



# **COLLATE**

## **Industrial Management**

**Notes**  
**UNIT - 2**

## UNIT-2

①

### Trade unionism

Syllabus:— Definition, origin, objectives of trade unions. Methods of trade unions. Size and finance of India—trade unions. Size, frequency distribution, factors responsible for the small size. Finance sources of income. Ways of improving finance.

- ④ A strong trade union can improve the efficiency of workers & promotes industrial peace.
- ④ The labour unrest which may be inarticulate involving extensive absenteeism, frequent job changes, wandering from one plant or locality to another can be avoided.

Definition:— A labour union or trade union is an organisation of workers formed to promote, protect and improve, through collective action, the social, economic & political interests of its members.

#### Features of a Trade Union:→

- 1) It is an organisation formed by employees or workers.
- 2) It is formed on a continuous basis. It is a permanent body and not a causal or temporary.

- ③ It is formed to protect and promote all of interests - economic, political & social of members.
- ④ It includes federations of trade unions of
- ⑤ It achieves its objectives through collective action & group efforts.

### Objectives of Trade Unions:-

- 1) Steady employment: → This objective stands for enough jobs with good pay.
- 2) Rationalisation of Personnel Policies: →
  - ⑥ The economic security of an employee is determined not only by the level of wages & duration of his employment, but also by the management's personnel policies.
  - ⑦ Personnel policies: — in its selection of employees for lay off, retirement, transfer & promotion, the assignment of employees to jobs, disciplining of employees.
  - ⑧ If such decisions are governed by statutory rules & rational policies, there is greater assurance of fair treatment & equal justice.

## Noise in decisions affecting workers:-

(\*) The intervention of the union in such decisions of mgt. is the only way by which it is able to achieve any degree of control over the affairs that concern him.

## (4) Recognition & Participation:-

(\*) Another objective that unions seek to achieve is winning recognition for the fact that they are equal partners with mgt. in the task of production.

## (5) Gaining legislative enactments:-

(\*) To provide legal sanctions to its demands, the unions attempt to get these framed in the form of acts so that they become permanent features of the contract b/w the employers & the workers.

## (6) Miscellaneous services:-

(\*) Modern trade unions also engage in providing educational, medical, recreational & other facilities for the development & welfare of their members & their families.

(\*) To improve the economic lot of employees by securing for them better wages.

(\*) To secure better working conditions for the workers.

(\*) To secure bonus for the employees from the profit of the concern.

(\*) To resist schemes of the mgt. which reduce employment i.e. rationalisation & automation.

- ④ To secure welfare of employees through schemes which give benefit to every employee.
- ⑤ To protect the interests of employees by taking active participation in the mgt.
- ⑥ To secure social welfare of the employees
- ⑦ To secure organisational stability, growth & leadership.

Functions of Trade Unions: — Trade unions perform two types of functions,

- i) militant functions ii) fraternal functions.  
(Intramural activities)
- i) militant functions: — (fighting functions)
  - ① Set of activities performed by trade unions leads to the betterment of the position of their members in relation to their employment.
  - ② The aim of such activities is to ensure adequate wages, secure better conditions of work & employment, get better treatment from employer.
  - ③ The unions also try to secure some share in productivity gains & a share in the mgt or even control of industry.
  - ④ When the unions fail to accomplish these aims by the method of collective bargaining & negotiation they fight with the mgt in the form of strike, boycott, gherao etc.

- Maternal functions: → Extra mural activities
- ④ Set of activities performed by trade unions aims at rendering help to its members in time of need & improving their efficiency.
  - ⑤ They extend financial help to their members when they ~~other~~ are suffering from illness or when they meet with an accident.
  - ⑥ They also arrange for legal assistance to its members.
  - ⑦ They undertake many welfare measures for their members e.g. School for the education of children, library, reading rooms, in doors & out door games.
  - ⑧ These activities depend on the availability of funds, which the unions raise by subscription from members & donations from outsiders.

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### Importance of Trade unions: → Signification

#### I) Functions relating to Trade union members

- 1) Safeguarding workers, against all sorts of exploitation by the employers & political parties.
- 2) Protecting workers from the atrocities & unfair labour practices of the mgt.
- 3) To ensure healthy & safe working conditions for the workers.

- 4) Exerting pressure for enhancement associated with the work only after making realistic assessment of its practical implication
- 5) Ensuring a desirable standard of living by providing various types of social services - health, housing, educational etc.
- 6) Ensuring a fair deal & social justice to workers
- 7) Encouraging workers participation in the mgt of industrial organisation & trade union
- 8) Making the workers conscious of their rights & duties.
- 9) Raising the status of trade union members in the industrial organisations & in the society.

## II

Function relating to Industrial organisation

- 1) Making organisation as a joint enterprise b/w workers & mgt & promoting identity of interests.
- 2) Increasing production quantitatively as well as qualitatively.
- 3) Maintenance of discipline at the place of work.
- 4) Creating opportunities for workers' participation in mgt. & strengthening labour-mgt. co-operation.
- 5) Promoting cordial relations b/w the workers & mgt. by settling disputes through

→ negotiations, joint consultation & voluntary arbitration.

7) Two-way communication with the mgt.

### III] Functions relating to society:-

- 1) Implementation of plans and policies relating to national development
- 2) Participating in the development of programmes of national development.
- 3) Launching special campaigns against the social evils of corruption, rise rise, black marketing, sex inequality, cowry, dirt & disease.
- 4) Helping unorganised sector to orgaine itself.
- 5) Pressuring the govt. to enact legislation conducive to the development of trade unions & their members.

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Motivation to Join unions:-

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why do workers Join Unions:-

- \* The employees will join a union if some of their wants can be fulfilled by membership in a union.
- (i) Greater Bargaining Power:-
- \* The individual employee possesses very little bargaining power as compared to that of his employer.

\* Strike by a union is a powerful tool which often causes the employer to accept the demands of the workers for better conditions of employment.

### (2) Make their Voices Heard:-

\* A trade union provides such a forum where the feelings, ideas & opinions of the workers could be discussed.

\* It can also transmit the feelings, ideas & opinions & complaints of the workers to mgmt.

\* The collective voice of the workers is heard by the management & given due consideration while taking policy decisions by the mgmt.

### (3) minimise Discrimination: →

\* A trade union can compel the mgmt. to formulate personnel policies which press for equality of treatment to workers.

\* All the labour decisions of the mgmt. are under close scrutiny of the labour union. This has the effect of minimising favouritism & discrimination.

## Q6 Sense of security:-

- ① The employees join the unions, because it is an effective way to secure adequate protection from various types of hazards & income insecurity such as accident, injury illness, unemployment.
- ② The trade unions secure retirement benefits for the workers & compel the mgt. to invest in welfare services for the benefit of the workers.

## ⑤ Sense of Participation:-

- ③ The employees can participate in mgt. of matters affecting their interests only if they join trade unions.
- ④ They can influence the decisions which are taken as a result of collective bargaining b/w the union & the mgt.

## ⑥ Sense of Belongingness:-

- ⑤ Many employees join a union because their co-workers are the members of the union.
- ⑥ Those who are members of a union feel that they gain respect in the eyes of their fellow workers. They can also discuss their problems with the trade union leaders.

## ⑦ Background factors:-

- ⑧ Historical background factors also play a part in the disposition of employees to join the union.

## Methods of trade unions:-

- (i) method of mutual insurance
- (ii) method of collective Bargaining
- (iii) method of legal Enactment / political action
- (iv) method of direct action.

Direct  
action  
when the  
goals by  
the  
union  
are not  
achieved

### ~~Methods~~ (1) Mutual Insurance:-

- \* This method consists mainly of welfare activities conducted by trade unions for their members like medical aid, educational loans, recreation activities, cooperative societies, credit facilities, sickness aid etc.
- \* The effectiveness of this method is directly dependent upon the income of trade unions.
- \* The Indian trade unions have lagged far behind their counterparts in UK & USA in taking recourse to mutual insurance primarily because of their financial position.

### (2) Collective Bargaining

### (3) Legal Enactment / Political Action:-

- \* Under this method, trade unions engage in political action for securing working & living conditions for the workers. This is done by exerting pressure for getting progressive labour laws passed by the legislature which are then enforced rigorously.

### Direct Action:-

- \* When the trade unions fail to achieve their goals by the methods described above, they resort to direct action.
- \* It is manifested in several forms like strikes, gheraos, etc.
- \* This method is harmful to all concerned in terms of loss of production, loss of wages, scarcity or non availability of goods etc

### Size of trade union:-

- Factors responsible for small size unions:-
- \* More than 75% of the unions submitting membership returns have less than 500 members each.

### (1) minimum membership required by the Trade Unions Act:-

- \* Any ten workers engaged in an industrial organisation can form a trade union & get it registered under the Trade Union Act - 1926.

### (2) Multiplicity of unions:-

- \* Generally, there are multiple unions in many factories & industrial organisations.

(\*) The workers get divided among the leading to low size of unions.

(3) Ego Of Trade union leaders:-

- (\*) Many trade union leaders are egoristic in nature.
- (\*) Just to satisfy their ego, they form new trade unions & compete with other unions.

### Structure of Trade Unions

- (\*) The structure of unions refers to the basis on which unions are organised and the pattern whereby the plant unions are linked to regional level or national level.
  - (i) Unions in India are largely organised by industry rather than craft.
  - (\*) Industrial unionism has been the general trend, craft unions have also emerged here
- (\*) Primarily, they exist among non manual workers, like administrative staff, professionals, technicians etc.
- (\*) Ahmedabad Textile labour Association is the sole example of craft union of manual worker.
- (\*) Another aspect of the structure of unions in India relates to their pattern of relationships b/w national level, regional level, local level & Plant level unions.

## Types of Trade Unions

### 1) Craft Union

\* It is usually formed of workers belonging to the same craft, occupation or specialisation no matter in what industry or trade they happen to be employed.

\* Ex. - The International wood carver's Association  
- The Indian Pilots Guild

### merits of Craft Union :-

- (1) People belonging to the same craft or constitute a compact well-knit cohesive group. With their identical training & education background they workers very soon develop similar perceptions & outlook. Organising these workers in a group becomes relatively easier.
- (2) Craft unions consisting of workers possessing some important skills enjoy superior bargaining position. Their workers cannot be easily replaced in a strike.
- (3) Craft unions generally succeed in securing more favourable terms & conditions for their members.

### Weaknesses of craft union

- (1) It is often easier for an employer to break this type of union.
- (2) With the advancement in technology, the traditional distinction among various craft

has disappeared.

- \* The craft unions are not likely to have general <sup>un</sup> for set of 2  
Perspective of the needs of the working class as  
a whole.

## (2) Industrial Union :-

- \* An industrial union organises workers on  
the basis of industry rather than a craft.

Ex.- The Rashtriya Mill Mazdoor Sangh  
✓ Gujri Kamgar Union at Mumbai

### Benefits :-

- \* They make negotiations easy

- \* A single agreement covers all the workers  
of a particular industry.

- \* Industry wide unions have a special appeal  
to the Socialists & other Radicals because by  
bringing both skilled & unskilled workers closer  
these unions make the task of solidifying the  
workers easy.

Drawback :- \* Skilled workers in it feel  
that they are swamped by the  
unskilled workers & that in the negotiation  
with the employers their specific demands  
are not adequately taken care of.

## General Union:-

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- A general union embraces all workers in its fold, whatever their industry or craft may be.
- The Jamshedpur Labour Union, whose membership includes workers engaged in different industries & craft of Jamshedpur is an example of general unions.
- In the USA workers are members of local industrial unions grew out of the guild system.
- In the USA workers are members of local industrial unions most of which are affiliated to national unions covering an occupation or an industry.

Another aspect of the structure of unions in India relates to their pattern of relationship b/w national, regional, local, plant level unions.

## Local level federations:-

- i) Local level federation:-
- The local trade union federation holds together the plant level unions at the local level in a particular craft & industry. These might be affiliated to either some regional level or national level federation.

- ②) Regional level federations:-
- ③ These are the organisations of all the constituent unions in a particular State or region.
- ④ In a vast country like India conditions ~~are~~ vary from region to region (style of living languages, customs, traditions, conditions etc are different)
- ⑤ It may be noted that the regional federations may be independent or they may get affiliated to some national federation.

### ③ National federation:-

- ⑥ These are national level bodies to which plant level, local & regional level unions ~~are~~ may get affiliated.
- ⑦ These are the  apex bodies at the top of the structure.
- ⑧ They act as coordinating bodies.

## Problems and Weaknesses of Trade Unions:

### 1) Uneven Growth:-

The trade unionism in India is characterised by uneven growth both industry wise & area wise.

### 2) Low Membership:— (size of member)

### 3) Multiplicity of unions:-

### 4) Outside Leadership:-

Trade unions in India are led largely by people who themselves are not workers.

These outsiders are politicians, intellectuals & professionals having no experience of work in industry.

Outsiders continue to dominate the trade unions to advance their personal interests.

### 5) Financial Problems:-

The financial position of the trade union is weak because their average yearly income is very low & inadequate.

The subscription rates are very low.

As a result they cannot undertake welfare programmes for their members.

Another reason for the weak financial position of unions is that large amounts

~~If subscription dues remain unpaid by the workers.~~

~~Unions do not have proper staff & organisation to collect subscriptions.~~

Solutions  
of Unionism

① A solution to the problem —

(i) The subscription is deducted from Pay at the time of making wage payment by the employer.

(ii) The amount is later on handed over to the union of which the worker is a member.

② In different Attitude of workers:-

③ In India, a large no. of workers have not joined any union.

④ So, all the members of the trade unions do not show interest in their affairs.

⑤ The attendance at the general meetings of the unions is very ~~too~~ low.

⑥ Under such circumstances, trade unionism can not be expected to make much programs.

⑦ This problem can be removed by educating workers of their rights & duties & developing in them a sense of responsibility.

## Suggestions for Strengthening of Trade Unionism

- ① One union in one industry:-  
 Multiplicity of unions in the same plants leads to inter union rivalry which ultimately cuts at the root of the trade union movement.  
 It weakens the power for collective bargaining & reduces the effectiveness of workers in securing their legitimate rights.
- ② Paid union officials:-  
 Paid union officials should be employed who are persons of proven integrity & who are able to evaluate the demands of the workers. so they may negotiate with employers on equal footing.
- ③ Development of leadership from within:-  
 It is of crucial importance that trade unions are managed by the workers, and not by outsiders.  
 In this regard the National Commission on Labour ~~has~~ recommended that  
 i) there should be no ban on non-employees holding the position in the executive of the union.

- (ii) Steps should be taken to promote inter-union leadership & give it more responsible role.
- (iii) Permissible limit of outsiders in the executive of the unions should be reduced to 25%.
- iv) Ex-employees should not be treated as outsiders.

#### ④ Recognition of Trade Unions.

- Ø Some procedure must be worked out so that the most representative union in the plant is recognised by the management.
- Ø The National Labour Conference (1982) suggested the check-off system for verifying membership of different trade unions.
- Ø Workers would individually authorise management to deduct from their wages dues to any one of the unions of their choice.
- Ø This would provide the basis for finding the strength of each union & determining which of the unions would act as a bargaining agent.

#### ⑤ Improvement of Union Finances:-

- Ø The national commission on labour suggested that the membership fees should be raised to Re. 1 per month.

The check off system will help in strengthening the financial condition of unions by reducing the chances of defaults in payment by workers.

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## Outside leadership in Trade Unionism

- \* In India however, outsiders still continue to dominate the trade union movement which is now more than seventy year old.
- \* These outsiders are professional politicians and lawyers who have no history of physical work in the industry.
- \* The important reasons for the continued dominance of the outsiders are as follows:-
  - \* They do <sup>not</sup> possess the knowledge education and ability which make a successful leader.
  - \* They lack confidence which stimulates workers to meet the employers or their representatives as equals.
  - \* The body of laws & rules applicable to labour relations is very large & the parties are not prone to a legalistic approach.

The resort to conciliation, adjudication & courts adds greatly to complexity of outside work.

Since most workers are not adequately educated, they have to look to outsiders for leadership.

The existence of outside leadership has created the following problems: -

① Outsiders have links with political parties.  
② They give greater importance to the interest of their political parties.

③ They do not mind sacrificing the interest of their followers for the achievement of political ends.

④ Whenever there is an industrial dispute, the leaders try to solve it through political pressures & interventions.

⑤ This hampers the growth of healthy employer-employee relations.

⑥ This naturally obstructs the growth of understanding & accommodation b/w the workers & employers.

⑦ Outside leaders are responsible for the certain creation of multiple unions, in case they are not satisfied. Such an approach kills the solidarity of trade union movement.

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Trade union Act - 1926

definition of Trade unions & related concepts.