

Research of Overwork Problem on Simple Laborers From the Visual of Compensation Management

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Abstract

With the development of the economy and society, the problem of overwork in China becomes more and more prominent. This paper puts overwork problem under the prospect of enterprise management. Then provides some suggestions which based on combing overwork theory and compensation management theory, according to the characteristics and current status of simple laborers, with the visual of compensation management.

Key words: Overwork; Simple laborers; Compensation management

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INTRODUCTION

Over the past 30 years of development in China shows that enterprises play a more and more important role in the development of economics. However, at the same time, enterprises encountered many new problems on the way of their development., overwork problem is one of them¹

¹ Overwork refers to the timeout and intensive labor behavior of workers' during the process of work and thus lead to the accumulation of fatigue, cannot recover after a rest. See: Meng, X. D. (2013). Study on the origin of worker's overwork. (Doctoral dissertation). Capital University of Economics and Business, China.

As the work content of most of simple laborers relatively simple so the enterprise can obtain replacer at any time in the human resources market with lower cost. And for the same reason simple workers of an enterprise tend to face more pressure of competition. In addition, simple workers are the community which in the middle or lower classes of society and experience the larger pressures from family life. Even some simple workers in a state of overwork forced by their family life throughout their life. On a personal level, the problem of overwork makes a person feel very depressed and affect the personal mental health. It harms to improve the quality of personal life, even endanger personal health bring enormous pressure to their families. At the organizational level, the overwork phenomena reflect that there are some serious problems in the management of human resources in enterprises. These problems are a failure of management, like other management problem would result in substantial losses to enterprises. At the social level, overwork problems may reduce the efficiency of an organization and then reduce the efficiency of the whole society. So it also a failure of social management. In addition, physical and mental damages which it brings to individual will also extend to the whole society, cause unnecessary losses of social resources.

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As compensation played a very important mediating role for simple workers who engaged in simple labor in the enterprise. So this paper from the visual of compensation discussing how to avoid the losses of organization that caused by simple worker's overwork and expected to provide some suggestions for how to improve the efficiency of organization.

1. THEORETICAL REVIEW

In abroad, the study of overwork issues first appeared in Japan, the concept of "karoshi" was proposed by Uehata T since the age 70 in the 20th century. In 1989, in his book "the medical の あゆみ" the "karoshi" are clearly defined from a medical perspective. Fukuchi (2008) pointed out that overwork disrupting the equilibrium between physiology system which makes people keep health. It damages the maintenance of organism homeostasis and induces irreversible changes. In addition, Michael and James (2002) introduced the history of workers' work-time of Australia from 1974 to 1997. Found that, workers' working hours of Australian has been improved but its leisure time has reduced and greatly negative impact on the workers' life and psychological feelings. Lonnie (2009) briefly introduced the history of long time work and researched the source of overwork of America. In China, people began to study overwork in the 1990s. Zhon Aiguo for the first time to use the word "karoshi" in domestic literature and briefly introduces the concept of "karoshi". Huang (2009) to investigate a machinery manufacturing factory workers, discovery that compared with functional personnel the first-line production workers experienced a higher workload. Meng (2013) studied the cause of overworks formation and think that resource conditions, the standard of evaluating employees, enterprise culture, workload, the ratio of expenses to income, fighting spirit and so on significantly affected on overwork. These studies undertake their research mainly from the macro aspects such as the definition or formation of overwork. Among them, there is also some theory mentioned that overwork is related to management and compensation. But their lack of the theory which about how management and compensation are associated with overwork and what

kind of compensation management measures should be taken to avoid overwork problem as much as possible.

Seeing from the developing process of compensation management, the development of compensation management can be divided into four stages: (a) The early phase of the factory, because in the first industrial revolution, workers are not willing to be bound by the factory management, as Powell (1772) says, "one man in four days to earn sufficient money to sustain life of seven days, then he will rest for three days. In other words, he will spend wild life." The mercantilist economists of that time believe there is a negative correlation between income and labor provided by workers. So for a long period of time, employers as much as possible to reduce workers' salaries, let workers' salaries stabilize at the lowest level, make workers just can make a living and those who violated the discipline would be severely punished. (b) In the science management phase, compensation management integrating the concept of scientific management and focuses on work standards and cost savings. In this period, the theory of compensation management mainly has piecework system Proposed by Taylor (1895). He advocated using the method of observation and analysis on working hours, and wage standard.is determined, exercise differential piecework wage, "Money paid to people, not positions". Gantt (1916) based on the Taylor system, proposed that If workers complete their task on the prescribed time or within the prescribed time they can be obtained not only the regular pay but also the pay which because they saving time. Joseph·F·Scanlon (1938) propose a compensation plan aim at group incentive and completed profit-sharing plan. The feature of the plan is: No matter recommendations were proposed by group or individual, the group would be reward; Establish a joint committee which primary mission is discussion and formulation labor-saving technology; Workers' benefit from the cost savings, rather than increasing profits. (c) Behavioral science phase, in this phase compensation management researchers combined with the views of human relations theory and establish a compensation system that meets the needs of employees psychological. For example, according to Porter and Lawler's motivation expectation theory after a person finish his work, he not only gets compensation, status, advance, sense of security and such as extrinsic reward but also due to good work performance and feel made contributions to society obtain the intrinsic rewards such as value and significance of life of the self-existence. (d) Now, as the globalization and the development of information technology, the exterior environment is becoming more and more complicated, the number of uncertain factors is increasing. Compensation system begin to combine with other factors of enterprise and has risen to the strategic altitude. Such as Milkovich (1988) point out that Strategic compensation management is on the basis of comprehensive analysis on the environment,

enterprise to make a compensation strategy to support long-term development goals, thus improve the competitive advantage. However, these compensation management theories rarely stand in the place of simple laborers and make compensation strategy from the physical and mental health of simple laborers.

2. ORDINARY WORKERS AND ITS PRESENT SITUATION

2.1 The Meaning of Simple Laborers

The simple laborers in this paper we study only refers to the laborers within an enterprise who engaged in simple labor. Here the simple labor refers to the labor which without special technical expertise, knowledge and skills training laborers competent to do it. The labor income is the main source of livelihood of these workers. These workers usually work at the frontline of organization such as workshop workers in manufacturing industry, delivery man of logistic express industry, workers who work at the site for the building industry, attendants of service industry and so on. Most of these workers only received simple training whose human capital is generally considered to have no obvious heterogeneity and profession.

2.2 The Status of Enterprise's Simple Laborers in China

First, enterprise's simple laborers lack of professional skills or have some early capital input of manpower but the human capital investment does not constitute professional advantage. Thus makes simple laborers easy for enterprises from the labor market at a lower cost get replacer. One study showed that workers at the frontline lack a sense of security in employment and feel they will be unemployed in the future accounts for 76.2% (Qing et al., 2014). So the stress and strain of employment pressure bring great tension and anxiety.

Second, job skills of the simple laborers are low, its curve of Human capital marginal income in the basic demand stage, money has powerful incentive effect (Zhou, 2008), that make simple laborers willingness to work overtime in actively overwork states. On the other hand simple workers often with lower incomes, especially the migrant workers long-term in a state of low income (Yang, 2015). Under the pressure of family life and in order to get higher incomes they were forced to work extra hours, even they know working overtime is harmful to health they still do it. Chen (2015) by investigating the overwork conditions of Manufacturing front-line workers found that More than 70% of the workers in the "red zone" of overwork.

Third, the social status of enterprise's ordinary workers not high and compare with elite class they got less attention (Xin, 2011). In the relative theoretical research of compensation management and compensation practices also lack of focus on simple laborers, so they

tend to in sub-health state and lack of in-time adjustment even wouldn't be found by enterprise. Such as, Foxconn 11 employees jumping from dormitory buildings to their deaths in the first four months of 2010 alone. After a series of tragedy occurs, society began to focus on its employees and compensation inspiring system.

3. COMPENSATION MANAGEMENT POLICY WHICH TAKING INTO ACCOUNT THE EMPLOYEE'S CHARACTERISTICS

3.1 Establish Appropriate Labor Compensation Ideas

Compensation ideas are to guide the construction of enterprise's compensation incentive system, in essence, is the embodiment of enterprise core values in the areas of human resources. It indicates what we should inspire and what we should inspire against. Though reflect compensation ideas in compensation incentive system, can achieve the goal of strengthening enterprise core values. For example, emphasis on performance factors helps reinforce competitive concept, emphasizes the concept of seniority and job factors contributes to the enhanced hierarchal concept, emphasizes ability factors contribute to strengthening the concept of personal development (Zhou, 2008). But these compensation concepts are from the perspective of staff motivation to emphasize enterprise core values, formulate compensation system from the perspective of enterprise development. Compensation policies based on this concept would fail to fully reflect the characteristics of simple laborers, it is not a complete compensation system.

Obviously, a perfect compensation idea should fully consider the own characteristics and interests, represent the interests of the enterprise and employees. Compensation policy only made of these ideas can reflect the human resource loss which brought by overwork. Enterprise only holds these compensation ideas can pay attention to the material and non-material compensation, set up appropriate compensation system. Thus maximum avoids overwork problem of compensation management.

3.2 Though Compensation Policies Encourage Labors Improve Their Skills and Reduce Labor Intensity

In general, many enterprises in order to compete with other companies, often the first thought is though increasing the intensity of labor or labor time to improve their efficiency and reduce the cost, gain competitive advantage. The consequences are likely to lead to simple laborers work under the physiological limits for a long time, won't bear repeating, mind is in a state of exhausted or bored, thereby brought a high level of staff turnover and but increase organization's cost. In addition, due to enterprise engage simple workers in the labor market

usually cost less, most enterprises think there is no need to put too much on ordinary workers. So when enterprises making their compensation policy, simple worker's wages only slightly higher than the minimum wage which prescribed by the state. This lead to enterprises is difficult to engage front-line workers who have qualified literacy and skill levels. Under the cruel competition mechanism, many Chinese enterprises embark on a road of low technology and high labor intensity.

To break the situation enterprise should reflect the compensation idea which by improving skills of simple laborers to reduce labor intensive in their compensation management. Enterprise should not be only to establish a compensation system to motivate the simple labors to work hard but also establish a compensation system to encourage simple labors to improve their skills, make the cost of enhancing skills be compensated in compensation. Let the value that because simple labor's skill improvement bring to enterprise reflects in compensation design and provide paid training. By this means, on the one hand improve the productivity of the employees, make enterprise have the ability easing employee's workload without affecting the competitive advantage. On the other hand, it can gradually improve overall productivity of the enterprise and the position of enterprises in the industrial structure, make enterprise depend on technology rather low labor costs maintain the competitive advantage. Lay the foundation for further reduce the labor intensity of front-line staff and in case of the human resources loss taken by overwork.

3.3 Reasonably Determining the Base Salary and Overtime Costs Level of Simple Labor

Although, in clause 44 of China's labor law clearly stipulated that beyond worker's legal standard working hours per day to work to pay not less than 150% of the wage base, arrangements for rest days, overtime work cannot be off, and paid no less than 200% of wage base, legal holiday arranged employees to work on, paid no less than 300% of wage base. Although our country legal overtime multiple standard is higher, there no specific explanation of the wage base in law, lead many enterprises get much more flexibility when choose overtime pay standards. Therefore, some enterprise may hit the edge ball, disguised drive overtime wage down by confusing the wage base, even make overtime wage lower than the regular wages or local lowest wage standard. Taking Foxconn (Zhengzhou) company as an example, This company's basic wage slightly higher than the national minimum wage, if the laborer refuses to work overtime, they can only get the pay which just maintains their basic living standard.² So, although employees know work ten or more hours a day would damage their health still have

² Securities Daily. (2012). *Foxconn executives called workers return to work by SMS, workers working 11 hours a day at stand pose*. Retrieved from http://news.xinhuanet.com/fortune/2012-10/08/c_123792757.htm

to work overtime. In fact, this company's overtime pay accounts for more than 60% of total wages.³

Therefore, in order to reduce simple labor's labor intensity, enterprises should accord to the local economic development and price level, human resources condition of laborer, reasonably determine employee's basic wage standard. On the basis of reasonably determining employee's basic wage standard, enterprise should control overtime hours work appropriately, avoid employees work overload for a long time. Make corporate competitiveness dependent on the improve quality of human resources quality rather than dependent on the low technical and labor costs competitiveness that formed by overwork.

3.4 Establish Simple Laborer's Complete Compensation System

In enterprise most top manager has base salary and annuity, deferred compensation (stock options, stock appreciation rights) and fringe-compensation (benefit plan, subsidies) and other complex compensation system. Ordinary employee's compensation system, by contrast, is relatively simple. Most ordinary workers' compensation system only has base salary, performance pay and "five one insurance fund" which are mandatory by state. Though there also some enterprises' ordinary workers' compensation system contains knowledge salary job subsidies and so on, most of these accounts for less proportion in the wage. Many enterprises lack of employee's benefit plans for front-line workers.

On the other hand, most ordinary workers engaged in simple, repetitive work, so it is easy to make laborers feel boring and tired, decrease their work efficiency largely and increase their working pressure.

There is management theory point out we can handle the question of monotonous job content of simple labors and to relieve their work pressure by working magnification and works richly. Although this line of thinking acquires a certain effect in practice, it ignored the difficulty and cost when we implement work magnification. Besides the change of content does not change the simple laborer's mental states which they think themselves are the bottom tier employees be ignored by enterprise. Especially, simple laborers as a result of huge living pressures, material interests are more important in the eyes of them. Sometimes, work magnification may provoke simple laborer's dissatisfaction because it needs employees adapt the new environment and can't improve manual dexterity among ordinary workers. A diversify compensation system, such as give employees of small articles for daily use and send little gifts to employees at holiday time, reduce psychological fatigue, avoid employee in the sub-health state is necessary.

³ New Express. (2012). *Part of employee dissatisfaction Foxconn cut overtime and plan job-hopping*. Retrieved from <http://tech.163.com/12/0320/02/7T0OUTQ9000915BD.html>

CONCLUSION

In this paper though the losses of organization's human resources caused by overwork, make us realize that overwork issues are also management problems. Compensation management plays an important role in human resource. So this paper from the visual of compensation management propose enterprise should improve the skill of employees so that reduce the intensity of labor and improve efficiency, adjust basics alary and overtime pay, enhance the competitiveness by the skill of employees and efficiency, deliver hurtful consideration to each employee by welfare. Introduce the concept of appropriated labor to compensation management of enterprise, so as to provide references for enterprise to solve the problem of overwork and improve the efficiency of human resource management.

The problem of overwork is a product when the social economy, we have to solve the problem, just as it is caused by economic and social factors, from many aspects. Based on the analysis of overwork and compensation management theory this paper on compensation management visual puts forward a number of measures. As overwork involves all aspects of society and the research of this has some deficiencies, such as lack of the relationship's date between pay and labor intensive. So, to solve this issue on the one hand we should combine many course knowledge to establish the decision criterion of overwork in law, developed a comprehensive management method which can effectively avoid overworking. On the other hand, more important, the whole society should realize the harm that overwork give individuals, organizations and social. To make appropriated labor to become a proactive behavioral for enterprises to improve management level and competence rather obliged to do as the relevant legal provisions.

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