union structures

Trade unions have adapted to the changing environment by creating new structures for organization and interest representation. Some functions have been centralized and taken over by

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4 The term “labour aristocracy” derives from the privileges conferred on skilled workers drawn into urban areas on improved terms and conditions of employment. Their position as pioneers among the ranks of an economically powerful middle class enabled them to claim numerous rights and privileges in urban labour markets. They were politically important allies of the State, and in that capacity were entitled to a range of benefits which included higher wages, better working conditions, civic amenities and social security benefits.
apex bodies while others have been decentralized to plant or enterprise level. Collective bargaining has been centralized at national or sectoral level with a view to deriving framework agreements for the entire economy or sector. The post-war decades witnessed the establishment of new institutions for labour/management cooperation. Enterprise unionism provided a platform to build on the macro-level framework agreements and to share the fruits of growth in an environment of cooperation.

The new structures for labour/management cooperation have been influenced by the economic and social environment of the countries or regions they belong to. In Japan, for example, such cooperation was built on the presence of “quasi-communities of labour” which adopted a problem-solving approach within enterprises. The quasi-communities helped develop a pattern of enterprise restructuring with flexible employment practices based on retraining and relocation of workers and with minimal use of lay-offs (Inoue, 1999). The Works Councils, which started in countries like Germany, where labour and business practise mutually beneficial consultation (Rogers and Streeck, 1993), are now being adopted all over Europe.

4. The changing environment

Recent decades have seen profound changes in the political and economic environment which have had a negative effect on the position and influence of trade unions. The interrelated factors which contributed to this situation may be listed as follows. First, globalization has led to intense competitive pressure in product markets, accelerated the mobility of capital, and added to the vulnerability of labour. Second, technological changes have made it possible to reshape production through new forms of industrial organization, including sub-contracting and the spatial reorganization of production systems. Third, there are changes in the skill composition of the workforce along with large scale entry of women into labour markets.

There is a discernible trend towards enterprise downsizing and a shift in industrial employment away from large enterprises. This trend is connected with technological changes. The new units of production, each employing a smaller number of workers albeit with uniform skill endowments, tend to be geographically dispersed even outside the boundaries of urban labour markets (Sherlock, 1996).

The skill composition of workers is changing and they are increasingly differentiated by their competence. At the higher end of the scale, workers tend to be better educated, career minded, individualistic and less motivated by class interests and solidarity. On the other hand, there is a discernible concentration of workers at the lower end in service industries or occupations. Such workers tend to be either women or migrants.

Flexible labour market policies have gained legitimacy and political support in the climate of economic liberalism. Practices such as subcontracting, outsourcing and the hiring of temporary and part-time workers, long considered as atypical employment, are becoming more common, especially at the lower end of the labour market. The net outcome is an increased segmentation of labour markets.

In addition, the political environment which conditioned the early phase of industrial relations is undergoing change. The historical alliance between the labour movement and the social democratic regime of industrial countries has weakened over time. The pervasive presence of an activist State, committed to full employment and pursuing expansionary economic policies in both public and private sectors, did not continue beyond the 1970s. In contrast the State has been withdrawing from the domain of employment and income policies, and governments have been moving away from any direct involvement in the creation of jobs. The new policy emphasis is on the governance of institutions to ensure the functioning of markets.
The sections below briefly review the consequences for labour of the above changes in different national settings.

### 4.1 Unions in industrialized countries

There are indications of a qualitative transformation of labour relations in the industrialized countries, which may be listed as follows:

(a) **A new regime of decentralized production.** New enterprises are decentralized, small or medium-sized units of production where unions tend to enjoy greater autonomy in workplace negotiations. At macro-level, unions increasingly take responsibility for harmonizing the interests of workers, and strive to achieve multi-employer agreements on minimum standards.

(b) **Changing labour-management relations.** Enterprise managers are turning to the development of human resources in preference to the conventional workplace management regimes preferred by unions. Human resource management policies are primarily addressed to skilled professionals and technicians at the higher end of the spectrum. Unions are adapting to the new structures, while maintaining their presence as a balancing force in the entire economy.

(c) **Regionalization and trade unions.** The transnational mobility of capital and production has led to a consolidation of markets at regional level, as in the European Union and NAFTA. Other regional trading arrangements may evolve in future. The implications for income distribution within and across regions remain to be explored.

(d) **The rise of wage disparities.** The differentiation of workers based on widening skill gaps has weakened the solidarity platform of trade unions. Unions are under pressure to develop wage policies which accommodate productivity differentials for greater efficiency in resource allocation.

(e) **Unions as service providers.** Worker perceptions of union effectiveness were traditionally enhanced by the unions’ role in administering active labour market policies and channelling benefits, such as skill upgrading, employment services, unemployment insurance, health care and pensions. Intense competition and the emphasis on privatization seem to have undermined the status of unions as providers of vital services.5

(f) **Changing attitudes towards unions.** Worker commitment to unions appears to be weakening due to the rise of individualism. At the higher end of the skill spectrum, workers seem indifferent to a collective identity and are less dependent on unions. Their personal identity is defined less in terms of class and more in terms of social functions, autonomy and mobility.

### 4.2 Unions in less developed countries

Globalization has impacted on workers and their organizations in developing countries. Recent decades have witnessed a shift away from inward-looking industrialization strategies, a break from paternalistic industrial relations, and a significant rise in labour militancy.

The build-up of competitive pressure in both domestic and external markets led to the adoption of liberal economic policies which were reflected in a move away from inward-looking industrialization and protectionism towards export-oriented industries and free trade policies. The State progressively withdrew from production and invited private capital to enter spheres...
traditionally reserved for the public sector. The earliest manifestations of this shift were among the newly industrializing countries of East and Southeast Asia.

Among those countries, notably in the Republic of Korea, Malaysia and Singapore, the State assumed the role of guiding the course of economic development and adopting industrialization strategies geared to export markets and foreign direct investment (Chang, 1994). Policy measures were designed to insulate these strategies from wage pressures and strikes. Legislation and executive action were preferred to collective bargaining. Official guidelines restrained the movement of wages, while transfers, promotions, lay-offs, retrenchment and job assignments were deemed to lie outside the scope of collective bargaining (Kuruvilla, 1996). Enterprise unionism, a role model from the developed countries, was encouraged as an appropriate forum for representing the interests of workers (Song, 1999).

Elsewhere in the developing world, liberal economic policies came to the fore in the mid-1980s. A mirror image of changes in the labour markets of industrialized countries associated with the adoption of liberal economic policies could be observed in the developing countries. Four elements have been pervasive in these countries: (a) the disintegration of large workplaces and the rise of smaller geographically dispersed units of production; (b) an outward expansion of the labour market beyond the boundaries of the urban sector; (c) a skill-based differentiation of the workforce and (d) a rise in significant wage disparities. These developments have implications for the strategies of workers and their unions.

An ominous outcome of the retreat of the State was the breakdown of the social pact which trade unions had taken for granted. In many developing countries unions organized huge protests which were not simply a response to the decline in material conditions, but a reaction against the breach of trust implicit in the collapse of the pact. On the other hand, business leaders in the private sector made strident calls for the removal of protectionist legislation, which they believed was anachronistic and an impediment to industrial development.

The following paragraphs review the main challenges facing unions and their responses, mainly based on the evidence from case studies in developing countries. We then discuss some issues which are likely to figure on the union agenda in the coming decades.

### 5. Unions: Challenge and response

In general, trade unions adapt their strategies to meet the requirements of constituents in a changing environment. Such adaptation means going beyond traditional demands centred on wages, working conditions, and non-wage benefits met mainly through organization and collective representation. The relevant issues for consideration here are: whether unions have maintained their position with respect to traditional constituent demands; how they are adapting to the new environment by organizing new constituents, addressing new concerns, developing new perspectives on their role in society, and enhancing their image as major social actors. The discussion is restricted to three sets of issues: (a) building the membership base; (b) changing the union structures; and (c) collective action for institutional benefits. The purpose is to highlight some strategic choices before unions in the newly industrializing and developing countries.

#### 5.1 Membership campaigns

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6 According to Webster and Adler (1998) the pact was already breaking up. The debt crisis of the mid-1970s and the structural adjustment programmes of the Bretton Woods institutions had caused disenchantment among labour. The authors argue that the moral struggle against the violation of the pact fuelled many of the pro-democracy movements in the 1980s and the 1990s. The crisis of the development pact led to two distinct but connected projects: democratization to replace authoritarian political regimes and economic restructuring to replace State protectionism.
Webster and Adler (1998) observe that unions all over the world are surrounded by greater liberalization of economic and political regimes and that these two developments together hold out prospects for creating new rules of the game compelling key social actors - governments, organized labour, business and (in some cases) community organizations - to negotiate and conclude agreements on major economic and social policies. When social interests are mediated by democratic regimes there is an opportunity to resolve the tensions likely to arise in the course of economic liberalization and to negotiate a compromise solution. The capacity of unions to influence the course of events, however, depends on their strength and support among the unionized and non-unionized sections of society.

Membership campaigns organized by unions may be viewed in relation to two target groups: the traditional and the non-traditional constituents. Traditional constituents are those in established union strongholds such as the public sector and labour-intensive industries, while non-traditional constituents are the new entrants to labour markets such as highly skilled professionals, white-collar workers, and casual workers in private-sector enterprises.

5.1.1 Strategies towards traditional constituents

The position of unions among traditional members has been affected because the changing environment has eroded their position as key allies of the State. The global flight of capital and the decline or migration of specific industries have added to the growing vulnerability of labour. Privatization, the downsizing of enterprises and the adoption of flexible employment practices have all affected the strength of unions in their traditional bastions.

Public employment policies are reaching a turning point. The capacity of the State for resource mobilization and implicitly for job creation is being circumscribed and it is highly unlikely that public expenditure reaching 50 per cent of GDP will ever materialize in developing countries. Increasingly the State is moving away from any fiscal responsibility to manage the labour market from the demand side.

If unions are to build up their membership base in such an adverse environment they need to consider the special requirements of their traditional constituents, which are: (a) protection of employment, working conditions and social security; (b) training, human resource development and career mobility; and (c) provision of benefits, credit support, legal assistance and advisory services.

Unions have had some success in retaining members by promoting job security and upward mobility, and through channelling special benefits. This has been ensured through their participation in the administration of labour market policies and social security schemes (Nathanson et al., 1999; Wong, 1999). The role of unions in providing services such as skill improvement, unemployment insurance, social security and employment exchanges, have helped enhance workers’ perception of union effectiveness and ensured their continued loyalty. It should be emphasized here that unions, in light of their experience in this field, have the potential to emerge as major development partners in society.

As the largest organized groups in developing societies, unions can make a unique contribution to the development community. They are directly involved with economic systems of production and distribution; they can influence the course and content of employment, social and economic policies; they are representative and accountable; they have considerable experience in organizing the more vulnerable sections of society; and they have the experience and standing required to access national legal systems and public facilities. They can contribute through their long-standing relationships with such development institutions as consumer cooperatives, housing societies,
health funds, and social security organizations. In order to make full use of this potential, however, unions need to tend their public image.

There is an important element of taking the public on board when unions want to emerge as a voice defending the rights and interests of their constituents. An exclusively economic platform on which workers' interests are in conflict with those of society could be counterproductive. The convergence of members' interests which characterized industrial society no longer applies in the newly industrializing countries, where there is conspicuous individualism and divergence of interests.7

Technological innovation and rising productivity are causing major changes in traditional union strongholds, notably in public sector services.8 There are compelling reasons for the public service industries to remain competitive, ostensibly through an increase in productivity. Unions need to work out new strategies to respond to the changing environment. More importantly, they need to secure a niche as efficient providers of services both to their constituents and to the public at large.

Furthermore, rising consumer sensitivities and recognition of the fact that the public are important consumers of services provided by the State and utility industries, are beginning to bear on union strategies. Industrial action in a public-service industry is likely to cost more in terms of popular support since the damage will probably, spread beyond the employers. The dilemma faced by unions in winning public support for industrial action has been highlighted in the ILO study on the Republic of Korea (Song, 1999).

5.1.2 Non-traditional constituents

Non-traditional constituents may be grouped into several distinct, but overlapping categories: (i) new entrants at the higher end of labour markets, including professional and white-collar workers; (ii) casual workers, who are either part-time or temporary; (iii) home-based workers and those in the informal sector; and (iv) women workers.

Two major groups of casual workers are part-timers and temporary workers. By and large, part-timers fall into two groups: (a) those with higher education and skills who choose to take qualitatively better jobs on a part-time basis; and (b) those with little education and few skills who are in low-paid jobs with limited career prospects. At the lower end of the skill spectrum, both part-timers and temporary workers are often young, women or migrant workers. Casual workers, in so far as they lack any long-term attachment to a single employer, tend to be disadvantaged in their access to the non-wage benefits which are usually linked to service in the same firm.

The informal sector has grown exponentially with an increasing share of new jobs either being created in, or outsourced to, the informal sector. Union strategies to bridge the gap between the formal and informal sectors are rapidly becoming central to the future of trade unions in these countries. The interests of workers in the two sectors are not necessarily antithetical. Several common elements and shared concerns bring them together and offer prospects for collective action (Sanyal, 1991). Members of low-income households in developing countries often work in both the formal and informal sectors. Low-income workers from both sectors often live in the same neighbourhood, and have similar civic and community needs. These commonalities provide some basis for union-led action.

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7 Valkenburg (1996) argues that consequent to the rise of individualism, collective frames of reference are losing significance. These were based on an industrial class society, from which people derived part of their individual and social identity are losing significance.

8 This was noted earlier in the context of Israel. See Nathanson et al., 1999.
Increasingly, the typical worker is no longer a male breadwinner supporting a dependent family. Currently there are more women in the labour force belonging to either two-earner or even single-earner households. The growth of a predominantly female labour force is built on activities which are part-time, temporary or home-based, thereby accentuating inequalities in the labour markets. In developing countries, the influx of women workers has mostly been towards insecure and poorly paid types of work.9

The concentration of workers at the lower end of the labour market, especially in service industries and occupations, provides unions with a unique opportunity to build a new constituency. There have recently been encouraging union initiatives to organize new members and create suitable structures to represent their interests (Sanyal, 1991; Bhattacherjee, 1999). However, no major breakthrough or conspicuous gains have been reported in this field. In light of the available evidence one can only surmise that organizing non-traditional members will be the main concern of trade unions in developing countries.10

5.2 Trade union structures

The new economic environment requires a reorganization of trade union structures, which may be assessed by the following indicators: (i) decentralization and adaptation of unions to new forms of industrial organization; (ii) creation of new union structures to ensure representation of workers in the spatially decentralized units of production; (iii) measures to ensure the financial viability of unions which take on new responsibilities to provide services to the members, and (iv) centralization and/or coordination of union functions through mergers or alliances at national or sectoral level. We focus on the first two indicators mentioned above, since they are given more attention in the studies.

5.2.1 Decentralized bargaining

The case studies reviewed here suggest that among the newly industrialized and developing countries, differentiation of the workforce and reorganization of production processes have led to the rise of bargaining in the decentralized units of production. This corresponds to experience in the industrialized countries, when unions increasingly took on a voice and representative function within the framework of company unions and Works Councils.

As the benefits from liberalized economic regimes filtered down to employees at the higher end of the skill spectrum, the orientation of workers shifted to economic issues. One discernible outcome was a gradual decline in radical political unionism and a rise in economic unionism demanding improved benefits at enterprise level. The new structures offered efficient solutions; they delivered better wages and fringe benefits, albeit to a smaller group, compared to the previous structures which had catered to larger numbers in an environment of greater militancy and class solidarity.

9 There has been a noticeable change in union attitudes towards work traditionally performed by women within the household. Among the industrialized countries, unions increasingly campaign for better community services for children and dependents; parental leave for working parents; training facilities for working women; and the increased representation of women in leadership positions within trade unions (Spalter-Roth et al., 1994). These concerns are just beginning to surface in union strategies in the developing world.

10 There are interesting precedents for union efforts to organize non-traditional members in the context of industrialized countries. For instance, in the United States the AFL-CIO has laid emphasis on organizing less skilled workers, women and minority groups in the service industries (Bronfenbrenner et al., 1998). There have also been innovative approaches to organizing low-skilled workers in small enterprises under the aegis of area-specific organizations. These initiatives might provide useful lessons for similar organizing efforts in developing countries.
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In India, the real wages and non-wage benefits negotiated through company union structures increased during the 1980s. This happened mainly in capital-intensive industries which opted for technological upgrading. It also appears that certain regions of India which were late entrants to the field of industrialization have derived special benefits from the new bargaining structures. The new entrants have had a comparative advantage: they are better endowed with infrastructure, are pro-business, and they are less affected by militant unionism. These regions also claim a congenial environment for human resource management and non-antagonistic labour relations. These features in turn have significantly influenced the pace and pattern of industrial development in different regions of India. Employment and wages declined over the years in other parts of the country, where there were large labour intensive industries in the past and where militant unionism fiercely resisted new technology. Such industries became virtually extinct and the regions which harboured them became industrial wastelands. The textile mills of western India and the jute mills of eastern India are cases in point (Sherlock, 1996).

The rise of decentralized bargaining in India is associated with the rise of independent company unions which are not necessarily affiliated to apex bodies or political parties. From the 1980s onwards, independent unions pursuing decentralized bargaining became distinct entities in India, whereas they were already present in the newly industrialized countries of East and Southeast Asia (Song, 1999; Bhattacherjee, 1999). It has also been noted that the rise of decentralized bargaining and independent unions was associated with greater regional disparities in income distribution.11

A distinct feature of the situation in India, as well as in other developing countries, is the divergence of interests between the two extremes of a vastly polarized labour force. This makes it difficult for unions to combine traditional wage bargaining with their new role of giving voice and representation to workers at plant level. The first is a political task. The Indian experience suggests that the voice function is increasingly moving out of the domain of politically affiliated unions. The prolific growth of company unions which are not affiliated to political parties is a case in point (Bhattacherjee, 1999).

5.2.2 Union structures at the lower end

Decentralized and geographically dispersed units of production are not necessarily viable in terms of size and location for the purpose of unionizing workers. There is an inverse relationship between the cost of unionization and the size of enterprises which warrants a fresh look at organizational structures that can maximize the benefits of unionization.

What is the nature of the structure which can bring spatially dispersed smaller units into the union fold? Can workers be unionized on the basis of their enterprise identity which could be affiliated to a sectoral or industry-based union? What should be the preferred mode of representation at enterprise level? Should there be a single union representing the majority of workers or should there be multiple unions representing different interest groups which might overlap with occupational groups? Can workers be unionized on the basis of their occupational identity? These vital issues, which impinge on the future of trade unions, are currently being discussed in the policy fora of many developing countries.

A review of union structures in developing countries, notably India, suggests a tendency to separate the bargaining and voice functions; this has major implications for future union strategies. A logical outcome of any separation of the bargaining and voice functions is a further deterioration in income distribution. That does not augur well for unions, or for developing countries. Any society which harbours deep inequalities in income distribution tends to limit the functioning of redistributive institutions. Trade unions in such societies might not be able to perform their role as the purveyors of social cohesion. In terms of future union strategies, this implies a serious effort to prevent any deterioration of income inequalities in developing countries.

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11 In India, the real wages and non-wage benefits negotiated through company union structures increased during the 1980s. This happened mainly in capital-intensive industries which opted for technological upgrading. It also appears that certain regions of India which are late entrants to the field of industrialization have derived special benefits from the new bargaining structures. The new entrants have had a comparative advantage: they are better endowed with infrastructure, are pro-business, and they are less affected by militant unionism. These regions also claim a congenial environment for human resource management and non-antagonistic labour relations. These features in turn have significantly influenced the pace and pattern of industrial development in different regions of India. Employment and wages declined over the years in other parts of the country, where there were large labour intensive industries in the past and where militant unionism fiercely resisted new technology. Such industries became virtually extinct and the regions which harboured them became industrial wastelands. The textile mills of western India and the jute mills of eastern India are cases in point (Sherlock, 1996).
In the rest of this paper we look at some union strategies which could prevent an aggravation of income inequalities.

### 5.3 Collective action and institutional benefits

Union capacity to deliver successful outcomes depends on whether workers’ rights and interests have been incorporated into legislation or other regulatory instruments of the labour market. As for building institutional capacity, the following objectives have been prominent on the agenda of unions: (i) legislative provisions guaranteeing job security, unemployment insurance, and special benefits on termination of employment; and social security providing for health care and pension schemes; (ii) multi-employer agreements on employment, wages, working conditions, hours of work, and non-wage benefits of workers; (iii) ability to influence economic and social policies through consultation and dialogue with employers and public authorities.

Labour legislation, collective agreements, social security and minimum wages already in place are clear indicators of the strength and influence of trade unions. They reflect a capacity to influence public opinion and mobilize action in support of the demands of their constituents. In developing countries, notably in Asia, unions have had significant achievements in maintaining or upgrading statutory safeguards on employment and working conditions. Nonetheless, such gains are mostly restricted to workers in the formal sector.

A politically important task for unions is to build distributive institutions to defend the interests of workers at the lower end of the market, particularly the vast reservoir of workers in the informal sector. Ideally this could be attained through macro-level framework agreements encompassing minimum standards of employment, minimum wage, portable benefits including health care and safety nets which workers are entitled to irrespective of the location of employment. The question is whether unions can empower themselves to guarantee a secure income and decent working conditions for all. Such empowerment is a precondition for unions to emerge as credible partners ensuring social cohesion.

Two significant observations emerge from the studies reviewed; they also point to the tasks ahead and help us define the content of union strategies in the coming decades. First, unions are faced with rising income inequalities in developing societies and therefore should focus more on strategies to prevent any further deterioration. Second, union success in safeguarding the rights and interests of workers has come through their participation in democratic institutions. Therefore, it is only through strengthening these institutions that unions can consolidate their gains.

### 5.4 Correcting inequalities

It is time the concerns of the lower tiers of the workforce figured prominently on the agenda for collective bargaining. In practical terms unions should aim at securing a minimum income for all in the labour market. The means of action should be through establishing minimum standards on employment, wages, working conditions and social security, and also ensuring universal access to these standards.

Trade unions are ideally placed to lead an initiative for a social minimum wage, consisting of the right to income security and other entitlements such as education, health, shelter and a safe environment. The exact nature of such entitlements could be decided at societal level through agreements on redistributive transfers involving the social partners. Transfers aimed at meeting
the basic needs of the population can help set the “reserve price of labour” at a politically acceptable level, which cannot be undermined by market forces.\textsuperscript{12}

The above approach to setting wages through redistributive transfers is significantly different from the conventional approach to fixing minimum wages through administered prices. Here the emphasis is on the political process which requires political parties to enter the field and organize the unorganized around a redistributive agenda. Only political democratization with a strong emphasis on mobilizing low-income groups would make the social minimum wage a reality in developing countries. This takes us to an even more important item on the union agenda i.e. strengthening democracy and human rights in developing countries.

5.5 Building democratic institutions

One lesson emerging from the experience of unions in industrialized countries is that civil and political liberties are essential preconditions for exercising labour rights, and that only a liberal democracy can provide the institutional environment for fulfilling these rights. Many developing countries correspond to the rudimentary stages in the evolution of democratic institutions. In a number of these countries trade unions have been instrumental in accelerating the pace of transformation through their sustained support and solidarity with the struggle for liberal democracy. Only prolonged struggle and profound sacrifice have brought them closer to the goal of guaranteeing civil and political liberties to a broad spectrum of society.

The Republic of Korea is a clear example of unions transforming their initial organizing space into political space and decisively influencing the transition to democracy. Such transition was the culmination of a series of events, most notably the struggle to revive democratic institutions against an authoritarian regime. Democratization led to new union structures, the organization of new groups, multiple unionism and new political affiliations. Securing legal status for unions, particularly white-collar unions and industrial unions, was a significant achievement of the Korean labour movement. Similarly, the rise of multiple unions associated with political parties in a pluralist environment is a recent development (Song, 1999). The parallel development of democracy and trade unions in the Republic of Korea only underscores the synergy and strength the two institutions can derive from each other.

More importantly, the experience of East Asia is likely to be repeated in other countries. In this scenario trade unions would eventually lead the way to a constitutionally liberal society in which civil and political liberties, including the right to life, property and freedom of expression, become accessible to all citizens. This goal also implies a long and difficult journey ahead for the unions, as many developing societies are far from any constitutional guarantee of civil liberties. In such situations, it is the workers, notably migrants, minorities, those in the informal sector and in rural labour markets, who bear the brunt of human rights violations.

Trade unions, as representatives of a very organized and articulate group in society, have a historic mandate to defend and promote human rights. To achieve this, unions need to move beyond their customary role of defending civil and political rights as the basis of labour rights, and enter the broader terrain of defending economic and social rights. Union priorities in this field include appropriate human rights programmes in collaboration with other actors in society.

Here we come to the strategic importance of unions building alliances and coalitions between the partners in civil society with a view to building support for a human rights agenda. Such

\textsuperscript{12} This point has been elaborated in relation to the observed increase in real wages of agricultural labourers in Kerala, India (Jose, 1994).
coalitions among interest groups in pursuit of common goals and shared values are absolutely essential for unions to fulfil their historic mission of maintaining social cohesion.

The value of collective action pioneered by unions as a means of attaining common objectives is widely recognized by a broad spectrum of interest groups. At the same time, unions themselves are entering partnerships or strategic alliances with other actors in civil society, including gender groups, cooperatives, community associations, human rights bodies, consumers and environmental groups. Often they require trade unions to transcend the boundaries of the workplace and address the concerns of communities, ethnic groups, religious organizations and neighbourhood associations.

The preceding discussion concerning the priorities of the labour movement in developing societies may be summed up as follows. A politically important option in the coming decades will be to build on its established role in safeguarding social cohesion. This implies a strategic orientation to the long-term goals of security, equity and justice for all in the world of work. The above goals are attainable through redistributive transfers, specifically aimed at correcting income inequalities and raising the level of social consumption. The strategies for reaching the goals need to be anchored in the mobilization of diverse interest groups in society on a political platform. An enduring niche for the labour movement in developing societies means a relentless pursuit of the redistributive agenda.
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