Control and consent in the process of employee participation in Chinese state owned enterprise — A field research in BZ Iron and Steel Company

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Abstract

During the establishment of the modern enterprise and the transformation of labor relations in China, employee participation became a widely-used method of labor relations practice in workplaces. In recent years, Chinese state-owned enterprises have introduced methods like quality control circle, working team meeting and communication channels into the existing workers’ democratic management system, founding a comprehensive employee participation mechanism, which combined traditional representative participation and direct employee participation including participation in the process of both management and production.

Using both literature research and case study, and through the eye of a participant in the working life of BZ Iron and Steel Company, this paper delineate the process of employee participation and within it the interaction between workers and management, focusing on two issues – the forms of managerial control in the operation of participation mechanism, as well as employees’ consent and resistance in the process of participation. The analysis mainly concentrates on three questions. 1) What changes occur in the participation apparatus of Chinese State-owned Enterprise during its transformation? 2) How does company management distribute its control in the operation of participation mechanism? 3) How do the employees recognize and react to both of the traditional and the newly-introduced mechanism of participation? On the basis of the analysis of these three questions, this paper tries to use participation as the variable to depict the change of consent-manufacture regime in Chinese state-owned companies who meet challenges from market competition and to explain why the workers make their choices to be consent or resistant to the management control embedded in the participation system.

In the case of BZ Company, with modern methods of management introduced to combine with the paternalistic role of the state-owned company, we could see
participation mechanism in almost every corner of the workplace. However, although there has been representative participation apparatus, they are deeply influenced by managerial control through different channels, which is mainly revealed by their traditional function of endowing managerial decisions with validity and propagating them to the employees. On the other hand, in order to meet the challenge of market competition, the management prefers promoting participation in the process of production, while the participation in the process of management mainly occurs in the bottom of the enterprise hierarchy such as workshop and working group in limited issues.

Although employees in BZ Company showed some kind of resistance towards the existing participation mechanism, there is a relatively high level of consent expressed in the questionnaire and their real working life. Based on the theory of factory regime, this essay chooses factors including market competition, paternalism legacy and the role of state intervention to help explain workers’ choice between consent and resistance. While the participation apparatus in the labor process and the fixed mode of labor reproduction contribute a lot to workers’ consent, the three factors above have great influence to their choice towards resistance.

1 Introduction

As an adjusting mechanism of the conflicts among different actors in labor relations, employee participation has already been widely practiced in western workplaces. Methods of employee participation changes a lot with time, and new methods occur in different historic periods, replacing or coexisting with the traditional ones. Reviewing history, the employee participation system has experienced the rise of direct participation in 19th century, the formation of collective bargaining in mid-20th century and the coming-back of employee involvement since 1970s, showing a coexist of two participation methods – representative participation whose main body is collective bargaining and direct participation. In China, representative employee participation has a long tradition, and its main modes are employee representative congress and democratic participation led by union. After the reform and opening up, the introduction of human resources management mechanism and ideas has put direct employee participation mechanisms, such as quality cycle, information sharing, and employee complaint, into practice in Chinese enterprises.

Although state-owned enterprises have a complete employee participation system, labor disputes happening in these enterprises still constitute a major part in China. In state-owned enterprises, labor disputes occur in both regular operation periods and
organizational reform periods, and sometimes they even take the form of spontaneous collective actions. From 2009 to 2010, cases of labor conflicts happened in Tonggang, Lingang and Pingmian called public attention to the issue of unstable labor relations existing in state-owned enterprises. Many researchers studied and discussed the changes of labor relations during the transformation of state-owned enterprises, prevention and solution of labor disputes in state-owned enterprises, and employees’ consciousness and behavior choice (Lee, 1999; Aiyu Liu, 2003; Qingjun Wu, 2007). To some extent, they all pointed out that, when disputes happened, that the existing employee participation system was not able to communicate employees’ voice effectively had become a hidden assumption. Then, what interactions are there between the management and employees during the set-up and implementation processes of participation mechanisms in state-owned enterprises? Can the new practice of current participation system efficiently communicate employees’ voice? Is it possible for different participation mechanisms to satisfy workers’ demand of participating in decision making processes and expressing themselves, and adjust labor relations? This study is motivated by these questions.

In 1980s, as the organizational efficiency became the basic goal of employee participation mechanism practice, a series of relative researches appeared. They analyzed what influence has participation mechanisms like quality control circle and empowerment etc. exert influences on organizational production performance, staff satisfaction and labor relations. For example, through cross-cases study, Kochan and Katz (1984) found that employee participation was potential and attractive for most union members because they could be better qualified to speak out on the decisions which were relevant to their work. But few mechanisms could help increase employees’ real influence on work, and the most efficient way needs high labor union’s representativeness, stronger power and collective bargaining strategies. Also some British scholars think that although the influence of representative participation system is whittled down in recent years, the overall participation rate still keeps steady with various participation mechanisms appeared. The degree and methods of employee participation are relevant to human resources management strategies and their strength. In workplaces where have no such mechanisms, silence would be the usual choice for most employees.

In China, researches about employee participation mainly focus on three parts: comparative theories and mechanism introduction, influencing factors and its effects. Empirical studies usually use quantitative method as organizational behavior researches, to examine the relations between different factors and the extent of participation or employees’ attitude towards the system, also the influence of employee participation mechanisms on variables like enterprise performance. Yuhua Xie (2009) compared features and functions of employee participation mechanisms in enterprises with different ownership. Through the data analysis, she found that in state-owned enterprises, employee participation mechanisms are complete with various participation channels. However, the feature of welfarism and paternalism make labor relations in SOE obscure, thus limiting the real effect of the participation system. Xie Yuhua and He Baogang (2009) summarized the functions of the participation systems in Chinese enterprises, which includes communication and coordination, put “paternalism” into effect and increase cohesion between employees and management as a “club”. Zhaoyang Sun (2011) used labor process theory to analyze the management control in employee participation mechanisms in the private enterprises which was converted from a state-owned one. In his opinion, the effect of employee participation mechanisms in adjusting labor relations is limited, and collective adjustments of labor relations such as collective bargaining may fit the present situation and long-term development of China.

To sum up, existing literature have well stated related phenomena and characteristics of employee participation mechanisms, e.g., selective information publication, workers congress does not become a battle field for workers to survive until the enterprise encounters crisis, the legal consciousness of employees in state-owned enterprises is instantly awakened in crisis\(^3\). However, there is lack of a thorough study which discusses employees’ cognition and consent of participation mechanisms in state-owned enterprises, and explains underlying reasons. Therefore, based on data from a questionnaire survey conducted in BZ company, in-depth interviews, and participant observations, this paper will conduct analysis from the following three aspects: (1) the employee participation system in BZ company, (2) the interactions between employees and the management in the implementation processes of participation mechanisms, and (3) employees’ cognition of participation mechanisms. The purpose of this study are to identify employees’ participation level in the capital-labor interaction processes which are based on the platform of employee

\(^3\) Yuhua Xie, Baogang He, Industrial Democracy and Employee Participation: An Everlasting Subject – A Review of China’s Industrial Democracy and Employee Participation.
participation system, and to try to find out reasons for the current participation status.

2 Concept distinction and the theory frame

2.1 Concept definition

It is widely recognized that based on what the Webers called Industrial Democracy in 1880, the notion “employee participation” appeared and was put into practice. It stresses that employees should have their own representative of interest and their own “voice”. What’s more, in workplaces, employees should enjoy basic rights as citizens do. Later, along with the driving force of World War I, the notion “employee participation” led a social movement. “Employee participation” was highly thought and accepted by unionists, social reformers and many employers. For the first time, participation mechanisms like work committee and profit sharing etc. flourished. Salamon (1992) defined employee participation as a kind of idea and a means of organization management. Needs and rights of individual employees and the employee collective are recognized and considered in the decisions and management of the organizations, not decided by collective bargaining alone. In essence, employees are involved in the process of making decisions and solving problems; According to the exposition of Qi Li (2008), employee participation is sharing power with the management, which caused a revolution in management model and would be in accordance with labor union movement and workers’ pursuit of industrial democracy, government’s goal of social integration, and employer’s motivation for high efficiency.

This paper is aimed to analyze different participation types, so a broad-sense concept is used. Referring to the standpoint of Qi Li, if we identify employee participation as a mechanism for employees to participate in the decision making processes of employers, then it can be roughly categorized into two classes: direct participation and indirect participation. Direct participation mainly involves low-level decisions, e.g., quality circle, work group, shop meeting and shift meeting; indirect participation basically belongs to representative participation, and it generally involves high-level decisions, e.g., collective bargaining and workers congress. Based on this concept, this study will analyze two types of employee participation in BZ Company: representative participation and management-driven direct participation. Representative participation is a participation type which mainly

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consists of union democratic management and workers congress; direct employee participation can be further classified into two categories: direct participation in production processes and direct participation in decision making processes.

2.2 Inspiration from labor process theory – control and consent at workplaces

The process where employee participation mechanism adjusts labor relations is an interaction process between employers/managers and individual/collective labor. In this process, two subjects express their opinions about rights and benefits, and form attitudes and actions. The assumption behind the analysis of this process is to admit the benefit conflict between labor and capital, and this is different with monism, which asserts the common interests of labor and capital. Labor process theory mainly focuses on the interaction between labor and capital, which is caused by interest conflict and may take the form of control and resistance or consent. Consequently, Burawoy’s control-consent theory frame will be applied when we analyze employees’ cognition and consent level towards participation mechanisms.

In “Manufacturing consent”, Burawoy developed a control-resistance/consent model by comparing individual cases. Based on what were revealed by participant observations, this framework put forward a question in a different manner with traditional discussion about “control-resistance”: why do workers work so hard? In Burawoy’s opinion, Marxian, from Marks to Braverman, has a relatively consistent and insistent standpoint, that is, labor is squeezed from work force by compulsion. However, in real workplaces, the minimum wage system makes workers’ work protected, and meanwhile workers spontaneously approve of expectations from the management, and when the production is delayed by some flaws of management, workers even come up with various new ideas frequently to reach the management’s goal, rather than being reconciled to the situation. In this process, “one spontaneous and consentaneous element unites with compulsion and molds the production behavior.”

Through participant observation at an engine manufacturing factory of a multinational corporation, and comparison with the production restriction study in the

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same factory made by a sociologist, Roy, Burawoy (1979) drew the outline of the labor process changes in this engine manufacturing factory induced by process changes (the changes of new industrial relation modes, which formed and reinforced in World War II, in labor processes) and context changes (the transformation from an individual company to the engine department of a multinational corporation) during 30 years: work organizations emphasized more on individualism, workers were endowed with more autonomy, management control was relaxed, and piece wage system put more emphasis on production performance and was more flexible; hierarchical disputes drew more attention and disputes were redistributed in multiple directions. The “control-consent” theory attributes the formation of employee consent to the management rules and programmes in the internal labor market as well as economic compromise in employee benefits and wages made by the “internal nation”. By paying attention to workers’ behaviors and consciousness, this theory also equips us with a theory tool which can provide an interactive perspective. In addition, this theory emphasizes the analysis of system from the perspective of employee behaviors, and also places emphasis on the influence of process and context on labor relations. This study will utilize Burawoy’s analysis perspective, start from the employee participation mechanisms in BZ Company, gradually deconstruct the underlying labor-capital interactions, discuss the consent level of employees towards the mechanisms, and then analyze the reasons behind the current participation status.

3 Employee participation in workplaces at BZ company

BZ Company was firstly founded in 1958, located in H province in the middle of China. In 1990s, it turned to be an experimental unit of state owned limited share enterprise as the first group of transitional enterprises. BZ Steel got listed in the 21st century and became one of the leading steel companies in China. The process of iron and steel production in BZ Company contains coking, sintering, ironsmelting, steelmaking, and steelrolling. Based on this process, 8 producing plants, 3 assisting plant like oxygen-making plant, and 4 sub-company focus on sale were founded. 17 offices including management promotion, human resource, and quality management were built in the company headquarter to compose a matrix organization. Around the production zone, roads like BZ street, Steelflower road, BZ Hospital, BZ kindergarten, BZ First and Second Primary School, BZ Middle School, BZ Park, Workers’ Palace, TV Station were built to form a complete living zone for all the workers and their

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Basic-level operators, technicians and administrators constitute the employee group, accounting for 75%, 21% and 4% respectively. Most employees have a high school education degree or below or graduate from vocational schools, occupying 77% of the total. Most of the employees are high or middle-level workers and technicians. The turnover rate is relatively small. Employees aged between 35 and 55 account for 60% of the total. Young employees account for a small proportion. Influenced by the economic crisis and the changing situation of supply and demand in steel industry, G Company readjusts its development strategy. New technology introduction, lowering production cost and simplifying the organizational structure are three main policies. During the founding of the modern enterprise system, employee participation mechanisms were changed structurally, which means the former mechanisms like workers congress and labor union democratic system are combined with new mechanisms like quality control circle, work group meeting, employee forum and employee satisfaction investigation.

3.1 Representative participation and limited employees’ voice

BZ Company has a complete workers congress system and a union democratic management system: in the beginning of each year workers congress meetings are held, and a complete programme has been formed; meanwhile, there is a democratic management office in the enterprise union, which is in charge of general affairs related to employees’ democratic participation. The report of workers congress includes yearly work summary, major system revisions and so on, and it also puts next year’s work arrangement, financial budget, and system revision decision to vote. The current collective contract was signed in December 2009, with a term of validity of three years, and the contents include four parts: (1) labor contract, (2) labor pays, work hours, breaks and vacations, (3) labor protection, professional security and hygiene, environmental protection, and (4) labor insurances and benefits. The routine work of the union democratic management office includes organizing employee participation mechanism, such as employee representative inspection, making company affairs open to public, and democratic conversations. In addition, worker directors take part in decision making processes of the company.

In spite of the complete system and programme, 75.7% of the survey sample considered the function of the workers congress as to acquaint employees with the company’s conditions, and less than 20% of them agreed that they could express their opinions through their representatives. Employees paid close attention to managers’
year-end summaries and plans for the next year, but there lack of an official feedback and consult programme during decision making processes and review and prove processes for employees to express their opinions or complaints. Regular workers were only able to put forward their suggestions during decision implementation processes, or simply voiced anonymously on BZ Company forums on the internet. Union officers deemed that “it is impossible to have one resolution denied on workers congress meetings, and at most there will be a small number of rejection votes and/or abstention votes,” and for newly elected representatives, the enterprise union will “provide centralized training to acquaint them with representatives’ rights and obligations, and how to be a qualified representative and protect worker fellows’ benefits.” Each year there were around 150 proposals, most of which, however, focused on living benefits, production and operations, and only 15% and 10% of the proposals were related to enterprise management and reformation, respectively. When talking about making proposals, S, the superintendent of machine maintenance shop in smelting and rolling factory, said they would “measure the possibilities of having proposals established and problems solved. Generally it is very hard to have proposals about significant enterprise decisions accepted, and therefore we would select issues in production processes, such as machines or safety protection, or living facility supply as proposal themes. These proposals have a higher chance to get established and related problems are more likely to get solved.”

In the representative participation system, employees’ being used to decisions’ getting approved and representative training have resulted in a situation where employees in state-owned enterprises are more likely to only have rights of listening and sharing information, while their directly expressed opinions are screened to some extent, and as a result, keeping silent becomes the choice of most employees and representatives.

3.2 Direct employee participation in production processes and improvement of enterprise profits

Workplace production processes in BZ Company consists of four hierarchies, and from top to bottom they are: factory, shop, work section, and shift. A shift is the basic

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10 Organized from the interview of BZ company continuous casting shop workers C, L and X on February 16, 2012 (Item Number: 20120216-005-007).
11 Quoted from the interview of BZ company union democratic office manager L on February 20, 2012 (Item Number: 20120220-003).
12 Same as 11.
13 Quoted from the interview of the superintendent of machine maintenance shop in BZ company smelting and rolling factory on February 15, 2012 (Item Number: 20120215-001).
production organization at frontline production processes, and the size of a shift varies from less than ten to dozens according to different work types. BZ Company applies “4-3 rotation shift” system, which is widely adopted in metallurgy industry. Between the shift gaps, pre-shift and post-shift meetings are held in order “to make management work authorized and refined to each shift and individual, to improve grass-roots unit managers’ inspection, supervision and control, to reinforce internal communication through worker participation, to promote mutual supervision between workers and between workers and managers, to cultivate employees’ perceptions of time, discipline, and quality.”

Quality circle was introduced to BZ Company as a way of employees’ participation in production decision-making in 1980s, and it has been recently promoted by the management for the sake of cost reduction, lean production, and technology innovation. Quality circle is considered as a way of exploring the power of frontline workers, especially experienced workers and recently gained technicians, to solve production problems, reduce costs, improve product quality and production performance. Workers voluntarily form groups according to production problems, and regularly hold meetings to seek the optimal strategy as well as do experiments. Finally they put forward an improvement plan and put it into production practice.

Differing from the management who emphasize the effects of quality circle in production performance improvement, leaders in shops and shifts thought that the effect of quality circle was closely related to working contents, and most of the participants were highly skilled or experienced workers, but regular workers could hardly get recognized for their efforts, so it was rather difficult to mobilize these workers. Leaders of grass-roots units placed emphasis on the effects of pre-shift and post-shift meetings in feedback and coordination. Though these meetings seldom changed in forms or contents, they could reveal production problems effectively through employees’ participation and communication, and they served as the first link in production information flow. Besides, these meetings were able to make work taken over smoothly between shifts. Interviewees said problems discussed in pre-shift and post-shift meetings were closely related to their own work, and such meetings could acquaint them with the rate of progress and their own responsibilities; also reported problems could draw more attention from leaders and they could get more feedbacks; however, quality circle required highly professional technical

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14 BZ company management handbook.
15 Organized from interviews of superintendents of continuous casting shop and machine maintenance shop H and S, as well as shift leaders Q and W in BZ company (Item Number: 20120216-001&003, 20120215-001&004).
knowledge, and not all workers were able to participate in.\textsuperscript{16}

Although managers in different levels and workers held different opinions about participation in production processes, from a viewpoint of overall implementation effects, we can see that the number of registered quality circle groups increased to more than 200, with an increasing ratio of 45\% from 2008 to 2011, and technology innovations achieved in quality circle increased the enterprise profits by about 25\%. Implementation of pre-shift and post-shift meetings helped BZ Company realize readjustment and shortening of production cycles, and improved the production performance significantly.\textsuperscript{17}

3.3 Direct employee participation during decision implementation processes and grass-roots democratic management

Direct employee participation also appears in the management decision implementation processes besides production processes. On the one hand, it appears as an information sharing and communication mechanism initiated by the functional management department\textsuperscript{18}, and in BZ company, examples are employee satisfaction surveys and employee forums started from 2008; on the other hand, direct participation also takes the form of feedbacks about the implementation of one certain decision from workers at frontline workplaces to the managers. There is no official programme or system for this feedback process, but when enterprise decisions are being implemented downwards at workplaces during organizational management transformation periods, it plays a role in adjusting decision implementation ways, dealing with complaints and disputes from employees, and predicting employees’ attitudes and behaviors.

Outstanding issues reflected by the employee satisfaction surveys in recent three years are that employees are not satisfied with the salary system, and employees have a demand of salary increase, for example, some employees complained about “inconsistency between salaries and contributions”\textsuperscript{19}, and this complaint is more severe for frontline operators. The human resource office attributed this inconsistency problem to “too many levels in second bonus allocation and too large gaps in some units”\textsuperscript{20}. In order to solve this problem, the management adjusted the allowance

\textsuperscript{16} Same as 15.
\textsuperscript{17} Organized from data provided by the management of BZ company.
\textsuperscript{18} Information sharing has relatively low participation level, and it is widely implemented in China’s enterprises. Communication mechanism mainly focuses on the collection and feedback of employee voices.
\textsuperscript{19} Quoted from BZ company satisfaction survey results in 2010.
\textsuperscript{20} Same as 19.
standards for night shift and high temperature such that the regular income could be increased, but no according salary structure adjustment was implemented.

The participation of employees at the frontline workplaces is mainly reflected by the communication and coordination between grass-roots managers and frontline workers regarding problems occurring during the initial period of new management decision implementation, and the result of participation is generally an adjustment in the decision implementation way. Different enterprise decisions may offer employees participation spaces with very different sizes. Some decisions which have significant influences on the organizational transformation, e.g., position rearrangement plans, provide very limited participation space even in the implementation process, and therefore employees cannot negotiate with the management in a fair manner.

4 Employees’ consent in their workplace participation in state-owned enterprises

In order to estimate employees’ participation and consent level in different participation types, we gave out 250 questionnaires, and 214 effective ones were collected. The majority of the sample were technicians and operators (87.3%), of whom 57.94% did not sign fixed-term labor contracts, and 41.27% signed fixed-term labor contracts. 79.37% of the sample had worked in BZ company for more than 10 years; 12.7% of them had worked there for 5 to 9 years; and 7.94% of the sample had a working experience of less than 5 years in BZ company. Based on the current situation of the participation mechanism in BZ Company, we designed the questionnaire as “The following participation form is able to help me participate in the company’s production and management, so I would like to participate actively.” The participation forms are divided into five levels according to the corresponding consent levels in descent order:

1. Pre-shift/post-shift meetings and making shop and shift affairs public;
2. The enterprise TV station and publications, shift democratic management meetings, system of reasonable suggestions and proposals, and workers’ congress;
3. Making general company affairs public, contest of advanced operations, and

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21 Such as the adjustment of the performance evaluation method in the machine maintenance shop during the implementation process of the enterprise performance assessment decision. Organized from interviews of workers in the machine maintenance shop (Item Number: 20120215-007-009).

22 The questionnaire design referred to the UK workplace questionnaire, and questions about employees’ participation angle were added.
intranet;
4. Bulletin board, quality circle, and employee satisfaction survey;
5. Employee representative inspection, employee forums, collective bargaining,
   worker directors, and executive manager hotline.

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Table 1. Employees’ consent evaluation of participation types in BZ Company (%)

![Figure 1. Workers’ choices in ways of participation](image)
From the collected survey data, we can see that except that executive manager hotline, collective bargaining, and worker directors received low consent response, all other participation types received high consent level with more than 60%. Participation mechanism at shop and shift levels were considered most helpful, followed by some information disclosure channels, such as intranet; however, quality cycle and employee satisfaction surveys did not get high consent; although near 76% of the sample did not consider workers’ congress as a good expression platform, among the representative participation ways, workers’ congress and the proposal system still obtained good acceptance, while collective bargaining and worker directors mechanism did not get high consent rate.

Around 62.7% of the sample thought the management took employees’ opinions sincerely and properly, and 48.3% of them thought their working conditions could get influenced, but only 30.2% of the sample agreed that they could voice their opinions during the company decision making processes. When replying to questions related to representative participation, 55.6% of the responded employees considered the union as a reliable organization when they encountered difficulties, but only 22% of the sample had the desire that the union took part in the enterprise management on behalf of him/her; 26% of the sample had a desire of participating the management by himself/herself; and 51% of the responded workers hoped that they could elected their own representatives who would take part in the decision making processes (see Figure 1).

5 Discussion – choice among consent, voice and quit

Based on the relatively high level of employee consent in BZ Company, the writer chooses three factors including market competition, paternalism legacy and the role of state intervention to help explain workers’ choice between consent and resistance. While the participation apparatus in the labor process and the fixed mode of labor reproduction contribute a lot to workers’ consent, the three factors above have great influence to their choice towards resistance.

In the first place, changing context in the iron and steel industry demand steel companies quickly adapt to the high-level market competition. Several marketing analysis of steel and iron industry showed that different from the early periods after the foundation of the country, this market is near its saturation. This is also the main reason why many labor disputes happened in steel companies in Jilin, Chengdu and Shanxi with workers asking for wage increase. When the company fails to keep high demand of its production or to change its production according to the newly-emerging
demand, it would be hard to maintain the superior treatment even if it is a state-owned company. On the one side, stricter output and quality control plus downgrading treatment may result in some kind of workers’ resist. On the other side, attractive treatment provided by private or foreign invested-companies may push the employees to leave their homeland and to accept a new job even if it is not relevant to his basic skill in steelmaking\textsuperscript{23}.

Paternalism legacy could be seen in almost every corner of BZ Company, especially in its living zone. The company keeps providing public infrastructure and welfare in the process of its workers’ reproduction, such as children’s education even the priority to be recruited by BZ, convenient transportation and shopping area, and also the social reputation as a employee in SOE. Many interviewees mentioned the feeling when they firstly stepped into the BZ zone, all kinds of welfare showed the company is considerate about its employees and brought a feeling of safety. Their working lives and leisure time both happen in this place, their children were born and growing up in the company yard, and that is why they used to call the company “homeland”. This feeling of safety cultivated by the company’ practice of paternalism and provision of welfare promote their consent towards the plans and practice of management. Although in the atmosphere of market economy the paternalism practice is reduced a lot by newly introduced management methods, its legacy still has great power to attract workers and to enhance the degree of consent, especially with what we will discuss next, the state intervention.

State intervention is another important factor that may host influence on the employees’ attitudes. It may change the disadvantaged situation of the enterprise and save the company by promoting the sale through channels like attracting new enterprise in the line of sale. This would protect the company in the fierce competition of market combat and provide the company space to maintain paternalism practice and welfare. Secondly, although tiny companies may not be assisted by the city or county which has the ownership, the government would usually intervene into the labor disputes and conflicts by compelling a wage increase or even compensate with local revenue. Both of the two kind of intervention may reduce the workers’ resistance and make the management-employee relations obscure.

Although a relatively high level of consent to participation mechanism was identified by the survey, employees showed high demand to participation, especially

\textsuperscript{23} Reorganized from interview of L who would leave BZ and go to Guangzhou for his new job. (Item Number: 20120222-003)
in the income distribution policies, for example, many employees want to know “how is one’s wage determined; especially the formulation of company wage policy during difficult times.” Meanwhile, BZ company forum and intranet community have become platforms where employees can express themselves. Posts with threads of “Call for suggestions of lowering costs,” “Methods of self-redemption for BZ,” and “How to determine the minimum wage for BZ Company” attracted intensive attention. Though no feedbacks in the official system were received, this mode of expressing opinions had a very high level of participation.

Burawoy deemed that employees’ consent resulted from their participation in various mechanisms designed by the management, and employees’ choosing to participate resulted in their consent to the rules of such mechanisms. However, it is indicated by the interview that traditional welfares in state-owned enterprises and their operation strategies when operation difficulties appear are major factors influencing employees’ choice among consent, voice and quit.

During the interview, several employees who joined the company in 2001 talked about their trust in the enterprise management came from “the atmosphere in factories and living quarters, the welfares in housing, health services and the education of their children provided by the enterprise make them feel that BZ company is where they will stay through a lifetime, and that the company will take full consideration of employees’ interests, and will not neglect their interests because of profits.” The traditional welfares in state-owned enterprises reflect the company’s “paternalism” care of employees. In this situation, the company is the authorized representative of employees’ voices and interests, and employees have good trust in the management as well as low demand in participation, so they tend to consent to the participation mechanism with low participation level based on their consent to the traditional welfares. However, context change and process change, which were mentioned in Burawoy’s book “Manufacturing Consent”, began to show up in the case of BZ company. That the supply is in excess of the actual demand and high competitive market constitute the real situation for BZ company, under which traditional welfares decreases dramatically and pursuit of profit becomes the primary goal of company strategies. Meanwhile, rules and orders gradually become mature in the internal labor market, and the government begins to decrease the employees’ benefits, and the

24 Reorganized from the interviews of L and X from the continuous casting shop, and F and M from the coking shop (Item Number: 20120216-006&007; 20120217-003&006).
25 Reorganized from interviews of S and his three fellow workers with the same entry time at the living zone (Item Number: 20120222-001).
strategies about wages and job positions will exert great influence on workers at the production line, but profit steering direct employee participation and limited representative participation can only provide employees with very limited participation space. The adoption of such strategies of participation control may lead to unofficial participation forms, employee turnovers, and even collective actions.

In conclusion, the existing employee participation mechanism in state-owned enterprises cannot meet employees’ demand to participation, which keeps increasing in process and context changes. The mismatched employee participation under management control is able to acquire a high level of consent, but the mechanism itself has very limited effect upon the enterprise labor relations. When market condition changes result in labor market environment changes, employees will tend to express their opinions outside the official participation frame and can be easily mobilized if there is no equal and efficient participation mechanism.

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