CLOSING THE REPRESENTATION GAP IN MICRO AND SMALL ENTERPRISES: SOME CRITICAL FACTORS

Melisa Serrano and Edlira Xhafa

1. Introduction

In 2007, the International Labour Organisation (ILO) initiated the project Closing the Representation Gap in Micro and Small Enterprises (MSEs). The findings of the literature review, the first phase of the project, pointed to a complexity of factors which influence the representation of workers in MSEs in various countries. These factors were clustered in the categories of: i) legal framework; ii) issues of implementation; iii) employers’ approach to unionization; iv) trade union strategies; and v) workers’ willingness to join the union (Xhafa, 2007).

As a follow up to the first phase of the project, ILO and the Global Labour University undertook 11 country case studies complemented with survey among MSE workers in 2008. This second phase covered major trends in the regulatory framework for MSEs and employers and trade unions’ compliance with the same. Also, it highlighted that organising MSE workers is particularly challenging for trade unions.

The survey, which targeted both organized and unorganized workers, aimed at surfacing issues of concern for the MSE workers and corollary potential areas for organizing. Results revealed that unionization has a direct impact on the level of security in the workplace in the MSE sector with the exception of safety at work. One possible reason provided by Webster et al (2008) is the large number of exemptions on health and safety regulations granted to MSEs. The study recommended among others the conduct of vertical and horizontal mapping as an organizational tool which was implemented in the third phase of the project.

1.1 Purpose of the paper

This report complements the study by Webster et al (2008) which discusses the major trends in the MSE sector in 11 countries and the direct impact of unionization on employment conditions. The purpose of this report is to identify critical factors and variables that may affect or influence collective representation of MSE workers. Thus the findings pertaining to non-unionised respondents are highlighted. This report

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1 PhD students, Labour Studies Program, Graduate School in Social, Economic & Political Sciences, University of Milan, Italy. The authors acknowledge Professor Silvia Salini of the Department of Economics, Business and Statistics, University of Milan, for her valuable advice and comments on the statistical methods and analyses adopted in the paper. Authors’ emails: melserrano03@yahoo.com, edlira_xh@hotmail.com.
Critical Factors in Closing the Representation Gap in MSEs

attempts to address the question: What organizing themes and strategies would encourage MSE workers to organize?

Corollary, as this paper highlights some critical representation factors that could serve as entry points or spaces for collective representation and for enhancing MSE workers willingness to organize and/or join a union, it attempts to address the problematique of the fourth union attitude in the representation scheme presented by Regalia (2008). She identifies four different attitudes by unions towards workers different from a union’s traditional base, which are: (1) indifference, (2) opposition or resistance, (3) a commitment to extending the protections of other workers to these ones by imitation; and (4) a willingness to explore new forms of representation, or to imagine a more general reconfiguration of labour representation. The fourth attitude, according to Regalia, is the most challenging and difficult, and still largely at its experimental stage in almost all the European labour unions.

1.2 Scope and limitations of the paper

As statistical measures were mainly used to analyze survey results, we caution the readers that the results presented here are not conclusive. To the extent that the 191 respondents come from 11 countries, the sample is rather limited. Moreover, country-specific nuances due to historical, economic, political and social contexts have not been considered. Instead, as an initial exploratory paper, what are presented here are trends, tendencies and insights which require further study and exploration through additional literature review, a bigger sample per country, case studies (country-specific), and other methods. Nevertheless, the drawing of sample from various countries and industries adds up to the ‘representativeness’ of the sample. Also, country of origin of respondent was not a variable considered in the analysis. Where possible, analyses of results are complemented by literature review done in the first phase of the MSE Representation Gap project (Xhafa, 2007) as well as other literature.

2. Data/Indicators

A semi-structured questionnaire targeted for MSE workers was prepared in the second phase of the project having in consideration the findings and gaps in the literature review. There were 191 workers interviewed in 11 countries: Albania, Barbados, Brazil, Colombia, India, Japan, Korea, Nigeria, Philippines, Turkey and the Ukraine. Respondents were purposively sampled from select sectors (unionized and non-unionised). Although the number of respondents per country was small, the survey proved very informative given random sampling and a relatively large number of variables studies. The respondents were also drawn from specific sectors per country. It can be argued that the sample is representative of the MSE workers’ issues and concerns at the workplace, so we feel confident about the sample.
The dataset yielded 73 variables. The data gathered from the survey were in general complete and only in few cases there were missing values.

In this report, we explore and analyze 25 variables for the whole sample, 20 of which are treated as independent variables and five dependent variables which were also treated as independent variables in certain cases. The independent variables are grouped into demographic and employment-related variables. The demographic-related variables include gender, educational level and age, whereas the employment-related variables include job length categories, existence of employment contract, formal job training, applicability of skills in other jobs, opportunity to increase skills, safety at work, existence of OHS regulations, negative health effects of work, night work, earn the same amount of money monthly, existence of minimum wage, existence of benefits, worker contributing to social security, employer shouldering the social security contribution, job satisfaction, and problems encountered at work. The dependent variables, which may be grouped as representation variables include: willingness to join a union, heard of a union in the sector, unionized or not, previous attempts to organize, and opportunity for collective action.

As the object of this report is to identify critical factors that may affect collective representation of MSE workers, findings pertaining to non-unionised respondents are highlighted. The report by Webster et al (2008) shows in general the positive impact of unionization on employment conditions of MSE workers.

3. Method of Data Analyses

In processing and analyzing data, we used the software Statistical Package for the Social Sciences (SPSS). Bivariate analyses were undertaken to explore the relationship between variables studied. Independent T-test was used to test differences in means to determine the statistical relationship between a nominal/categorical variable and a continuous variable. Cross-tabulations were used to explore the significance of relationship between categorical variables. As a standard statistical measure of significance of relationship between variables, a probability value (or p-value) of 0.05 or less in Chi-square Test is adopted as a cut-off point indicating the existence of association or relationship between the variables. The statistical interpretation of such value is the existence of an association among two variables in at least 95% of the cases. As the p-value becomes smaller than the cut-off point the interval of cases for which we can be confident increases.

4. Presentation and Analyses of Survey Results

This section discusses and analyses the nature of relationship or association between three dependent variables and select independent variables that are critical to collective representation issues in the MSE sector.
4.1 Factors Affecting Unionisation—Focus on the unionised and non-unionised sample

Unionised or not, also referred to as state of unionisation, was not a direct question made to the interviewees. The interviewers were asked to have in their national sample unionised and non-unionised workers. The unionised sample was a little more than a third of the interviewees. When tested, state of unionisation showed no association with some of the independent variables of the study such as gender, applicability of skills in other jobs, existence of OHS regulations, negative health effects at work, night work, earn the same amount of money monthly, existence of minimum wage and job satisfaction.

Meanwhile, unionisation is associated with independent variables such as educational level, age, job length categories, job security, existence of employment contract, formal job training, opportunity to increase skills, safety at work, existence of benefits, worker contributing to social security, employer shouldering social security contributions, problems encountered at work, heard of a union in sector, previous attempts to organize and opportunity for collective action (Table 1, Appendix).

Although there were more variables associated with the variable state of unionisation (unionised or not), what follows are the analyses of association between the former variable and select independent variables which are deemed relevant in addressing the objective of this paper.

Taking into consideration primary through vocational education level, it appears that the level of education does not determine unionisation of MSE workers. However,
Figure 1 shows a tendency of higher unionization among workers with tertiary education.

Figure 2 shows an interesting pattern. With exception of the age cohort younger than 19 (only four respondents), unionisation increases as workers age. It should be noted that the cohort 19-29 years old comprised the majority of respondents (80 respondents).

Figure 3 indicates a clear pattern of increasing unionisation as workers’ length of employment goes up. The unionization rate increases from 18.2% for less than a year to
75% for those working for more than 20 years. It can be implied that as a worker stays longer in the job, the chances for unionisation among MSE workers increases.

Similarly, Figure 4 shows a higher unionisation rate among those who claim that it is not easy to lose their job. As job security implies staying longer in the job, this finding complements the findings in Figure 3.

Figure 5 confirms what the literature says about the positive association between the existence of a written contract and unionisation. The data indicate higher unionisation rate among those who report the existence of a written employment contract. Nonetheless, we cannot conclude from this finding that unionisation causes the existence of written employment contract and vice versa. For one thing the legal
framework covering employment relationship varies across countries. For example, a written employment contract is compulsory after 30 days of employment in Albania, whereas in the Philippines, flexible employment contracting (written, verbal or none at all) is widely practiced in the MSE sector.

As Figure 6 indicates, having formal job training tends to be positively associated with unionisation. Survey results show that among those who had formal job training nearly 60% were unionised as opposed to about 32% among those who reported no formal job training. As there have been cases of unions in several countries offering formal job training as part of their services and organising strategy (particularly in the construction industry), formal job training can be an entry point for unionisation.

As Figure 7 indicates, having opportunities to increase skills is also positively associated with unionisation. Survey results show that among those who had opportunities to increase skills nearly 73% were unionised as opposed to about 26% among those who reported no opportunity to increase skills. As there have been cases of unions in several countries offering opportunities to increase skills as part of their services and organising strategy (particularly in the construction industry), opportunities to increase skills can be an entry point for unionisation.
Again, Figure 7 reinforces further the previous finding of a positive association between the existence of opportunities to increase skills and unionisation. Among those who claimed the existence of opportunities to increase skills nearly 65% were unionised as compared to nearly 27% among those who had no opportunity to increase skills. We could infer from this finding that increasing one's skills may increase the chances for unionisation as the more skilled workers tend to be less fearful of losing their job if they organize. In this regard, offering formal job training and skills upgrading may be a good strategy for organising and representation in the MSE sector.

![Figure 8](image)

Figure 8 reveals higher unionisation rate among those who claim lack of safety at work (49.3%) compared to those who said otherwise (29.7%). Offhand, one would tend to hastily conclude that leaving the workplace unsafe may increase unionisation potential. However, what seems to be a negative association between safety at work and unionisation status may be an indicator of a more complex picture. Considering the literature review (Xhafa, 2007), we can argue that the level of awareness on health and safety hazards at work is higher among unionised workers. In contrast, there is a generally low level of concern on health and safety among the MSE workers, particularly in the developing and transition countries. Nonetheless, to the extent that health and safety is a less controversial (less political) cost to both employers and employees also in the MSE sector, a health and safety agenda could constitute a good entry point for organizing and representation of MSE workers.
Critical Factors in Closing the Representation Gap in MSEs

Figure 9 shows a clear positive association between workers contributing to social security and unionisation. Majority (nearly 62%) of respondents that contributed to social security were unionised as against merely 11% among those that were not contributing to social security. To the extent that higher unionization rate is observed among those who contribute to social security, we could infer that campaigning for social security contribution for MSE workers is likewise an entry point for organizing in the sector. Here, pushing for national legislation for a subsidized or more affordable social security scheme for MSE workers would be a better alternative than compelling individual employees and employers to contribute to social security. Unions and peoples and non-government organizations in several countries have also initiated their own social security scheme as part of their organizing strategy. Xhafa (2007) cites several studies and reports on these initiatives:

1. In India, the Bidi Workers Welfare tax Act empower the Government – both at the national and state level – to constitute special funds to provide social security benefits to workers by imposing a tax (or cess) in the aggregate output of the selected industries (ILO, 2002, Chen et al). The Bidi Workers Welfare fund is one such national fund that is constituted from a tax on bidis (hand-rolled cigarettes). There are similar welfare funds at the state level, such as the head-loaders funds in Gujarat and Maharashtra states, to which employers pay a levy. The social assistance benefits and services under these welfare funds, provided by government but monitored by tripartite boards, include housing allowances, school scholarships, health benefits, and more.

2. Daza (2005) cites the example of India where the State of Tamil Nadu, was one of the pioneers in the extension of social security. The Law of 1994 passed by the Ministry of Labour created a Social Welfare Board, which runs on tripartite bases, for construction workers. The Board administers a social welfare scheme which includes work-related accident insurance, education subsidies and
The fund is financed by payment of 0.3 percent of the budget estimate for each construction work. The Ministry of Labour provides the administration staff which has reduced the costs of the scheme. The fund covers over half a million workers in the sector and had kept the level of disbursement relatively low, providing benefits to some 39,000 beneficiaries and allowing a considerable level of reserves to be accumulated. The State of Tamil is also applying a national social security project for workers in the non-organised sector (workers not covered by the Industrial Employment Act, 1946 and the Factories Act, 1948, and those in commercial establishments not covered by the social security laws) which will benefit 37 million workers (Daza, 2005). The new legislation establishes fixed contribution payable by small productive units (ibid).

3. In Thailand, the Social Security Act of 1990 established a general social security system introduced progressively (Daza, 2005). Initially, it only covered workers in enterprises with 20 or more workers, with the intention of covering workers in enterprises of 10 or more workers over a period of three years. Progressive contributions and benefits were also envisaged, leading to the introduction of the retirement pension in 1998. Contributions are set at 9 percent of wages, paid in equal shares by employers and workers. The State provides a further 2.5 percent subsidy. The system would thus cover 9.5 million workers in 1.3 million enterprises. Finally, the Royal Decree of 2002 provided that all employers, starting from one worker, come within the scope of the Social Security Act. This extension to micro-enterprises meant coverage to a further 3.5 million workers in 1.2 million enterprises.

4. Albeit to a limited extent, the Cooperative Code of the Philippines provides the legal framework for workers in MSEs to organize into cooperatives and/or join existing cooperatives in their communities for their economic and social protection needs. In fact, there are some labour organizations in the country that organize workers of MSEs living in a particular community into cooperatives and/or community associations that dialogue and “negotiate” with their local government units and their congressmen and congresswoman on livelihood, welfare, social protection and other community needs, i.e. schools, day care centers, health centers, leisure parks, etc. Community-based small scale social protection initiatives, i.e. mutual benefit funds, micro-insurance schemes, social funds of local governments, cooperatives, urban poor community associations, apart from their livelihood, welfare and employment-generating (albeit temporary) functions, are seen as venues for representation of workers in MSEs (Serrano Interview, 2007).

5. Since the mid-1800s, the Island of Madeira in Portugal has been known for handiwork of its home-based women embroiders. Until the mid-1970s, however the embroiders did not receive any legal protection as workers. In 1974, due to negotiations by the Sindacato des Trabalhadores de Industria Bordados Tapecerias (the Union of Madeira Embroiders), the regional government passed a law that guaranteed basic social security benefits (for old age and disability) to
the embroiders. In 1979, another law was passed that integrated the embroiderers into the statutory social security system of Portugal and, thereby, awarded additional benefits – for sick days and maternity leave – to them. Since then, the Union has successfully negotiated two additional laws: the first guarantees unemployment insurance to embroiderers; and the second lowers their retirement age (from 65 to 60) (ILO, 2002).

6. The General Federation of Nepalese Trade Unions (GEFONT) started a health cooperative clinic in 2000 as a result of the un-affordability of health care for most of the workers members in conjunction with an NGO called the Public Health Concerned Trust (PHET – Nepal). The clinic offers cheaper medical attention, and while it is available to all vulnerable people, cooperative members receive assistance for even lower costs.

7. The Self-Employed Women's Association (SEWA), a trade union with 700,000 members – all poor working women in the informal economy in six Indian states, seeks to unite urban and rural women informal workers around the issue of ‘full employment’, which it defines as work, income, food and social security. SEWA has set up specialized institutions that provide services of various kinds to members, including health care, childcare and insurance; research, training and communication; marketing; and housing and infrastructure. Today SEWA Bank has 200,000 depositors and a working capital of 900 million rupees (US$20.6 million); SEWA Insurance provides coverage to 130,000 members; SEWA Marketing reaches 400,000 producers; and SEWA Academy trains 300,000 women per year. SEWA advocates at the national and international levels for policies that benefit informal workers. The SEWA initiative shows that participation of the government is important, not only because of the financial share but also because it gives legitimacy to the scheme. Moreover, the intersection of different initiatives may constitute a very dynamic area with many interesting developments with respect to issues of representation, organizing and extending legal protection (labour and social protection legislation).
Figure 10 shows the same pattern of association between employer shouldering social security contribution and the unionisation rate, although we see a higher proportion of unionised respondents who claimed that the employer does not shoulder their social security contribution counterpart. Unionisation rate is three times higher (60.9%) among respondents whose employers pay their counterpart social security contribution than those whose employers who did not pay their counterpart (19.8%). If we were to infer from this finding that unionisation increases the probability of employers paying their social security counterpart contribution, then we could surmise that social security is likewise a good organizing theme in the MSE sector. The country examples discussed above provide support to this argument.
Figure 11 indicates that unionisation does not seem to matter among those who stated that they encountered problems related to work (left bar). However, in the case of the respondents who did not experience any work-related problem, there were fewer (30%) who were union members.

Unionisation or not, MSE workers continue to encounter problems. This situation is in fact not exclusive in the MSE sector. Even in formal and larger enterprises unionised or not, workers are still faced with work-related problems. It can also be argued that being a union member makes the worker more aware of problems and contradictions at the workplace. Likewise, employer hostility to unionisation may pose more problems to unionised workers.

4.1.1 Opportunity for collective representation and action

The variable “opportunity for collective representation” corresponds to the question 9.3.4 “Do you see any opportunity for collective representation and action in your enterprise?” It is an important variable to the extent that it surfaces employment-related factors that could be used by unions for organizing MSE workers.

When total sample is taken, the crosstabulation shows no association with gender, educational level, age, job length categories, job security, existence of employment contract, formal job training, safety at work, existence of OHS regulations, negative health effects of work, night work, earn the same amount monthly, existence of minimum wage and existence of benefits.

Association is observed with other independent variables such as applicability of skills in other jobs, opportunity to increase skills, worker contributing to social security, employer shouldering social security contribution, job satisfaction, problems encountered at work, heard of a union in sector, unionized or not and attempts to organize (Table 2, Appendix).

4.4.2 Willingness to join a union

The dependent variable “willingness to join a union” corresponds to the question 9.4 of the questionnaire “Would you welcome a union in your enterprise?” When total sample is considered, the crosstabulation finds no association with the independent variables of gender, educational level, age, job length categories, existence of employment contract, opportunity to increase the skills, negative health effect of work, night work performance, existence of minimum age, existence of benefits, worker contributing to social security, employer shouldering social security contribution, job satisfaction and problems encountered at work. It could be surmised from this finding that these variables do not significantly influence the willingness of MSE workers to unionize.
On the other hand, association of different degrees is found between willingness to join a union variable and job security, formal job training, applicability of skills in other jobs, safety at work, existence of OHS regulation, earn the same amount of money monthly, heard of a union in sector, previous attempts to organize and opportunity for collective representation (Table 3, Appendix).

4.2 Factors Critical to Addressing the Representation Gap - Focus on the Non-unionised

This section pertains to findings involving non-unionised workers. As the objective of this paper is to identify critical factors to close the representation gap in MSEs, the responses of the non-unionised workers are naturally deemed more important. Also, the non-unionised perspective provides more relevant and useful insights into addressing the main purpose of this paper.

Although there were more independent variables associated with the next two dependent variables - opportunities for collective representation and action and willingness to join a union - the figures and discussions that follow present and analyse the nature of relationship between the two dependent variables and selected independent variables deemed more relevant in addressing the objective of this paper.

4.2.1 Opportunity for collective representation and action

The notion of collective representation and action is quite ambiguous when considered in the MSE sector. Firstly, the very term collective connotes a relatively big group of people. Secondly, collectivity and representation implies some level of power and influence. These are clearly not the situation of workers in MSEs whose number in an enterprise is generally low (less than 20 on the average) and who moreover are mostly unorganized.

It is hence expected that a larger proportion of non-unionised respondents in the survey saw no opportunity for collective representation and action. Nevertheless, results pertaining to those who saw opportunity for collective representation may provide useful insights critical to organizing in the MSE sector.
Among non-unionised respondents, opportunity for collective representation is highest (35.3%) among those who had no employment contract at all (Figure 12). Those that claimed having written contracts saw the lowest opportunity for collective representation (11.4%). This finding implies that as the employment contract becomes more informal or none at all, the opportunity for collective representation increases. To the extent that verbal employment contracting and absence of employment contract is pervasive in the MSE sector, there are opportunities for collective representation in the sector.
Figure 13 shows a negative association between existence of opportunities for representation and job satisfaction as one would expect that those who are dissatisfied with their job see more opportunities for collective representation. Here, there were more respondents satisfied with their job (33.3%) that saw opportunities for collective representation than those who were dissatisfied with their job (13%). As many MSE workers are disgruntled of their miserable employment conditions and as employment in MSE is seen as a last resort, a sense of hopelessness prevails. Hence, collective representation becomes the least concern among MSE workers.

On the other hand, those that are satisfied with their job and thus would want to continue working may find opportunities for collective representation to improve their working conditions.

These findings imply that unions may need to play a more visible and stronger role in improving working conditions of MSE workers to increase opportunities for collective representation.

Figure 14 clearly puts forward the argument of organizing around grievances and problems at work experienced by MSE workers. Survey results indicate that there were more respondents who encountered problems at work (42.9%) who saw opportunities for collective representation than those who did not encounter any problem (16.9%) and saw opportunities for collective action.

As the proportion of respondents that saw no opportunity for collective representation is high regardless of whether workers encounter work problems (57.1%) or not (83.1%),
again this finding points to the need for unions to increase their visibility and role in addressing problems and interests of MSE workers and to all categories of workers in general.

4.2.2 Willingness to join a union

The variable welcoming a union is considered in this report as an indicator of a worker’s willingness or preparedness to join a union. It is the most important variable in addressing the representation issue among MSE workers. This variable points a more specific form of organization – the union - in contrast to the more ambiguous variable collective representation and action.

It is interesting to note a high proportion of respondents who expressed that they welcome a union in their enterprise. This finding is telling that contrary to what is widely perceived there is no hostility towards unions among MSE workers.

Figure 15

Figure 15 shows that who claimed to have job security, there are more that welcome a union (84.2%) as compared to those who reported job insecurity (62.7%). This reinforces previous findings (as well as the literature review) that job security enhances a worker’s willingness to welcome a union. This means that initiatives that strengthen job security through legislation and union action may prove critical to organizing in the MSE sector.
Figure 16 shows that the number of workers who expressed they welcome a union in their enterprise is particularly higher among those who have worked for less than a year (88.9%) and 1-5 years (76.8%). However as the job length increases, workers’ inclination to welcome a union decreases to 50% for those who have been working for 6-10 years and 40% for those working 11-20 years. It may be argued that working in an MSE for a period longer than six years without being organised may decrease the hope for organisation and rather reinforce individual solutions to any problem encountered at work. Although this finding may seem to contradict the need to strengthen job security, we would argue for the need to combine both strategies to organise MSE workers.

On the other hand the figure suggests that if unions are to organise MSE workers they should target workers working in an MSE for less than five years. This would give unions higher probability of organising among MSE workers.
Figure 17 demonstrates a substantially higher number of workers who welcome a union among those who could apply their skills in another job (68.4%) as compared to those who welcome a union in the group of workers who could not apply their skills to another job (33.3%). This finding only goes to reinforce the argument about strengthening job security, where skills upgrading could be one of the ways. Hence unions may want to consider skills upgrading among their services and at the same time as organising strategy.

![Figure 18](image)

Figure 18 shows the relation between income security and workers’ willingness to welcome a union. Income stability tends to increase the number of those who welcome a union (77.9%) as compared to workers whose monthly earnings vary (56.8%). Although not a substantial difference, it can be argued that having a more stable income raises the chances of unionisation among MSE workers. Hence increasing income security of MSE workers may be another important strategy for unions to organise. Strategies such as campaigning for minimum wage or regular pay could be used by union to achieve higher income security for MSE workers. Clearly, such strategies would contribute directly to increasing the role and visibility of unions among the MSE workers.
Figure 19 underscores what was mentioned earlier in this section on the lack of hostility towards unions among MSE workers. Almost all (96.2%) of those who saw opportunity for collective representation welcome a union. Even more interesting is the finding that among those who saw no opportunity for collective representation the majority still welcome a union (61.5%).

5. Critical Factors in Workers’ Representation in MSEs - Summary of Findings

What organizing themes and strategies would encourage MSE workers to organise? Which factors are critical to addressing representation and organisation among workers in the MSE sector? The major findings of this study suggest clues to answers to these questions.

Responses from total sample (unionised and non-unionised workers)

1. Unionisation rate among MSE workers tends to increase as age, job length, and job security increases.
2. Among those with written employment contract, unionisation is more likely.
3. Among those that had formal job training and opportunities for skills upgrading, the rate of unionisation is higher.
4. Unionisation rate tends to be higher among those who claimed the absence of safety at work.
5. Unionisation rate among MSE workers who contribute to social security and whose employers pay employer counterpart contribution is substantially higher.

Figure 19

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<tr>
<th>Welcoming a Union and Opportunity for Collective Representation</th>
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<tr>
<td>% of Non-unionised Respondents</td>
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<tr>
<td>Opportunity for Collective Representation</td>
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<tr>
<td>Not welcome a union</td>
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<tr>
<td>Welcome a Union</td>
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<tr>
<td>No Opportunity for Collective Representation</td>
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<tr>
<td>96.2</td>
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<td>38.5</td>
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<td>Opportunity for Collective Representation</td>
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<td>3.5</td>
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<td>61.5</td>
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Responses from non-unionised sample
6. Willingness to join a union tends to be higher among MSE workers who have been working for less than five years.
7. Job security tends to enhance an MSE worker’s willingness to join a union.
8. As the employment contract becomes more informal or none at all, the opportunity for collective representation among MSE workers increases.
9. Willingness to join a union tends to be higher among MSE workers who can apply or use their skills in another job.
10. Income security or stability tends to increase the number of MSE workers who welcome a union.
11. Workers who encountered problems at work tend to see more opportunities for collective representation than those who have not experienced problems at work.
12. Workers who are satisfied with their job tend to see more opportunities for collective representation.

6. Overall Analyses and Points for Action

The findings of this report provide empirical bases to the literature review on MSE representation by Xhafa (2007). She highlights two main approaches in addressing the twin issues of representation and protection of MSE workers: (i) state-led approach with the State enacting the laws and regulatory framework and enforcing it, sometimes with the involvement of trade unions; and (ii) a bottom-up approach, which basically comprises actions from the unions and NGOs or other community groups.

According to the same author, “protection, organization and representation to workers in MSEs may be attributed to four core variables, namely: the legal framework, enforcement mechanisms, employers’ attitude towards unions and other workers’ organizations, and the union’s organizing drive as shaped by its structure, processes and political action. Of these four variables however, the legal framework has a particular impact as an instrumental mechanism for setting and enforcing behavioural norms, enacted to protect workers' rights and the working environment” (ibid).

Survey results indeed highlight the importance of national legislation to establish, implement and enforce the critical factors addressing representation and organisation of MSE workers identified in this report. These critical factors that require legislative intervention include the following: (1) establishment and/ or implementation of formal employment contracts; (2) enhancing job security and protection of union rights especially the right to organise; (3) subsidized and/ or affordable social security for MSE workers and provision of support and incentives to MSEs to encourage employee and employer participation in social security programs; and (4) establishment of facilities for skills training and upgrading for MSE workers.
Xhafa (2007) argues that limitations on representation-protection of MSE workers in labour laws may be attributed to the limited trade union action or initiative or engagement with the state. Accordingly, “unions’ purposive action on extending the coverage of labor law where successful expands the sphere of coverage of labor law potentially to include workers in the MSE sector ... unions’ organizing initiatives in the sector may likewise influence the extension of the protective mantle of labour and social protection legislations to workers in MSEs.”

Xhafa (2007) further elaborates:

...addressing issues of representation and extending protection necessitates first of all a clear political will on the part of the unions and strategic interventions in different fronts. In other words, fighting for a proper legal framework should be complemented with appropriate and effective enforcement mechanisms where unions have an important role to play. At the same time, in the fight for better laws unions have become aware of the need for changes which go beyond labour laws, such as social security policies and schemes and other extra legal procedures. The need to harmonize labour law with other laws (the constitutional law and contractual law, etc as argued earlier), points to the need for critical engagement of the unions with the state.

Why the reluctance of many unions to organise in the MSE sector? Regalia (2008) offers insights on the issue. She argues that:

...as the social weight and the visibility of irregular, or migrant, or nonstandard workers increase, the problem of representing their interests increasingly influences the debate and the organizational choices of trade unions. But the positions taken up and the solutions sought are by no means homogeneous. They vary according to the interest and willingness of the unions to revise and innovate their representation strategies, which is perhaps obvious; but they also vary according to the attention that unions are prepared to pay to the specific interests of workers different from their constituency, which is perhaps less obvious.

According to Regalia, there are two dimensions influencing unions’ attitude towards representation of workers different from their traditional membership. These are: (1) awareness of the specific nature of diverse workers' interests, and (2) willingness of unions to innovate representation models. She further identifies four situations corresponding to an equal number of attitudes by unions towards these different workers (Figure 20). These attitudes are defined as: (1) indifference, (2) opposition or resistance, (3) a commitment to extending the protections of other workers to these ones by imitation; and (4) a willingness to explore new forms of representation, or to imagine a more general reconfiguration of labour representation.
Critical Factors in Closing the Representation Gap in MSEs

Figure 20. Union attitudes to and representation of workers different from their traditional membership

<table>
<thead>
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<th>Willingness to innovate representation models</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness of the specific nature of diverse workers' interests</td>
<td>Low</td>
<td>Indifference</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>Resistance/opposition</td>
</tr>
</tbody>
</table>


The first attitude – indifference – tends to ignore or to underestimate the difference between the interests of many workers and those of traditional core workers. The union’s awareness of the specific nature of diverse workers’ interests and its willingness to innovate representation models are both low. Regalia (2008) argues that this attitude was long dominant in the past but it is still widespread in the choices actually implemented by large part of the unions.

The second attitude – opposition and resistance – is exhibited by unions which are well aware of the different interests of numerous workers but do not intend to represent them. This may be due to the unions’ fear that these informal and atypical workers constitute a threat because they may compete unfairly against their traditional members. Thus they are reluctant to represent these workers but instead seek to persuade the government to intervene with new laws and measures in favor of such workers. This attitude exhibits high awareness of the specific nature of diverse workers’ interests but low willingness to innovate representation models.

The third attitude – imitative extension of protection – prevails where the union intends that these workers be covered as much as possible by the standards and protections enjoyed by core workers. In this case, the labour unions endeavor to expand their capacity for representation though underestimating the diversity of the interests at stake. Here, the union’s awareness of the specific nature of diverse workers’ interests is low and its willingness to innovate representation models is high.

The fourth attitude – specialization of protection, reconfiguration of representation – which to Regalia (2008) is the most interesting, seeks new solutions to the problems of
representation through experimentation. However, she stresses that it is also the most difficult, and still largely at its beginnings in almost all the European labour unions. In this category, both a union’s awareness of the specific nature of diverse workers’ interests and its willingness to innovate representation models are high.

The above scheme or typology offered by Regalia (2008) effectively captures prevailing attitudes of unions towards organisation and representation of MSE workers. We would like to add that a union’s acceptance (or otherwise) of non-regular forms of employment is likewise an important dimension. Whilst not specifically mentioned, we surmise that this dimension is implied in the willingness of unions to innovate representation models.

The evidence from the country case studies in Webster et al (2008:36) “suggests that a growing number of trade unions are beginning to see MSEs as a priority although majority still do not.” Three main obstacles facing trade union organizers in MSEs were identified, namely: (1) trade union reluctance because organising in the sector is time consuming with low returns; (2) the growing formalisation of work; and (3) societal and employer hostility leading to low awareness of rights and reluctance amongst workers to join trade unions in MSEs (ibid: 38-39). These obstacles may explain why many trade unions seem to take either a resistance/ opposition approach or imitative extension of protection.

In this report, we highlighted some critical representation factors that could serve as entry points or spaces for collective representation and for enhancing MSE workers willingness to organize and/or join a union. These factors are: (1) union action (political, campaigns, legislative initiative, etc.) for the critical factors requiring legislative intervention identified above; (2) inclusion of skills training and upgrading among union services; (3) using safety at work, grievances or problems at work and income security or stability (e.g. minimum wage campaigns) as organizing themes; and (4) establishment and/or strengthening of other forms or structures of organisation to represent MSE workers (territorial structures, community-based organising, workers’ associations, cooperatives, etc). These factors will indeed require creative and innovative imagination, increased union visibility in the MSE sector and stronger role of unions in addressing issues and concerns of MSE workers in particular and the working class and the poor in general.

Finally, by highlighting some critical representation factors that could serve as entry points or spaces for collective representation and for enhancing MSE workers willingness to organize and/or join a union, we also attempted to address the problematique of the fourth union attitude in the representation scheme presented by Regalia (2008). These critical factors offer possible strategies for unions to reconfigure representation and specialise some level of protection for MSE workers.
**Bibliography**

**Published and unpublished papers and internet sources**


**Email correspondence**

Email interview with Melisa R. Serrano, University Extension Specialist, School of Labour and Industrial Relations, University of the Philippines, Diliman, Quezon City, Philippines, 16 July 2007.
Critical Factors in Closing the Representation Gap in MSEs

**Appendix: Tables of Statistical Test Results**

**Table 1. Variables Related to Being Unionized or Not**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Test Results*</th>
<th>Degree of Association</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational level</td>
<td>p = 0.028</td>
<td>Significant</td>
</tr>
<tr>
<td>Age</td>
<td>p = 0.000</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Job length categories</td>
<td>p = 0.004</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Job security</td>
<td>p = 0.027</td>
<td>Significant</td>
</tr>
<tr>
<td>Existence of employment contract</td>
<td>p = 0.004</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Formal job training</td>
<td>p = 0.002</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Opportunity to increase skills</td>
<td>p = 0.000</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Safety at work</td>
<td>p = 0.007</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Existence of benefits</td>
<td>p = 0.007</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Worker contributing to social security</td>
<td>p = 0.000</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Employer shouldering social security</td>
<td>p = 0.000</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Problems encountered at work</td>
<td>p = 0.008</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Heard of a union in sector</td>
<td>p = 0.000</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Previous attempts to organize</td>
<td>p = 0.000</td>
<td>Highly significant</td>
</tr>
<tr>
<td>Opportunity for collective representation and action</td>
<td>p = 0.000</td>
<td>Highly significant</td>
</tr>
</tbody>
</table>

*p*Chi-square Test: *p* is probability value.

**Table 2. Variables Related to Existence of Opportunity for Collective Representation and Action**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Test Results* (Total Sample)</th>
<th>Test Results* (Non-unionised)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence of employment contract</td>
<td>p = 0.039, S</td>
<td></td>
</tr>
<tr>
<td>Applicability of skills in other jobs</td>
<td>p = 0.048, S</td>
<td>p = 0.034, S</td>
</tr>
<tr>
<td>Opportunity to increase skills</td>
<td>p = 0.021, S</td>
<td></td>
</tr>
<tr>
<td>Night work</td>
<td></td>
<td>p = 0.025, S</td>
</tr>
<tr>
<td>Worker contributing to social security</td>
<td>p = 0.000, HS</td>
<td></td>
</tr>
<tr>
<td>Employer shouldering social security contributions</td>
<td>p = 0.000, HS</td>
<td></td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>p = 0.047, S</td>
<td></td>
</tr>
<tr>
<td>Problems encountered at work</td>
<td>p = 0.000, HS</td>
<td></td>
</tr>
<tr>
<td>Heard of a union in sector</td>
<td>p = 0.000, HS</td>
<td></td>
</tr>
<tr>
<td>Unionized or not</td>
<td>p = 0.000, HS</td>
<td></td>
</tr>
<tr>
<td>Previous attempts to organize</td>
<td>p = 0.000, HS</td>
<td>p = 0.010, S</td>
</tr>
</tbody>
</table>

*p**Chi-square Test: *p*-value is probability value; HS = Highly Significant; S = Significant.
### Table 3. Variables Related to Willingness to Join a Union

<table>
<thead>
<tr>
<th>Variable</th>
<th>Test Results* (Total Sample)</th>
<th>Test Results* (Non-unionised)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job length</td>
<td></td>
<td>p = 0.024, S</td>
</tr>
<tr>
<td>Job security</td>
<td></td>
<td>p = 0.020, S</td>
</tr>
<tr>
<td>Formal job training</td>
<td>p = 0.044, S</td>
<td></td>
</tr>
<tr>
<td>Applicability of skills in other jobs</td>
<td>p = 0.019, S</td>
<td>p = 0.023, S</td>
</tr>
<tr>
<td>Safety at work</td>
<td>p = 0.021, S</td>
<td></td>
</tr>
<tr>
<td>Existence of OHS regulations</td>
<td>p = 0.049, S</td>
<td></td>
</tr>
<tr>
<td>Earn the same amount of money monthly</td>
<td>p = 0.006, HS</td>
<td>p = 0.023, S</td>
</tr>
<tr>
<td>Heard of a union in sector</td>
<td>p = 0.000, HS</td>
<td></td>
</tr>
<tr>
<td>Previous attempts to organize</td>
<td>p = 0.000, HS</td>
<td></td>
</tr>
<tr>
<td>Opportunity for collective representation and action</td>
<td>p = 0.000, HS</td>
<td>p = 0.001, HS</td>
</tr>
</tbody>
</table>

**Chi-square Tests: p-value is probability value; HS = Highly Significant; S = Significant.**