

Human resources- labor relation

Business



Human resources-labor unions The CEO General Widget Corporation The company's vice president Topic: Critical factors to be considered

The issue of profitability is a critical issue in the running of any business. A business should be profitable so as to justify its existence and to be able to cater for its own expenses. The issue at hand for the company should be viewed in two dimensions, the profitability dimension, and the affairs of the employees of the company. The factors that I perceive to be critical to the company in the making of the decision on closure of a plant are as follows;

Location of the plants- the location of the various plants should be considered. The plant that is in a good locality should be maintained. A good location in this sense implies to a locality that has access to cheap raw materials. The availability of raw materials at a low cost should be considered and should be among the determining factors (Hartmann, 1998).

Labor costs- the other factor that should be considered in the making of the decision is the availability of cheap labor. The costs of the company should be kept as low as possible so as to ensure that the company increases the profit levels by cutting on costs (Adams, 1995).

Level of efficiency- the efficiency of the various plants should be considered. Efficiency is a major contributor to productivity that results to profitability. Efficiency in this situation should be analyzed on the level of machine output and the productivity of the employees working in the various plants (Adler, 1991).

Labor laws- the labor laws in the various states in which the plants are located should be considered. There are some laws that would not work well with the closure of a plant and the laying off of employees. The labor laws can be executed by the labor unions that exist. Labor unions may demand

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for the compensation of the employees who will be rendered jobless as a result of the plant closure. The amount of penalty that is associated with the closure should be kept at a minimal.

Level of demand- the demand levels in which the plants are situated should be considered. There are some areas that have a higher demand for the company products and such a plant should be maintained so as to ensure that the demand is capitalized (Forteza, & Prieto, 1994).

Tax rates - different states usually have different tax laws. The states that have lower tax rates should be considered over areas that have high rates of tax. Reduction on tax cost would lead to a reduction on the costs that are attributable to the company and that will lead to the company achieving its aim of maximizing profit levels.

Experience of employees and the management- every employee has a different learning curve. The plant that has a large number of employees that have more experience should be considered over the rest. That will ensure that the company maximizes on productivity as a result of efficient employees. The management team of a plant should be considered because some of the management teams are usually more efficient as compared to others.

The above factors should be analyzed so as to ensure that an appropriate decision is arrived at. That means that a careful evaluation of the factors has to be carried out (Aaron, 1999).

References

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