

# Multi-dimensional Approach to Union Effectiveness- Case Studies from Indonesia & Malaysia

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*The success of an organisation is measured by the term organisation effectiveness. In the literature, the concept of union effectiveness attempts to indicate how well unions perform in achieving their goals and there is emphasis on the importance of using multiple criteria to assess organisation effectiveness. However, only a few studies have utilised multidimensional measures of union effectiveness. This article explores the application of a comprehensive measure of union effectiveness at workplace. The authors use the Spatial Model that employs complete and balanced indicators of effectiveness. Empirical data are provided from a research at postal companies in Indonesia and Malaysia.*

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## About the Study

The effectiveness of union activities becomes more critical to achieve members' needs in the current uncertain situation. However, the literature on unions in developing countries does not provide any consensus on the effectiveness of unions. The purpose of this study is to explore union effectiveness in developing countries, particularly in the Asian region. The study assesses the actual condition of union effectiveness in postal industry in Malaysia and Indonesia. The study focuses on the union in the postal industry to illustrate the industry's importance to the two countries on the ground on their high level of union density (Satrya & Parasuraman 2007).

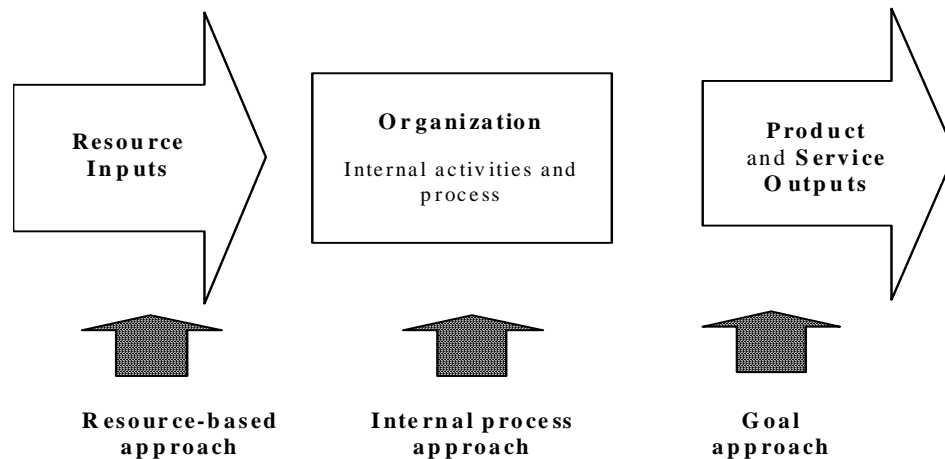
## Literature Review

The success of an organisation is measured by organisational effectiveness. Daft (2004: 66) relates effectiveness as the capability of an organisation to achieve its goals. Moreover, Cherrington & Dyer (2003:10) explain that the

organisation is effective if “it has acquired resources from the environment, transformed them into usable products, and adapted to changing environmental demands”. However, a major point of debate concerns the dimensions of ef-

fectiveness and the way to measure it. Daft (2004:66) argues that literature of organisational effectiveness distinguishes between goal, resource-based, and systems approaches ( Fig. 1).

**Fig. 1. Measuring Organisational Effectiveness (Daft 2004: 67)**



Resource-based or adaptation approach shows the ability of organisations to acquire and manage vital resources, such as funds and human resources, or to adapt to environmental changes, including public policy. Non-profit organisations that frequently have unclear output objectives may adopt this approach that focus on the input side. This approach must deal with its shortcomings by addressing customer needs and changing values (Daft 2004: 69). Harrison (2005) suggests to use the indicators of resources quality and quantity (grants support, proportion of Ph.D.s to total employees, and level of college admissions, etc.), as well as level of adaptation and innovation (e.g. public support,

number of new products, standards compliance, and ranking among competitors). Colleges and universities frequently cite their accredited levels, competitive grants won, or ranks among similar institutions produced by leading mass media to demonstrate their reputations.

There is growing attention towards the importance of healthy internal process (Ostroff & Schmitt 1993). Smooth organisational transformations involving workers and teamwork cooperation would lead to higher productivity. Organisations may employ measures of efficiency when there is a clear connection between inputs and outputs. For example, we can compare outputs to inputs

through a return on investment, or total number of patients treated in hospital, or numbers of faculty publications (Robbins & Barnwell 1994: 67). However, it is not always the case, particularly for non-profit organisations. Therefore, subjective measures that are not easily quantifiable are more often being applied. The indicators include employee satisfaction, few disputes, high level of trust, open communication between workers and management, and subordinates participation in decision making (Daft 2004, Harrison 2005).

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Goals models assume organisations have clear and measurable objectives, which are then pursued through the formulation and implementation of strategies. They focus on the attainment of indicators of organisational outcomes. The model will fit to evaluate a business organisation because the objectives are clear, time bound, and measurable. The most important goals include social responsibility as well as other well known measures such as profitability, growth, market share, and product quality (Shetty 1979 cited in Daft 2004: 67). Unfortunately, the goal-attainment perspective displays its limitation when it is applied for service and non-profit organisations. Because such organisations are complex entities and may have multiple goals, which can be abstract, inconsistent, or conflicting, therefore, the organisational

effectiveness is hard to measure (Kanter & Summers 1987 cited in Courtney 2002: 124, Harrison 2005). Employing multiple indicators or using subjective perceptions is possible alternative solutions (Daft 2004: 68).

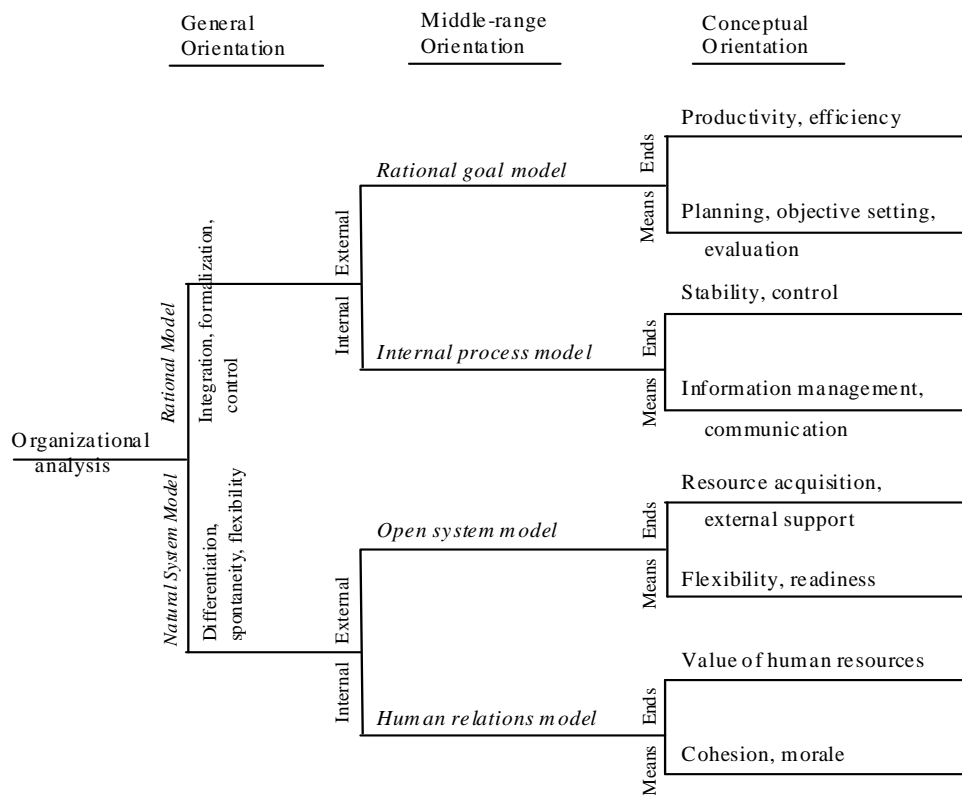
Fiorito et al. (1993b:114) argue that complementarities among those approaches are identifiable in that each approach stresses a different and important facet of the complex phenomena of organisation. Cameron and Whetten (1983: 263) also emphasise the importance of using multiple criteria to assess organisation effectiveness. Moreover, Courtney (2002: 42) reveals that the studies on measuring effectiveness of strategic planning or management in voluntary non-profit sectors have combined a number of different methods such as: income generation, reputation/ satisfaction with funders/ CEO/ staff, community acceptance, goal attainment, and membership growth. The competing-values approach demonstrates an effort to offer an integrative framework when the organisation is unclear about its own emphases (Robbins & Barnwell 1994: 67).

Quinn and Rohrbaugh (1983:371-73) review some common elements in the effectiveness construct from previous studies. They argue that there are common elements underlying any comprehensive list of organisation effectiveness criteria. These elements can be combined to create basic sets of competing values. Their approach is divided into two general levels: (a) the rational model that focuses on control, formalisation, and consolidation, and (b) the natural system

model that focuses on adaptation or flexibility. At the next level, the rational model is divided into the rational goal model that focuses on control and external aspects, and the internal process that focuses on control and internal aspects. The natural system model consists of the human re-

lation model that focuses on flexibility and internal aspects, and the open system model that focuses on flexibility and external aspects. Their study finds that less than 25 percent of the studies have used all the four models concurrently. The model is depicted in Fig. 2.

**Fig 2: Competing-Values Approach to Organisational Effectiveness (from Quinn & Rohrbaugh 1983: 374)**



The application of the competing values approach in real situation is given by Quinn and Cameron (1983). In the early stage of its life-cycle, an organisation is inclined to primarily adopt open system model to establish itself into the market, and adapt flexibly to environmental situa-

tions to acquire enough resources. The structure of the organisation in this entrepreneurial stage is simple, encourages innovation and creativity. This organisation does not place a great deal on productivity or profit. Later, an attempt to develop high member commitment and coopera-

tiveness is taken through employee training and organisational development, signalling a higher emphasis on human relations model. As the organisation grows, more formalisation is needed to establish stability, whereas efficiency and profit become ultimate concerns. In these stages, the rational goal and internal process models dominate the criteria of measuring organisation effectiveness.

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In the literature on unions, the concept of union effectiveness is translated into various operational variables to indicate how well unions perform in achieving their goals. The examples are union capacity to sustain its presence (Boxall & Haynes 1997: 568, Frege 2002: 68, Kuruvilla, Das, Kwon, & Kwon 2002: 42), to retain members (Fiorito & Jarley 1995: 614, Gahan & Bell 1999: 3), or to win elections (Bronfenbrenner 1997: 197). In Indonesia, SMERU (2002: 48) and Sutanto (1998: 191-94) recognised that unions were considered effective if they were able to defend the worker's interests, to deal with collective bargaining or disputes processes, or to communicate and to empower their members.

The indicators of effectiveness can be classified into two categories: (a) subjective variables based on self-report rating, such as union leader perception of union effectiveness, e.g. Fiorito, Jarley

and Delaney (1995) and Gahan & Bell (1999) and (b) objective variables such as the results of NLRB election, membership growth, and union density change employed by Bronfenbrenner (1997), Fiorito et al. (1995), and Gahan & Bell (1999). The subjective indicator is used to measure the concept that is not captured by any available indicators. However, Gahan and Bell (1999: 16) suggest carefully taking note of them, since evidence shows that self-report measures have the potential to create statistical inconsistency.

The research of SMERU (2002: 48-49) and Sutanto (1998: 191-94) showed that in Indonesian context, a union is said to be effective if they were able: (a) to defend the worker's rights and interests; (b) to negotiate the collective bargaining agreement or disputes; (c) to communicate with the members; and (d) to empower their member. In order to capture those effectiveness, these indicators are better to be measured using both subjective and objective indicators.

Fiorito et al. (1995: 629) also suggest using a composite scale to offer greater reliability and conceptual validity of multi-item scales rather than of single-item measures. The scales provide opportunity to combine subjective and objective indicators.

Apparently, the researchers in industrial relations prefer to use the goals model indicators instead of the other models that emphasises processes and operations. Bronfenbrenner (1997: 205) and Gahan and Bell (1999:12) employed membership

growth and union density change, Boreham and Hall (1994: 345) used unemployment level in a country, and Fiorito et al. (1995: 622) used merely three out of sixteen indicators of effectiveness that can be classified as system oriented variables. However, only a few studies, such as Fiorito et. al (1993a) and Boxall and Haynes (1997), have utilised multidimensional measures of union effectiveness.

Several recent studies propose the multivariate measurement of union effectiveness. According to Pyman (2002: 6), there are six dimensions of union effectiveness, namely improved terms and conditions of employment, growth, internal democracy, organisational stability, activism, and social movement unionism. Burchielli (2004:339) classifies union effectiveness into the dimensions of administrative, representative, and ideology. Overall, both studies are confusing. Some criteria of Pyman's model are not mutually exclusive to each dimension, i.e. culture, ideology, and resources. The indicators of Burchielli, such as social values and politicised environment, are still in conceptual form, and require additional works to be operationalised. Besides, both models also confuse determinants and criteria of union effectiveness. Some indicators – such as union strategy (activism, campaign, and alliance), leadership, and the responsiveness for members – are used as the determinants of union effectiveness in other studies (e.g. Bronfenbrenner 1997, Boxall & Haynes 1997, and Nissen 2003). The other study by Satrya (2006) examines the relationship among union strategy and union effectiveness in a survey of 100 unions in

Indonesian services industry by adapting the four models of Quinn and Rohrbaugh (1983).

### **Methodology**

The methodology used here was based on a qualitative case study approach using a multi-method technique (Hartley 2004, Kelly 1999, Yin 2003). The management, union officials and workers were interviewed and observed, various meetings were attended, and documents were obtained from the unions and management.

The comparative study would serve as a mean to assess the validity of the phenomena observed (Hopkin 2002: 252). While two case studies may not be generalised to represent the concept, Gummesson (1991:76-79) argues that rigorous investigation with only one case which identifies specific issues and systems, and other important characteristics may be reasonably used to generalise similar cases or situations. This research, however, is a study of firms that are heavily unionised, and therefore generalisation would be limited.

The study adopted the framework of Quinn and Rohrbaugh (1983:371-73) that offers multidimensional measures of union effectiveness. A special questionnaire based on the literature review was developed. The measures utilised both objective and subjective indicators. Responses of each item in the questionnaire was a dichotomous variables (“yes” or “no”), which indicated the presence of indicator stated in the item (Table 1).

**Table 1: Union Effectiveness Variables**

Variable Name	Remarks
UNION EFFECTIVENESS-	Variables and indicators for measuring both the impacts of formal and planned union behaviour ( <i>rational model</i> ), and the adaptation of union behaviour in coping the change ( <i>natural system model</i> ) -Each item employs a dichotomy variables (“yes” or “no”), accompanied with open ended questions to explain the answer
<b>RATIONAL MODEL</b>	<i>Measuring the impact of formal and planned union behaviour</i>
- Productivity (4 items)	Results of union to establish its instrumental or economic goals: efficiency (collective bargaining, employment level, dispute cases won), and distribution of income (share ownership program)
- Drganising effectiveness (3 items)	Subjective perception of union leader in judging his or her unions’ achievement: own effectiveness in recruiting, servicing, and achieving its overall objectives
- Control (1 item)	Formal effort of union in controlling its performance through audit activities
-Communication (1 item)	Presence of mechanisms that are used for disseminating information to the members or public: meeting, survey, committee, publication/ newsletter, etc.
<b>NATURAL SYSTEM MODEL</b>	<i>Measuring adaptation of union behaviour in coping the change</i>
- Growth (2 items)	Development of union as an organisation: membership growth, union density change
- Resource acquisition and external support (3 items)	Union engagement with employers and supporting parties: facilities provided by employer and external parties-
-Member Development (2 items)	Improvement of work life quality for union members: member satisfaction survey, members attending training on union issues

The *rational model* was measured by: (1) *instrumental or economic achievement*: efficiency (establish collective bargaining, preventing lay-off, winning dispute cases), distribution of income (increase of wage or benefits, employee share ownership policy); (2) *audit process*, the presence of formal control of union performance; (3) *self-rating*, the only subjective indicator based on perception of union leaders on unions’ performances in achieving its recruiting, servicing, and overall objec-

tives; and (4) *communication channel*, the presence of mechanisms for disseminating information to the members or public.

The *natural system model* was measured by: (1) *membership growth*; (2) *resource acquisition*, the support provided by employer and external parties; and (3) *member-improvement*, measured by the presence of member satisfaction survey, and members that have attended training on union issues.

### Postal Sector- Brief Background

*In Indonesia:* The democratic climate of the Indonesian industrial relations has risen since the fall of the regime Soeharto in 1998. Workplace unions have mushroomed from 6,211 in October 1999 to 18,352 in January 2005, after the enactment of the Trade Union Act No. 21/2000. In July 1998, there was only one federation registered to the Department of Manpower and Transmigration (Depnakertrans), but the figure jumped to 64 by December 2002, and 86 by January 2005. Yet, union membership in Indonesia has remained low. The 2005 membership verification organised by the Depnakertrans (2006) gave a figure of 6.2 percent (3.3 million workers) of the non-agricultural workforce, in comparison to other ASEAN countries: Singapore 14% and the Philippines 12%, or even the Malaysian union density was about 8.9 percent.

Posindo is a state owned company. It employs more than 26,000 people, spread out at 4,104 offices nationwide (Layuck 2002). Established as a telecommunication and postal company in 1906, the company was nationalised in 1945, and divided into telecommunication and postal companies in 1965 (Posindo 2003). Posindo still dominates domestic mail market, due to its exclusive rights for delivering documents below 500 grams under the Postal Act No. 6/1984.

Its revenues in 2003 comprised 63% from mails, 15% from financial and agencies services, 12% from logistics, and the rest from other services such as internet

and networking business ventures, which were initiated since 1996 (Posindo 2003). However, Posindo is not a strong player in domestic and international package delivery markets (Joesman 2005, Layuck 2002). Although in 2002 Posindo has increased its tariffs up to 40 per cent (Layuck 2002), its 2003 financial report recorded a loss of Rp. 12 billion (RM 4.7 million), which was mostly addressed as the result of Posindo to provide public service obligation for rural and remote areas that summed up to half of Posindo's revenues (Firdanianty & Handayani 2004, Kompas 2004).

Union in Posindo had a long history since founded in 1905 at the colonial period as Postbond (Ford 2003: 347). During the period from independence of Indonesia in 1945 until 1965 there were several unions operated, namely Serikat Buruh Pos Telegrap Telepon, Serikat Buruh Pos Telekomunikasi, Kelompok Buruh Marhaen, and Sarbumusi, in which the last three have affiliated with political parties (Cahyono 2003: 139), before dissolved into the Corps of Civil Servants of the Republic of Indonesia (KORPRI) during Soeharto's period.

It was not until 6 July 2000 that an independent union has been reinstated in Posindo. SPPI (Indonesian Post Trade Union) was established after the Government issued Regulation No. 12/1998 that requires every State-Owned Enterprise (SOE) to establish workers' unions, followed by letter S-19/MSA-5/PBUMN/1999 from the Ministry of SOE, and the issuance of the Decree of Director of Posindo No. 59/DIRUTPOS/1999 of 12

March 1999 (Posindo 2003). Zentei Gunma, a Japanese Postal Union, and ASPEK Indonesia, a union federation, have given technical assistance in the creation of SPPI. SPPI claims of 24,510 members or about 95% of Posindo's employees. The Regional Committees were established at 11 Regional Offices. Another union (Reformed Indonesian Post Trade Union - SPPIR) was set up on 24 May 2002, supported mainly by the employees from managerial level, and has attracted about 4% of Posindo's employees (interview with SPPI President 18/4/2005).

*In Malaysia:* Prior to its privatisation in 1992, Posco was under the administration of the Department of Postal Services (DPS). In 1958 union representation was implemented through the International Postal Union-IPU. DPS was privatised on 1<sup>st</sup> January 1992 and changed its name into Posco Malaysia Limited (Posco). Posco took over all DPS management and administration, and established their own strategy independent of government intervention. In 2001, Posco was acquired by Phileo Allied Limited (PA) a company listed on the Kuala Lumpur Stock Exchange (Annual Report 2002 Posco). The refocusing on quality was taken with the expectation that Posco would become a world-class player, through various activities, including increasing productivity and achieving greater industrial harmony. However, the legislations prevent the unions in public sector to involve with issues such as CB and Collective Agreement (CA). The Government, through the Department of Public Service, determines the terms and

conditions of work for all employees. Unions play only advisory roles through the 'Majlis Bersama Kebangsaan' (MBK- National Joint Councils).

In 2005, union members were around 14,800 in the Posco (HR Department, Posco 2006). These employees comprised 6,500 uniform workers, clerical staff, and assistant executives. Seven trade unions were recognised for bargaining purposes for pay, but managers relied primarily on the formal joint consultation committee (JCC). These unions including Peninsular Malaysia of the Union Postal Uniform Services (PMUPUS), Sabah UPUS, Sarawak UPUS, Peninsular Malaysia of the Union Postal Clerical Workers (PMUPCW), Sabah UPCW, Sarawak UPCW and Postal Junior Executive Union (PJEU) (Annual Report 2004). These seven unions are categorised as in-house union (interview with IR Manager 24/12/2003, Peninsular UPUS President 13/1/2004).

The IR regulations have caused the establishment of multiple unions in Posco. The Trade Unions Act defines that the membership of unions is limited geographically (Aminuddin 2003:114). The Employment Acts are also different in each region. For example, the Employment Act 1955 applies in West Malaysia only, as Sabah has the Labour Act 1949, and Sarawak has the Ordinance of Labour Act 1952. Unlike in Malaysia, the Indonesian Trade/Labour Unions Act no. 21/ 2000 does not limit union membership. The law also does not prohibit managerial employees to be a union member. They even can become union officials,

as long as it does not create a conflict of interest between employers and the employees, for example, human resource or finance managers, which may be regulated in the Collective Bargaining (CB).

### **Rational Models**

*Productivity:* SPPI has achieved some of its instrumental or economic goals through the establishment of collective bargaining (CB), and won some dispute cases. However, there was a retrenchment in 2003, whereas there is no employee share ownership program. Since 2000, SPPI has negotiated its 3rd CB. In 2002, it has succeeded in negotiating up to 300% salary increase compared with salary level in 1993 (Kompas 2001b). Annual salary increase was included in its CB. It also won a generous voluntary early retirement programs for its 1,400 workers in 2003 due to inefficiency at the supervisory level.

SPPI has used the Committee for the Settlement of Labour Disputes as the arbiter for settling various cases, such as the disputes on CB in 2001 (Kompas 2001a), and the dismissal cases in 2003 (interview with SPPI Regional Committee 4/5/2005). Even SPPI has moved a motion to replace the Board of Directors to improve the company performance during the 2001 general strike (Kompas 2001b), which recurred in May 2005 (SPPI 2003).

In Malaysia, since 1992, managements and unions have signed three Collective Agreements (CAs), which were valid for three years. However, unions have little power to influence on CA matters. After a

series of meetings with the Minister of Finance and other government officials, the government and Posco management promised the unions that there would be no retrenchment for another five years (Minutes of the 4th CA Council Meeting 20 May 2003). There was a total salary rise in the 4th CA 2003-2005 at around RM 12 million, an increase from previous offering of RM 10 million. The unions also established Medical Benefit Fund.

*Organising Effectiveness:* The SPPI leaders considered that they were quite effective in recruiting, servicing and achieving their overall objectives. The quality of recruitment was showed through strong activism of the members. The members always provided supports through industrial actions such as using black bands, setting up banners, and employed strikes.

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In attracting and maintaining members, SPPI combined organising with servicing tactics. Besides improving wage and working conditions, SPPI also raised the issues of efficiency, productivity, and good corporate governance. For instance, when Posindo has invited private investors for postal franchise system, SPPI submitted a critical review (interview with SPPI Regional Committee 4/5/2005). SPPI provided legal service, home ownership schemes, loans and shopping discounts (interview with SPPI National Committee 18/4/2005).

In Malaysia, the secretary general and deputy secretary general are responsible for union recruitment through closed-shop arrangement. The unions and management, through Posco Sport and Recreational Club, have organised social, religious, and family activities. Financial services for members are provided in the form of medical benefit fund and work insurance protection (interview with President and Secretary General of PMUPUS 12-13/1/2004).

*Control:* Both SPPI and the unions in Malaysian postal did not conduct any regular formal auditing activity of their performance. They didn't possess any audit function in their organisation. The assessment of union achievement was done through the activity report submitted on annual national meeting.

*Communication:* SPPI disseminated information through meetings, publications, etc. Members meet almost once a month at local level to discuss new management policies, union's activities, and other issues. The leaders coordinated regional officials by telephone, short message service (SMS), facsimile, and electronic mail. The publication of union activity is channelled through Posindo internal magazine.

PMUPUS formed the National Working Committee that meets on monthly basis. The main issues are workplace problems, union membership, training needs analysis, budget plan for training, travelling cost, CA issues, grievance procedures, and discipline problems (observation of National Working Committee Meeting 12/

1/2004, Interview with PMUPUS President 13/1/2004). The unions also plan to organise a road show to explain the new company vision of 2020 as the company widens its business into logistic and fiscal communications (interview with Chairman of UPUS 13/1/2004). These issues will be discussed again during the JCC meeting which held every three months at the national level. The unions used union bulletin, published every three month, as medium of communication.

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### **Natural System Models**

*Growth:* SPPI has succeeded to attract a very high level of membership, namely 95% of Posindo's employees. However, the number of members has declined since 2002, mostly due to the early retirement programs with quite generous severance payments. The Malaysian unions carried out induction activity to the new employees of Posco to join the unions. Automatically they will become union under the closed-shop agreement (Interview with Secretary General UPUS 12/4/2004).

*Resource Acquisition & External Support:* SPPI acquired support from the company, parliament, and other unions. Posindo provided monthly financial support, office spaces and equipments, check off system to collect dues, and

union privilege to participate at the budget and programs meetings of Posindo. SPPI also established partnership through a Joint Cooperation Committee-like institution. SPPI has lobbied the Ministry of Transport and Telecommunication and Ministry of Finance for wage increase (Kompas 2001b), the Head of the People's Consultative Assembly concerning good corporate governance (Kompas 2002), and even discussed with the Indonesian President (Kompas 2005).

The Zentei Gunma, a postal union federation from Japan, has assisted the SPPI since its inception through ASPEK Indonesia. SPPI has also sought to create cooperation with other unions in the form of the Association of Postal and Postal Unions (Batubara 2004:3).

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Posco has approved the PMUPUS President to work as a fulltime union officer, with his main task on union and JCC matters to improve a better relationship. Management also pays the rental for the union building. The union has its own office with fulltime clerks, photocopy machine, facsimile, meeting room, and private rooms for the union officials.

Since 1992 the unions used 'Majlis Perundingan Bersama' (JCC) to have a say on those matters that affected them, discussing strategic issues such as busi-

ness plans, as well as tactical and operational issues such as safety and health (JCC Minutes of Meetings 28/6/2002; 29/9/2003, interview with IR Manager 24/12/2003). However, the unions are still too weak to influence company's policy.

Unions have utilised the Coordination Committee to meet the Minister of Finance and other government officials to solve their problems, such as for increasing salaries and preventing retrenchments when Posco was privatised (interview with Union Official 11/2/2004).

Unions in Posco Malaysia are enterprise unions that do not affiliate with the Malaysian Trade Union Congress (MTUC). However, the unions worked closely with MTUC such as sending members for training on recruitment and CB. Some of committee members have served voluntarily as members of the executive council in MTUC. Sometimes Posco unions joined MTUC campaigns. Posco has also affiliated with United Network Union (UNI).

*Development of Members:* The improvement of union members was pursued by SPPI through attending various external training, workshop, or seminar from union federations regarding the topics such as unionism, advocacy, and youth and women labour. SPPI has carried out internal training to cover more members. However, merely less than five per cent of members have attended the trainings.

In Malaysia, many of union leaders and union committee members received training both in domestic and overseas,

such as ILO in Geneva, UNI HQ Office in Bangkok, Melbourne, Germany, Korea and Philippines, for union matters, and training and development (Interview with UPUS President 25/10/2007). However, they have never carried out member survey.

### **Discussion**

The results of the questionnaires demonstrated the applicability of the framework of Quinn and Rohrbaugh (1983) that adopts multidimensional measures. The measure covers all indicators of effectiveness measures, including the approaches of resource-based (e.g. resource acquisition, external support), internal process (e.g. member-improvement, communication, audit), and goals oriented (e.g. instrumental achievement, organising effectiveness, membership growth), as well as adopting objective and subjective type of indicators (namely organising effectiveness). Therefore, this is an improvement from the previous measures that was dominated by only one type of indicators, such as the goals model criteria (Boreham & Hall 1994, Bronfenbrenner 1997, Fiorito et al. 1995, Gahan & Bell 1999). This research also makes an advancement of operationalising clearer and unambiguous indicators of measurement compared to the works of Pyman (2002) and Burchielli (2004).

The effectiveness of the Indonesian and Malaysian unions can be compared by counting the number of “yes” and “no” answers for each case, and summing up of all the items into a compos-

ite scale. The union in Indonesian case booked eleven “yes” answers for collective bargaining, dispute cases won, recruiting, servicing, overall effectiveness, communication mechanism, member and density growth, support from employer, support from other parties, and member training. The Malaysian case gained ten “yes” answers for collective bargaining, prevent retrenchment, recruiting, servicing, communication mechanism, member and density growth, support from employer, support from other parties, and member training. Therefore, the Indonesian case showed a slightly more effective performance, particularly in the area of organising effectiveness.

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The unions in both cases have already passed the early stage of their life-cycle. They acquired enough resources from both internal, such as in the form of union dues, and external parties, including from the companies, other unions, and political parties. An established organisational structure is present from national, regional, to local levels. The decision-making is hierarchical, rules and procedures are established to achieve their objectives. The rational goals and organisational efficiency become ultimate concerns. The results were the collective bargaining, wages and benefits increase, and some union privileges, such as at-

tending corporate budget and program meetings in the Indonesian case. At the moment they are to enter the stage of elaboration of structure, where they will closely monitor and control the environment to adjust to further demand through the use of the open system model. However, in Indonesian case, SPPI also seems to emphasize the human relations model, where the organisation attempts to reinvigorate the morale and member unity.

### Conclusion

There have been limited studies regarding union effectiveness, particularly in developing countries. This paper has contributed to providing some information that could assist in measuring union effectiveness within the context in Malaysia and Indonesia. Regarding future research, this paper can be improved by conducting a longitudinal study and the study could also be extended into other industries or conducted in other countries for cross-country comparison.

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