Trade Unions

Trade unions are organizations that represent employees.

Introduction to trade unions

A trade union represents employees' interests at work. Trade union officials are elected by employees and negotiate on their behalf over issues such as:
- Employment levels
- Redundancy proposals
- Training
- Health and safety

Trade unions exist to protect their members and ensure they are not exploited. They act as a counter balance to management power. Some unions are general which means that their members are employees from a wide range of industries; for example, the Transport and General Workers' Union (TGWU) has members from many sectors such as clerical, administrative, building, construction, engineering, and agriculture. Other unions focus on a particular industry such as the National Union of Mineworkers.

Employees can join a trade union in return for a membership fee. Being a member of a trade union can have many positive benefits for members such as:
- Greater power when negotiating. For example, unions may undertake collective bargaining. This means they represent a group of employees, which gives them greater power in negotiations.
- Legal advice e.g. over employee rights regarding dismissal and redundancy
- Other services such as cheaper loans and insurance
- It provides a communication channel to management to air grievances and concerns

However, trade unions have been criticized for:
- Restricting the supply of labour to try and make jobs only available to union members. (If only union members can work in a business this is called a closed shop. This is now illegal in the UK)
- Increasing costs by pushing up wages and making firms uncompetitive
- Demanding employment levels that are too high leading to inefficiency
- Forcing managers to make decisions that serve the interest of employees but are not in the best economic interests of the firm or their owners

Trade union membership

Trade Union membership in the UK was at its highest in the late 1970s when over half the workforce belonged to a union. In recent years union membership has been around 26% of the UK workforce. Membership (as a percentage of workers) is slightly higher for women than men and among older employees. Full time employees are more likely to be union members than part timers. Membership is also higher in the public sector than the private sector and in the North East compared to South East.

The decline in UK trade union membership in recent years has been because of:

- A decline in the manufacturing sector in the UK. Union activity is often easier to organize in factories where there are large numbers of people on one site compared to, say, retailing where in any one store they may be relatively few staff, which makes organizing meetings of a firm's employees more difficult
- Greater attempts by management to deal with employees on an individual basis and to move away from collective bargaining (which is when management bargain with trade union representatives who are negotiating on behalf of large groups of staff, e.g. on a national level)
- The increased participation of women in the economy, the growth of the service sector and of part time and temporary workforce; these are not traditionally strongly unionized sectors and unions have found it hard to recruit within them.
- Legislation in the 1980s that reduced union power. For example, procedures were introduced to ensure that any industrial action could only legally occur after a cooling off period and if a majority of members vote in favour. This made organizing industrial action more difficult.

Bargaining

In their negotiations with management trade unions may offer:

- Increased productivity; for example, the union might agree to changes in working arrangements that might help boost the amount of output produced by the workforce in return for higher wages
- No strike deals; some unions agree not to take strike action in return for higher wages
- Job losses; a union may agree to limited job losses in return for a guarantee about the jobs remaining

The power of a trade union when negotiating depends on:

- The membership and the proportion of the workforce that are union members
- The financial situation of the union, e.g. can it afford to pay for prolonged strike action?
- Media and public support for the union cause

Example

In 2006 trade unions boycotted PSA Peugeot Citroen and funded a £1m advertising and poster campaign in national newspapers. The campaign attacked the French carmaker's plan to close the Coventry car factory. Amicus and the Transport and General Workers' Union funded the campaign and hoped it would signal to other multinationals they cannot shift production to low wage economies without an impact on sales. The general secretary of Amicus said "the message must be that if you want to sell in Britain then you need to build in Britain". The management said that the Peugeot factory in Coventry was not profitable enough. The union suggested cutting a shift until 2010 when a new factory planned for Slovakia could be built in Coventry instead.

The power of management in negotiations depends on:
- Managers' negotiating abilities
- The ability to find alternative sources of labour
- The severity of the impact of industrial action e.g. in terms of the impact on customers and profit
- The firm's financial position e.g. its ability to survive any loss of sales and customer goodwill caused by trade union action

Industrial action

To achieve its goals a trade union will negotiate and discuss options with managers. Unions provide an important communication mechanism for managers and can resolve difficulties before they become major problems. If, however, differences are not resolved through discussion, trade unions might organize employees to take industrial action such as:
- Working to rule. Most employees actually end up undertaking more tasks than are actually specified in their original contracts. By working to rule employees only agree to do what is written in their contracts. They stop doing anything over and above this. This can lead to a fall in output.
- Starting a "go slow". This occurs when employees withdraw their cooperation and take their time to complete any task. This slows up production.
- Introducing an overtime ban. Many firms ask employees to work additional hours to meet customers' orders. If employees refuse to do this it can lead to late orders, a loss of customers' goodwill, and a possible loss of business in the future.
- Strike action. This is where the union withdraws its labour. This may mean the firm cannot produce thereby reducing its revenue and profits. This puts pressure on managers to reach a solution.
- Picketing. This occurs when there is a strike and unions take action to try and discourage other workers from breaking the strike and going in to work. This is to make the effect of the strike more significant.

Example
In March 2006 many thousands of council workers stopped work for a day to protest against reforms to the government pension scheme. Many services were not provided including schools, libraries, sports centres, and public transport. The 11 trade unions involved claimed that over 1 million workers were involved in the dispute; this was the largest number of people stopping work in the UK since the General Strike in 1926. The employees were fighting government attempts to increase the effective retirement age from 60 to 65. This change is because of the ageing population which made the old scheme impossible to fund.

Days lost due to strikes

Days lost to strikes per million workers

	Public sector	Private sector

1996	162	14
1997	14	8
1998	23	8
1999	13	8
2000	69	6
2001	74	6
2002	205	9
2003	65	6
2004	129	7
2005	17	3
Source: Office of National Statistics and The Times		