

Objectives of labor unions research paper

[Business](#), [Marketing](#)



Introduction

Labor union can be described as an organization or an association of employees. These employees come together with the aim of advancing their direct and indirect benefits. The direct benefits include wages or salaries, sick off and paid leaves. While the indirect benefits involve security of tenure, better working hours, security in the work place and involvement in decision making. (David . G etal 2004)

Labor unions brought the concept of collective bargaining. Collective bargaining is an agreement between workers representatives and employer representatives. They set terms and conditions of work which are usually in written form. (Gorman, 1976). They seek to advance cordial relationship between the employer and employees. It also states the relationship between the employees themselves. This reduces cases of industrial conflicts. They explicitly state that only labor union members should be involved in bargaining for welfare of workers. Labor agreements are always against the idea of solving industrial disputes in courts, but rather, prefer alternative methods such as arbitration and mediation. (Abowd etal 1982)

The history of labor unions has much with advancement of technology and revitalization of capitalism in the United States. Labor unions became popular in the nineteenth century during the era of the industrial revolution. At first the organizers of employees unions faced considerable resistance from both the government and the employers. Those opposed to the idea saw it as a conspiracy of workers to increase wages, like the case in commonwealth verses pullis. Phila. Mayor's Ct (1806). Afterwards, employers

and the government came to embrace the idea. This was after the realization that labor unions sought to improve the working conditions for benefits of both the employer and employees.

The objectives of labor unions aim at promoting the process of uniting, recruiting and representing employees. Labor unions are always against discrimination in the work place and unfair labor practices. Labor unions promote interest of employees. They are usually founded to realize the objectives below:

Representation

Union leaders represent any worker who is in problem. Any employee treated unfairly can request union leaders to file complains on his or her behalf. The union leader will lounge complain to the necessary supervisor. When the issue requires court intervention the union can support the employee financially in paying legal fees. This will prevent the employer from abuse of workers. This representation of the union helps employees to get financial compensation in time incase they are injured in the course of duty. This avoids delay of justice. . (David . G etal 2004)

Negotiation

Labor unions use negotiation approach to manage industrial disputes and make a decision regarding workers. It is the preferred alternative to the court process when dealing with labor disputes. The union official and employer representatives meet to discuss the thorny issues in the work place. In many times, the union officials and the employers' representatives come to discuss with different opinions. The aim of the discussion is to

harmonize their views hence get the preferred solution. Many organizations have formally allowed unions representatives to engage the employer in case there is complain regarding working environment. When the unions successfully bargain with the employer both parties build strong relationships and model cooperative behavior which brings increased productivity. (Gorman, R. 1976)

Voice in decision making of issues affecting workers

It is the duty for union officials to speak at all issues regarding workers. They should not concentrate on salary issues alone. Other issues of interest include influencing management decisions on formulation of policies pertaining: promotions, transfers, retrenchments, demotions, lay offs and retrenchments. This policies influence workers level of motivation in the worker place. The unions have the duty to air complains of unfairness arising in all the stated aspects. This seeks to avoid discrimination in work place. . (David . G etal 2004)

Labor unions also air workers complain to the governments. This maybe issues like changing tax rates, contributions to government health insurance plans and pass a legislation which protects workers interests. The managements influence the government in posing legislation which will enhance growth of industrial democracy. The labor unions influence government to enact economic policies, which will stir economic development and reduce income inequalities in the society. (Gorman, R. 1976).

Education and training of workers

Unions take the responsibility of educating employees on several issues.

Unions may organize seminars to inform workers on health matters, safety measures in the worker place and employment rights. This is because these issues are critical to betterment of employee's welfare and well being. The union leaders invite legal professionals to clarify to workers on the steps they should take incase of any form of exploitation in the work place. They use these forums to encourage workers to follow the laid down laws and regulations of the organizations. They educate the workers on the consequences of breaking the laid down regulations.

During these seminars workers are allowed to air their views on the organizational goals. This chance enables workers to indicate the policies they think are discriminatory and need to be changed.

Financial assistance and welfare benefits

Workers may be offered discounts on insurance, mortgage and loans obtained from unions. The union has an objective of chipping and assists workers who face economic difficulties. They may assist workers who are sick or have been sacked. Workers are also encouraged to form financial organizations to improve their economic and social welfare.

Collective bargaining

Collective bargaining is a negotiation process involving both employer and employee. The process has an objective of resolving differences in the organization. In this process matters regarding working hours, health and

safety, training, promotion and wages are discussed. The participants are the union leaders and employers representatives. (David . etal2004)

It is always recommendable for the parties to discuss matters with honesty and integrity. The agreement reached is binding to both parties. Both parties should up hold the agreement to avoid industrial unrest. All workers represented by the union follows the result of negotiation.

Incase the union and employer fails to agree the matter is taken to an arbitrator. The arbitrator is non partial and he helps both parties to strike a deal and, avoid strikes and work boycott.

Demand for union labor

Strong unions influence demand for unionized labor to increase wages of its members. The demand curve shifts outwards. The union may influence demand for unionized labor through several ways. First and foremost, increasing demand for products manufactured by organization whose employees are members of the union. This will definitely influence organizations to allow members to join unions. (Abowd and Henry 1982).

Secondly, the union can increase the productivity of unionized members. This is a achieved through industrial peace and training members on how to relate in work place. Another way of increasing demand for labor is through feather bedding. This is a process where by the union influences organization to hire more workers by making sure that each activity is performed by different person.

Supply for union labor

The labor unions restrict labor supply so as to avoid decrease in members' salaries. They adopt ways such as preventing immigration, high-initiation fee, restricting the number of union members, license requirements, and long industrial attachments and prohibiting non members from getting jobs. (Abowd and Henry 1982).

The decrease for labor supply will lead to automatic increase of the equilibrium salaries. The goal of restricting supply is the same as that of collective bargaining

Elasticity for union demand

The higher the elasticity of labor curve demand the higher the rate of loss of job as a result of salary increment the rate of elasticity determines the cost of union in championing for higher salaries of members. Availability of substitutes determines the elasticity of unionized labor. The substitutes are un-unionized labor and machinery. The union reduces the elasticity by increasing the minimum wage to attract non members, advocating for tough migration policies and discouraging purchase of labor saving machines. (Abowd and Henry 1982).

Another way of checking elasticity is through maximizing incomes for some members especially the influential peoples. The union may not seek for complete employment of all its members. This is aimed at checking elasticity of demand for labor.

Effects of labor unions

Labor unions enter into collective bargaining with employers. This collective bargaining may lead to increase of wages above equilibrium wages. This means that cost of production increases. If the unions have great influence, then general price level in a country may be experienced. This can be referred to as cost push inflation. The employers increase price of products to maintain their profit margins. This will only be experienced if the price of non unionized sector does not decrease in the same amount as the increase in unionized sector.

This effect should not be paid if the increased wages lead to increased workers productivity. The increased wages and better working conditions may lead to increased efficiency and productivity. In a perfect market, the rate of increase in prices will be paid by consumer

Effects of labor union on economic efficiency

The traditional view has the argument that, trade union has negative influence on productivity and efficiency in the organization. They are of the view that, labor unions form monopoly to influence increment of wages above equilibrium wage. The unions influence may lead to decrease of working hours this decrease the out put and increase the cost of production through over time pay. (David . etal2004)

This view stresses that trade unions leads to loss of employment in the unionized sector. This creates increased income inequalities. Those employed in unionized become richer due to increase in earnings while those in un-unionized sector may maintain their earnings or experience

deteriorating earnings. (Lavard Richard etal 1990)

The traditional view further argues that the labor unions bring about industrial un- rest and strikes. This leads to increased inefficiency in the organizations.

The modern view considers union to increase efficiency in organization. Better industrial relation improves management policies leading to higher productivity. The unions advocate for better employee to employee relationship as well as employer to employee relationship. The management invite workers union to advice them on ways of improving productivity in the organization. Participation of workers in formulating policies is motivating. This reduces boycotts and strikes in the work place. (Gorman, R. 1976).

Monopsony means a single buyer in the market the buyer has adequate power to control price. Joan Robinson (1969). The buyer reduces the price of goods down wards. In the labor market, a monopsony employer faces upwards sloping labor supply curve. The employer employs less quantity of labor than an employer in perfectly competitive labor market. The trade off between wages paid and quantity of labor purchased gives the labor supply curve. The marginal, fixed curve is twice steep than the labor supply curve in case of a single employer.

The output the employee produces is much above the salary one receives. This is seen as the gap of exploitation by pique (1924). In monopolist employer exploitation rate is given by, reciprocal to elasticity of labor supply. This is unlike in a perfect competitive labor market where the rate of exploitation is zero. The labor union seeks to eliminate this exploitation by

ensuring that there is minimum wage rate. The union seeks to raise pay above the level a monopsony could have offered. This would force the employer to increase efficiency and hire more workers. The number of workers employed under a monopsony is indicated by intersection of marginal, fixed cost and marginal revenue product. In the figures below: MFC is marginal fixed costs while MRP= marginal revenue product

First figure indicates case of monopsony in absence of labor union

Monopsony puts a case where the employer can reduce wages and employee will have no alternative rather than sticking to the job. The employer is sure that all the workers cannot leave. The labor union comes to reduce this power of the employer by making wages down wards inflexible and setting minimum wage. (David . etal2004) The vertical axis indicates wage rate in both figures. Second figure indicates a case of monopsony in presence of labor union.

Conclusion

The union has over years strived to achieve the following objectives: promoting and protecting workers interests, securing better pay for members, promoting better working environment for workers, ensuring security of tenure for its members, increasing bargaining strength of members, influencing the labor market to the advantage of workers among other objectives.

The labor union does not aim at decreasing the profits of an organization but rather ensuring better working conditions geared at increasing productivity.

Without industrial peace, production efficiency cannot be achieved. (Gorman, R. 1976).

The employer should always engage labor unions in dialogue to resolve any issue of disagreement in the work place rather than allowing industrial unrest to exist. This is because industrial unrest lowers productivity.

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