

The Everyday Impact of Economic Reform in China

Management change, enterprise
performance and daily life

**Ying Zhu, Michael Webber and
John Benson**



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The Everyday Impact of Economic Reform in China

During the past 30 years, China has undergone extensive economic reform, replacing the government's administration of enterprises with increasing levels of market-oriented enterprise autonomy. At the heart of the reform are changes in the employment relationship, where state control has been superseded by market relationships. These reforms have had far-reaching implications for many aspects of everyday life in Chinese society. This book appraises the impact of the economic reforms on the employment relationship and, in turn, examines the effects on individual workers and their families, including salaries, working conditions and satisfaction, job security and disparities based on location, gender, age, skill, position and migrant status. In particular, it focuses on how changes in the employment relationship have affected the livelihood strategies of households. It explores the changing human resource management practices and employment relations in different types of enterprises: including state-owned enterprises, foreign-owned enterprises and domestic private enterprises; throughout different industries, focusing especially on textiles, clothing and footwear and the electronics industry; and in different regions and cities within China (Beijing, Haerbin, Lanzhou, Hangzhou, Wuhan and Kunming). Overall, this book provides a detailed account of the everyday implications of economic reform for individuals and families in China.

Ying Zhu is Associate Professor in the Department of Management and Marketing, University of Melbourne. He is the co-editor of *Trade Unions in Asia*; *Unemployment in Asia*; and *Management in Transitional Economies: From the Berlin Wall to the Great Wall of China* (all published by Routledge).

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Preface

During the past 30 years, China has undergone extensive economic reform to replace government administration of enterprises with increasing levels of market-oriented enterprise autonomy. At the heart of the reform are changes in the employment relationship, which has replaced state control with market relationships. This economic reform raises important questions not only about the way enterprise managers have responded but also about the impact on workers and their families. In particular we aim to address the question: how has management reform affected the enterprise, the quality of working life and the livelihood strategies of households? Within socialist economies concepts of recruitment and selection, redundancies, collective bargaining and unemployment were irrelevant as the state controlled the appointment and payment of workers. Many aspects of human resource management and employment relations have now changed; a variety of enterprise ownership forms have emerged, a fledgling labour market has developed, and workers are now at the mercy of the market. This has placed considerable pressure on workers, their enterprises and their families. Two sectors that represent many of these issues are textiles, clothing and footwear, and the electronic industries – the two industries that will form the basis of this study.

The underlying goal of this book is to extend previous research on management in China by tracing the impact of the economic reforms on human resource management and employment relations and, in turn, explore how these affect enterprise performance, the quality of working life, and households and families. Using the various literature on the management of labour and on the relations between restructuring/transition the book seeks to integrate the literature and to locate the study of China within the main currents of Western discourse, while recognizing the location-specific aspects of the research site. In undertaking this work, the book focuses on various types of enterprises (different categories of enterprise have different characteristic modes of labour management), various cities (reform and marketization have proceeded at different paces in different parts of the country), and specific industries (human resource management and employment relations reform may have proceeded differently in different industries). Three types of enterprise are examined: state-owned enterprises (representing the pre-reform system that is being forced to change), foreign-owned

enterprises and domestic private enterprises (representing the new forces in the market economy). We conducted interviews in six regions in China (Beijing, Haerbin, Lanzhou, Hangzhou, Wuhan and Kunming) so as to cover a range of political, economic and social environments. The two industrial sectors had different use of technology, level of capital investment, and types of skills required which meant that human resource management and employment relations may also be different in these sectors.

Ying Zhu, Michael Webber and John Benson
October 2009

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Abbreviations

ACFTU	All China Federation of Trade Unions
CCP	Chinese Communist Party
CMRS	Contract Management Responsibility System
COE	Collectively owned enterprise
DPE	Domestic-private enterprise
ER	Employment relations
FDI	Foreign direct investment
FIE	Foreign-invested enterprise
GDP	Gross Domestic Product
HR	Human resources
HRM	Human resource management
JV	Joint-venture enterprises
MES	Modern Enterprise System
MOLSS	Ministry of Labour and Social Security
RMB	Renminbi – the official Chinese currency with the yuan being the principal unit. 1 yuan is equal to 0.146 (USD), 0.175 (AUD) and 0.087 (GBP) as at 10 August 2009
SEZ	Special Economic Zone
SOE	State-owned enterprise
TCF	Textile, clothing and footwear
WTO	World Trade Organization

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