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Multinational corporations, global civil society and Chinese labour: Workers’ solidarity in China in the era of globalization

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Abstract
The evolution of international production chains has facilitated the flow of industrial capital from developed countries into China. Multinational corporations in China apparently make huge profits through exploiting cheap labour, but they also exert pressure on their contractors to improve workers’ rights. International non-governmental organizations enter into the relationship with their moral force and global networks. The authority of the All-China Federation of Trade Unions was challenged, and new channels were offered in fighting for workers’ rights. But within the existing Chinese political system and labour-market system, their roles all remain limited; the protection and promotion of workers’ rights in China still demand a reform of the prevalent systems.

Keywords
All-China Federation of Trade Unions (ACFTU), enterprises–workers relationship, international production chains, multinational corporations (MNCs), non-governmental organizations (NGOs), workers’ rights

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Introduction

Since the late 1970s, the development of China’s economy has led to its integration with the international market and made it an important part of the global economy. In the keen international economic competition within the context of economic globalization, cheap labour is an indispensable asset in enhancing China’s international competitiveness. To maintain this competitive edge, all levels of government, consciously or unconsciously, have gradually demonstrated a distinct political orientation to please capital and suppress labour so as to attract foreign capital and increase exports. The Chinese leadership has been emphasizing the protection of workers’ rights through labour legislation and a satisfactory social security system, but it allows local governments’ open support for investors in labour disputes. Given such a role assumed by the state, the respective bargaining powers of capital and labour are unbalanced, and workers’ rights are not adequately protected (Ngok, 2007; Zhu, 2004). These circumstances in turn have led to tensions in labour relations; and labour conditions as well as labour relations have attracted considerable attention from the international community and academic researchers (Chan, 2001; Cooke, 2005, 2008; O’Leary, 1998; Warner, 2000).

Scholarly literature on Chinese labour in the last two decades has largely concentrated on the unsatisfactory working conditions and working environments, as well as the workers’ struggles and the tensions within enterprises generated by the former (Chen, 2006, 2008; Cooke, 2008; Lee, 2003, 2007). Insufficient attention has been given to Chinese labour’s organizational activities and interest articulation within enterprises. In view of the imbalances in the relationship between labour and capital and the increasing incidence of labour disputes, the official trade unions in China, non-governmental organizations (NGOs) in the international community and even multinational corporations (MNCs) have been trying to study workers’ organization and participation at the enterprise level.

A group of scholars adopt the state-centric analytical framework, and have focused on the Party/state–labour relationship (Chan, 1995; Chen, 2003b; Lee, 1999; Sheehan, 1998). Most of them use the corporatist model. In China’s traditional corporatist industrial relations, issues among the Party/state, capital and labour are not normally settled by the mechanisms within the market and the rule of law framework. Instead the Party and state machinery relies on certain functional interest groups and mass organizations like trade unions, chambers of commerce, the Communist Youth League and workers representative congresses to persuade and mobilize workers to accept the Party line and state policies. In some cases, the local Party committees may also be involved. These interest groups and mass organizations thus become institutionalized channels of intervention (Chan, 1993; Chen, 2006, 2009). The All-China Federation of Trade Unions (ACFTU) is the most significant state-corporatist institution exploited by the Party and state to exercise control over workers. It has a double institutional identity of being a Party/state instrument and a labour organization in industrial relations. While it sometimes tries to balance and manoeuvre between the Party/state and labour, it decisively tilts towards the Party/state whenever its dual roles are in conflict (Chen, 2003a). Although the ACFTU is not a free and full trade union defined in the western context, it has the legal right to engage in collective bargaining with the management of enterprises. Actually, in view of
the unbalanced labour–capital relations and the widespread labour unrest in China, the ACFTU has become more active in protecting workers’ rights and interests through organizing grassroots-level trade unions and wage negotiations in recent years. In May 2010, after 13 young workers at Shenzhen-based Foxconn attempted to commit suicide over the space of half a year, resulting in 10 deaths, the ACFTU urged its branches at all levels to ‘safeguard the rights and interests of workers’ and ‘develop harmonious labour relations’, and called on them to improve psychological counselling for young workers. It also pressed the enterprises to set up a collective wage negotiation system, raise pay for workers, as well as allow company trade unions to safeguard employees’ rights (China Daily, 31 May 2010).

In fact, those who adopt the state-centric analytical framework tend to focus on the role of trade unions as an intermediary between the Party/state and labour (Chen, 2006; Warner, 1993). Zhang (2003) examines the processes of five conflicts between the Party/state and trade unions in the history of the People’s Republic of China (PRC) since 1949, and considers that trade unions in China have never been free from the trap of the obedience and conflict circle. Zhang has thus come up with the analytical framework of ‘smooth relations and conflict’. At the same time, Chan and others have indicated that the bulk of the blue-collar workers in the private and collective industrial enterprises since the late 1970s have actually been excluded from corporatist institutions (Unger and Chan, 1995). The increasingly complex Chinese economy posed a new problem in the 1980s and 1990s, i.e. corporatist industrial relations would be difficult to establish and maintain. Meanwhile, the principle of corporatist inclusion was severely challenged in the relationship between the Party/state and the unions. Social and political stability among China’s workers could no longer be contained within a corporatist framework (Sheehan, 1998; White, 1996).

Hence another group of scholars ‘has brought workers back to the focus of its research efforts’, and concentrates on the relationship between labour and management (Cooke, 2008; Morris et al., 2001). In his analysis of workshop politics, Walder (1986) offered a thesis of ‘Communist neo-traditionalism’, and considered that workers in China’s state-owned enterprises (SOEs) depended on their enterprises for their social and economic status; politically they were dependent on the Party/state leadership of the SOEs; and in terms of personal relationships, they were dependent on their direct superiors at the workshop level. Such ‘organized dependence’ in economic, political and personal aspects, according to a subsequent study of Lee (1999: 45), was rooted in the Party/state’s monopoly of livelihood resources and the extension of its political control within the factory. But in the transition from state socialism to market socialism, a restructuring of industrial employment has evidently occurred (Lee, 1998a). The prevalence of the market undermined whatever class solidarity SOE workers had in terms of a common lifestyle and similar life chances in the decades of state socialism prior to the economic reforms. Based on her research in Guangzhou, Lee (1999) observed that the labour regimes in Chinese factories were changing from organized dependence to disorganized despotism.

Apart from the SOE workers, the new labour categories brought by the globalization process have also attracted considerable academic attention (Chan, 2001; Lee, 1998b; Morris et al., 2009; Pun and Smith, 2007). Chan (2001) conducted surveys of working
conditions in foreign enterprises in China, and discovered that they were as bad as those in the early years of the Industrial Revolution in Europe in the 19th century: wages were low, work hours were long, dormitories were over-crowded, industrial accidents were frequent, etc. In her research on foreign-invested factories in south China, Lee (1998b) also identified very complex relations between labour and capital. This was not simply about relations concerning foreign capital exploiting workers in China being tolerated by the Chinese authorities. The labour control strategies within the enterprises were to a large extent influenced by the organizational operations of the labour market and the mass characteristics introduced into the enterprises by the workers recruited. Based on their case studies in Shenzhen, south China, Pun and Smith explored a new spatial politics of the transnational labour process in China – the dormitory labour regime, where working and living are combined by using employer-controlled accommodation – and examined the relations between workers and employers under such a regime (Pun and Smith, 2007; Smith and Pun, 2006).

In sum, the state-centric research approach considers that the Party/state ultimately defines the relationship between labour and capital/management in China. In the study of the power relationship between trade unions and management, as well as the role of trade unions in disputes between labour and capital, research has focused on the relationship between the Party/state and trade unions (Chan, 1995; Chen, 2003a; Warner, 1993). However, globalization and marketization have transformed the structure of China’s labour market, which in the process has become more diversified; at the same time, new actors have emerged in China’s labour policy arena, including MNCs and global civil society (Huang and Guo, 2006; Ngok, 2007; Solinger, 1995). These developments weaken the explanatory power of corporatist theories, and pose new challenges to those researchers who concentrate on workers in China. In view of the diversification of workers categories and the involvement of international actors, the latter have to explain the evolving relations between the new actors and labour in China. The new challenges have probably made the research more interesting. As Perry states in her *Shanghai on Strike*, one should not be preoccupied with the positive impact of labour solidarity on collective action; fragmentation may also contribute to the dynamics of collective action. In the first half of the 20th century in Shanghai, fragmentation and conflicts of interests among workers due to skill level, gender, trade and place of origin prompted them to pursue collective struggles through different channels and working together with different political parties. Fragmentation apparently had not been an obstacle to the emergence of workers’ struggles (Perry, 1995).

In order to help fill the above theoretical gap, this article attempts to consider the relations between MNCs, global civil society and Chinese labour in the context of workers’ solidarity in the globalization process. It examines Chinese labour’s organizational activities and interest articulation at the enterprise level in recent years, so as to analyse the impact of the networking process in capital–labour relations in the globalization era on the opportunities and challenges encountered by Chinese workers in getting themselves organized. This article is based on a survey of literature and fieldwork, using the case of the official trade union setting up a grassroots union in a Wal-Mart supermarket in Quanzhou in Fujian Province, that of MNCs and international NGOs holding democratic elections of trade union representatives in enterprises engaging in outsourcing in Fuzhou,
the capital city of Fujian, and that of the establishment of a workers committee in an outsourcing enterprise in Kaiping in Guangdong.

**Labour relations in China in the era of economic globalization**

Most academics working on labour relations in China recognize the impact of globalization on international political, economic, social and cultural issues, and that MNCs are the major vehicles in the process (Chan, 2001; Ngok, 2007; Zhu, 1995). As the latter’s scale and resources increase, their influence also expands correspondingly. Through direct investment and other means, MNCs assist the countries where their operations are located to exploit more effectively capital, technology and labour so that both parties will benefit. The activities of MNCs can promote economic growth and social welfare, raise living standards, satisfy basic needs and create employment opportunities directly and indirectly. Enlightened MNCs may even contribute to the protection of human rights, including freedom of association. But such activities may also lead to over-concentration and abuse of economic power, in conflict with the development policies of the states and the interests of the workers concerned.

China’s open door policy since the late 1970s paved the way for its participation in the economic globalization process. The latter has brought China substantial international capital, facilitated its participation in international economic competition and its acceptance of international norms, and transformed it into a ‘world workshop’. Foreign-funded enterprises (FFEIs) introduced the much-needed capital, modern management, advanced technology and access to export markets, as well as created employment opportunities for China’s surplus labour, thus contributed much to the coastal areas’ economic take-off. But at the same time, they have generated complicated problems in labour relations (see Chan, 2001; Pun and Smith, 2007).

FFEIs in China have a diversity of capital sources and management styles, but they share two common characteristics. The first is a high degree of operational autonomy with limited intervention from the Chinese government; the second is that in the recruitment of workers and the setting of their remuneration standards, they are mainly responsive to the market. FFEIs, especially those engaging in labour-intensive export processing operations, mainly recruit migrant workers, i.e. those from poor rural areas in the interior provinces. Guided by the principle of profit maximization, these FFEIs, especially those from the ‘four little dragons of Asia’, are notorious for their exploitation and ill-treatment of workers. A high proportion of the victims happen to be young female workers (see Lee, 1998b; Pun, 1999).

Since the early 1990s, the domestic media in China have occasionally exposed incidents of serious violation of labour rights. These reports reveal many problems, including: not meeting the basic legal requirements concerning working conditions and welfare; forced overtime work; long hours of working under conditions of high temperature, high noise level or high pollution without proper protection; frequent industrial accidents; low wages; and violations of human rights such as body search and corporal punishment. Some labour activists consider that labour relations in China have fallen to the level of that of the Industrial Revolution era in 19th-century Europe; many workers in private
and FFEs face situations similar to those of their counterparts in the early stage of capitalism (South China Morning Post, 3 October 2001). Hence private FFEs are the main arenas of labour conflicts, challenging the labour management system in China. Since the mid-1990s, incidents of labour disputes continued to rise and collective labour conflicts reached a peak. According to official statistics, cases of labour disputes handled by the government rose from 19,098 in 1994 to 226,000 in 2003, more than a tenfold increase in a decade. The number of workers involved also rose from 77,794 to 800,000 in the same period. In 2003, the government handled about 11,000 cases of collective labour disputes, about 5 percent of the total; but these cases involved 515,000 workers, about 61.6 percent of the total number of workers involved in disputes. The major causes of the disputes were economic interests, including wages, economic compensation and insurance benefits (Qiao and Jiang, 2005: 297–8).

As legal processes concerning labour disputes are complicated and time-consuming, many workers choose to fight for their rights through direct collective action, including: traditional protest activities such as hunger strikes, suicides, detentions or murders of employers; work stoppages and strikes; demonstrations and protest rallies; petitions; blocking of traffic; occupation of factories; and strikes in support of other workers. Workers’ protest activities have become the principal factor adversely affecting China’s social stability and harmony (Qiao and Jiang, 2005: 300). Some academics in China argue that the sharpening of the contradiction between labour and capital has been mainly caused by the violation of workers’ basic rights, and for a long time there have been no just solutions. The accumulation of grievances has led to spontaneous radical actions on the part of workers (Chang, 2004). The inadequacies in the protection of workers’ rights have not only generated tensions in labour relations, but have created a new labour issue, i.e. a shortage of migrant workers in China which obviously has a labour surplus. Since 2003, a serious labour shortage has emerged in the Pearl River Delta region, the most important export processing centre in China. Many enterprises claim that they cannot recruit enough workers; and the labour shortfall is estimated to reach 2 million workers. The phenomenon has spread to the Yangtze River Delta and Fujian (Mo, 2005). The shortage of labour has continued after the global financial crisis in 2009, which has caused the rise of labour costs in China.

The establishment of grassroots unions: Workers’ organizations under the guidance of official trade unions

To reduce labour disputes and maintain industrial peace, the Chinese authorities have realized that they have to strengthen the organization of trade unions in FFEs, so as to better protect workers’ rights through grassroots trade unions in these enterprises guided by the ACFTU. In the 1980s and 1990s, the organization of trade unions in FFEs was neglected because the Chinese authorities were eager to attract foreign investment. Another factor was obstruction by employers, who in many cases managed to control the trade unions in their enterprises (Ngok, 2007). Until recent years, the formation of trade unions in private enterprises and FFEs was largely due to the voluntary effort of the workers concerned. They were in a weak position to seek the endorsement and cooperation of their employers. Sometimes the latter manipulated the organization processes and
the selection of the union leaderships so that unions were not truly independent of the enterprise management.

In the early years of the 21st century, the ACFTU has encountered severe challenges in trade union organization work. In the context of economic structural reform and that of the ownership structures of SOEs and collective enterprises, many trade unions have been merged or abolished, resulting in a substantial decline in union membership and the number of grassroots unions. At the same time, the establishment of trade unions in new enterprises, mainly FFEs and private enterprises, has fallen behind; many workers have not joined trade unions. At the end of 1999 trade union membership in China amounted to more than 87 million, 16 million less than in 1995 (New China News Agency dispatch, 13 January 2002). There were over 100 million workers who had not joined trade unions.

The ACFTU considered this a crisis situation. Its chairman, Wei Jianxing, clearly stated in 2000: ‘To protect the legitimate rights of workers to the greatest extent, and to mobilize and exploit the enthusiasm of workers to the greatest extent are the difficult and urgent tasks facing us’ (cited in Ngok, 2007: 183). The ACFTU decided to push for the organization of trade unions, especially those outside the public sector, to draw workers back into trade unions. In November 2000, ACFTU held a high-level conference in Ningbo, Zhejiang on the establishment of trade unions in new enterprises. Leaders of trade unions in all provincial units, the Central Organization Department of the Party, the State Economic and Trade Commission of the State Council, among others, attended the conference. The ACFTU set the target that, by the end of 2002, trade unions in new enterprises nationwide would exceed 1 million, 0.75 million more than at the end of 1999; and union members in new enterprises would reach 36 million, 23 million more than at the end of 1999. Including the reabsorption of union members who had discontinued their membership, the ACFTU aimed at a total membership of 130 million by the end of 2002, about 65 percent of the national labour force (Ngok, 2007: 183).

Through the ACFTU’s efforts, the expansion of union membership achieved impressive results. According to the 2004 Bluebook on the Protection of Workers’ Legitimate Rights by Trade Unions in China released by the ACFTU in September 2005, in 2004, there were 55.46 million workers from non-public sector enterprises who had joined trade unions, an increase of 35.5 percent over those in 2003; and trade unions in non-public sector enterprises amounted to 0.459 million, an increase of 28.6 percent over those in 2003. The ACFTU claimed a total membership of 136 million in 2004 (Jingji Cankao Bao [Economic Information Daily], 15 September 2005: 3), and over 150 million in 2005, indicating an increase of 13.33 million. In 2005, grassroots trade unions numbered 1.174 million; they covered 2.327 million work units, achieving a rise of 20.3 percent over those in 2004 (Gongren Ribao [Workers’ Daily], 1 December 2005: 1).

In statistical terms, the ACFTU’s policy of establishing trade unions was a success. However, most grassroots trade unions emerged through the cooperation between the ACFTU and the management of enterprises. The formation of these trade unions followed a top-down approach and their leaders were not democratically elected. As a result, they were largely controlled by enterprise management, and there was very limited enthusiasm in joining the trade unions on the part of the workers. Given the fact that the ACFTU ultimately has to be accountable to the Communist Party of China (CPC),
there are doubts whether trade unions led by the ACFTU can genuinely promote workers’ solidarity and interest articulation.

This ACFTU campaign to establish grassroots unions in new enterprises was its response to the deterioration in labour relations at the enterprise level. Grassroots trade unions obviously serve as a platform for the promotion of workers’ solidarity and interest articulation, as well as a checks-and-balances mechanism vis-a-vis enterprise management, thus reducing labour disputes within enterprises. Some progressive trade union leaders, for example, Kong Xianghong, the former vice chairman of Guangdong Provincial Federation of Trade Unions, have been working hard to promote workers’ interests with the aim to improve China’s international image, and to avoid the Chinese ‘world factory’ being labelled as the centre of sweatshops (Mr Kong, interview, 23 April 2010).

Most important of all, the ACFTU campaign revealed a significant new orientation in the formation of trade unions in FFEs. For a long time, many major FFEs had been against the establishment of grassroots trade unions in their workplaces; and in this campaign, they became the principal targets. In October 2004, the legal implementation inspection group (zhifa jianchazu) of the National People’s Congress (NPC) and the ACFTU visited 16 provincial units including Liaoning, Shanghai, Zhejiang, Yunnan, Hubei and Inner Mongolia, to monitor the implementation of the Trade Union Law, which was enacted in 2001. The inspection exercise revealed that a number of MNCs had ignored China’s statutes in their China operations, and openly resisted the establishment of trade unions in their units. According to the inspection group’s report, many famous FFEs and private enterprises had been in business for years, and still had no trade union. They included: Wal-mart, the Kodak subsidiary in Xiamen, Fujian, the Dell subsidiary in China located in Xiamen, the eight subsidiaries of the Tianjin Samsung Group, Foxconn Technology Group in Shenzhen, Jetta Company Ltd in Guangzhou, Delta Electronics (Jiangsu) Ltd, Xijie International Science and Technology (Wuxi) Co., Ltd, and many outlets of Kentucky Fried Chicken and McDonald’s (Zhongguo Qingnian Bao [China Youth Daily], 25 October 2004). According to the statistics of the ACFTU’s policy research office, in 2004, FFEs and firms funded by capital from Hong Kong, Macau and Taiwan had formed over 80,000 grassroots trade unions, covering 22.2 percent of such categories of enterprises, with a membership of 6.13 million, achieving a participation rate of 23.6 percent. Many major FFEs however had not yet established trade unions; and the ACFTU therefore tried to target a conspicuous example – Wal-Mart.

The case study of Wal-Mart

Wal-Mart employs over 1.3 million workers in 10 countries; and its corporate culture discourages the establishment of trade unions. Wal-Mart entered China in 1996, establishing its first supermarket and Sam’s Club store in Shenzhen. In contrast to its European counterparts and like the Carrefour Group, Wal-Mart maintained its anti-trade union policy in China and rejected the ACFTU’s attempt to establish grassroots unions in its operations. Wal-Mart’s high profile was probably an important reason for its being selected as the ACFTU’s target. The latter believed that if it could subdue Wal-Mart, other major MNCs would follow suit.
Apparently the ACFTU’s actions were guided by a strategic plan. On 22 September 2003, the ACFTU for the first time officially expressed concern over Wal-Mart’s anti-union policy, and asked the Wal-Mart management to support the establishment of grassroots trade unions and related legitimate activities. The ACFTU warned Wal-Mart that it would be brought to court if it illegally blocked workers’ efforts to form trade unions. Wal-Mart responded by stating that its workers had no demand for trade unions, hence it had not violated the law for having no trade unions. In view of Wal-Mart’s refusal to cooperate, the ACFTU abandoned the traditional mode of working together with the enterprise management, and chose to adopt the bottom-up approach by mobilizing workers to establish trade unions in Wal-Mart’s work units.

In early 2006, local trade union cadres in a number of cities began to approach the workers of Wal-Mart branches, persuading them to demand the establishment of trade unions. In the following July, the ACFTU held a national trade union work conference in Quanzhou, Fujian Province, and decided to establish the first grassroots trade union in the Wal-Mart branch there. To avoid interference from the Wal-Mart management, preparatory work proceeded in a clandestine manner. A cadre from an upper-level trade union deliberately rented accommodation near the Wal-Mart supermarket to facilitate approaching the workers for discussions in the evenings. Late at night on 28 July 2006, 30 workers of the Quanzhou Wal-Mart supermarket called a meeting to elect the trade union committee. Early next morning at 6:30 a.m., they formally announced the establishment of the trade union (New Labour Forum, 2007).

The ACFTU accorded much significance to the formation of the first Wal-Mart supermarket trade union, and considered this a breakthrough in the history of China’s trade union movement. The initial reaction of Wal-Mart was to threaten the trade union members that their contracts would not be renewed, and to refuse to pay their trade union dues, amounting to 2 percent of their wages. But within the week, Wal-Mart conceded defeat and indicated its willingness to cooperate with the ACFTU to establish trade unions in Wal-Mart’s operations in China.

Labour empowerment: International civil society and workers in China

Since the 1970s, in view of the MNCs’ expansion in economic power and the rise in their political, social and cultural influence, the international civil society became concerned with the issue of sweatshops in the international division of labour controlled by MNCs. In the 1970s, consumers’ groups, trade unions and a variety of NGOs in the western countries voiced strong criticisms of MNCs for their violation of labour rights. Some of them launched the ‘Anti-Nike Campaign’, which pioneered the global anti-sweatshop movement. These activists worked closely with the international labour movement and consumers movement to demand that MNCs assume social responsibility including respect for workers’ rights and environmental protection in their attempt to maximize profits. This is generally known as the corporate social responsibility movement.

The boycott actions on the part of the international civil society imposed considerable moral pressure on MNCs. To improve their image, many of them initiated or accepted
codes of conduct concerning production in the 1990s. These codes are based on the core labour conventions of the International Labour Organization (ILO), with the objective of protecting basic workers’ rights within the sphere of business activities of MNCs.

Take the example of Nike. In 1991, it drafted a code of conduct concerning production, based on the fundamental conventions of the ILO and the basic principles of human rights. The code prohibited those under 18 years of age to be involved in the manufacture of shoes, and those under 16 years of age to be involved in the production of apparel, unless specifically authorized by the statutes or regulations of the countries concerned. It also stipulated that prior notification had to be given to workers regarding overtime work, which should be duly compensated according to local laws; further, a day of rest had to be provided after six days of work, and work hours must not exceed 60 per week. In 1992, Nike sent this code to all subcontractors; and subsequent assessments and revisions have been made on a regular basis. The code sets the basic conditions which are required of Nike’s subcontractors in terms of work environments, health and safety. Nike itself has established a department for environment, safety and public health management which stipulates safety standards; and every subcontractor plant has to form a safety committee, and supply protection gear for staff working in hazardous environments.

The early campaign to set up codes of conduct governing production was initiated by MNCs owning prestigious brand names. These codes were defined, interpreted, implemented and assessed by the MNCs themselves; they were ‘internal’ production regulations based on the MNCs’ self-discipline. The absence of independent external supervision means that there is a danger that these codes may become a public relations instrument for the MNCs to win the confidence of consumers. As the campaign evolved, other stakeholders like consumer groups, trade unions, NGOs and human rights associations became involved. Gradually the MNCs’ ‘internal’ codes of conduct have become codes involving multiple external stakeholders promoted in the main by NGOs in the international civil society. These NGOs pushing for corporate social responsibility work together with MNCs to define the codes of conduct governing production, and monitor their implementation in the MNCs’ subcontracting processes. Notable examples of these NGOs include: the UK’s Ethical Trading Initiative Base Code, Europe’s Clean Clothes Campaign, which launched the Fair Trade Charter for Garments, the US’s Social Accountability International, which initiated the Social Accountability 8000, and the US’s Fair Labor Association, which started to promote the Workplace Code of Conduct (Yu, 2003: 156–7).

Following the massive flow of international capital into China, it has become the ‘world factory’ responsible for a large share of MNCs’ subcontracting work (Lee, 2004). In 2003, China surpassed the US as the leading recipient of foreign direct investment; and tens of millions of Chinese labourers have become a part of the international production chain. But these workers engaging in MNCs’ subcontracting operations in China suffer poor employment conditions: forced overtime work, delays in wage payments and sex discrimination are common phenomena of violations of labour rights. Moreover, the work safety situations are often deplorable, as the inadequacies of protection measures cause frequent accidents. These subcontractors have been operating classical ‘sweatshops’, and have become the targets of the international civil society concerned with human rights. International NGOs have gradually move into China (Huang and Guo, 2006).
NGOs dedicated to the protection of rights of Chinese workers emerged in China with the support of the international civil society in this context. The Institute of Contemporary Observation (ICO), for example, is a strictly unofficial NGO in Shenzhen, Guangdong dedicated to the protection of workers’ rights through activities and research. Its scope of activities includes surveys and research, public education and advocacy, consultation and training, legal aid, community education for workers and community services. It has secured support from the international civil society, and has been engaging in cooperation with many foreign NGOs and institutions including the Centre for International Labour Solidarity, University of California, Berkeley, Oslo University in Norway, the Asian Kennan Institute, Social Accountability International, Finland Watch, Sweden Watch, Oxfam Hong Kong and the Ford Foundation. With support from Oxfam Hong Kong, the ICO established a Labour Legal Support Centre, which offers free legal assistance to workers including legal counselling, and litigation guidance for individual court cases. The ICO also accepts sponsorship from the University of California, Berkeley for the setting up of a community education centre serving migrant workers (Dr Liu, director of the ICO, interview, 20 July 2008).

Another active NGO protecting labour rights in the Pearl River Delta region is the Panyu Dagongzu Wenshu Chuli Fuwubu (Documents Management Service Centre for Migrant Workers in Panyu) (Ngok and Qu, 2007). It has been receiving assistance from a German Catholic development services agency (Evangelischer Entwicklungsdienst; Church Development Service), the Ford Foundation and Oslo University in Norway. It has a good reputation in serving migrant workers, especially in visiting workers injured in industrial accidents and providing legal assistance, etc.

The Chinese Working Women Network (CWWN) is an NGO formed in 1996 by a group of Hong Kong professionals. It cooperates with the ACFTU branch in Nanshan district in Shenzhen, Guangdong. It formed a Female Workers’ Service Centre, offering support services for female workers and fighting for their rights. In hospitals in Guangdong specializing in work-related illnesses, the CWWN has been active among female workers suffering from health problems; it organizes various activities to help them recover (see www.cwwn.org).

In recent years, NGOs in China dedicated to labour issues have been actively cooperating with groups in the international civil society involved in the consumers movement, international labour movement and women’s rights movement, promoting the cause of corporate social responsibility and fighting for the protection of workers’ rights in the FFES in China’s coastal provinces. Their increasing influence has persuaded MNCs like Reebok, Nike, Adidas and Pentland to take the initiative to cooperate with them, thus facilitating their monitoring of the observance of labour standards and the principles of corporate social responsibility on the part of these MNCs’ subcontractors in China (Huang and Guo, 2006; Yu, 2003).

**Multinational corporations and the solidarity of Chinese workers**

In 1980, the Chinese government established four special economic zones (SEZs) – Shenzhen, Zhuhai, Shantou and Xiamen – to attract foreign investment to develop...
China’s export-oriented processing industries. The initial investors mainly came from Hong Kong and Taiwan, wanting to exploit the preferential policies offered as well as the cheap labour and land. A vast majority of these investors were engaged in subcontracting work for MNCs; through them, Chinese workers became involved in the international production chain, and products manufactured in China gained access to the global market. According to this model of contract production network, MNCs issued production assignments, and they were responsible for the promotion of brand names and the development of international sales networks. Subcontractors were investors too; and they managed the production processes.

This mode of operation gradually spread from the SEZs to other coastal areas. In the second half of the 1980s, there was a heavy concentration of factories engaged in such subcontracting work along the southeast coast of China, and they were largely owned by investors from Taiwan, Hong Kong, South Korea and Japan. These factories were not involved in design and sales, and were only responsible for the organization of production, and the processing and assembly of products for MNCs. The cheap supply of labour, land and energy attracted manufacturers specializing in subcontracting work; the latter in turn attracted tens of millions of migrant workers (Pun, 1999).

Although a few prestigious MNCs offered relatively better remuneration and treatment for Chinese labourers, most of these export processing enterprises provided low wages and unsatisfactory working environments to maximize their profit margins. In line with the gradual acceptance and implementation of the corporate social responsibility concept, many MNCs felt the pressure from the international consumers movement and the international labour movement, and began to promote codes of conduct concerning production among their subcontractors. This trend has certainly contributed to the general improvement of the conditions for workers in China, especially the migrant workers, and the actual implementation of the labour statutes at the enterprise level (Ngok, 2007: 347).

The Global Alliance for Workers and Communities, formed by the World Bank, International Youth Foundation and the two corporations Nike and Gap, has been dedicated to the education of workers in China concerning the maintenance of hygiene, health and psychological health, labour law and the skills of urban livelihood. The Global Alliance considers that the strengthening of workers’ own interest articulation and negotiating skills is the key to the protection of their rights. MNCs like Nike, Reebok and Adidas-Salomon have launched projects to develop workers’ capabilities in the factories of their subcontractors in China. The London-based Pentland Group not only initiated its own code of conduct concerning production, it has also joined multilateral organizations such as the Ethical Trading Initiative and Business for Social Responsibility in the US. Pentland has been offering training for first-aid workers, health and hygiene staff and fire safety staff at the factory level; and has supported research projects aimed at the improvement of labour standards. Pentland cooperated with the ICO in Shenzhen to conduct a study of workers’ dormitories in the Pearl River Delta region, and released a report entitled ‘Study of Workers’ Dormitory in South China’ as a reference on dormitory management for manufacturers (Dr Liu, director of the ICO, interview, 20 July 2008). Through the Asia Foundation, Levi-Strauss sponsored a project on the ‘Training of Female Migrant Workers in the Pearl River Delta’ operated by the Centre for Contemporary
China of Tsinghua University in Beijing and the Guangdong Women Cadres School. Since 1999, the project has established six sites for its training programmes, and thousands of workers have participated in them.

The aforementioned activities of MNCs have boosted the development of NGOs dedicated to labour issues in China, and promoted workers’ solidarity. Regarding the latter, support of democratic elections of trade union representatives in the factories of Reebok’s subcontractors in the coastal areas of southern China deserves special attention.3

The case study of SD

Reebok is a world famous corporation specializing in sports goods. To protect its brand name and reputation, it has its own code of conduct concerning production, which includes a demand on its overseas suppliers to allow their workers to exercise their rights of free association, collective bargaining and so on. However, ensuring the full implementation of the code of conduct among all suppliers is not an easy matter. Reebok has a number of suppliers in south China along the coast; its clandestine investigations revealed that their operations involved high levels of overtime work and ill-treatment of workers. At the same time, Reebok’s headquarters realized that these phenomena had attracted the attention of the international civil society. Beginning in 2001, Reebok, prompted by a number of international NGOs, began to promote the elections of trade union representatives among workers in the factories of its suppliers in China. In July 2001, elections of trade union representatives were held in the factories of Taiwan and Hong Kong investors in Shenzhen, Guangdong. In December 2002, such elections were held among the factories of Reebok’s suppliers in Fuzhou, Fujian Province, including SD.4 Reebok certainly was the pioneer in the democratic elections of trade union representatives in FFEs in China.

SD was a manufacturer engaged in outsourcing operators for Reebok. It was established in 1991, and was a typical supplier serving an MNC. This enterprise, owned by a Taiwan investor, had 16 production lines in 2002, with an average of 330 workers at each production line, producing 0.9 million pairs of shoes each month. At that time, SD had 12,000 workers from various parts of China, with 30 percent of them coming from Fujian and 70 percent from other provinces. Female workers amounted to 80 percent of the workforce. In 2002, the average monthly wage was about 700–800 yuan (the local minimum wage was 380 yuan). In August 1997, under the supervision of the local official union, SD had established its own trade union; but the chair and members of the trade union committee were members of the management. Actually, its first chairman was the head of SD’s personnel department. Before the introduction of new elections in 2002, in the eyes of the workers, the enterprise trade union was mainly an agency for the distribution of welfare and the organization of leisure activities. In the period 1997–2002, some serious cases of violation of workers’ rights and interests occurred in SD, but the enterprise trade union failed to play its role in protecting its members (Feng, 2009: 56).

Several factors contributed to the democratic election of the trade union representatives in SD. The initiative came from Ms Mao Keming, the former chairperson of the SD trade union. Being the union chairperson, Mao felt her union failed to play its role in helping workers. As SD is a big company, it needed a strong union to do something for...
its workers. So she suggested that the union’s leaders be elected by workers in a
democratic way in accordance with the Trade Union Constitution. The second factor is
the newly enacted Trade Union Law of 2001, which stipulates that trade union commit-
tees at all levels should be democratically elected by members’ congress or all members,
and the relatives of employers should not be included in the enterprise’s trade union com-
mittee. The Law injected new impetus for the Fujian Provincial Federation of Trade
Unions to normalize trade union organizations in FFEs, especially the Taiwanese-funded
enterprises, as Fujian is the major host of Taiwanese investment. Of course, the main
driving force came from Reebok. The Reebok headquarters had already learnt that seri-
ous problems of overtime work and ill-treatment of workers existed in SD. The initiative
of a democratic election of trade union representatives in SD was responded to actively
by Reebok. Actually, Reebok was prompted by some international NGOs to initiate
direct elections of trade union representatives. Reebok hoped that the democratic elec-
tions would improve communication between the management and grassroots workers,
which would then improve the employees’ working environment in a sustainable man-
er. Reebok also believed that electing trade union representatives directly and openly by
the workers themselves would allow the workers to exercise their rights of free associa-
tion and collective bargaining.

Through several months of negotiations between Reebok and the management of SD,
the latter as well as the local government and the trade union unanimously agreed on a
new system and processes for the trade union elections, i.e. electing trade union repre-
sentatives on the basis of proportional representation according to the number of workers
in each department. Election activities were actually conducted in December 2002 in the
SD factory after almost half a year of preparations. The result was that 19 female workers
and 12 male workers were elected as chair and members of the trade union committee;
the incumbent chairperson lost in the elections. Apparently the workers were very sup-
portive of the newly elected trade union, and expected the new trade union to serve as the
representative and protector of their interests. In fact, the new trade union has made a real
difference. The former trade union committee chairperson, Ms Mao, made her comments
on the new trade union committee as follows: ‘After the new trade union was formed, the
situation changed greatly. At the very beginning of the operation of the new trade union,
there were many complaints from workers to the enterprises. Once the new trade union
was up and running, workers’ complaints decreased slowly, which indicates that the new
trade union has resolved some substantive problems for workers. At its very beginning,
the new trade union had done a good job in publicizing itself. So, the new trade union
quickly found a place in the workers’ heart’ (cited in Feng, 2009: 87).

This round of democratic elections of trade union representatives in SD was a response
of an MNC to the ‘anti-sweatshop’ movement promoted by international NGOs. It alone
could not alter the weak bargaining power of Chinese workers, but it had considerable
symbolic value in raising workers’ democratic consciousness and the power of trade
unions in China. It was also an example of external forces pushing for the democratiza-
tion of enterprise trade unions in China. If the above case study represents an attempt to
achieve the democratization of enterprise trade unions in the era of globalization, the
establishment of workers’ committees to be discussed below reveals another way of
achieving solidarity on the part of enterprise workers in China in the same context.
Staff committees (Yuangong Weiyuanhui): A case study of workers’ solidarity supported by the international civil society and a multinational corporation

CD Apparel Co. Ltd⁵ in Guangdong was a typical manufacturer engaged in outsourcing; and it did not have any brand names of its own. It employed workers from all over China and exploited the availability of cheap land and energy supply as well as the convenient transport infrastructure of the Pearl River Delta. CD’s principal client was Timberland of the United States, the world’s largest producer of outdoor activity products. Timberland has its own code of conduct; enterprises associated with its production chain have to observe the local labour statutes and the core articles of the ILO, including not employing child labour, meeting the minimum wage standards, work hours not exceeding 48 per week, respecting workers’ right of articulating their views, etc. Timberland requires its contractors to openly display the related labour laws as well as its code of conduct; it further finances its contractors to take part in international training programmes on social responsibility. At the request of Timberland, CD, since its establishment in 1998, began to be involved in the processes of assuming corporate social responsibility. At that time, few enterprises in China paid attention to these issues. Since 2003, CD has taken part in training on the SA8000 standard; it has been strictly observing the relevant laws and regulations on labour, safety, health and environmental protection as well as the rules governing corporate social responsibility.

CD’s management, however, did not support the establishment of trade unions in its factories. Its general manager, Mr Zhang, stated: ‘Trade unions are top-down organizations. Spending my own money to establish an organ against me should not work. These trade unions probably will not be able to function. I represent the owners, but can the trade union I establish represent the workers?’ Mr Zhang continued: ‘The Trade Union Law asks us to deliver 2 percent of the total monthly wage bill as trade union fees. This can be easily calculated; even for a small factory like ours this still amounts to a few thousand yuan every month. I may as well spend the money directly on workers’ welfare. The boss is not a fool; if you force him to spend on trade union welfare, he will try to save on expenditure in other areas. After all, the pie is only so big’ (Mr Zhang, interview, 15 December 2005).

Though CD’s management had reservations concerning the formation of trade unions, it had earlier encountered the concept of corporate social responsibility, and had been operating according to Timberland’s code of conduct. It therefore finally agreed to the establishment of staff committees, following the advice of an international NGO, Social Accountability International (SAI), and a local NGO, the ICO, which specialized in labour issues. The two NGOs actually helped in the formation of the staff committees. In an interview, CD’s management clearly indicated to the authors that the formation of the staff committees was ‘an involuntary act’. The head of the factory, another Mr Zhang, admitted: ‘We realize the importance of communication. But to build a platform [for communication] by the enterprise may not produce good results. We are the owners; the workers do not trust us. Securing the assistance of a third party may achieve better results. SAI has a relatively independent stand; our company just needs to coordinate with it’ (Mr Zhang, head of the CD factory, interview, 15 April 2005).
On 7 December 2004, after several rounds of simulation election exercises, senior members of CD’s management, together with two officers from SAI and the ICO respectively, announced the establishment of the staff committees. SAI is a famous accreditation organization concerning corporate social responsibility with a global reputation; the SA8000 standard it initiated has become a widely recognized accreditation benchmark in the field of corporate social responsibility. In fact, CD’s staff committees were an important achievement in the joint campaign on ‘Communication between Workers and Management’ promoted by SAI and the ICO in southern China. According to their charter, the staff committees were an organized platform for the aggregation of workers’ views to engage in communication with the factory management. Initially, SAI and the ICO attempted to call them ‘workers’ committees’; but then they realized the political sensitivity and instead adopted the label staff committees at the request of CD’s management.

The formation and operational mode of staff committees. The formation of the staff committees took into consideration the characteristics of CD’s production processes. When it was first formed, CD had two factory floors (it added one in 2005 because of expansion in business). Every factory floor had its own staff committee; and every factory floor consisted of between seven and ten production teams. Every production team elected a staff representative and two alternative representatives; the system of alternative representatives was based on the consideration of high worker mobility. Heads of production teams could not stand for the elections of staff representatives; a staff representative who was promoted head of a production team had to immediately resign from the position of staff representative, and his/her position filled by an alternative representative. In this way, a staff committee of a factory floor consisted of seven to ten staff representatives, and the latter elected the head of the staff committee.

According to the above organizational mode as stipulated in the staff committees’ charter, the workers were represented at the level of production teams upwards. All the workers had voting rights and the right of veto automatically. There were no restrictions on workers standing for elections, and staff representatives were elected by simple majorities. Staff representatives assumed the responsibility of collecting workers’ views; and the staff committees would reflect the views to the enterprise management or propose staff representatives’ meetings with the endorsement of the management. The latter had the obligation to attend staff representatives’ meetings and answer questions raised. The holding of staff representatives’ meetings had to seek the management’s approval for two reasons. In the first place, the management had to understand the situation so that it could answer the questions raised by the staff committees. Further, the management had to offer compensation to the staff representatives attending the meetings, at the rate of double the minimum wage. Naturally, the management would not offer compensation for staff representatives attending meetings not endorsed by itself. Staff representatives’ meetings were normally held once a month, though informal meetings were held quite frequently. Besides compensation for attending staff representatives’ meetings, the staff representatives would also receive a monthly subsidy of 30 yuan each. If they did not perform well, their recall could be initiated by the workers. It was stipulated that their
recall could be initiated by the heads of the staff committees or the enterprise management as well, but the processes were not spelt out.

The establishment of the staff committees set a new model of enterprise management promoted by the MNC which owned the brand name, implemented by the enterprise management and involving the workers. Within this framework, the workers would be able to exercise to a certain extent the right of monitoring the enterprise management through democratic channels. But the latter controlled the resources that supported the staff committees’ operation, whose activities had to seek the approval of the management. This would restrict the functions of the staff committees. The three shop floors each elected a staff committee, and there was no organization to represent all the workers of the company. This was a limitation, and it might even split the workers.

**Functions of staff committees.** In CD’s factory, the staff committees established an institutional channel of communication between the management and the workers. The latter could engage in negotiations with the management, articulate their demands and grievances, and hopefully resolve problems and secure better conditions collectively. There was less incentive to use strikes and similar means to fight for workers’ interests.

A staff representative expressed his feelings as follows:

Previously we didn’t know what rights we had as workers. We only calculated how much goods we handled every day. There was a lot of competition among workers, the conspiratorial kind. When the wage bills were low, few would think of getting united to fight with the boss; very often the workers first fought among ourselves. The boss also knew how to divide and rule, and deliberately encouraged internal struggles among the workers. At this time, workers all tried to grab the easy tasks. The most annoying issue was the job quotas. In fulfilling the quotas, there were always traitors who tried to be faster than you. Some workers simply wanted to earn a bit more. As a result, the boss set very high quotas, and to secure the above-quota bonus became increasingly difficult. Now things are better with the staff committees. We fight with the boss. I do not just represent myself and I need not fear reprisal from the boss.

The staff representative went on:

Before in other factories, the best way to tackle problems was to go on strike or to damage the canteens. The staff committees have become a platform for our dialogue with the boss, and offer opportunities for us to talk. (Mr Zeng, staff representative, interview, 15 December 2005)

The staff committees enhanced the workers’ identification with the enterprise, and increased the solidarity within the enterprise. CD was therefore able to avoid the common ‘shortage of migrant workers’ encountered by enterprises in the Pearl River Delta region. CD’s factory was not only able to retain its existing workers, the latter also brought new workers every year. The age structure of CD’s labour force differed significantly from that of similar enterprises. Though workers aged between 18 and 25 years constituted 55 percent of the total, this ratio was far below that of other companies engaged in outsourcing; and the proportion of CD’s workers aged above 25 years continued
to expand. This reflected the stability of CD’s labour force and its low attrition rate, which in return demonstrated the good relationship between the management and workers and the regularization of the overtime work arrangements. Stability of the labour force helped to reduce the cost of labour training, and the proficiency of the workers improved product quality and labour productivity.

The staff committees raised the efficiency of the enterprise’s management, while at the same time realized progress in the exercise of workers’ rights, and improved their incomes and welfare. In many enterprises engaged in outsourcing, a lot of workers could not tolerate continuous excessive overtime work, resulting in a high labour attrition rate. In CD, there were many couples, mothers and children, siblings, etc. working together. From the management’s point of view, these family ties might generate a stronger feeling of resistance and opposition as well as a greater sense of worker solidarity. But they might also produce a more enthusiastic and obedient labour force; traditional Confucian family values embodied in production management might help to raise production efficiency.

Workers’ wages in CD were not high compared to its counterparts (in 2005, its average monthly pay was US$140). But wages were gradually rising, and the total weekly working hours had been decreasing. In most enterprises engaged in outsourcing in China, excessive overtime work is the norm. The basic wage may even be lower than the minimum wage stipulated by the government, and workers can only increase their meagre incomes through overtime work. This is probably the most conspicuous evidence of ‘sweatshop’ operations in China today. CD’s work hours and wage level reflect its realization of labour rights.

Conclusion

In the era of economic globalization, the forces of the international market have been transforming the traditional mode of production. Networks emerge as the most significant characteristic of the production processes. In this context, MNCs owning brand names are responsible for product design and sales, earning super-profits through the value of their brand names in the international production chain. Contractors in the newly industrialized economies assume the tasks of investing in developing countries to set up the actual production processes; they are the production managers. Workers in developing countries like China, Vietnam, Indonesia, etc. engage in the actual production. This networking pattern of production reduces the MNCs’ risks in production and management; and the risks of labour disputes have also been transferred to the developing countries. MNCs do not have to face production workers directly; they can also often transfer their outsourcing contracts in search of contractors and suppliers who can offer lower prices. Developing countries who depend on cheap labour as their comparative advantage unavoidably get absorbed into a ‘race-to-the-bottom’ competition. To attract foreign investment, developing countries have to suppress workers’ wages and welfare to offer a so-called ‘attractive’ investment environment. Sacrificing workers’ rights thus has become a comparative advantage, and ‘sweatshops’ emerge in developing countries’ export processing zones. In a buyers’ market, MNCs which possess brand names and issue outsourcing contracts enjoy overwhelming bargaining power vis-a-vis
the labourers in developing countries who have been absorbed into the international production chains. In this context, the resolution of labour issues involving MNCs requires a global perspective (Tong, 2005: 371).

The evolution of the international production chains has not only facilitated and accelerated the flow of massive industrial capital from developed countries into developing countries, but also transformed the traditional labour–capital relations in developing countries. The flexibility of labour markets in developing countries has increased, while their autonomy has been reduced. The governments of developing countries find it increasingly difficult to maintain the existing systems which offer protection and welfare to their workers; traditional relations between capital and labour have been challenged. New actors, for instance, MNCs and international NGOs, have been involved in labour relations. The ‘sweatshops’ operated by contractors/subcontractors in the coastal cities in China engaging in outsourcing for MNCs fit into this pattern, though the governments in this case are mainly local governments in keen competition between themselves to attract foreign investment.

In this pattern, the traditional tripartite interactions between government, enterprises and workers shaping the relationship between capital and labour no longer apply. A network of labour relations has emerged. Now, MNCs and international civil society organizations play important roles in this relationship, which has become more complicated and reveals new characteristics. MNCs apparently assume contradictory roles: on one hand, they make huge profits through exploiting cheap labour in developing countries; on the other hand, they also exert pressure on their contractors/subcontractors to respect and improve workers’ rights. International NGOs enter into the relationship with their moral force and global networks. In the two case studies of the SD company democratically electing trade union representatives and the establishment of staff committees in CD’s factory, one sees the positive influence of the MNCs and international NGOs concerned in shaping enterprise–workers relationship and strengthening labour solidarity in China. As a senior Chinese trade union expert comments, ‘The case of SD reflects that since China integrated into the globalizing economy, the social factors influencing Chinese trade unions have changed, and a new pattern of interaction among multiple actors has established gradually’ (Feng, 2009: 370).

Such a new pattern has put the ACFTU under pressure. In the cases of both SD and CD, the authority of the ACFTU was challenged, and new channels were offered for fighting for workers’ rights. The ACFTU had to adopt a new strategy to fight against the MNCs’ anti-union position, and build trade unions in FFEs. As the case of Wal-Mart shows, the ACFTU has become more active and more aggressive in unionizing FFES. On top of using administrative interventions to form trade unions at the workplace from top down, it also makes use of the bottom-up approach of encouraging rank and file workers to express their willingness to unionize. In some sense, the ACFTU has tried to change its image of toeing the line of the Chinese authorities, and strengthen its image of protecting workers’ rights and interests. Nevertheless, within the existing Chinese political system and labour regime, the roles of the ACFTU, MNCs and international NGOs remain limited; the protection and promotion of workers’ rights in China still demand a reform of the prevalent systems.
Appendix
Abbreviations used: MNCs = multinational corporations; SOEs = state-owned enterprises; FFEs = foreign-funded enterprises; ACFTU = All-China Federation of Trade Unions; ILO = International Labour Organization; ICO = Institute of Contemporary Observation; SEZ = special economic zones; SAI = Social Accountability International.

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Notes
1. Anita Chan analyses two types of management models among FFEs: one applies to human resources management in joint ventures in developed countries; and the other applies to the authoritarian management models commonly found in Asia. See Chan (1995).
2. On the ill-treatment of workers in FFEs, see Chan (2001).
3. Information on this case study comes from Feng (2009) and Tong (2005).
4. Due to considerations of confidentiality and research ethics, SD is a pseudonym assigned by the researchers to the enterprise.
5. Due to considerations of confidentiality and research ethics, CD is a pseudonym assigned by the researchers.

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