

# The Study of Sounding Mechanism for Both Coordinating Labor Relation and Suiting Dispute in Liaoning Province

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Received 12 January 2012; accepted 15 March 2012.

## Abstract

China strategy targets have been transformed from stable price, fully employment, growing economy and balance of payments to the three major targets of employment level, relation of labor and capital, and economic return. Therefore, to build labor relation in harmony is becoming important during the process of constructing harmonious society; however, there exists issues about legal system for labor out of specification, incomplete regulations and unsound coordinating mechanism for labor relation. To complete the mechanism of labor relation and dispute, and to build multi-level labor relation for macro, medium and micro, is the basic approach to coordinate under market economy and preserve the rights and interests for both sides as well, hence to ensure the harmonious development to labor relation and promote economy in fast way.

**Key words:** Liaoning province; Coordinating

mechanism; Harmonious labor relation

LIU Ying(2012). The Study of Sounding Mechanism for Both Coordinating Labor Relation and Suiting Dispute in Liaoning Province. *Management Science and Engineering*, 6(1), 88-92. Available from: URL: <http://www.cscanada.net/index.php/mse/article/view/j.mse.1913035X20120601.3369>  
 DOI: <http://dx.doi.org/10.3968/j.mse.1913035X20120601.3369>

## 1. CURRENT SITUATION OF LABOR RELATION IN LIAONING PROVINCE

The current situation of labor relation is in stable as a whole in Liaoning province, with having setting up the rule of labor contract and collective contract, boosting democratic participation and improving workers' economic rights and interests. Tripartite mechanism of labor relation is playing its role gradually. However, the discordant existing circumstances must be recognized, shown from the related data for investigation of a special subject that was carried out by Liaoning federation of trade unions emphasizing on the status of labor economic rights and interest and their thoughts trends.

**Table 1**  
**Monthly Wages of Workers and Rate of Default Payment for Social Insurance of Private Business in Liaoning Province**

Monthly wages (RMB)	Less than 1000		Less than 1500		Less than 2000
Proportion of labor (%)	22.3		53.6		81.4
Social insurance	Endowment insurance	Medical insurance	Unemployment insurance	Employment injury insurance	Maternity insurance
Rate of default payment (%)	23.1	30.9	39.5	27.2	47.6

Table 1 tells that the monthly wage for the most part of workers in Liaoning province is concentrated on the range of 1000—1500, with lower than the average wage level in 2010 comparing with RMB2567.82. The special subject sample survey by federation of trade unions also shows

that 40.6% of workers are not satisfied with their income level. More than one fifth of companies or work units do not pay insurance expenses for labor while default of insurance payments is prominent issue in non-public businesses.

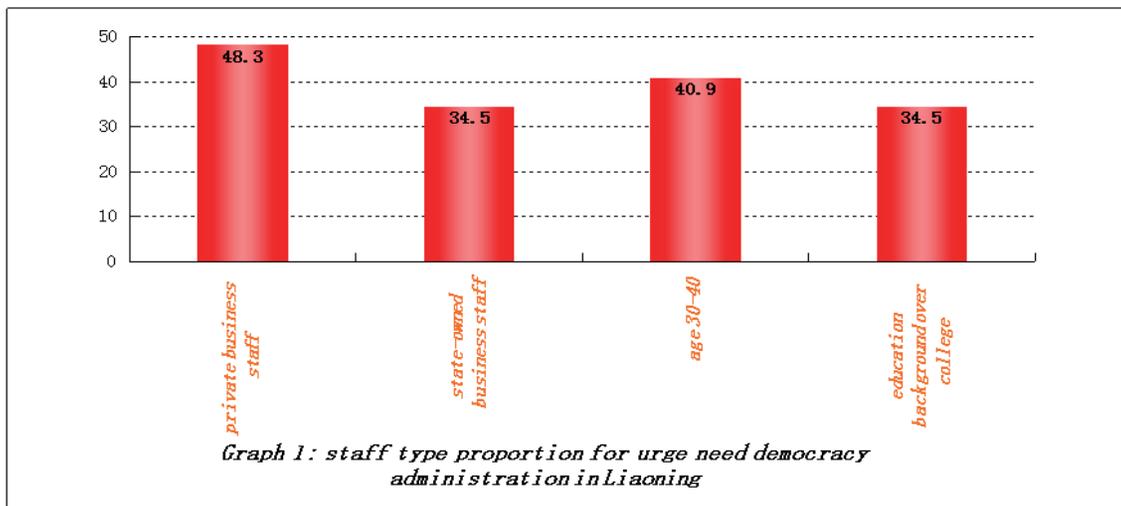
**Table 2**  
**Labor Safety Precautions for Private Business in Liaoning Province**

Labor protection supplies	Rate taken up (%)	Working condition	Rate taken up (%)
Insufficient	69.7	High low temperature	70.8
Non-promptly	58.3	dust	68.5
Never supply	59.2	noise	64.7

Table 2 shows that rates taken with insufficient, non-promptly and never supply are all over 50%; in addition, measures to dealing with safety loophole, high low temperature, dust and noise etc existing within working place are not in good practice. Sample investigation indicates 44.8% workers who have not join physical examination through unit organization, in which, 72.1% to private business and 54.9% to manufacturing business.

**Table 3**  
**Worker's Spirit -- Culture Rights and Interests**

How to treat young worker commit suicide	Staff(%)
High labor intensity and long working hours	70.3
Misgoverning and lack of humanity care	66.6
Lack of concern to young worker from society	72.4
Workers feel pressure in life	92.5



In sample investigation, most of workers gave the answer by viewing lack of “humanity care”, feeling life pressure and high working intensity, also giving little attention to workers’ spirit and culture rights to the cause risen from the question of “how do you consider the young workers’ commit suicide in succession in recently years?”. Under investigation, 52.1% workers expressed the demand of “enriching spare-time culture activities and reducing pressure for both working and life”.

By viewing graft 1, workers from private business requires more participation to democratic management than workers form state-owned business, and the majority of workers with such urgent needs are concentrate upon the age of 30-40 possessing superior education background. Several state-owned businesses did not put their bankruptcy or recombination scheme and staff arrangement solution to worker representative congress for approval, workers rights and interests are not fall into place after restructuring in some collective enterprises. In addition, revocation of staff representative organization is a common act during restructuring in state-owned business.

**Graph 2 Form of Business with Disputed Case in Liaoning in 2011**

In 2011, there are 26500 of laboring disputed cases with 57% incidence, 39000 related labors. Labor disputes is mainly focus on the aspects of labor reward, leaving or resign, social insurance, relieve or terminate contract, with prominent issues of non-public business. There also have a strong voice of requiring staff representative union to mediate labor dispute in private business.

## 2. ECONOMIC ANALYSIS FOR LABOR RELATION

### 2.1 Microeconomics Analysis

Labor relation is commodity transaction relation, in which labor gain income by trading their working and the capital owner obtain rise in value by paying labor’s working in the production process. From economy point of view, capital owner takes profit maximization as target and labor pursuits self effectiveness maximization, seeking

optimization of income and welfare. Hence, one side's gains in maximization must be the case by taking other sides' minimum gain as premise. It is just this mutual contain of benefit distribution that cause the contradiction conflict to arise frequently between two sides in labor relation.

As a third party, the involvement of government can improve the labor relation to develop in harmony and drive market economy to running more efficiency. Price negotiation for labor would enjoy more efficiency if government could offer rule and set the bottommost working criterion and condition while negotiating.

## **2.2 Game Playing Analysis**

By looking through the angle of game playing, labor relation is cooperation and confronts on power and benefit between the labor and the capital, with two sides' game playing carrying all the time. In reality, the fact that labor supply exceeds demand cause serious imbalance in labor market and labors are in weak side in bargaining. So there is a need of intervention by the third party to build power on labor side to count capital side. Generally the government would take the role of the third party and the coordinating mechanism is composed by labor, capital owner and government. For state benefit, the government will coordinate labor relation from macroscopic view and improve long-term, stable social and economic development as a whole.

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## **3. PROBLEMS ABOUT LABOR RELATION COORDINATING MECHANISM IN LIAONING PROVINCE**

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### **3.1 Labor Economic Benefit, Democracy Rights, Spirit and Culture with no Effect Practicable Enjoy**

Labor's lower income level leads to disputes, and big income gap or diversity income in same working position is also a key factor with influencing on stable. Imbalance social insurance, default payment at non-public business and more concerns is the peasant-worker's participation in social insurance. In informal discussion, some peasant-worker's reflect that they can not afford aged and medical insurance. Commercial insurance companies are not willing to offer accident insurance for workers who work at high risk industry such as removal and rebuilding industry. With no safety measures in place, not only exists the matter of supplying protection stuff and safety loophole in working position and condition, also being common with no medical check for workers.

In participating democracy at the grassroots level, 20.7% chairmen of labor congress present there is no labor representative rule built and labor congress is existing only in mere formality, with quite a lot foreign investment businesses and private business not having labor unit

organization, weak labor force and lack of negotiating power. There is also no suitable channel for workers to express their thoughts with urgent needs. It is quite common that the labor unit organization is revoked or could not play their role with causing events applying for an audience repeatedly. Fading of masters consciousness and lack of spirit—culture activities are breeding in some workers' minds. Fluctuating belief and deviation in value orientation are down grade to government prestige among workers. Labors mentality is out of balance.

### **3.2 Lack of Social Responsibility**

According to theory of mutual benefit and balance, the relation between labor and employing unit is interdependent, coexist social partnership. Business would lose its profit source without labor and labor would lose job without employer. Only cooperating in the spirit of justice and good faith, two sides of labor relation can make the mutual developing possible and share the benefits brought from social and economic development.

In Liaoning province, private businesses particularly, do not have awareness of responsibility and even try to get more benefits from labors. Default payment for social insurance from table 2 exactly shows this those businesses are trying everything to reduce the cost of labors. The highest rate of default payment is 47.6% to maternity insurance. Maternity insurance should be afforded by business and paid according to fixed proportion to labor's monthly wage. High rate of default payment tells that business do not have the awareness of responsibility to labor, especially no protective sense to female labors.

Business decision maker or high-rise managers have little conscious of laws and regulations so they could not act according to the law, violating or avoiding labor law. Some businesses do not make communication to labors and scarcely take labors' advices when setting rules.

### **3.3 Incomplete Public Administration and Service**

Labor relation is social economic relation composed of labor, capital owner and government. There are so many aspects reaching labor relation issues that would be difficult for labor and capital owner to solve the problems themselves. Hence, government's role is extraordinarily important.

As for the question of "how the dispute issue has been solved?", the questionnaire shows both businesses with part problems solved and those without any problems solved are all on the top proportion. Rates for state-owned business and collectivity business are rank only second to that of private business. This gave the full indication that labor dispute could not be treated with conciliation in time and no doubtful, government did not bring their role into playing in the consulting mechanism. Government administrating scope should cover the areas of employment, unemployment and labor relation, social

insurance as well. Besides above, the government also has the responsibility to make the communicating and “triple sides mechanism” running normal, but there is not a unit criterion while disputes being solved.

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#### **4. INSPIRATION FROM LABOR RELATION COORDINATION MECHANISM IN SINGAPORE**

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##### **4.1 Taking a Significant Position to Building Harmonious Labor Relation**

Harmonious and stable labor relation is the basis and premier to social harmony. China is experiencing the transformation period that we face opportunities and many challenges as well, which leads to the importance of building socialism harmony relation. However, there is still big gap for labor relation situation to meet the requirement of building harmony society and benefits contradict between labors and capital owners is getting more sticking out. So to build harmonious labor relation must be put on position.

##### **4.2 Pay More Attention to Triple Sides Cooperation and Mutual Benefits in Labor Relation**

While building harmonious labor relation, it is necessary to establish and improve the cooperating relation among labors, business and government, and to form the coordinating mechanism led by government. Thus, the responsibility and uses of government to deal with labor relation must be intensified, so it can make the labor relation to run in stable step and boost economic development through series policy.

“Cooperation and mutual benefits between labor and capital owner” is the value orientation proposed by government all along. The improvement of labor relation and business efficiency, social developments form interact relation, which promote the mutual cooperation with continuous rising productivity so make the harmonious labor relation possible. To increase the labor’s benefits, maintain labor developing rights and raise the comparative labor value is the basis for realizing “mutual benefits for labor and capital owner”, mutual well-off, high level and even longer lasting labor relation in harmonious society.

##### **4.3 Further Emphasizing to Building of Labor Relation Cooperating Mechanism and System**

Singapore has relatively complete cooperating mechanism and system to labor relation while China needs to move forward step to integrity on this issue. First, it needs to speed up entity establishment to labor disputes, set up wage regulation and business reward rule in more fair way so as to further strengthen countries coordinating function. Second, in Singapore, they highlight the importance of mechanism for legal control, negotiation between labor

and capital owner and administration regulating, while it is important for China to form mechanism for preserving labors’ benefits, supervising labor relation, price guidance and defusing benefits conflict so to improve the labor relation to develop in harmony. Third, our triple mechanism of labor relation still needs to evolve, enhance, its legal position needs to be clear and definite, its representativeness needs to be strengthened, its rules and working manner needs to be completed. To resolve and put these issues into practice can give play to more uses for triple cooperation mechanism, though China has achieved quite good performance on above aspects.

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#### **5. THE COUNTER PLAN TO COOPERATE LABOR RELATION IN LIAONING PROVINCE**

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##### **5.1 To Complete, Practice Labor Economic Benefit, Democratic Rights and Spirit-Culture**

To cohere with better labor relation, business must gradually set up and complete the standards of basic aged insurance, medical insurance and minimum wage level. It also needs to prevent and well arranged default wage payment so as to further set up wage funds system. The governments in multi-level should fully play the role of regulating strength to wage distribution by combining local region economic development.

Setting up preserving labor benefits mechanism is the basic part of the integrity of democracy. Its channel is the necessary way to stable labor relation and decision-making managing level shall take primary level staff’s advice into consideration while addressing big issues. Labor union is the major means to maintain self rights and the establishment of labor union is the premier to guarantee labors’ benefits. Labor union and business shall take group consult regarding to labors’ benefits and enhance management on labor contract.

Business culture can have a direct influence on prospect both to business and labors relation and business itself. Ensuring staff’s rights on spirit-culture aspect mainly refers to the study and instructing to forming of business culture and staff culture. Setting up multi-type business culture standard and strengthen the care and mentality guidance is the way to fit these culture on two sides into business management system.

##### **5.2 Strengthen Social Responsibility**

Business and labors forms a partnership with mutual dependent and responsible. Business should ensure labors’ rights and interests on healthy side while staffs are creating profits. Safety precautions need to be strengthened. The related department in government shall carry out the safety precautions building aiming at weak link in health aspect, high-risk industry with sticking issues, high-risk areas and increase funds invested. They

shall also push security standardization and the signing of collectivity contract on healthy safety. In addition, the prevention and detection to job disease need to be reinforced with setting up detection system so as to take precautions against disease harm.

To complete collective consult system is also part of business responsibility. It should ensure the balance in two parties by informing the operating situation to staffs.

### 5.3 Enhance the Government's Functioning Building

As a guide and commander in social and economic, the government plays the dominant role in triple consulting relation. To strengthen government function, complete public administration and service is the major task for figure out labor relation.

First, enhance government's conciliation power legally. Speed up the entity building of labor arbitration institution and professionalization; establish simple and convenient, efficient new mechanism for addressing dispute; complete arbitration reporting system; make a good engagement with arbitration in labor disputes and judicial action. Rise up enforce power for labor safety, carry out inspecting activities including labor contract, social insurance, working condition and default wage payment to peasant-worker etc. establish the motive mechanism to deal with group events, enhance the cross connect among petition department, public security, labor union, women union and the masses.

Second, aiming at the creation of public service, the following need to be set up:

1. Form information service platform with more abundant contents. Such as the searching and consulting service for law information, labor force employing trend and social insurance funds etc, so to settle the information asymmetric issue to labors.

2. Enhance the affording capacity of social institution and administration department; undertake the government's responsibility positively. Establish

mechanism with more convenience and shortcut on the aspects such as social insurance payment, social rescue and social comfort etc.

3. Reinforce the power on special service and to special group. As for the hot points in labor relation area such as wage, contracting labor signing etc, organize special personnel to cope with related industry.

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