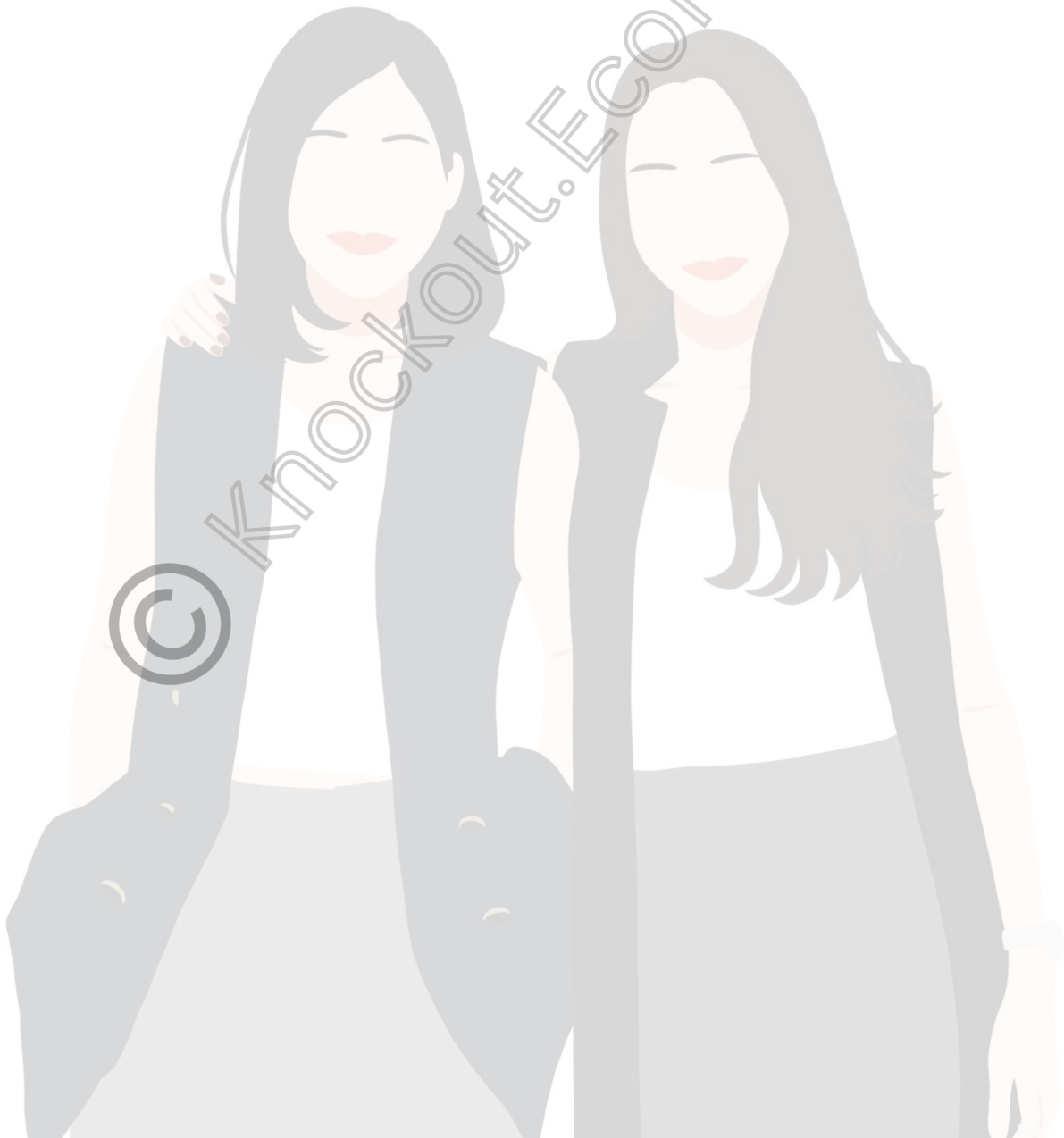


CHAPTER 19 : TRADE UNION

Key terms

1. Trade union : a group of workers formed to ask for better wage and working conditions.
2. Collective bargaining : representatives of workers negotiating with employer' associations.
3. Real income : income adjusted for inflation.
4. Industrial action : when workers disrupt production to put pressure on employer to agree to their demands.



1. Types of trade union

1.1) Craft unions : workers with particular skills from a number of industries e.g. plumbers and weavers.

1.2) General unions : workers with a range of skills and a range of industries.

1.3) Industrial unions : all the workers in a particular industry e.g. workers in the rail industry.

1.4) White collar unions: workers in particular professions, including pilots and teachers.

2. The role of trade unions

2.1) To negotiate with employers for better wage and working conditions.

2.2) To protect workers' rights and jobs.

2.3) To improve productivity of members by providing education and training.

2.4) To provide benefits to members such as strike pay, legal advice and sickness pay.

2.5) To pressure the government to set minimum wage.

3. Factors increasing chance for trade union to achieve higher wage

3.1) Profit of company

3.2) The number of members

3.3) Productivity of members

3.4) The strong finance of the trade union

3.5) Demand for the product

3.6) Favourable government legislation

Industrial action : When wage negotiation fails, then trade unions may take industrial action to put pressure on their employers e.g. strike (refuse to work and protest)

4. Advantages and disadvantages of trade union for workers

| Advantages | Disadvantages |
|---|--|
| <p>1. Workers have more bargaining power to ask for higher wage and better working condition such as sick payment, holiday and healthcare benefits.</p> <p>2. Trade union protects right and jobs to members.</p> <p>3. Trade union provides education and training for members.</p> | <p>1. Being members of trade union and doing industrial action have a chance to be unemployed.</p> <p>2. Member fees are expensive.</p> <p>3. During strike workers cannot get any income.</p> <p>4. Some workers might satisfy with their jobs, so they do not want to join trade union.</p> <p>5. Some workers have power to negotiate directly with employers.</p> |

5. Advantages and disadvantages of trade union for firms

| Advantages | Disadvantages |
|---|--|
| <p>1. Trade union provides training to members. It improves members' productivity. They can generate more firms' profits.</p> <p>2. Labour and firms have good relationships. Labours are motivated and work efficiently.</p> | <p>1. Trade union asks for higher wage which increases the cost to firms.</p> <p>2. Trade unions might protest which creates a bad reputation for business. It stops the production process of firms and they might go bankrupt.</p> <p>3. Trade union might influence government</p> |

6. Advantages and disadvantages of trade union for economy

| Advantages | Disadvantages |
|---|--|
| <p>1. Trade union protects benefits of workers. Then working age would like to participate in the labour market.</p> <ul style="list-style-type: none">↳ Supply of labour ↑↳ National output ↑ <p>2. When workers have more wage they can afford more goods and services</p> <ul style="list-style-type: none">↳ It increases production and economic growth. <p>3. Trade union improves productivity of labours by providing education and training</p> <ul style="list-style-type: none">↳ Country's productive potential↑ | <p>1. Trade union increases wage and cost to firms which causes firms to lay off some workers ⇒ Unemployment↑</p> <p>2. Minimum wage may discourage foreign direct investment(FDI) ⇒ Unemployment↑</p> <p>3. Trade union increases wage and cost to firms which causes exports to be less competitive in the world market resulting in lower export revenue.</p> |

