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Labor Union

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7-9 minutes

What Is a Labor Union?

A labor union is an organization formed by workers in a particular trade, industry, or company for the purpose of improving pay, benefits, and working conditions. Officially known as a “labor organization,” and also called a “trade union” or a “worker’s union,” a labor union selects representatives to negotiate with employers in a process known as [collective bargaining](#). When successful, the bargaining results in an agreement that stipulates working conditions for a period of time.¹

Key Takeaways

- A labor union represents the collective interests of workers, bargaining with employers over such concerns as wages and working conditions.
- Labor unions are specific to industries and work like a democracy.
- Labor unions have local chapters, each of which obtains a charter from the national-level organization.

How a Labor Union Works

Labor unions have a democratic structure, holding elections to choose officers who are charged with making decisions that are beneficial to the members. Employees pay dues to the union and, in return, the labor union acts as an advocate on the employees’ behalf. Labor unions are often industry-specific and tend to be most common today among public sector (government) employees and those in transportation and utilities.²¹

To form a union, a locally-based group of employees obtains a charter from a national-level labor organization. Two large organizations oversee most of the labor unions in the U.S.—the Change to Win Federation (CtW) and the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). The AFL-CIO was formed in 1955 after the two groups merged. The CtW spun off from the AFL-CIO in 2005.³⁴

Nearly all unions are structured and work in similar ways. U.S. law requires an employer to actively bargain with a union in good faith. However, the employer is not required to agree to any specific terms. Multiple negotiation rounds are conducted between the union’s bargaining unit—a group of members whose duty is to assure that its members are properly compensated and represented—and the employer. A collective bargaining agreement (CBA) is eventually agreed upon and signed. The CBA outlines pay scales and includes other terms of employment, such as vacation and sick days, benefits, working hours, and working conditions.⁵

After signing the CBA, an employer cannot change the agreement without a union representative’s approval. However, CBAs eventually expire, at which time the labor union and management must negotiate and sign a new agreement.⁶

Despite being a boon to workers, labor unions have seen membership decrease significantly since their heyday

in the mid-20th Century.

Example of a Labor Union

The National Education Association (NEA) represents teachers and other education professionals and is the largest labor union in the United States, with nearly three million members. It represents public school teachers, substitute teachers, higher education faculty members, education support workers, administrators, retired teachers, and students working to become teachers. The NEA works with local and state educational systems to set adequate wages and working conditions for its members, among other things.⁷

History of Labor Unions

Refusal to admit Black people, women, and immigrant groups was [common in labor unions in the 19th and early 20th century](#), and excluded groups formed their own unions. Today, labor union membership is very diverse, including more women and Black and Latinx people than ever before, though Asian workers are underrepresented.⁸

The right to form unions was established in 1935 by the National Labor Relations Act, also known as the “Wagner Act.” It gave unionized employees the right to strike and bargain jointly for working conditions. The act encouraged collective bargaining, stopped unfair tactics by employers, and set up enforcement in a new independent agency, the National Labor Relations Board.⁹

In recent years, legislation and court decisions have weakened the ability of unions to organize. Today, [right-to-work laws](#) in 27 states prohibit contracts that require workers to join a labor union to get or keep a job.¹⁰ Public employees cannot be required to pay dues to a union to support its collective-bargaining activities on their behalf, according to a 2018 U.S. Supreme Court decision in *Janus v. American Federation of State, County, and Municipal Employees*.¹¹

In March 2021, the United States House of Representatives passed the Protecting the Right to Organize Act (PRO Act). The pro-union legislation would make it easier to form unions and overrides right-to-work laws. The legislation faces an uphill battle in the Senate, as most Republicans oppose it. ¹²

14.3 million

The number of U.S. wage and salary workers who were members of unions in 2020.²

Criticisms of Labor Unions

Some business owners, industry associations, and think tanks support right-to-work laws on the grounds that requiring union membership to obtain a job reduces competition in the free-market economy. Some labor union contracts, such as those of the teacher and police unions, have been criticized for making it too difficult to fire incompetent, abusive, and violent employees.¹³¹⁴

According to a 2019 study of 656 police union contracts across the country, for example, 73% included an appeals process in which final decisions on firing and disciplining officers were in the hands of arbitrators selected in part by the local police union.¹³ The result is that many disciplinary actions and firings of abusive police officers have been overturned.¹⁵

Some in the labor movement have called for the expulsion of police unions on the grounds that they protect violent officers. However, the AFL-CIO’s recommendations in 2020 on police reform said the best way to address police brutality was to engage police affiliates, not isolate them.¹⁶

At times labor unions have been found complicit in organized criminal activity. Defrauding of union pension funds, for example, resulted in arrests of New York subcontractors associated with the Teamsters union in 2017.¹⁷

Political Role of Labor Unions

Labor unions have also played a significant political role, endorsing candidates in local and national elections and representing their members' interests in the safety issues of the day. In the COVID-19 era, for instance, teachers unions have taken vocal stands and in 2020 threatened strikes on the issue of schools reopening.¹⁸

The Democratic Party expresses support for the labor movement in its platform and generally wins labor union endorsements.¹⁹ Some unions, such as law enforcement groups, support Republican candidates. Traditionally, the Republican Party has viewed unions as a threat to freedom in the workplace and opposes legislation that makes it easier for unions to organize, such as the PRO Act.²⁰

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