CHAPTER 2

THEORIES OF COLLECTIVE BARGAINING AND TRADE UNIONS
INTRODUCTION

In this chapter an attempt is made to present the concept of Collective Bargaining as projected by different authors, as well as theories of Collective Bargaining and Trade Unions.

The jungle law, which symbolized the community relationships of mankind, has slowly paved the way to settle the affairs by mutual consent or agreement by mankind, though the process is laborious and painful. This has also left a deep mark on the political structures in various countries. The democratic phenomenon became the order of the day in many countries. Today, every civilized country strongly believes in imposing and practising democratic systems, not only in their political lives, but also in their day to day lives. This philosophy has crept into union management relations. The rule of the thumb is displaced by reason which later saw the birth of democracy in the field of industrial relations.

Today, the road chosen to reach the end is democracy. Both in the world of industry as well as in commerce, a new development has been evolved over a century for negotiations between the managements and employees. The terms and conditions of service and establishment of peaceful, orderly relations at the place of work, through mutual understanding has come to stay. Most differences are settled through collective approach and healthy co-operation is noticed between the management and employees in a majority of industries. This process is known as Collective Bargaining.
complex institutional process like collective bargaining is not easily defined in a single sentence, though the custom appears to demand such an attempt on the part of authors, research scholars and others. As per general analysis, collective bargaining is considered as a continuous institutional relationship that exists between employer and labour organisations, which represents a defined group of workers working in an unit or organisation, concerned with the negotiation, administration, interpretation and enforcement of agreements, which cover a common understanding with regard to wages, salaries, and hours of work and other working conditions.¹

It covers the negotiations between management and union representatives over wage, working hours and other terms and conditions of employment. It also not only includes the interpretation of agreement, but also execution of such negotiations through supervision. For a layman, collective bargaining is the procedure by which the wages and conditions of employment of workers are regulated through arriving at an agreement between the representatives of the employer and the employees.

The phrase 'Collective Bargaining' is made up of two words: 'Collective' which implies group action through its representatives and 'Bargaining' which suggests haggling and/or negotiating. The phrase appears to have been first coined by Sydney and Beatrice Webb², in their book on the "Co-operative Movement". But in industrial democracy a study of Trade

Unionism published in 1897, they enlarged upon it, describing the process of Collective Bargaining as then practised in Britain and its extension from the individual undertaking to the district and industry level and then to the national level. Later the term was enhanced by the Gompers in the U.S.A.  

The phrase, therefore, implies "Collective negotiation of a contract between the management's representatives on one side and those of the workers on the other". It also implies an original, yet, flexible position from which one of the negotiating parties or both may retreat gracefully to a position of compromise.

The International Labour Organisation workers Manual defines collective bargaining as "Negotiation about working conditions and terms of employment between an employer, a group of employers or one or more employers' organisations on the one hand and one or more representative worker's organisations on the other with a view to reaching agreement".

N.W. Chamberlain defined collective bargaining as "the process where by management and union agree on the terms under which workers shall perform their duties". Accordingly, Collective Bargaining refers to an


understanding between union and management with regard to working conditions in relation to performance of the duties and responsibilities of the workers.

Harold W. Davey\textsuperscript{6} is of opinion that Collective Bargaining is to cover the negotiation, administration, interpretation, application and enforcement of written agreements between employers and unions representing their employees, settling for the joint understandings as to policies and procedures governing wages, rates of pay, hours of work and other conditions of employment. According to him Collective Bargaining refers to joint understandings between union and management related to policies and procedures governing wages, rates of pay, hours of work, and other conditions of employment.

According to Royal Commission Report\textsuperscript{7} "Collective Bargaining is not only peaceful and inherently voluntary in character, but it tends to diffuse tense situations and promotes an orderly resolution of industrial conflicts through discussion across the table". The Royal Commission viewed it as voluntary approach wherein the employer and employees can settle their disputes under peaceful conditions, which helps to diffuse the tense situation across the table.


In the words of Hon. Archibald Cox, 8 "By collective bargaining we mean, the resolution of industrial problems between the representatives of employers and the freely designated representatives of employees acting collectively with a minimum of government dictation". In his words Collective Bargaining is a technic by which industrial problems related to employer and employees are resolved with a view to minimise the Government interference, while arriving at a final understanding.

Mary Sur 9 has defined Collective Bargaining as, "a process for the negotiation between management and employees of terms and conditions of service and the establishment of peaceful, orderly relations at the place of work, through mutual settlement of differences and the co-operation of those engaged in the enterprises". She considered collective bargaining as a process by parties desire to settle disputes through mutual consent, which finally leads to bilateral agreements and seek co-operation among all.

In the words of Ramaswamy and Uma Ramaswamy, 10 "Collective bargaining has been described as the great social invention that has institutionalized industrial conflict. It is the major institutional mechanism for resolving the conflict of interests between labour and management in a


free society". According to the author, Collective Bargaining is a social invention for settling differences between the employer and employees, which has not only institutionalized the conflicts, but has also become a major mechanism.

Finally, Collective Bargaining is a symbolic of the democratic processes which is a by-product of industrial democracy. Its main philosophy is to promote and encourage democratic values between the union and management, in arriving at an acceptable and desirable agreement, with regard to their day to day working conditions. In a word, it is not an act that leads to a warpath, but a measure towards the end of a goal, that is, well being of all, in an organisation. It is a continuous process by which the standards of living in an organisation is improved, keeping in view the national economic interests. It neither embraces individual goals nor political goals of a particular part in the nation. It speaks for all and all are for it. Simply stating, Collective Bargaining is a symbol of democratic culture which encourages conflicting parties to settle through mutual consent, across the table.

THEORIES OF COLLECTIVE BARGAINING:

It is relevant here to study certain important theories of Collective Bargaining after defining the word Collective Bargaining. Majority of theories are developed with the characteristics of explanation, control and prediction. An attempt is made to survey the texts of a few theories relating to Collective Bargaining. The study involves tracing the

developments in the theories of Collective Bargaining from Sydney and Beatrice Webb to the present day, and an assessment of the different approaches.

Webb's Classical Approach:

Towards the end of nineteenth century, the writings of Sydney and Beatrice Webb originated the idea of Collective Bargaining. The Webbs regarded Collective Bargaining along with mutual insurance and legal enactment as a method by which unions try to protect and improve the working conditions of their working lives.

To the Webbs, Collective Bargaining is nothing but the equivalent of individual bargaining. According to them, the trade unions apart from their organisation building activities, providing members with various kinds of benefits, also bargain with their employers for their members collectively and press for legislation, which favours their interests. In their view, trade unionism was an alternative to the methods of mutual insurance and legal enactment. The Webbs regarded Collective Bargaining as an economic process. The Webbs considered Collective Bargaining as the equivalent of the conflict of employment, which workers individually enter into, with the employer. The Webbs assumed Collective Bargaining as something forced upon employers against their will, by strikes and other sanctions.

The Webbs understood Collective Bargaining in a rather narrow sense. They considered it as the collective equivalent of the contract of employment which workers individually enter into with the employer. When individuals enter into such a contract with the employer, the difficulty is
that the worker cannot really bargain with his employer. The only option left for an individual worker is either to accept the terms or look for some other job elsewhere. The employer, by taking undue advantage of competition, imposes his conditions on an unilateral basis. This, in reality becomes an unilateral agreement, but not a bilateral one. In contrast, when employees bargain as a group with their employer, it ceases to be unilateral or competition. At the end, workers are able to extract much better terms from their employer rather than as an individual.

Secondly, the Webbs regarded Collective Bargaining as an economic process whereby working men collectively extract the most favourable terms from the employer. They did not give any serious thought to it as an institution. Too little consideration is paid for the non-economic aspects. Thirdly, it has completely ignored the positive interest of the employer and there is an absence of definition of Collective Bargaining as referred by Flanders. 12

CHAMBERLAIN'S THEORY:

Chamberlain and Kuhn attempted to outline a modern treatment of Collective Bargaining in a comprehensive way. The Chamberlain has described the nature of bargaining in the form of three theories. According to him, Collective Bargaining is a means of contracting for the sale of labour, a form of industrial governance and a method of management. These theories are also known as Marketing, Governmental and Managerial theories.

The Marketing theory states that Collective Bargaining is a means of contracting for the sale of labour. According to the above, it is a market or an exchange relationship which is justified on the ground that it gives assurance of voice on the part of the organised workers to the matter of sale of labour. It resembles the idea of Webbs about Collective Bargaining as an economic process. But Chamberlain is concerned with the contractual aspects. This theory is considered as the process which determines under the terms under which labour continued to be supplied to a company by its existing and newly hired employees. It helps much in remedying the bargaining inequality between unions and management or employers and employees.

The Governmental theory claims that while the bargaining process has a contractual character, it is much more than a means of earning the highest price for labour. A contract is the result of joint rule formulation by the union and the management. The enterprise is compared to a state and the union is seen as sharing power with the management, besides using its power to advance the interests of its members. The difference between the earlier one and this, is that the former considers Collective Bargaining as an economic process whereas the latter has predominantly a political character in nature. This theory explains the introduction of Industrial democracy at the place of work, because this theory considers management as a state and the union as a unit sharing the sovereignty for the improvement of its members.

The Managerial theory of Chamberlain states that Collective Bargaining is a system of industrial management or the conduct of industrial
relations. According to this, the union and management together arrive at decisions on matters relating to labour. This relationship between them is functional in nature.

These three theories are of successive stages in the development of the Collective Bargaining process. These theories do not merely state what Collective Bargaining is, but they state what should be the nature of Collective Bargaining. They are not exclusive in nature, but on the other hand are overlapping. Managerial view is supported by the 'Principle of mutuality' which holds that, those who are integral to the conduct of an enterprise should have a voice in decisions of concern to them.\(^\text{13}\)

The Marketing theory is criticised by Dunlop in his book, Industrial Relations systems, published in 1958. According to Dunlop, unions bargain with a view to maximise wages and employment with their managements. The bargaining power is the relative ability of both sides to influence wages. Therefore, the Marketing theory has fallen out of favour and has a few strong adherence today.\(^\text{14}\) It is because Chamberlain preferred to give more weightage to the power of the union and felt that a union can enforce its decisions on the management with regard to wages and employment. Whereas, on the other hand, Dunlop felt that both sides due to their relative strength


try to gain maximum return out of bargaining. Ramaswamy,\textsuperscript{15} in his book \textit{Industry and Labour} pointed out that these three theories expressed not only different views of what happens in Collective Bargaining, but also different conceptions of what should happen. These theories are not exclusive of each other. A considerable overlapping between them is noticed. Flanders also expressed that the first theory draws attention to the Trade Union action as a 'Labour cartel' in Collective Bargaining. The second one sees Collective Bargaining as introducing an autonomous and agreed rule of law into union management relations. The third one pays attention towards making management more democratic in sense or advancing the industrial democracy. Flanders\textsuperscript{16} ends his criticism stating that the marketing approach is misleading and inadequate because its explanation has too little about the economic process. He further stated that the Governmental approach was restrictive by putting the emphasis on procedures and regulations. He felt that these rules were an embodiment of the substantive rules which has resulted from the third approach, the Managerial one.

\textbf{DUNLOP'S THEORY :}

The Dunlop's theory\textsuperscript{17} considers Industrial Relations system as a sub-system of the wider society on the total social system. It views that, society provides certain external influences and constraints but not as

\textsuperscript{15} E.A.Ramaswamy and Uma Ramaswamy " Industry and Labour - An Introduction" Delhi, Oxford University Press, 1989.


\textsuperscript{17} Dunlop J.T., \textit{Industrial Relations System}, Holt, Rinchart and Winston Inc. New York, 1958, PP. 7-9.
completely dominating as industrial relations. It believes that the industrial relations system is comprised of certain players, certain contexts and ideologies. These bind the industrial relations system together. The actors at the place of work and work community are governed by a body of rules created therein. The central aim of industrial relations system is the creation of rules which bind all the players. According to Dunlop, these actors include workers, management and the Government. These actors play a major part in the rule making process. This can be identified as follows. Thus

\[ R: f(a,i,b) \]

Where
- \( R \): industrial relations system
- \( a \): actors
- \( i \): ideology
- \( b \): body of rules

According to Dunlop, in every country industrial relations system is built through an interaction between the workers, management and Government. Everyone of these three plays an important role in the drama of industrial relations. In any economy, there is also an ideology that is shared commonly by the Government, businessmen and workers. This ideology is defined in terms of democratic capitalism; in the USA, in U.K., as Democratic Socialism or State Socialism in Russia. In India, the mixed economy philosophy believes in the existence of both public and private sectors side by side. It also expects that there should be no conflicts of interests between these two sectors. In U.S., the Democratic Capitalism encourages Collective Bargaining by legislative measures and Government.

intervention where ever it is required. Whereas in U.K., it is encouraged mainly as a voluntary process. The Government seldom interferes in U.K. On the otherhand in Russia, the Collective Bargaining system does not find full freedom because, the existence of trade unions is tolerated but not encouraged. In the case of Indian economy, a mixed culture of all the above approaches is formed and in general, the Government allows the parties to settle their disputes through Collective Bargaining.

Dunlop's view of Collective Bargaining involves the determination of priorities within each side in the bargaining process. He advocates that a homogenous union negotiating with a homogenous management or association is erroneous. According to him a great deal of complexity of Collective Bargaining involves a process of compromise and assessment of priorities within each side.

Dunlop's view has ignored a traditional view of the Webbs. In view of this, his approach is little appreciated. For every labour market there are two sides, the first being the wage costs incurred by the employers and the second, the income paid to employees. It may be simple to view in bargaining terms how it would be easy for the parties to attain common interest without hurting both their interests. But in reality, it is different, because the management may entertain a diversity of interest, which may be different to that of the employees' interest. This culture and attitude on the part of the management may not help the Collective Bargaining system to come to a common goal. Plainly, it is difficult to imagine the existence of homogenity interest on each side. The problem becomes more severe when one party's interests is divergent to the other's. Inspite of this, Dunlop's
theory tried to provide a framework for integrating many diverse aspects of the field. He created an informal structure, that is, "Webb of rules" by which actors can play a definite role, keeping in view each other's interests.

**FLANDER'S THEORY:**

According to Flanders,\(^\text{19}\) Collective Bargaining is an essentially rule-making process or joint regulation because the trade unions and employers or their associations play a joint role in framing and regulating rules related to employment contracts. The rules also pertained to their own relations. Sometimes these parties may seek the assistance of a third party in the form of conciliation, mediation and so on. The third party assistance may serve only as an auxiliary aid to reach their agreements. The rules framed jointly are of two types, the procedural and the substantive rules. The former rules are based on statutes and relationships between those parties and the latter are based on status and rewards by job performance. Flanders opined that Collective Bargaining ensures the regulation of job in an unit according to the theory of wages.\(^\text{20}\) In a simplest form, it stands that, levels of wages in each labour market are set by the opposing strengths of employers and employees. Employees can prefer increase in their wages through their bargaining agents or unions which in turn help them to improve their economic strength. Due to increase in their economic strength, employees can prevent their employers from undertaking such steps which may lead to a reduction in existing labour force or from replacing the existing labour through substitution with a new work force.


The bargaining theory is an additional inference of lump-of-labour theory. The propounders of these theories recognised that the bargaining power of unions could be influential only within the limits. Even without formal curves of demands, high wage demands could force employers to cease operations or find substitutes for labour, or enter other labour markets and employ other occupations.

According to modern advocates bargaining theory is a modification of the general wage theory. The modification suggests that neither employers nor employees enter labour markets with exact prices (wages) or narrow lines representing demands and supply of labour. They entertain an element of flexibility which creates bands rather than lines. Wage rates are determined by bargaining power of the parties, namely, unions and management, within such a band of possible wage rates. In view of this, an individual worker is made to accept lowest available wage rate due to lack of economic strength to bargain as an individual, whereas, the union can use its economic strength to secure higher rates for its followers.

**Definition of Trade Unionism:**

An attempt is made in the following lines to define trade-union and unionism in addition to trade union theories. Sydney Webb and Beatrice Webb, defined a trade union as a continuous association of wage earners for the purpose of maintaining and improving the working conditions of their lives. According to this definition, a trade union is a perpectual

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organisation formed by wage earners to protect their interests and also to improve their working conditions such as wage, salary, dearness allowance, bonus, promotion and other incentives.

The Indian Trade Union Act of 1926, Sec 2(h) defined Trade Union\(^\text{22}\) as, "any combination whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more trade unions. According to the above definition, the workers' organisations are to be registered separately for the purpose of regulating relations with their employers. In Britain, trade union means any combination, whether temporary or permanent, between workmen and workmen, or between the workmen and masters, or between masters and masters, or for imposing restrictive conditions on the conduct of any trade or business, whether such combinations would or would not, if the Principle Act has been passed, have been deemed to have been an unlawful combination by reason of someone or more of its purposes being in restraint of trade\(^\text{23}\).

According to the Royal Commission, " Trade Union means any combination of employees, the principle activity of which is the regulation of relations between employees and employers, whether such combination is in


restraint trade or not, and which is registered upon the register of trade unions and Employers' association. The above definition implies that the principal activity of any trade union is to regulate the relations between employers and employees and the associations are registered under the register of trade unions and employers' associations.

The above definitions not only include employees organisations but also employers' associations within the scope of the trade union. Thus, a trade union is a continuing long term association of employees formed and maintained for the specific purpose of achieving and protecting the interests of its members and their working conditions. The main aim of every trade union is to protect and improve the economic strength and working conditions of the employees. All trade unions have some objectives or goals contained in their constitution and have their own strategy to achieve those goals.

Based on the above, it can be stated that a trade union is a voluntary association of wage earners, promoted for the sake of not only protecting and improving the economic standards of its members, but also to reduce the management power, by strengthening its powers in terms of Collective Bargaining. It is interesting to note that unions' role and philosophy are also changing according to the needs of the times. Traditionally, the role of the union was protest oriented. In this connection, Dale Yoder observes that

they have explained their organisations as devices to develop democracy in working relationships and to protect the individual against arbitrary treatment by employers.  

Theories of Trade Unions:

1. Classical Model or Marx's Theory:

The first person to write about trade unions was Karl Marx. He thought that labour organisations are the instruments of the working class to struggle against the cruelty of the Capitalists. He viewed that the birth of trade unions was possible due to the emergence of the working class or proletariat. The main objective of the proletariat was to protect itself from being subjected to Capitalist injustices such as unemployment, low wages and long hours of work. The ultimate goal was to abolish the system of wage slavery.

The maximum approach to trade unions is based on the concept of class struggle between the Capitalist employers and their workers. Workers are exploited by the employers in order to earn more and more profits. This enforces workers to unite with a common object to secure more wages and to resist employers. Thus, trade unions serve as organising centres and help workers to unite and do away with the competition among themselves. Finally, Marx did not conceive trade union from a purely economic angle.


He considered these unions to be weapons of larger political struggle.

According to Marx, Unions by joining labour party may even capture the Government, which is the social goal of trade unions. Labour parties have formed governments with the support of trade unions - for example, countries like United Kingdom, France, Canada, Australia, Sweden including USSR and China. Finally, trade unions are viewed as revolutionary and political organisations.

Writers like the Webbs, Kerr, Siegal have also supported this concept. According to the Webbs, trade unionism is a response to the heavy pressure of competition under the Capitalistic economy. Workers try to protect themselves from such situations by forming into associations. They also clearly state that the effects of the haggling of the market on low wages and bad conditions of work forces the workers to protect themselves from the effects of free market competition. "Labour movement is always a reaction and protest against capitalism.27 Labour movement is the result of free market competition and the machine is its major cause. According to Kerr and Siegel "Industrialisation process is the main cause as it proceeds on the capitalistic mould for formation of trade unions by workers.28

The above authors are guided by the assumptions about perfect competition in the commodity market. But perfect competition is no longer


regarded as a rule but only as an exception. In the past also it was not more than an exception. The validity of these views only exists on the assumption of perfect competition. However, these authors based their theories on the conditions obtained during their time when Capitalism was the order of the day. It was impossible on their part to imagine that trade unions may be born in societies other than capitalistic society.

**NEO CLASSICAL THEORY:**

Neo Classical theory was developed by four eminent authors, namely, Kerr, Dunlop, Harrison and Myers (KDHM). The main theme of the KDHM model is that, the unions emerged in response to industrialisation and not to capitalism, as envisaged by Marx or Webb. The KDHM theory emphatically states that Industrialisation everywhere created organisations of workers, but they differ widely in their functional structure, leadership and ideology. Workers' organisations differ due to their functions, namely structure, leadership and ideology. For instance, in India in general, whereas under the middle class elite labour associations are viewed positively and the principle of union activities is based on the job control, Trade unions perform a wide range of functions and regulate management at the local and industrial levels. Workers' protest is considered positively in reforming the weaknesses of the system.

In the case of colonial elite workers' organisations form part of the nationalist and independent movements. The spirit of independence alone can

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unite them, but they divide on ideological, regional and practical grounds. As a consequence of these, unions suffer from structural incompatibility and often base their foundation on personal leadership. Strikes and work leadership elite has a bearing on the union activities. In the case of INTUC, the leadership believes in bilateral approach, whereas CITU believes in strikes, when any dispute arise with the management.

The differences are due to the characteristics of the elites who lead the march of industrialisation. In this connection, five ideal types of elites are presented (1) identified (2) middle class (3) revolutionary intellectual (4) colonial and (5) nationalist. The trade union structure and functions are bound to be different under the leadership of each one of these elites. For instance under the leadership of dynastic elite workers, organisations are not encouraged to be formed. Even if they exist, they perform a limited range of functions at the plant level and pose little challenge to managerial decisions. Stoppages of work is the feature of this model, protests in a peaceful method is encouraged. The above models feel that strikes are the main hindrance to industrial progress.

FLANDERS' THEORY:

Flanders viewed that the unions' participation in rule making is as important as securing better working conditions for its members. He also considered unions as a mixture of movement and workers organisation in order to sustain the influence of employers, and to survive they organized themselves into associations or unions. Organisations help the movement to achieve the goals and purposes for which workers are associated, because organisations provide structures to formulate the policies and goals and to
decide the nature of the action that a movement should undertake. The structure imposes discipline on the members which in turn enables them to channelise their resources and energies to achieve the unions' goals. In other words trade unions need organisation for the power and movement for their vitality, but they need both power and vitality to advance their social purpose. Hence, according to Flanders, the best way to understand union purpose is to infer what unions are for, from what they do.\(^{30}\)

Collective Bargaining is the major activity undertaken by every trade union for not only improving working conditions but also laying rules related to their jobs and other activities. Though unions participate in political activities they are predominantly concerned with the industrial action through Collective Bargaining.

4. CONSUMPTIONIST VS PRODUCTIONIST THEORY :

This theory\(^ {31}\) related to the developing economies like Asian and African Countries. The main aim of this theory is that the workers organisations should strive more to increase the productivity and sacrifice immediate consumption. They should give more of their resources and energies to the interests of the country rather than on wage earnings. Unions are suggested to help increase the production and be resonable in pushing the interests of their members.


The supporters of this theory in the developing countries are concerned about production, rather than distribution. In this connection authors like Ashok Mehta suggested to the unions that, they

1. Educate members to give up their spendthrift habits,
2. Encourage small savings among workers,
3. Increase productivity through propaganda,
4. Settle disputes through legal means, and
5. Induce workers to take part in social security and provident fund schemes.\(^{32}\)

This theory has been criticised by authors like Kassalow and others.\(^{33}\) Firstly, the issue is exaggerated and stretched far beyond its actual position. In the early years of industrialisation, consumption need not necessarily be curbed in order to boost up domestic savings. Secondly, higher wages often act as an incentive and motivate the workers to increase productivity. But it may not be true in all cases because productivity is influenced by not only an increase in wage but also other factors such as employee's scale, qualification, experience, ability to guide, the working conditions of machines, group leadership and other factors. Thirdly, it is said that in the case of


underdeveloped countries, the volume of production is low, it is premature to quarrel over distribution by the unions. Lastly, Labour constitutes only a small percentage of the total population and hence there is the remote possibility that their consumption would in any significant manner increase the general consumption level of the economy as a whole.

However, the major commitment of every trade union is to the welfare of its members and not to the firm, industry and the nation. The Union collects its members' contributions and their loyalty specially for the purpose of protecting their interests, not their alleged true or best interests as defined by others. 34

It is observed from the above studies, that generally unions are against Capitalism, though they are part of it. The Capitalist Society tries to differentiate between Capital and Labour in a society. Workers as associations inherit this difference as they belong to the working class, naturally their views are narrow. Unions only fight for the betterment of their members alone. There is no comparison between the power owned by the management and labour. Capital is more powerful, because it can be used for various purposes and by various industries. Sometimes, Capital can be used to displace labour. On the other hand labour is rigid.

The ultimate aim of trade unions is to abolish Capitalism and wage slavery and establish socialism, in which not only the working class, but all

layers of society are freed from the clutches of Capitalism. A trade union, in the view of many, is a wage influencing institution. The striking power of a union decides its impact on influencing the wages. The Union also pressurises the management through various conflicting methods, to win over the managements. Unions have become powerful through advertising media as and when they go on a strike against their employers, more advertisement is made in the news papers. Certain unions utilise their funds for collective approach in order to resolve their problems with the managements. In a majority of the cases, most unions prefer strike as a last resort.

The word Trade Unionism describes the existence of workers' associations or organisations, whose object is to represent their members' interests either individually or collectively on such matters pertaining to pay, bonus, medical facility, and other working conditions. All their resources are diverted to this end. Trade Unionism can be said as various activities undertaken by trade unions to achieve their aims, such as improving the working conditions of their followers, either by peaceful or striking methods under different conditions. The Neo-classical approach finds a place in the Indian conditions. The nationalist elite of this model fits for Indian conditions.