

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

A Study of the Relationship between Enterprise Labor Relations Coordination Mechanism and Employer-Employee Harmony under the Structural Equation Model

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Abstract:

According to the types and characteristics of labor relations coordination mechanism in Chinese manufacturing enterprises, this paper aims at constructing an adjustment path in structural equation model of labor relations coordination mechanism for the harmonious employer-employee relationship through five dimensions which respectively is the self-discipline of the employees, the management force of enterprises, the negotiation power of trade union, the guidance force of government and the supervision power of social organizations. The paper has done empirical study of the hypothetical adjustment path and further path correction which take different manufacturing enterprises from eleven cities in Zhejiang province as the object of the research. Based on the above analysis, this paper comes up with eight adjustment paths of the labor relations coordination mechanism for the harmonious employer-employee relationship, which is constructive to improve coordinative mechanism of labor relations and construct the effectively harmonious labor relationship.

Keywords: *Harmonious labor relationship, labor relations coordination mechanism, structural equation model, Chinese manufacturing enterprises, five dimensions model*

1. Introduction

Under the background of excess manufacturing capacity, the effective demand of manufacturing products in the eastern coastal areas showed a declined tendency. Consequent increase in labor conflicts, labor conflicts increasingly direct and intensification of mass incidents caused by labor disputes continued to show growth, accounted for over one third in social group events. Due to the imperfection of labor laws and regulations, imperfection of Labor Security Supervision System, the weakness of labor unions institution, the absence of social supervision system, the abnormality of enterprise management, the labor relations of the manufacturing enterprises in the eastern coastal areas of China are becoming more and more complicated and diversified. Some accumulated problems began to emerge, such as worker labor contract signing rate is low, income gap is too wide, deduct or delay the payment, social security coverage is narrow, occupational disease is difficult to define. Various aspects of the existing labor relations coordination mechanisms are deficient, with the benefit relationship between the employers and employees' changes, the labor relations coordination mechanism doesn't adjust. These problems show that the harmonious labor relations construction task of the manufacturing enterprises in the eastern coastal areas of China is still very arduous.

2. Model and Hypothesis

Employers' and employees' harmonious feelings tend to behave inconsistently. There are two fundamental reasons: First, employers' and employees' identification is different (intrinsic reasons), decided it is difficult to unify the harmonious feelings between employers and employees; Second, the degree of employers and the employees benefit from the labor relations coordination mechanism is different (external causes), decided that the views on the labor relations coordination mechanism is difficult to reach a consensus. To make the harmonious feelings of the employer and employees tend to be consistent, a harmonious labor relationship of the enterprises should be built. Specifically, the sound harmonious labor relations coordination mechanism will have a positive impact on the harmonious labor relations of enterprises, otherwise, it will produce negative effect.

Labor Relations Coordination Mechanism and Employer Employee Harmony Structural Equation Model is shown in Figure 1.

In the model, the labor relations coordination mechanism has different effects on the harmonious feelings of the employees, hypothesis as follows:

- H1a: Staff self-discipline improvement can significantly enhance the employee's sense of harmony.
- H1b: Staff self-discipline improvement can significantly enhance the employer's sense of harmony.
- H2a: Management force of enterprises improvement can significantly enhance the employee's sense of harmony.

- H2b: Management force of enterprises improvement can significantly enhance the employer's sense of harmony.
- H3a: Negotiation power of trade union improvement can significantly enhance the employee's sense of harmony.
- H3b: Negotiation power of trade union improvement can significantly enhance the employer's sense of harmony.
- H4a: Guidance force of government improvement can significantly enhance the employee's sense of harmony.
- H4b: Guidance force of government improvement can significantly enhance the employer's sense of harmony.
- H5a: Supervision power of social organizations improvement can significantly enhance the employee's sense of harmony.
- H5b: Supervision power of social organizations improvement can significantly enhance the employer's sense of harmony.

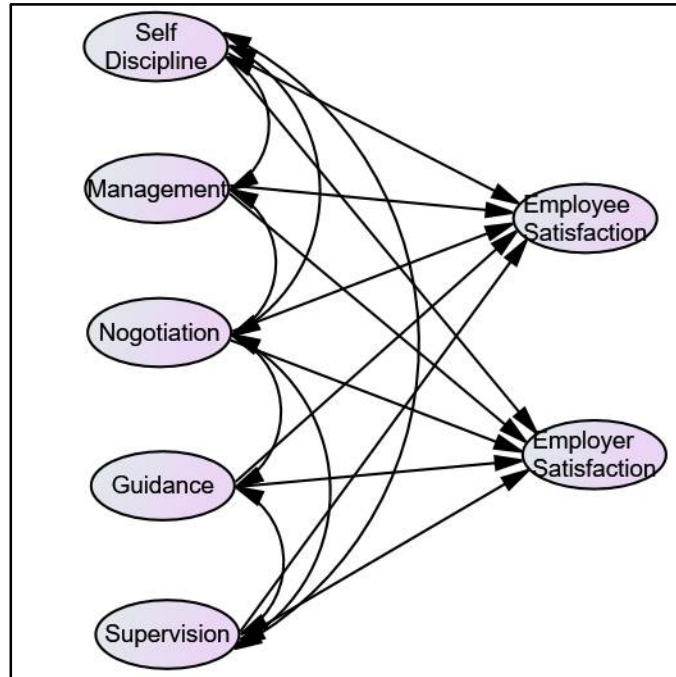


Figure 1: Labor Relations Coordination Mechanism and Employer Employee Harmony Structural Equation Initial Model

3. Operational Definition

3.1. Employee-Satisfaction Dimension

Employee satisfaction is the degree of individual satisfaction as a professional, that is, the general attitude of the individual towards work which they are occupied in. Internationally, the measure of employee satisfaction is based on the job description scale which compiled by Smith Kendall and Hullin^[1]. Therefore, this study bases on Smith (1969) 5-dimensional facets, as well as combining with Brayfield's (1951), Locke's (1976) and Herzberg's (1980) study, summed up six major dimensions. Job Itself: Psychological perception of current jobs; Salary Remuneration: The Measurement of Employee Labor Output; Promotion System: Staff self-elevating internal channel; Human Relations: The harmony among employees, colleagues and leaders; Enterprise Management: Including corporate rules and regulations, cultural innovation and other soft power, focus on the construction of human environment; Working Conditions: Workplace facilities configuration status, highlighting the hard power of enterprises. The definition of employee satisfaction dimension is described in table 1.

Dimension Designation	Operational Definition	Question
Employee Satisfaction	Job Itself	EQ1I feel pleasant with my work.
	Salary Remuneration	EQ2I can get my salary and welfare on time.
	Promotion System	EQ3I am confident with my promotion.
	Human Relations	EQ4My company's relationships are harmonious.
	Enterprise Management	EQ5I agree with my company's management rules.
	Working Conditions	EQ6There is no security risk in our job.

Table 1: Employee-Satisfaction Dimension Operational Definition

3.2. Employer-Satisfaction Dimension

Employer satisfaction is a kind of overall emotional attitude about the employee, which acquires from assessing the employee's ability when they are working or their personal character. Farh J. L. (1997) argued that employer satisfaction is mainly due to five aspects: organizational recognition, assisting colleagues, being responsible, interpersonal harmony and protecting organization

resources^[2]. After making a follow-up investigation of the graduates, Taiwan National University (2011) and Taiwan Wufeng University of Science and Technology (2012) found that employer's satisfaction mainly comes from four dimensions: professional knowledge and skills, moral character and ethics, communication and coordination ability, job attitude. Combining Farh et al.'s study, summed up six major dimensions. Professional Competence: The basic skills required for the job; Occupation Ethics: That is, staff literacy, mainly for the loyalty of the origination; Communication Skill: Language expression, accurate communication of information, coordination of flexible ability; Job Attitude: The working attitude of employees is passive or proactive; Learning Willingness: Whether employees have a strong willingness to enhance their comprehensive ability; Working Efficiency: The ratio of the overall labor input and output of the employees, it is an important indicator to measure the comprehensive competitiveness of employees. The definition of employer satisfaction dimension is described below.

Dimension Designation	Operational Definition	Question
Employer Satisfaction	Professional Competence	RQ1 Business capability of employees can meet company's development requirements.
	Occupation Ethics	RQ2 Employees have high loyalty to the company.
	Communication Skill	RQ3 Employees can communicate effectively.
	Job Attitude	RQ4 Employees have high work enthusiasm.
	Learning Willingness	RQ5 Employees can learn new knowledge actively.
	Working Efficiency	RQ6 Employees can enhance their ability actively.

Table 2: Employer-Satisfaction Dimension Operational Definition

3.3. Self-Discipline Dimension

Employee self-discipline refers to the ability of employees whether they can handle their own feelings, emotions and behavior properly in the course of work. Most of the international research on employee self-discipline is a single dimension: such as Spector (2003) mainly started from the real autonomy of employees, to explore the control degree of their work^[3]; Edwards (2003) started the study from the employees self-supporting consciousness, observing whether the staff is responsible for their own employment^[4]; Plouffe (2011) took a look at whether employees can spontaneously identify the organization's key resources and policy to judge their self-navigation awareness^[5]. In addition, this paper also built on Plouffe's (2011), Diefendorff's (2006) and Renn's (2011) study, summed up five dimensions. The definition of self-discipline dimension is described in Table 3.

Dimension Designation	Operational Definition	Question
Self Discipline	Autonomy	CQ1 We can obey the rules of company.
	Independence	CQ2 Quality of staff is important to company.
	Self-guided	CQ3 We can understand decision of company.
	Emotional Self-regulation	CQ4 We won't work with personal emotions.
	Self-failure Management	CQ5 We have a clear personal working goal.

Table 3: Self-Discipline Dimension Operational Definition

3.4. Management Force of Enterprises Dimension

The connotation of enterprise management in this study mainly refers to the management of enterprise labor relations, which is based on laws and regulations, combined with the actual situation of the company. That is, this concept is the sum of the ways and means of managing the labor process of an organization. Gittel (2006) started his research from the characteristics and procedures of enterprise labor relations management, expounding the importance of employee participation and information dissemination^[6]. Bosch (2009) took the basic requirements of labor relations management as a point of departure, pointing out the standardization, unity and institutionalization of labor relations management is very important^[7]. The definition of management force of enterprises dimension is described in Table 4.

Dimension Designation	Operational Definition	Question
Management Force of Enterprises	Labor Contract Enactment	MQ1 I signed a formal labor contract with company.
	Contract Signing Process	MQ2 Procedure of signing labor contract is legal.
	Labor Contract Execution	MQ3 Company can execute labor contract strictly.
	Information Transmission	MQ4 I can receive labor contract changing notice in time.
	Employee Participation	MQ5 I can communicate with company about my labor contract.
	Labor Dispute Negotiation	MQ6 Procedures of handling labor disputes are lawful.

Table 4: Management Force of Enterprises Dimension Operational Definition

3.5. Negotiation Power of Trade Union Dimension

Negotiation power of trade union refers to a kind of collectivity effect when the trade unions help enterprises and employees safeguard their rights and coordinate labor disputes. Budd (2013) started from the main body of trade union negotiations, expounding the specific work of the trade union in the process of coordinating the employer employee relationship. It mainly includes five modules : remuneration, human resources policies and procedures, employee rights and responsibilities, trade union rights and responsibilities, dispute resolution and continuous decision making^[8]. Therefore, this paper mainly refers to Budd's theory to define negotiation power of trade union.

Dimension Designation	Operational Definition	Question
Negotiation Power of Trade Union	Union Existence	NQ1 My company's trade union organization is sound.
	Remuneration Negotiation	NQ2 Trade union can fight a reasonable remuneration for me.
	Human Resources Policy	NQ3 Trade union has ability to consult with company on the issue of dismissing staff.
	Working Standard	NQ4 Trade unions can fight better working conditions for us.
	Dispute Resolution	NQ5 Trade union can deal with labor disputes effectively.

Table 5: Negotiation Power of Trade Union Dimension Operational Definition

3.6. Guidance Force of Government Dimension

Guidance force of government is the degree of government involvement in mediating labor relations. Ron Bean (1994) argued that the government plays the role of third party managers, lawmakers, labor dispute mediation and arbitration service providers, public sector employers and income regulators in labor relations^[9]. Domestic scholars had also expressed their views on the role of the government in the coordination of labor relations field: Chang Kai (2005) proposed that the government should act as regulators, supervisors, damage controllers, mediators and arbitrators in labor relations: Cheng Yan Yuan (2011) proposed the government's "5P roles" theory. This article refers to domestic and foreign scholars research, describing the guidance force of government dimension operational definition in Table 6.

Dimension Designation	Operational Definition	Question
Guidance Force of Government	Lawmakers	GQ1 I think current labor laws and regulations are perfect.
	Regulations Enforcer	GQ2 Government can use labor laws to deal with labor disputes justly.
	Labor Dispute Adjuster	GQ3 The way government deals with labor disputes is valid.
	Enterprise Supervision	GQ4 Government will check the labor problem of company regularly.
	Employment Promoter	GQ5 I think the government attaches importance to the placement and reemployment of unemployed workers.

Table 6: Guidance Force of Government Dimension Operational Definition

3.7. Supervision Power of Social Organizations Dimension

The non-government organization is a kind of organization that does not belong to any government or to any state. Common labor rights organizations have trade unions, industry associations, civil labor NGO, news media and women's federations. On account of the paper have explored the "trade union" as a single element, the non-governmental organizations here mainly refer to industry associations, civil labor NGOs, news media and other common labor rights organizations. Refer to the report on universal periodic review and Chinese civil society (UPR) which reported by Wuhan university public interest and development law institute, this paper put forward a solution of the problems which existing in the process of mediating labor relations by non-governmental organizations at this stage^[10]. According to the study, describing the supervision power of social organizations dimension operational definition in Table 3-7.

Dimension Designation	Operational Definition	Question
Supervision Power of Social Organizations	Institutional Framework	SQ1 Current labor rights organizations are sound.
	Job Attitude	SQ2 Staff of labor rights organizations can dispose labor disputes positively.
	Operational Capability	SQ3 Labor rights organizations' staff have a high professionalism.
	Organizational Position	SQ4 Labor rights organizations can solve labor disputes justly.
	Working Efficiency	SQ5 Labor rights organizations can accelerate the process of labor disputes handling.

Table 7: Supervision Power of Social Organizations Dimension Operational Definition

4. Empirical Results

4.1. Model Evaluation

After performing confirmatory factor analysis (CFA), the parameters of the parameters, the convergence validity and the fitness index are obtained, as shown in Table 8. Which RQ5 standardized factor load is 0.427, SMC value is 0.182, the parameter value is not up to standard requirements, so it will be deleted; EQ5 standardized factor load is 0.588, although under 0.6 acceptable standards, but it did not affect the overall structural surface of the convergence validity, and ultimately to be retained. In addition to RQ5 and EQ5, the load factor of the model are all over 0.6, the SMC value is 0.4, the CR coefficient and the AVE coefficient are all larger than 0.8 and 0.5, so seven dimensions of model are all in line with the basic requirements of CFA, The next step Model-Fit text can be executed.

Dimension	Indicator	Calculate Estimates					Convergence Validity		
		Unstandardized Estimates	S.E.	C.R. (t-value)	P	Standardized Estimates	SMC	C.R.	AVE
Employee Satisfaction	EQ1	1.000				0.638	0.407		
	EQ2	1.527	0.151	10.077	***	0.875	0.766		
	EQ3	1.359	0.157	8.637	***	0.907	0.823	0.892	0.631
	EQ4	1.396	0.146	9.584	**	0.902	0.813		
	EQ5	0.917	0.145	6.337	***	0.588	0.346		
	EQ6	1.192	0.142	8.413	***	0.705	0.497		
Employer Satisfaction	RQ1	1.000				0.744	0.554		
	RQ2	1.066	0.098	10.13	***	0.718	0.516		
	RQ3	0.908	0.087	10.490	***	0.686	0.471	0.803	0.457
	RQ4	0.924	0.078	11.848	**	0.751	0.564	(0.815)	0.526
	RQ5	0.421	0.090	4.702	*	0.427	0.182		
	RQ6	0.875	0.055	15.888	***	0.759	0.576		
Self Discipline	CQ1	1.000				0.722	0.521		
	CQ2	1.020	0.101	10.139	***	0.717	0.514		
	CQ3	1.019	0.104	9.791	***	0.683	0.466	0.834	0.501
	CQ4	1.280	0.136	9.408	***	0.738	0.545		
	CQ5	1.117	0.125	8.911	***	0.676	0.457		
Management Force of Enterprises	MQ1	1.000				0.722	0.521		
	MQ2	0.919	0.084	10.900	***	0.658	0.433		
	MQ3	0.882	0.550	16.179	***	0.769	0.591	0.883	0.605
	MQ4	1.210	0.095	12.778	***	0.817	0.667		
	MQ5	1.351	0.155	8.745	***	0.902	0.814		
	MQ6	0.958	0.045	21.428	***	0.889	0.790		
Negotiation Power of Trade Union	NQ1	1.000				0.752	0.565		
	NQ2	0.914	0.068	13.470	***	0.755	0.570		
	NQ3	1.060	0.101	10.486	***	0.662	0.438	0.866	0.565
	NQ4	0.878	0.054	16.365	***	0.764	0.584		
	NQ5	1.210	0.095	12.778	***	0.817	0.667		
Guidance Force of Government	GQ1	1				0.749	0.561		
	GQ2	0.844	0.079	10.656	***	0.691	0.477		
	GQ3	0.973	0.084	11.648	***	0.773	0.598	0.879	0.595
	GQ4	0.730	0.053	13.654	***	0.882	0.778		
	GQ5	0.834	0.054	15.334	***	0.749	0.561		
Supervision Power of Social Organizations	SQ1	1				0.753	0.567		
	SQ2	1.215	0.075	16.252	***	0.934	0.872		
	SQ3	1.173	0.075	15.669	***	0.878	0.771	0.938	0.754
	SQ4	0.907	0.049	18.402	***	0.869	0.755		
	SQ5	0.835	0.052	16.177	***	0.897	0.805		

Table 8: Labor Relations Coordination Mechanism and Employer Employee Harmony Confirmatory Factor Analysis Table

As shown in Table 9, the values of the Employers' & Employees' Harmony Feelings and Labor Relations Coordination Mechanism, which have been adjusted by CFA facets, have reached the desired standard. It should be explained that the final result of the model analysis p value is 0.105, greater than 0.05, accepting the null hypothesis H_0 , indicating that there is no difference between the two covariance matrices assuming that the model is assumed to be correct (the original hypothetical H_0 is: Employers' & Employees' sense of harmony and Labor Relations Coordination Mechanism Model Expectation Covariance matrix and sample covariance matrix no difference).

Model-Fit Indicators	Requirement Standards	Labor Relations Model
χ^2 / df	<3	1.259 (P=0.105)
GFI	>0.9	0.964
AGFI	>0.9	0.942
RMSEA	<0.08	0.030
SRMR	<0.5	0.456
NNFI	>0.9	0.962
IFI	>0.9	0.992
CFI	>0.9	0.992
Hoelter'sN(.05)	>200	317
ECVI	the smaller the better	0.407
AIC	the smaller the better	119.683
BIC	the smaller the better	226.605

Table 9: Labor Relations Coordination Mechanism and Employer Employee Harmony Model-Fit Indicators Table

4.2. Hypothesis Testing

Hypothesis testing is mainly manifested by the coefficient between the latent variables in the model. As shown in Figure 2, the standardized analysis model finally obtained after the adjustment of the facets is different from the original analysis model. The model of the employer's satisfaction degree is removed from the RQ5 observation variable. Table 10 shows the hypothesis test table, the table shows that in addition to H1a and H3a is not established, the other eight assumptions are true, that is, employee self-control and trade union consultation to improve employee satisfaction to enhance the effect is not significant. This is a certain deviation from the original hypothesis, may be due to the current manufacturing enterprises overcapacity in the context of mergers and acquisitions under the background of the negative relationship between employees of labor relations. In addition, the absence of the trade unions, the lack of the system, the blackmail operation of the trade unions and other real factors is an important reason for the improvement of the trade union negotiation ability to improve the employee satisfaction.

Hypothesis	Path Coefficients	Standardized Coefficients	Inspection Result
H1a	0.43	<0.6	fail
H1b	0.86	>0.6	support
H2a	0.73	>0.6	support
H2b	0.78	>0.6	support
H3a	0.38	<0.6	fail
H3b	0.62	>0.6	support
H4a	0.75	>0.6	support
H4b	0.79	>0.6	support
H5a	0.88	>0.6	support
H5b	0.65	>0.6	support

Table 10: Labor Relations Coordination Mechanism and Employer Employee Harmony Hypothesis Testing Table

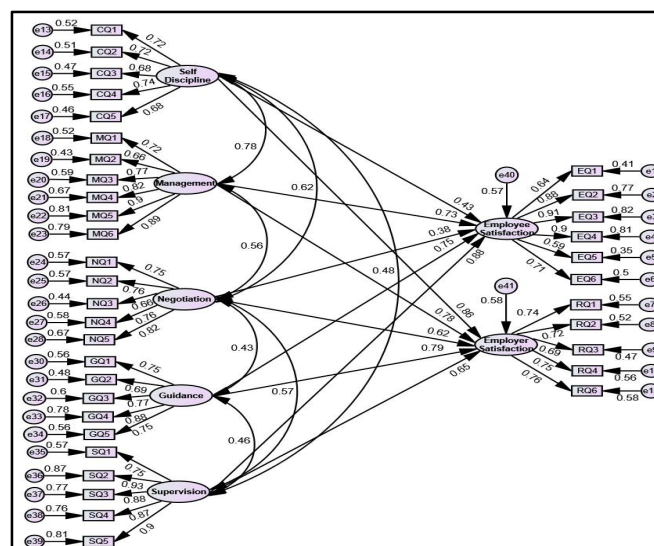


Figure 2: Labor Relations Coordination Mechanism and Employer Employee Harmony Structural Equation Model

5. Conclusion and Suggestion

The main purpose of this study is to explore the path of employers' harmonious labor relations mechanism under the background of overcapacity. From the final verification results of the model, the improvement of enterprise management, government guidance and non-governmental organizations supervisory power has a significant effect on the improvement of the harmonious feelings of employers and employees, employee self-control and the promotion of trade union consultation to enhance the satisfaction of employers significantly, the role of employee satisfaction is not significant. Therefore, eventually get eight effective mechanism paths. The construction of harmonious labor relations is a complex and huge project, especially in the context of the current excess capacity, the manufacturing enterprises involved in a wide range of labor relations, employers, and employees more contradictory points. To effectively promote the merger and reorganization of manufacturing enterprises, reasonable placement of employees, should be a wide range of staff to mobilize their own enthusiasm, improve enterprise management mechanism, improve trade union rules and regulations, in the correct direction of the government guidance, multi-party collaboration, five force interaction, and jointly promote the construction of harmonious labor relations in manufacturing enterprises in the new period.

6. Foundation Item

Project supported by the National Natural Science Foundation of China (Grant No.16BGL095).

Fresh Talent Program for Science and Technology Department of Zhejiang Province (Grant No.2016R404058).

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