

Authors: Ambrose Ogwang, Maya Denis Makika and Rehema Kahunde

Can trade unions help support workers in Uganda during crises such as COVID-19?

Executive Summary

Labour unions are supposed to play a fundamental role in advocating for workers' rights, especially in times of employment crisis, where workers are susceptible to shocks. The COVID-19 pandemic has underscored the importance of unions in giving workers a collective voice in the workplace and the urgent need to implement laws that support unionisation fully. Despite the importance of labour unions, only 15 percent of employees in Uganda are members of any workers' union. We examine how unionized workers fared during the COVID-19 pandemic with respect to maintenance of entitlements including salaries, NSSF contributions, medical insurance, and the payment of union fees. We find that unionised workers were relatively less affected by the COVID induced labour market changes. To reduce the rising inequality and near wage stagnation for most workers, there is a need to increase awareness of the benefits and importance of subscribing to a union. In addition, reinvigorate these unions to build on existing legal frameworks and structures.

Introduction

COVID 19 has exposed a salient yet unseen feature of the global labour market. A 2020 study by the Economic policy Research Centre (EPRC) showed that the pandemic negatively affected labour demand and productivity.¹ With firms becoming more vulnerable because of the tight business environment and the increased cost of operation due to measures taken to curb the spread of the pandemic, 2.9 million workers were laid-off either permanently or temporarily. Another recent rapid survey of businesses by EPRC revealed that three-quarters of the surveyed businesses in Uganda laid-off employees due to the risks presented by COVID-19 and subsequent containment measures.²

COVID-19 pandemic has underscored the importance of these unions in giving workers a collective voice in the workplace and the urgent need to implement laws that support unionisation fully. Trade unions play a fundamental role in advocating for workers' rights, especially in times of labour market crisis,

where workers are susceptible to shocks. McNicholas et al. (2020) argue that during the crisis, unionised workers have been able to secure enhanced safety measures, additional premium pay, paid sick time, and a say in furloughs or work-share arrangements to save jobs.³

This brief summarises a report by EPRC on the impact of the COVID-19 pandemic and its containment measures on employment, labour and productivity in Uganda. The brief focuses on how trade unions can help moderate the effects of shocks among union workers compared to non-unionised workers.

Methodology

This brief is an extract from a report from a survey conducted by EPRC on the COVID-19 pandemic and its containment measures on employment, labour, and productivity in Uganda.⁴ The survey was carried out on behalf of the Ministry of Gender Labour and Social Development (MoGLSD). Mixed methods that

entailed using both qualitative and quantitative approaches were applied. The quantitative approach applied a structured questionnaire, whereas the qualitative approach used Key Informant interviews. The final dataset contains a sample of 221 respondents, both employees and authorised senior managers from the selected firms in the different sectors of the economy. The sample was weighted according to sectors to represent the whole economy. Descriptive statistics were used in the analysis with a sufficient degree of rigour.

Results

The impact of COVID-19 pandemic on employees. The results presented in Figure 1 reveal the need for strong support for the formation of worker's unions and business associations in strategic sectors of the economy. Consistent with McNicholas *et al.* (2020), workers that belong to a labour union registered less reduction in their work entitlements and or social safety nets than their non-unionised counterparts.

Considering remuneration, only 23 percent of unionised workers lost their entitlements to workplace allowances. This is in contrast to 31 percent of their non-unionised counterparts. Similarly, salary cuts for non-unionised workers declined faster than their unionised counterparts. For example, the un-unionised private school teachers vis a vis the unionised public school teachers.

In addition, only 7.4 percent of unionised workers lost entitlement to medical insurance compared to 14 percent of their non-unionised counterparts. On the contrary, a slightly

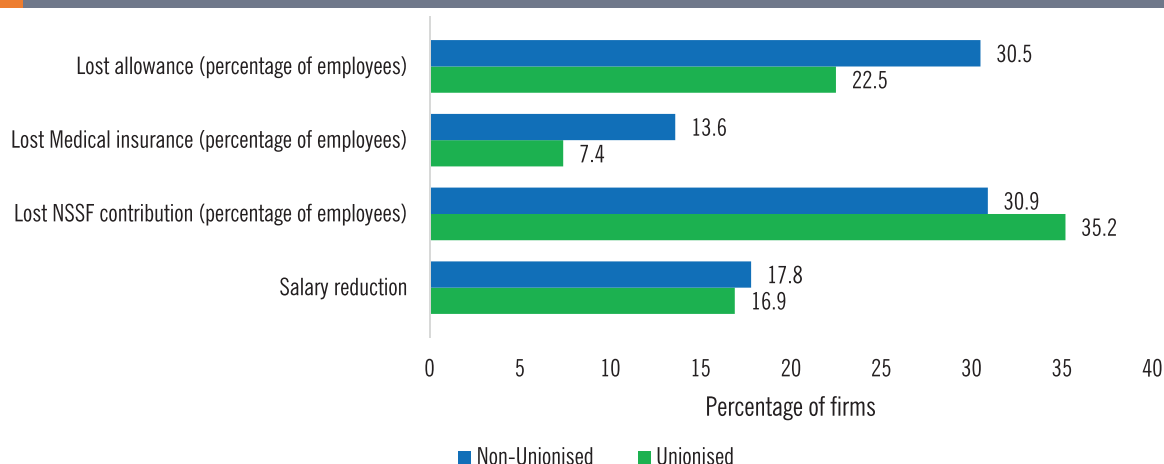
higher percentage of unionised workers (35%) reported termination of NSSF contribution. This contrast could be because most non-unionised workers were not entitled to NSSF even before the pandemic, and the increased cost of doing business brought by the pandemic forced the cuts.

Despite the importance of labour unions, 85 percent of Uganda's employed population is not a member of any workers' union (UBoS, 2018). According to Key informant interviews, the low membership in unions is attributed to several reasons, namely;

First, lack of political will to organise worker into unions — in this case, enforcement of union activities by MoGLSD remain weak. For instance, a key informant reported, “While the Labour Union Act stipulates that unions have to provide audited books of accounts and hold annual delegates conferences, *many unions do not fulfil these requirements and yet stay operational*”. In some other cases, labour officers have been barred from talking to workers by political actors and or employers.

Second, workers are generally not aware of the benefits of belonging to a union. As such, they are not incentivised to join. Thirdly, employers also resist unionisation by incentivising workers who refuse to join and threatening those intending to join.⁵ Most vulnerable workers on casual and temporary contracts cannot negotiate for better terms and conditions of service. This points to a need by Government to strengthen support for both formal and informal workers' associations.

Figure 1 Impact of COVID-19 on Unionised and Non-Unionised workers



Source: Authors' construct using MoGLSD rapid survey data 2020.

According to Egas and Sacchetto (2020), such associations could be used to facilitate government financial support, improve targeting, better understand workers' challenges and needs, and thus ease the negative economic effects of COVID-19 on employment.⁶

The impact of COVID-19 pandemic on firm payment of union fees. The effect of the Covid-19 pandemic forced some firms to halt payment of their union fees, and this differed with the sector, the formal status of the firm, firm size and the gender of the top most manager, as shown in Figure 2.

The covid-19 pandemic affected firms mainly in the agriculture sector with 71.9 percent halting payment of union due, followed by the firms in the services sector (55.8 percent). This is a revelation that firms in the agriculture sector are most vulnerable to shock as compared to those in the other sectors. Comparatively, more formal firms (48.9%) halted payment of union dues as compared to the informal firms (40.8 %), a likelihood that the informal firms have fewer employees registered to labour unions. The halting of payment of union due could also be a mechanism through which the formal firms cut operation costs to remain in operation. Indeed, Lakuma et al. 2020, found that 9 out of 10 businesses reported experiencing an increase in operating costs because of the preventive measures instituted by the Government to curb the spread of COVID-19, with the costs increasing disproportionately across sectors and firm sizes⁷.

Most of the small firms (54.1%) halted their payment of union fees, followed by the micro firms (49.7%) and the least being

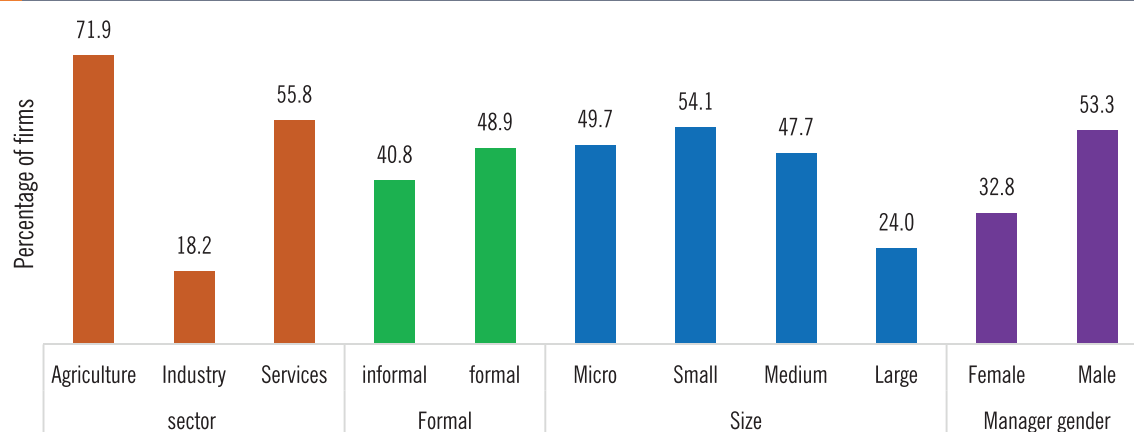
the large firms (24%). The effect of the covid-19 pandemic reduces by the size of the small firms. As it is, we could attribute this to the small resource base coupled with the high operation cost of both the small and large firms that made it more challenging to meet union dues. More than half (53.3%) of the male managed firms were forced to halt their payment of the union fees compared to only 32.8 percent of the female managed firms.

Conclusion and policy recommendation

Disaggregation by category showed that firms in the agriculture sector, formal firms, small-sized firms, and male managed firms halted payment of union dues because of the COVID-19 pandemic. In addition, the effect of COVID-19 was far-reaching the non-unionised workers compared to those belonging to a union. With a higher percentage affected by salary reduction, lost medical insurance and lost allowances. As a result, bringing to the fore the significant role played by labour unions in advocating for employees' working conditions. However, only 15 percent of workers belonged to a labour union, indicating the need for policy actions geared towards increasing the number of employees subscribing to membership of a labour union(s). Therefore, this brief recommends the following policy actions.

Create awareness of the benefits of subscribing to a labour union. As reported by one of the Key informants, very few workers are subscribed to unions due to the lack of awareness of their existence and the roles they play. There is a need for MoGLSD to look at the existing frameworks to improve any weaknesses that are likely to hinder strengthening the reach

Figure 2 Percentage of the firms that halted payment of Union fees because of the Covid-19 pandemic.



Source: Authors' construct using MoGLSD rapid survey data 2020.

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About the Authors

Ambrose Ogwang is a Young Professional at the Economic Policy Research Centre, Kampala, Uganda.

Maya Denis Makika is a Research Associate at the Economic Policy Research Centre, Kampala, Uganda.

Rehema Kahunde is a Research Analyst at the Economic Policy Research Centre, Kampala, Uganda.

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and connections between labour unions and firms.

Reinvigorate workers' unions: Policymakers must enact reforms that promote workers' collective power in strategic sectors at the national level. These reforms should build on existing legal frameworks and structures. This will go a long way to address rising inequality and near wage stagnation for most workers.

Endnotes

- 1 EPRC (2020), "Rapid Assessment of the Impact of Covid-19 on Labour, Employment and Productivity", A Report by EPRC commissioned by Ministry of Gender Labour and Social Development (MoGLSD)
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Address:

Economic Policy Research Centre
51, Pool Road, Makerere University Campus,
P.O. Box 7841 Kampala, Uganda
Tel: +256414541023/4 Fax: +256414541022
Email: eprc@eprcug.org