

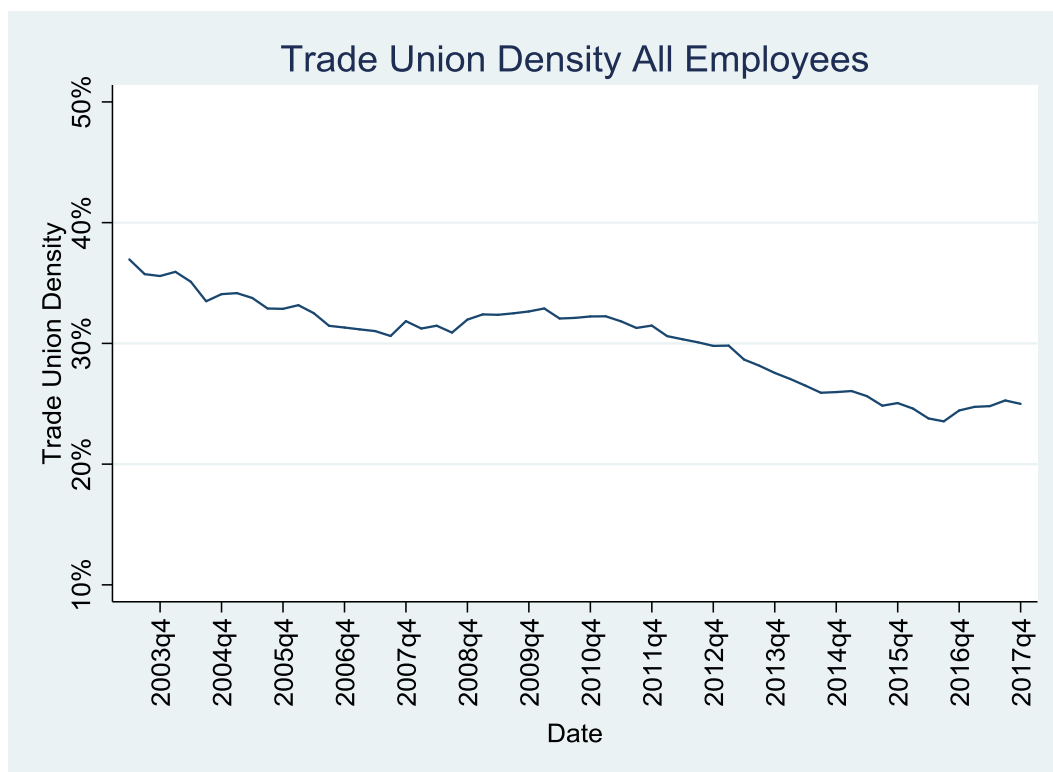
Trade Union density in Ireland since 2003

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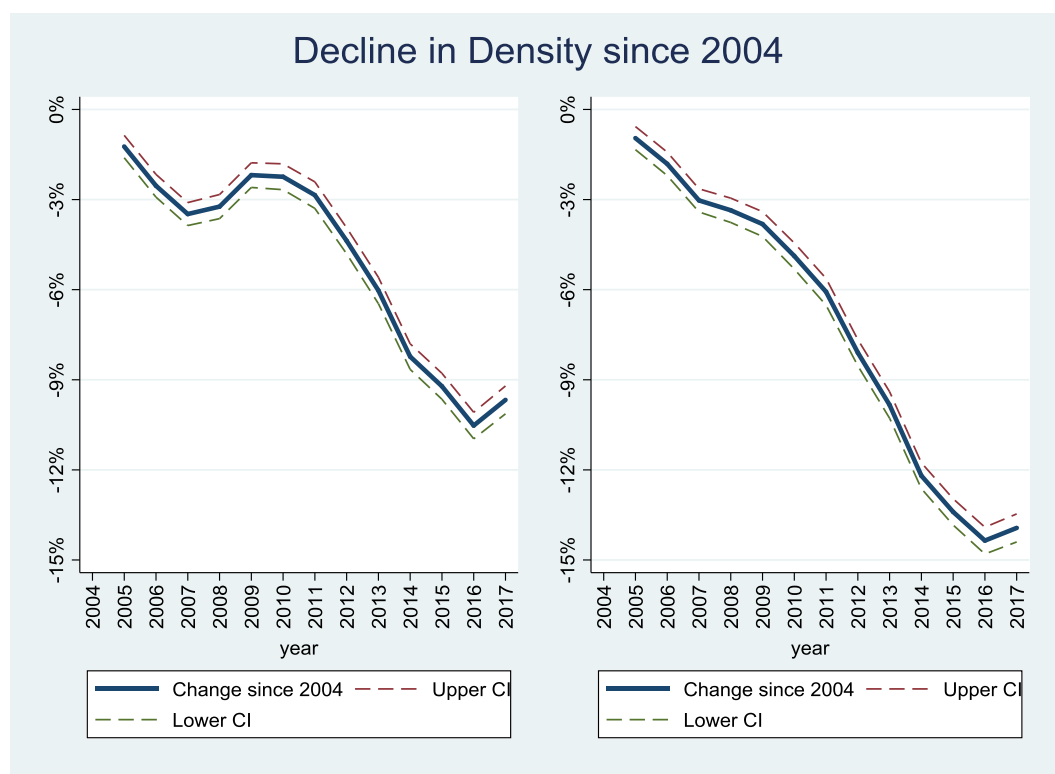
The chapter on collective bargaining in the (2017) OECD Employment Outlook outlines a pattern of steady decline in the percentage of employees that are union members across OECD countries since 1985. They note that *“Trade union density has been declining steadily in most OECD and accession countries over the last three decades. Only Iceland, Belgium and Spain have experienced a (very) small increase in trade union density since 1985”*. Irish trade Union density is calculated using quarterly data for employees from the Irish labour Force Survey over the period 2003-2017. While union membership as measured by the number of members listed in the accounts of unions affiliated to ICTU has fallen by much less than implied by the data we present below, the ICTU measure counts all members of all unions including self-employed and any others not in employment such as retired or unemployed members. The analysis below based on the CSO data is only for employees. Figure 1 shows the picture for Ireland since 2003. Density has declined from over 36% of employees to around 25% over this period.

Figure 1: Overall Density



We might think that changes in the composition of employment may have changed in a way that explains this. That is that a rise in the share of employment in sectors with low density such as the Services sector or a change in the age structure may be important in terms of explaining this decline. In fact the opposite seems to be the case. When we add controls for a wide variety of job and worker characteristics in Figure 2 the decline in density is even larger.¹

Figure 2: Controlling for Composition effects



The panel on the left of figure 2 shows the annual percent change in density relative to 2004 without controlling for changes in the composition of worker and job characteristics and the panel on the right controls for these. In both panels density had fallen by about three percentage points by 2007 relative to 2004². When we don't control for compositional changes density recovers at the onset of the recession between 2007 and 2010 but when we compare to the right hand panel we see that this recovery does not take place when we control for changes in composition. In both panels there is a steep decline in density from 2009 onwards. In summary it appears that over this period changes in the composition of the work force were if anything modifying the negative trend in membership. The small recovery in membership in 2017 is too recent to label a trend although it is notable that this is the only period where there is a recovery in membership that cannot be explained by a change in the composition of the workforce.

¹ Three education Categories, Nine age categories, Two region categories, Male/Female, Four Nationality Categories, fourteen Industry categories, Job Tenure and Job Tenure Squared.

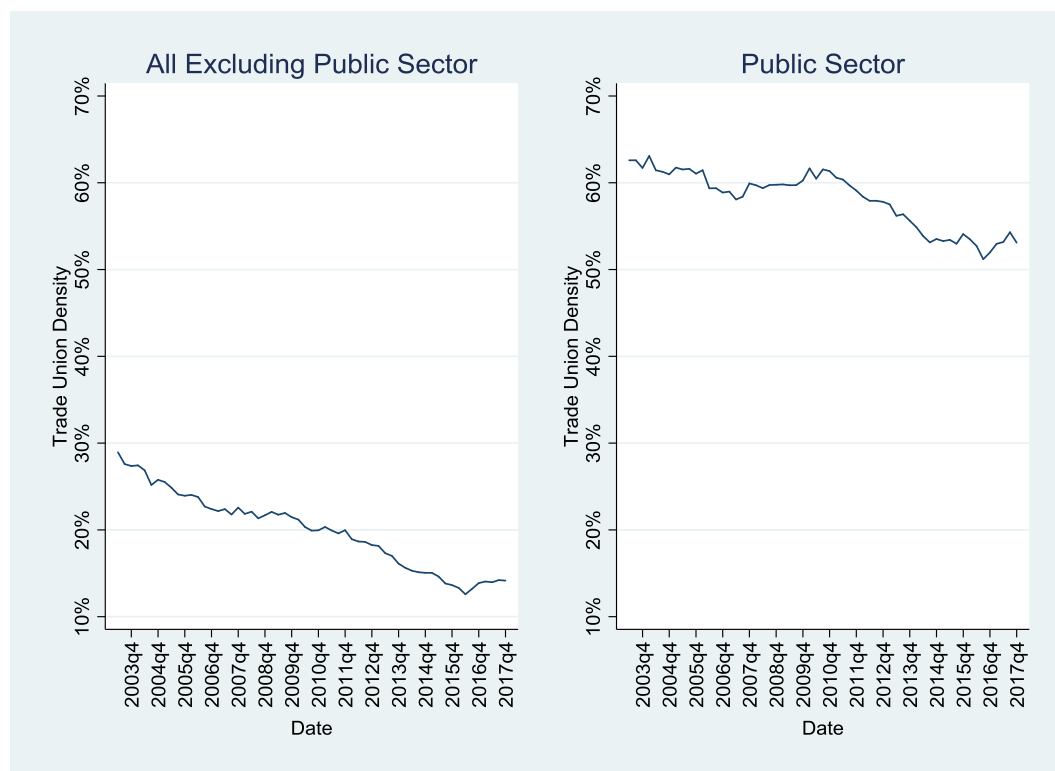
² The red lines labelled CI in Figure 2 are confidence intervals which are a margin of error for the estimate in each year. These are very tight bands indicating that the sample we use is big enough to get fairly stable estimates.

While change in the composition of employment across different types of jobs and workers cannot explain the decline in density, it is important to note that this does not mean there were no compositional effects. If the share of some types of jobs where density is high increased but this is offset by increases in the share of some other types of jobs with lower rates of unionisation we can have the net effect we observe in Figure 2 that compositional effects do not explain the change in density. In fact when we look at the trend in density within different groups of workers density is declining for almost all groups, but the pattern of decline can vary substantially as we see below.

Trends in Public/Private sector density

Figure 3 shows the pattern of density in the public sector relative to the private sector.³ In Ireland as in many other countries rates of unionisation have been much higher in the public sector relative to the private sector. Also the decline in density tended to be concentrated in the private sector. The period between 2010 and 2016 is striking in that it shows a rapid decline in density of roughly ten percentage points in both in the private and public sectors since 2010. As with the overall decline in density, controls for compositional effects by public and private sector do not explain the decline in density. It is also important to note that while the change in density was roughly the same in both the public and private sectors, the percentage decline was much larger in the private sector. That is, starting from a density level of around 20% in 2010 a decline in density of ten percentage points means that the number of private sector union members per hundred workers roughly halved in the private sector by 2017 (a 50% decline in density), while the percentage decline in density in the public sector since 2010 is closer to 15%.

Figure 3: Private and Public Sector



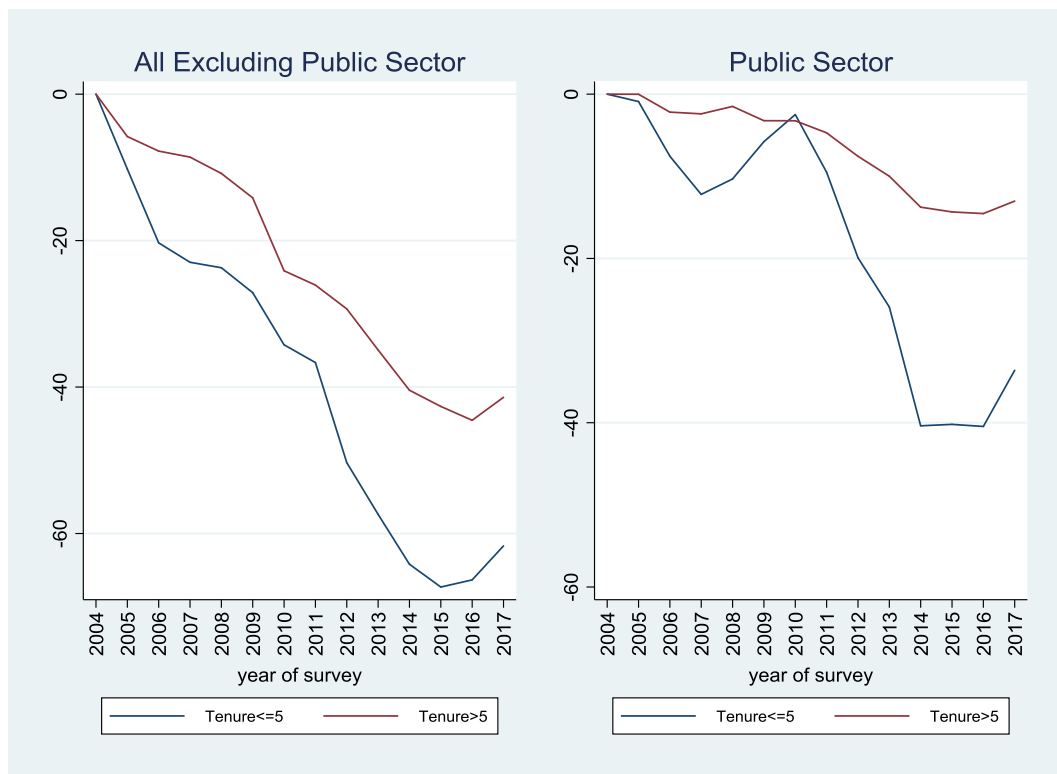
³Our proxy for public sector is that a worker is in one of the three sectors: Public Administration, Health or Education. We can think of many examples of private sector workers who may work in some of these sectors or Public Sector workers in other sectors, so this is a proxy variable.

Trends in early and late job tenure and density

The period of steep decline we see in Figure 2 coincides with the economic and fiscal crisis where unions were unable to shield public sector workers from substantial cuts in pay and other adverse changes in employment conditions. Additionally workers beginning their public service employment after January 2011 were paid on a lower pay scale than those commencing their employment prior to this. Since the Labour Force Survey asks workers what year they started their current employment, we can look at the pattern of density within job tenure categories and ask whether the change in density is the same for workers who entered employment before or after 2011. Figure 4 plots the percentage decline in the rate of union density relative to 2004 for workers up to five years in their job and for workers more than five years, for both private and public sector workers. We see large percentage declines for all private sector workers, but notably lower percentage declines for workers with longer tenure. For public sector workers we see smaller but very large declines for early tenure workers in particular where by 2016 the number of union members per hundred had declined by 40% for workers up to five years in their job. The percentage decline in union density was much smaller for late tenure workers, although these workers have a much higher level of density.

Given the new public service contracts that came into force for workers employed after January 2011 we might be inclined to look at the right hand panel of Figure 4 and attribute the large percentage decline in density for early tenure workers to these changes. That is that new workers who were aggrieved at earning lower wages than colleagues who began employment prior to 2011 may have been less likely to join a union. In fact more detailed analysis of tenure (not presented here) suggests that this may not be the case. There was a steep declines in density for early career workers from 2010, before the new contracts came into force and the pattern of decline is similar for early tenure workers who started their job in the years just before and just after 2011. Once again despite these very large declines it is interesting to note that there is a bottoming out in the downward trend and some recovery across all four categories in Figure 4 over the last year or two.

Figure 4: % Change in Density Early and Late Job Tenure



Discussion

While we noted earlier the general decline in union membership across OECD countries, the 2017 OECD economic outlook also presents cross country data on the fraction of workers who are covered by collective bargaining contracts, the pattern here also negative overall but more mixed across countries. In particular countries the decline in coverage has been steep in countries where firm level bargaining predominates, while in the Nordic and “Ghent system” countries there is no negative trend in the fraction of workers covered. Unfortunately the data on collective bargaining coverage for Ireland is very patchy.

Arguably Trade Unions are more likely to play a constructive and positive role in the labour market when they are more representative and where there is coordination across firms and sectors in bargaining so that the actions of unions in one firm are less likely to have negative consequences for other workers. In these conditions Trade Unions are more likely to improve employment relations and productivity, aid coordination in adjusting wages and working conditions across firms and sectors in response to economy aggregate shocks to the economy and provide employees with some protection against any unfair treatment in the employment relationship. While it may be that the recent small recovery in density reflects changes such as the 2015 Industrial Relations Amendment act, arguably the large decline in density documented above which makes Trade Unions much less representative will make the kind of positive outcomes discussed above less likely.