

Transforming Employment Relations in China: Market Reform and the Choice of Labor Policies

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The Analytical Framework

- From state to market
 - state intervention
 - corporatist model
 - pluralistic model
- Social and economic diversity
 - Regional & geographical differences
 - Different stages of economic development
 - Diverse racial & ethnic groups
- Employment relations:
What kind of relationships are developing between employers, labor and the state?
- What are the available choices for labor policy?

Characteristics of China's Employment Relations System

- Tradeoff:
Political stability vs. economic development
- Employment relations system is a labor administration system
- Monopolistic trade unionism (ACFTU)
 - CCP-directed workplace democracy
 - Government supervised collective bargaining
- Dual structure of employment relations
 - State-owned enterprise
 - Private & foreign-owned enterprise

Transitions in the Employment Relations System

- Traditional guarantees of employment, wages and welfare have eroded.
- Enterprise instead of state now is responsible for economic management and financial solvency, as well as for employment relations.
- Firms are experimenting with new management practices.
- The mindset and institutions of state control remain embedded in the system.

Status of Employment Relations – Labor dispute as example

- Contradictions between institutions and markets.
 - Legal & contractual regulation of labor relations.
 - Workplace consultation between employer and the trade union.
- But institutional arrangement is diluted by the force of market competition.
- Industrial disputes have increased as a result of this discrepancy.

Demographics Aspects of Industrial Disputes

- Total number of disputes is increasing.
 - The number of workers involved increased from **77,794** in 1994 to **800,000** in 2003
- The number of collective disputes is increasing and exceeds the percentage of individual disputes.
 - More than **60%** of disputes are collective
 - Money-related disputes: **50%**
 - Labor protection disputes **14%**
 - Labor contract disputes **25%**
- Arbitration settlement increased
- Settlements increasingly favor labor's demands.
- More confrontation between labor and management

Labor's Collective Incidents

- Definition: Workers' collective actions in support of demands they cannot achieve through legal channels.
- Causes of collective incidents:
 - Money demands related restructuring and ownership reorganizing of state-owned firms
 - Mass layoffs by state-owned firms
 - Delays in wage payments
 - Payment of wages lower than standard wage
 - Poor working conditions in private & foreign firms
 - New employers that do not fulfill contractual obligations

Forms of Collective Action

- Primitive mode:
 - Committee suicide, hunger strikes, detaining and killing the employer
- Work stoppage and strike (wildcat)
- Protest, rally, petition, sit-in, appeal to authorities
- Floor jumping, stoppage of rail and highway transportation, bridge blockage
- Firm protection action by employee assembly
- Alliance and united strikes

Problems of China's ER system

- State-dominated trade union cannot represent workers' interests
 - Multiple roles of the union leader
 - Obligation first to the state, then the firm, then to the worker
 - Leaders appointed by the party, not chosen from and among union members
 - Collective bargaining must fulfill the orders of the state, not respond to a voluntary labor-management process
 - A lack of real workers' participation system in the restructuring process—complies with the CCP instruction
- Institutional residual effects on modern concept of labor protection
- Labor policy is subordinated to industrial policy
- Different HR/ER strategy adopted by different firms produce different employment relations outcomes.

Conclusion

- What are the choices of labor policy and institution?
 - Pluralistic model
 - Corporatist model
- A balance between efficiency and equity
- Can a “voice” model supplement the process and establish a stable balance?

Research Agenda

- Comparative study of MNC ER strategy and practice
- Regional ER regulations and its impact on ER
- Sector-based study on ER strategy and practices
- New forms of workplace ER practice and its impact on firm
- ER and the impact on firm performance
- Market-based initiatives on ER
 - Corporate social responsibility programs