

# Free research paper on labor laws and unions

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## **Research on Management: Identifying Issues on Labor Laws and Unions**

General Motors Corporation

When the US economy crashed in 2008, General Motors was also in the brink of bankruptcy despite of their efforts to cutback on operational cost for two years. The company was granted with a \$9 Billion aid by the Federal government in December of 2008 to keep them afloat. In July 10 of the following year General Motors sold most of its assets and was forced to file bankruptcy. It was by that time the biggest collapse by a corporation in history. After the biggest crash came their biggest come back in a decade. In February 2011 General Motors announced their 2010 sales at \$4. 7 Billion which was the most highest since 2004 (Topics. nytimes. com N. D.).

General Motors is struggling to keep up with the demands of the union during the past few years. One of them is staggering legacy cost stipulated in the collective bargaining agreement that GM is bonded with the worker's union. The legacy cost is consists of health and pension benefits for the retirees which contributes about \$1. 1 Billion to the annual losses. Another major problem that GM is facing with the union is the clause on the agreement that will make it impossible for the company to close down, lay off employees while avoiding the cost and legal actions. The only advantage that the company is looking forward to is the retirement of most employees that is about to reach 30 years in service. It would be the best chance for GM to close down plants without risking lay-offs provided that the leaders of the worker's union would agree to the buy-out program.

Collective bargaining is mandated by the statutory laws of federal and state

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levels. When state and federal laws overlap, it is the federal law that will prevail in the process as stipulated in Article VI of the United States Constitution. The NLRA have established universal regulations regarding lock-out, strike or picketing. When the two parties failed to meet halfway, the only means of resolution is go through an arbitration process in terms of disputes in resolutions. This is better than going through the litigation process (law. cornell. edu N. D.). The NLRA states on Section 8 paragraph A. 5 that employers who will refuse to bargain with the representatives of the labor union will also deemed illegal and subject to sanctions in accordance to unfair labor practice of NLRA (Danaher, Maria January 2, 2012).

If General Motors are willing to risk a labor war in pursuit of cutting cost, it is likely that they will be facing a long line of legal complaints in relation to the prevailing NLRA rules. When a labor sector is represented by a union organization, the employees will have a greater assurance of protection in term of tenure, wages and other employment benefits.

There are benefits entailed in joining a labor union including wage increase of up to 28%, wage equality, unionized company can pay 5% more than a nonunionized organization, higher and more generous health care benefits provided by the employer, with less deductibles on family coverage and better pension packages.

The process of unionizing happens when the early signs are present such as employee dissatisfaction on benefits and wages, management maltreatment, unfair labor practices and inferiority within the workplace. The NLRA gives a right to employees to seek bargaining with the employer on a certain condition. The employees will need to select a union organization to

represent them.

When sufficient evidence is presented to the employer suggesting that the majority of the employees are seeking a union representation, the employer will decide to decline or to agree. There are instances that the employer will deny recognition of the union and resolution available is to undergo a secret election ballot through NLRA and the union group will have to demonstrate their right to hold election.

Normally the employees and the managers will agree to the terms of producing quality goods to drive profits in exchange for bargained working conditions by the employees. The two parties must work with each other to meet both of their demands in terms of benefits for the employees and better goods production for the company to gain profits and for them to meet the collective bargaining provisions.

## References

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