

## **PLEASE COPY THESE NOTES**

### **TRADE UNIONS (TU<sup>s</sup>)**

A **trade union** is an association or organization formed by the workers with a primary objective of demanding/advocating for increased wages and improved conditions of work for its members.

Or

Is an association of workers formed to achieve common objectives like fighting for higher wages for the workers, improved working conditions and improved welfare.

Therefore, a trade union is formed by employees/workers to ensure collective action against employers.

Examples of trade unions in Uganda include:

- Uganda National Teachers' Union (UNATU).
- Uganda Law Society (ULS).
- Uganda Medical Workers Union.
- Makerere University Academic Staff Association (MUASA).
- National Organization of Trade unions (NOTU). etc.

#### **Types of trade unions:**

##### **1. Professional / craft trade unions;**

These are associations of workers that cover all workers with a particular skill/area of specialization irrespective of the company or industry in which they are employed.

Or

These are associations of workers with similar skills. The members may work with different industries or places. For example Uganda the National Teachers Union (UNATU), Uganda Law Society, union of engineers, accountants etc.

##### **2. Industrial trade unions;**

These are associations of workers that bring together all workers in a particular industry irrespective of their skills.

##### **3. Company trade unions;**

These are associations of workers of a particular company or factory or firm. It presents any worker of the company in question e.g. Makerere University Academic Staff Association (MUASA).

##### **4. General trade unions;**

These are unions of workers from different sectors, companies, occupations or skills.

##### **5. Open shop trade unions;**

These are trade unions where workers are free to get employment irrespective of whether they are members of the union or not.

Or

Are trade unions where the employers do not require potential employees / workers to be members of a given labour union.

#### **6. Closed shop trade unions;**

These are trade unions where membership is restricted or confined to workers with particular skills. They impose restrictions on workers who seek membership. They aim at maintaining a high quality of the labour so as to restrict its supply to ensure high wages for example the Uganda Law Society.

Or

Are trade unions whose members have specialized professional training in a given field and require employers to offer jobs only to workers who are registered members of the trade union. Eg. Uganda Law Society, Uganda National Teachers Union, Uganda Medical Workers' Union among others.

Closed shop unions are also known as monopoly unions.

#### **Functions of trade unions:**

- Bargaining collectively for better wages. It is the responsibility of trade unions to negotiate with their employer for pay increases to match with the economic conditions such as increased cost of living; increased worker productivity and increased employer profitability.
- Negotiating for better conditions of work. They negotiate for the improvement working conditions and fringe benefits such as better housing conditions, longer holidays or shorter working hours, cleaner and safe working environment.
- Protecting members against unfair treatment. They protect workers against unfair treatment by employers through methods such as unjust dismissals, discriminative payment of wages and unfair promotions.
- Advising government on planning. Trade unions advise government on policies such as minimum wages, wage freeze, wage restraint, manpower planning, labour employment policies.
- Improving members' skills through education. Trade unions educate members such that members skills improve. This is attained through organizing seminars for members and giving members scholarships or bursaries out of union funds to enable members to pursue studies in institutions of higher learning.
- Providing an effective means of expression for the workers' views in society.

### **Objectives of trade unions:**

- To demand for better working conditions, trade unions aim at enabling their member to enjoy better working conditions e.g. have a clean and safe working environment. They achieve this by representing their affected members in the negotiations for the better conditions of service.
- To bargain for higher wages collectively / To negotiate for better wages. The unions aim at negotiating for wages for their members. This is always when the cost of living increasing or when the prevailing wages c~ provide an acceptable standard of living. This they achieve through collective bargaining and other tools.
- To protect workers from abrupt or unfair dismissal / To protect members from unfair treatment by employers. Trade unions aim at ensuring some degree of job security for the members. They achieve this through intervening with appropriate tools when members are unfairly dismissed by their employers.
- To improve the skills of their members. They aim at ensuring that their members have high productivity so that they are employable .They achieve this by conducting regular workshop and seminars /short courses to enhance the skills of the members.
- To advise government on issues pertaining to manpower planning (labour and wages). They achieve this by rendering advisory services to the government in forecasting and training the manpower needed by the country -currently and in the future.
- To advocate for the human rights of the workers. Trade unions are set to agnate for basic human rights for the people in the country and as critics for government in the country. This they do by forming /sponsoring political parties and pressure groups' for example the labour party of UK.
- To forge unity among workers / To unite workers. Trade unions are formed to devise ways of creating sense of unity among all workers such that they are not exploited by the profit hungry employers'. This they achieve by consistent membership in the unions. They maintain old members and encourage new workers to join.
- To advise employers on manpower planning and employment policy.

## **Methods / tools / instruments / weapons used by trade unions to achieve their objectives;**

The methods used by Trade unions to demand for higher wages or any other objectives are either **peaceful** or **violent**. The violent methods are usually used as means of last resort. The methods used include.

- Collective bargaining. This involves peaceful round table negotiations/ discussions between employers and representatives of workers or trade unions regarding increasing wages and improvement in conditions of work.
- Go slow tactic/method. This involves reduction in work effort / number of hours worked e.g workers using time wasting techniques while at work. The purpose is to reduce output and cause losses to the employer so that he or she is forced to respond to the demands of the workers. Reduction in out put compels employer to address the demands workers.
- Sit down strike. This is where workers report for duty but they do not do any productive work. They put down their tools and simply sit down until management addresses their problems.
- Go on strike /Industrial action/violent strike /destructive method. This is the strongest tool of trade unions .It is usually the tool of last resort. It involves the workers abstaining from work and becoming destructive to life and property of the employer till when they are listened to, for example workers may burn down the industrial plant.
- Sabotage / media wars/ boycotts and decampaigning. This involves the trade union officials persuading clients of the producers' product not to purchase any more. They may put negative campaign messages in the newspapers, on television, and other public media in an attempt to spoil the reputation of their employer.
- Picketing. This is the act of physically stopping members of union who may be loyal the employer from working even if it necessitate beating them up. The employer is left in isolation until he respects the demand of employees.

Or Is a situation where some members of a trade union of a given firm or institution are put at the entrance to stop any worker from entering to work.

Or Is a situation where some workers of a trade union are put to monitor the gates of the production unit so that no worker is allowed to enter or work as agreed by the trade union.

- Mediation/Industrial arbitration. This involves use of an influential body or person neutral to both the workers and the employers in order to find a solution to the problem.
- Abduction of employer's officials. Here a key member(s) of management is/are abducted and treated like a hostage (s). This is common with those officials who are reluctant or hostile to the demand of the employees; to save the abducted individuals the employer respects the demand of the employees.

- **Demonstration.** Here the workers make posters or banners describing their grievance and move around or in town appealing for public sympathy. The main intention is to make the public. In order to save the image of the company, the employers attend to the demands/ problems of the employees so fast.
- **Closed shop.** Here the trade union highly restricts the supply of labour in a given field or profession by setting strict conditionality to membership (i.e. possession of particular skills for membership). Their skills become scarce and they easily ask for higher wages from employers.
- **Court action.** This involves trade union representatives suing employers or members to commercial/ industrial courts for exploiting and abusing rights of workers. The courts of law compel employer to heed to lawful demands of workers.

### **The tools used by management / employers to counter the actions of trade unions:**

1. Collective bargaining with the trade unions members
2. Lock out, that is, the employer may lock the union members from entering his or her premises in order to avoid destruction.
3. Use of strike missionaries, that is, employer may hire spies from and among employees to give him/her information about trade union activities and plans.
4. Government assistance, this involves the employer approaching government seeking for assistance.
5. Arbitration i.e. use of an independent and influential persons or body reconciles the employer and the trade unions members.
6. Use of substitute workers, that is, the employer may ignore the striking workers and he or she employs alternative staff until the workers abandon their derr.sit. In most cases the functional workers are asked to reapply.
7. Use of the police and other security organizations, here the employers seek the service of the police or army to stop demonstrations and violent strikes.

### **The basis of demand for wage increments by trade unions:**

(Reasons why trade unions demand for higher wages)

1. An increase in the cost of living. A considerable increase in the cost of living forces trade unions to demand for a pay rise so as to match wages with the cost living and maintain welfare of workers.
2. Higher wages being offered to workers of a similar industry. Trade unions demand for increased wages is justified when workers in similar firms are earning higher wages than them, the workers in the low wage earning firm ask for wage, increases for purposes of wage parity (uniformity).
3. Abnormal profits earned by the employer. A trade union can prevail on the employer to raise wages for their members when the employer is earning substantial (high) profits.

4. Increased labour productivity. An increase in workers' productivity forces trade unions to demand for increased wages so that workers increase their gain from increased productivity by having their wages increased.
5. Wages offered being lower than or below the government set wage. Trade unions can take industrial action against the employer to force him to honor the government legislated minimum wage.
6. Inelastic demand for goods of that particular industry/firm. In circumstances where demand for products that labour produces is inelastic, trade union demand for wage increases since the employer is able to raise funds for wage increment by increasing product price with less effect on demand for the firm's products.
7. Increased risks on the job. Trade unions are justified to demand for increased wages for their members to compensate members for the risks they go through.
8. Failure to effect the agreed upon periodical wage increases. Employers usually agree to offer workers regular pay rises but later refuse to honour the agreements, making trade unions justified to take industrial action to force the employer to honour the agreement.
9. Workers' acquisition of better education and offering higher skills. Trade unions demand for pay rise for members when members' skills improve so as to compensate members for the costs incurred and time spent in acquiring more skills.
10. Inelastic supply of labour of a given industry. Trade unions are justified to ask for higher wages when the supply of labour is inelastic i.e. where labour is scarce and the employer can hardly produce goods without it.
11. Increased workload or hours of work and other responsibilities. Trade unions are justified to demand for pay increase to compensate the members for doing more work than previously.
12. An increase in prices of products produced by the workers. Trade unions can demand for a wage increase when a rise in the price of the product labour helps to produce since increase in price increases profits of the firm.

**Conditions under which trade unions are justified to demand for wage increment.**

**Question:** Under what situations or circumstances are employees justified to demand for wage increments?

1. When there is an increase in the cost of living. Here trade unions are justified to request for wage increments in order to enable employees adjust to the increasing cost of living. This is to help the members to maintain a given level of welfare.
2. When higher wages are offered to workers of a similar industry. When workers in a similar industry earn higher wages, trade unions demand for increase in wages. This is because workers have similar qualifications and they do similar related work.

3. When high or abnormal profits are earned by the employer. When there is a substantial increase in the level of profits, it implies that employees are working hard therefore they demand for higher wages to have a share on the fruits of their hard working.
4. When there has been increased labour productivity. Trade unions demand for higher wages when output per unit of labour increases. The increase in productivity results into higher sales and revenue and therefore workers wish to share part of this increased revenue.
5. When the wage being offered are lower than or below the government set wage. Workers are justified to demand for increase in wage such that their wage equated to the minimum wages legislated by the government.
6. In case of inelastic for goods of that particular industry. When the demand for the final products becomes inelastic, workers are justified to demand for high wages because the employer can easily meet the increase in wage by increasing prices without losing out on sales.
7. In case of increased risks on the job. When the hazards associated with the job increase, workers demand for higher wages as compensation to the exposure high risks.
8. In case the employers fail to effect the agreed upon periodical wage increase. Most when the contracts state periodic increase in wages and therefore employers fail to implement this, workers use their unions to demand for higher wage.
9. When the workers acquire better education and offer high skills. In case: skills of workers improve due to further education and training; they are justified demand for higher wages. The main aim is to demand wages that match their upgraded skills.
10. When the labour supply becomes inelastic. When the supply of labour is inelastic, employees are justified to ask for higher wages i.e. where labour is scarce and the employer can hardly produce goods without it.
11. When there has been increased work load or hours of work. When workers spend more time at the place of work, they ask for higher wages as compensation to the leisure hours foregone for work.
12. When there has been an increase in prices of products produced by workers. Increase in the price of the products which employees help to produce leads to increased sales revenue thus employees ask for a share from increased revenue.
13. When the workers feel that wages being paid to them are too low compared to the services they render. When members feel that the employer is exploiting them by paying them less than they deserve they can decide to take industries action.
14. When the wages bill forms a small percentage of the total cost of production of the firm, here employees feel cheated and they demand for higher wages as a request for fairness in this case they are justified to ask for higher wages.

### **Characteristics of trade unions in developing countries (Uganda):**

- Most lack permanent structure i.e. they are amorphous, they basically lack clear objectives.
- They basically have limited or small memberships, that is, many unions have few members.
- They are mainly weak financially, that is, many have limited funds.
- Many unions experience frequent political interference, that is, they are largely influenced politically.
- They are mainly characterized by disunity among members.
- They basically have a low bargaining ability.
- Most of the trade unions have restricted membership.
- Trade unions are mainly found in industrial and service sector.
- Many trade unions have inactive members.
- They are mainly urban based.
- Mainly have skilled and semi-skilled membership.
- Mainly have poor leadership.

### **Factors affecting the strength of trade unions:**

1. Amount of strike funds. Trade unions that have adequate funds to finance their operations such as sustaining members during long periods of strike action are stronger. Whereas trade unions with inadequate funds are weak since they can not adequately finance strike and other union activities. The financial position of unions is dependent on members' payment of membership and subscription fee as well as level financial accountability.
2. Size of membership. Trade unions with large membership are strong since the impact of their actions is easily felt by employers while trade unions with limited membership tend to be weak since the impact of their actions is not easily felt by employers.
3. Degree of government interference into union affairs. Trade unions into whose affairs government interferes, by for example appointing their leaders or illegalizing union activities or dismissing either members or militant leaders from jobs are weaker than those into whose affairs government does not interfere.
4. Degree of organization. Trade unions whose members are divided on sectarian grounds such as on the basis of tribe or religion or political affiliation are weak since members are not united for a common goal whereas trade unions which are organized on the basis of workers economic interests strong because members are united and aligned for a common goal.
5. Leadership skills and commitment. Trade unions whose leaders are committed to the advancement of members' interests and whose leaders do not only know labour laws but also have negotiation skills are strong while trade unions whose leaders are either

unskilled or are opportunistic and use trade unions as instruments for the advancement of personal interests are weak.

6. Rate of unemployment. Trade unions are very strong during periods of full or near full employment since workers can not easily be replace. On the other hand during periods when the economy is experiencing high levels of unemployment trade unions are weak because trade unions demand for increase in wages can be met by laying off of workers and recruitment of new ones from the pool of the unemployed.
7. The level of productivity of members. Trade unions with highly productive members are stronger since members are able to produce more output and influence pay rise compared to trade unions with less productive members who can not influence pay rise.
8. Elasticity of demand for the products that members produce. Trade unions that produce products that are inelastic in demand are strong because employers can meet wage demands by increasing the product price with less effect of product demand while trade unions whose members produce products that are elastic in demand are weak because employers' attempt to increase price of the products to raise more funds would result into significant decline in demand for the product.
9. Prevailing economic performance. Trade unions are stronger during periods economic boom because employers accept trade unions demand for increased wages since the sales and profit level of employers is high and thus able to fund high wages. Whereas during periods of economic recession or depression, trade unions are weak because employers' sales and profit levels greatly fall/ decline making it difficult to raise wages.
10. The elasticity of supply of labour (members). Trade unions which are made up members that are elastic in supply such as unskilled labour are weaker than unions with members that are inelastic in supply for example skilled labour. This is because labour with elastic supply tends to be abundant in supply and therefore can easily be replaced while labour with inelastic supply is scarce and therefore can not easily be replaced.

**Other factors:**

- Existing labour laws
- Level of profits of the firm/employer
- Level of accountability among union leaders
- Proportion of wage bill to total costs of the firm
- Degree of ignorance of workers of their rights
- Availability of alternative sources of income of members

## **Problems faced by trade unions in developing countries**

**(factors that limit the ability of trade unions to demand for higher wages)**

1. Poor leadership (limited leadership skills).
2. Small/ limited membership or low level of unionization.
3. Limited funds.
4. High levels of unemployment.
5. Price elastic demand for product of labour.
6. High levels of corruption (low level of accountability).
7. Poor communication /poor infrastructure.
8. Government (political) interference into trade union affairs.
9. Poor organisation of trade unions (disunity of members).
10. Inelastic supply of labour.
11. Low productivity of members.
12. Apathy or ignorance of workers of their rights.
13. Poor economic performance (low profitability of firms)
14. High proportion of the wage bill to total costs.
15. Existence of transitory incomes (availability of alternative sources of income or limited commitment of members).

### **Negative impacts/ Demerits of TUs:**

- They increase the cost of production through increasing wages and this leads to cost push inflation.
- They organize strikes that are destructive to life and property of employers
- They discourage foreign investment because they make labour expensive
- They promote exploitation of consumers due to high prices set by employers in order to raise the high wages demanded.
- They worsen income inequality since strong unions successfully demand for high wages for their members than weak unions.
- Some of their activities promote political instability eg violent strikes.
- They lead to low production of goods and services or shortage commodities in the market for example when they organize sit down strikes.
- They worsen the unemployment problem because they make employer prefer the use of machines and in case of closed shop unions.
- Some trade unions are politically motivated which leads to loss of government popularity.

## **Circumstances under which trade union activities in an economy are undesirable**

A trade union as an association of **workers** is supposed to use peaceful or forceful means to safeguard the interest of workers. However, some of the effort of trade unions may be misdirected and their activities become undesirable if:

- If trade unions demand for higher wages than the value of their output and increased wages lead to increased cost of production which forces the producer out of market.
- When trade union activities sabotage government policies such as wage freeze, wage restraint and maximum wage legislation.
- When union activities are likely to cause inflation due to increased costs production that leads to increase in prices of goods and services.
- If their demands create wider income inequalities for example, by making unionized workers to earn much higher wages than ununionised work;, workers in weaker trade unions.
- If the level of employment falls because of union activities, for example, discouraging investment due to high costs of labour or on reduction of employed labourforce through substitution of labour by machines so as to reduce labour costs.
- If the activities are politically rather than economically motivated, for example when trade unions strike in order to demand for the resignation of a government from power instead of striking to demand for wage increases and better conditions of work.
- If their activities lead to a reduction of output and reduction in economic growth due to need to reduce the number of workers employed and reduce labour costs.
- If their activities promote opportunists such as unscrupulous or unserious union leaders who use unions as instruments for advancement of self interests such a fame political gain or promotion to other higher trade unions.

**END**