

## Quadrant II – Notes

**Paper Code: ECG 106**

**Module Name: Trade Union Concept and Definition**

**Module No: 1**

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### **DEFINITION OF TRADE UNIONS**

The industrial revolution in England and in other countries and the advent of the factory system of production are greatly responsible for the emergence of trade unions.

**Section 2(h) of the Trade Unions Act, 1926** has defined a trade union as “Any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers, or between workmen and workmen, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more trade unions.”

This definition considers trade unions to be temporary or permanent organization of workers. It includes associations of both the workers and employers and the federations of their associations. The purpose of the trade union is to control the relationship between the workmen and employers, workmen and workmen or between employers and employers.

**Dale Yoder** has defined trade union as a continuing long-term association of employees formed and maintained for the specific purpose of advancing and protecting the interests of members in their working relationships. He quotes: “A trade union is a continuous association of workers which is formed with the purpose of protecting the interests of workers.”

Trade union is an association of workers and are formed with the intention of protecting the workers against exploitation of the employers and also to improve the workers' conditions.

According to **Edwin B. Flippo** "A labour union or trade union is an organisation of workers formed to promote, protect, and improve, through collective action, the social, economic, and political interests of its members". This definition of trade union asserts that the association of workers will enhance the various interests of the member workers through combined action.

"A trade union means an association of workers in one or more occupation— an association carried on mainly, for the purpose of protecting and advancing the members' economic interests in connection with their daily work"--- **G.D.H. Gole**. The economic interest of the workers is protected by the trade union as per this definition.

**Richard A. Lester** "A trade union is an association of employees designed primarily to maintain or improve the conditions of employment of its members."

**Sydney and Beatrice Webb** Trade union may be defined as "a continuous association of wage earners for the purposes of maintaining or improving the conditions of their working lives." These two definitions of a trade union state that a trade union is primarily meant to improve working and living conditions of workers.

From all these definitions of trade unions it can be summarized that trade unions are associations of workers and are formed with the intention of protecting the workers against exploitation of the employers and also to improve the workers' conditions. Trade unions are voluntary organisation of workers formed to protect and promote their interests through collective action. It may be formed on plant basis, industry basis, firm basis, regional basis or national basis.

Trade union movement arose for the purpose of defending the rights of workers, improving their living and working conditions and for protecting their interests. From a small beginning, this movement has grown into a worldwide movement for achieving social justice, economic equality and preservation of democratic values of life.

### **FEATURES OF TRADE UNIONS**

1. **Association of employees:** A trade union is essentially an association of employees belonging to a specific area of employment, profession, trade or industry. For example, there are unions for teachers, doctors, film, artistes, weavers, mine workers and so on. A trade union is a permanent body and not a casual or temporary one.
2. **Voluntary Association:** An employee voluntarily joins the trade union. No one can force an employee to join a trade union. The worker joins the union out of his/her own free will. A person cannot be compelled to join a union.
3. **Permanent Body:** A trade union is usually a permanent body. Members may join and leave the union but the trade union remains as a permanent entity.
4. **Common Issues:** The members of a trade union have certain issues that are of concern to them such as job security, better pay and working conditions and so on. Trade unions address these issues with the employers. Trade unions protect the interest of workers.
5. **Collective Action:** Even when an individual employee has any grievance over certain management decisions, the matter is sorted out by the intervention of the trade union. Employees are able to initiate collective

action to solve any problem concerning any particular employee or all the employees.

6. **Foster good relations with Management:** The trade union seeks to improve relations between the employees and employers. The representatives of the trade union usually hold talks with the management concerning the problems of the employees in order to find an amicable solution. Negotiations and collective bargaining are the tools for accomplishing their goals. Such dialogue between the trade union leaders and the management enables the two parties understand the problems which can foster good relations between trade unions and the management.

## **CONCEPT OF TRADE UNIONS**

The concept of trade unions can be understood in relation to industrial democracy, co-operation, the political system and socialism.

### **1. Trade Unions and Industrial Democracy**

Industrial democracy implies self-government within the industry. The fundamentals of industrial democracy are association of workers, voluntary character of the association, equality, fulfilment of essential demands of the workers, re-orientation of the principle of majority rule, and freedom to share in decision making. Applying these fundamentals of industrial democracy to trade unions, the workers voluntarily organize themselves into unions on the basis of equality. Trade unions make efforts to secure the acceptance of their essential demands, the principles of majority rule and participation in decision making. The Code of Discipline in industry (1957) affirms the faith in democratic principles that will be followed by both management and trade unions to settle grievances, disputes and differences by mutual negotiations, conciliation and

voluntary arbitration. Industrial democracy strengthens political democracy by making workers of their rights as well as their duties.

## **2. Trade Unions and Cooperation**

Trade unions and co-operatives are both economic institutions which function to protect and promote the common interest of their members. In the Indian context the Trade unions and co-operatives have remained apart from each other. Trade unions protect the common interest workers and ensure that workers are not exploited by the employers. Industrial co-operatives provided for the shift of ownership to the workers. AMUL (Anand Milk Union Limited) is a good example of a cooperative sector industry. However industrial co-operatives have limited success in India.

## **3. Trade Unions, Political System and Socialism**

In India there is a multiplicity of trade unions. The trade unions are mostly backed by political parties. The trade unions are influenced by the political ideologies. In other countries like U.K. Canada, Sweden the trade unions are involved in the political system and form their own Labour parties. If the union wins the elections with a majority, they form the government. When India followed the path of a socialist pattern of society in 1956 in the Second Plan the role of trade unions were to promote socialism in the public sector, mainly through the workers participation in management. Since 1991 with the Economic policy of Liberalization Privatisation and Globalisation the trade unions work towards protecting the interest of workers and maintaining cordial relationship with the management.

## **FUNCTIONS OF TRADE UNIONS**

The functions of trade Unions includes:

- Basic Function

- Economic Function
- Welfare Function
- Legal Function
- Political Function

### **Basic Function**

The first basic function of the trade union is to build up their membership and strength of the union. The organized strength of the workers enables the trade union to effectively negotiate and bargain with employers to improve the working and living conditions of workers. In India the registered unions are small in number, have limited finances and low membership. Thus the basic function of trade unions in India is to increase their membership and improve their finances. Only then can trade unions negotiate effectively with employers/management and promote the welfare of workers.

### **Economic Function**

The core trade union function is to promote the economic interests of workers. With inflation prevailing in the country the economic condition of the workers need to improve. The workers need to have a decent wage that will enable them to have a comfortable life. Trade unions work towards improving the economic condition of workers by bargaining with employers for increase in wages, better conditions at work and provision of labour welfare measures. This function is also known as the bread and butter function of trade unions.

### **Welfare Function**

Improving the well-being of workers is the welfare function of trade unions. The trade unions will improve the welfare of workers by organizing sports activities, cultural programmes, libraries, skill development, education of the workers and so on. The ultimate goal of trade unions is to create a society in which all the

members of the society have ample opportunities to improve their skills, their standard of living and have the knowledge and ability to earn a decent living.

### **Legal Function**

The trade unions also function to provide legal assistance to workers when disputes arise regarding work related issues such as wages, job security, working conditions, retrenchment, sexual harassment and so on. For this purpose the trade union leaders need to study labour laws and legislations. They should have the ability to interpret the laws and study legal procedures. This will enable the union leaders to pursue cases at labour courts and labour tribunals. It is also important that the union leaders and workers are represented in government committees and commissions associated with the law making that directly or indirectly affect the workers.

### **Political Function**

Trade unions have for long been associated and influenced by political parties. The link between trade unions and political parties should be utilised to bring about the improvement in the living and working conditions of the working class through legal enactments. The link with political parties should be strengthened for the purpose of implementing labour policies that will be favourable to labour and not mainly to achieve political goals.