From Conflict to Harmony: A Case Study on Transformation of Labor Relations in a China's state-owned Enterprise.

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Number: IL75
Introduction

• Theoretical Gap: Manufacturing consent causes extensive concern in the area of labor relations, while study about the transformation of manufacturing consent is still blank.
Introduction

• Chinese Context
In China, Party organizations, being the leading political group in state-owned enterprises, play a key role in the transformation of manufacturing consent.
Insights of Manufacturing Consent

Danwei System
- Ideology Control
  - Ideology Education
  - Political Network
- Game Competition

Marketing System
- Internal Labor Market
- Internal State
  - Collective Negotiation
  - Appeal System
- Making-out Game
Proposition 1

- Chinese Communist Party organizations lead both of two mechanisms for manufacturing consent.
- Proposition 1: Manufacturing consent led by Party organizations plays a key role in transformation of labor relationship.
Difference 1 of Manufacturing Consent

Danwei System
- Ideology Control
  - Ideology Education
  - Political Network

Marketing System
- Internal Labor Market
- Internal State
  - Collective Negotiation
  - Appeal System

Difference in democracy degree:
Collective negotiation and appeal system in marketing system create more democracy.
Difference 2 of Manufacturing Consent

**Danwei System**

- Ideology Control
- Ideology Education
- Political Network
- Game Competition
- Internal Labor Market
- Internal State
- Collective Negotiation
- Appeal System
- Making-out Game
- Marketing System

**Difference in incentive factors:**
In Danwei, incentive factors are joining reference group by good ideological and political performance, while in marketing system, incentive factors are piecework wage.
Proposition 2

- As gradual marketization of labor relations, we infer Party organizations will selectively borrow western manufacturing consent mechanisms.

- Proposition 2: Party organizations manufacture consent through ideology control and game competition under Danwei system, while through ideology control and democratic communication during the labor relationship marketing transformation.
Difference 3 of Manufacturing Consent

Danwei System

- Ideology Control
  - Ideology Education
  - Political Network

Marketing System

- Internal Labor Market
- Internal State
- Collective Negotiation
- Appeal System

Difference in institutionalization:
The ‘making-out game’, internal labor market and ‘internal state’ in marketing system are more institutional, comparing to Chinese Danwei system.
Proposition 3

- As gradual marketization of labor relations, Party organizations may standardize and institutionalize mechanisms for manufacturing consent.

- Proposition 3: Transformation of mechanisms for manufacturing consent led by Party organizations follow the path from non-institutionalization to institutionalization.
Proposition 4

• Chinese labor relationship transforms following the collapse of Danwei system.

• Proposition 4: The collapse of Danwei system and workers’ collective protest are respectively the structure agent and behavior agent of the transformation of mechanisms for manufacturing consent led by Party organizations.
Research Method

• longitudinal single-case study
• Data collection: 9 executives of CG accepted interview, 45 minutes per person.
• Time-series analysis: This paper integrate the weekly newspaper and other data to organize the timeline.
Research Background

- CG is a resource-based SOE in China. This study focuses on 2005, for 2005 is the year when CG was facing the biggest challenge in transformation.
- In 2005, the emergence of laid-off workers means Danwei system has been started to collapsed.
- In August 2005, workers of CG held collective protest because of dissatisfaction about compensation during the process of collapse of Danwei.
- In the end, Party organizations transformed its mechanisms to remanufacture consent in workers’ crowd.
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<th>Mechanism</th>
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Transform in 2005

Time Line (before collective protest)
## Time Line (before collective protest)

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Transform in 2005

Mechanisms of Manufacturing Consent

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<td>Game Competition</td>
<td>Before the collapse of Danwei system (iron rice bowl)</td>
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<td>Democratic Communication</td>
<td>After the collapse of Danwei system (iron rice bowl)</td>
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<td>and workers’ collective protest</td>
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Conclusion

• Party organizations use various ways to manufacture consent so that proposition 1 can be confirmed: Manufacturing consent led by Party organizations plays a key role in transformation of labor relationship.

• Proposition 2 can be confirmed: Party organizations manufacture consent through ideology control and game competition under Danwei system, while through ideology control and democratic communication during the labor relationship marketing transformation.
Conclusion

- Because of the collapse of Danwei system, workers have to improve their working efficiency in order to stay in CG or go out for a job. In the respect of game competition, standards of measuring a good or bad worker developed from subjective judgment by ideological and political performance to objective judgment by working efficiency.

- Therefore, **proposition 3 can be confirmed**: Transformation of mechanisms for manufacturing consent led by Party organizations follow the path from non-institutionalization to institutionalization.
Conclusion

• The time line in 2005 reveals the transformation of mechanisms for manufacturing consent happened mainly after workers’ collective protest and the collapse of Danwei system in August, and in-depth interviews also support this opinion. Therefore, proposition 4 can be confirmed: The collapse of Danwei system and workers’ collective protest are respectively the structure agent and behavior agent of the transformation of mechanisms for manufacturing consent led by Party organizations.
Limitations

• Several limitations of this case study should be acknowledged. For example, interviews of this study all come from management agency such as Party organizations, government, HR department.