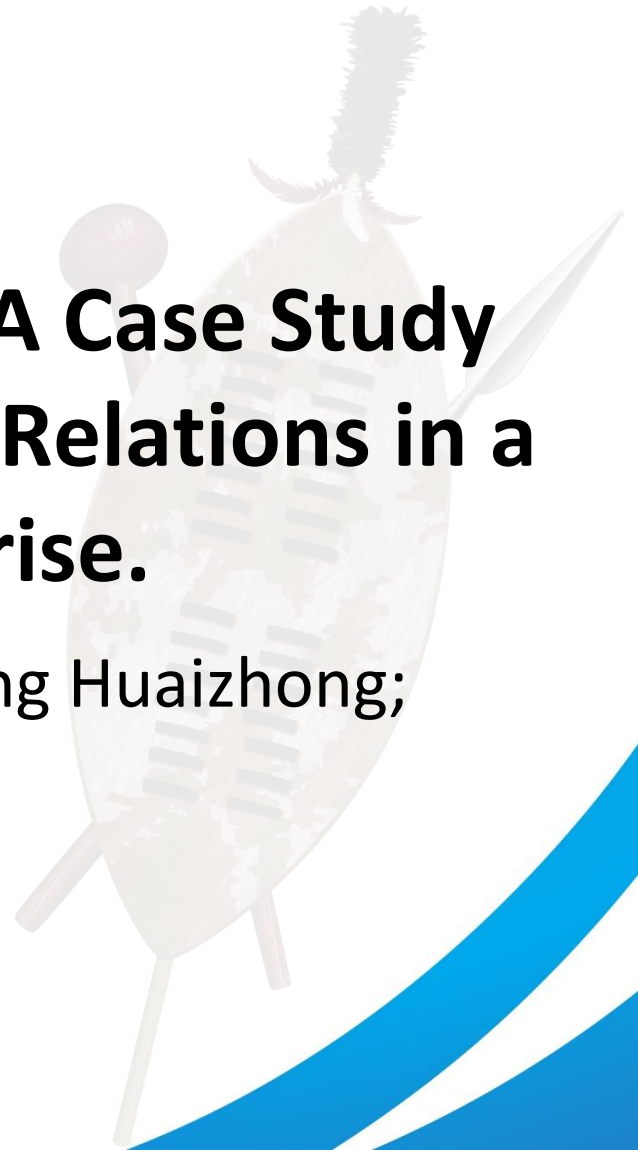


# **From Conflict to Harmony: A Case Study on Transformation of Labor Relations in a China's state-owned Enterprise.**

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# Introduction

- Theretical Gap:

Manufacturing consent causes extensive concern in the area of labor relations, **while study about the transformation of manufacturing consent is still blank.**



# Introduction

- Chinese Context

In China, **Party organizations**, being the leading political group in state-owned enterprises, **play a key role in the transformation of manufacturing consent.**



# Insights of Manufacturing Consent

## Danwei System

- Ideology Control
  - Ideology Education
  - Political Network
- Game Competition

## Marketing System

- Internal Labor Market
- Internal State
  - Collective Negotiation
  - Appeal System
- Making-out Game

# Proposition 1

- Chinese Communist Party organizations lead both of two mechanisms for manufacturing consent.
- **Proposition 1: Manufacturing consent led by Party organizations plays a key role in transformation of labor relationship.**

# Difference 1 of Manufacturing Consent

## Danwei System

- Ideology Control
  - Ideology Education
  - Political Network

## Marketing System

- Internal Labor Market
- Internal State
  - Collective Negotiation
  - Appeal System

**Difference in democracy degree:  
Collective negotiation and appeal system in  
marketing system create more democracy.**

# Difference 2 of Manufacturing Consent

## Danwei System

## Marketing System

### Difference in incentive factors:

In Danwei, incentive factors are joining reference group by good ideological and political performance, while in marketing system, incentive factors are piecework wage.

- Game Competition

- Making-out Game

## Proposition 2

- As gradual marketization of labor relations, we infer Party organizations will selectively borrow western manufacturing consent mechanisms.
- **Proposition 2: Party organizations manufacture consent through ideology control and game competition under Danwei system, while through ideology control and democratic communication during the labor relationship marketing transformation.**



# Difference 3 of Manufacturing Consent

## Danwei System

- Ideology Control
  - Ideology Education
  - Political Network

## Marketing System

- Internal Labor Market
- Internal State
  - Collective Negotiation
  - Appeal System

### Difference in institutionalization:

The 'making-out game', internal labor market and 'internal state' in marketing system are more institutional, comparing to Chinese Danwei system.

## Proposition 3

- As gradual marketization of labor relations, Party organizations may standardize and institutionalize mechanisms for manufacturing consent.
- **Proposition3: Transformation of mechanisms for manufacturing consent led by Party organizations follow the path from non-institutionalization to institutionalization.**

# Proposition 4

- Chinese labor relationship transforms following the collapse of Danwei system.
- **Proposition 4: The collapse of Danwei system and workers' collective protest are respectively the structure agent and behavior agent of the transformation of mechanisms for manufacturing consent led by Party organizations.**

# Research Method

- longitudinal single-case study
- Data collection: 9 executives of CG accepted interview, 45 minutes per person.
- **Time-series analysis**: This paper integrate the **weekly newspaper** and other data to organize the time line.

# Research Background

- CG is a resource-based SOE in China. **This study focus on 2005**, for 2005 is the year when CG was facing the biggest challenge in transformation.
- In 2005, the emergence of laid-off workers means **Danwei system has been started to collapsed.**
- In August 2005, **workers of CG held collective protest** because of dissatisfaction about compensation during the process of collapse of Danwei.
- In the end, **Party organizations transformed its mechanisms to remanufacture consent** in workers' crowd.

# Transform in 2005

## Time Line (before collective protest)

Date	Mechanism	Instrument
1.3	Ideology Control	Ideology Education
1.3	Ideology Control	Ideology Education
1.3	Ideology Control	Ideology Education
1.31	Ideology Control	Visiting Show
1.31	Ideology Control	Visiting Show
2.7	Ideology Control	Visiting Show
2.21	Ideology Control	Visiting Show
3.7	Game Competition	Model Show
3.7	Ideology Control	Political Network

# Transform in 2005

## Time Line (before collective protest)

Date	Mechanism	Instrument
3.7	Ideology Control	Political Network
7.4	Game Competition	Model Show
7.11	Ideology Control	Ideology Education
7.25	Ideology Control	Ideology Education
7.25	Ideology Control	Ideology Education
8.1	Ideology Control	Ideology Education
8.1	Ideology Control	Ideology Education
8.1	Ideology Control	Ideology Education

# Transform in 2005

## Time Line (after collective protest)

Date	Mechanism	Instrument
8.15	Ideology Control	Ideology Education
8.15	Democratic Communication	Leader Communication
8.22	Ideology Control	Model Show
8.29	Ideology Control	Ideology Education
9.5	Democratic Communication	Party Communication
9.19	Ideology Control	Political Network
9.19	Ideology Control	Ideology Education
9.26	Democratic Communication	Party Communication
9.26	Democratic Communication	Party Communication



# Transform in 2005

## Mechanisms of Manufacturing Consent

Mechanism	Time
Ideology Control	All time in 2005
Game Competition	<b>Before</b> the collapse of Danwei system (iron rice bowl)
Democratic Communication	<b>After</b> the collapse of Danwei system(iron rice bowl) and workers' collective protest

## Conclusion

- Party organizations use various ways to manufacture consent so that **proposition 1 can be confirmed**: Manufacturing consent led by Party organizations plays a key role in transformation of labor relationship.
- **Proposition 2 can be confirmed**: Party organizations manufacture consent through ideology control and game competition under Danwei system, while through ideology control and democratic communication during the labor relationship marketing transformation.

# Conclusion

- Because of the collapse of Danwei system , workers have to improve their working efficiency in order to stay in CG or go out for a job. In the respect of game competition, standards of measuring a good or bad worker developed from subjective judgment by ideological and political performance to objective judgment by working efficiency.
- Therefore, **proposition 3 can be confirmed:**  
Transformation of mechanisms for manufacturing consent led by Party organizations follow the path from non-institutionalization to institutionalization.

# Conclusion

- The time line in 2005 reveals the transformation of mechanisms for manufacturing consent happened mainly after workers' collective protest and the collapse of Danwei system in August, and in-depth interviews also support this opinion. Therefore, **proposition 4 can be confirmed**: The collapse of Danwei system and workers' collective protest are respectively the structure agent and behavior agent of the transformation of mechanisms for manufacturing consent led by Party organizations.

# Limitations

- Several limitations of this case study should be acknowledged. For example, interviews of this study all come from management agency such as Party organizations, government, HR department.

