

Chapter 5

Trade Unions in the Maltese Private Sector¹

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The Setting

A few metres' stretch of road down and around South Street, Valletta may be a more important site for local labour policy formulation than the Malta Council for Economic & Social Development, Parliament or even the Cabinet of Ministers. Literally within a stone's throw of each other lie the headquarters of the Confederation of Malta Trade Unions (CMTU), the General Workers' Union (GWU) and the Malta Employers' Association (MEA), the premises of the Department of Industrial & Employment Relations as well as that of the National Employment Authority, along with the Ministries of Social Policy and Finance, *de facto* sharing responsibility for industrial relations. This rubbing of shoulders may be a mere geographical coincidence; but it is certainly convenient. It is indicative of the pivotal role of social partnership in Malta, and an important barometer of a pluralist, democratic society.

The representation of employees within trade union organisations

¹ This paper was inspired by discussions carried out with participants following a Diploma course in Labour Studies run by the WPDC at the University of Malta in 1995. Special thanks to participants Francis Darmanin, Mario Falzon, Helen Mallia, Ivan Spiteri & Joseph Vella who carried out independent research and data collection on this subject. The Department of Labour, Employment & Training Corporation, General Workers' Union and Unjon Haddiema Magħqudin kindly acceded to my appeals and made available the information requested. An earlier version of this paper was published in *Bank of Valletta Review*, No. 13, 1996, pp. 17-30. Reproduced by kind permission of Bank of Valletta plc.

in Malta is nothing short of impressive. Labour, the one and only readily available source of wealth creation in this small island state, is a significant lobby behind the union banner (Baldacchino, 1994, pp. 574-5). For over half a century now, local trade unions continue to be respected as rightful participants in fora debating economic policy; they remain active protagonists of social, economic and political life, involved at different levels in decision making, from routine individual representation in dispute handling, to macro-economic development strategies. Except for one freak year in the mid-1970s, trade union membership figures in Malta have *always increased* from one year to the next until 2002. This is no doubt in part a function of an expanding labour force and of controlled unemployment levels; but to these must be added the legitimacy of membership and the pressures which exist to incentivise the adhesion by workers to a particular trade union. Among the latter, one must mention the rivalry between the two main political parties from which trade unions have benefited in terms of increased membership figures. The status of local trade unions as social movements is also reflected in their involvement in beyond-work issues (inflation, housing, education, taxation) as well as in their appeal to non-worker categories, particularly pensioners. The weighty presence of trade unions in Malta is succinctly evidenced in the observation that more than 20% of the current gross Maltese population is registered as trade union members.

Providing a more discriminatory analysis of the strength, infiltration and evolution of trade unions in different aspects of the Maltese economy is apparently both an unpopular and difficult venture. Unpopular, because only a handful of such analyses have been carried out and made available in the public domain (Attard, 1984; Baldacchino, 1990; Grixti, 1994); this in spite of the availability of updated trade union and employer association membership statistics, published every year, around November, in the Government Gazette by the Director of Industrial and Employment Relations, as obliged by law since 1976. Difficult

because any attempt at contextualising published trade union statistics in the wider economic framework is bound to run into problems of obtaining other necessary quantitative data. Such information may exist but be classified (for some mysterious reason) as confidential, or is otherwise incomplete and therefore faulty.

This paper builds the first ever statistical profile of trade union density in the Maltese private sector. Its intention is to document the differing levels of union representation (and indirectly of union affiliation) in the different sectors of the Maltese economy. The implications of this condition for labour and trade union policy are assessed.

The Context

This paper is being revisited at a time when Malta's labour code has just gone through badly needed revisions. The relevance of labour legislation may be undervalued however, if the basic and minimum conditions of work it establishes are superseded by other provisions. Among the latter, the most frequently accepted technique is the collective agreement: a contract entered into by representatives of workers and owners establishing, after negotiation, various conditions of work for a definitive time period, these conditions typically covering all employees at a particular enterprise.

Were all employees in Malta covered by the provision of collective agreements, then any labour legislation could have a mainly symbolic value. Labour law would, after all, only set out *minimum* tolerated working conditions, these serving as the absolute bottom line for any negotiation round. In contrast, the provisions of the law become vital in establishing working conditions, given the absence of any other, ulterior arrangement. In different words, the salience and impact of a revamped labour code would serve as the only set of principles setting out vacation leave, pregnancy leave, disciplinary procedures, terminal benefits, duration of probation,

and other features of the job contract, for all those employees who are not covered by a collective agreement. How many such workers are there in Malta today?

Trade Union Representation

Published trade union statistics do not reveal the extent to which employees in Malta are covered by collective agreements. Nor is there a simple and neat relationship between trade union membership and coverage by a collective agreement. Our labour legislation demands that collective agreements can only be entered into by trade unions on behalf of workers; and to do so, such unions must command majority representation (50% + 1) of either the total labour force of an enterprise or (as is becoming more acceptable of late) of a recognised, naturally distinct, work section within that same enterprise (Baldacchino, 1995).

This leads to three diverse considerations. Firstly, an enterprise may have a number of unionised employees but not enough are unionised to enable their trade union to negotiate on their behalf. If, say, only 45% of employees in an enterprise are unionised, then there is no legal basis to initiate the negotiations eventually leading to a collective agreement. In contrast, the unionisation of 50% + 1 of a firm's employees in a particular trade union is enough to enable this same union to start negotiations on behalf of *all* the employees of that firm, including those who are members of no union or even of a different union.

Secondly, given the strictures explained above, the right of trade unions to bargain on behalf of a particular workforce may at times only be secured if at least two unions present a claim for joint majority representation. Enterprise management may accept a common trade union front as its bargaining partner in situations where each union individually does not command majority representation but where both together do. The arrangement, although not prescribed at law, also avoids damaging and spiteful

inter-union rivalry from which enterprise management may be the only one to benefit on a divide and rule basis. This technique has led to joint collective agreements by the General Workers' Union (GWU) and the *Unjon Haddiema Magħqudin* (UHM) at Frey, Meditex and Medical Hospital Products; it has also served as the basis for negotiations in the context of the mammoth public service pay reform exercise of recent years.

Thirdly, it is also possible for more than one collective agreement to be concurrently in force within the same enterprise. There is a sizable minority of firms in Malta today where different sections of the labour force are represented by different trade unions in their dealings with management, and each of these unions commands the necessary (50% + 1) membership on the basis of a sectoral work grouping. Sometimes, it is the different sections of the same general union that carve up the workforce in this way. The two most common bases for establishing such distinction between work groupings are (a) the industrial versus non-industrial grades; and (b) the professional-salaried versus the line-waged grades. Worksites where such situations exist include Air Malta, Playmobil, Central Bank, Farsons, Malta Freeport, University of Malta and the Malta Maritime Authority.

Collective Agreements in Force

There is unfortunately no readily available source of information about the number of extant collective agreements in Malta. A copy of every new collective agreement, or its renewal, amendment or extension, is meant to be deposited and registered with the Department of Industrial & Employment Relations; but this provision is apparently not being scrupulously observed or enforced. Research carried out at the Department in Spring 1995 has identified 181 such submissions over the period July 1991 to January 1995. But a cursory look at this listing reveals that the collective agreements impacting on the conditions of work of at

least 9,000 other full-time employees were not registered.

A more tortuous route was therefore adopted. The assistance of the respective senior officials of Malta's two general trade union organisations, the General Workers' Union (GWU) and the *Unjon Haddiema Magħqudin* (UHM) was solicited in June 1995. They kindly provided a comprehensive listing of those employers and firms with whom they had collective agreements in force. To these were added those few other collective agreements entered into by the remaining trade unions.

There are approximately 200 private sector enterprises where collective agreements were in force in the Maltese private sector as at Spring 1995. From the records made available, 158 collective agreements in force in the private sector have been entered into by the GWU; 42 by the UHM; and some 12 others by all the remaining unions, of which there were 36 as at June 1994². 60% (that is, 120) of collective agreements concern enterprises operating in manufacturing; the remaining 40% (that is, 80) involve firms operating in the services sector. That the number of collective agreements (212) is marginally greater than the number of affected enterprises (200) is due to the observation that more than one collective agreement may be in force in the same enterprise.

Note also that, as at the end of May 1995, there were 6,740 private firms with employees, on a full time or part time basis, registered with the Employment & Training Corporation (ETC). Only 200 of these employing units - less than 3% of the total - have collective agreements in force. The remaining 97% can be described as 'union-free'.

Sectoral Spread of Collective Agreements

The next research question dealt with the distribution of such collective agreements in private industry. The idea was to identify

² The number of collective agreements in force in April 2002 had changed as follows: 157 - GWU; 107 - UHM; 13 - MUT; 20 by other unions. Total: 297.

whether the density of collective agreements in the private sector was at all an even affair and, if not (which was likely), which sectors exhibited higher, or lower than average, propensities towards collective agreement procedures. This discriminatory analysis should then permit a discussion on the reasons behind the extent and spread of such a condition.

To carry out this task, an updated breakdown of registered employees in Malta by economic sector was necessary. The assistance of the ETC was requested and obtained. The listings of 200 firms and employers where collective agreements are in force were broken down into the economic sub-sectors used by the ETC in compiling its national labour market database. The total number of employees in these enterprises by sector was provided, along with the corresponding total number of full-time employees in the unionised firms per sector.

Such a technique allows the derivation of cumulative results without exposing details of individual firms. The intention of the exercise is not, after all, to expose statistics pertaining to individual employers but to identify trends.

General Results

The general results indicate the extent of firms entering into collective agreements in the private sector. This is an indirect reflection of the strength and legitimacy of trade unionism in these sectors of the economy, since a collective agreement becomes likely once a trade union manages to achieve 50% + 1 representation of workers in a particular enterprise.

Table 1 provides a general overview of this indicator of trade union infiltration with regards to the three broad general sectors of the economy: the primary, secondary and tertiary sectors.

Table 1: Trade Union Infiltration in Maltese Private Sector (1995)

Column 1	Column 2	Column 3	%
Sector	Total FT Employees*	FT Employees covered by collective agreements	Col. 3 as % of Col. 2
Primary	1,002	-	0.0
Secondary	31,818	14,305	45.0
Tertiary	34,440	7,823	22.7
Total	67,260	22,128	32.9
<p>* FT=full time. Figures in this column must be added to the number of self-employed to match the official employment statistics published on a monthly basis by the Central Office of Statistics. As at March 1995, there were 2,647 self-employed in the primary sector, 4,055 self-employed in the secondary sector (including construction) and 9,535 in the tertiary sector: a total of 16,237 self-employed. Together with 67,260 employees, the total labour force in these three categories reaches therefore the figure of 83,497. This is exactly equal to the official figure of 81,981, plus 1,516 Bank of Valletta employees not yet transferred to the private sector employment category.</p>			

The most important observation is that just less than one third of full-time employees working in the Maltese private sector in Spring 1995 were covered by the provisions of a collective agreement. This percentage practically matches Grixti's (1994) estimate of the unionisation rate within the private sector.

Secondly, there are distinct sectoral differences in the spread of collective agreements in force. The primary sector (comprising agriculture, fisheries, stone quarrying and oil drilling) is practically trade union free. The secondary sector (comprising manufacturing and construction) has the strongest density of collective agreements in force, with almost half of full-time employees covered by such provision. The tertiary (services) sector bears a low trade union presence, with just over a fifth of full-time employees benefiting from collective agreements.

Intra-Sectoral Differences

The Secondary Sector

Manufacturing industry is the historical cradle of organised trade unionism; but the industry has its own internal diversity of characteristics, some of which act to intensify, and others to diffuse, the orientation towards trade union membership. The detail of the extent of collective agreements within manufacturing and construction is tabulated in Table 2.

Table 2: Collective Agreements in Manufacturing (1995)

Sub-Sector (& ETC Code)	Total full time employees (FTEs)	FTEs covered by collective agreements	No. of firms involved	% FTEs covered by collective agreements
200: Food	2,870	1,091	18	38.0
210/220: Beverages/Tobacco	1,340	1,247	8	93.1
230: Textiles	1,066	785	4	73.6
240: Footwear/Clothing	5,186	2,971	26	57.3
250/260: Furniture/Wood/ Fixtures	2,036	235	2	11.5
270/280: Paper/Printing	1,783	958	10	53.7
290/300: Rubber/Leather	1,306	1,041	4	79.7
310/330: Chemicals/Non-Metals	2,669	505	8	18.9
350: Metal Products	1,234	286	8	23.2
360/370: Machinery/Appliances	4,675	3,310	20	70.8
380: Transport Equipment	1,676	224	5	13.4
390: Other Manufacturing	2,443	1,637	6	67.0
400: Construction	3,532	15	1	0.4
Total	31,818	14,305	120	45.0

The Tertiary Sector

A similar exercise can be carried out with respect to the tertiary (services) sector of the economy, where the bulk of private sector employment is currently located. The breakdown by sub-sector is tabulated in Table 3 below:

Table 3: Collective Agreements in Services (1995)

Sub-Sector (& ETC Code) (FTEs)	Total full time employees collective agreements	FTEs covered by involved	No. of firms	% FTEs
610: Wholesale/ Retail Trades	10,351	616	14	5.9
620: Banking/Finance	1,695	1,616	2	95.3
630: Insurance	651	0	0	0
640: Real Estate	883	0	0	0
710: Transport	4,018	181	5	4.5
720/730: Storage/ Communication	205	142	5	69.3
820: Community/Business	6,674	2,055	21	30.8
830/840: Hotels/Catering /Recreation	8,739	3,213	33	36.8
850: Other Personal Services	1,324	0	0	0
Total	34,440	7,823	80	22.7

Commentary

Clearly, the level of trade union infiltration in both manufacturing and services in the local labour market is highly uneven and some striking observations can be made once the data is disaggregated as in Tables 2 and 3 above.

Starting with manufacturing, employees in the beverages,

tobacco, machinery, rubber and leather sub-sectors enjoy the highest level of union protection on the basis of collective agreements. Two-thirds or more of full-time employees in these sub-sectors have collective agreements in force. Employees in textiles, footwear, clothing, printing and paper occupy a middle-ground, where just over 50% on average of full-time employees have conditions of work secured on the basis of union-management negotiation. Workers in furniture, wood and transport equipment are amongst the least represented; while the construction industry stands out as virtually union free.

Turning to the tertiary sector, the only, exceptionally strong sector of union representation here is that of banking and finance. This condition is explained mainly by the presence of the Bank of Valletta (BOV), an institution with extant collective agreements and which 'joined' the private sector following its partial privatisation in March 1995. Then, BOV full-time employees constituted 20% of total private tertiary sector employees covered by a collective agreement. Without BOV, trade union coverage as measured by collective agreements in the local services sector would be only 18.9%. The same effect is discernible with the sale of Mid-Med Bank by the state to HSBC Bank in 1999. It seems that the main inroads by trade unions into the local services sector are to be made via privatisation!

Otherwise, were it not for two dozen hotels, a few church and private schools and storage facilities, trade union presence in the local tertiary sector remains insignificant. In certain sub-sectors - real estate, personal services, insurance – *not a single* collective agreement has come into force.

Discussion

How can one explain such internal differences within the various economic sub-sectors? Why is there such a large distinction in terms of trade union membership and mobilisation between the

private and public sectors? After all, the unionisation rate within the public and parastatal sectors in Malta today stands at around 90% (Grixti, 1994); and practically all full-time state employees are covered by collective agreements.

The reasons are various, and it is possible to draw upon international comparative studies in order to suggest valid explanations for the extent of trade union mobilisation in the local private sector and its ramifications.

a) - Scale of Operation: The larger the workforce, the greater the likelihood of the emergence of trade union consciousness. Thus, as in other countries, union members in Malta are more likely to be found in larger workplaces (Gennard, 2002, p. 11). This is also a function of the propensity towards active attempts at unionisation by union organisers. This is one of the reasons why mass manufacture in factory units is an economic policy which will naturally tend to spawn trade union consciousness.

b) - Paternalistic Management: This is a corollary to (a) above; the smaller the scale of operations, the more likely that labour-management relationships will be dominated by person-specific criteria of loyalty, allegiance and commitment to the firm and/or to the 'boss'. There will be difficulty to differentiate between ownership and control, given that the owner, general manager and the employer could easily be one and the same person. Trade unions are considered alien to such an 'extended family' culture and attempts at union membership can be construed as acts of defiance or of disloyalty, leading to discriminatory treatment. It is the deferential worker, and not the proletarian, who dominates the world of small-scale firms (Lockwood, 1969). Such employer strategies may be real or imagined, but even if they never really occur, the (false) impression that they could is enough to dissuade or frighten employees away from anything trade unionistic. This is especially so if one's employment situation is somewhat precarious (e.g. on a part-time basis, or without a written contract, or operating on a shady, semi-legal or illegal basis - say, without a

proper work book or work permit). We must remember here that:

“Malta is a small economy, in which the great majority (more than 75%) of its industrial companies employ fewer than five people. Of the 2,300 companies registered, only 61 (less than 3%) employ more than 100 staff and only 12 more than 300”.

(Coopers & Lybrand 1991, Appendix Ai).

c) - *Gender Differences*: Female employees are less disposed to join trade unions than their male counterparts. This occurs for a variety of reasons, but three can be singled out: females in Malta still tend to have largely short-term, non-careerist work horizons; they tend to operate in more precarious, less secure jobs; and they have a preference for part-time work. The feminisation of the Maltese workplace and the upturn in ‘pink collar’ employees may spell a further erosion in local trade union membership levels.

d) - *Family Business*: The ultimate form of person specificity and loyalty to the boss or firm is the engagement of family labour, with next of kin being registered as employees. In these situations, very common in Maltese small enterprises, the disposition to consider trade union membership is negligible; it amounts to a breach of privacy and the intrusion of ‘aliens’ in internal affairs.

e) - *Human Resource Management Strategies*: Alarming to trade unions should be the fact that, in Malta today, there are relatively large enterprises who engage professional managers and whose employees - not blood related - demonstrate no particular enthusiasm to affiliate in a trade union and eventually seek to clinch a collective agreement. HRM could effectively act as an alternative to trade union affiliation if management adopts an ‘open door’ policy and seriously considers worker grievances on both an individual or collective level. It remains up to trade unions to seek to impress on employees in such enterprises that trade union membership is still an important and relevant option.

f) - *Tertiarisation of the economy*: Worker involvement is further enhanced in the services sector. With reduced levels of technological pace and control, larger levels of employee discretion obtain

naturally in the services industry. There are real niches of employee empowerment, necessitated by the imperative to serve and satisfy a discerning client in real time.

Limitations

Numbers have a habit of inspiring authoritative respect; however, mathematical manipulations may just as well act to mesmerise readers into accepting arguments as facts. I am only too much aware of these temptations, and would rather openly and self-critically declare some of the weaknesses of the approach to which I have resorted.

a) - The basis of trade union affiliation: Trade unions are defined at law as associations consisting wholly or mainly of workers. Hence union membership may include non-workers, contract employees and certainly part-timers. No such considerations have been made in this essay where figures are limited strictly to those of full-time employees. Statistics concerning part-time employment remain fairly dubious in Malta; and part-time workers show a lower readiness towards joining trade unions. Still, certain employers accept or insist on incorporating the conditions of non-full time employees in the provisions of collective agreements.

b) - The status of the Maltese private sector: The long arm of the state is everywhere in the Maltese economy. There is no clear distinction between what is private and public in Malta. Only those firms having no or minority public or parastatal share holding have been included in this paper's analysis. But companies own companies and are owned by others; hence a neat distinction between where the public stops and the private begins is not a realistic concept.

c) - The time basis of this study: ETC data relates to March 1995; while trade union collective agreements in force relate to June 1995. There may be some slight difference between these two populations.

Overall these limitations, while real, are not likely to severely distort or weaken the analysis and its main arguments; although readers are invited to be the better judges of this.

Conclusion

There is clearly no room for complacency on the status of contemporary trade unionism in Malta. In spite of ranking among the top ten unionised workforces of the world, unionism remains mainly a localised, public sector phenomenon for Maltese workers (Baldacchino, 1990, 1993; Grixti, 1994). Some 45,000 full-time employees – almost one-third of the total gainfully occupied population of 145,000 – still effectively depend on labour law and individual bargaining to define and formulate their basic working conditions.

If one may permit a levelheaded look into the future, current trends would suggest that, barring the effects of the occasional privatisation, the level of trade unionism in the private sector could contract further. Employment levels in the manufacturing sector, in line with international trends, may be expected to continue to drop, while employment in the services sector continues to increase. Meanwhile, the attraction of non-stable working conditions – subcontracting, part-time working, piece rates, precarious self-employment – can also be expected to gain momentum.

It would be interesting to return to this theme say, in a few years' time, and identify any trends on the basis of a comparative quantitative study. Such research has been undertaken abroad (e.g. Brown, 1993). Possibly, by that time, trade union organisations, particularly the two local general trade unions (the GWU and the UHM) would have carried out a sober evaluation of their recruitment and representation strategies. On the basis of this exercise, they may seek to revise the manner in which they seek to recruit new members; or in which they provide support, protection and representation services to their worker members.

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