

STRATEGIC MANAGEMENT OF TRADE UNIONS: NECESSITY AND POTENTIAL

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Abstract. This article presents a review and analysis of the theoretical framework for the strategic management of trade unions as specific non-governmental organizations. The aim of the study is to theoretically justify the need for strategic management of trade unions and to empirically clarify strengths and weaknesses of Latvian trade unions, as well as the formulation of their mission and goals. The paper theoretically describes the stages of strategic management process; it finds out the role of the strategic direction; it offers the analysis of trade union goals. To provide a successful strategy formulation process, methods to analyse internal and external environmental factors of trade unions have been proposed, and the nature of their strategy implementation and evaluation has been described. The author has empirically established Latvian trade union leaders' views on the strengths and weaknesses of unions' internal environment, opportunities and possible threats in the external environment, as well as the formulation of the unions' missions and goals. Methods of data acquisition and processing: a survey in the form of a structured interview and the SWOT analysis method. It has been concluded that the strategic management of trade unions is necessary because it would ensure that they would be able to adapt to the changes in the external environment.

Key words: Trade unions, strategic management, vision, mission.

Introduction

Non-governmental organizations, and also trade unions, have a significant role in ensuring and maintaining democracy in any European Union Member State. Analysing the development tendencies of trade unions and their positions in Europe, it can be concluded that in different countries they are determined by a complex and specific historical, cultural and economic situation. Changes in the trade union work in Latvia are related with Latvia accessing the European Union, which determined the need to increase social standards in the country. Statistical data approve that after Latvia's accession to the EU and opening of labour markets of several EU Member States, the number of trade union members in Latvia has decreased. Since 2006 the number of trade union members has decreased by 10.3%; in addition, the attitude to joining trade unions has become more sceptical (Darba apstākļi un riski Latvijā 2009-2010, 2010). Changes in society, globalisation, recession, increase of the unemployment level, economic emigration and the number of union members are a serious challenge for any trade union because it requires the analysis of the present situation, planning of further activities and the ability to work more intensively and flexibly. The goal of the research is to justify theoretically the need for the strategic management of trade unions and to empirically clarify the strengths and weaknesses of Latvian trade unions, as well as the formulation of their missions and goals.

Research methods: monographic, analysis, synthesis methods.

Data acquisition and processing methods:

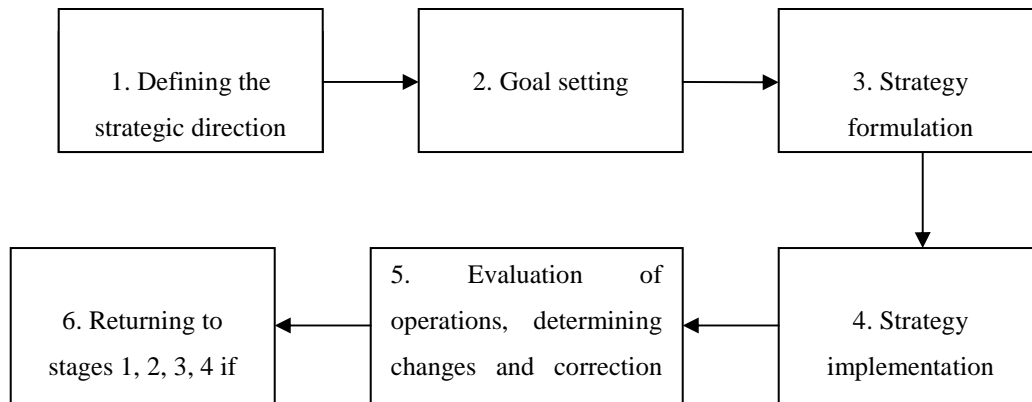
- Surveying of Latvian trade union leaders with the help of structured interviews. 18 trade union leaders from the member organisations of the Free Trade Union Confederation of Latvia (FTUCL), as well as managers of present fields and professional trade unions outside the FTUCL. The survey was carried out in June 2010.
- SWOT analysis method.

Results and discussion

Trade union researcher T. Hannigan defines the trade union strategy as a policy, programmes and projects that provide directions of operation for trade unions, taking into account their goals (Hannigan, 1998). In management literature various strategy definitions are present. A. Chandler considers that “the strategy is defining long-term goals of the organization, defining tasks and an effective use of the resources necessary to attain the goals” (Kalve, 2005).

According to the author of the present paper, this definition could also be related to a trade union strategy. The analysis of scientific literature indicates that to date no comprehensive research about strategic management of trade unions has been performed. Regarding trade union management, literature sources offer the researchers’ opinion about the fact that lately several trade unions have begun to integrate strategic planning approaches and techniques in their work but this practice is not very popular. In 2003 the theoreticians P. Clark and L. Grey clarified that since 1990 the number of international trade unions that implement strategic planning has increased. Trade unions in the USA, Great Britain and Australia have realised that strategic planning helps to adapt to the changing external environment (Weil, 2005). Some trade union researchers, e.g. T. Hannigan, P. Clark and D. Weil have analysed strategic planning processes and state that evaluation of the strategic direction is necessary to increase the effectiveness of trade unions. D. Weil mentions three stages of strategic planning: strategy formulation, implementation and evaluation (Weil, 1994).

Strategic management has developed from strategic planning. Strategic planning deals with the development and implementation of plans, but strategic management concentrates on management and the ability to think strategically (Caune, Dzedonis, 2009). The author of the paper considers that trade unions should pay attention to the development of strategic thinking and, for ensuring an effective strategic management process, she recommends to use the strategic management stages presented in Figure 1.



Source: Томпсон, Стрикленд, 2008

Fig.1. Stages of strategic management of trade unions

Defining the strategic direction. An opinion exists that the strategic direction can be determined by defining the mission and vision. There is no absolutely correct approach what the mission statement should be, but there are several recommendations of theoreticians about what aspects should be included in the mission statements. The essence of the mission of an organisation can be understood or explained in a broader or narrower way. In the broad sense of the notion, it is the purpose of the existence of the organization, its philosophy. In the narrow sense it reflects how the organization operates, what its goals are. The mission statement of the organization is a precisely defined justification of the existence of the organization, which in most cases is formulated abstractly and generally, specific activities are not defined but the overall motivation and direction of the organization are defined (Caune, Dzedonis, 2009). The way how trade unions define their missions significantly affects their success. The main task of the mission statement is to identify itself with the goals and problems of trade unions, to differentiate trade unions from other organizations, to be referred to all the external stakeholders of trade unions, to be attainable and measurable, exciting, inspiring and challenging. Analysing the insufficiencies of mission statements in non-governmental organizations, P. Drucker has stated that the mission of trade unions should be practical; otherwise it will just be a list of good will that does not indicate a particular direction. One of the major mistakes in formulating mission statements is to turn the mission statement into a declaration of good deeds. The mission has to be simple and transparent; it has to be clear for the trade union

staff, volunteer staff and any trade union member (Друкер, 2007). The Free Trade Union Confederation of Latvia has not formulated its mission yet and only some of the industry trade unions of Latvia internet homepages contain the mission statement (LBAS interneta mājaslapa). The author of the paper has clarified through the survey that in 16 organizations out of 18 trade unions of Latvia the mission is formulated. Respondents named the following mission statements: “Defence of the members’ professional and socio-economic interests”, “ To represent, defend the members’ labour, economic, trade and other social legal rights and interests”, “ Together we can achieve more!”, “To achieve an adequate salary, work conditions and social guarantees for the members”. It can be observed that the mission statements of Latvian trade unions do not correspond to the recommended theoretical viewpoints. Not all the mission statements respond to the questions: “Why does the trade union exist? What does it deal with? What is its uniqueness?” The author of the paper indicates that at present trade union leaders should pay a special attention to the inspiring and challenging aspect of the mission statement.

Vision is a common understanding about the organization’s character and goals; it determines general limits within which the organization should operate. It comprises what the organisation should be, not what it does. Effective trade unions use the strategic vision to better understand and operate in a dynamic and complicated environment. Although state laws and statutes of trade unions provide the character and goals of these organizations, it is exactly the vision that inspires the members and implements legal definitions in real life. Only some organizations can have that unifying, inspiring and lasting strategic vision as trade unions may, if only it is formulated appropriately. M. Allison and J. Kay emphasise the need for internal and external vision in non-governmental organisations. The internal vision is concentrated on what the organisation will be like in the near future but the external vision – on how the external environment will be improved if the organisation attains its goals (Allison, Kay, 2005). Based on this approach, the external vision of trade unions should reflect the desirable positive changes in legislation, the social and the economic environment. The author of the paper considers that formulation and publicising of the external vision offers trade unions the opportunity to impact the former sceptical attitude of society towards trade unions and encourages thinking about trade unions as representatives of the interests of society.

Goal setting. It can be certainly asserted that modern organizations cannot be imagined without goals. Trade unions need them to implement the mission of the organization, it is exactly the goals that turn the mission into special, specific measurable results, as well as ensures understanding about the direction of the operation of the organization, and the goals coincide with the vision and

the mission. Development of the mission, vision and goals cannot happen only in the offices of trade union leaders or at the board meetings; trade unions should develop teams to involve knowledgeable and active trade union members in this process.

During the interviews the Latvian trade union leaders mentioned the following goals:

- long-term goals: to increase the number of trade union members twice; to enhance the development of new work places, work safety, growth of professional skills and remuneration; to enhance employee solidarity at all levels of trade union operations; to become an influential power in society.
- short-term goals: to develop legal, democratic and cultural society; to involve new members and to establish new trade union organizations; to sign collective labour agreements in all enterprises; to facilitate the work and long-term development of industry trade unions; to facilitate employee safety and health at the work places; to increase the number of trade union members, to educate the members; to participate in the development of laws and regulations that would improve or maintain the current guarantees of employee rights.

Theoreticians set several demands for the goals: the goals should be specific and measurable, the responsibilities and execution terms should be clearly stated; the goals should be attainable, ambitious, but realistic; the goals should be flexible – it is possible that due to the changes in the organizational environment a need to adjust or change them will arise (Caune, Dzедonis, 2009). The goals named by the Latvian trade union leaders exhibit significant weaknesses; the execution terms are not mentioned, the goals are unspecific, general and declarative.

Strategy formulation. There is a basis to consider strategy formulation as one of the most significant stages of the strategic management process. Sometimes trade unions, like other non-governmental organizations, use SWOT and PEST analysis methods taken over from business (Strategic planning toolkit). The name of PEST method consists of the initials of the words in English: P – Policy; E – Economy; S – Society; T – Technology. With the help of this method the external environment of trade unions can be studied: political and legal environment; economic environment; economic environment; social/cultural environment; technological environment. PEST method does not have a strict form – trade unions have to decide what factors to study (Forands, 2005). The PEST analysis method is criticised for its subjectivity, but it is widely used. The author of the paper considers that the PEST analysis method is appropriate at both the state and the industry trade union level. SWOT analysis is also rather subjective; however, at the same time it is a method tested in business practice and its application allows the trade union to evaluate both the internal and the

external environment. Based on the information obtained in the interviews, the author of the paper has performed the SWOT analysis of Latvian trade unions.

Table 1. SWOT analysis of Latvian trade unions

Strengths	Weaknesses
S1. Large number of members	W1. Small number of members
S2. Competences and motivation of industry trade union leaders	W2. Competences and motivation of industry trade union leaders
S3. Competences and motivation of the enterprise level leaders	W3. Competences and motivation of the enterprise level leaders
S4. Ability to work and sign qualitative collective labour agreements	W4. Inability to work and sign qualitative collective labour agreements
S5. Ability to offer qualitative support for trade union members at the enterprise level	W5. Inability to offer qualitative support for trade union members at the enterprise level
S6. Ability to develop and sign qualitative master agreements	W6. Inability to develop and sign qualitative master agreements
S7. Ability of industry trade unions to offer qualitative services to local level trade unions	W7. Inability of industry trade unions to offer qualitative services to local level trade unions
	W8. Inability to prevent external threats
	W9. Insufficient financial resources of trade unions
	W10. Decrease of the number of members
Opportunities	Threats
O1. High unemployment level	T1. High unemployment level
O2. Recession	T2. Recession
O3. Need for trade union services	T3. Negative employers' attitude in enterprises
O4. Appearance of new technologies	T4. Negative attitude of employers' organizations to trade unions
O5. Positive employers' attitude in enterprises	T5. Denying attitude of the majority of society to trade unions
O6. Positive attitude of employers' organizations to trade unions	T7. Negative attitude of the government to trade unions
	T8. Economic emigration of the population
	T9. Legislation norms delaying and hindering work

Source: author's designed

Results of the survey indicated to the fact that trade union leaders are only partly notice the strengths and weaknesses, as well as opportunities of the external environment of these organisations, but they are better aware of the impact of threats on the work of trade unions.

During the strategy formulation, trade unions should find answers to several questions: “How to prevent the reduction of the number of members?”, “How to reduce the negative attitude of employers and society to trade unions?”, “How to improve the ability to develop and sign qualitative collective labour agreements?”. It is important to ensure a creative approach in this process – the faster the changes in the external environment of the organization, the more creativity is necessary.

Strategy implementation. For the formulated strategy to be skilfully implemented the following should be provided:

- Determination of the required duties, responsibilities and the decision making authority;
- Development and implementation of strategy maintaining policy and procedures, incl. the development of the results control system;
- Allocation of financial, human and material resources of the organization according to the strategy;
- Development of informative, communicative, operational and electronic systems;
- Introduction of such organizational culture that would facilitate strategy implementation;
- Maintaining such leadership that would facilitate strategy implementation
- (Caune, Dzdonis, 2009; Томпсон, Стрикленд, 2008).

Evaluation of operations, determining changes and correction of operations. To access the operation correctly and to forecast introduction of the potential changes in the organization, strategy correspondence analysis to the requirements of the internal and external environment of trade unions, opportunities and goal attainment should be performed (Dāvidsone, 2009). The potential correction of operations can be related with developing new opportunities, structure, organizational culture, type of organization’s operations or other changes. At this stage decisions about the necessity to return to some of the previous strategic management stages are made.

Conclusions

1. Strategic management of trade unions is necessary because it helps to develop strategic thinking and to adjust to the changes created by the external environment.
2. Defining and publicising external vision offers trade unions the opportunity to affect the former sceptical attitude of society to these organisations and encourages thinking about trade unions as representatives of the interests of society.

3. Latvian trade union leaders only partly notice the strengths and weaknesses, as well as opportunities of trade unions, but they are better aware of the impact of threats on the work of trade unions.
4. Defining of the mission and goals of Latvian trade unions has not been paid sufficient attention to. Mission statements do not correspond to the desirable theoretical viewpoints, mission statements do not contain information about execution terms, the goals are unspecific, general and declarative.

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