

# Union membership in Ireland since 2003

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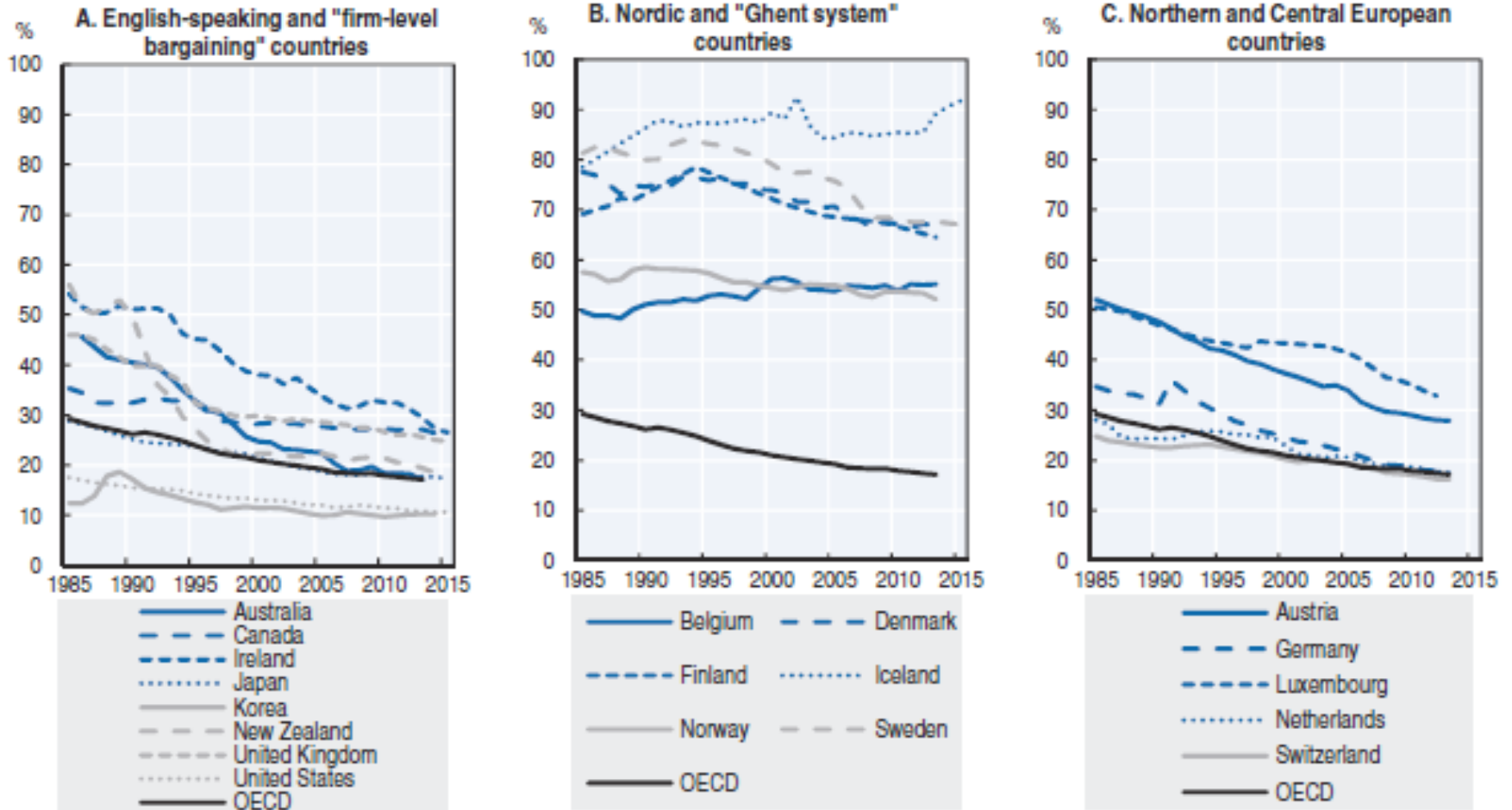




- Trade Union Membership has declined in Many countries over recent decades ( 45.8% in 1994 and under 25% in 2017)
- Walsh JSSISI (2015), Strobl & Walsh ESR (2009) document a steady decline in union density which seems to be difficult to explain due to composition effects
- We show there has been an acceleration in the downward trend during and after the recession
- The decline in public sector membership is striking
- There is evidence that this is concentrated in Post 2010 public sector workers

# Figure 4.2. Trends in union density

Percentage of employees,<sup>a</sup> 1985-2015

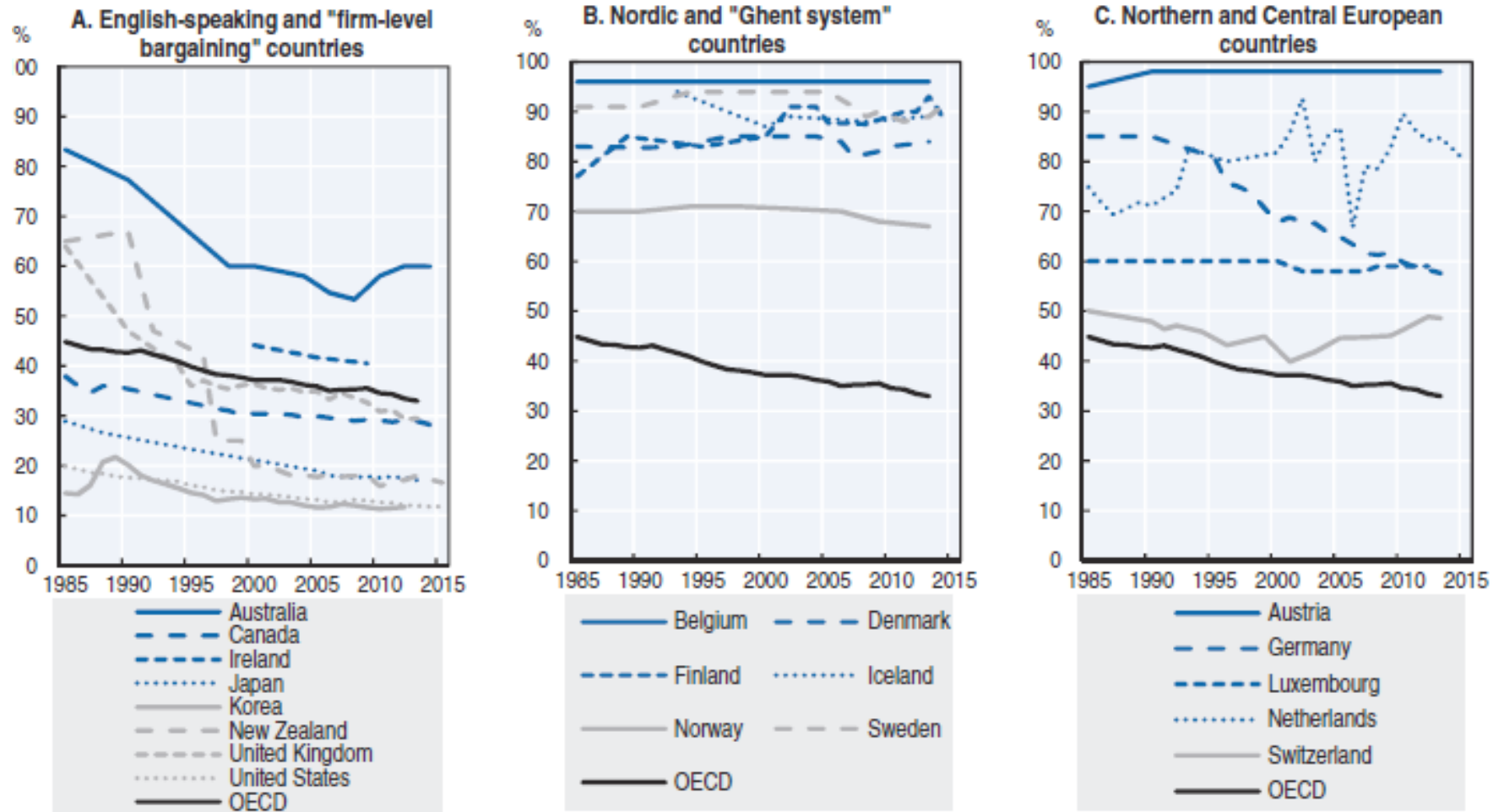


OECD Economic Outlook 2017

The patterns suggest that the free rider argument outlined by Olson (1965) is an important element in understanding membership

Figure 4.5. Trends in collective bargaining coverage rate

Percentage of employees with the right to bargain, 1985-2015



OECD Economic Outlook 2017

The trend in collective bargaining coverage is less stark



- The decline in membership is larger and more pervasive than the decline in collective bargaining coverage internationally
- Arguably the impact of unions on public policy and on employment outcomes is more likely to be positive if Unions are more representative of the workforce

- Primary data source: Quarterly National Household Survey
- Large sample collected quarterly and used to generate official statistics between 2003-2017 quarter four
- **Employees only** are asked:

*“Are you a member of a trade union or staff association which represents its members in labour and industrial relations issues?”*



## CSO VS Administrative data

- **The LFS union membership data does not include persons who are not employees the time of the survey. Administrative sources may include self-employed, Unemployed & Retired members etc.)**
- Proxy interviews included in the LFS rely on the proxy respondent's knowledge to correctly identify a union member.
- It is possible that if one person is a member of two trade unions they would be counted twice in the administrative data but this would not arise in the LFS as any given person can only be counted once.
- For ICTU data we only have data for unions affiliated to congress

## Comparison between ICTU and CSO Membership

Year Q2	ICTU(ROI)	CSO (Missing Reallocated)	CSO/ICTU
2003	565	577	1.02
2004	561	561	1.00
2005	571	565	0.99
2006	591	579	0.98
2007	598	577	0.97
2008	602	584	0.97
2009	570	543	0.95
2010	597	514	0.86
2011	580	503	0.87
2012	569	473	0.83
2013	566	460	0.81
2014	563	435	0.77
2015	564	438	0.78
2016	528	424	0.80
2017	527	458	0.87

## Union Density CSO (Including and Excluding Proxy responses)

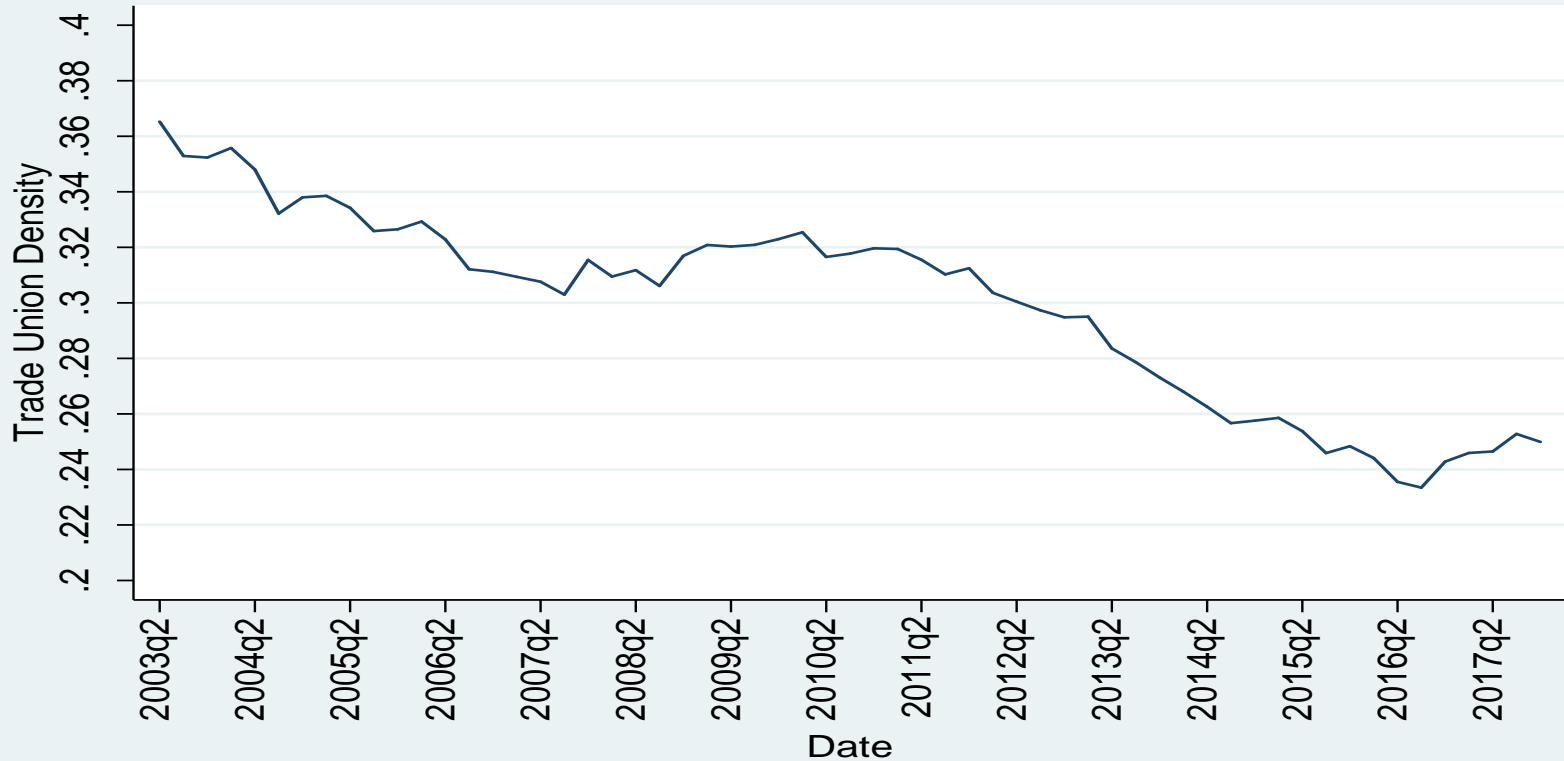
Year Q2	CSO(Density)	CSO density non proxy respondents
2003	0.37	0.39
2004	0.35	0.37
2005	0.33	0.36
2006	0.32	0.35
2007	0.31	0.33
2008	0.31	0.34
2009	0.32	0.35
2010	0.32	0.35
2011	0.32	0.34
2012	0.30	0.33
2013	0.28	0.31
2014	0.26	0.30
2015	0.25	0.29
2016	0.24	0.26
2017	0.25	0.27

**Table 1: Fraction of Union Members in employment and fraction in employment who are Employees (ESS Data)**

Year	2002	2004	2006	2008	2010	2012
<b>% Union members in Employment</b>	95.8%	95.4%	93.7%	86.7%	86.6%	85.8%
<b>% Employed Union members who are employees</b>	93.6%	94.5%	93.3%	93.0%	91.3%	93.9%
<b>Total adjustment</b>	11.5%	10.9%	14.4%	24.0%	26.5%	24.1%
<b>Number of observations</b>	400	438	334	256	327	346

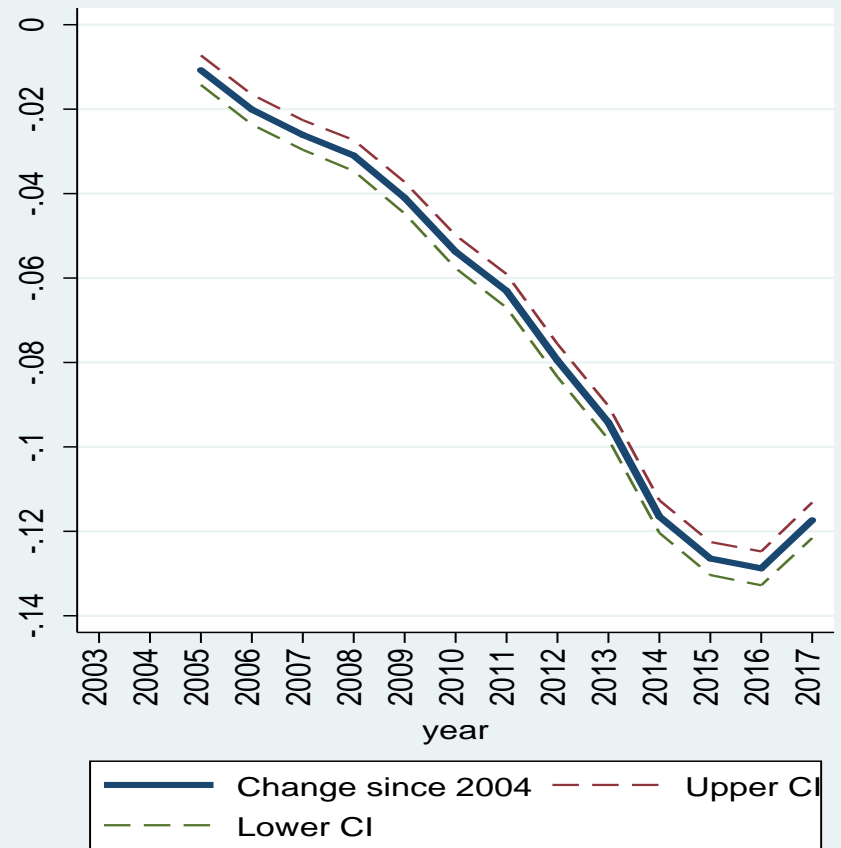
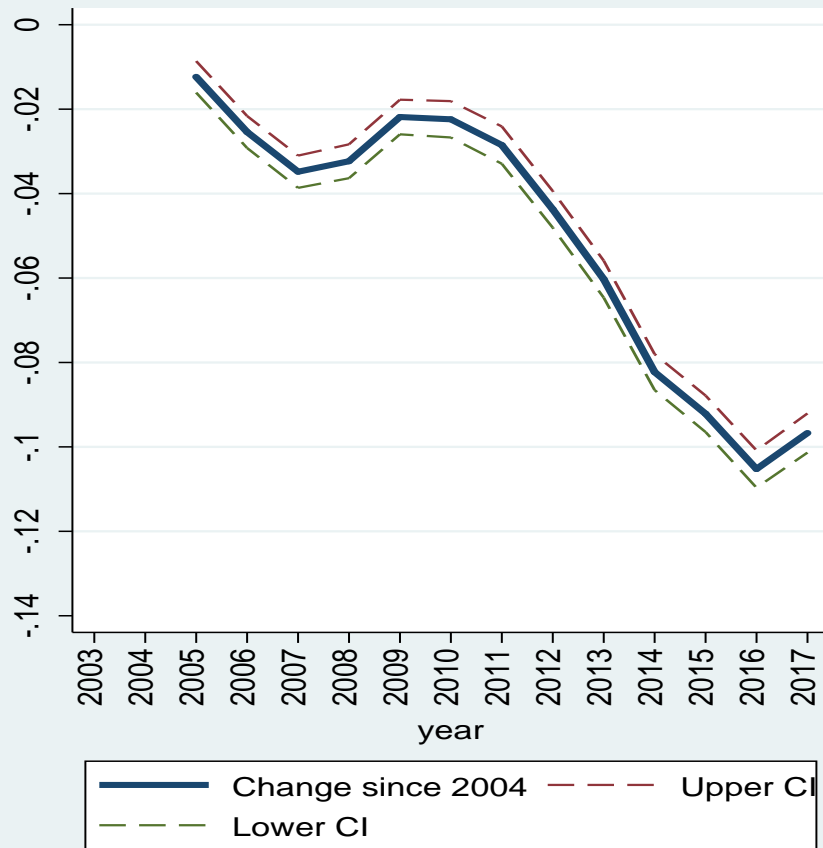
\*Total adjustment is  $(1/\%members\ in\ employment) * (1/\%employed\ members\ who\ are\ employees) - 1$

## Trade Union Density: All Employees



- Declining density appeared to reverse temporarily during the recession from 2007-2008
- In fact when we account for changes in composition there was steady decline throughout

# No Controls vs worker and job Characteristics



Left: Year and Quarter Controls (2004-2017)

Right: Three education Categories, Nine age categories, Two region categories, Male/Female, Four Nationality Categories, fourteen Industry categories, Job Tenure and Job Tenure Squared



- How much of the change in density is explained by changes in average worker/job characteristics and how much is part explained by changes in probability of membership for given type of worker

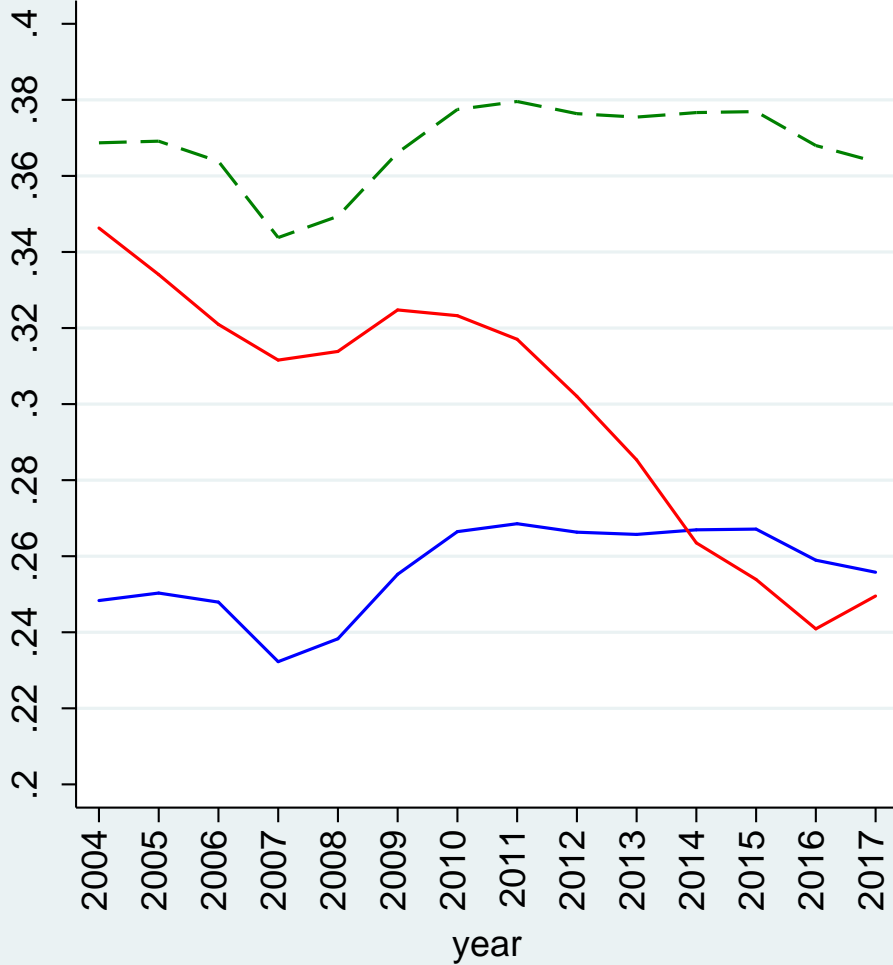
- Two Counterfactual exercises:

*(1) Estimate probability that workers with different types of personal and job characteristics in 2004 would be in a Union. Using these fixed probabilities calculate predicted membership up until 2017 letting the average characteristics vary*

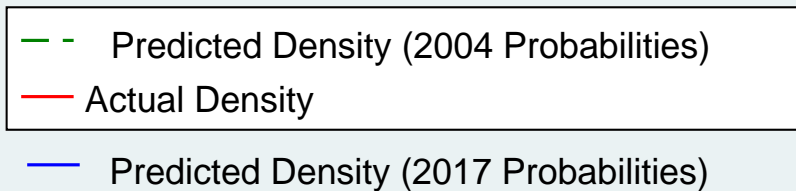
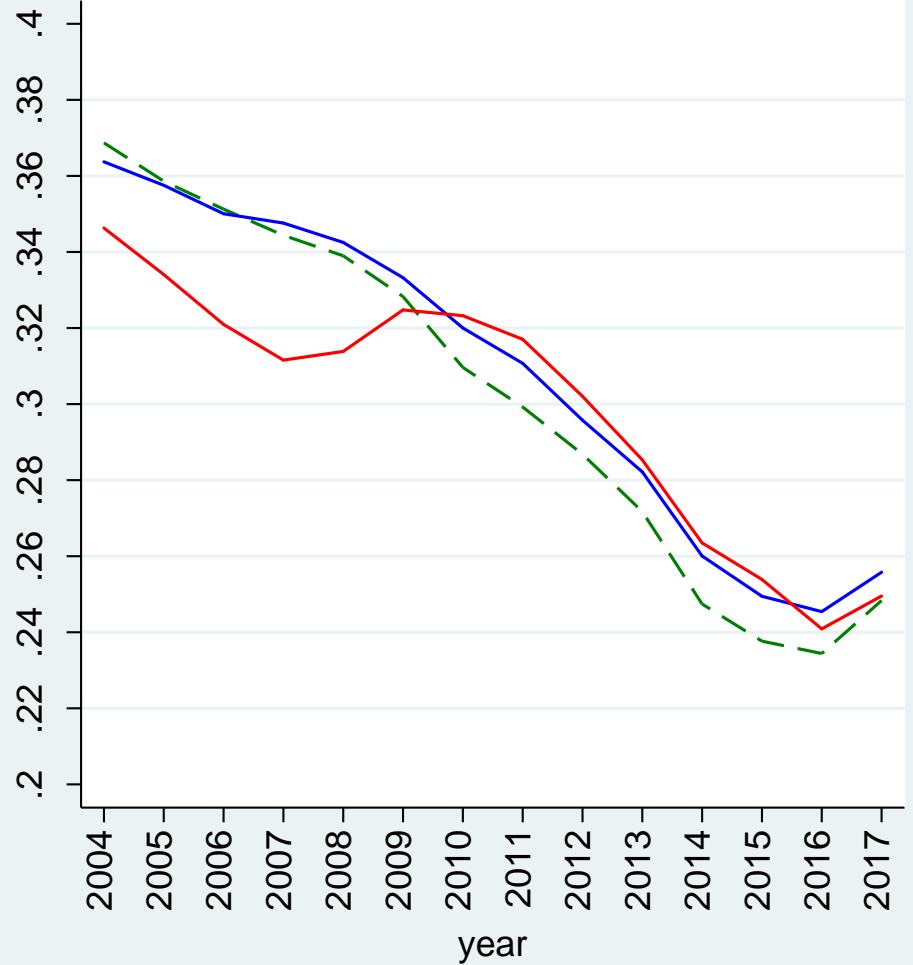
*(2) Do the same except fix worker and job characteristics at 2004 levels and let the probabilities change over time*

# Counterfactual Density Over Time

## Composition changing over time



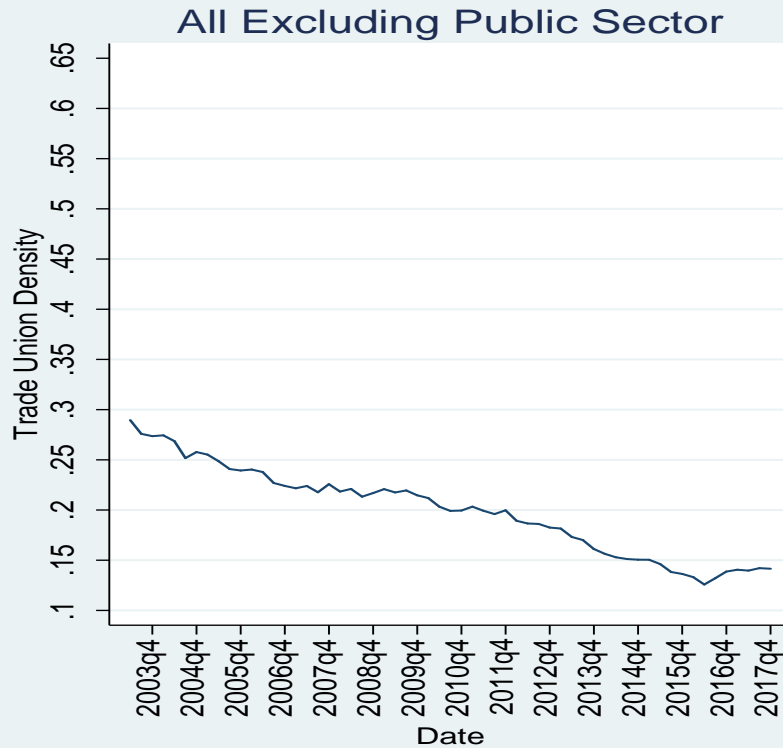
## Probabilities changing over time





- The LHS side shows little variation over time but a huge fairly fixed decline in Density depending on whether 2004 or 2017 probabilities are used
- The RHS shows a steady decline in density over time as probabilities vary, but it makes little difference whether characteristics are set at 2004 or 2017 levels
- It looks like the probability that workers of different types would join a union falls steadily over time.
- Of course there can and almost certainly will be variation within this so that the change in probability of membership over time may differ across worker types
- We will focus on the case of public vs. Private sector workers

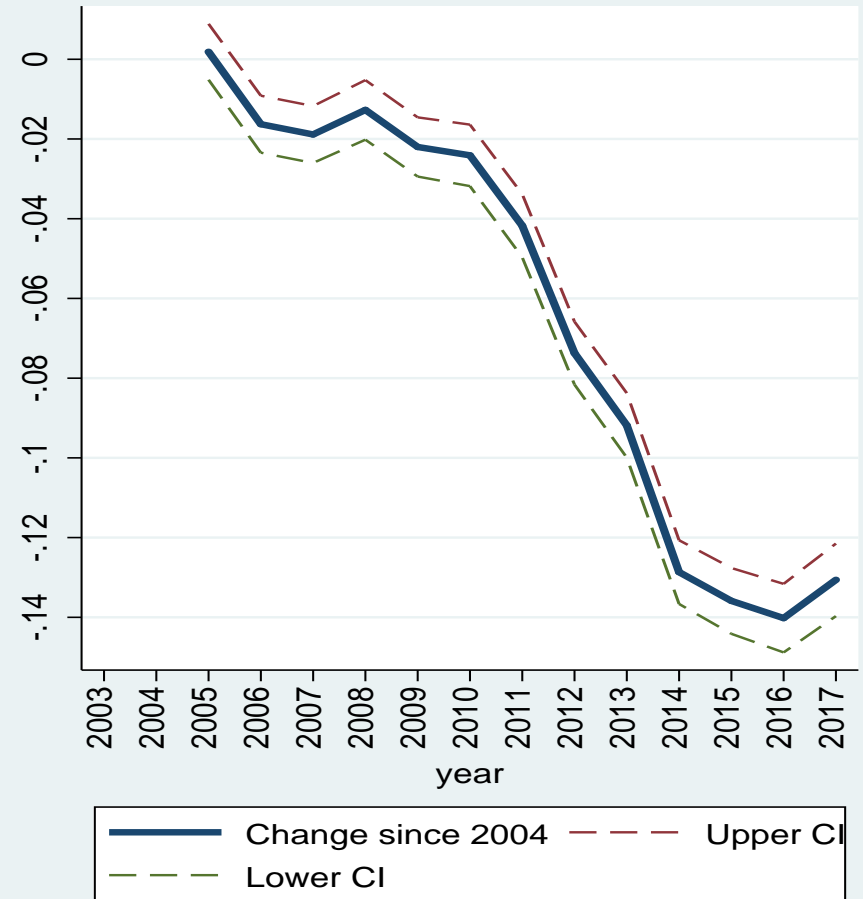
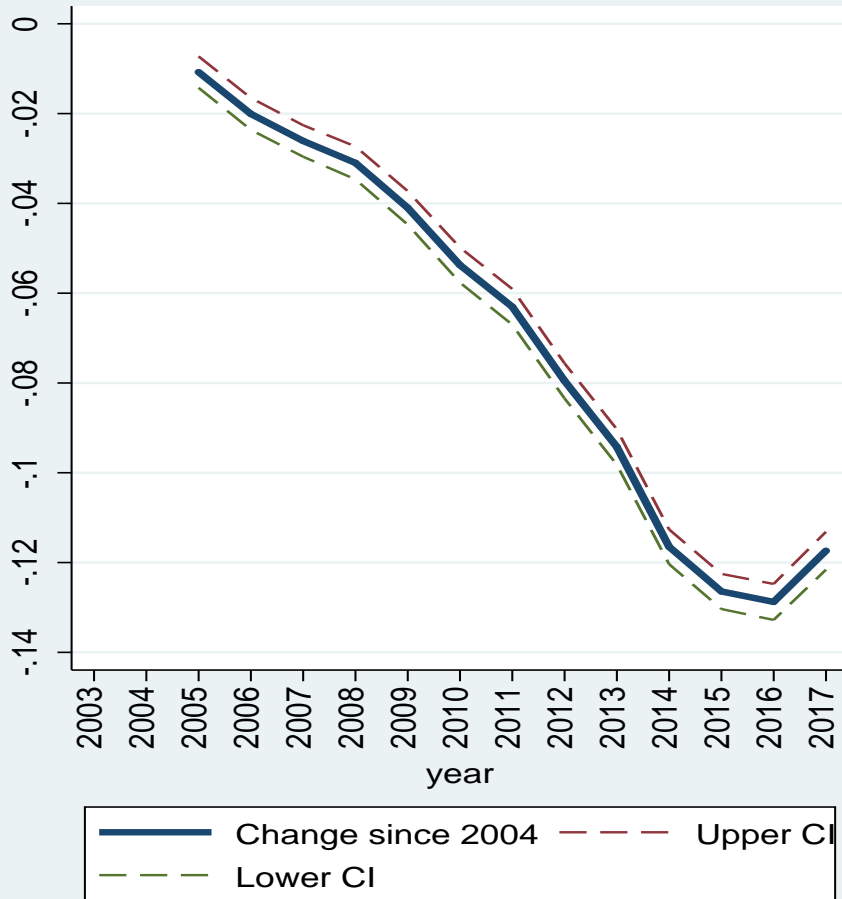
Figure 2: Public & Private sector



- For Raw trade Union Density there is a Clear downward trend in private sector Density and after 2010 in Public Sector Density

*Public is Public Administration, Health & Education*

# Worker and job and Characteristics, All vs public

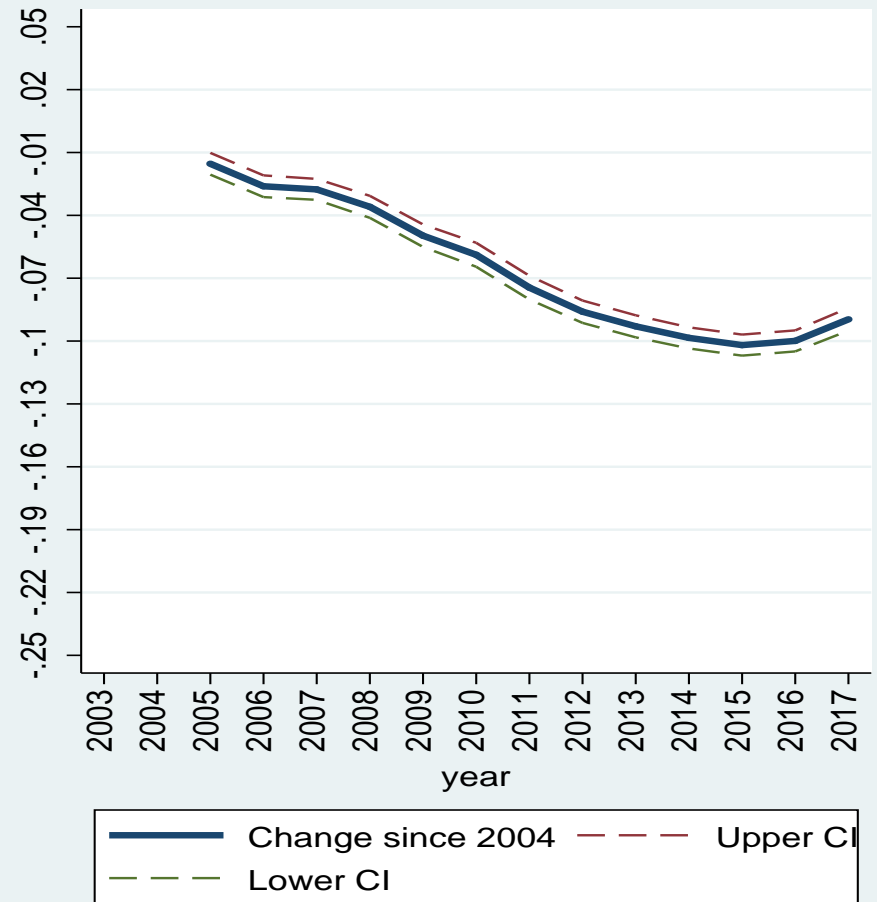
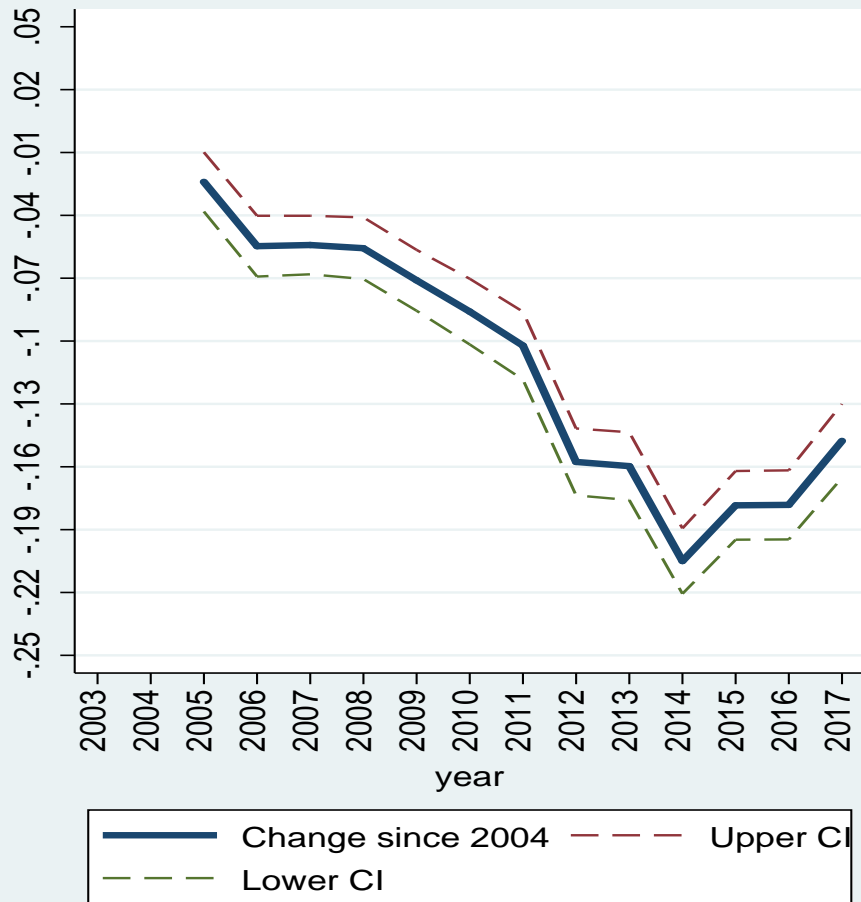


The acceleration in the decline of the density of Public sector Workers is striking

## Next we Focus the trend in membership for four groups:

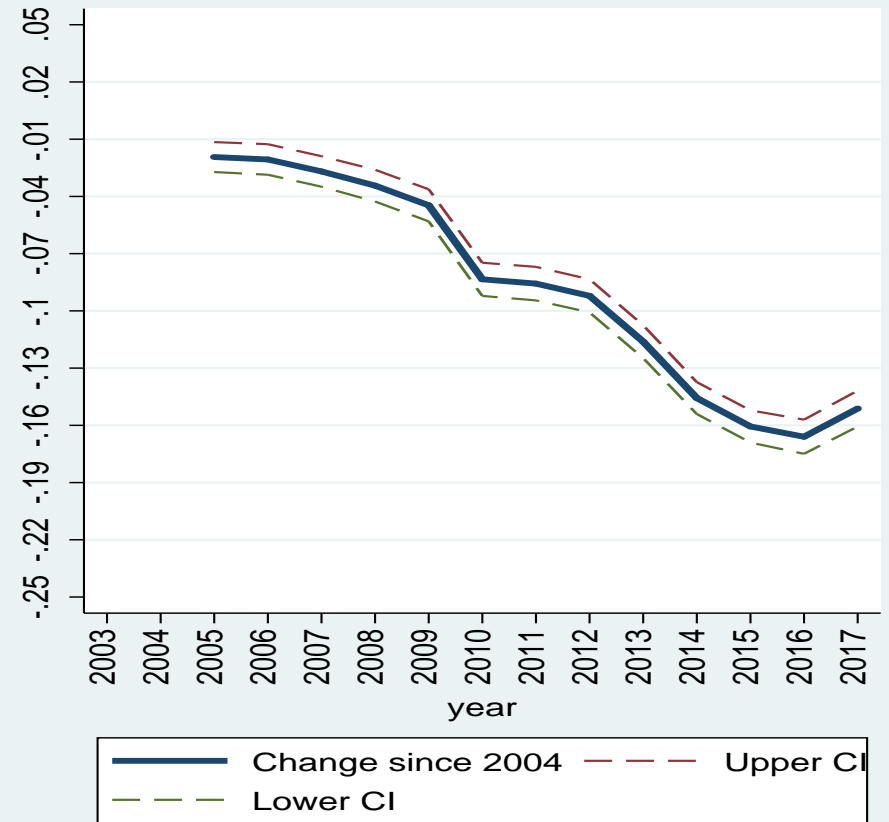
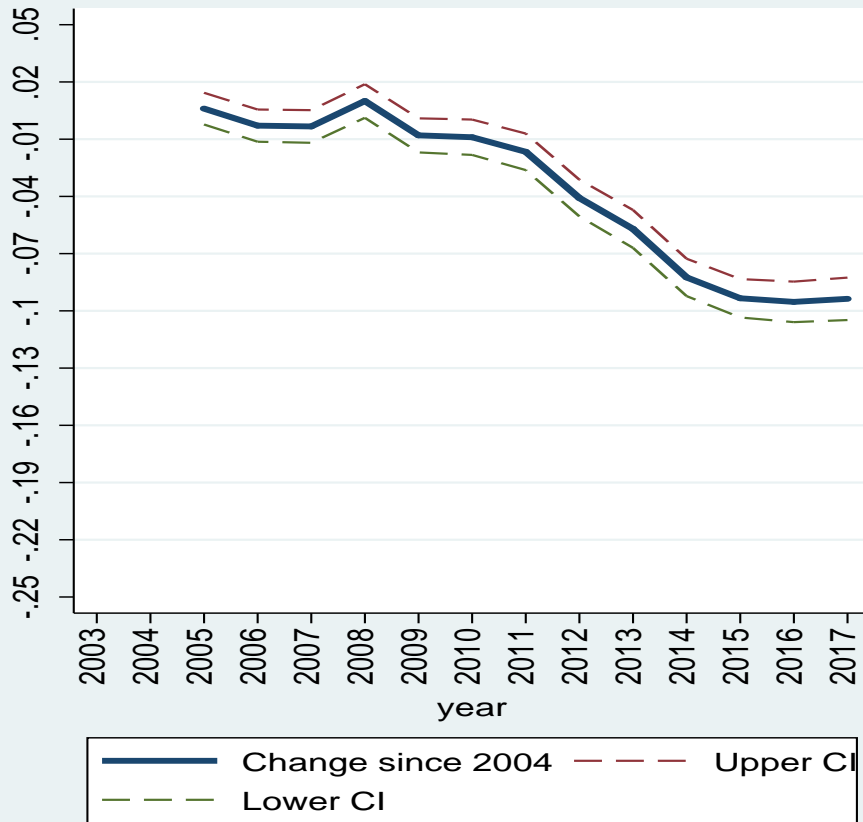
1. Public sector workers with up to 3 years job tenure
  2. Public sector workers with over 6 years job tenure
  3. Private sector workers with up to 3 years job tenure
  4. Private sector workers with over 6 years job tenure
- In the period after 2011 no public sector worker with seven plus years on the job could be adversely affected by the 2011 “New Contracts”
  - Most Public sector workers in 2011 and 2012 and all Public sector workers after this will be affected by the new contracts
  - We use Private sector workers in the same tenure group as the comparison group

# Tenure <4 Public vs. Private



- Up until 2011 Decline in density of about 10 points
- After 2011 density declines dramatically for public sector but not private, so not a general trend for new workers

# Tenure >6 Public vs Private



- After 2011 density declines much more slowly for public sector relative to private in same tenure group
- Public declines faster for those affected by new contracts and Private declines faster for those not affected

- Hirsch (2008) looks to three categories of explanations for changes in density: Structural, Competitive and Institutional.
- Arguably the above indicates that structural factors are not the cause
- Arguably no particular reason to believe that the competitive environment for firms has become more difficult since 2003
- Institutional factors clearly may matter but it is difficult to evaluate how

## Policy Implications of large decline in density

One view of unions is that they are monopolies and generate inefficiencies in the labour market

- More positive view says it depends.
- Whether unions affect employment depends on what they bargain over
- Literature also suggests coordination across sectors prevents adverse outcomes
- Evidence does suggest that unions lower profitability of firms but evidence on productivity less clear

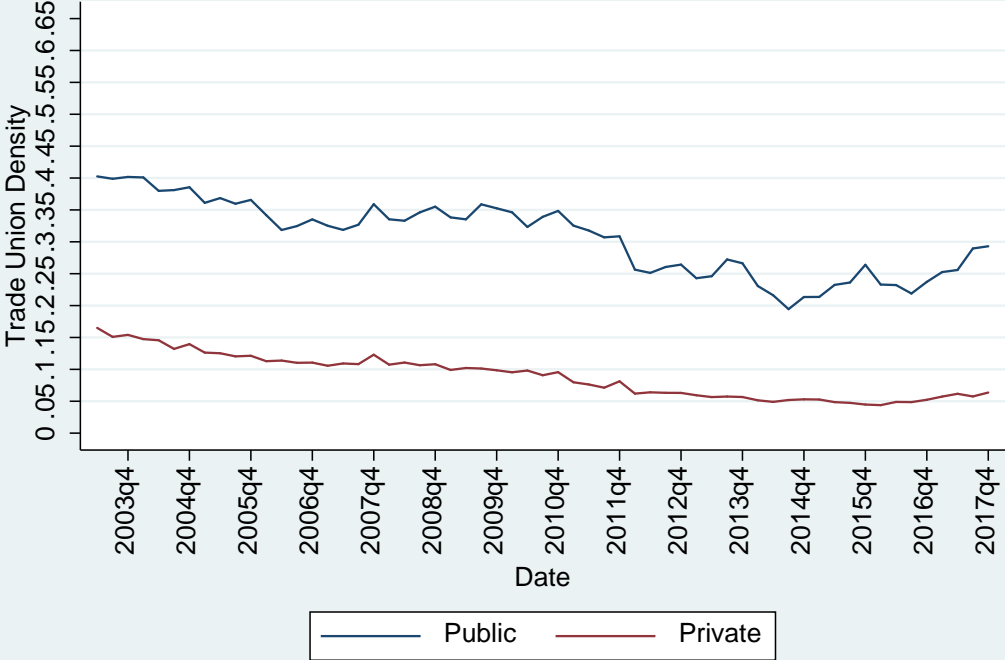


- Arguably to the extent that unions are less representative they are more likely to fit the monopoly picture
- Aghion et al (2011) provide evidence that quality of labour relations is negatively correlated with the degree of centralised state regulation
- Countries where regulation is decentralised and employee representatives play an active part in regulation are more cooperative





### Public and Private Early Tenure



## Public and Private Late Tenure

