

Building Capacity for Collective Negotiations, Conflict Management and Industrial Peace:

Will China Learn from Experience in Other Countries?

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China's Challenge: Rising Number and Intensity of Workplace Conflicts

- Growing number of *individual* complaints/cases
 - Over 900,000 cases filed in 2010; 500,000 arbitration cases pending
- Growing number of *collective* (strikes and other) incidents
 - The number of strikes in China has doubled each year since 2011
 - **1,218 Jan-June, 2015 compared to 1,379 for all of 2014**
 - More than 50% of these strikes in Guangdong Province
 - Spontaneous, often surprise to managers
 - Higher pay and fair treatment
 - Recently: Failure to pay wages due/back wages/severance pay in plant shutdowns
 - Little or no ACFTU involvement
 - Leaders penalized or fired
 - Government increasingly nervous about “social stability”
- Honda, Foxconn, Apple, Bangladesh Factory....major brands held accountable for labor & environmental standards in their supply chain

Our Approach to Meeting China's Challenges:

- Working with employers, academics, and students to create constructive channels reducing and resolving workplace conflicts
- Our Premise: Employers' Self Interest Should Prevail
 - Can't rely on government to bring industrial peace
 - Need to set up internal dispute resolution and dispute avoidance procedures
 - Need to comply with laws and avoiding challenges to government policies
 - Provide workers with effective alternatives to appealing to government
 - Achieve cooperative workplace environments that reduce conflicts, enhance productivity, and benefit the bottom line
- And, China can learn from other Countries' Experiences

Presentation Overview

- Learning from the ILO
- Lessons from South Africa
- Our Roles in China: What we Teach
- Our Experiences to Date
- What lies ahead—China's Choices



Universal Worker Aspirations; Lessons of the ILO Standards

- ILERA knows well the ILO History
 - International norms
 - Tripartite Recognition
 - Shortfall in Adoption
 - Shortfall in Implementation
- Problems in Developing Countries
 - Low Wages of Inspectors/labor Officers
 - Corruption
 - Expatriate Factory Manager (Bangladesh)
 - Corporate Owners as Government Legislators
- Chinese Characteristics: Additional Problems
 - Legal Structure for Individual Complaints but not for Collective Actions
 - Advent of Private Enterprise and Profit Motive
 - Role of ACFTU
 - Suppression of Collective Action
 - Pressures to move up the Value Chain as other Countries Gain Low-cost Advantage



Parallels from South Africa?

- South African Precedent following the Weihan Report
 - 1982 refusal of black workers to join white led unions
 - Progressive employers working with black unions on recognition, grievance procedures collective agreements
 - Evolution of neutral class, tripartite partnership
- Evolution that Tripartite Partnership from the Workplace to the Political Sphere
 - Potential for South East Asian Countries?
 - Shattered hopes for Bangladesh
 - Wishful thinking for China?

Our Activities in China

- 2010-2014
 - Participation in Labor Law Conferences at Renmin University
 - Lectures with MIT Partner Schools at Lingnan, Tsinghua, and Fudan Universities
 - Workshops with Industry, NGO, and Labor Groups
 - Efforts to Set Up Centers to Train Professionals and Supply Conflict Management Services
 - Quietly Working with several NGOs

What we Teach: Generic Elements of a Conflict Management and Dispute Resolution System

Component

- Firm-level state-of-the-art HRM and Labor Relations Strategies and Practices
- Multi-option Workplace Conflict Management System
- Negotiations Structures and Processes
- Accessible Neutral Mediation and other Conflict Resolution Services
- University Based Educational and Research Programs
- Professional Associations

Role

- Build high performing organizations that provide good jobs and fair employment practices
- Address problems and conflicts before they escalate and provide fair resolution of individual disputes
- Address and resolve issues affecting collective groups of workers
- Assist parties in resolving disputes
- Teach needed skills to current and future managers, worker representatives, and neutrals
- Build a network of professionals to support conflict management and dispute resolution systems in China

How we Teach Negotiations

I. Prepare

II. Bargain Over How to Bargain

III. Open & Explore

IV. Focus & Agree

V. Implement & Sustain

**Increasing appreciation
of each other's interests**

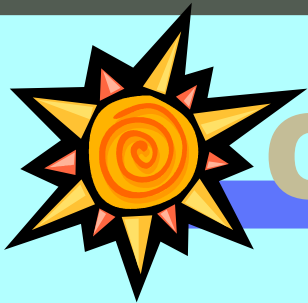
**Increasing skills in
interest-based negotiations**

Beyond Negotiations: Multi-Option Conflict Management Systems

Source: Mary Rowe, MIT:

<http://mitsloan.mit.edu/iwer/research-and-resources/videos/>





Options in a System

**Training &
Capacity Building**

**Access to
Trained
Neutrals**

Arbitration/Adjudication

Investigation

Mediation

Negotiations

Generic Solutions

Ongoing Consultations

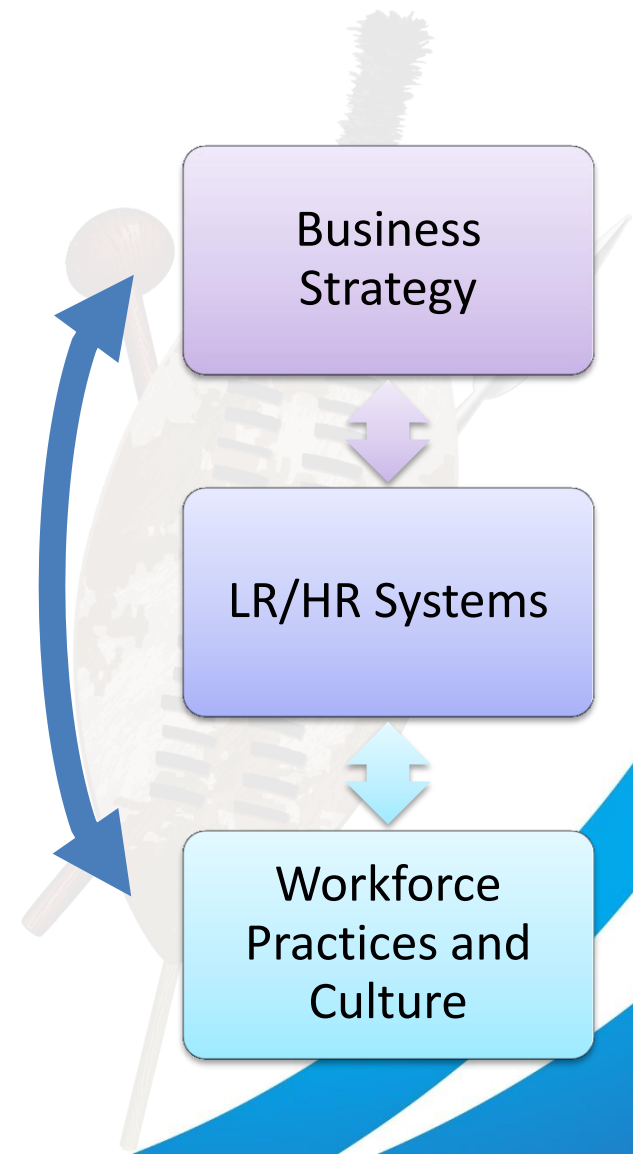
Workplace Councils & Other Forums

Listening & Affirming
& Resolving Problems

Giving & Receiving
Information

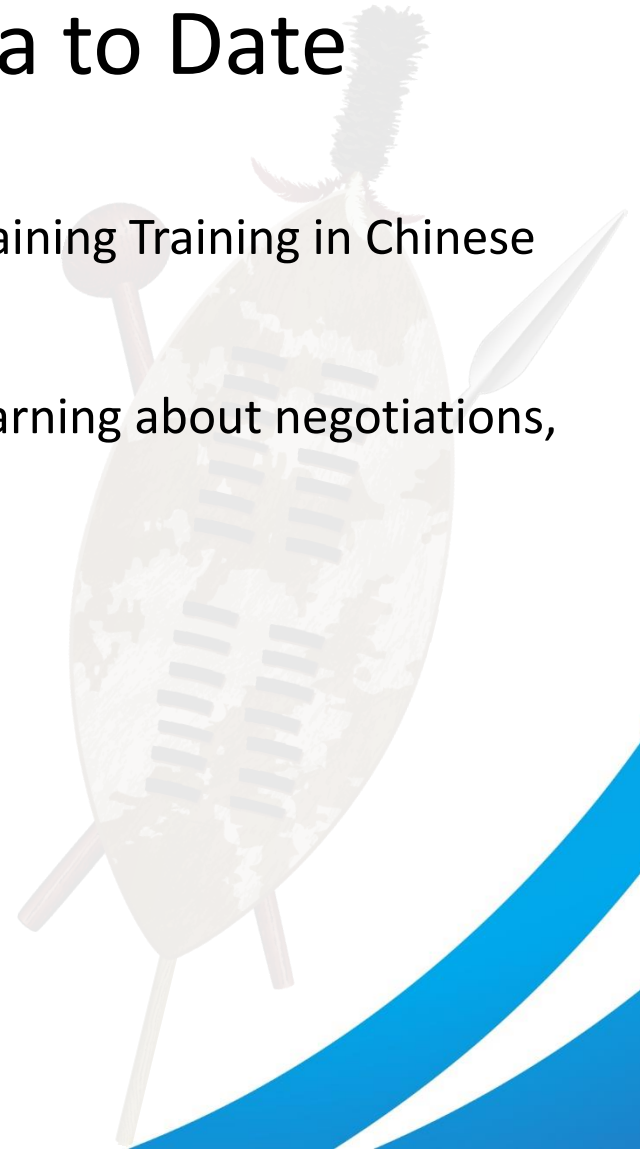
Integrated HRM/Labor Relations System in a Firm

- High Trust Workplace Culture
- Employee Engagement
- Flexible-Team Based Work Design
- Options for Conflict Management
- Training & Development
- Fair & Contingent Compensation
- Interest-Based Negotiations
- Labor-Mgmt. Partnerships
- Supportive Business Strategies



Our Experience in China to Date

- Introduction of Negotiation and Collective Bargaining Training in Chinese B-Schools
- Great response from students—real thirst for learning about negotiations, mediation, and conflict management
- Strong pushback from Chinese Security Forces
 - Don't set up a Center to train professionals
 - Don't put up a website with materials
 - But okay to keep teaching in universities
- Part of a broader crackdown on similar efforts



China's Choices

- Conflicts will not go away; suppression will fail
- Three potential scenarios
 - Continued crackdowns will eventually lead to more unpredictable, explosive conflicts
 - Gradual opening up to more collective negotiations will help Chinese fashion systems of negotiations and conflict management that work for them
 - Current devaluation and market changes raises uncertainty of political unrest
- Let's hope China learns from other countries experiences!