

The Revitalisation of Chinese Unions' Role of 'Transmission Belt' in the Private Sector: Evidence from Professional Union Leader Practice in C city

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Abstract

In a planned economy, Chinese unions were officially functioned as a two-way 'transmission belt', which involved implementing the will of the State from top down and representing the demand of workers from bottom up. However, China's market reform has witnessed the rupture of Chinese unions' transmission belt role by virtue of the decline of the SOEs and the rise of private employers. Therefore, in order to retain an authoritarian socialist principle without disturbing the economic growth, unions have to rebuild their role of transmission belt at grassroots level in the private sector. Empirically, there has already been some evidence by some regional offices of the All-China Federation of Trade Unions (ACFTU) to form united grassroots unions independently from individual employers in C city. Remarkably, this attempt has distinct parallels with various models of union revitalisation that have been documented in many other countries. The paper aims to use qualitative case study evidence in C city to indicate how this practice helps unions revitalise their transmission belt role in private sector. The research finds that, although the practice has built up a new form of grassroots union as new transmission belt, such belt is still limited both in representing workers in labour disputes.

Keywords: Union revitalisation, Voice, Industrial relations, PUL

Introduction

Chinese unions are creations of the state, and formally function as both a worker representative and a state institution with responsibility of maintaining social and political stability. In this schema, Chinese trade unions are officially viewed as a 'transmission belt' providing a two-way conduit between the Party centre and workers (Unger and Chan, 1995).

However, with the economic reform in the last 30 years, the rise of the private sector and the decline of the state-owned enterprises (SOEs) has seriously undermined Chinese unions' role as a transmission belt (Chan, 2006; Taylor, 2005) ¹.

Notwithstanding the ACFTU's revitalising efforts in recent year, due to their management-dependent nature, unions at workplace level have been performing weakly in representing workers and exerting Party's influence in the rising private sector (Chan, 2006; Gu and Fan, 2006, p. 70; Shen and Leggett, 2007, p. 236). Consequently, Chinese unions have to gain independence from workplace management to rebuild the ruptured 'transmission belt' in the private sector.

In recent years, a 'Professional Union Leader Practice' (PULP) has become a prevailing solution for rebuilding transmission belt. Remarkably, the practice parallels some causes, elements and consequences of union revitalisation identified in industrialised economies. However, almost no literature examines Chinese unions' efforts of rebuilding transmission belt from the union revitalisation perspective, which will be filled up by this paper.

Using empirical and second-hand data collected from a major fieldwork in China in 2009, this paper will, firstly, briefly review revitalisation literature and raise research questions; secondly, describe the PULP in C city; thirdly, locate PULP evidences in the Western union revitalisation theoretical context; and finally, summarise union revitalisation features in the Chinese context.

Union revitalisation perspective

Global unionism has been facing with great challenges in the recent 30 years. Globalised capitalism, aggressive employers, adversarial labour policies, together with interest division between rank-and-file member and union officialdom have led to a significant decline of the global trade unionism in reference to its membership and influence (Heery, Kelly, and Waddington, 2003, Phelan, 2007b).

In response to this decline tendency, union revitalisation perspective, addresses how to adapt unions to external power and how to close the division between union officials and rank-and-file members.

Causes, Elements and Consequences

Causes

The five identified primary causes of union revitalisation are: (1) the local union political crisis leading to a new leadership; (2) leaders with activist experiences outside labour movement; (3) influence from international union in favour of innovation; (Voss and Sherman, 2000) (4) members' perceptions on their common interests (Levesque and Murray, 2005); and (5) unions' collaborations and negotiations with community groups (Wever, 1998).

Elements

Union revitalisation is generally associated with the typical features of: (1) community-based union structure; (2) innovative leadership; (3) diversified supply of resources; (4) marginalised workers and social justice oriented union goals; (5) union tactics transit to mutual-aids, disruptive activism, and coalition building; (6) increased member participatory democracy in sharing information, communication and decision-making; (7) the union culture shifts from top-down union services to bottom-up labour movement. (Frege and Kelly, 2003; Phelan, 2007b)

Consequences

Renewal consequences primarily involve union satisfaction (the extent of member satisfaction for union's collective voice function), union commitment (the extent of

member attachment to their unions), and pro-union behaviours (members' willingness of participating in union activities) (Voss and Sherman, 2000; Bacharach, et al., 2001).

Union Revitalisation in the Chinese Context

In the Chinese context, union revitalisation means all the strategies that unions deploy to rebuild a 'transmission belt' between workers/management and party state in the private sector. In spite of some discrepancies, Chinese unions' revitalisation efforts may bear some revitalisation features that have been identified in the industrialised economies.

The research questions are:

- 1) Do revitalisation elements exist in the PULP?
- 2) If so, then what are the driving forces of the elements?
- 3) Do the elements incur members' more positive attitudes towards their unions?²

Method

C city was chosen as my research object because it was the first city that initiated the PULP. Empirical evidence was originated from a major fieldwork there in 2009, which involved: (1) a major interview with the director of organising division of the municipal union; (2) two separated interviews with sub-district level PULs; and (3) 2 focus group interviews with rank-and-file union members. Evidence from union official documents and media reports were also deployed as supplementary data source.

Empirical evidence: PULP in C city

Origin and Development

C city used to be an important industrial base in the planned economy with plenty of SOEs. However, small private firms (firms with less than 25 employees) have become superior to all kinds of firms in number in recent years. Despite the Chinese *Trade Union Law* stipulates that ‘for the work units with less than 25 employees... united grassroots unions can be formed in several work units’ (Article 10, Clause 1), almost all the small firms in C city were unorganised. The situation could be attributed to the incapability of the sub-district union leaders, who were supposed to be responsible for organising small firms.

In 2004, municipal union conceived a proposal of recruiting professional union leaders (PULs, hereafter). During 2005-2006, the first batch of 5 PULs was recruited from the unemployed SOE senior managers in D district. In the first year, several united grassroots unions were built in the district covering more than 60% of the small firms there. Since early 2006, PULs have begun to hold a concurrent post as united party branch secretariat. By 2008, 120 union leaders were selected and dispatched to 60 sub-districts in the province where C city is located.

Contract and Remuneration

All the PULs were contract employees. During the 2 months probation period, generally, leaders had to organise at least 50% employees in the area, and got them elected as united union leaders. Only by achieving this, were they eligible for renewing their contract for another 2 years.

The provincial trade union federation, bureau of small and medium-sized enterprises were separately responsible for 1/3 of leaders' salary; and municipal government paid the rest 1/3 salary plus social insurance contributions.

Union Funding

According to the Chinese *Trade Union Law*, unionised firms are liable for contributing 2% of their payroll to upper level unions as union expenditure. Furthermore, grassroots unions also have the rights to collect union membership due from rank-and-file members' pockets.

However, since unions have no coercive power for securing financial sources from employers, the PULP is solely funded by upper level unions and the municipal government. All the union activities are funded by the sub-district government, usually in small amount, however, far from enough.

Nevertheless, in 2008, the municipal tax authority began to directly deduct firm union expenditure from their accounts. This was reinforced by another policy issued in July 2009, which enabled PULs to collect membership due, and also make them take charge of the 57% refund from the 2% firm union expenditure³. These two measures have three positive effects: first, firm union expenditure became a secured regular financial resource for unions; secondly, PULs had the power to ensure union expenditures had been spent on union activities; thirdly, PULs have financial capacity to conduct union activities.

Organising, Election and Union Structure

In the organising campaign, PULs talked to employers and explained the nature and functions of Chinese unions and the benefits of unionisation. After gaining permission,

union leaders would require employers to sign an application form and a prepared collective agreement. If PULs couldn't acquire permission, leaders would visit these firms once again until they get the permission.

Then, an election would happen with PULs elected as president of the proposed united grassroots union. In order not to interrupt the operation of the firms, district leaders and PULs brought a ballot box to every tiny firm to collect ballot paper. After the election, a committee would be established including 2 PULs and 5 committee members from the firms.

In practice, the PULs were also responsible for managing normal firm (with more than 25 employees) workplace unions, due to the incapability of sub-district level union leaders.

Democratic Management

Worker democratic management was realised through a regional/occupational workers' congress. Worker representatives were elected from rank-and-file union members and took the responsibility of raising congress proposals. However, only after gaining employers' consent, could the proposals be presented in the congress.

Worker congress also took the responsibility of passing collective contracts with multiple employers. Normally, PULs drafted the first edition of collective contract and got them distributed to all employers and employees for comments. PULs would put the revised version forward to the congress for approval. After approval, the collective contract would be applied to all employees in the region/occupation.

Union Strategies

For workers' side, PULs distributed 'green cards' recording functions, hotline no., and website address of the united grassroots union for workers to raise their concerns. PULs were required to devote 2/3 of their working time to visiting firms and checking labour complaints in workplaces.

For employers' side, PULs helped employers solve problems to win their trust, which would promote the efficacy of mediating labour disputes. For wage arrear cases, employers might be required to pay half of the back pay in two weeks. Otherwise, union leaders might threaten to bring the case to media or contact legal aid agency for legal solution upon request from the involved workers.

When dealing with collective disputes, a primary principle that PULs hold is to avoid confrontations.

Performance Appraisal

Performance appraisal was comprised of several measures. Firstly, district level union conducted spot-checks every three months to check PULs' working performance. Normally, it took the form of focus group interview between district level union leader and rank-and-file union members, members were asked about questions about the PULs; secondly, monthly meetings were held in the district unions, which involved PULs reporting their working progress and district union leaders assigning tasks for next month; thirdly, a new performance-based reward system would come into effect soon.

Union Effectiveness

As for effectiveness of the PULP, rank-and-file members' opinions varied.

PULs were pretty confident on their work:

We have established a union network which represents a solution for maintaining workers' interests in small businesses. Workers found the union reliable. Our secret was to do propaganda and brought workers with real benefits, so they got to know and trust unions. Mobilising union members become possible. I reckon, at least 80% members trust and rely on our unions.

Some migrant worker members' attitude towards their unions verifies the leader's contention:

I trust unions, because PULs have helped me reclaim my back pay. Since I received benefits from unions, I will treat union as a useful way to raise my concerns in the future.

However, some members showed little knowledge on unions. One college graduate member said she would not risk their job to raise any complaint about her wage or working conditions; another member put it more straightforwardly:

Wage complaints? No! I should thank the employer for hiring me, since I have been a laid-off worker for years, and the employer gave me a rice bowl and prevent me from starving. I will certainly not raise any complaint!

Faced with the unexpected responses, a PUL explained this by reemphasising the nature of PUL practice:

Our union only secures primary labour standards by coordinating with employers, reporting to upper level unions, and providing some livelihood supports. If you want more, e.g. to get your wage raised from 1000 to 5000 yuan, that is not the business of union. My own salary is also limited.

Findings and discussions

Elements

Organisational Characteristics

Firstly, the united unions is geographic community-based. Secondly, union leaders are recruited from the society, independent from management and supportive to innovative strategies. Thirdly, municipal union leaders try to secure resources for PUL

innovations: first of all, three channels were sought to provide wage and fringe benefits to PULs; second, a performance-based remuneration system will be implemented to stimulate PULs; third, PULs will be in charge of union dues collected by local tax office. Lastly, the sub-district level government provided office places for PULs.

Goals and Tactics

In terms of goals, generally, the practice aims to establish a ‘transmission belt’, which involves, firstly, making both parties under the leadership of the Party; secondly, taking care of primary needs of labour and management to secure sustainable economic growth. Specifically, the practice aims to secure primary labour standards, help firms’ operation and exert ideological influences.

As for tactics, firstly, the practice bears some features of organising model in recruiting PULs to do face-to-face personal contact in organising; secondly, using means of revisit, a call centre, a website feedback system, a legal aid agency, the collective contract and the workers’ congress to maintain workers’ primary legal rights; thirdly, when mediating labour disputes, PULs try to solve problems for employers first and then do some propaganda the interdependence between worker and management, and finally use media to overawe employers.

Union-Member Relationships

As for union-member relationships, firstly, rank-and-file members do have opportunity to become representatives of the ‘united union congress’ to elect their union president, members are also eligible to become representatives of workers’ congress to raise their concerns on labour relations issues. However, the passing of

members' raised concerns is still subject to management approval, in order not to cause any negative impact on the firms' performance. Thus, members' participative democracy is quite limited.

Causes

Efficacy Crisis

The ineffective operation of sub-district union made municipal union leaders think about alternative leadership solutions.

SOE Reform

The effects of the SOE reform were twofold: it led to a significant organisational and membership loss at grassroots level; it provided the municipal union with an opportunity to recruit union leaders from the laid-off SOE leaders.

Union Leaders with Social and Management Experience

Former administrative experiences in state-owned enterprise enabled PULs to have capacity of coping with employers and mediating labour disputes. Firstly, the composition of employer was quite complex, which required union leaders to have extensive social experiences to deal with them; secondly, they could use their management experience to solve problems for employers.

Personnel and Financial Independence

The practice released grassroots union leaders from financial and personnel dominance of management, which enabled PULs to maintain workers' interests and implement Party's intention independently from management.

Consequences

Revitalisation consequences are reflected unevenly among different groups of informants.

Firstly, some migrant worker members who have ever received union benefits tend to have positive attitude towards their unions.

Secondly, other members don't believe the union can raise their wages. Former SOE laid-off workers distrusted unions and regarded union leaders as government staff.

The members' responses reflect that, firstly, the effective cases were concentrated in members whose minimum labour rights have been seriously violated; secondly, the practice still hasn't established unions' image as a labour representative among rank-and-file members.

Implications for union revitalisation in the Chinese context

In the western context, union revitalisation embraces various means of reviving unions' membership and influence. However, in the Chinese context, union revitalisation means all the strategies that unions deploy to build a 'transmission belt' between workers/management and the party-state, particularly in the private sector. The primary goal is to balance the interests of the management and workers in order to make both parties contribute to the economic growth and social stability.

The PULP has built a new transmission belt in the private sector in terms of retaining authoritarian socialist principle without disturbing economic growth. However, compared to its western counterparts, the renewal is quite limited in relation to worker representation: firstly, only minimum labour standards were guaranteed, wage bargaining and direct actions were beyond its scope; secondly, PULs also take care of

management interests; thirdly, PULs take the responsibility of preventing collective labour protest; finally, it lacks enough member satisfaction and commitment.

Notes:

1. Taylor and Li (2005) estimate that, in the reform, SOEs dismissed approximately 60 percent of their workforce, or around 30 million employees, many grassroots unions disappeared soon afterwards. Therefore, both organisational and membership bases of Chinese unions have been seriously undermined.
2. For the detailed research agenda for examining Chinese union's revitalisation process, see Fan (2009) "Union Revitalization with Chinese Characteristics?" in John Lewer, Shaun Ryan and Johanna Macneil (eds.), *Proceedings of the 23rd Conference of the Association of Industrial Relations Academics of Australia and New Zealand*, Newcastle, NSW, Australia, 4-6th February 2009.
3. According to the Chinese Trade Union Law, a certain amount of firm union expenditure (2% of total payroll), is supposed to be refunded from upper level unions to grassroots union as their own operation fund. In C city, the percentage is 57%.

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