

Subject: Human Resource Management

Production of Courseware  
- Content for Post Graduate Courses



Paper 10: INDUSTRIAL RELATIONS AND LABOUR LEGISLATIONS  
Module 12: Trade Unions: Concept, Objectives and Functions, Theories



### Development Team

<b>Principal Investigator:</b>	Prof. Ipshita Bansal Department of Management Studies BPS Women University, Khanpur Kalan, Sonapat
<b>Paper Coordinator:</b>	Dr Ajay Solkhe, Sr. Assistant Professor University School of Management, Kurukshetra University, Kurukshetra
<b>Content Writer:</b>	Dr Ajay Solkhe, Sr. Assistant Professor University School of Management, Kurukshetra University, Kurukshetra, Haryana
<b>Content Reviewer:</b>	Prof. Shabnam Saxena, Professor Haryana School of Business GJ University of Science & Technology, Hisar, Haryana



Items	Description of Module
Subject Name	HUMAN RESOURCE MANAGEMENT
Paper Name	INDUSTRIAL RELATIONS AND LABOUR LEGISLATIONS
Module Title	TRADE UNIONS: CONCEPT, OBJECTIVES AND FUNCTIONS, THEORIES
Module ID	Module 12
Pre-Requisites	Understand the importance of trade unions for industrial setup .
Objectives	Upon completion of the module the student should be able to understand:  The meaning, definition and significance of trade unions in general  Major objectives and functions of trade unions  Theories of trade unionism  Roles, Forms, classification of trade unions.
Keywords	Trade Unions, Unionism, Classification, Theories

**Module 12:**

**TRADE UNIONS:**

**CONCEPT, OBJECTIVES AND FUNCTIONS, THEORIES**

**1. LEARNING OBJECTIVES**

**2. INTRODUCTION: DEFINITION**

**3. FORMS OF TRADE UNIONS**

**4. FUNCTIONS OF TRADE UNIONS**

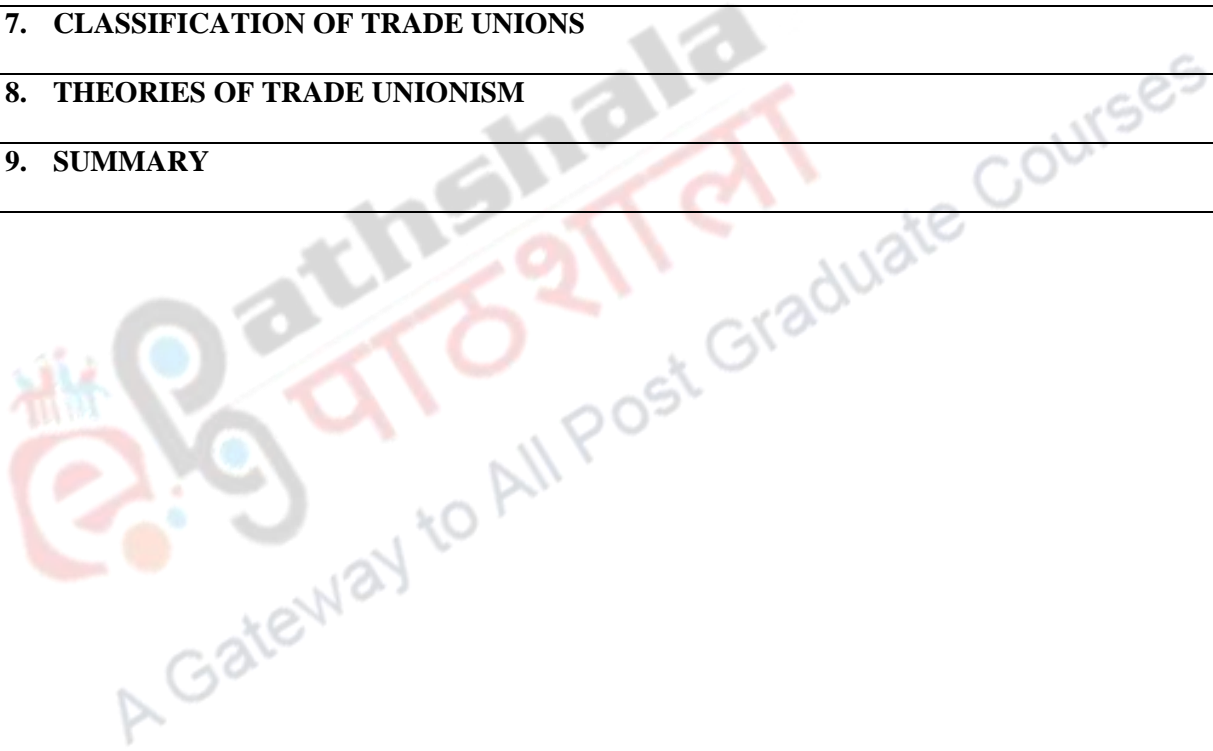
**5. OBJECTIVES OF TRADE UNIONS**

**6. ROLE OF TRADE UNIONS**

**7. CLASSIFICATION OF TRADE UNIONS**

**8. THEORIES OF TRADE UNIONISM**

**9. SUMMARY**



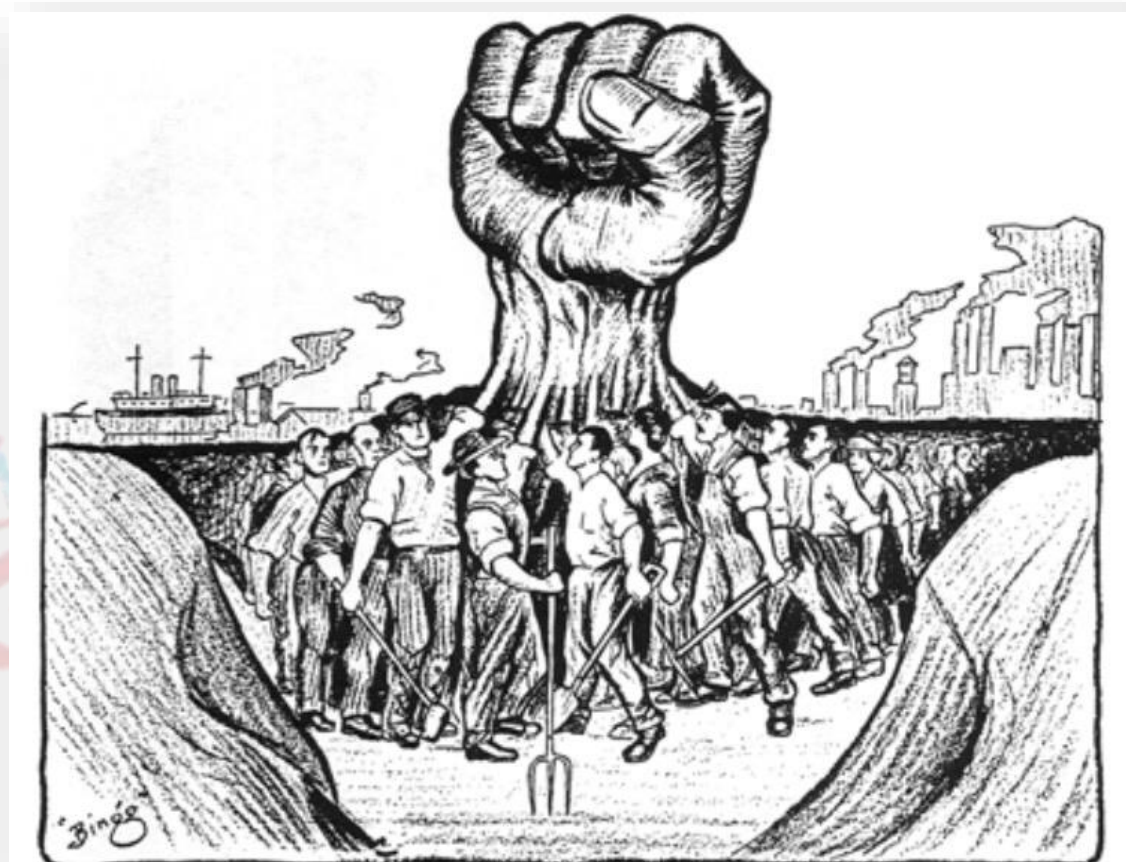
## 1. LEARNING OBJECTIVES

Upon completion of the lesson the students should be able to understand :

- The meaning, definition and significance of trade unions in general
- Major objectives and functions of trade unions
- Theories of trade unionism
- Forms, classification of trade unions

## 2. INTRODUCTION: DEFINITION

According to Webbs, a trade union is a continuous association of wage-earners for the purpose of maintaining and improving the conditions of their working lives. Under the Trade Union Act of 1926, the term is defined as any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workers and employers or for imposing restrictive conditions on any trade or business and includes any federation of two or more unions. Let us examine the definition in parts:



- Trade union is an association either of employees or employers or of independent workers.
- It is relatively a permanent formation of workers. It is not a temporary or casual combination of workers.
- It is formed for securing certain economic (like better wages, better working and living conditions), and social (such as educational, recreational, medical, respect for individual) benefits to members. Collective strength offers a sort of insurance cover to members to fight against irrational, arbitrary and illegal actions of employers. Members can share their feelings, exchange notes and fight the employer quite effectively whenever he goes off the track.

A more recent and non-legislative definition of a union is:

*“An organisation of workers acting collectively, who seek to protect and promote their mutual interests through collective bargaining”.*

### 3. FORMS OF TRADE UNIONS

There are three forms of trade unions: -

- **Classical:** A trade union's main objective is to collectively safeguard the interests of its members in a given socio-economic-political system. Trade unions are the realistic expressions of the needs, aspirations and wishes of the working class.
- **Neo-classical:** It goes beyond the classical objectives and attempts to improve other wider issues like tax-reliefs, raising saving rates, etc.
- **Revolutionary change in the system:** Establishing the rule of working class even through revolutionary means such as violence, use of force, etc.



### 4. FUNCTIONS OF TRADE UNIONS

- **Militant or Protective or Intra-mutual functions:** These functions include defending the workers' interests, i.e., hike in wages, providing more benefits, job security, etc., through the means of collective bargaining and direct action such as strikes, gheraos, etc.
- **Fraternal or extramural functions:** These functions include ensuring the financial and non-financial assistance available to workers during the periods of strikes and lock-outs, extension of medical facilities during slackness and casualties, provision of education, recreation, recreational and housing facilities, provision of social and religious benefits, etc.
- **Political functions:** These functions include affiliating the union to a political party, assisting the political party in enrolling members, amassing donations, seeking the help of political parties during the periods of strikes and lock-outs.
- **Social functions:** These functions include getting involved in social service activities, discharging social responsibilities through various sections of the society like educating the customers etc.

### 5. OBJECTIVES OF TRADE UNIONS

Unions concentrate their attention to achieve the following objectives: -

- **Wages and Salaries:** The subject which shows the major attention of the trade unions is wages and salaries. Of course, this item may be related to policy matters. However, differences may arise in the process of their implementation. In the case of unorganised sector, the trade union plays an instrumental role in bargaining the pay scales.
- **Working conditions:** Trade unions with a view to protect the health of the workers demand the management to provide all the basic amenities such as lighting and ventilation, sanitation, rest rooms, safety equipment while discharging hazardous duties, drinking water, refreshment, minimum working hours, leave and rest, holidays with pay, job satisfaction, social security benefits and other welfare measures.
- **Discipline:** Trade unions not only conduct negotiations in respect of the items with which their working conditions may be improved but also safeguard the workers from the controls of management whenever workers become the victims of management's unilateral acts and disciplinary policies. This victimisation results in to various forms such as penal transfers, suspensions, dismissals, etc. In such a situation, the worker who is separated is left in a

helpless condition may approach the trade union. Ultimately, the problem may be brought to the notice of the management by the trade union and it describes about the injustice meted out to an individual worker and fights the management for justice. Thus, the aggrieved worker may be protected by the trade union.

- **Personnel policies:** Trade unions may fight against inappropriate implementation of personnel policies in respect of recruitment, selection, promotions, transfers, training, etc.
- **Welfare:** As stated earlier, trade unions are destined for the welfare of workers. Trade union works as a guide, consultant and cooperates in overcoming the personal problems of the workers. It may bring to the knowledge of the management through collective bargaining meetings the difficulties of workers in respect to sanitation, hospitals, quarters, schools and colleges for their children's cultural and social problems.
- **Employee-employer relations:** Harmonious relations between the employees and employer are essential prerequisite for industrial peace. A trade union always strives for achieving this objective. However, the rigid bureaucratic attitude and unilateral thinking of the management may lead to conflicts in the organisation which, ultimately, disrupt the relations between the workers and the management. Trade union, in the capacity of representative of all the workers, may carry out continuous negotiations with the management with a view to promote industrial peace.

- **Negotiating machinery:**

Negotiations include the proposals made by one party and the counterproposals of the other. This process stretches until the parties reach an agreement. Thus, negotiations are based on the principle of 'give and take' principle. Trade union, being a party for negotiations, protects the interests of workers through collective bargaining. Thus, the trade union works as the negotiating machinery.



- **Safeguarding organisational health and the interest of the industry:** Organisational health can be ascertained by methods evolved for grievance redressal and techniques adopted to reduce the rate of absenteeism and labour turnover and to improve the employee relations. Trade unions through their effective working may achieve employee satisfaction. Thus, trade unions help in reducing the rate of absenteeism, labour turnover and developing systematic grievance settlement procedures leading to harmonious industrial relations. Trade unions can thus, contribute to the developments in level of production, productivity and discipline thereby cultivating good quality of work-life.

## 6. ROLE OF TRADE UNIONS

Adopting the model of *Prof Clark Kerr*, Unions assume the following role:

- **Sectional Bargainer:** It specifies the interests of the particular section of workers at plant, industry, national level - multiplicity of unions, crafts unions, white collar union, etc.
- **Class Bargainer:** Here unions representing the interest of the class as a whole. For example, in France Agricultural Unions, Federations of Unions, Civil Servants Union, etc.
- **Agents of State:** As in erstwhile U.S.S.R., unions ensure targets of production at fixed price. In the 1974 Railway strike, INTUC stood behind the Government and its agent.

- **Partners in Social Control:** Stated as Co-determinator in Germany. Also, some evidences are found in Holland, France, Italy and Sweden - some half-hearted attempts are being made in India also.
- **Unions' role,** which can be termed as opponents of economic systems, driven by political ideologies than by business obligations. Leftist unions want to change the fundamental structure of economy and want to have control over it. Therefore, they encourage high wages, high bonus, etc., without any attention to the health of the economy.
- **Business Oriented Role,** where unions pursue the interests of the organisation along with workers. They think that their members' fate is inseparably linked with that of organisation and they swim or sink together.
- **Unions as Change Agent:** Here unions lead the changes rather than be led by them, thus performing the pioneering role.



## 7. CLASSIFICATION OF TRADE UNIONS

### A. Classification based on ideology

- Revolutionary Unions:** They believe in destruction of existing social/economic order and creation of a new one. They want a change in power and Authority and use of force - Left Unions.
- Reformist or Welfare Unions:** These work for changes and reforms within the existing socio-political framework of the society like a European Model.
- Uplift Unions:** They believe that scope of extensive reforms well beyond the area of working condition, i.e., change in taxation system, elimination of poverty, etc.

### B. Classification Based on Trade

- **Craft Unions:** Most of the unions have memberships and authorities based on the trades they represent. The craft unions are very narrow in terms of their membership, which represents only members certified in a given craft or trade, such as pipe fitting, carpentry and clerical work. Although quite common in the Western world, craft unions are not common in countries like India and Sri Lanka.
- **General Unions:** At the other extreme, in terms of the range of workers represented in the general union, which has members drawn from all trades. Most unions in India and Sri Lanka are in this category.
- **Blue-Collar/White Collar Unions:** Another common demarcation of unions, based on trades or crafts, is so-called blue-collar workers and white-collar workers. Unions which are representing workers employed on the production floor or outdoor trades such as in construction work, are called blue-collar unions. Contrary to it, those employees in shops and offices and who are not in management grades and perform clerical and similar functions are called white-collar workers.
- **Industrial Unions:** In addition, trade unions may be categorised on the basis of the industries in which they are employed. Examples of these are workers engaged in agriculture or forestry: hence, agricultural labour unions or forest workers' unions.

### C. Classification Based on Agreement

Another basis on which labour agreements are sometimes identified on basis of the type of agreement involved, based on the degree to which membership in the union is a condition of employment.

- i. **Closed Shop:** Where management and union agree that the union would have solitary responsibility and authority for the recruitment of workers, it is called a Closed Shop agreement. The worker joins the union to become an employee of the shop. According to Taft-Hartley Act of 1947 closed shop agreements are banned in USA, although they still exist in the construction and printing trades. Sometimes, the closed shop is also called the 'Hiring Hall.'
- ii. **Union Shop:** If there is an agreement that all newly recruited workers must join the union within a fixed period after employment such a union is called a union shop.
- iii. **Preferential Shop:** When a union member is preferred in filling a vacancy, such an agreement is called Preferential Shop.
- iv. **Maintenance Shop:** In this type, there is no compulsory membership in the union before or after recruitment. However, if the employee opts to become a member after recruitment, his membership remains compulsory right throughout his tenure of employment with that particular employer. This is called a maintenance of membership shop or maintenance shop.
- v. **Agency Shop:** In terms of the agreement between management and the union a non-union member has to pay the union a sum equal to a member's subscription in order to continue in employment with the employer. This is called an agency shop.
- vi. **Open Shop:** Membership in a union is in no way compulsory either before or after recruitment. This is the least desirable form for unions. This is referred to as an open shop.

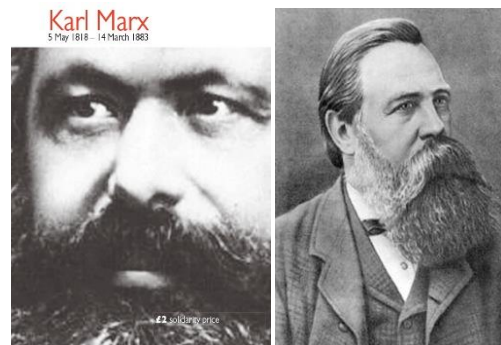
The above classifications are more widely observed in the West rather than in the Indian subcontinent.

## 8. THEORIES OF TRADE UNIONISM

Most of theories on Trade Unionism have been given by revolutionaries such as Marx and Engels , Civil servants like Sydney Webb, academics like Common and Hoxie and labour leaders like Mitchall. These are explained below:

### I. **Political Revolutionary Theory of Labour Movement of Marx and Engels:**

The theory is based on Adam Smith's theory of labour worth. Its short-run aim is to eliminate competition among labour, and the ultimate purpose is to takeover capitalist-businessman. Trade union is a pure and simple class struggle, and the proletarians have nothing to lose but their chains and there is a world to win.



### II. **Webb's Theory of Industrial Democracy:**

Webb's book 'Industrial democracy' is the Bible of trade unionism. According to Webb, trade unionism is an extension of democracy from political quarters to industrial sphere. Webb echoed with Marx that trade unionism is a class struggle and modern capitalist state is a transitional phase which will lead to democratic socialism. Webb considered collective bargaining as the process which reinforces labour.

### III. **Cole's Theory of Union Control of Industry:**

Cole's views are given in his book "World of Labour", 1913. His opinions are somewhere in between Webb and Marx. He approves the thought that 'unionism is class struggle and the ultimate is the control of industry by labour and not revolution as predicted by Marx'.

### IV. **Common's Environment Theory:**

He was doubtful of generalisations and believed only that which could be proved by evidence. He agreed that collective bargaining was an instrument of class struggle, but he concluded that ultimately there will be partnership between employers and employees.

### V. **Mitchell's Economic Protection Theory of Trade Unionism:**

Mitchell, a labour leader, entirely rejected individual bargaining. According to him unions deserve economic protection too.

VI. ***Simon's Theory of Monopolistic, anti-Democratic Trade Unionism:***

He criticized trade unionism as monopoly founded on violence. And he reiterated monopoly power has no use, save abuse.

VII. ***Perlman's Theory of the "Scarcity Consciousness" of Manual Workers:***

Perlman rejected the idea of class consciousness as an explanation for the birth of the trade union movement but substituted it with what he called job consciousness. According to him, 'working people in reality felt an urge towards shared control of their employment opportunities, but hardly towards similar control of industry'. Perlman reiterated that three dominant factors emerged from the rich historical data:

- The capacity or incapacity of the capitalist system to subsist as a ruling group in the face of revolutionary attacks (e.g., failure in Russia).
- The source of the anti-capitalist influences primarily come from the intellectuals in any society.
- The most pivotal factor in the labour situation was the trade union movement. Trade unionism, which is essentially practical, struggles constantly not only against the employers for an enlarged opportunity measure in income, security and liberty in the shop and industry, but struggles also, whether consciously or unconsciously, actively or inactively, against the intellectual who would frame its programmes and shape its policies.

But Perlman also felt that a theory of the labour movement should include a theory of the psychology of the labouring man. For instance, there was a historical continuity between the guilds and trade unions, through their common fundamental psychology; the psychology of seeking a livelihood in the face of limited economic opportunity. It was when manual workers became aware of a scarcity of opportunity, that they banded together into unions for the purpose of protecting their jobs and distributing employment opportunities among themselves equitably, and to subordinate the interests of the individual to the whole labour organism. Unionism was thus ruled by this fundamental scarcity consciousness (Perlman, 1970, pp. 4-10, 237-47, 272-85).

VIII. ***Hoxie's Functional Classification of Unionism:***

Hoxie took functional basis for classifying Unionism. His classifications were "Business Unionism" for shielding the interest of various craftsmen, "Uplift Unionism" for the purpose of contributing better life such as association of sales engineers, etc., "Revolutionary Unionism" which is keen to replace existing social order and "Predatory Unionism" which depends on the support of others.

IX. ***Tannenaum's Theory of Man Vs Machine (1951):***

According to him, Union is formed in reaction to estrangement and loss of community in an individualistic and callous society. In his words, the union returns to the workers, his society, which he left behind him when he migrated from a rural background to the obscurity of an urban industrial location. The union gives the worker a companionship and a value system that he shares with other like him. "Institutionally, the trade union movement is an unconscious effort to harness the





