

## Impact of collective ...

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Surname 3 Student's Name Instructor's Name Course Date The Effect of Collective Bargaining on Employer and Employee Relationships

Collective bargaining agreements are commonplace in international labor relationships. In some countries, especially where unions are strong, collective bargaining plays a critical role in shaping employer-employee relations. However, even in other nations where unions are not very common, it is still possible to realize the overarching effects of collective bargaining in the labor relations realm. This essay analyzes the contributions of collective bargaining, arguing that it influences employment through its effects on wages relative to productivity while safeguarding workers' wellbeing.

Collective bargaining influences employment patterns in the economy. One of the most notable arguments drawn from literature is that collective bargaining reduces the rate of employment (Brandle and Laszlo 446). The cited research elaborates that if wages and marginal productivity in a specific industry level out, firms will always be pushed to reduce their labor quantity if labor unions push for high wages, which moves up along the scheduled labor demand. Notably, labor unions are actively known for their involvement in raising the minimum wage to protect workers from the exploitation of employers. Consequently, most economists, arguing superficially, agree that strong unions are likely to impede economic development through stagnating and subsequently declining the ability of the economy to create employment (Chava, Andras, and Alex 20). The cited standpoints could be partial reasons why unions are unpopular in some countries, including the United States.

The argument against employment creation may be justified by the empirical evidence cited. Yet, it contradicts the thought that unions could also have positive effects on employment creation for the population. Literature reports that labor unions do not only negotiate working conditions for employees, such as wages, but they also bargain on employment (Brandle and Laszlo 448). According to the latter study, collective bargaining agreements could focus on the improvement of work beyond the levels that firms choose when they determine employment unilaterally at the levels where marginal revenue products are the same wages (Chava, Andras, and Alex 22). In this case, it is thought that trade unions may raise the productivity of labor and bolster employment in the non-unionized employment sectors through improving the quality of job matches and minimizing turnover to increase the incentive for investing in firm-specific human capital. Therefore, when approached in this perspective, it is discovered that collective bargaining agreements have a positive influence on the creation of employment in the economy.

Collective bargaining also sets the ground for productive mutual relationships between workers and their employers. It has already been mentioned that workers voice their demands through unions, which advocate for proper treatment of employees. For example, a further appraisal of the extant studies reveals that unionized workers receive standardized wages relative to non-unionized ones because collective bargaining agreements guard them against potential exploitation (Chava, Andras, and Alex 23). As the same literature reports, collective bargaining has been at the center stage of protecting low-skilled workers working in less regulated sectors through setting the standard for the minimum wage. Alongside the minimum wage, collective bargaining also secures supportive working conditions, including the duration of working shifts, health and occupational safety standards, and other aspects that concern the wellbeing of workers in specific contexts.

Conclusively, collective bargaining is an essential tool in determining employee-employer relationships. Despite one of the most prevalent arguments against unionization, which is the idea that it lowers the ability of the economy to create employment, this essay has described that collective bargaining could also stimulate employment creation. Alongside the benefit of improving labor productivity, the paper has articulated the importance of collective bargaining agreements in ensuring the excellent treatment of workers by their employers.

Works Cited Brandle, Tobias, and Laszlo Goerke. "The one constant: a causal effect of collective bargaining on employment growth? Evidence from German linked-employer-employee data." *Scottish Journal of Political Economy* vol. 65, no. 5, 2018, pp. 445-478. Chava, Sudheer, Andras Danis, and Alex Hsu. "The Economic Impact of Right-to-Work Laws: Evidence from Collective Bargaining Agreements and Corporate Policies." *Journal of Financial Economics*, 2020, pp. 13-34.