

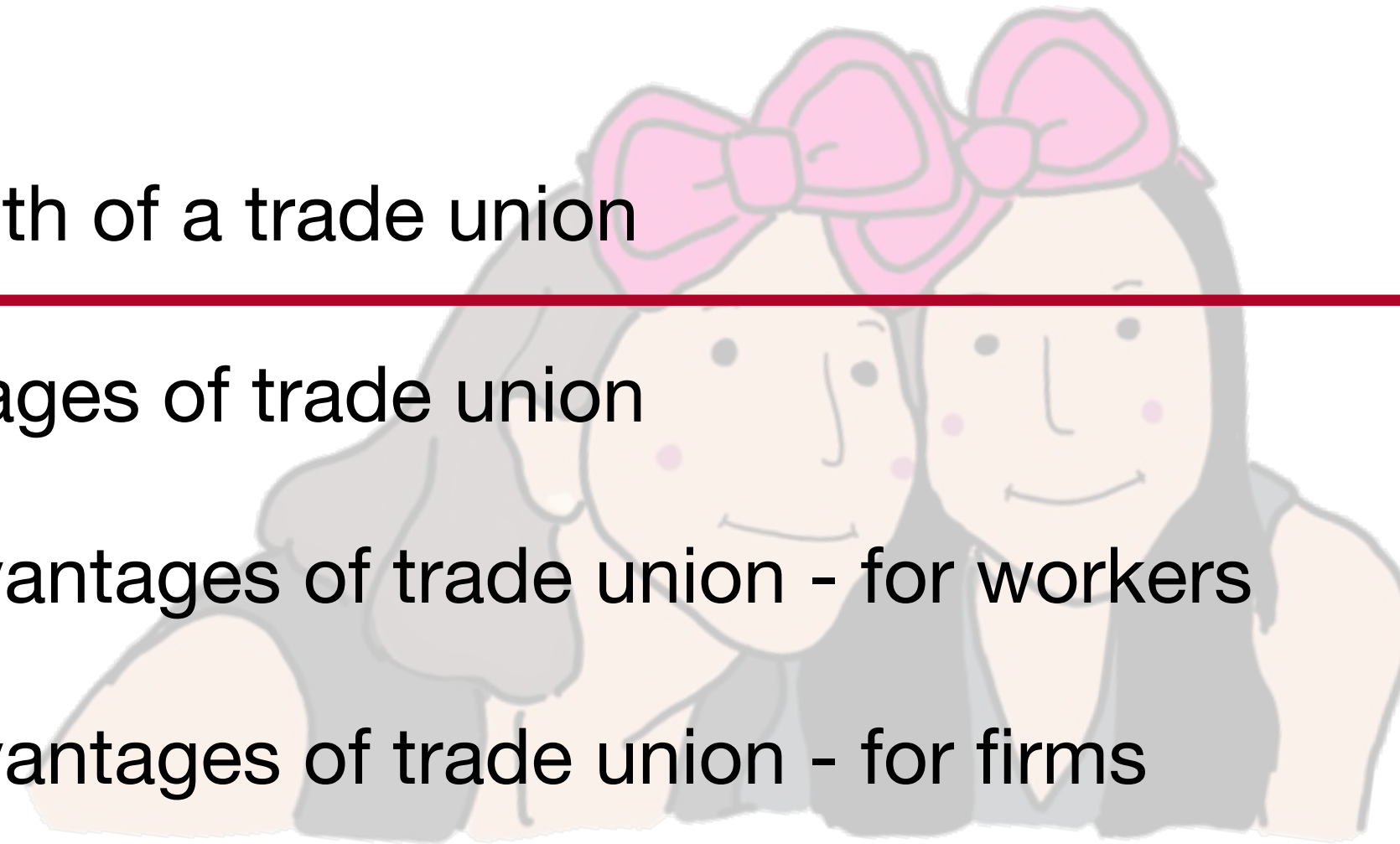


MICROECONOMICS - Trade Union

By Kru P'Eve and Kru P'Da Knockout.Economics

Overview

1. Meaning and Type of trade unions
2. The role of the trade unions
3. Factors affecting the strength of a trade union
4. Advantages and disadvantages of trade union
 - 4.1 Advantages and disadvantages of trade union - for workers
 - 4.2 Advantages and disadvantages of trade union - for firms
 - 4.3 Advantages and disadvantages of trade union - for economy



1. Meaning and Type of trade unions

- **Trade union** : an organised associated of workers in a trades, profession, formed to protect and further their rights and interests.

Craft Unions

- Organisation links together those workers who possess similar skills
- Eg. All workers of textile industries

Industrial Unions

- A union represents all the workers in a particular industry
- Eg. Automotive industry

General Unions

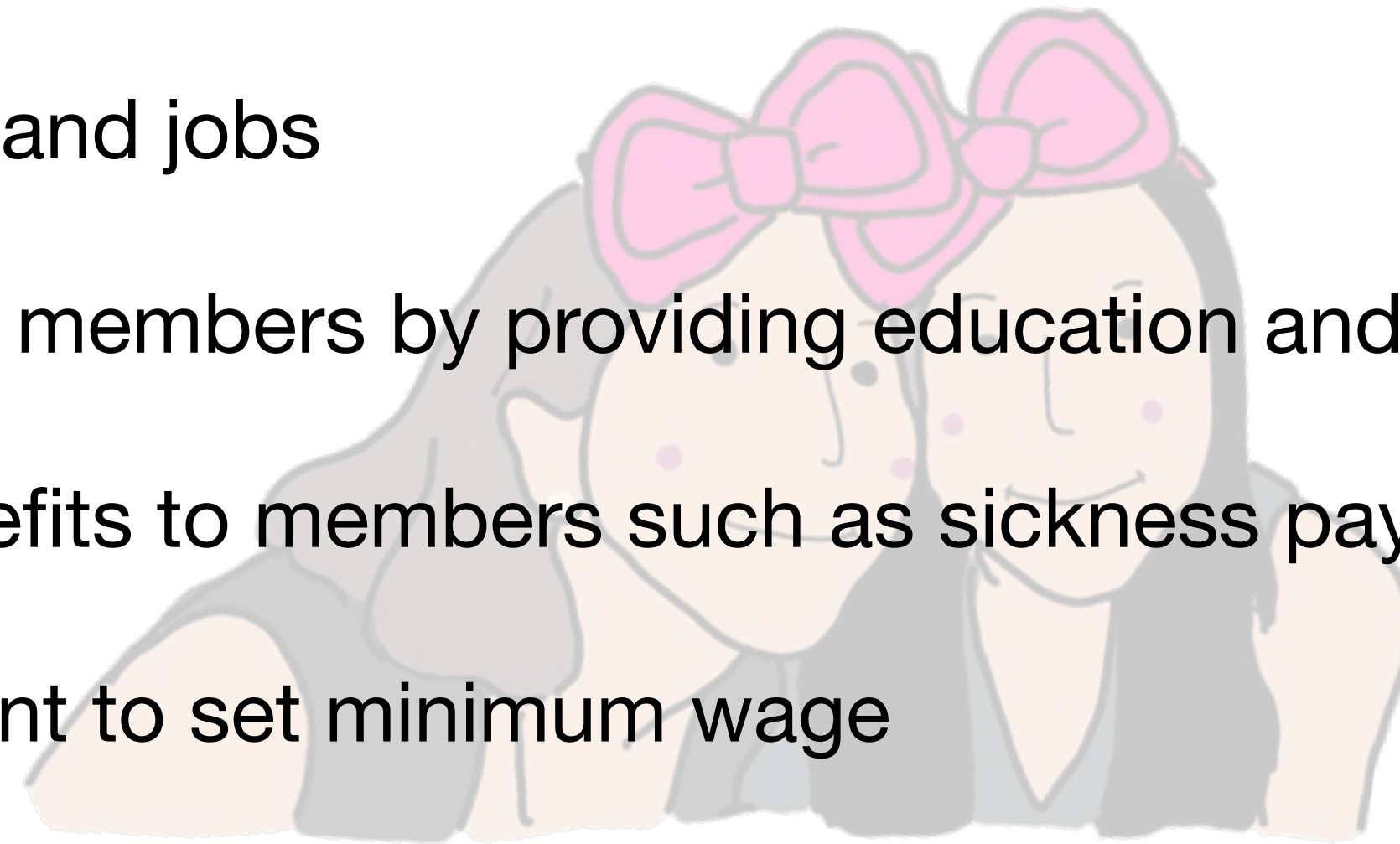
- Organisation represents workers from all industrial and companies.

White collar unions

- A union represents particular professions
- Eg. 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 a range of benefits to members such as sickness pay, legal advices
- 2.5 To pressure the government to set minimum wage



A collective bargaining : shows negotiating with employers' associations.

Industrial action : When negotiation fails, then the trade unions make put pressure on their employers

eg. Strike (Refuse to work & protest)

3. Factors affecting the strength of a trade union

3.1 A high level of economic activity

- ➔ Demand total output in the economy ↑
- ➔ Most industries are likely to receive higher revenue ↑
- ➔ Employers have higher ability to pay more wage & improve working conditions ↑

3.2 A high number of workers

- ➔ Trade unions are likely to receive higher funds and arrange activities ↑
- ➔ Or more pressure on firms ↑
- ➔ As a result, a high number of workers can increase chance of getting higher wages

3. Factors affecting the strength of a trade union

3.3 A high productivity of members

- ➔ It is difficult to replace workers by machines or other skilled workers
- ➔ A high productivity of members has higher chance to get higher wage.

3.4 Favourable government legislation

- ➔ A union will be a strong position to bargain if laws and regulations allow trade unions to take industrial action.

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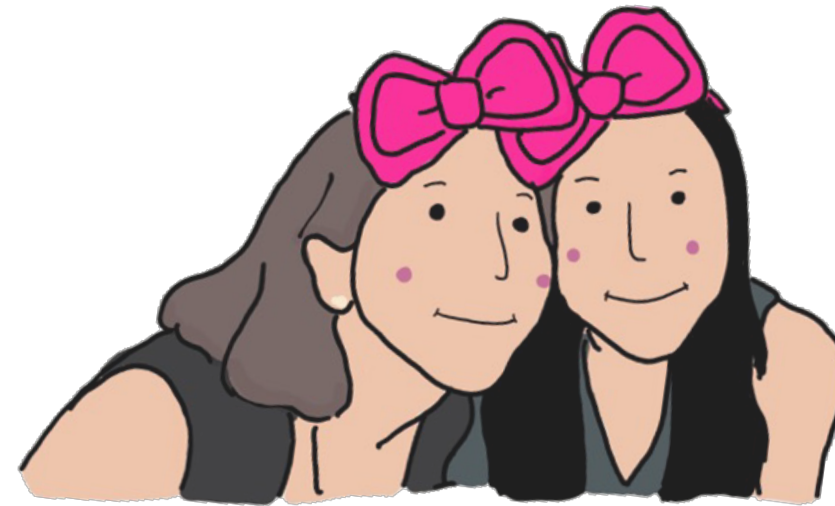
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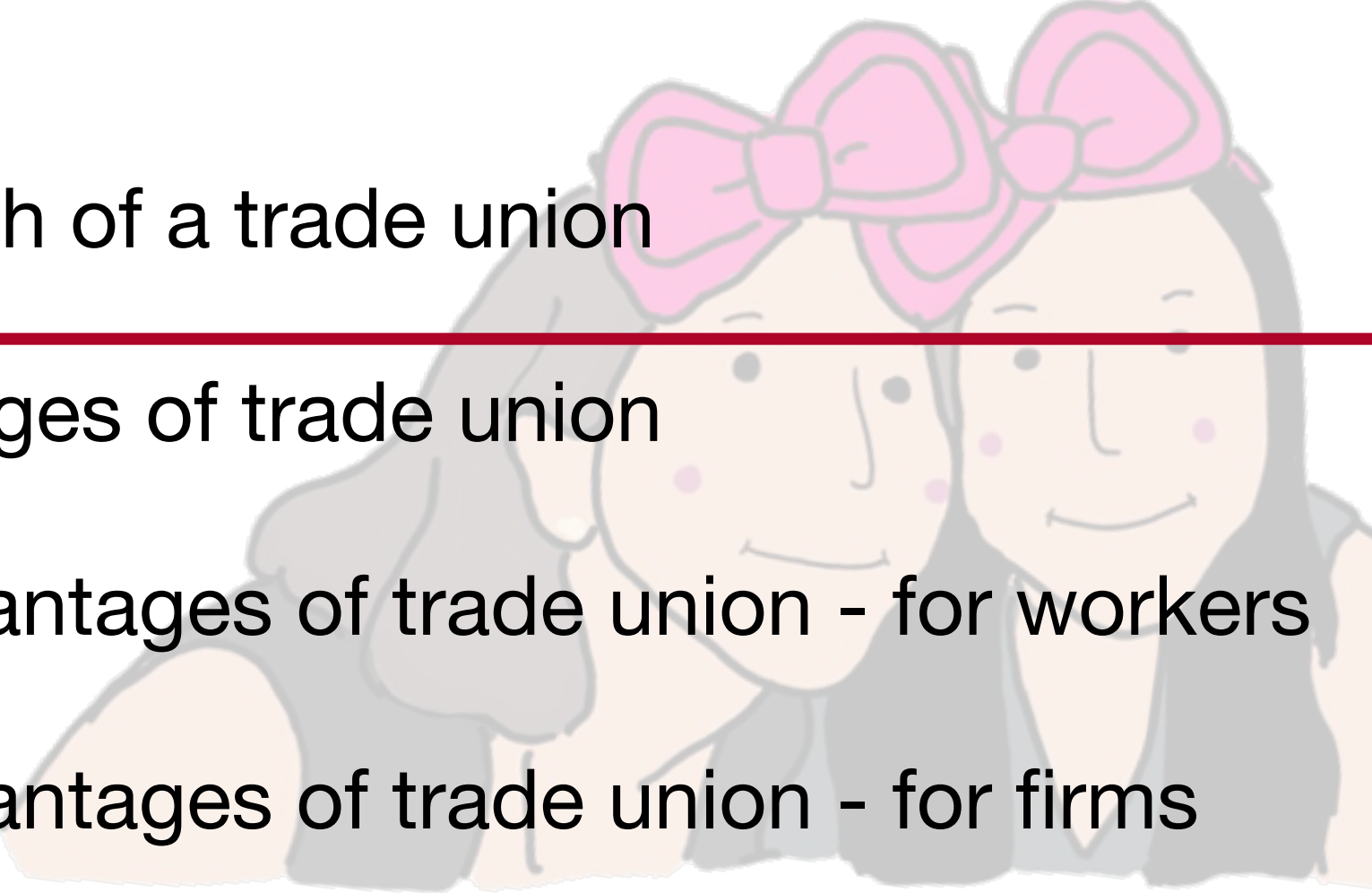
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MICROECONOMICS - Trade Union - Continued

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- A faint, stylized illustration of two young girls with long hair and large pink bows, positioned behind the text of item 4.

4. Advantages and Disadvantages of trade union (workers)

Advantages

- Employees have more bargaining power to ask for higher wage and better working condition
 - ➔ Eg. Sick payment, Holiday and healthcare benefits
 - ➔ Ability to purchase high quality of goods and services
 - ➔ Employees are likely to have higher standard of living
- Trade union can protect right and jobs to members
 - ➔ Employees are likely to have better job securities and reduce discrimination.
- Trade union provides education and training for members
 - ➔ Members have variety of skills and enable to switch to other industries
 - ➔ Avoid being unemployed

Disadvantages

- Member fees are expensive.
 - ➔ Members have less budget to consume other products.
- Being members of trade union and doing industrial action have a chance to be unemployed.
- Workers cannot get any incomes during strike duration.

4. Advantages and Disadvantages of trade union (Firms)

Advantages

- Trade union provides education and training for members
 - ➔ Education and training can improve members' productivity
 - ➔ As a result, firms can generate more profit.
- Trade union provides a useful channel of communication between employers and employee.
 - ➔ It can save time and less stressful when negotiating with workers as a group, than to negotiate with worker individually.

Disadvantages

- Trade union asks for higher wage.
 - ➔ Cost of firms is likely to increase.
- Trade union might creates bad reputation to business if strike happens.
 - ➔ Also, strike stops the production process of firms.
 - ➔ As a result, firms can loss revenue and go bankrupt.

4. Advantages and Disadvantages of trade union (Economy)

Advantages

- Trade union protects benefits of workers.
 - ➔ People in working age would like to participate in the labour market.
 - ➔ Supply of labour ↑
 - ➔ National output ↑
- Members have more income.
 - ➔ They can afford more goods and services
 - ➔ It can increase total aggregate demand in the economy
 - ➔ As a result, there will be higher economic growth
- Trade union improves productivity of labours by providing education and training
 - ➔ Country's productive potential ↑

Disadvantages

- Trade union increases wage and cost to firms
 - ➔ In order to maintain profit, firms might lay off some workers
 - ➔ Unemployment ↑
- Minimum wage may discourage foreign direct investment (FDI)
 - ➔ As a result, there will be higher unemployment.
- Minimum wage increases cost of production
 - ➔ Export products become less competitive in the world market.
 - ➔ As a result, there will be lower export revenue and lower economic growth.

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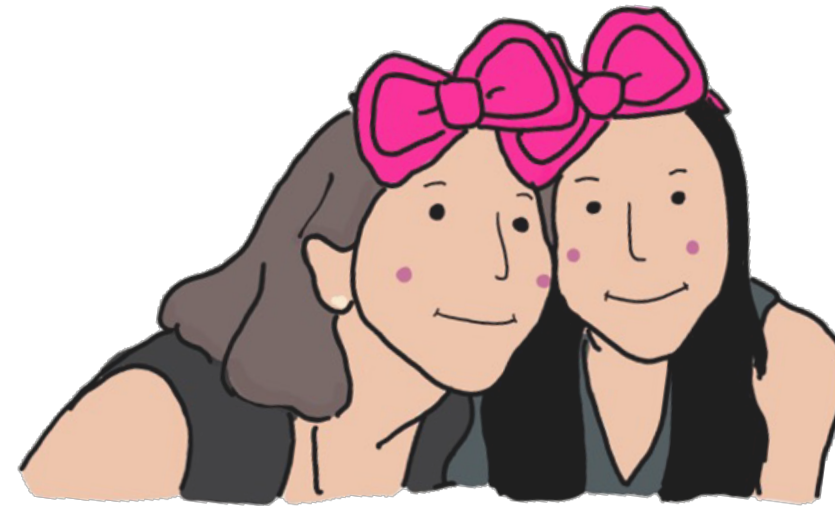
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MICROECONOMICS - Exercise - Trade Union

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Exercise: MCQ

1. Which task is not a function of a trade union?

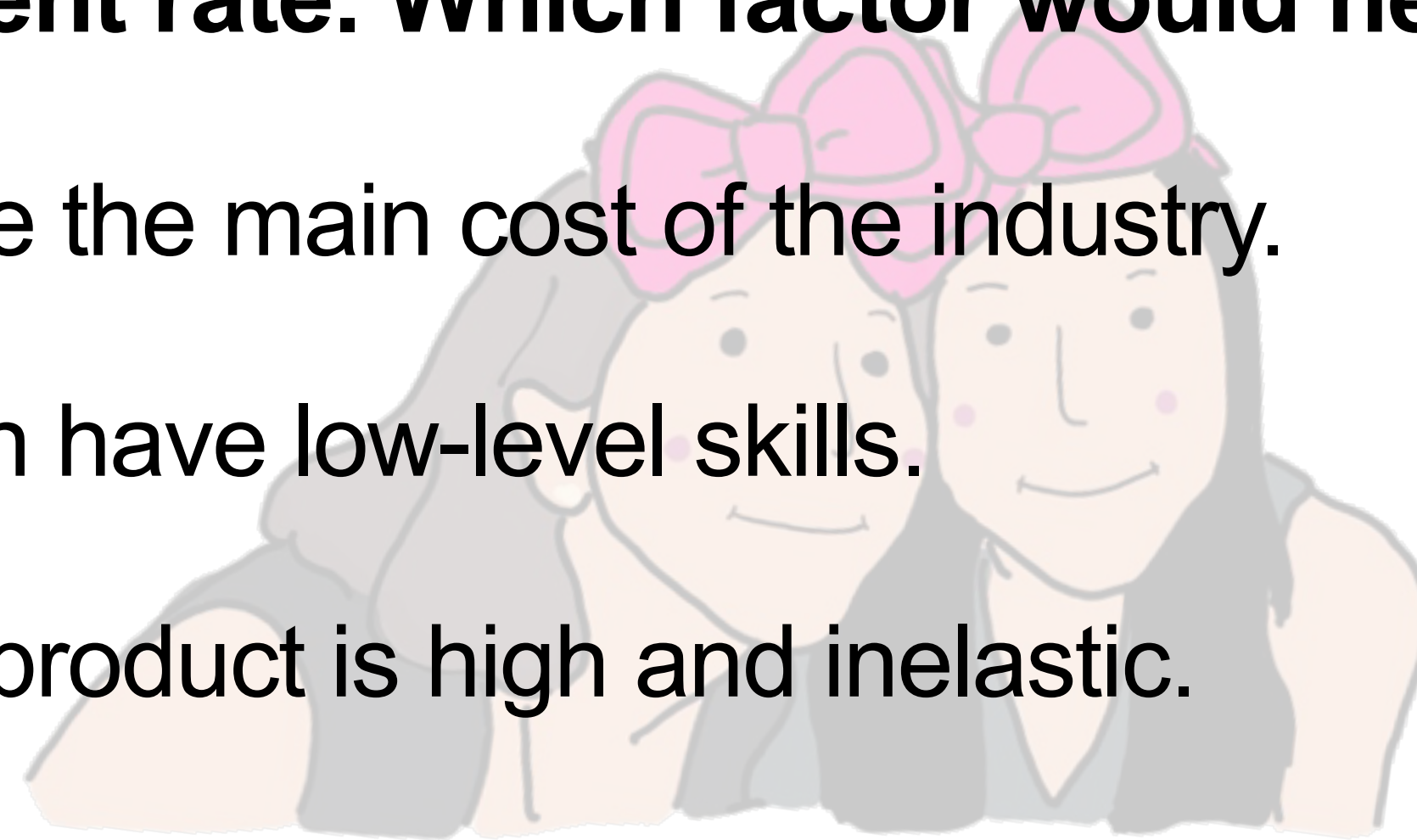
- A. Negotiating working conditions for members
- B. Providing legal advice on discrimination in office
- C. Deciding on the level of minimum wage
- D. Providing training and education to members



Exercise: MCQ

2. A trade union would like to increase the wages of its members without increasing unemployment rate. Which factor would help the union to do this?

- A. The workers' wages are the main cost of the industry.
- B. Members in trade union have low-level skills.
- C. The demand for firm's product is high and inelastic.
- D. The demand for firm's product is elastic.



Exercise: Essay

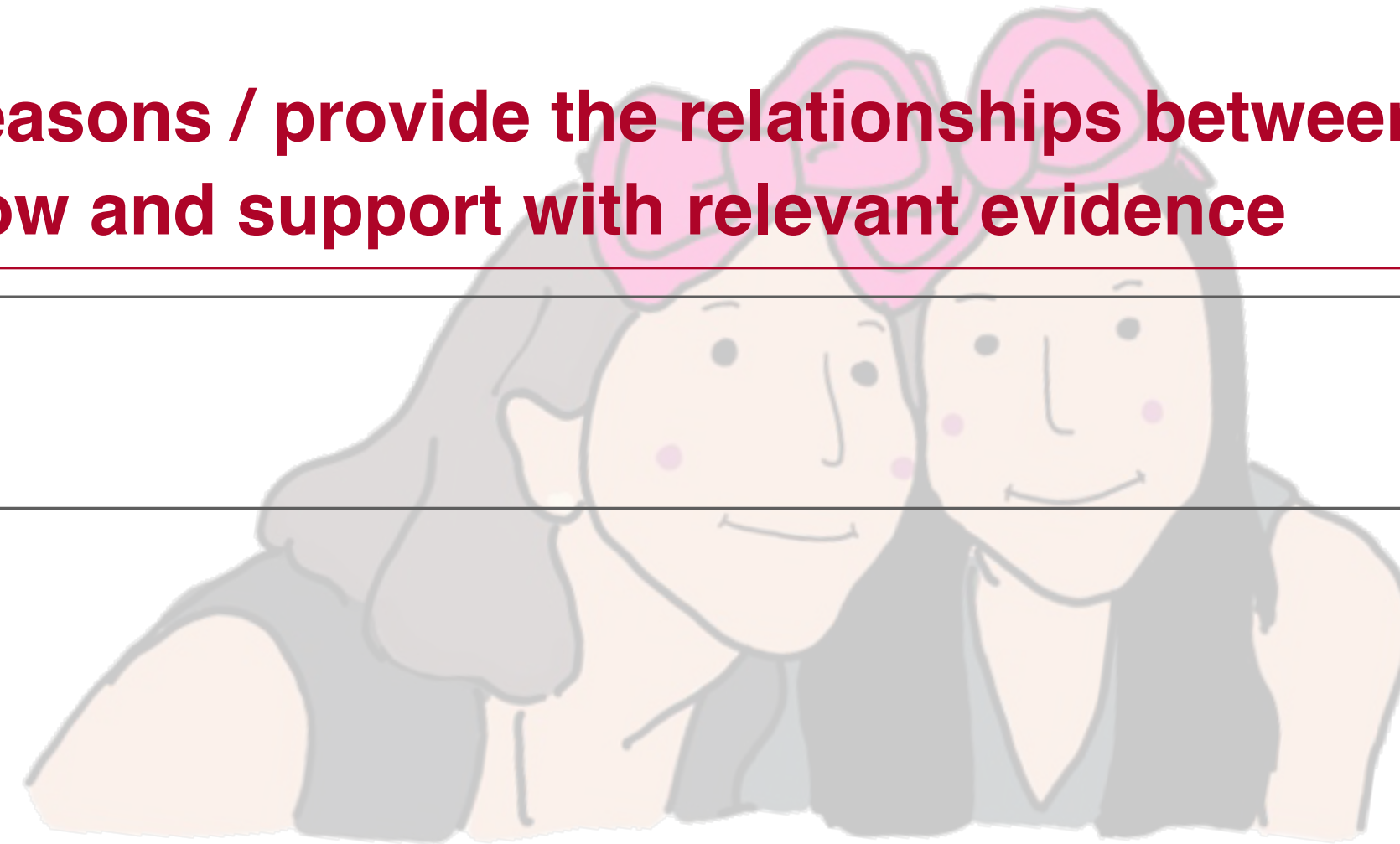
1. Explain the benefits that workers may get from being a member of a trade union. [4]

Command Word:

Explain: set out purposes or reasons / provide the relationships between things clear / say causes and consequences , why and /or how and support with relevant evidence

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- Issues + Supporting details (2x2)



Exercise: Essay

2. Discuss whether a worker should always be benefits from joining trade union. [8]

Command Word:

Discuss: Set out both sides of an argument (For and against)

For

Against

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