

THE FUTURE AND CHALLENGES OF THE OF THE TRADE UNION MOVEMENT IN MALAYSIA

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Abstract

This paper examines the changing environment, discusses the challenges confronting the labour movement and argues that to face the challenges ahead, leadership plays a critical role. There is a need to focus on organising the unorganised and reach out to the new generation of workers, the e-generation. Delivery of services to members is another key issue. Trade unions need to also reinvent themselves as e-organisations to survive and prosper.

Introduction

The aim of this paper is to provide an overview of trade union development in the recent past, examine the current state of affairs and prospects for trade unionism in the future, in Malaysia. This paper examines the changing business environment and the challenges confronting the labour movement. The role of trade unionism in Malaysia is that of state-employer dominated model (Kuruvilla and Venkataratnam, 1996), which could explain the low trade union density, low trade union participation and related problems such as union formation, union recognition, union influence and union busting. This paper does not purport to address all issues affecting trade unions in Malaysia.

Globalisation

Verzola (1998) suggests that there are three periods or waves of globalisation. The first wave being the period of colonialism, and followed by the post-colonial wave called the second wave of globalisation. Industrial countries and global corporations would range across the globe for investment areas, industrial markets, trading partners, and sources of cheap labor and raw materials. The post-colonial powers were industrial countries in their late stages, when capitalism had developed further, combining industrial and finance capital into huge monopolistic conglomerates in continual search for new acquisitions, sources of cheap raw materials and labor, and markets.

The third wave of globalisation, suggests Verzola, has emerged and began to be felt worldwide in the last half of the 1990's and will probably express its overwhelming presence in full force at the dawn of the 21st century. This looming third wave is the global information economy. It is marked by the emergence and eventual dominance, within the most advanced industrial countries, of the information sector - the sector that produces, manipulates, processes, distributes and markets information products. Trade unions oppose flexibility and globalisation yet it is workers with their legitimate demands for the cheapest possible food, cars, other products and holidays who are the driving force of globalisation.

In the new economic environment, employers strive to maintain flexibility in production and employment and resist the promises of job security, seniority and benefits that employers used to employ to bind employees to the job (Dau-Schmidt, 2007:12).

Trade unionism in Malaysia

In Malaysia, even though workers have the right to form and join trade unions (Section 5 of the Industrial Relations Act, 1967), their movements are carefully monitored and controlled under various labor

legislations. Three major pieces of labour legislation—the Employment Act, 1955; the Trade Unions Act, 1959 and the Industrial Relations Act, 1967 control and regulate the activities of trade unions in Malaysia. These regulations have been amended a number of times in response to current economic and political changes with the primary objectives of encouraging harmonious industrial relations and achieving the status of an industrialized country by the year 2020.

Stricter rules and regulations imposed on trade unions hampered the growth of trade unions in the Malaysian economy. Table 1 reveals that at the end of the Razak government in 1975, which marked the end of the accommodative union policy, there was a significant decline in the union growth rates. The difference in attitude of various leaders towards trade unions is reflected in the pattern of union growth. From 1970 to 1975, the conducive political environment served as a good platform for trade unions' expansion and by the end of 1975, there were a total of 451,751 union members with a remarkable average annual growth rate of 9 per cent. After the Razak government (1970 to 1975), there was a significant decline in the union growth rate. The average annual growth rate of trade union membership declined to 5 per cent during the Hussein Onn government (1976 to 1981) and further to 1 per cent during the Mahathir government. (Fatimah, Roza and Saad, 2002).

Table 1: Trade Union Membership Growth and Its Annual Growth Rate, Malaysia, 1970-2006.

Year	Membership	Annual Growth Rate (%)	Year	Membership	Annual Growth Rate (%)
1970	290,981	-	1989	637,817	3.33
1971	307,382	5.64	1990	658,656	3.26
1972	321,213	4.49	1991	658,556	-0.01
1973	343,315	6.68	1992	680,453	3.32
1974	399,920	16.48	1993	693,581	1.92
1975	451,751	12.96	1994	699,373	0.83
1976	463,019	2.49	1995	706,253	0.98
1977	461,123	-0.4	1996	728,246	3.11
1978	498,587	8.12	1997	734,685	0.88
1979	525,975	5.49	1998	739,636	0.67
1980	541,713	2.99	1999	725,322	-1.93
1981	593,687	9.59	2000	734,525	1.26
1982	611,484	2.99	2001	784,881	6.86
1983	617,531	0.98	2002	811,472	3.39
1984	593,211	-3.93	2003	788,619	-2.82
1985	607,687	2.44	2004	782,659	-0.76
1986	605,824	-0.30	2005	800,951	2.34
1987	607,126	0.21	2006	801,585	0.08
1988	617,216	1.66			

Sources:

Ministry of Labor Annual Reports, Labor and Manpower Report, and Labour and Human Resources Statistics, various years, in Fatimah, Roza and Saad (2002: 11); Department of Statistics (2006a, 2006b).

Average membership per trade union dipped from 1,945 in 1982 to 1,296 in 2003. It is clear that while there is an increase in the number of trade unions, the increase is greatest among unions with small memberships. For example, 246 trade unions had memberships of fewer than 5,000 in 1982, increasing to 501 in 1997 and 581 by 2003. During these two decades, the number of unions having over 5,000 members has shown only a very small increase, from 26 in 1982 to 28 in 2003.

Trade union density in Malaysia is low, 9.35 percent in 1990 (Ministry of Human Resources, 1991), dropping to 9.24 percent in 1995 and 7.87 percent in 2000 (Dept of Trade Union Affairs, 2003; Department of Statistics, 2006b). In 2004, density was 7.84 percent (Department of Statistics, 2006a, Department of Statistics, 2006b). Despite a slight increase to 8.5 percent in 2002 (Table 2), density has seen an overall decline in subsequent years, with 7.7% in 2006 (Table 2). If an increasing number of people have work, why are fewer of them joining unions? This was a pertinent question posed by Denis McShane, a Labour Member of Parliament in UK (2001: 110). This question is also relevant to Malaysian trade unions.

Table 2 Membership of Employee Trade Unions by Sector and Union Density, 2000-2005, Malaysia

Indicator	Year							
	1995	2000	2001	2002	2003	2004	2005	2006
Trade Union								
Private	281	351	364	376	380	380	390	396
Government	135	127	131	130	127	130	127	130
Statutory Bodies/ Local Authorities	88	85	83	79	88	87	91	92
Total	504	563	578	585	595	597	608	618
Trade Union Membership								
Private	396,663	422,299	432,867	448,781	420,821	418,381	425,638	
Government	226,823	236,524	284,008	295,132	298,000	296,139	309,207	
Statutory Bodies/Local Authorities	82,767	75,214	68,006	67,559	69,798	68,139	66,106	
Total	706,253	734,037	784,881	811,472	788,619	782,659	800,951	801,585
Total Employment	7,645,000	9,321,700	9,535,000	9,542,600	9,840,000	9,986,600	10,043,700	10,408,000
Union Density (%)	9.24	7.87	8.23	8.50	8.01	7.84	7.97	7.70

Sources:

Department of Trade Unions, Ministry of Human Resources (http://www.mohr.gov.my/mohr_key.php, accessed 30 June 2006).

Department of Statistics (2006) *The Malaysian Economy in Brief*, Malaysia, May;

Department of Statistics (2006) *Malaysia Economic Statistics-Time Series 2005*, Malaysia, February.

Note: * Figures are for January to September 2005.

Ministry of Human Resources (1999) *Labour and Human Resources Statistics 1994-1998*.

Besides legislation, the growth of trade unions in Malaysia is also influenced by other economic factors. Favourable legislative and business conditions in the mid-1970s provided the most fertile period for union growth. As a result, there was a remarkable rise in trade union growth at an average of 15 percent between 1974 and 1975 as the gross domestic product rose at an average of 10 percent. Severe recessions in the middle of the 1980s and at the end of the 1990s posed difficulties for the expansion of labor movement.

Trade unions can be seen as important instruments for protecting workers' interests. Malaysia's first Prime Minister, Tunku Abdul Rahman, declared that the growth of healthy trade unionism "is being encouraged by the Government to provide bargaining power to union members for the ultimate purpose of safeguarding their interest and well-being" (Josey, 1958: 1). Yet, former Prime Minister Dr. Mahathir had declared that trade unions were 'superfluous' (Mahathir, 1982:108), lacked strong involvement in national development policy (Rasiah and von Hofmann, 1998) and were 'meek and conservative' (Ramasamy, in Murugasu, 2000:2). With a large number of small unions, the movement is highly fragmented, based on trades,

occupations, industries and establishments, and further separated on a regional basis, which is, Peninsular Malaysia, Sabah and Sarawak.

The legal and institutional environment is not favourable to the development of a strong trade union movement in Malaysia. The union movement is faced with a number of challenges, notably from neo-liberal policies and changing structures of employment. Malaysian unions are generally small, fragmented and regional. This is also due to the strict requirements of the Trade Union Act 1959. The government has the absolute right to grant union registration or withhold it. At the level of the workplace legislation restricts the subjects of bargaining (transfers, promotions, layoffs, retrenchments and job assignments deemed outside its scope), and the ability of unions to strike. Thus, argues Kuruvilla (2006), the scope of bargaining directly affects the extent of social dialogue. Thus, a significant segment of the working population remains unorganised. Wu (2003: 310) has highlighted the rather weak position occupied by the trade union movement in Malaysia:

“Hallmarks of the Malaysian industrial law include tight regulations of trade unions, their activities and the conduct of industrial relations. Control is secured mainly by restrictive laws and vesting wide discretionary powers in the Minister and the two Director Generals (of Trade Unions and of Industrial Relations). The absence of statutory direction for the exercise of these powers, coupled with a diminished ability of the judiciary to intervene, leads inevitably to a very timid trade union movement often unable to adequately protect the legitimate interests of the workers. The law as it currently stands is loaded in favour of employers.... It is not a reflection of a genuine partnership between employers and workers” (Wu, 2003: 310).

The decline in density can be attributed to a number of reasons: the inability of trade unions to organise new establishments. It can be attributed in part to lowered worker interest and stiffened management opposition to unionism, unfavourable changes in the political and legal environment for collective bargaining and by management actions such as creating additional pseudo-managerial posts. It can be argued that much of the decline in Malaysian trade union density is also due to increased management resistance to new unionism and reduced worker interest in unions, induced by a tougher economic environment abetted by a more pro-employer legal environment.

Trade unions all over the world are under attack by the very forces, drivers and consequences of globalisation. Barber (2003), the TUC General Secretary in UK, argues that increasing global economic competition and capital mobility, rise of cross-border production networks combined with outsourcing, neo-liberal economic policies, rapid pace in technological innovation, privatisation, contraction of the manufacturing sector and expansion of the services sector, changes in production processes, and growing employer resistance to unionisation have reduced the number of “organisable” workers, exacerbated difficulties in union organising and adversely affected membership commitment to unionism. Weak enforcement of labour laws also contributes to union membership inertia.

Many issues now confront the labour movement, and pose a great challenge to its ability to protect workers’ interests. These issues include:

- Trade liberalisation and deregulation arising from globalisation and competition
- Power and influence of multinational corporations (MNCs) coupled with their strong anti-union stance, since the 1970s. These have restricted growth and influence of trade unions, removed well-established minimum standards, blocked minimum wage legislations, weakened collective bargaining and flooded the labour market with foreign workers.
- Union busting: Sub-contracting/outsourcing jobs abroad; Redesignation of job titles, e.g. British American Tobacco.
- Requirement of union to receive recognition from employer: some applications take as long as 3 to 5 years (MTUC, 2007b: 17).

- Implementation of technology without due regard to implications on workforce.
- Core labour standards and non-ratification of Convention 87 on Freedom of Association and the Right to Organise and bring relevant legislation, policy and practices in line with the letter and spirit of Conventions 87 and 98.
- Many restrictions on union formation: wide discretionary powers of Director General of Trade Unions.
- Bargaining power and influence of MNCs has tremendously increased. Argument by MNCs is that labour standards and workers' rights' clauses will drive away investors.
- Traditional work systems are changing, with increasing focus on flexibility; restructuring, leading to flatter organizations and work intensification
- The harmful "race to the bottom" competition and cost-cutting measures by unscrupulous employers. The consequence: precarious jobs
- More women are joining the workforce; exposure of women to discrimination, low wages, sexual harassment and poor working conditions.
- Consumerism and environmentalism, and social issues such as drugs, alcohol addiction/smoking and HIV/AIDS; and health care.
- Environmental protection

Sectoral employment in Malaysia

There has been a clear shift in sectoral employment. In the primary industries sector, total labour force in 1995, 2000 and 2005 have been 20.4 percent, 18.66 percent and 15.08 percent respectively (Department of Statistics, 2006a: 23; Department of Statistics, 2006b: 185). This decline is also noted in the secondary industries sector, with 31.91 percent, 31.89 percent and 29.42 percent respectively. However, the tertiary industries sector has seen an increase in labour force, that is, from 47.69 percent, 49.45 percent and 55.5 percent respectively. This shift towards the tertiary industries sector clearly has effects on industrial relations. An example is the sharp decline in membership in the National Union of Plantation Workers. It is also reflected in the decline in trade union density in Malaysia.

Decent Work and Minimum Wage Agenda

Action to improve the living and working conditions of people is an integral part of the four strategic objectives within the ILO's mission of decent work for all, and these are employment, recognition of rights and respect, social protection and dialogue (ILO, 2004: 16). As part of the trade unions' Decent Work Agenda, trade unions cannot tolerate nor ignore forced labour. Trade unions can play crucial roles in areas such as child labour, migrant workers, domestic workers, discrimination and the informal economy. Different approaches and activities have been put forward that can be divided into three pillars: research and data gathering, awareness raising and campaigning and reducing vulnerability.

The government's rejection of its call for minimum wage legislation and for allowing the millions of migrant workers, with low wages and poor working conditions to work in the country is certainly disappointing. MTUC (2007a) sees government's action as a deliberate attempt to suppress wages.

Currently the Employment Act which sets minimum conditions on annual leave, sick leave, public holidays, working hours and a few other terms and conditions is silent on the basic and most essential issue of wages. Absence of a specific provision on wages has led to widespread exploitation. The MTUC stresses that the Employment Act 1955 should be amended to stipulate a minimum wage of RM900. It asserts that the minimum wage is a way of protecting vulnerable workers who are often subjected to exploitation.

Further, it is a means of redistributing income. Although unemployment has declined and real gross domestic product (GDP) has increased steadily since the 1997 Asian Financial Crisis, inequalities, as measured by the Gini coefficient, have worsened from 0.442 in 1990, 0.452 in 1999 to 0.462 in 2004

(NMP, 2006). In addition to the minimum wage, MTUC and its affiliates have also demanded a cost of living allowance (COLA) of RM300 per month (MTUC, 2007a: 22).

Organising the unorganised

Union revitalisation involves the reorganisation and re-composition of unions to meet the problems of work and employment. It focuses on innovating and strengthening union strategies to dramatically reverse the decline in union membership. It brings to the trade union organising campaign and agenda community concerns – union issues as community issues and vice versa.

While there are no specific studies on youth participation in unions in Malaysia, research in Australia, New Zealand, North America and Europe shows a decline in youth membership in unions, and in some countries, at an alarming rate. The work attitudes of the new generation of younger workers are different. Their interest is greater in non-work benefits and they are less keen to join the labour movement. The failure to mobilise young people will have greater consequences in the years to come.

Organising is about getting membership, and retaining these members. MTUC, the national labour centre, has 19 Vice-Presidents covering the various committees and groups. Considering the rather small growth in trade union numbers, are the Vice-Presidents and other office bearers doing enough in organising the unorganised? The weakening effort on the part of unions to organise aggressively and extend union representation to non-traditional sectors, for example, women and white collar employees, and come up with innovative organising strategies and tactics to enhance membership commitment to unions may have contributed to the decline in union share of the workforce.

The issue of organizing has been documented in both the Genting Declaration of 1989 (MTUC, 1992: 31) and the Langkawi Declaration of 1997 (MTUC, 1998: 18). In the Genting Declaration, Sabah and Sarawak were given special attention as the two states were neglected due to distance. The need for full-time workers to be employed to organise the unorganised was also considered. As for the Langkawi Declaration, MTUC was to launch a door-to-door campaign by July 1997, and to organise 1 million workers within its fold by the year 2000. The success, or otherwise, of these plans needs to be reviewed.

Also included in the Genting Declaration (MTUC, 1992: 32) was the possibility of bringing non-affiliates within the fold of MTUC. Seminars, courses and dialogue sessions were proposed to be held to create awareness for the MTUC to be strengthened. It appears that these have not been successful.

E-union

Each new generation of workers shows more adaptation to, and reliance on, the new information technology to conduct their lives. Unions can use the information technology to transmit information on wages, benefits, work disputes and boycotts, as well as to coordinate efforts in collective action both locally, and around the world. The labour movement should fully exploit this new technology, especially as it attempts to organise the e-generation, argues Unions21 (2007).

The increasing emphasis on e-unions is based on the expected benefits, and these include the easier and faster communication with union members; informing the public on its activities, seeking feedback on its activities, issues etc; information on workshops and seminars, information on education and training activities, international links and providing an avenue to do research on unions, members, etc

Unions must establish flashy homepages that workers can visit to learn about organising efforts, and they have to send e-mail messages to all of the employees of targeted firms (Rapone, 2001; Malin and Perritt, 2000, in Craver, 2005: 31).

They should also encourage firm employees who support the union campaign to communicate with their fellow workers – during their non-work times – regarding their desire for union representation. These communication channels are inexpensive and effective. No longer do organisers have to use phone calls, home mailings, and off-work meetings to reach the individuals they are trying to unionize (Craver, 2005: 31).

Some of the compelling reasons that will bring about e-unions include the following:

- a) Increasing access to the Internet through interactive television sets, mobile telephones, electronic game consoles and a whole variety of new terminals.
- b) A reduction in the real costs of hardware, software and usage.
- c) The membership of trade unions will increasingly demand the levels of services which can only be provided by the type of e-union, that is, increasingly speedy and personalised service.
- d) The final reason why the e-union will happen is that, if it does not, then unions will face extinction. Unless unions use ICT to modernise and unless unions recruit in the new companies and industries created by these technologies, unions will continue to see a decline in membership.

Possible obstacles to the e-union would include members not having access to an Internet terminal, investments in ICT (although this will reduce the costs of printing, copying, circulating and posting paper documents), a possible challenge to existing power structures (in truly e-organisations, information and power are dispersed to those most suited to make the decisions rather than concentrated at the top of the decision-making structure).

ILO Conventions

One of the four categories of principles and rights related to the eight core ILO Conventions is the freedom of association and right to collective bargaining. The conventions in this category are Convention 87 (Freedom of Association and Protection of the Right to Organize Convention 1948) and Convention 98 (Right to Organize and Collective Bargaining Convention 1949). Convention No. 87 states that all workers' and employers' organisations have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration, to organize their activities and to formulate their programs. Failure by the government to ratify this convention is seen as a denial of the freedom of association, and had profound effects on the drafting of the TUA.

Employers

Jomo and Todd (1994) and Maimunah (2003) state that tactics used by employers to control the workforce have included indefinitely delaying union recognition applications, victimising or promoting activists to remove them from the shop floor and forming company-sponsored in-house unions. The problem of recognition, or rather the lack of it, by employers has been a long-standing one, with unionists accusing employers of intentionally delaying recognition while using allegedly unfair practices to dampen unionism in the workplace (The Star 1996). In an MTUC survey of union officials in the mid-1970s, some 31 per cent stated that their employers had transferred their active union officials to make it inconvenient and difficult for them to carry out their union activities' (MTUC, 1978: 284).

Employers argue that to be cost competitive and attract FDI that they must lower labour costs, reduce the skills gap and be more proactive in drafting labour legislation that supports the recruitment of foreign labour, the mobility of labour and flexible work schemes (Shamsuddin, 2006).

Foreign labour/informal economy

One of the Malaysia's economic policies and strategies has been to maintain a low wage structure to remain attractive for foreign investors and FDI, and enhance further competitiveness in the international market arena. Core workers are threatened with the prospect of having to compete with cheaper foreign workers from neighbouring countries. Foreign workers have been brought in legally as well as illegally through contractors from Indonesia, Thailand, Burma, Philippines, Cambodia, Sri Lanka, India, Nepal and Bangladesh (Navamukundan and Subramaniam, 2003:343). This is a convenient and inexpensive way to obtain labour services, but it is easy to abuse workers' rights through this system. While illegal immigrant workers are helpless because they cannot be identified in the formal system, legal immigrant workers face various tactics by employers and contractors to keep them out of trade union membership

The Ministry of Human Resources declared that migrant workers can join a trade union in their workplace. While on the one hand, it offers an opportunity for trade unions to offer protection to this group, it also poses a challenge. The Immigration Department, which issues the work permit strictly prohibit migrant workers from joining an association. Further, employers impose a condition that migrant workers cannot join a trade union (MTUC, 2007b: 12). This conflicting state of affairs has not been rectified by the government.

According to Cruetz (2004), MTUC's findings showed that contract workers (more than 70 per cent of them are construction workers) had no security of tenure or social protection. They work in unsafe and unhealthy working conditions, have low or irregular incomes, work long hours, lack of access to training, financing and technology and health care. They are also vulnerable to harassment (including sexual harassment) and other forms of exploitation and abuse, including corruption and bribery. Contributions to SOCSO and EPF, in particular, are unheard of and are, therefore, more vulnerable in the event of injury, disease or death. In case of job loss, they have no avenue for assistance, as most contracts are mere verbal agreements. TUC has minimum access to policy formulation processes. Thus, its influence on the government remains limited (ILO 2000).

Politics and political education

In Malaysia, where trade unions are tightly regulated, collective objectives are undermined by the state-employer system of IR where labour market flexibility, increased productivity, individual rights and economic objectives are promoted. Union involvement in politics is strongly discouraged. The TUA does not allow employees of political parties from holding office or being employed by a union. According to the then Minister for Labour and Manpower, Dato Richard Ho, political unionism "can only lead to wide divisions within the trade union movement and prejudice its effectiveness in pursuing trade union objectives" (ILO, 1980: 286).

On September 28, 1957, then Prime Minister Tunku Abdul Rahman stressed that unions must be free from politics or political interference (Josey, 1958: 3). This was partly, to the decision of the secret Malayan Communist Party to continue wherever possible, to use the trade union movement as a weapon to create suspicion and disturbance. Accordingly, the MTUC leaders adopted a "no politics" approach (Azizan, 1989). The President of MTUC (1958-59), S.P.S. Nathan, noted that:

"We the workers have taken a definite stand. We will not be involved in politics, nor will we tolerate interference from political parties and politicians. The Malayan Trade Union Movement is a free, independent and democratic movement and we the workers intend to keep it this way" (MTUC, Annual Report 1958-59, in Azizan, 1989: 176).

However, this approach changed when the government introduced restrictive labour legislation in 1967, which transformed the industrial relations system from a voluntary to a compulsory system. Unionists perceived that the government was marginalising the trade union movement in its development strategy, and demand grew for union participation in politics (Azizan, 1989: 303). A few months before the 1969 general elections, the MTUC issued its manifesto, the “workers’ charter” which outlined the aims and aspirations of the trade union movement. It supported candidates of both the opposition parties and the ruling Alliance party who endorsed the charter, (Azizan, 1989: 185-188); signaling a shift from the “no politics” to “pro-politics” stance, while maintaining a neutral posture.

In the later part of the 1970s (MTUC, 1978, p. 30), the idea of forming a political party for workers was discussed. The Executive Committee adopted a resolution mandating the secretariat to work towards workers participation in politics. In the 1990 general elections, the MTUC took a controversial move by fielding its own candidates. This led the government to approve the formation of a new labour front for trade unions called the Malaysian Labour Organization (MLO) in July 1990 (Anantaraman 1997: 48-49). However, in May 1996, the MLO disbanded and its member union re-affiliated with the MTUC. This came about when Zainal Rampak, former president of MTUC, who also had a long-standing attachment to the opposition, joined UMNO (the dominant partner in the government since Independence) in 1996 (Bhopal, 2001).

Trade unions elsewhere have historically played as a democratic institution fighting for democracy and free markets, stresses Freeman (2005). Solidarnosc helped overturn the Soviet Empire. COSATU helped undo the Apartheid regime in South Africa. The trade unions in Zimbabwe have stood against President Mugabe’s seizure of private property and destruction of the economy. The Peronist unions helped stabilize Argentina in the aftermath of its 2001 economic crisis and have been a responsible force in Argentina’s ensuing recovery. Freeman believes that at some unknown future date, free trade unions will help China move toward democracy.

The Genting Declaration of 1989 raised the question of whether or not MTUC should involve itself in politics, and it was decided that labour movements, whatever may be the system of government, can never keep out of politics (MTUC, 1992: 20). It was stressed that a trade union is a political organisation, but not a political party. As such MTUC has an important role to play in the politics of Malaysia.

The Political Action Committee which was based on the Cameron Highlands Declaration of 1978 was found to not be sufficiently effective, and therefore the Genting Declaration of 1989 reorganised it as a Political Bureau, taking over the functions of the Political Action Committee. Feedback suggests that this bureau is inactive.

Union Leadership

Unions’ leadership is a commitment, a commitment to the cause of improving the livelihood and protecting the rights of the hundreds of thousands of workers. In this context, some questions that need to be addressed to union leaders include:

1. Are leaders doing enough?
2. Do all members attend and participate actively in meetings regularly?
3. Are all resolutions/action plans successfully implemented?
4. Are there mid-point reviews, or feedback mechanisms in place to monitor the progress of the various action plans implemented?

Some trade unions are seen as being weak, divided and reduced to confrontational politics instead of serving the wider interests of its members and society. Ayadurai (in Leong 1991: 96), partly attributes the weakness of the labour movement to ‘the incompetence of the labour leaders....’ Jomo (1994: 141) is

critical of both the MTUC and Congress of Unions of Employees in the Public and Civil Services (CUEPACS) for having failed to launch effective action against government measures that seriously weakened labour's position. Many attempts were made to reunite the MTUC and CUEPACS into a single national centre, but these attempts, argues Jomo (1994), were undermined, largely by personal interests and ambitions.

Leadership crisis between factions in unions and in the national labour centre have led to observations that such divisiveness could lead to them being ignored by the government (Fernandez 1993:18). Some of the MTUC's major weaknesses are the absence of a sound research centre run by professionals, the inability to settle differences (within and outside the organization) and even smug optimism, notes Fernandez (1997). Allegations of misappropriation of funds by union leaders do not put the union movement in a positive light among members and the regulatory authorities (see, for example, *The Sun*, 2003; Selvarani and Abas, 2004).

Leadership falls on all the principal officers, members of the General Council and officials of affiliated unions. They should be dynamic, forward looking and will set the pace for the future of the movement. Leaders should also

- strongly believe in the need for greater solidarity;
- have a clear sense of purpose, urgency and direction;
- be highly ethical and be seen as being one;
- be knowledgeable, inquisitive and well-informed;
- be dynamic, dedicated, and have the will to protect the interests of labour, including the vulnerable groups such as women and migrant workers;
- ensure that democratic practices prevail within the movement;
- be honest, have integrity and sincerity.

The ICFTU-APRO Education Policy (2004) states that trade union leaders:

- Implement effective trade union governance
- Develop, implement and evaluate strategic plans
- Encourage and develop future leaders including women
- Encourage participation in union activities and committees
- Develop, implement and evaluate organising plans
- Develop, implement and evaluate corporate campaigns

All these place very levels of trust and responsibility of the shoulders of trade union leaders. It therefore calls for a highly dedicated group of people.

Delivery of quality services

The future of the trade union is also dependent on the delivery of quality services to all members of the union they belong to. Unions have to set high standards of delivery in keeping with the performance indicators now increasingly prevalent in business organizations. In the contemporary information and communication technology (ICT), service recipients expect not just quick service but also quality service. Members' grievances have to be looked into efficiently. They are kept informed on a regular basis on the progress of their grievances, for example. One sure way to loose members is by union employees mishandling union members' problems or through poor communication skills. Regular training and development has to be an important part of their career development within the union.

Peter Mendelson, then Secretary of State for Trade and Industry in UK stated that, "Trade unions can't rely and, shouldn't, on governments to deliver them a bigger membership. Unions have to win their position by demonstrating their value to members and potential members" (DTI, 1998). Union leaders have to ask

themselves whether delivery of quality services to their members is an issue in their unions. Seeking regular feedback from their members is absolutely necessary.

Banking

There are three distinct groups of banking employees: (1) clerical and related employees; (2) officers; and (3) executive employees. In all peninsular banks, clerical and related employees are represented by the National Union of Bank Employees, Peninsular Malaysia (NUBE). Separate unions exist in Sabah and Sarawak. Officers are often represented by the Association of Bank Officers, Peninsular Malaysia (ABOM). It was established in 1981 as a passive breakaway from NUBE after the Registrar of Trade Unions ruled that officers could not be covered by NUBE. Some house unions were established as breakaways from ABOM because the relevant companies offered better terms than were available through the ABOM collective agreement (CA). Employers in peninsular Malaysia are represented by the MCBA, which negotiates the industry-wide collective agreement on behalf of the banks (Peez and Todd, 2001).

A decade ago, NUBE led the establishment of a breakaway union federation, the Malaysian Labour Organisation (MLO). Had the Government opposed the formation of the MLO, it could not have occurred. Instead, MLO was given equal status to the much larger MTUC on several Government committees. Allegations were made that the MLO was supported by the Government, allegations NUBE and Government both consistently deny. Nonetheless, in May 1996 the MLO was disbanded and its member unions, including NUBE, reaffiliated with the MTUC (Peez and Todd, 2001).

Bank employees are prohibited from engaging in strikes because they are said to be working in an essential service. Accordingly, bank unions resort to other tactics. Pickets are common, though picketers' signs cannot be held up with sticks as sticks could be used to intimidate. Another tactic is for employees to wear black armbands. They can then tell inquisitive customers about their claim. Buttons with slogans such as the provocative "we protest injustice" are also common.

National Union's of Banks Employee (NUBE), which represents clerical and non-clerical workers, organised the first nation wide protest against Malaysian Commercial Bank's Association (MCBA), on 3 November 2007. MCBA agreed to 30% salary increment with a condition that workers give up 2 months bonus, a benefit which was in their collective agreement for the last 30 years!

The negotiations on the collective agreement for 2006 to 2008 reached a deadlock on Aug 28, 2007. The agreement was referred to the Human Resources Ministry, which in turn had directed the matter to the Industrial Court because MCBA officials did not show up for two reconciliation meetings set by the Industrial Relations division of the ministry.

On 8 January 2008, at the meeting, between NUBE and MCBA, MCBA stuck to the same proposal (14% salary increase + 16.66% (2 months bonus) incorporated into salary, discontinue the contractual bonus and introduce performance bonus). On 21 January 2008, 154 NUBE members and Exco were granted the opportunity to spend an evening with Prime Minister Datuk Abdullah Badawi at his Sri Perdana Residence. Upon the request of the Prime Minister, the Executive Council of NUBE, unanimously decided to remove all badges and slogan of protest with effect from 22 January 2008. The final outcome of this dispute is expected after the coming elections.

Conclusion

Overall, the number and membership of trade unions has continued to increase. However, the rate of increase is not at the rate of increase of the workforce, therefore resulting in a decline in trade union density.

There is a sustained shift in the work environment, which is, more skilled workers, more female workers, greater flexibility in job design and use of information and communication technology.

Malaysia's dependency on global markets, accompanied by the need to attract foreign investors and keep investments certainly poses major challenges, but the trade union movement will have to continue to fight an uphill battle in trying to organise the unorganised into a union of their own choosing.

It should be made very clear that none of the proposals in this paper is intended to obviate the need for unions to continue to use traditional, face-to-face methods of organising and motivating their members. The appeal is for unions to become more flexible, more inventive, and more modern in how they organise and serve each of their members. The challenge is to do it all in a systematic, pro-active way.

The challenge for union leaders is to build a union movement that can respond effectively to the threats and opportunities that it faces with the growing influence of MNCs and the growing numbers of bilateral trade agreements. Leaders would also have to build effective alliances with civil society and enhance international trade union solidarity. Trade unions will have to reinvent themselves, and be seen as relevant and responsible by the general public.

Trade unions can help in improving occupational health and safety, decent work and social dialogue with government and employers. It is therefore important that workers secure union recognition. Unions have to secure their position by demonstrating their value to current and potential members. Ultimately, the future of trade unions in Malaysia and their ability to play an active role will be determined by their ability to influence the policies adopted by employers and governments, as well as their success in convincing workers to join and remain in their ranks.

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