
FROM CONFLICT TO HARMONY: CASE STUDY ON
TRANSFORMATION OF LABOR RELATIONS IN A CHINA'S
STATE-OWNED ENTERPRISE

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Abstract

In the three decades of China reform, not only the economic system has been transformed to socialist market system, but also labor relations system has been changed to market system with characteristics of no any state-owned enterprise employee who is enjoying “iron rice bowl” system (Kuruvilla, et al., 2011), instead of labor contract. This research selects the largest resource-development state-owned enterprise based in Zhejiang Province of China as case study. The research purpose is to identify relationships among employees and Party organizations, revealing the reasons why the labor relations transformation process from serious conflict to harmony. Based on documents and interview data, the results of this study are as follows: first, manufacturing consent led by Party organizations plays a key role in transformation of labor relationship. Second, Party organizations manufacture consent through ideology control and game competition under Danwei system while through ideology control and democratic communication during the period of labor relationship marketing transformation. Third, transformation of mechanisms for manufacturing consent follows the path from non-institutionalization to institutionalization. Fourth, the collapse of Danwei system and workers’ collective protest are respectively structure agent and behavior agent of the transformation of mechanisms for manufacturing consent.

Keywords: Party organizations, manufacturing consent, Danwei, collective protest

Introduction

During the process of transformation of labor relations in Chinese state-owned enterprise (SOE), manufacturing consent led by Party organizations causes extensive concern from academia(Walder, 1996; Xu, et al., 2014), while study about transformation of mechanisms for manufacturing consent is still blank. During economy transition in China, “the most remarkable transformation is state-owned enterprises’ reform and restructuring” (Cheng&Wang, 2012). Danwei system collapses during this process and “iron rice bowl” is broke. Party organizations are eager to find new methods to manufacture consent in workers’ crowd.

CG is a resource-based SOE in southern China. It’s Danwei system has been collapsed from 1990s because of coal exhaustion and restructuring promoted by the government. In August 2005, CG’s workers held collective protest because of dissatisfaction about

compensation during the collapse of Danwei system, while Party organizations transformed its mechanisms so as to re-manufactured consent in workers' crowd.

Insights of Manufacturing Consent

1. Mechanisms for Manufacturing Consent in Danwei system

The two mechanisms for manufacturing consent in Danwei system are as follows.

The first mechanism is ideology control which includes 2 instruments named ideology education and political network respectively. Party organizations hold many ideology education for both Party cadres and workers. Besides, together with personnel and filling management department, Party organizations build up a set of political network to restrain workers' protest.

The second mechanism is the game competition conducted by Party organizations. Party organizations always select activists from workers consciously so as to transfer contradiction between labor and capital(Walder, 1996). We can understand the mechanism from the perspective of Theory of Reference Group. Merton(2008) classifies group, sub-group, in-group and out-group. Sub-group is consist of members of a small circle who have significantly interaction with each other but without interaction outside their circle. And we can also define in-group and out-group for a individual according to whether he or she belongs to the sub-group. Accordingly, Chinese SOE's groups can be classified as table 1:

Table 1 Groups Classification about Chinese SOE

Groups Classification	SOE's Groups		
group	State-owned Enterprise		
sub-group	Party organizations (reference group/ out-group for workers' group)	workers' group (out-group for Party organizations)	
secondary sub-group	/	activist-group	non-activist-group

According to the Theory of Reference Group, workers regard Party Organizations as their reference group and compete to join it. This game competition divides workers' group into activist-group(whose members are active to join the Party) and non-activist-group. The opposition between these two groups transfer contradiction between labor and capital into internal contradiction inside workers' group. What's more, patron-client ties between Party

organizations and activists as well as instrumental-personal ties between Party organizations and all workers aggravate the opposition inside workers' groups and cultivate consent to Party organizations in SOE.

Chinese Communist Party organizations lead both of two mechanisms above for manufacturing consent. Therefore, this paper puts forward proposition 1: manufacturing consent led by Party organizations plays a key role in transformation of labor relationship.

2. Mechanisms for Manufacturing Consent in Marketing System

Studies about manufacturing consent in marketing system first come from the west. Someones study labors control from the perspective of production process (Braverman,1974; Edwards,1979) and someones else study how to control workers through divide-and-conquer (Friedman,1977; Edwards,1979). The most remarkable finding belongs to Burawoy. Burawoy(2008)points out three mechanisms for manufacturing consent in marketing system which are “making-out game”, internal labor-market and “internal state”.

3. Difference of Mechanisms for Manufacturing Consent Between Danwei and Marketing System

The first difference is the incentive factor for the game competition. The incentive factor for game competition in Chinese Danwei system is the selection for activist judging by Party organizations based on ideological and political performance, while for “making-out game” in marketing system, is piecework wage judging by working efficiency.

The second difference is the democratization degree. China's democracy has not yet been forming in the field of labor relations, for “China's social system reform lags behind economic restructuring”(Li,1992). While manufacturing consent through collective negotiations and appeal system under marketing system in western countries turns out to be democracy.

As gradual marketization of labor relations, we infer Party organizations will selectively borrow western manufacturing consent mechanisms. Therefore, this paper puts forward 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.

The third difference is degree of institutionalization. “The ‘making-out game’, internal

labor market and ‘internal state’ put forward by Burawoy are all institutionalized mechanisms”(You, 2009), especially the collective negotiation system(Dubin, 1954). While the selection for activist judging by Party organizations, patron-client ties and instrumental-personal ties in Chinese Danwei system are all non-institutionalized mechanisms.

As gradual marketization of labor relations, we infer Party organizations will standardize and institutionalize mechanisms for manufacturing consent. Therefore, this paper puts forward proposition 3: transformation of mechanisms for manufacturing consent led by Party organizations follow the path from non-institutionalization to institutionalization.

4. Agents of Transformation of Mechanisms for Manufacturing Consent

Chinese labor relationship marketing transformation accompanies with the collapse of Danwei system. Li and Zhou(1996) define Danwei “the institutional organization under redistribution system”. Lu Feng(1993) points out that Danwei’s characteristics from perspective of institution are as follows: first, workers fully attach to Danwei. Second, Danwei become the administrative mechanism for the government to control grassroots society. Third, Danwei is also the place for workers to participate in politics. Fourth, Party organizations and administrative authority of Danwei represent China’s Communist Party and the government. Many studies have confirmed that Danwei system plays an important role in China in the mechanism of governance which can fragment labor contradiction(Zhang Jing,2001; Li Meng, et.al,2003; Lu Feng, 1989&2003; Feng Tongqing, 2005; Feng Shizheng, 2006). From the view of Theory of Reference Group, Danwei provides a platform for game competition. However, the tension between activist-group and non-activist-group will be replaced by the tension between SOE and market if Danwei collapse.

Giddens(1998) stresses that sociologists tend to ignore the role of social evolution, especially social transformation. When it comes to labor relations area, we notice both studies about manufacturing consent conducted by Burawoy(2008) and Walder(1996) do not refer to the function of workers’ collective protest. In fact, “in the period of social transformation, workers’ consciousness of civil rights has been budded”(Feng Tongqing, 2009). Workers’ collective protest “leads to a solution for the balance of SOE’s survive and labors’ interests within current regime”(Zhu Xiaoyang, Tong Xin, Dai Jianzhong, 2005) if Party organizations

can provide more democratic communication channels for the purpose of maintaining stability.

Integrate two points above, this paper puts forward 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 Methods

1. The Selection of Research Methods

This paper selects longitudinal single-case study, for it can ensure the depth of the case(Dyer & Wilkins,1991). Besides, this paper presents the case by time line of 2005, for time line can trace back incidents occur in a period so as to reveal causality and can embrace different variables so as to be more comprehensive comparing to other time-series analysis. (Yin, 2010). To say exactly, this paper makes the full use of CG's weekly newspaper to present the case, supplemented by in-depth interview and other documents.

2. The Selection of Research Object

Pettigrew(1990) points out that the organization whose process of transformation can be clearly seen turns out to be a better research object. Accordingly, CG meets the requirement above. On one hand, because of being a SOE in China, CG has established excellent filing system,official document system and internal publication system so as to save lots of detailed records about labor relations incidents and mechanisms for manufacturing consent. Accordingly, the availability of data can be guaranteed. On the other hand, CG locates in southeast coastal area of China where the market economy blossoms. But in startling contrast, CG itself has a characteristic of planning economy because of its identity of resource-based SOE. We infer this contrast can give a clear demonstration about transformation of mechanisms for manufacturing consent led Party organizations. Therefore, this paper decides to choose CG as the research object of the case study.

3. Data Collection

Researchers went to CG in July and August 2014 for investigation. On one hand, researchers made deep interview. Nine executives of CG accepted interview and the duration per person was 45 minutes on average. What's more, all interviews have been made written records and audio records. On the other hand, researchers collected official correspondence,

statistics reporting and other kinds of publication involved manufacturing consent led by CG's Party organizations. Various kinds evidences coming from different sources confirm each other so as to make the study pass the triangulation.

4. Data Analysis

Data analysis in case study consists of coding, display, explaining, predicting and so on (Miles & Huberman, 1994). Based on the preliminary interview and literature review, researchers established a logic structure which embraced some topics. After the second investigation in August 2014, researchers adjusted the logic structure and refine the topics. Finally, key topics in this study are Party organizations, manufacturing consent, Danwei and collective protest.

5. Validity and Reliability

This study ensures the validity and reliability through a variety of ways. Firstly, this study uses multiple sources of evidence to make triangulation (Patton, 1987) in order to ensure construct validity. Secondly, this study makes use of Theory of Reference Group and time-series analysis in order to ensure internal and external validity. Thirdly, researchers have designed the protocol before the interview and built database during the process so as to ensure the reliability.

Transformation of Mechanisms for Manufacturing Consent in 2005

1. Time Line of CG before the Collective Protest in 2005

This study focus on 2005, for 2005 is the year when CG was facing the biggest challenge in the process of transformation of labor relations. 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.

Table 2 displays the time line of CG from January to August 1st about incidents of labor relations and activities of Party organizations.¹

¹ This paper makes use of the date August 4th and August 5th —the time when the collective protest break out—to study transformation of mechanisms. But we should noticed that the cause of collective protest is the plans of dismissal put forward by CG which means collapse of Danwei system. Therefore, we can use August 4th and August 5th as mark line of both the change of Danwei system and workers' action. But it doesn't mean the collapse of Danwei system happened only on those two days. To say exactly, it

Table 2 . Time Line of CG in 2005 (before the collective protest)

Date	Mechanism	Instrument	Title of Report on CG's Weekly Newspaper
1.3	Ideology Control	Ideology Education	CG holds the ideology and politics seminar
1.3		Ideology Education	We must strengthen to build a Party of integrity...
1.3		Ideology Education	Clearing up the sources and getting to the bottom of problems are needed to get rid of the dependence on the government
1.31		Visiting Show	Secretary of the provincial Party Committee visits CG to give workers warm greetings
1.31		Visiting Show	Leaders of SASAC ² visit CG to give communists and workers warm greetings
2.7		Visiting Show	Executives of CG visit workers to give them warm greetings
2.21		Visiting Show	XX-company is committed to maintaining stability
3.7	Game Competition	Model Show	CG gives award of recognition to outstanding Danwei and workers of 2004
3.7	Ideology Control	Political Network	L-mine and DX-mine withdrawn the administrative system ³
3.7		Political Network	The plant establishes information-network of social opinions
7.4	Game Competition	Model Show	The Party Committee of CG gives award of recognition to outstanding Party organizations and communists
7.11	Ideology Control	Ideology Education	We must focus on reform and development in education
7.25		Ideology Education	Education must focus on reform and development of CG
7.25		Ideology Education	Discipline Inspection Commission of CG holds

means the consequence of the collapse of Danwei system breakout intensively during those days.

² SASAC means the State-owned Assets Supervision and Administration Commission of the State Council in China.

³ It means both of the two mines withdrawn the Danwei system.

		education for communists and cadres through form of movies
8.1	Ideology Education	The closer we link education to actual situation of CG, the better effects of education we can get
8.1	Ideology Education	We can push our work only by linking education to the reality
8.1	Ideology Education	Following leading paces and insisting on positive propaganda ⁴

Table 2 shows there were 2 mechanisms for manufacturing consent conducted by Party organizations before the collective protest in 2005(from January to August 1st), which were ideology control and game competition in the area of politics. Detailed analysis is as follows.

1.1 Ideology Control

Generally, the mechanism of ideology control consists of 2 instruments, which are ideology education and political network.

According to the difference of target audience, ideology education can be classified to two kinds. One kind is for cadres of Party and government (such as the education about construction of integrity of Party) and the other is for workers. What is the purpose of the education for cadres of Party and government? A piece of news in CG's newspaper on January 3rd named *We must strengthen to build a Party of integrity...*says "(We have to) strengthen cadres' self-discipline(through education) , take part in the mass work, strengthen the cohesion of the Party (through education) so as to push forward the transformation, development and to maintain the stability." Therefore, we can see from the passage above that the purpose of the education for cadres of Party and government is to make sure of the cleanness and honesty of them so as to manufacture consent in cadres' crowd. When researchers asked Mr Tong, the president of newspaper office of CG " What do you think a resource-based SOE needs if it want to transform peacefully?" Tong answered seriously: "I deem that the construction of Party of integrity is very important." From this conversation, researchers see the education about construction of Party of integrity indeed plays an

⁴ This title means that medias have to publicized positive issues about the transformation of labor relations.

important role during the process of transformation of labor relations. What is the purpose of ideology education towards workers? A piece of news on January 3rd named *Clearing up the sources and getting to the bottom of problems are needed to get rid of the dependence on the government* says “ The thinking of dependence upon the government has been a long-standing problem and it’s adverse impact on our career is significantly...What is ‘clearing up the sources and getting to the bottom of problems’? They mean changing from the very beginning...pushing forward CG’s innovation about management mechanism according to the rules of market economy and modern corporate system.” Obviously, the purpose of education for workers is to maintain the stability of their thinking so as to manufacture consent during the process of collapse of Danwei.

The construction of political network appeared in March 2005 and it’s function was to monitor workers’ ideology trend so as to make sure of the stability of politics. On one hand, subordinate companies constructed their political network in workplace. A piece of news on March 7th named *The plant establishes information-network of social opinions* says “Every Party branch has to pay attention to go deep among the masses to collect social opinions and report per season. Key issues have to be reported on time especially.” On the other hand, in non-workplace the Party organizations also established political network. In fact, CG has established so-called “life service department” in every closed mine and Party branches attached to it so that Party organizations mastered and controlled the ideology of laid-off workers there.⁵

⁵ One file named *The notice about dealing with the closure and bankruptcy of resource exhausted mines* coming from CG's manual of political documents says “(We should) give full play to the effect of Party organizations. Party organizations cannot collapse and the work of Party cannot stop even if in the mines of closure or bankruptcy. Party committees and organizations have to play the political core role from the purpose of maintaining reform, development and stability. After the rescission of labor relationship with communists or assets restructuring, (Party committees) have to reconstruct Party organizations and relocate communists in time.” Heberer and Schubert (2009) point out that Chinese Party organizations construct their political network not only in workplace but also in communities so that they can go deep into the people's daily life. Party organizations in communities mainly receive retired or unemployed communists and such kind of Party organization can cultivate new loyalty in communities within the people who are outside Danwei. From this view, CG's Party organizations in mines of closure and bankruptcy play the same role as Heberer and Schubert refer to.

Visiting show occurred from January to February. On one hand, visiting show was participated by cadres coming from provincial government and provincial federation of trade unions and embodied the concern of government for the workers. From this perspective, visiting show has a function of ideology education. On the other hand, visiting show gives an opportunity for leaders of Party and government to master the ideology situation of grassroots . Accordingly , it has the function of safeguard stability. A piece of news on February 21st named *XX-company is committed to maintaining stability* reveals the purpose of visiting show:“Nowadays leaders of Party of XX-company go deep into grassroots to visit workers...and to strengthen the communication with workers through appointing Party branch secretaries as the reporter of workers’ ideology trend so as to understand and adjust workers’ thinking in time.(Through this way, XX-company) accomplishes the mission of safeguarding stability.” However, this paper treats visiting show only as a kind of particular form of ideology education or political network, for it occurred only in festivals or celebrations and focus only on workers who are in difficulties so that it cannot be a full channel of democratic communication.

1.2 Game Competition

The game competition led by CG’s Party organizations mainly attract workers to participate the game through setting the models in the area of ideology and politics. This paper named this instrument “model show”. A piece of news on March 7th named *CG gives award of recognition to outstanding Danwei and workers of 2004* says that “ (Outstanding Danwei and workers have to) play the role of models to others in reform, development, and maintaining stability...”. In addition, CG held a ceremony on July 4th to give award of recognition for outstanding communists of 2004 and reported that “Giving award and recognition to outstanding Party organizations and communists is meaningful to the construction of Party, promotion of righteousness, initiating the enthusiasm of Party organizations and communists and strengthening the cohesion of Party.” Theoretically, game competition made workers to choose Party organizations as their reference group so as to compete with each other to join it. This produced the antagonism between activist-group and non-activist-group so as to transfer the contradiction between labor and capital into internal one inside workers’ group. Besides, patron-client ties between Party organizations and

activists as well as instrumental-personal ties between Party organizations and all workers produced during the game competition, aggravated the opposition inside workers' group and cultivated consent to Party organizations.

2. Time Line of CG after the Collective Protest in 2005

In August 4, CG broke out the collective protest and Table 3 displays labor relations and activities of Party organizations after that in 2005.

Table 3 . Time Line of CG in 2005 (after the collective protest)

Date	Mechanism	Instrument	Titles of Report on CG's Weekly Newspaper
8.15	Ideology Control	Ideology Education	Maintaining stability is the responsibility of all men of CG
8.15	Democratic Communication	Leader Communication	The open letter to the staff of CG
8.22		Model Show	Cement Branch's activity of communists' advancement is pragmatic
8.29	Ideology Control	Ideology Education	CG initiates the supervision and inspection about the construction of Party's style of integrity
9.5	Democratic Communication	Party Communication	CG holds conference to propel the education of communists to the second stage
9.19	Ideology Control	Political Network	Three officers of SASAC are designated to CG for temporary post
9.19		Ideology Education	We should hold in-depth education about the situation and mission we face
9.26	Democratic Communication	Party Communication	CG holds the working conference about the activity of communists' advancement
9.26		Party Communication	The seventh mine holds the activity of communists' advancement seriously

2.1 Ideology Education

Table 3 shows that after the collective protest in August 2005, Party organizations still did a lot of ideology education. On one hand, they made full use of the ideology education to maintain the stability about ideology of workers and cadres of Party and government⁶. On the other hand, three officers of Party and government coming from provisional SASAC were appointed to CG. A piece of news on September 19th named *Three officers of SASAC are designated to CG for temporary post* reveals that the purpose of this designation is “to strengthen the construction of Party and ideology.”

2.2 Democratic Communication

Table 3 reveals that there was one new mechanism for manufacturing consent after workers’ collective protest in August 2005, which researchers named democratic communication and consists of two instruments named leader communication and Party communication respectively.

The first instrument is leader communication. After workers’ collective protest, provincial government set up a working group to CG to investigate workers’ thinking and demand. A piece of news on August 15th named *The open letter to the staff of CG* says: “The working group organized by the provincial government will come to Danwei of CG to take opinions. (Every Danwei) have to express opinions and demand following the order.” Comparing to the visiting show in January and February, this instrument is more conducive to understand workers’ real thinking so as to open a channel of democratic communication.

From late August and September, Party organizations held many democracy seminars inviting workers as well as cadres of Party and government to participate. A piece of news on September 9th named *CG holds conference to propel the education of communists to the second stage* says that “ Party Committee of CG asks every Danwei to ...extensively solicit opinions from workers, to put forward specific requirement and advice to the construction of leading group, and to hold democratic salon and organizational salon⁷....to promote

⁶ Please refer to reports named *Maintaining stability is the responsibility of all men of CG* on August 15th, *CG initiates the supervision and inspection about the construction of Party's style of integrity* on August 29th, and *We should hold in-depth education about the situation and mission we face* on September 19th for details.

⁷ Organizational salon is a discussion mechanism for members of Party branch to exchange thinking and experiences. Democratic salon is a discussion mechanism for cadres(such as the secretary and committee of Party) to examine the consistency of current work as well as policy and principle of Party.

democracy...and pay attention to make Party organizations and Party branches to play important roles.”

Being inspired by CG Party organizations, subordinate companies began democratic communication. A piece of news on August 22nd named *Cement Branch's activity of communists' advancement is pragmatic* says: “Communists and cadres coming from...Party organizations...workshops and Party branches participate the consultation about the situation of the company and lots of creative solutions are proposed...”. A piece of news on September 26th named *The seventh mine holds the activity of communists' advancement seriously* says: “The (cadres of) this mine widely solicit opinions through talking and writing...Party branches have to hold organizational salon seriously...Communists have to practice criticism and self-criticism...(Party branches) have to instruct communists and cadres to examine seriously whether their spirit is consistent with the principle of Party.”

Through democratic communication, leaders of CG and cadres of Party understood workers' thinking and demand. With support of provincial government, CG supplied a series of policies to re-manufacture consent in workers' group.

From the time line of CG in 2005, we can see Party organizations made use of various kinds of ways to manufacture consent in the area of labor relations. Therefore, proposition 1 can be confirmed: manufacturing consent led by Party organizations plays a key role in transformation of labor relationship.

3. Transformation of Manufacturing Consent and Agents of Transformation

According to the time line of CG in 2005, this paper deems that even though the function of manufacturing consent has never changed, the mechanisms behind the function had been changed after the workers' collective protest.

3.1 The Period of Time of Each Mechanism

This paper analyzes all activities led by Party organizations and sums up mainly three mechanisms for manufacturing consent which are ideology control, game competition and democratic communication. Each mechanism consists of some instruments.

Ideology control played an important role during all the year of 2005. What's more, this mechanism for manufacturing consent even had been strengthened after workers' collective protest in August.

Game competition in the area of ideology and politics led by Party organizations functioned well before the collapse of Danwei and workers' collective protest happened in August.

Democratic communication played an important role in manufacturing consent after collapse of Danwei and workers' collective protest. It means Party organizations transformed their mechanisms of manufacturing consent.

Therefore, 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.

3.2 The Transformation from Non-institutionalization to Institutionalization

Comparing to the mechanisms for manufacturing consent before the labor relationship marketing transformation, the mechanisms after it turned out to be more institutional. First, 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. Second, the relationship between cadres and workers changes from instrumental-personal ties to institutionalized democratic communication. Tong, the president of newspaper office of CG takes an example : "In 2005, including this time, (what we dedicate to is) mainly the cohesion of the spirit of our enterprise. (We have to) carry forward good tradition, (which is) workers have to accept (the leadership of) Party organizations. Workers have to carry out the decision made by Party organizations with no doubt...Take dismissals of workers...as an example.We recruited more than 30 workers this time...during the period of reconstructing, without following the open, fair and impartial procedure. Then during the in-depth reform this time, some workers had dissatisfaction(about the violation of recruitment). Accordingly, the Party committee held a meeting and decided to dismiss all new entrants who are recruited with violation." The example cited by Tong reveals Party organizations play a key role in the maintenance of open, fair and impartial procedure so that magnify the effects of manufacturing consent. In fact, from the year of 2005, mechanisms for manufacturing consent of CG tends to be more and more institutionalized. Therefore, proposition 3 can be confirmed: transformation of mechanisms for manufacturing consent led

by Party organizations follow the path from non-institutionalization to institutionalization.

3.3 The Structure Agent and Behavior Agent

Mr Zhao, the chairman of the trade union of CG, explains the thinking of workers facing the closure of mines and collapse of Danwei: “(During that period), CG gradually entered a situation of instability. After the closure of mines, lots of (workers) laid off, had no place to locate...(Workers accordingly) predicted that they had no future in existing mines and Danwei...” This change of minds led to the failure of manufacturing consent made by game competition in the area of ideology and politics led by Party organizations, for the antagonism between activist-group and non-activist-group had been replaced by the pressure of marketing transformation of labor relations. The shift of the focus can be exemplified by Chairman Zhao’s saying that “ You(Party organizations and executives of CG) encourage us to dig coal, the workers who dig the most even can be honored ‘the outstanding worker’. But we lose our jobs now when we exhausted the mining!” Therefore, workers’ reference group has been transferred outside Danwei. In front of this situation, CG’s solution was to open the channel of democratic communication to defuse the pressure and discontent released from the collapsed Danwei.

CG’s attitude toward workers’ collective protest on August 4th tended to be rational and comprehensive. President Tong of CG’s newspaper office says“(Our) contradiction is enterprise’s internal conflict among the people. The (reason) for the breakout of this issues(workers’ collective protest) is indeed that the enterprise develops not very well so that workers have no source of income. Accordingly, CG and the government can understand workers’ action.” Chairman Zhao exemplifies this point from the perspective of social responsibility: “To be honest, the biggest politics for enterprise, especially for SOE, is to offer your staff a happy and peaceful life...” On the basis of full understanding about workers’ condition, Party organizations of CG and government made use of workers’ protest as a chance to establish the channel of democratic communication.

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.

Conclusion and Discussion

Through the case study of CG, this paper makes several preliminary conclusions: first, manufacturing consent led by Party organizations plays a key role in transformation of labor relationship. Second, 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. Third, transformation of mechanisms for manufacturing consent led by Party organizations follow the path from non-institutionalization to institutionalization. Fourth, 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.

However, 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 and so on⁸. Accordingly, it is necessary to interview more workers so as to have a more comprehensive understanding about the effects of manufacturing consent led by Party organizations.

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⁸ The newspaper of CG is also an official media.

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