



Research Article

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**Research on labor relations based on the theory of conflict management**

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**ABSTRACT**

*The labor relations are the employment relationship in the organization of employment. China's public enterprises and non-public enterprises are faced with the labor relations problems. The basic idea of conflict management theory is to prevent, alleviate and reconcile labor conflicts, labor relations characteristics of employers and employees to reconcile it possible, therefore, in view of the positive and negative function of labor conflicts, to resolve labor relations problems facing enterprises in China, the government enterprises and trade unions must work together.*

**Key words:** Theory of conflict management; Labor relations; Coordination

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**INTRODUCTION**

The labor relations theory has a long history. Research on labor relations can be traced back to British classical economist Adam Smith. In the late 18th century, the growth of capitalism British, by that time the feudal system and the restrictive policies of mercantilism largely affect the industry. British bourgeoisie is in an urgent need for a liberal economic system to clear obstacles. Adam Smith's "Nature and Causes of the Wealth of Nations study," came out. In this book, Adam Smith analyzed the existence of labor relations and performance [1]. After decades of development, in the mid-19th century, with the beginning of the Industrial Revolution in Europe and the emergence of labor relations, labor relations theory has already begun. The basic theory mainly includes Western economics, management science, and sociology. Contemporary Western scholars mostly dedicated to desalination, mitigation, research of resolving labor conflicts. They also emphasize the benefit of labor-management cooperation. In china, research about labor relations began late. Since the 1980s, China has entered a development period of economic transition, rapid economic development and strained enterprise labor relations, the number of labor disputes and collective disputes dramatically increased. In this context, the problem of labor relations has become the focus of domestic scholars, especially the labor conflict studies. Recent years, domestic research mainly showed on these aspects: First, the theory of labor relations. Scholars of the research in this area can be divided into two directions: one is to draw on Marx's theory of class conflict on the basis of the current labor relations and make new theoretical interpretation; the other is to explain the current labor relations by Western economic theory, which considered the most economical rationality of labor relations is a win-win labor-management cooperation [2]. Second, the research of current situation and characteristics of industrial relations. Academic research in this area include the current status of labor relations overarching description and characteristics summarized and labor relations survey samples of different scales . The third stage cause analysis of imbalances. Fourth, research about building a harmonious labor relation. Overall, the domestic researches are comprehensive, scientific and broad, which achieved good social effects. However, the study also has many deficiencies: First, the theoretical community has not yet reached a consensus on labor relations' meaning and the relationship between them, second, researches started late, we are still lack of theoretical research and stay in referencing the stage of introduction of Western labor theory, not in a Chinese characteristic system. Third, the systematic review of labor policies and reflection is not enough. Fourth, due to some objective reasons , the academic research on labor relations still have some shortcomings, such as the small sample size , random sampling method , and some employers also push the pressure on obtaining accurate data. Fifth, we are lack of the causes on overall grasp of labor conflicts, we mainly stay in the stage of development

and improvement of laws and regulations, and we are also lack for integrated research of the perspective of economics and management. This paper will focus on current labor relations problems faced by enterprises in china, combine the characteristics of labor relations and labor conflicts functional analysis based on the theory of conflict. Hoping to give some reference on handling problems of our labor relations.

### **Theoretical basis**

In order to clarify the logic, now we have a review on definition about labor relations and its latest developments at first. In regard to theoretical backgrounds and early results, we only have a brief review on classical theories. Secondly, we will introduce the basic idea of conflict management theory.

#### *Latest developments*

The definition of labor-capital relationship is the key to research. There are four theoretical systems of labor-capital relationship among academic circle, each system discussed its origin profoundly on different point of view. The article will enumerate two views in system to expound the relationship. The Marxist labor-capital relationship theory emphasis to understand the relationship from class interests and class exploitation, the theory states that the labor-capital relationship is a kind of social relationship based on private ownership, which is capitalist society specialized. The theory of new classical economics represented by Hayek emphasis on understanding labor relations from the perspective of market contract. He thought that the labor relations are based on employer and employee free-choice market, which is a labor and reward exchange relation. More viewpoints like Bryton & Turnbull (1998), recent years many domestic scholars also defined the relation. Xiangqi Zuo (2007) pointed out that the relation is between capital and labor and it is the most traditional appellation, which shows the relation between the employees and the employers. Ning Luo and Ping Li said that the labor-capital relationship is a complicated social relationship and productive relationship. The essence is that different element owners' conflict and cooperation relation formed in a series of combined production and obtaining proceeds processes. Make a comprehensive survey about the relation worldwide, although the formulations of the relation are different by effects of cultures and histories, the essence should have two basic properties – the private ownership of the means of production and labor becomes a commodity, so the relation is the Employment Practice formed by employment organization in these two inherent properties. With the gradual transformation of China's economic system in depth, labor relations problems began to become China's academic focus. There are three latest labor relations developments research in our country. First, characteristics of labor relations. Academics summarized from both sides of power, respectively, the relative strength and market competitiveness, including Lu Xianxiang, Yao Xian, Zhou Qi Ren and other research results. Second, the causes of labor conflicts, including "On Employment", "single property theory", "market supply and demand theory" and other point of view. Third, the Chinese labor relations issues in transition from confrontation to and from conflict to harmony. Domestic scholars have made extensive discussion and in-depth thinking focusing on labor relations issues in government action and problems dealing with the trade union. Since the definition of the concept on labor relations and labor relations management measures are not carried out in a theoretical framework, the results of the study have yet to use a holistic framework to integrate to form a study of the general labor relations framework.

#### *The basic idea of conflict management theory*

Narrowly speaking, organize conflict management is based on the whole process of finding, recognizing, analysis towards the solving of the conflict and all the related work. So it mainly focuses on the macroscopic view of the conflict management flow: from potential conflict, perceived conflict, intention conflict, conflict behavior to the final solving of the conflict. But in narrow conflict management, researchers pay more attention to the behavioral intention, the practical action during the conflict and the response to these actions, from which the methodology of dealing with conflict with deep inside interaction can be built up. As most papers nowadays are based on the so-called "narrow conflict management", in many cases their solutions only consist of the conflict behavior and conflict results, which narrowly limited themselves in the analysis for these are only two steps of the whole five steps of the conflict. Modern conflict management theory, however, don't agree with that. Instead, referring to the modern conflict management theory, the whole five steps of the conflict flow should be analysis together to make a conclusion, which can help to improve it into a new level of scientific methodology. Basically, modern conflict management consists of 6 parts: avoiding unnecessary conflict, reducing the effect of destructive conflict, analysis and definition the substance of the conflict, finding the solution, helping all sides of the conflict to make an agreement and using any effective methods to control/transfer the level/direction of the conflict. And the key point of it is its systematic and integration, which gains it the advantage in dealing with prevention and avoiding of the conflict.

**Current corporate labor relations problems in china**

Labor relations problems refers to the process of social production and reproduction of both employers and employees in the form of two-way relationship between the problems [9]. Generally the labor relation in china are stable, but labor conflicts and disputes are also increasingly sharp and complicated.

*SOE labor relations*

This article will analyze the labor relation from the following two aspects of state-owned enterprises: First, the phenomenon of unequal wages in state-owned enterprises; second, labor relations issues in state-owned enterprise reform. State-owned enterprises in labor relations is an important manifestation of the use of migrant workers. With the completion of deepen reform and restructuring of state-owned enterprises and more autonomy on personnel issues, cheap rural labor force has gradually become an important part of the labor resources of state-owned enterprises [10]. Many state-owned enterprises adopt various forms of employment such as migrant workers or supernumerary staff, and often define "supernumerary personnel" based on the household registration, identity and so on. Therefore, although "supernumeraries" are working in state-owned enterprises, their relationship with the state-owned enterprises is a typical labor relation. And compared to the "in staff personnel," the most obvious feature is the unequal pay. This sort of phenomenon mainly performed on those "in staff personnel". They have various bonuses and welfare, benefits and pension insurance consistent with government organizations and institutions, while the supernumeraries only participate in endowment insurance. In all of the large state-owned enterprises, there is more or less the phenomenon of unequal wages, especially in the slow progress western region of china. SOE reform in labor relations refers restructuring or privatization of state-owned enterprises in the process of labor relations issues. Due to the relationship among ownership, forms of organization and management methods, those reforming state-owned enterprises have undergone a corresponding change, resulting in a re-configuration of the labor factor of interest and adjustments, and the labor relations problems continue, such as arrears wages and raised funds, the short-term labor contracts, low economic standards on workers' compensation and so on. These has led to the increasing of mass incidents, serious labor dispute litigation tendency problems when the enterprise is lack of internal mediation cases. The privatization of state-owned enterprises make the enterprises and workers become relatively independent subjects of interest, and bilateral relations directly reflects labor relations. In the progress of bilateral relations transition to the labor relations process, many labor contracts' signing, changing, performance, rescission, termination and etc. are not fully operated in accordance with the laws and regulations, besides, both sides are not clarify responsibilities. Meanwhile, due to the lack of specific instructions and norms and the strong randomness of corporate labor relations management, neither Unions in enterprises almost cannot play the role of safeguarding the interests of workers, nor establish the labor dispute mediation committee. As a result, many relation problems could have been handled in-house now exhibit the characteristics of social conflicts.

*Labor relations of non-public developing enterprises*

While the non-public enterprises – those accounted for only 30% of the total economy has contributed 70% GDP advancing triumphantly, labor relations issues are also becoming prominent. In recent years, among all the labor dispute cases accepted by the national labor dispute arbitration department, non-public enterprises' case has been up to 72.9%. In the total number of collective labor disputes, non-public enterprises accounted for 67.3%; in total labor compensation disputes, non-public enterprises accounted for 80.3%. It indicates that non-public enterprises are protruding parts in labor relations issues. Here are the main issues: first, the executing of labor contract is lack of standardization and become a mere formality. In the year of 2011, new generation of migrant workers' rate of labor contract signing was 84.5%, the contract are in poor quality and implementation. 68.2% of the contracts did not stipulate the monthly wage specifically in agreement. After signing the contract with the employer, 16.8 % of migrant workers did not hold a formal text of the contract, which became the potential problems for migrant workers to safeguard their legal rights. Secondly, overtime working is very common and remuneration is pretty low. the ACFTU released the survey report in 2011 shows the average monthly income of new generation migrant workers is 1,747.87 Yuan, only 57.4% of the average monthly income for urban enterprise workers ( 3046.61 Yuan ). In new generation of migrant workers who had labor disputes with the enterprises, 31.6% think that "labor compensation " is the most important factor in controversy. Third, the problems of arrears and wage deductions are serious. According to information released by the National Federation of Trade Unions, nearly 70 % of migrant workers had the experience of wage arrears. It is very difficult to recovery Deduction of wages in arrears. Fourth, poor working conditions results in frequent accidents. Statistics show that nearly 70% of the coal mine accidents occurred in non-public enterprises. Last, the lack of basic social insurance. According to the survey, in top five social insurances, non-public enterprises insured medical, unemployment, work injury, maternity insurance rarely, some companies even did not participate in any insurance coverage.

In the above cited labor relations issues, both in the state-owned enterprises or non-public enterprises, long working hours, low wages, unpaid wages are the main cause's labor conflicts. Since 2008, the international financial crisis,

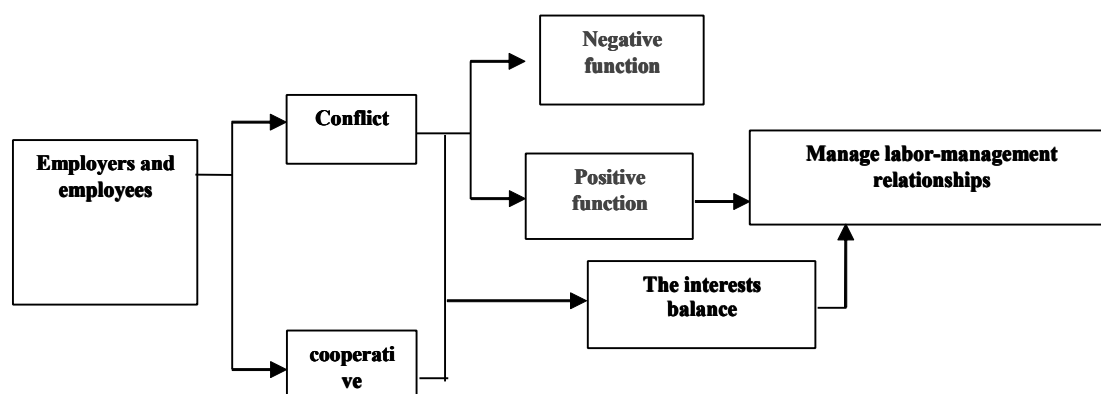
China's enterprises labor conflicts are frequent, labor dispute cases increased significantly, types of cases diversified, contradiction adjustment processes are difficult, and the group disputes increased.

*The basic principles based on the theory of conflict management labor relations firm handling*

Labor relations is a kind of relation that wage earners and employers achieve the production process to form the mutual rights and obligations of the relationship. Employment relations between capital and labor determined the relation between owners of capital and labor is a pair of contradictory relations: on the one hand they are interdependent, on the other hand they against each other [11]. This contradiction has been working with company -- this form of organization, which also determines the conflict and collaborative in labor relations. Labor and capital constitute have become the two main themes of labor relations. Employers are the owner of capital, employees are owners of their labor, and their goals are totally different. Employers are in pursuit of profit maximization, employees seek maximization of wages and benefits. Therefore, the differences of fundamental interests between both employers and employees determine conflictual labor relations will be inevitable. But the cooperation is not only a prerequisite but also the first element of labor relations. Interests' realization of both sides depends on each other, what's more this "community of interests " decided that their prosperity is indivisible, that is why the labor relations have collaboration.

According to the structure and function dialectical analysis, social conflicts will inevitably exert its specific function, which has negative and positive features. The enterprises' labor conflicts, especially fabulist conflicts have certain negative features on enterprise development and social stability [12]. Enterprise negative function of enterprise labor conflicts mainly performance on labor conflicts affecting the normal business , people's work and life satisfaction , people 's views on the degree of social justice and the views on labor conflicts which affect people's propensity for conflict behavior . The negative features above has been the focus of many scholars, but the positive function of labor conflicts, to a certain extent, should be our focus. the positive features mainly performance on that the labor conflicts make employers and employees readjust to establish mutual relations , so that co- workers ' interests are protected ; labor conflicts have led the parties to the underlying rules of social consciousness , and to promote the potential for new rules, the new system or new regulation changes [13] . The ultimate aim is to let both employers and employees through continuous coordination and interaction, and the relevant departments timely develop new regulations according to new features, in order to form equality orderly and lawful coordinating labor relations.

From the basic ideological of the modern conflict management theory – prevent potential conflicts, overcome unnecessary conflicts and led the real conflict differences into constructive management tracks, we can easily find out that in the handling of labor conflicts, modern conflict management theory tend to prevent , ease and harmonize labor relations. Due to natural conflicts, as long as capital and labor be put in a particular enterprise together, to reconcile interests of both employers and employees became necessary, and the key is to seek the balance points. Since both sides are "a common destiny" reconciliation has become possible. Of course, to reconcile labor relations, prevention, mitigating new labor conflicts and building a harmonious labor relations in enterprises, the governments, enterprises and unions must work together. Four policy recommendations to pair Chinese enterprises coordinate labor relations .



**Schematic diagram of coordinating labor relations**

*Proposals to the Government*

First of all, the government should intervene actively to ensure stable and reasonable operation of the labor market. In socialist market economic system, the market mechanism is still the primary means to allocate labor resources. The Efficiency, as the center of the market mechanism, demand for labor is only a kind of derived demand, obviously it is conflicting to consider the social value of humanism as a direct purpose. Meanwhile, the lack of

marketing policies and the exclusiveness from target population make the irrationality and instability of labor markets more prominent. Also the market functions have their own shortcomings, which make the labor market cannot resolve many problems itself, thus active government intervention in the labor market become the guarantee of stable operation. So it is very necessary to intervene actively to guide the market and compensate for market imperfections. So that the social welfare could be maximized. Specifically, the government should encourage the development of labor-intensive industries to create more demand for labor, develop formal education, offer vocational training and labor intermediation services to influence the level of labor supply to affect structure and improve the employability of workers; increase financial investment, vigorously pursue active labor market policies, cover all urban workers and rural workers to achieve a wider range of fairness. Second, improve the functions in order to effectively protect the legitimate rights and interests of workers. In recent years, China has constantly introduced new laws and regulations, and gradually establish the entire social security system. However there are still many shortcomings, such as weak labor inspection efforts, narrow health insurance coverage and so on. Therefore, the Government should enhance more efforts in the case of labor legislation, law enforcement and supervision leading role to effectively protect the legitimate rights and interests of workers. to be specific : First of all, change the concept of governance , confirm their own functional role , focus more on the establishment and improvement of labor legislation , standardize the behavior of employers to treat workers and strictly impartial law enforcement . Secondly, governments at all levels should adopt strong law enforcement supervision and social monitoring tools, promote, facilitate and influence collective bargaining, ensure balance of labor relations' mechanisms. The government should also give full play to regulators, mediator, and arbitrator's role, actively deal with labor disputes, and resolve labor conflicts to protect the legitimate rights and interests of workers.

#### *Proposals to companies*

the enterprise is the key to build harmonious labor relations. Corporate employers are the main driving force. Therefore, enterprises must facilitate long-term development by promoting the interests of workers, mobilizing the enthusiasm of workers within the framework of the Constitution. To be specific, firstly, companies should standardize labor contracts and increase employee wage. Enterprise should sign labor contracts with employees according to the law, specify the rights and obligations. Meanwhile, enterprises should clarify working hours and wage standards, pay full wages on time, and change with the economic improvement and consumption level. Secondly, establish and improve various systems within the enterprise, adhere to standardize labor relations by rules. Nowadays in china, we still need systems that should be established urgently. For example: the internal labor dispute mediation system, the social security system and the democratic management system of enterprises. The Internal labor dispute mediation system is the gist to resolve labor disputes, which is significant to standard behaviors. The Corporate social security system is the employee's physical and spiritual security, and it is also the "safety valve." to ensure the harmonious development of enterprises. The Democratic management system of enterprises gives workers a voice and influence to make themselves take more on social responsibility and glow higher enthusiasm. Third, enterprises should improve the incentive mechanism and build harmonious labor relations. Companies need to provide employees through a variety of talent development ways for employees to participate in corporate decision-making. Establishing business development talent incentive mechanism could motivate from the target incentive, caring incentive and material incentive. Target incentive means that enterprises should arrange appropriate positions according to each employee's strengths, so that they can achieve their own values and career goals. Caring incentive refers to the company create a positive, united and harmonious working environment for the staff. While maintaining employees' working enthusiasm, the company also redress the scales. Material incentives requires the enterprise to create good working and living conditions for employees as much as possible within the extent permitted by the policy. Finally, the enterprise should establish an effective mechanism for labor relations warning and emergency response. The so-called labor relations warning mechanism is to monitor in all relevant factors to timely collect, summarize information, and centrally process, analysis and feedback, control forecast labor relations dynamic changes and build the "first line of defense". The emergency handling mechanism means that when warning mechanisms issuing conflicting signals, labor management departments should respond the first time, and take timely measures to prevent the spread and worsening labor conflict in accordance with the emergency plan procedures and steps [14].

#### *Proposals to unions*

the weak position of workers in labor relations determines the imbalance of power and the interest's disharmony of the mechanisms. Therefore, it is an inevitable choice to establish a trade union that truly represent the interests of the workers own, construct a mutual restraint balance structure and mechanism. Western countries' history shows that the trade unions has become an effective intermediary. If there is no union, then the strength of both sides will be greatly unbalanced, which could lead to social unrest and instability. Therefore, we must strengthen the trade union organizations of the harmonious labor relations as the most important part of building. First, expand the scale of construction unions. In accordance with the "Trade Union Law" that enterprises reached more than 25 people should set up a separate grass-roots trade union committee. However, many companies in our country cannot reach this

target by now. Therefore, we should supervise and urge companies to establish unions according to the "Trade Union Law "and " trade union constitution ", so that where there is a company , there is union . Secondly, we must ensure union democracy and independence democratically elected union leaders. Eliminate administrative appointments, to protect the rights and interests of the trade union leaders in the system. At the same time, actively develop trade union activist's team, exploring the path of efforts to promote the work relying on the masses of workers trade union; generalize democratization and socialization to form a rational interaction, internal and external coordination, dynamic ways of working and working mechanism. Finally, the trade unions should actively participate in the business about to workers' interests, supervise the labor legislation to allow trade unions to build a harmonious labor relations as an important institutional guarantee.

In short, only the government, companies, trade unions join the efforts to establish equal rights structures and coordination mechanisms interests to be able to effectively solve the problem of corporate labor relations , prevent labor conflicts, build coordinate labor relations.

### CONCLUSION

This study throughout abroad for labor relations, firstly defined labor relations. Then apply the theory based on the basic idea of conflict management, focusing on major problems currently perplexed Chinese enterprises, expanded function analysis from labor relations and labor conflicts' characteristic positive and negative feature, drew the conclusion that the solution of current enterprise labor relations problem lies in the reconciliation of labor relations. Due to limited knowledge, this study only summarize Chinese companies' current labor relation issues and to make fundamental policy recommendations on a superficial level. The status of labor relations and the specific reasons for the formation is still to be further researched; I will continue to pay attention to.

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