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HRM in context: Employees' rights and industrial action in China*

There is only one lawful trade union in China – the government-controlled All-China Federation of Trade Unions (ACFTU) – that acts as the federating and representative body of all local union organisations. According to China's Trade Union Law, 25 or more employees may form an Enterprise Trade Union (ETU), which will be a component part of the wider Chinese Communist Party (CCP)-led ACFTU. If the number of employees is less than 25, they may form a "basic-level" trade union committee. Foreign-invested enterprises (FIEs) in China are subject to all provisions of the Trade Union Law.

If an ETU is formed, the employer must pay 2 per cent of its employees' wages to the ACFTU, to support its employees and the local ETU's activities such as staff education, protecting the property of the enterprise and State, technical renovations, and vocational training outside of work hours. Once formed, management of ETUs is usually decided by the company itself.

A 2012 report published by the Brussels-based International Trade Union Confederation lamented that with the majority of their officials directed and indirectly appointed by the central government, the level of autonomy of most local unions in China remained low. The report alleged that many of the unions were controlled by factory managers. This in turn resulted in tight governmental and organisational control over unions' stances on issues of concern to employees. This in turn contributed to the trend of workers organizing and striking independently in China. By 2016, industrial action in China had expanded from the manufacturing and construction sectors, the traditional linchpins of China's growth, to the retail and service sectors. In many instances, labour disputes arose due to an increase in workers' layoffs in some industries.

The industrial action was particularly evident in Guangdong province where a total of 412 strikes were recorded in 2015. In January 2016, Chinese authorities detained seven labour activists in the southern province of Guangdong, alleging that they were 'inciting workers to go on strike', and 'disturbing public order'. The total number of strikes across the country grew from 1,379 incidents in 2014 to a total of 2,741 in 2015.

The government data indicated an upsurge in labour disputes, with the country's Ministry of Human Resources and Social Security stating that there were 1.56 million registered cases in 2014, an increase of 4.1 per cent compared to that of 2013. Cheng Zhenqiang, a lawyer representing one of the activists arrested in Guangdong, said that while

* Professor Jawad Syed (Lahore University of Management Sciences) wrote this mini case as a basis for class discussion rather than to serve as an endorsement, source of primary data, or illustration of effective or ineffective management. It has been adapted from: Syed, J. (2017). Context-specific human resource management. In Syed, J., & Kramar, R. (eds.) *Human Resource Management: A global and critical perspective*, pp.3-24. Basingstoke: Palgrave Macmillan.

the crackdown was related to the economic downturn, the authorities had never really felt easy about nongovernmental organisations, especially labour rights NGOs.

Questions:

1. How does China's unique legal and political context affect the shape of employment relations in that country?
2. Identify two or three key differences between employees' rights and choices in China and those in your own country.