

Labor Cost Control of Shipbuilding Enterprises

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Abstract: At present, most shipbuilding enterprises only consider the wage cost of employees when controlling the labor cost, and seldom manage the outsourcing labor effectively. The wage rate of outsourcing labor is usually not taken into account when formulating the cost management strategy. This paper starts from the theory of labor cost control in shipbuilding enterprises, and discusses the theoretical basis and the original principle of labor cost control. This paper introduces the general enterprise labor cost control evaluation system, and puts forward the corresponding improvement index system combined with the labor cost characteristics of shipbuilding enterprises.

1. Introduction

In the past decade, China's economic strength has improved rapidly, the people's income level has improved, and the happiness index has increased significantly, followed by a substantial increase in labor costs of China's manufacturing enterprises. According to the statistics on the official website of the National Bureau of statistics, the average wage of urban employees in the manufacturing industry was 26810 yuan in 2009 and 78147 yuan in 2019, which increased by 1.91 times from 2009 to 2019, higher than the growth rate of GDP in the same period. Compared with other costs of enterprises, the labor cost itself is more complex. It is influenced not only by objective factors such as national macro-control and price level, but also by subjective factors such as enterprise development planning and salary strategy. As far as shipbuilding industry is concerned, the characteristics of labor-intensive industry highlight the importance of controlling labor cost.

Looking forward to the development of the shipbuilding industry in the future, affected by the infection of New Coronavirus pneumonia (hereinafter referred to as COVID-19), the uncertainty of global economic development is increasing, the recovery of maritime trade is weak, the shipowners' operation is facing great challenges, the demand for new shipbuilding market will continue to be cautious in the near future, the market situation of shipping is not optimistic, and the profit margin of shipbuilding enterprises is universal. As a result, the demand for reducing shipbuilding cost is more vigorous. However, there are not many controllable costs in shipbuilding. The average added value of each ship is only about 20% to 30%. In the 20% to 30% added value, the labor cost accounts for as much as 80%. Therefore, for shipbuilding enterprises, it is very important to strictly control the labor cost for stabilizing enterprise operation, improving enterprise performance and enhancing enterprise competitiveness.

2. Principle of Labor Cost Control

To evaluate the quality of labor cost control of an enterprise, we should not only consider the labor cost expenditure in financial statements, but also consider its own development needs and market conditions. Enterprises should adhere to three important principles in labor cost control activities, namely, fairness principle, incentive principle and strategic principle.

(1) Principle of fairness. The principle of fairness is the most basic principle to control labor cost and formulate employee wage policy. The wage level is related to the vital interests of each employee. Therefore, when formulating relevant wage policy, enterprises should pay attention to the psychological needs of employees, understand the comparative psychology and balance mentality

among employees, balance the intensity of diffusion, and avoid the same work content and similar work intensity. For the same work result, the wage gap is too large.

(2) Incentive principle. Incentive principle is an important guarantee for employees to keep working enthusiasm and continuously create value for the enterprise. It is mainly to motivate employees' working enthusiasm by formulating relevant employee salary and performance policies, so as to realize enterprise value. The incentive principle of labor cost control is essential, and it is very important to implement the staff incentive policy of distribution according to responsibility, task and intensity, and input-output ratio.

(3) Strategic principles. The strategic principle means that when making the labor cost control policy, the enterprise must be consistent with the future development strategy of the enterprise.

3. Labor Cost Control in Shipbuilding Enterprises

3.1 Pay System

The salary system of shipbuilding enterprises is to determine the total salary according to the annual budget, and then distribute it to each department, and finally to each employee. After the total labor cost is determined at the beginning of the year, China Heavy Industry Co., Ltd. will remain unchanged. When a large number of employees need to be laid off due to the influence of the international situation or its own poor operating conditions, the labor cost of each employee will increase greatly because the total labor cost determined at the beginning of the year is not changed by the ship. As a result, employees' dissatisfaction rises and their work enthusiasm declines.

3.2 Policy Implementation

The salary system of shipbuilding enterprises has not been effectively implemented. Although the system of linking employee compensation with enterprise performance has been adopted in shipbuilding enterprises for a long time, the company has carried out the performance evaluation of all employees according to relevant national laws and regulations and the company's salary system and reward methods. Based on the evaluation results, the remuneration is timely realized, but rarely effectively implemented.

3.3 Outsourcing Service

(1) Low productivity. Because the salary and benefits of outsourcing workers are lower than the average level of the same industry and region, and they are lack of competitiveness in the whole shipbuilding market, which may lead to the great mobility of outsourcing workers of the grandfather company. Due to the lack of relevant work experience, some employees will lead to the decline of shipbuilding quality, which is easy to cause chain reaction, resulting in the reduction of orders accepted by enterprises and the reduction of enterprise efficiency.

(2) No lean management. It is difficult for the outsourcing team to fully meet the actual production needs due to its great mobility. It is difficult to accurately master the process level and operation specifications, and it can not match the modern shipbuilding mode. Moreover, most of the production teams of China heavy industry are outsourcing workers, and they don't have enough understanding of lean management, and the team is the basic organization of modern enterprise management. Therefore, the management requirements of quality management, plan management and production safety management of China heavy industry are difficult to realize in the team, which seriously hinders the realization process of lean management.

4. Countermeasures of Labor Cost Control in Shipbuilding Enterprises

4.1 To Formulate Scientific Incentive Strategy to Ensure Control Integrity

Salary incentive is the most important way to improve the enthusiasm and work enthusiasm of employees. Enterprises need to learn from the new scientific and advanced staff incentive methods, and according to their own characteristics and the current situation of the industry to develop their

own staff compensation incentive scheme, in order to mobilize the enthusiasm of employees, so as to control the labor cost scientifically. First of all, it needs the participation of all employees. The enterprise should strengthen the popularization of employee compensation and labor cost, improve the employees' accurate cognition of work tasks and personal income, so that they can fully and clearly understand the concept and scope of enterprise labor cost. Secondly, the enterprise should publicize the importance of cost saving in the enterprise, establish the employees' awareness of saving, and then We should set up the system of staff salary and labor cost restraint, and give full play to its ecological, economic and social benefits.

In addition, enterprises need to carry out accounting work according to different categories of employee compensation, according to “wages payable, employee benefits” and other subjects, so as to ensure the scientific and effective control of labor cost. Through a single and effective subject accounting, it can ensure the scientificity and rationality of employee compensation accounting, so as to ensure the consistency of labor cost and employee compensation accounting method, and ensure the integrity of control.

4.2 Clarify the Power and Responsibility System to Ensure the Implementation of Control

First of all, the shipbuilding enterprise should make a perfect annual budget plan at the beginning of the year, then determine a reasonable labor cost control target according to the annual budget plan, and then concretely allocate it to the corresponding employment department, and implement the department manager responsibility system. Of course, the Department Manager only takes responsibility for the controllable labor cost within his department, Labor cost allocated by superior or other departments is not included. Department managers should cultivate and establish the labor cost saving consciousness of all employees; Secondly, the effect of labor cost control is included in the performance evaluation index of each employment department to improve the enthusiasm and initiative of department heads; Finally, we should establish a reward and punishment system, open and transparent, publicize the labor cost control situation of each department in the enterprise, strengthen the accountability system, and supervise the department managers to do a good job in labor cost control, so as to ensure the successful implementation of the control.

4.3 Strengthen the Management and Control System of Labor Cost Budget

Strengthening the construction of labor cost budget management and control system is helpful for shipbuilding enterprises to have a comprehensive understanding of the annual labor cost-effectiveness and implementation status. First of all, the labor cost budget control of shipbuilding enterprises is an important method for the head office to supervise and manage the subsidiaries and the management to the executive. By compiling a reasonable annual labor cost budget, the head office can effectively supervise the labor cost control of the subsidiaries and the executive departments, which is helpful for the head office to balance and coordinate the relationship between all parties and reasonably allocate the limited capital Secondly, the labor cost budget control of shipbuilding enterprises can give full play to the regulatory role of the market, connect the labor cost of enterprises with the market labor price, and reasonably regulate the income distribution among enterprises, departments and employees; the labor cost budget control of shipbuilding enterprises helps to improve the management level of enterprises. Firstly, it is helpful to realize the standardized management of enterprises to plan all the legal and compliant enterprises into the labor cost management of enterprises; secondly, it is helpful to enrich and improve the labor cost composition index of enterprises to increase the attractiveness of enterprises, so as to enhance the comprehensive ability and promote the rapid development of enterprises.

5. Conclusion

In the past two years, intensified international trade frictions, slowing global economic growth and reduced demand for shipping market, coupled with the outbreak of COVID-19, the global new ship orders and volume have dropped sharply. The market situation of shipping is not optimistic. In the face of fierce market competition in the Japanese region, shipbuilding enterprises should

enhance the awareness of labor cost control and optimize the artificial structure to improve the human resources efficiency of enterprises. So as to reduce the cost of shipbuilding and enhance the market competitiveness. This paper summarizes the main problems of labor cost control in shipbuilding enterprises, and finally provides practical suggestions according to these problems, so as to provide reference for shipbuilding enterprises to formulate labor cost control strategy.

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