Worker-Management Meetings in China:
An Initiative for Workers’ Voice in Management Structure

Jinyun LIU, Ph.D.  Lawrence S. ROOT, Ph.D.
Director, Center for China  Professor and Director
Employment and Labor Relations  Office of Global Activities
Institute for Research on Labor,  School of Social Work
Employment and the Economy  University of Michigan
University of Michigan

Abstract
From 2002-2007, a bi-lateral project on China labor was undertaken with support from the U.S. Department of Labor and in cooperation of China’s Ministry of Labor and Social Security (now: Ministry of Human Resources and Social Security). One element was the creation of a demonstration project that created a structure for worker-management meetings (工人和管理双方代表参与的劳动关系会议) in companies in the city of Qingdao. The intent was to bring workers and managers together in a regular forum to discuss and resolve issues of common concern. The first author of this proposed paper worked directly with the local labor officials, fifteen participating companies, and a Chinese legal NGO in the development and implementation of this demonstration project. The companies were in both manufacturing and the service sector. Their ownership patterns included private Chinese-owned firms, foreign joint ventures, and foreign-owned companies. One of the companies was a state-owned enterprise. Over a fourteen-month period, elected worker representatives and management appointees met bi-monthly to address issues of shared interest.

This paper draws upon “on-the-ground” perspectives of the first author and the meeting records kept by the local labor officials of the topics discussed. Two aspects of this experience are explored. The first is how these worker-management meetings fit within the organizational structure of the companies. While China has experienced rapid changes in their economic system, industrial relations practice has lagged behind these seismic economic and social changes. Patterns of labor-management-relations that characterized state-ownership persist and the organizational relationships seen in western economies have been slow to emerge. One result has been that labor disputes have become common. Failure to address problems early is seen as a serious potential liability for companies. The worker-management meetings were seen as a possible first step in addressing this situation by introducing workers’ voice into the management routines of these companies.

The second part of the paper addresses the nature of the issues discussed in the worker-manager meetings. Drawing upon the written records of the meetings, the topics are analyzed in terms of what aspect of the work relationship they address. In addition to issues related directly to work (such as, conditions and pay) a significant proportion reflect the situation of migrant workers—concerns about accommodations and amenities provided to the living environment. In this context, the worker-manager meetings address issues that are reminiscent of the earlier role of the “work unit” (工作单位) in communist China, as the vehicle for China’s social welfare provisions. Interestingly, this social welfare role for Chinese companies parallels developments in the West, from examples of early examples of “welfare capitalism” to the continuing role that employment-based programs play in Western social welfare.
The rapid industrial growth following China’s economic liberalization that began under Deng Xiaoping, has led to widespread changes. Foreign direct investment, often in joint ventures with Chinese partners, has mushroomed. Many former state-owned enterprises have been privatized or otherwise taken on characteristics of the private sector. And, with the economic expansion and loosening of the hukou (household registration) system, internal migration has brought masses of rural workers to the cities. (Liang 2001) Estimates of the number of migrant workers in China vary. The online English-language People’s Daily put the number of rural migrants at 230 million, with almost two-thirds of that number working outside of their home areas for at least six months. (People’s Daily online, 2010) Another analysis placed the number somewhat lower, but emphasized that migrant workers represent large proportions of the workforce in major sectors of the economy, such as manufacturing, mining, construction, and service. (Nang & Ngai, 2009)

Industrial relations practice in Chinese companies has lagged behind these seismic economic and social changes. Patterns of labor-management-relations that characterized state-ownership and an administered economy have yet to adapt to an economic environment based on competition and the associated pressures on productivity, quality control, and control of labor costs. (Clark, Lee, & Li 2007) Survey results suggest dissatisfaction among workers with labor relations, with concerns about autocratic behavior by management, abusive disciplinary procedures, and unfair distribution of rewards. (e.g., see Cooke 2002, 21) Such discontent seems to have been magnified as a so-called “Generation 2” of migrants with more education and less tolerance of oppressive working conditions have entered the labor force. (Larsen, 2011; Nang & Ngai, 2009) Labor disputes have proliferated. Official statistics, which tend to under-report incidents, indicate that in 2008 there were almost twice as many labor disputes than in the previous year: almost 700,000 disputes involving 1.2 million workers. (Congressional-Executive Commission on China 2009, 75) High profile news accounts of suicides at Foxconn’s mega-factory in Shenzhen and strikes at Honda and Toyota production facilities have highlighted stresses in the new industrial regime. (For example, see Barboza 2010, Bradsher 2010, and Zheng 2010)

In 2002, the U.S. Department of Labor, working in coordination with the Chinese Ministry of Labor and Social Security (MOLSS), initiated a multipart demonstration project addressing labor issues in China.8 This initiative, the U.S.-China Labor Law Cooperation Project, focused on the labor law and labor relations in China. The project had four specific objectives: (1) enhancing China’s capacity to develop and implement labor laws/regulations; (2) increasing awareness among migrant workers of their rights and how to address possible violations of those rights; (3) improving labor relations; and (4) increased use of the legal system.9 University of Michigan’s Institute of Labor and Industrial Relations (now the Institute for Research on Labor, Employment and the Economy) participated in working on the third objective and Jinyun Liu, director of the Institute’s Center for China Employment and Labor Relations and first author of this paper, served as the “team leader” for the efforts to improve labor relations. A central part of this initiative was a demonstration project to create and operate worker-management committees (WMCs) in companies for joint problem-solving.

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8 The Ministry has subsequently been combined with the Ministry of Personnel, creating the Ministry of Human Resources and Social Security.
9 For an overview of the larger project, see U.S.-China Labor Law Cooperation Project (2007)
In this paper, we analyze the issues raised in these WMCs, and in doing so, shine light on the pressures and problems facing both labor and management in the Chinese economy. We find, on the one hand, that the experiences of these Chinese WMCs in many respects mirror the role of comparable committees in the West. Yet on the other hand, the data also reveal issues specific to China’s social and economic context and the situation of Chinese workers at this particular point in time. The experience reveals a number of issues concerning parameters for innovation and potential impacts of labor reform in China.

Creating Worker-Management Committees in Qingdao

The city of Qingdao sits on the coast of the Shandong Peninsula in northeastern China. Overlooking the East China Sea, it has long been a popular seaside resort. Like other parts of coastal China—and spurred by both its attractive location and its proximity to Korea—the Qingdao area has experienced extensive economic development and it is a major commercial and industrial areas in China. Popularly known abroad as the home of Tsingtao beer, it has a diversified economic base, including extensive manufacturing, agricultural, and technical/engineering operations.

The site of the demonstration project as well as the structure of the WMC approach reflect policy decisions on the part of the Ministry of Labor and Social Security. The Qingdao region has a history of economic innovation. It was a pilot city in the 1980s for the early movement away from state-owned enterprises and the “iron rice bowl” of benefits and security provisions that characterized China’s centrally-run economy. In that sense, it was seen as a promising site for the demonstration project.

The decision about the nature of the labor-relations initiative reflected the goals of reducing labor disputes in a manner that would not disrupt the broader societal power dynamics. During the planning stages, a delegation from the Chinese Ministry met in the United States with a range of experts in U.S. labor relations. This included meeting with the Federal Mediation and Conciliation Service (FMCS). The FMCS was created in 1947 as part of the Taft-Hartley Labor-Management Relations Act, which was passed in response to the spike in labor disputes in the United States following World War II. Initially, the purpose of the FMCS was to be a neutral third-party assisting labor and management in the resolution of bargaining impasses. In 1978, the Labor-Management Cooperation Act enlarged the charter of the FMCS to include the establishment and maintenance of joint labor-management committees.

The FMCS’s conventional approach to labor-management committees was not a perfect fit with the Chinese situation because they work almost exclusively with unionized companies. The labor-management committees are limited to addressing issues that are not typically addressed at the bargaining table. For instance, specific policies regarding worker health and safety are often delegated to labor-management committees to enable the parties to respond rapidly to new information or conditions, such as changes in health and safety law or alterations to the work environment. In the United States, labor-management committees are legally subordinate to the collective agreement, and represent areas where the parties share similar objectives and agree on the value of joint problem-solving. More contentious or distributive

10 The FMCS’s description of its history notes that it was “given the mission of preventing or minimizing the impact of labor-management disputes on the free flow of commerce by providing mediation, conciliation and voluntary arbitration.” Source: http://www.fmcs.gov/internet/itemDetail.asp?categoryID=21&itemID=15810.
topics, such as compensation, are typically reserved for collective bargaining. Because unions in China typically do not act as representatives of workers and collective bargaining is rare, the FMCS did not have these alternative modes of problem-solving. The Chinese name most often used for these committees in the Qingdao demonstration is translated as “labor relations committees.” In this paper, we use “worker-management committees” (WMCs) rather than “labor-management committees” to suggest the dynamics of the process but avoiding the use of “labor,” which often is understood to refer to “organized labor.”

Although industrial relations in China presents a different context for implementation of labor-management committees (e.g., there are virtually no Western-style unions or collective bargaining agreements), the Ministry found the FMCS approach particularly well-suited to their concept of a problem-solving approach that fit the Chinese situation. One key factor was that the government plays a central role in the FMCS model. This allowed local labor officials to directly participate in the demonstration project and to monitor the responses by employers and workers to the demonstration project. A second factor was the emphasis on joint problem solving at the enterprise level, which is a major locus for conflicts. For these reasons, the Ministry decided to adopt the FMCS model with the idea that worker-management committees, developed with the support of neutral third-parties (local governmental officials and a legal NGO), held the promise of improving labor relations in a manner consistent with the Chinese government’s expressed goal of “harmonious” labor relations.11

The project director worked with the Qingdao Labor Disputes Arbitration Tribunal (henceforth, “Labor Dispute Tribunal”), a division of the Qingdao Municipal Labor and Social Security Bureau (the local MOLSS office) in the development and implementation of this project. The initial steps involved the development and approval of an implementation plan by the Chinese and American partners. Following this, the Labor Dispute Tribunal recruited one or two companies in each of Qingdao’s thirteen administrative districts. Once the companies agreed to participate, an orientation session was held to explain the project and the anticipated role and function of the worker-management committees. Training was a key part of the project. A Chinese legal-services NGO participated in designing and carrying out the training for the worker and management participants in the companies. FMCS personnel were also involved in the initial training of the fifteen Qingdao companies.

In accordance with the FMCS model, the WMCs in Qingdao were made up of equal numbers of representatives from management and workers. Management representatives were appointed by the company; worker representatives were selected through an election process organized by the Labor Dispute Tribunal. Each WMC agreed to ground rules for the meetings and created a written charter. The committees then met over the course of eighteen months. At these meetings, either side could raise issues for consideration. Representatives from the Labor Dispute Tribunal attended the meetings. They recorded the issues discussed and the outcomes of those proceedings.

Most of the fifteen companies that participated in the Qingdao demonstration project were in manufacturing (see table 1). They ranged in size from a 260-employee plastics manufacturer to two large footwear makers employing 9,000 and 11,000, respectively. The fifteen companies reflect a variety of ownership patterns. Four were joint ventures between China and a foreign partner (United States, Korea, or Japan). There were also three companies that were completely foreign-owned—one United States company and two Korean companies.

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11 For example, see the English language China Daily [see http://www.chinadaily.com.cn/english/doc/2005-02/20/content_417718.htm].
The remaining eight were Chinese, including a Hong Kong company. One of the Chinese companies was a state-owned enterprise.

Table 1:
Companies in Qingdao Demonstration Project

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Size of workforce</th>
<th>ACFTU present</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manufacturing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athletic footwear</td>
<td>Korea</td>
<td>11,000</td>
</tr>
<tr>
<td>Athletic footwear</td>
<td>Korea</td>
<td>9,040</td>
</tr>
<tr>
<td>Brewery</td>
<td>China-U.S.-Hong Kong</td>
<td>3,500</td>
</tr>
<tr>
<td>Rubber products</td>
<td>China</td>
<td>3,300</td>
</tr>
<tr>
<td>Washing machines</td>
<td>Hong Kong</td>
<td>3,000</td>
</tr>
<tr>
<td>Vehicle electrical components</td>
<td>United States</td>
<td>3,000</td>
</tr>
<tr>
<td>Electronics, molding tool</td>
<td>China-Japan</td>
<td>2,600</td>
</tr>
<tr>
<td>Vehicle components</td>
<td>China</td>
<td>2,100</td>
</tr>
<tr>
<td>Paper</td>
<td>China</td>
<td>2,000</td>
</tr>
<tr>
<td>Motorcycle accessories</td>
<td>China</td>
<td>800</td>
</tr>
<tr>
<td>Knitted products</td>
<td>China-Japan</td>
<td>700</td>
</tr>
<tr>
<td>Container manufacturing</td>
<td>China</td>
<td>600</td>
</tr>
<tr>
<td>Plastic and paper products</td>
<td>China-United States</td>
<td>260</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business services</td>
<td>China</td>
<td>1,850</td>
</tr>
<tr>
<td>Hotel</td>
<td>China (state-owned)</td>
<td>860</td>
</tr>
</tbody>
</table>

Eleven of the fifteen companies were “unionized” in the sense that they had a local (enterprise) branch of the All China Federation of Trade Unions (ACFTU), the organization to which all unions in China must belong. Although the ACFTU’s role in China has varied over time, for the most part it serves as a branch of the Communist Party at the central as well as local level (Han and Monshima 1992). Within companies, the ACFTU is part of the management structure and does not generally seek to represent or advocate for the interests of workers in their relationship with management (Hong & Warner 1998; Baek 2000). There are some indications that with economic liberalization the ACFTU may become more of an advocate for workers, particularly with regard to foreign-owned companies (Friedman 2009; Chan 2009). The unions within the participating Qingdao companies, however, were more characteristic of the general ACFTU approach and served as an arm of management. When union officials served on the Qingdao worker-management committees, they participated as representatives of management, not as worker representatives—they sat on the management side of the table.

The companies that chose to participate in the demonstration project had a variety of motivations. The fact the local government labor bureau was involved was certainly a factor. But a common feature was the desire to avoid labor disputes. As noted above, work-related
disruptions are a growing problem in China. Official statistics, which are generally understood to undercount the number of disputes, show almost a doubling of incidents during the period leading up to the demonstration project, from 184,116 disputes in 2002 to 350,182 in 2007. Labor disputes in Shandong Province, where Qingdao is located, followed a similar pattern, with the number of disputes increasing from 15,003 in 2002 to 24,520 in 2007. (China Ministry of Labor and Social Security 2008) Chinese companies have traditionally been very hierarchical, without the communication channels necessary for early identification of problems. Similarly, there are seldom established processes for managing disputes once they arise. According the Bureau personnel in Qingdao, some of the participating companies did occasionally hold “worker assemblies” to provide management-labor communication prior to the demonstration project, but these tended to be annual events and did not constitute a regular interchange. The WMC model was attractive because it established a formal communication system without ceding management authority.

Another motivation on the part of some of the companies was the desire to have (or, at least to be perceived as having) progressive and humane labor relations. This was particularly important for companies involved in export relationships. Foreign buyers—especially “name brands”—have become increasingly sensitive to the negative impacts of being associated with suppliers who are violating international labor standards. In this context, having a worker-management committee could serve as an indicator of a positive labor relations environment.

**Topics Addressed by the Worker-Management Committees**

As described above, the WMCs met on a bi-monthly basis for nine meetings. During these sessions, the Labor Dispute Tribunal participated as observers and recorded information about the issues raised by both workers and management. For each committee meeting, the Tribunal official who was responsible for that district of Qingdao was present and kept notes on the issues raised. This recording listed the nature of the issue, the proposed course of action to address the issue, information on the implementation status and, if relevant, described the reason why management did not accept a proposal. Occasionally, the Tribunal observer would provide supplementary comments. The analysis of the topics addressed is based on the translation of these Labor Dispute Tribunal records.

These records were analyzed by a four-person team, composed of the authors of this paper and two colleagues, John Beck (Michigan State University) and Roland Zullo (University of Michigan). Using an iterative process, each member of the research team independently reviewed the data to identify generative themes and patterns and then convened to share notes, clarify ambiguities, and reach consensus on how to understand the issue. This process was repeated approximately once every two months over the course of one year. Although the notes were often brief, most of the issues and outcomes were adequately described, providing a perspective on the issues address by the committees. For some of the issues, however, the record of the proceedings is ambiguous. For example, some issues are described too briefly to identify the issue (e.g., “about salary plan adjustment” or “about whether or not to set up workers

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12 An initial translation made by individuals without a background in labor relations proved inadequate. A second translation by a Chinese graduate student in the labor relations program at Michigan State University became the version that was used for this analysis.

13 The authors are grateful to Drs. Beck and Zullo both for their partnership in the analysis of topics raised in the WMC records (presented in table 2) and for their many insights that have informed this paper.
technician system”). In some other cases, the origins of the issue were unclear. For example, one company’s WMC meeting addressed the “overtime working issue” without a clear idea of what aspect of overtime was being addressed. Although several actions in response to the issue were identified, including having a “strict overtime application system” and educating the “employee to think [about] overtime in the right way,” it was still unclear what the issue was and whether it was raised by management or worker representatives. Often the first author of this paper was able to clarify ambiguities because of his direct experience with the demonstration project. Some of the issues, however, remained too unclear to draw conclusions. For this reason, the research team decided to focus on the substance of the issues, rather than the committee outcomes. During the fourteen-month demonstration period, the fifteen WMCs addressed over 200 separate issues. The Tribunal observers categorized the issues raised according to eight areas, displayed in table 2.

Table 2: Issues Discussed by the Qingdao Worker-Management Committees

<table>
<thead>
<tr>
<th>Issues</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Safety and Worksite</td>
<td>56</td>
<td>27.6%</td>
</tr>
<tr>
<td>Employee Life</td>
<td>52</td>
<td>25.6%</td>
</tr>
<tr>
<td>Wage Issues</td>
<td>22</td>
<td>10.8%</td>
</tr>
<tr>
<td>Employee Training</td>
<td>21</td>
<td>10.3%</td>
</tr>
<tr>
<td>Working Hours</td>
<td>11</td>
<td>5.4%</td>
</tr>
<tr>
<td>Employee Rewards/Discipline</td>
<td>10</td>
<td>4.9%</td>
</tr>
<tr>
<td>Labor Contract</td>
<td>6</td>
<td>3.0%</td>
</tr>
<tr>
<td>Labor Relations Committee</td>
<td>6</td>
<td>3.0%</td>
</tr>
<tr>
<td>Other</td>
<td>19</td>
<td>9.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>203</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Work Safety and the Worksite. The largest category of issues, accounting for over a quarter of the issues discussed, were classified as “Work Safety and the Worksite.” Within this category, health and safety concerns accounted for almost half of the topics raised (21 of the 56 issues). These topics are similar to those seen in workplaces in the West, such as upgrading ventilation systems, improving the availability of protective equipment, and addressing unsafe physical situations (e.g., slippery floors). Relief from hot working conditions is explicitly mentioned in five of the cases.

Eighteen topics in this category can be understood as related to shop-floor operations, including handling of work assignments and quality control. Several proposals dealt with issues that are usually considered management prerogatives in the United States, such as assignment of workers in new production lines, quality of raw materials, and the attitudes and managerial styles of supervisory staff. Other issues in this category reflect amenities in the workplace, frequently overlapping with health and safety. For example, the availability of uniforms was raised in eight meetings. While this may be a fringe benefit or amenity, it may also be relevant for health and safety. This same ambiguity applies to topics related to the quality and availability of showers and bathrooms.
Employee Life. The second largest set of topics—accounting for another quarter of the total—were categorized by the Tribunal as “Employee Life.” Included in this category are issues such as the cafeteria and housing conditions. The nature of housing options and the quality of cafeterias often play an important part in a company’s competition for workers. Additionally, as part of the overall pay package for workers, favorable living arrangements can enable employers to pay a lower overall wage to their workforce (Barboza, 2010). Beyond these bread-and-butter benefits, employers also provide a range of social activities and, in some cases, educational opportunities. The topics grouped under “Employee Life” reflect these aspects of the Chinese workplace.

The largest proportion of the “Employee Life” issues involve improvements to dormitory conditions—such as improved bathroom facilities, better mattresses, and generally improving the physical environment. These are particularly relevant because of the large proportion of migrant workers working in these companies. In addition to material conditions, some of these issues involve administrative arrangements, such as making dormitory assignments that minimize the disrupting the sleep of employees working different shifts. A number of Employee Life topics address improvements to social activities, both in the dorms and for the general workforce. Examples include table tennis tournaments, showing more movies, and planning recreational trips. The WMCs also raised suggestions for improvements to their respective cafeterias (e.g., decreasing prices and expanding breakfast options). Another important dimension of social activities that came up in the discussions relate to arrangements for special holidays, such as the Spring Festival. For these very busy travel times, employers often arrange bus and railroad transportation for migrant workers’ return home for celebrations. Other topics in “Employee Life” address issues such as improvements in the company’s local bus service and subsidizing or providing childcare.

Wage Issues. The Tribunal observers categorized a little over ten percent of the issues as related to wages. These include questions about the basic wage levels, differentials for “heavy work,” compensation association with different classifications, and whether a particular period of work should be treated as overtime or paid at the normal rate. Pay levels were also discussed as a way to recognize positive worker outcomes (e.g., safety or attendance bonuses). The discussions in response to several questions raised in the WMCs appear to be clarifications on the part of management or a confirmation that a change had been made—that is, management responded to a question raised by providing the rationale for a situation. For example, one worker-management committee questioned why there were wage deductions from the pay of line workers who quit. The response by management was a description of the rationale, which was based on the failure of the workers to give adequate notice. Wage issues typically involved group concerns. In one case, however, a WMC raised the issue of how a particular individual was compensated during his sick leave. While addressed to the situation of a single worker, the outcome apparently set a precedent for how others in a similar situation would be treated.

Table 3 presents the wage issues in terms of whether they related to the workforce or to specific individuals and our understanding of the outcome of the discussion. As noted in the table, three of the issues, while related to remuneration, were not judged to be directly “wage issues.” This assessment provides a sense that from the perspective of workers somewhat over half of the wage-related topics resulted in a positive outcome, this conclusion must be tempered by the fact that some of the descriptions in the written record of the meetings were ambiguous.
Table 3:
Apparent Outcomes of the Topics Requesting Wage/Payment Increases

<table>
<thead>
<tr>
<th>Related to:</th>
<th>Granted</th>
<th>Reached</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group of workers</td>
<td>10</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Individual worker</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>8</td>
<td>19*</td>
</tr>
</tbody>
</table>

57.9% 42.1%

*Three of the topics included within the 22 “wage issues” were judged to be related to remuneration but not specifically to wages (e.g., social insurance procedures).

Several “wage” topics reflect specific characteristics of the Chinese social welfare structure. For example, there were questions that related to China’s social insurance system and payments/coverage of workers. Within China, issues often arise concerning employer payments into social insurance accounts, the treatment of short-term workers, and coverage for migrant workers who return to their home district. Topics also address procedures for issuing health insurance and pension cards, as well as procedures for withdrawing from the pension fund.

Employee Training. Ten percent of the issues discussed in the WMCs were related to employee training, with most targeted to improving how workers carry out their jobs. Some of the topics suggest sophisticated interest in training, emphasizing worker assessment, alternative training delivery methods, and attending to the theory-to-practice gap. Other training interests include language training, in English, Korean, and Japanese and computer training. There was also a topic related to “law education,” which appears to be related to an ongoing government requirement that local governments and companies annually engage in efforts to increase knowledge of the law.

Working Hours. Eleven of the topics were classified by the Tribunal representatives as related to working hours, such as trying to reduce overtime (often raised by management), time off for holidays, and sick leave. In one instance, the issue concerned the effect of work scheduling on prepared food going to waste in the company cafeteria, with the result that procedures were changed to reduce wastage. Another work-hours issue was a request to delay the “punch-in” time by twenty minutes to accommodate workers who take their children to school before they come to work. This change was implemented by management.

Employee Rewards/Discipline. The “Employee Reward/Punishment” category includes ten topics related to rewarding “outstanding employees” and disciplining workers who have violated work rules. The rewards topics include recognition, such as “Individual of the Year” and rewards for perfect attendance. Examples of topics related to discipline include a discussion of the discharge of one group of workers who falsified sick leave reports and another group who were drinking on the job. In both cases the “action” recorded was an explanation of what the company had done rather than any change in those actions.
Labor Contract and Labor Relations Committee. A small number of topics were classified as relating to the labor contract and to the functioning of the worker-management committee. Most of the labor contract issues involved efforts to retain valued workers, reassignment of redundant workers, or handling of seasonal variations in demand for labor. The few issues grouped under “Labor Relations Committee” involve the initial creation and functioning of the worker-management committee, reviewing their progress, and thinking about the future of the WMC. In one company, the worker-management committee discussed whether to establish similar committees in other branches. In another company, one topic was devoted to considering names for their committee, including calling it “Heart to Heart Communications Committee.”

Tribunal representatives included a variety of topics under the “Other” category. About half of these can be broadly understood as dealing with communication in the workplace. Some are explicitly about communications, such as establishing a suggestion box and instituting an employee satisfaction survey. Others are more generally about communication (e.g., efforts to boost morale, having managers eat in the employee’s cafeteria once a week to increase their understanding of employee perspectives, and efforts to address the negative attitudes of some foremen). The balance of the topics in this “other” category might also have been classified under one of the other categories. For example, some seem to address “Employee Life” (e.g., a holiday dinner for workers who were not returning home) or “Wages” (e.g., a question about how pension contributions are reported to employees).

Discussion

The Qingdao effort to develop joint worker-management committees operated at a unique intersection of Chinese and American notions of government action, trade unionism, workers’ voice, and ideas of “harmonious” workplace relationships. The opening up of the Chinese economy and its headlong success in economic development has led to massive social changes. Throwing off the rigidities associated with their traditional approach to centralized economic planning and state-ownership, the Chinese are experiencing regular double-digit economic growth and a rapid enrichment of segments of the population. Masses of internal migrants from rural areas and from the cities of central and western China have flooded coastal areas that have been the center of new economic activity. This dynamic has continued to evolve, with development spreading inland and wages rising. But these changes have also raised the specter of instability caused by growing inequality. The broad, lifelong security provided by employment in a state-owned enterprise has disappeared. Income disparities have grown and become more visible. As China enjoys the fruits of its economic growth, its leaders are always cognizant of the potential destabilizing aspect of these social and economic changes. This is nowhere more apparent than in the institutions of the workplace, where labor disputes can provide the seeds for wider social disruptions.

The Qingdao project was undertaken with the express purpose of seeking organized processes to channel the concerns of workers into cooperative venues for problem-solving. In the FMCS’s approach to joint committees, Ministry officials saw a model that allowed the workers and management to come together to address issues, while still including a role for government in the process. When put into practice, differences between the Chinese and American contexts led to important differences in how the model operated.
The role of unions in China is a major key difference. In the U.S., the FMCS works almost exclusively in unionized workplaces. For practical purposes, this means that the FMCS model of joint labor-management committees in the United States is built on an already existent system of individual workplace collective bargaining, union contracts, and grievance procedures that address key elements of the relationship between management and labor. FMCS-style problem solving committees provide an additional layer of workplace deliberation which is voluntary and whose topics are limited to those that are not subject to the normal process of collective bargaining.

As discussed earlier, the ACFTU, which had branches in most of the participating companies in the Qingdao project, is a part of the companies’ management structure and collective bargaining is virtually nonexistent in China. All Chinese unions must be members of the ACFTU. For China, the example of labor union activism in Poland and the subsequent “color revolutions” in the former USSR have reinforced the specter of independent labor organizations leading to national destabilization. In the absence of an active union role, the worker-management committees in Qingdao were both broader in the topics addressed and more limited in their influence. Many of the issues raised by the WMCs in Qingdao involved issues such as pay and benefits that would usually not be a addressed by worker-management committees in the United States. This experience provides some support for the idea that in the absence of effective unions, groups of rank-and-file Chinese workers in a workplace may themselves constitute a kind of informal organizational entity. (Chan 2010)

In terms of influence, the records kept by the Labor Dispute Tribunal suggest that some interchanges on issues appeared to be informational rather a give-and-take with the worker representatives; sometimes management explained the rationale for an action rather than engaging in compromise or negotiation. Without having an organized group in the background that periodically engaged in bargaining and potential strike action, management has less incentive to seek common agreements. On the other hand, the WMCs create a context for workers to express concerns and the increased communication provides a new venue for workers and management to address common concerns. In some cases, the workers’ representatives took quite strong positions on issues that they deemed important.

The WMCs also appear to offer a number of key advantages for Qingdao companies by drawing upon the expertise of workers to jointly solve workplace problems. For example, workers in one of the factories producing athletic shoes complained that their protective masks weren’t effective in an area of the plant subject to airborne chemicals. The initial response from management was that the masks were the best on the market and there weren’t more effective alternatives. Worker representatives used an instant messaging system on their cell phones—a system known as QQ in China—to contact workers in other factories to learn about their experience with individual respiratory protectors. Based on the feedback, they identified a better mask and brought this information to their next WMC meeting where they successfully argued both for switching to the better masks and having the new ones issued daily.

In another company, management raised the issue of the impact of inflation on the costs of providing subsidized meals in the factory’s cafeteria. They proposed to cover some of the increased costs by raise workers’ fees for meals. After an extensive discussion, the WMC identified a number of potential changes, such as purchasing more of the food from local farmers, changing procedures to increase the efficiency in providing rice, and using leftover food as animal feed. The discussion resulted in changes that avoided increasing the price for workers.
A similar dispute in another factory—one that was not a part of the demonstration project—led to a labor strike when the company increased prices in the cafeteria.

The worker-management committee process can offer some distinctive advantages for management. First, the WMCs may dampen negative feelings that otherwise could lead to conflict or to losing valued employees. Second, the committees can function as an alternative source of workplace support for and compliance with managerial plans that otherwise would depend upon traditional top-down command and control systems. And, third, having WMCs can be beneficial to the company’s public image, creating the perception—if not the reality—of cooperative relations.

In addition to addressing specific problems, the worker-management committees may also have other benefits for workers. They create an organized and supported vehicle for workers’ input to management and participation in workplace problem-solving. Workers are able to raise and discuss a wide range of issues that directly affect their day-to-day lives as well as on longer range issues. They not only get their concerns heard, but in some cases they achieve the ends they desire.

It is difficult to assess how the existence of the WMCs have impacted labor disputes. The Labor Dispute Tribunal reports a decrease in disputes in Qingdao at a time of increasing numbers of disputes elsewhere. (U.S.-China Labor Law Cooperation Project, 2007). But the extent to which such a difference is related to the demonstration project is difficult to determine. Overall changes in the incidence of labor disputes and how they are handled can be related to a range of other changes in the environment. According to follow-up interviews with government personnel, just as the WMCs were being implemented, changes in China’s labor laws and regulations made it easier for workers to bring workplace disputes to arbitration and to court. In Qingdao, this led to an increase in the number of cases raised (although not necessarily in the fifteen companies in the demonstration project). In follow-up interviews with government personnel and one of the companies, there was general agreement that improved communication between workers and management was an important contribution. For example, one local government leader remarked that techniques that were part of the WMC training (such as restating issues to ensure a common understanding) had an important impact on worker-management communications and problem-solving.

Conclusions

This project sought to adapt FMCS’ labor-management model to the Chinese industrial context. At the beginning of the project, there were several unanswered questions.

1. In the face of not having traditional unions to represent their interests, would Chinese workers use the worker-management meetings as a platform to articulate and negotiate for their interests?
2. If the workers do speak out, will they address substantive issues?
3. If substantive issues are raised, will the worker-management meetings yield agreements?
4. If agreements are reached, will management fulfill their agreements?
5. If these worker-management meetings achieve success in resolving issues of shared concerns, will their existence reduce labor disputes?
Although the first author attended only two worker-management meetings at each of fifteen companies, the records of the Labor Dispute Tribunal officials and the surveys in these companies (see U.S.-China Labor Law Cooperation Project, 2007, pp. 60-63) suggest answers to these questions. Workers did raise many issues, often substantive ones and not just incidental matters. Although the narrative descriptions of the issues are sometimes ambiguous, tribunal records characterize most of the issues as having resulted in agreement and that those resolutions were implemented or in the process of implementation. Workers do get some of what they propose, but not everything.

The worker-management committee project in Qingdao created a communication channel between workers and management, which has largely been missing in Chinese companies. The discussion of issues in WMC meetings provided an outlet for workers’ “voice” and context for problem-solving. Nearly all of the participating companies performed a year-end review of the experience and all recommended continuing the WMCs after the end of the project period. Further, the evidence indicates that many of these companies have begun to institutionalize the meetings and, in some cases, expand the model to other branches of the organization. For example, the brewery, which had piloted a WMC in their Qingdao operation, has since introduced it to its other facilities throughout China. According to follow-up interviews with the corporate-wide human resource director, all of their facilities have received training in the elements WMC operations and have been encouraged to create internal committees. The ultimate implementation decision, however, is left to the local leadership. In addition, the project led to training initiatives to promote worker-management committees in Shandong province as well as other provinces nationwide. In 2009, representatives from twenty-six provinces participated in an MOLSS conference in which WMCs were featured. (Liu 2009)

The experience in Qingdao raises a number of issues concerning the future of such efforts in China. To what extent will these projects continue? As we have noted, the Qingdao Labor Dispute Tribunal has introduced the WMC model to many other companies in Qingdao and conducted training for representatives of both national Ministry personnel as well as local bureaus from around the country (Liu, 2010). One generally expects that the experience of participation creates a desire for greater and greater participation. Will this be the case with worker-management committees? And, if it is, how will management respond to pressure to expand the scope of responsibility?

A key issue is the future stance of the government with regard to WMCs. In the course of the demonstration project, the Chinese government, through the involvement of the Qingdao Labor Disputes Tribunal, played an active role in the promulgation, facilitation, and monitoring of the worker-management committee process. It is unclear how the WMCs would have operated without that involvement. Would companies choose to be involved? Would the elections of workers as representatives on the WMC operate in the same way? To what extent was government participation critical to sustaining efforts during the demonstration process and what will be the fate of the WMCs after that government involvement ends?

Another question is the relationship to China’s “union” structure, the ACFTU. At the beginning of the Qingdao project, ACFTU personnel raised concerns about how worker-management committees would be related to the responsibilities of the official union. As we’ve observed, local union leaders in the participating plants are part of the management structure rather than serving as representatives of workers. While this did not raise problems during the course of the demonstration project, there are precedents for negative response from the ACFTU when a labor-relations innovation challenges its role and influence. (Chan 2009; Yu 2008)
WMCs appear to be taking on a more prominent role in representing the interests of workers, opposition to this innovation may arise from the ACFTU.

The future of worker-management committees in Chinese companies will depend upon three key factors. First, whether they are seen as meeting the needs of workers, including issues that are most important for workers. Second, whether employers will see them as adding value by resolving conflicts that might otherwise lead to work disruptions. And, third, whether government authorities see these workplace structures as a tool for greater stability in a rapidly changing social, political, and economic environment or as a potential lightening rod that could destabilize the economy and, perhaps, the larger political order. As we’ve noted, Chinese labor relations are undergoing profound changes, with the bounds of what is allowed being stretched by ad hoc changes occasioned by specific disputes or other incidents. There have been experiments with having local union elections in individual plants. At this writing, the most recent example is at Foxconn, the massive electronics supplier, where workers are apparently being allowed to select their own union leaders. (Pilling 2013) Worker-management committees are no substitute for real unions, but the experiences gained in worker-management structures, such as those in the Qingdao demonstration, provide workers an opportunity to engage with management and a context for developing the organizational and communicative infrastructure that may be critical in creating durable and sustainable relationships that will be needed as labor relations continues to evolve in China.
References


