



**CRIMT Conference
Montreal 23–25 October 2012**

Free riders and outsiders: Declining union membership and strategies for revitalizing unions in Denmark

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Background and research question

Background:

The renowned Danish labour market model, with a high union density and a high degree of collective bargaining coverage, has come under pressure by a massive flight of members from the traditional unions to the ‘yellow’ or alternative unions.

The research question guiding our investigation:

Why does the Danish labour market experience a massive flight of members from the traditional unions to the ‘yellow’ or alternative unions?



Method and theory

Two types of data used:

- 1) Cross-sectional data from a large survey conducted in 2010 with 4.107 respondents aimed at mapping the flight of members.
- 2) A case-study and evaluation of the strategic measures taken by the traditional union HK (The Union of Commercial and Clerical Employees) to recruit and retain members.

Theory:

Why do workers join or leave a union? Two main motives:

- 1) **Utility**: Employees' expectations regarding their own financial interest in the form of improved wages and working conditions.
- 2) **Normative**: Employees' interest in being part of a community, struggles with colleagues regarding the improvement of the collective bargaining agreements and displaying solidarity with other wage earners



Flight of members - an overview

Table 1 - Union membership and organization, 1995–2011 (in thousands, change in %)

	Year				Variation from	
	1995	2000	2005	2011	1995 to 2011	
<i>Union Confederation</i>	<i>in thousands</i>				<i>—%—</i>	
LO	1.208	1.167	1.142	917	-291	-24
FTF	332	350	361	356	24	7
AC	132	150	163	188	56	42
Lederne	75	80	76	88	13	17
'Alternative'	53	68	94	173	120	226
Others	62	55	57	54	-8	-13
Total membership	1.862	1.870	1.893	1.776	-86	-5
Unorganized	685	744	747	879	194	28
Total workforce	2.547	2.614	2.640	2.655	108	4
Union density (%)	73,1	71,5	71,7	66,9	-6	
Union density minus alternative members (%)	71,0	68,9	68,1	60,4	-11	

Source: *Statistisk Årbog* og *Statistisk Tiårsoversigt*, different years. Copenhagen: Statistics Denmark and LO's membership statistics.

* On January 1 2009, IDA, the Danish Society of Engineers, and the *Landinspektørforening*, the association of surveyors, chose to leave AC. Both organizations are nevertheless included in the AC group.



The reasons why union members switch from LO unions to yellow unions

Table 2 - The reasons why wage earners switch from LO organizations to alternative organizations, 2010 (in %)

Question – What were your reasons for switching to your present Union?	
	<i>Multiple - in % of repondents</i>
Utilitarian arguments	
Because of the price of the membership due	78
Because my former Union did not attend my interests	25
Because of poor consultancy	17
Because I have been treated badly	11
Because my former Union worked against my interests	4
Because I was unsatisfied with the members' offer	3
Value-related arguments	
Because my former Union supported certain political parties	21
Because I was unsatisfied with the Union management	19
Because of the way my former Union conducted conflicts and strikes	8

Source: LMO (2010) n = 238.



The odds ratios for ‘switching members’ in relation to loyal members

Table 3 - The odds ratios for ‘switching members’ in relation to loyal members

Multinomial regression analysis	
	Odds ratio Exp(B)
Members of alternative organization (former member of a agreement-bearing Union)	
<i>Background variables:</i>	
Male	ns.
Under 41 years of age*	2,0
Employed in the private sector**	2,9
<i>Institutional circumstances</i>	
Not covered by a union representative ***	3,9
Not covered by a Collective agreement*	1,9
<i>Ideology and values:</i>	
Voted for <i>Venstre</i> , The Conservatives, Liberal Alliance or the Danish People’s Party at the last election of the national Parliament (November 2008 red.) ***	3,7

Source: LMO (2010), n = 3858 significance levels: *(0.01 < p ≤ 0.05), ** (0.001 < p ≤ 0.01) *** (p ≤ 0.001).



Political-institutional changes – from monopoly to competition

- This flight of members has only been possible because of political-institutional changes made by the Liberal/Conservative government that took office from 2001 to 2011
- 2002 – ‘freedom package for the labor market’ allowing unemployment insurance funds (UIF) to become *interdisciplinary*, thereby recruiting members outside of their own traditional trade- or profession-oriented territory. A pivotal alteration of the Danish ‘Ghent system’.
- 2010 - Re-establishment plan – ceiling on the tax deduction for union dues (DDK 3000 pr. year)



Market for union members – from monopoly to competition

- Political-institutional changes have created a market for UIF and trade unions. From monopoly to competition.
- The yellow unions benefit from the new possibility for union members to free-ride
- The price for UIF is the same, however, the price of the union membership due for yellow unions are much cheaper
- The yellow unions compete aggressively on low prices through advertisement



Strategies for recruiting and retaining union members The case of HK

- HK is implementing strategies for recruiting and retaining members that are appealing to both **utilitarian** and **normative** motives for a HK-membership
- A key strategy is to increase the **utilitarian** value of the membership for potential members by making the membership benefits more visible e.g. collective agreements, individual service etc. In other words – HK wants to compete on quality and not the price of the membership due.
- Training union representatives in recruiting and retaining members by organizing work-place related activities and thereby creating **normative** motives for a HK-membership



Findings and conclusion

- The former and present strategy used by traditional unions has been ‘fusion’. However, this strategy has been unsuccessful since the membership decline continues undaunted.
- Therefore, traditional unions needs to be more innovative in recruiting and retaining by becoming not only better but also cheaper if they want to survive on this new market for trade union members.
- The future of the ‘Danish labor market model’ relies heavily on the success of the traditional unions in recruiting and retaining members in a more active and innovative way