

ANITA CHAN AND ZHU XIAOYANG

## Guest Editors' Introduction

The articles collected in this issue and the next (Fall 2005, vol. 38, no. 1) are selected from papers written for a research project entitled "Enterprise Governance and Democratic Worker Participation During Social Transition in China." The research team, consisting of researchers from China, Taiwan, and Australia, was formed in 2002. The conception of the project dated back to 1999 and was articulated in an article, "Staff and Workers' Representative Congress: An Institutionalized Channel for Expression of Employees' Interests?" by Zhu Xiaoyang and Anita Chan (Chen Peihua).<sup>1</sup> The research revealed that, based on a large survey conducted by the All-China Federation of Trade Unions in 1997, there were fairly reliable data showing that the workers in Chinese enterprises identified with the staff and workers' representative councils (SWRCs) to a greater degree than commonly recognized, the SWRCs being the basic workplace institutions for the democratic management of China's state and collective enterprises. The findings of Zhu and Chan were further supported by research carried out by Chen Meei-shia and Anita Chan using the same data set but looking for other correlations. Chen and Chan's article set out to understand the relationship between the workplace trade unions and occupational health and safety. The research showed that workers' positive evaluation of the SWRCs and the trade unions was correlated with better occupational health and fewer industrial accidents.<sup>2</sup>

The significance of the conclusions reached in these two articles calls for our attention today when we see how privatization is eroding the functions of these two workplace institutions. Both the authorities and the media in China are very concerned with the widespread loss of state property and the large number of industrial and mining accidents. But generally it is not recognized that an enterprise governance structure that embodies democratic participation by the workforce can help to resolve some of these problems. In addition, we believe that research on the role and function of SWRCs has policy implications. An understand-

ing of their cultural and organizational aspects can provide us with knowledge to resolve some of the practical problems related to today's Chinese enterprises.

In addition, quite a number of case studies show that, at a time when workers and management clash over property rights during enterprise-ownership transformation, the SWRCs that normally are inactive can suddenly be used by workers as legal weapons to defend their vital interests and democratic rights. This phenomenon goes against widespread criticism of the uselessness of the SWRC. Based on some industrial relations models of developed countries, critics usually measure the effectiveness of the SWRC against an idealized Western corporate governance model. In so doing, while placing great demands on the Chinese model to live up to an ideal, they ignore the traditional socialist Chinese model of governance which includes the SWRC as an inherent institution. We feel strongly that evaluation of the SWRCs should be based on China's historical conditions, social context, and the macro environment in which the SWRC is embedded. We should be using concepts and norms that are generated by this specific environment, and it is against this "Chinese-ness" that we want to evaluate the functioning of the SWRC. In order to understand Chinese workplace culture better, the team decided to use a methodology that involves in-depth case studies that have been neglected in both Chinese and Western studies of Chinese enterprises. The main theme of these cases is to examine the current state of workers' participation in enterprise governance through the SWRC under enterprise reform.

The articles in this issue focus on the operation of the SWRCs and the trade unions at enterprises that are basically soundly managed. The articles by Feng Tongqing and Long Yan both study the BR Group, a state-owned enterprise. Feng's study discovers that a new stratified structure of employees has emerged. But the basic work-unit structure has not changed and the system continues to regulate itself by allowing the continuation of worker participation. Feng argues that this has the effect of increasing economic efficiency and avoiding social crisis. Studying the same enterprise, Long Yan finds that workers are being "recreated" in the labor process on the shop floor after ownership restructuring, while their status as masters has disappeared.

Tong Xin's article is a case study of one of China's very first foreign joint ventures, a certain B Corporation. B Corporation is a good example of a state-owned enterprise that underwent transition from a planned economy to a market economy. In this transition process the Chinese government's intention was to use international capital and market-oriented management to speed up the process of getting the state-owned enterprises to adjust to the market economy. But in the transformation, the trade union's function also changed under the impact of market and foreign capital.

The articles in Part II deal with workers' collective actions and the trade union elections in two enterprises. The articles by Zhu Xiaoyang and Tong Xin describe collective action which took place in a state-owned enterprise. During the merger and antimerger protest activities at Z Plant, the SWRCs played a role that exceeded their legal powers, and found a solution within the existing system that could both let the enterprise survive and allow the workers' interests to be taken into account. That this protest could achieve such results was not unrelated to the sociocultural context and norms prevalent in that local region.

The articles by Zhu Qinghua and Tong Xin are based on research conducted in a Taiwan-owned factory. This company, called the SD Company, is a typical subcontractor factory that manufactures goods for transnational companies. The research was undertaken because factory management under pressure from a brand-name buyer held a democratic trade union election in SD. This incident drew much international attention. Unlike the standard state enterprise "tripartite" workplace structure constituted by the Communist Party, management, and trade union, SD Company's structure is made up of multiple stakeholders: the government, the brand-name buyer, factory owner/management, the workers, and the trade union. In addition, there were also other external stakeholders, such as global consumers, international labor organizations, and other nongovernmental organizations. The democratic election of union representatives at SD Company is, in a sense, reflective of a global game of power relationship played out among stakeholders. While the experience of SD was local and characteristically Chinese in nature, it became part of the global contest of interests. While the workers were not initially aware of the possibility of enjoying democratic rights, the moment someone emerged to talk about wages, an issue close to their hearts, he or she immediately gained the workers' support. Zhu's paper discusses how women workers in this election participated based on their labor experience.

## Notes

1. For the Chinese version see, Zhu Xiaoyang and Anita Chan, "Zhigong daibiao dahui: zhili shidai zhigong liyi jizhong biaoda de zhiduhua qudao" (Staff and Workers' Representative Congress: An Institutionalized Channel for Expression of Employees' Interests?), *Kaifang shidai* (Open times) (Guangzhou, 2003) 3: 120–32.

2. M.S. Chen and Anita Chan, "Employee and Union Inputs into Occupational Health and Safety Measures in Chinese Factories," *Social Science and Medicine* 58, no. 7 (April 2004): 1231–45.