

## CHAPTER 13

### TRADE ASSOCIATIONS AND OTHER ENTERPRISES (I)

#### *Objective*

At the end of this chapter, students will be able to define and give examples of trade associations, identify their aims, state their functions and list examples of chamber of commerce in Nigeria.

#### **13.1 Trade Associations**

A trade association is a group of individuals that belong to the same trade. Examples are National Union of Road Transport Workers and Association of Motor Mechanics.

#### *Aims*

Trade associations usually have the following aims:-

- (i) To regulate their members' activities.
- (ii) To keep members informed of new situations and development, e.g. on new government regulation and decrees (laws), e.g. the provision of 'mechanic village' for motor mechanics during the Idiagbon and Buhari regime.
- (iii) To protect the interests of their members, e.g. as the transport owners' association make a case to the government for hiking transport fares in view of high replacement as well as maintenance costs of motor vehicles.
- (iv) To maintain a closed shop by ensuring that no one can practise their trades without registering first with their respective associations.

#### *Functions*

- (i) Since they are well-informed about the problems and conditions of their trades, they do act in advisory position to the government. In this regard, they attempt to influence government policies.
- (ii) In as much as they are in close contact with their members, they do serve as an invaluable source of information to government as regards the problems and views of their members, on government rules and regulation. That is, they provide a strong link between their members and the government.

- (iii) They act as a body for co-ordinating the actions of their members for their mutual benefits, for instance, they draw up trading codes and provide arbitration procedures in the case of disputes between members.
- (iv) They educate members on new developments in their trades and on new governmental view as relates to their trades.
- (v) They exchange information and create uniformity in trade practices and operations.
- (vi) They provide to their members technical information regarding their trade.
- (vii) They undertake both local and foreign publicity campaign on behalf of their members.
- (viii) They ensure that proper standards or grades of products are maintained by members of the associations.
- (ix) They provide their members engaged in foreign business, with information about trading conditions, regulations, practices and standards in other countries or foreign markets.
- (x) They sometimes constitute pressure groups to secure better conditions or conducive environment for their members business transactions from the government or other interest groups.

Examples of trade associations are association of taxi drivers, national farmersâ€™ union and, association of proprietors of cinema. In fact, in almost all the local markets in Nigeria today, there are almost as many trade associations as there are items (food, clothing, etc.) meant for sale at such markets.

## **13.2 The Chamber of Commerce**

The Chamber of Commerce is a voluntary organization of entrepreneurs in the private sector. Such entrepreneurs comprise manufacturers, merchants, financiers, agriculturists and other business and professional men. The membership of the chamber of commerce is diffused and ranges from specific importers and exporters to the general merchants. The chamber is established to promote commerce, industry, mining and agriculture. The chamber of commerce usually exists at both local and national levels. Examples are Lagos Chamber of Commerce; Ibadan Chamber of Commerce; Kaduna Chamber of Commerce; Enugu Chamber of Commerce and Nigerian Chamber of Commerce. There is also the West African Chamber of Commerce.

### ***Aims***

- (i) To promote and protect trade, industry, mining and agriculture in Nigeria in general and the state where they exist in particular.
- (ii) To educate its members on government policies; international trade procedures, and market opportunities elsewhere in the world.

- (iii) To collect and disseminate statistical information relating to commerce, shipping, industry and manufacture.
- (iv) To print and publish any newspaper, periodical, books or leaflets that the chamber may consider desirable for the promotion of its interests.
- (v) To liaise with other chambers of commerce in influencing necessary changes in matters affecting commerce industry and agriculture.

### ***Functions***

- (i) To enforce within the rank and file of members, high sense of commercial integrity by discouraging fraudulent and dishonest practices.
- (ii) To co-operate with and advise the government on matters of trade and industry, with a view to obtaining government support and action that would be favourable to business.
- (iii) To organize marketing events in order to increase retail and wholesale trade of their locality, e.g. through the promotion of trade fairs and exhibitions.
- (iv) To organize seminars, conference, conventions and visitors' business.
- (v) To solicit companies for location of factories in their areas.
- (vi) To engage in feasibility survey; the collection and dissemination of statistical reports on raw materials, machinery, labour, transport and, demand and supply.
- (vii) To serve as link between the government and the members. It concerns itself with government legislation affecting such matters as hours of work, unions, unemployment, compensation, progressive income, taxation, price and wage rate regulation, and public ownership of natural resources.
- (viii) To collate for members, all the economic indicators of international business concerning problems of exchange, tariff and transportation.
- (ix) The chamber is very particular about facilitating the flow of private business between nations, thereby creating opportunities for a wider international market.

### ***Organization***

The main organ through which the Chambers of Commerce carry out their functions or duties is the umbrella body known as the Nigerian Association of Chambers of Commerce, Industries, Mines and Agriculture (NACCTMA) formed in 1960. Other organs include the various state chapters, the and the various committees and sub-committees assigned to perform specific functions.

The executive body carries out its duties by personal contact; publications in the press and publication in the chamber's magazines.

The Chamber of Commerce is financed by:

- (i) Voluntary subscriptions from its members.
- (ii) The State or National Tourism Committee.
- (iii) Endowment funds.

The Chamber may be directly represented on a number of public bodies such as:

- (i) The State or National Economic Advisory Committee.
- (ii) The State or National Tourism Committee.
- (iii) The State or National Committee on National Youth Service Corps.
- (iv) NEPA Consumersâ€™ Consultative Committee.
- (v) The Chamber is also periodically asked to serve on ad-hoc committees of the state governments and federal institutions.

### **13.3 Employers Association**

#### ***Functions and Aims***

- (i) It works first and foremost to protect the interest of the members.
- (ii) It influences government policies in favour of its members.
- (iii) Advises the government on economic matters as they affect the society.
- (iv) Negotiates with labour unions in matters of wages and conditions of service.
- (v) Assists in maintaining labour policy of the government.
- (vi) Settles trade disputes in collaboration with labour unions.
- (vii) Ensures that standard health and welfare services are provided for workers.
- (viii) Ensures that safety standard are maintained in places of work.
- (ix) Ensures that labour laws are obeyed by both employers and employees.
- (x) Joins in establishing terms and conditions of employment.

### **13.4 Manufacturers Association**

#### ***Aims and Functions***

- (i) To protect the interest of members.

- (ii) To form pressure group to influence government policies on the economy and industrial matters.
- (iii) To advise the government on ways to improve utilization of installed capacities of factories in the country.
- (iv) To encourage research into raw material development and production processes and techniques.
- (v) To encourage manufacturers to contribute positively to the growth of the national economy.
- (vi) To encourage members to produce high quantity products.
- (vii) To ensure that government provides favourable environment for manufacturers to operate.
- (viii) To offer advice on the budget as an input.
- (ix) To collaborate with other associations or organizations on matters of common interest.
- (x) To ensure industrial harmony.
- (xi) To ensure uniformity in labour matters and industrial relations.
- (xii) To commission studies that will improve their operations and industrial peace.

## **Summary**

*Trade Association:* A trade association is an organised group in the same trade or line of business, e.g. association of taxi drivers or of small scale industries.

*Aims:* To educate, inform, and advance the interests of members as a group.

*Functions:* Co-ordinate members trading interests; collates members'™ views on trade matters; forges link with government on members'™ views and interests.

*Chamber of Commerce:* A voluntary organisation in the private sector of business for people such as manufacturers, merchants, financiers, professionals and the like.

*Aims:* To educate their members thorough passing of relevant information; and to promote and protect their members'™ trade.

*Functions:* Enforces trade statutory regulations; advises government on trade policy, e.g. on annual budget matters; serves as link between government and industry, etc.

*Finance:* By voluntary subscriptions, donations and endowment funds. *Management:* Through local executive bodies and national executive council.

## Revision Questions

### A. Essay Questions

1. State 3 forms of coming together of the different forms of trade you have learnt in this chapter.
2. What are the aims of the Chamber of Commerce?
3. Compare and contrast the functions of trade associations with those of Chambers of Commerce in Nigeria.
4. (a) What is a Chamber of Commerce? (5 mks)  
(b) State six functions of Chamber of Commerce. (10 mks)  
(c) State two functions of manufacturing organisation. (5 mks)

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### B. Objective Questions

1. A voluntary association of business executives, tradesmen, entrepreneurs and others in a city, town or country is called
  - A. Chamber of Commerce.
  - B. Consumer association.
  - C. Employersâ€™ association.
  - D. Trade association.
  - E. Trade union.
2. Which of the following is not a function of Trade Association?
  - A. Disseminating technical information.
  - B. Eliminating competition among members.
  - C. Pooling of trade and credit.
  - D. Settling disputes among members.
  - E. Undertaking research work for group to benefits.
3. A voluntary body formed by people in the same line of business is known as
  - A. Trade Union.
  - B. Trade Association.
  - C. Cartel.
  - D. Employersâ€™ Association.
4. What is not a function of the Chamber of Commerce
  - A. They arbitrate and settle disputes among members.
  - B. Collects and pass information to all members and the general public.
  - C. Consult and co-operate with government on matters of trade and industry.

- D. Makes members aware of government policies concerning customs and regulations.
- E. Serve as media for the oppression of opinions of employers on matters relating to employment.

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5. What is an aim of a trade association?
- A. Protection of members' interests.
  - B. Watching government legislation which may affect members' interest.
  - C. Encouraging the introduction of standard grade and sizes of goods.
  - D. Making arrangements for the settlement of disputes.
  - E. Exchanging information and creating uniformity in methods of dealings.
6. Which union is formed by the workers of firms of similar line of business to cater for their interests?
- A. Co-operative.
  - B. Employees.
  - C. Firms.
  - D. Trade.
  - E. Welfare.

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7. A voluntary body formed by members of a particular branch of trade or industry to represent the interests of members is known as
- A. Co-operative Society.
  - B. Individual association.
  - C. Manufacturers' association.
  - D. Trade and industry practitioners.
  - E. Trade association.

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8. The association formed mainly for the furtherance of commerce is known as
- A. The Institute of Commerce
  - B. The Faculty of Commerce
  - C. Chamber of Commerce
  - D. Committee of Commerce
9. Which of the following is an example of trade association?
- A. European Union.
  - B. National Marketing Board.
  - C. Organization of African Unity.
  - D. National Farmers' Council.

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10. One of the major functions of a Chamber of Commerce is to

- A. Settle disputes that arise out of trade.
- B. Publish books and periodicals desired by members.
- C. Promote members and protect trade, industry and agriculture.
- D. Advise members on regulations of other countries.

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## **Project**

Make a list of the chairmen of any of the following in your locality:-

- (i) Small scale industry association
- (ii) The Chamber of Commerce.