

# Workshop 5

Business, Management



1. How has China's employment relations evolved over the past 50 years?

How has globalisation impacted the Chinese economy? How has this changed the labour regulations & practices for the auto industry?

Globalisation have tremendously impacted the Chinese economy. From a strictly central planned economy, it shifted to a socialist market economy" which Chinese describe as ' socialism with Chinese characteristics. After its entry in the globalization, more competition arose in the auto industry that prompted the traditionally state owned auto companies to undertake major restructuring and consolidation. Part of the restructuring that happened in the auto industry is the changing of the labour regulations and practices to enable the auto industry cope and compete with the new economic environment.

The major labor regulation change in the auto industry was the Labour Contract Law which stipulate open term contract. It meant that employer-employee relationship must be written in a contract the failure to do so would mean the indefinite employment which employers cannot just terminate. The law also stipulated labour dispatching which requires the labour contract between the service provider and the employee will be fixed for more than 2 years and the employee will be remunerated monthly even if there is no work to be done.

In the labour practice, globalisation has provided employers greater latitude to easily reduce its workforce depending on the demand of the market.

Where before workers had job security, it is now underpinned by a one year contract as stated by the new Labour Contract Law.

2. What is the role of unions in China? How does China's Political System

impact this? Should unions be founded on supporting the workers in China or the Organisations/Government? Justify your answer.

All trade unions in China are subordinated to All-China Federation of Trade Unions (ACFTU) thus it can be said that there is only one union in China.

The role of unions in China is to motivate employees to achieve the objective of the enterprise rather than represent and perform functions that are typically associated to HR in capitalist countries. This means that unions are still subordinated to the Communist Party, an arrangement compounded by the

institutionalisation of union officials.

This set up of unions being subordinated to the Communist Party defeats the very purpose of union of why they were set up. Even in the former Soviet Union, workers were represented by the union whom in turn are represented in the Communist Party. With the current set up in China, workers are virtually powerless and voiceless to air their grievance or plight or to even make suggestion to make their conditions better. The set up is very top down, where orders come from the Communist Party without any participation from the unions. This made the workers to be just pawns in the production system because they cannot participate in making the policies that affects them.

Unions should be founded on supporting the workers. That is their purpose in the first place which were invented by their kindred communist in the former Soviet Union. This ensures that there is a balance between the objective of the enterprise to be competitive (profit is struck out in a socialist system even if it is market oriented) and for the welfare of the workers to be

attended thus achieving a healthy balance between labor and their employers. This is good for the state because negative news about China's working policy will be removed such as child labor, employment in sweat shops, unreasonably long hours etch.