



Trade Unions

MEGA LECTURE

IGCSE

Trade Union

Trade Union is a platform through which employees in an organization collectively negotiate with their employer(s).

It works like any other organization with different levels of hierarchy each having **specialized responsibilities.**

Trade Union

The concept of Trade Union emerged during **Industrial Revolution** in Europe. During initial years of Industrial Revolution manufacturing workers were made to work in pathetic working conditions and for very low wages.

Why are Trade Unions Effective?

In absence of Trade Unions individuals have to individually advocate for their rights which leaves them with very little negotiation power in relation to their employers. On the other hand employees' negotiation powers significantly increase when done through the platform of Trade Unions.

This **Collective Bargaining** is what makes Trade Unions effective for negotiation with employers.

Types of Trade Unions

All different types of Trade Unions can be classified in following four categories:

General Unions: it represents employees belonging to different occupations and different industries. **Industrial Unions:** it represents employees working in same industry like all workers of education sector.

Types of Trade Unions

Craft Unions: it represents all people with similar skill / occupation working in different industries like doctors' union of Pakistan.

Non-Manual Unions or Professional Associations: it represents white-collar workers of certain industry. Like teachers' association.

Objectives of Trade Unions

Trade Unions try negotiating on following employment aspects of their members:

Better financial incentives (salaries, overtime, bonuses, fringe benefits)

Improved working conditions in terms of lesser working hours and better health and safety procedures

Objectives of Trade Unions

Availability of more personal development opportunities in terms of trainings
Reducing unfair dismissals
Reducing redundancies

Industrial Action

When firms / employers do not admit to Trade Unions' demands then later are expected to take some Industrial Action. Industrial Action refers to Trade Unions' retaliation against firms for not accepting their demands. This **retaliation** can take different forms.

Types of Industrial Actions

Some possible Industrial Actions can be:

- 1. Overtime Bans:** complete ban on working overtime
- 2. Work to Rule:** trying to slow down production by over-compliance with rules

Types of Industrial Actions

- 3. Go Slow:** workers deliberately working slow to cause financial loss to employer.
- 4. Strike / Protest:** strike is when firm workers do not go to work. Trade Unions often provide workers certain compensation to meet their living expenses. These expenses are covered from members' membership fees.

Firms' Trade Union Arrangements

Single Union Agreement: when firm decides to negotiate with only one Trade Union.

Closed Shop: when all firm employees are bound to be part of certain trade union. Each new worker being hired has to agree to become part of trade union that is working with certain firm. This gives trade union too much negotiation powers.

Firms' Trade Union Arrangements

Open Shop: when firm is free to hire unionized and non-unionized workers. Firms prefer such arrangement for it leaves trade union with lesser negotiation powers.

Benefits of Single Union Arrangement

It is easier for firm to negotiate with one union.

Firm can agree to fairly compensate its employees if union agrees not to take any industrial action. It is then union's responsibility to ensure **higher labor productivity** for advocate for **higher salaries**.