

LABOUR MOVEMENT IN CHINA (CASE STUDY: HONDA'S LABOUR STRIKE, 2010)

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Abstract

The aim of this article is to give an explanation related to the industrial relations in China. Industrial relations is a study that explores the power play between three actors: government, companies, and labour. Along with the increase of global production, labour become one of the key actors in defining a state's economy and has become a relevant political forces. China is one of many nations that relies heavily on it's labour to be the motor of their economy. In the last 3 decades, China have seen their Gross Domestic Product (GDP) reached almost 10% improvement, and it's one of the fastest improved GDP in the modern economy. This was caused by a change in China's economy to an open-door policy in the 1970s. With this policy in place, this brings chances to multinational corporations (MNCs) to expand their activities to China. In 2010, Honda as one of the MNCs in China were facing a strike from their labour. They demand an improvement on their income and a more representing union. The theory used to support this research is a theory called resource mobilization theory. The focus in this theory is the ability of a social movement to acquire resources and mobilize it to achieve their goals. In this case, is economics goals and a more representing union. The research question used in this article is "Is Honda's labour is mobilizing their resources to achieve their goals?" From this research, we found that Honda's labour is using their resources such as their members and the public attention to achieve their goals.

Keywords: Industrial relations, production, Honda, labour, labour

strikes, social movement, resource mobilization theory.

Introduction

The aim of this article is to give an explanation related to the industrial relations in China. Industrial relations is a study that focuses on the interaction between three actors of an industry such as government, companies, and labour. Every workers can be defined as a labour. According to Oxford Dictionay (n.d), labour can be defined as a worker, especially the manual workers but not limited to, and also can refer to a social class or political force. With the increase of global production specifically in the manufacturing sectors, labour are becoming a more relevant political forces by becoming the motor of a state's economy. Along with the development, these part of society that identify themselves as a labour have the chance to get together and create an organization known as a labour union. This organization serves as the voice to represent their members and to fight for their causes in front of the companies and government. The companies will fight for their interest and try to serve their function as a profit-seeking entity, while the government will try to serve as the mediator between both actors. Therefore, a study of industrial relations is a power-play study between those actors. It is an IR study and also a part of the global issues in the modern world. the United Nations (UN) acknowledge this issue by creating the international agency, International Labour Organization (ILO) to regulate and manage labour's issue.

China has become one of the economic hegemon in

the modern world with its huge production and labour supply. In the last three decades China has been facing a huge improvement on its Gross Domestic Product (GDP) income. Their GDP almost reaches 10% improvement during that era, and it's one of the fastest growing GDP in the world. This fast improvement is caused by a change in the state's economic approach from a state-oriented to a market-oriented by implementing an open-door policy in the 1970s (Hu 2015). These changes were marked by a change in economic policy to an export oriented policies from an import-substitution policies (Kim 2006).

With the open-door policy, China is open to foreign investment. multinational corporations (MNCs) are to invest and expand their business activities to China. However, the arrival of these MNCs did create some issues relating to the labour. This forced the government to create some laws to deal with those issues. Some of those laws are: Labour Law 1995, Rules for Minimum Wages 2004, and Labour Contract Law 2008 (Hu, 2015).

In 2010, China's was facing one of its biggest labour strikes. Some of the labour in southern part of China-one of its industrial area-chose to do some strikes to their employers. MNCs like Foxconn and Honda were facing these strikes (David Pierson 2010). In this article, we're going to focus on the strikes held by Honda's labour. According to the article written by Bloomberg (n.d.), these strikes are said to affect the production activities in the Honda's factory and the nation's economy. Therefore, to solve this issue the government

responded by making a law that raises the minimum wages in China and to promote the domestic consumption (Chris Buckley 2010).

The research question used in this article is "Is Honda's labour is mobilizing their resources to achieve their goals?". To answer this research question, we're going to use the resource mobilization theory by John D. McCarthy and Mayer N. Zald ,and also from Anthony Oberschall. The main focuses in this theory is on the ability of members from a social movement to acquire and mobilize people on order to achieve their goals (Mccarthy & Zald, 1977).

This article will be divide into 3 part. The first part will contain the background of this article, the second part will contain the focuses and principles of the resource mobilization theory and also the analysis of the case, and the third part is the conclusion of this article.

Analysis

Resource mobilization theory is a part of the social movement theories. John D. McCarthy summarizes some perspective on the resource mobilization theory such as: first, they may or may not be based on the grievances of the presumed beneficiaries. Second, the social movement organizations have a number of strategic tasks. Third, society provides the infrastructure which social movement industries and other industries utilize. This theory focuses on the ability of members of a social movement to acquire and mobilize people in order to advance their cause (Mccarthy & Zald, 1977).

Resources meant in this theory varies from money, time, skill, access to media, and material goods such as property and equipment. Also, assistance from outsiders is considered as essential in this theory (Oberschall, 1973). This theory start with the assumptions that the participant of a social movement is a rational being. Also, it assumes that participant must have some degree of economic and political resources in order to make a movement success (Kendall, 2010). To sum up, in order for a social movement to succeed it need a rational thinking from it's participant to come up with a strategy to mobilize their resources including external resources to achieve it's end goals.

China before the economic reformations is known as a centralized state. It's known for it's "three iron" approaches: iron bowl that symbolizes lifetime works, iron chair that symbolizes it's political view, and iron wages that symbolizes China's centralized wage that was determined by the government, low flexibility, and low average weight. Under this system, all the labours are put to work for state-owned companies for a lifetime works (Kim 2006).

During Deng Xiaoping leadership, China went through a reformation to it's economic system to an export-oriented one. Along with this reformation, the industrial relations system in China is going through a change with the creation of labour's contract, floating wages, and a decentralized economy so the managers are having a bigger authority and responsibility (Kim 2006). In China, there is only one legal and acknowledged union by the state: the All China Federations of Trade Union

(ACFTU). This union was formed during the 1975, and it's managed by the China's Communist Party (CCP). This union role is to address all the policies from the central government to the worker and to keep the government legitimize with the support of the workers. Also, this organization is meant to protect all the labour's interest (Kim 2006). The participant of this union is increasing every year. By 2017, the total member of this organization is around 302 Mil. People (Hu 2015). Because of these changes, modern China can be said as one of the most successful manufacturers also world's biggest exporters (Hu 2015). With the economic reformation in China, it enacted an open-door policy that allows for foreign companies to expand their business activities to China. However, this create some problem regarding the labour. Therefore, the government issued several law such as Labour Law 1995, Rules for Minimum Wages 2004, and Labour Contract Law 2008 to regulate this issues (Hu 2015).

In 2010, China was facing one of it's biggest strike. One of the strikes that happened that year was happened in Honda's factory in Foshan, Guangdong. This strike involves around 1.800 workers and happened for 17 days. These workers demand the company to raise their wages for around 800 Yuan for the worker and intern, also for a democratic change to the union system that they think are not representing the workers. Based on the ILO's data. At 2010, the minimum wage of Guangdong province is around 660-1.030 Yuan per month. It's relatively low if compared to the two other industrial city in China such as Shanghai and

Beijing. According to Wage Indicator Foundation n.d. Shanghai has minimum wages of 1.120 Yuan, while Beijing's is around 960 Yuan. Considering some big companies are opening their factories in this area. At the beginning, the company was refusing to negotiate with the workers and choose to fire two of the strike participant and force all the interns to sign an agreement that stated they will not participate in any of the strikes. However, this did not put the workers to stop their strikes. Having seen damages done by this strike, the company decide to put up an offer to the workers, but it was declined because it's far below the amount requested by the workers (Chan & Hui 2014).

During the strike, the workers realize that the union was not on their side, and take position in the company side. At May 31rd, there was a physical conflict between the union members and the protesting workers. This incident forced the company to take a bigger move by holding a democratic election for the workers to choose their own representative to negotiate with the company. The outcome of this strike is the workers gain 32.4% wage increases and the intern gain 70% wage increases. During this negotiation, the government take part by becoming the mediator between the labour and the company. Because of this strike, the workers in Honda's factory in Zhongshan also requested the same thing and finally this strike also spread out to another car manufacturers such as Hyundai and Toyota including another 70.000 workers in another 73 manufacturing companies (Chan & Hui 2014). All happens for the same reasons: better wages,

and a more representing union.

To analyze this case, we use the resource mobilization theory to analyze whether Honda's labour are mobilizing their resource to achieve their goals. If we look at the theory and uses it to analyze this event, we can see that the participating labours are a rational wellbeing. They have weighted their options rationally, even when 2 of their colleagues are being fired they still maintaining their strikes and didn't opted out. Second, we can see there is a grievance amongst the participant because of the low wages that are not fulfilling their need, and also the not representing union. Third, the participants know well about their political and economic opportunity. By mobilizing around 1.800 workers and holding the strikes for 17 days, they can damage the company's production even further to the state's. This forces the local government to take part by becoming the mediator. Also, with their political knowledge, they realize there's a loophole in China's law that allows for a labour strike.

This theory argues that a social movement will become an effective one if the participants mobilize their resources. The participating labour achieve the success of this strike by mobilizing it's fellow colleague based by the same grievance of low wages. Also, they mobilize another vital resource which is public attention through the media including international attention to this issue. Some of their success are putting the international attention to question the China's labour law. Also, they managed to bring the attention of the government from the company's home country. During this event, the

Japanese government meet up with China's government, and requested to the China government to consider to issue a new law that will raise the minimum wage in China (Chris Buckley 2010).

From this analysis we could concluded that Honda's labour did mobilize their resources to achieve their economic goals. Resources that was mobilized during that event ranges from participant, time, money, and media attention. Therefore, the research question used in this article is answered. Also, it can be concluded that the relations between the government, companies, and labour are vital in shaping the state's economy with each actors playing their specific role. Government become the mediator, companies try to maximize their profit by keeping the production cost low, and labour with their interest to receive a higher income.

Conclusion

With the increase of global production especially on product manufacturing, labour are becoming a more relevant political forces and also becoming the motor behind a state's economy. Labour can be defined as the workers behind a production, especially the manual workers. Also, it can be defined as a social class or political forces. Industrial relations is a study that focuses on the relations between three actors in a state's production system: government, companies, and labour. There are a power-play happening between those actors with each one of them are trying to keep their interest. China in the modern economy is one of the most fastest

growing country, and also it's one of the world's biggest manufacturers. In the last three decades, China has seen its gross domestic product reaches 10% improvement. Along with the reformation that happen under Deng Xiaoping leadership, China is open to multinational corporations (MNCs). However, the coming of those MNCs are creating problems relating to the labour. Honda is one of the MNCs that expand their business activities to China.

In 2010, Honda's labour decided to put up a strike to their employer. The reason behind this strike is because they demand for a better wage and also a more representing union. During this strike, there's a physical conflict happening between the strike participant and the labour union members that take side with the company. This strike happened for 17 days with around 1.800 workers participating in the strike. The outcome from this strike is the workers received an improvement on their wage for around 32.4% and 70% for the interns. This strike then inspires the other workers in Honda's factory as well some other companies in China. In summary, there are 73 companies that were facing strikes with around 70.000 workers involved.

To analyze this case, the theory used in this article is the resource mobilization theory by John D. McCarthy and Mayer N. Zald as well Anthony Oberschall. This theory focuses on the ability of a social movement member to acquire and mobilize their resources to achieving their cause. Resources meant in this theory ranges from individuals, money, time, media attention and some other. Also, this theory

highlights the economic and political resources of a social movement member to determine the success of its success, and also the rationality of the members. According to this theory, the reason behind a social movement may or may not be caused by a shared grievance.

From our analysis, we found that the reason behind this strike is a shared grievance of a low wage and a not representing union, also Honda's labour did mobilize their resources to achieve their economic goals. Resources mobilized by the labour are in kind of strike's participating by mobilizing around 1,800 participant, time, and media in form of public attention to the China's minimum wages law, as well the international attention from the Honda's home country government. Furthermore, we can conclude that the strike's participant is a rational being. This is because, when two of their colleagues are fired by the company, they keep continuing the strike. Also, we can conclude that the labour are having economic and political resource to make the strike to become a success. They know if they did a strike, it will affect the company productions as well forcing the government to renew the law to address this issue. Also, the participant notices of their political resources in kind of a loophole in the nation's law that allows them to held a strike while also not violating it. The final outcome from this strike is an improved wage for the labour and a democratic election of labour's representative as well a new law that regulate the minimum wage in China.

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