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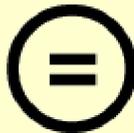
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국제학석사학위논문

Comparison of Labor Disputes at  
Foxconn and Nanhai Honda

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2018년 2월

서울대학교 국제대학원  
국제학과 국제지역학전공  
신 민 경

# **Comparison of Labor Disputes at Foxconn and Nanhai Honda**

A Thesis Presented

By

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To

Graduate Program

In International Area Studies

In partial fulfillment of the requirements

For the degree of Master

In the subject of international studies

Graduate School of International Studies

Seoul National University

Republic of Korea

February, 2018

# Abstract

Labor history in China has been dramatically changed from 2010 since labor disputes broke out in Honda transmission plant in Foshan, and copycat suicides in Longhua and Guanlan facilities of Foxconn in Shenzhen. Labor disputes in Honda and Foxconn are unprecedented in Chinese labor history due to their explosiveness, duration, and number of participants. These strikes triggered to change the forms of labor strikes, and also instigated numerous strikes to take place in similar forms across Pearl River Delta region. These unprecedented scale of labor strikes at Honda and Foxconn caught attention of media, and scholars in and outside China. Important questions that were asked were: Why did such large scaled labor disputes take place in 2010? Why did these labor disputes break out in Guangdong province? Lastly, why do disputes at Honda and Foxconn sharply contrast to one another despite under the same type of ownership? In order to respond to discussion questions, and to tackle the research question, this article relied on secondary sources which ranged from scholarly articles, CSER reports, to labor reports conducted by NGOs. The first two questions are going to be discussed along with the history of labor unrest and common implications of recent labor strikes in the following chapters of this article. More importantly, this paper is going to emphasize on responding to the last question – why the strikes at Honda and Foxconn sharply contrast to one another even though both incidents broke out under the multinational corporations which share various similarities on their systems. This article claims that there were four variables that diverged developments and outcomes of the labor strikes at Foxconn and Nanhai Honda, which individually are form of the leadership, level of skills required by workforce, major proportion of the labor force, and the balance of power between workplace

trade unions and municipal governments.

*Keywords:* labor dispute, labor strike, Foxconn, Apple, Nanhai Honda, ACFTU

*Student Number:* 2014-24310

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## I. Introduction

Labor unrest in China stemmed from changes in labor market since after the introduction of opening-up policy. It has gradually spread out since economic reform abolished Danwei system. Under Deng Xiaoping's economic reforms, many State-Owned Enterprises transformed into private businesses.<sup>1</sup> It brought new changes in urban areas, where only very few used to enjoy luxurious and secured lives. Danwei had guaranteed urban laborers and their family members with appointed promotions, secured wages, and apartments until 1978.<sup>2</sup> At that period of time, majority of Chinese heavily relied on Collective-Owned Enterprises (COEs) or crops for their livelihood. When the central government relaxed population's mobility since 1980s, rural-household workers gradually moved into Guangdong province where its manufacturing sector was in large need of manpower. These people were known as migrant workers, the breadwinners in hunger. Since economic reform was introduced, Guangdong began to accept more foreign-invested enterprises and subsidiary factories in coastal cities, such as Shenzhen, Foshan, Zhuhai, and what not. Foreign-invested factories enjoyed high productivity by exploiting migrant workers, with low labor costs and inferior working conditions. When Shenzhen was nominated as Special Economic Zone in August 1980, not only could Shenzhen city enjoy various privileges set up by the government but also did accomplish great economic development with large flow

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<sup>1</sup> Wang, H., Appelbaum, R. P., Degiuli, F., & Lichtenstein, N. (2009). China's New Labour Contract Law: is China moving towards increased power for workers? *Third World Quarterly*, 30(3), 485-501. Pp. 485-486

<sup>2</sup> Warner, M., & Zhu, Y. (2010). Labour and management in the People's Republic of China: seeking the 'harmonious society'. *Asia Pacific business review*, 16(3), 285-298. Pp. 285

of foreign capital and technology.<sup>3</sup>

Status of workers went through changes since the abolishment of Danwei. Employees used to regard themselves as the ‘masters’ of State-Owned Enterprises (SOEs hereafter) before the reform. However, soon these ‘masters’ of SOEs fell to ordinary employees whose labor-management relationship solely based upon wages. Legal and institutional mechanisms were implemented to consolidate the changed relationship. Labor Law in 1994 and the Labor Contract Law in 2008 influenced employment relationships to profoundly form in all types of enterprises.<sup>4</sup> Simultaneously, the state increasingly pushed enterprise managers to hold responsibility for enterprises’ loss and gains in exchange for managerial autonomy.<sup>5</sup> It marked the beginning of a decentralized system of employment based upon contract since after abolished Danwei. Management was granted with the right to enjoy strengthened power over labor issues, such as hiring and firing the employees, details within labor contracts, determination of wage levels, opportunity of promotion and other welfare entitlements.<sup>6</sup> In other words, central government has separated management from its control and granted enterprises with the right to exploit upon workers by all means. Chinese Communist Party (CCP hereafter) deleted ‘right to strike’ from its constitution in 1982. However, spontaneous labor protests have continuously taken place. In particular, labor unrest among migrant workers significantly caught attention of municipal

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<sup>3</sup> 조문영. (2014). 사회복지 (社會工作) 의 일상적 연행을 통해 본 중국 국가의 구조적 폭력: 선전 폭스콘 공장지대를 중심으로. *중소연구*, 38(1), 217-257. Pp. 226

<sup>4</sup> Qingqing, M. (2009). An Urge to Protect is not Enough: China's Labor Contract Law. *Tsinghua China L. Rev.*, 2, 159. Pp. 164

<sup>5</sup> Chan, A. (2008). China's trade unions in corporatist transition. *Associations and the Chinese state: Contested spaces*, 27, 69. Pp. 77

<sup>6</sup> Zhu, Y., & Warner, M. (2004). Changing patterns of human resource management in contemporary China: WTO accession and enterprise responses. Pp. 315

governments. Migrant workers mainly fought against low wages, wage arrears, and working conditions. From the 1990s to early 2000s, although migrant workers' wages increased, their wages were still too low to meet living standards in coastal cities. Their complaints were not only limited in low wages. These rural-household workers were not accessible to any public goods either, because of strict regulations set up by municipal governments; such as social insurance, unemployment fee, pension, and health and medical insurance. Privileges were expensive and inaccessible not only to migrant workers but also to peasants and retirees who make up the overwhelming majority of Chinese population.<sup>7</sup> CCP had to take discriminatory measures against migrant workers, because the government feared flexible mobility might cause population explosion in urban dwellings. In order to prevent demographic explosion in urban areas, government implemented strict household systems upon all migrant workers. Having fragile protection with incomplete social privileges, migrant workers have become the common targets that foreign employers could take advantage of. Employers exploited migrant workers with overtime work, wage arrears, inhumane and immoral treatments, and sudden dismissal without advanced notice. Foreign-invested enterprises, mostly Taiwanese companies were infamous sweatshops treating migrant workers. Migrant workers have been doing the most suffocating jobs in foreign factories, particularly at the manufacturing sectors. Manufacturing sector has been lucrative that exploited migrant workers accounts for the most significant source in Chinese economy.<sup>8</sup> Because of heavy exploitation of migrant workers, ironically, China

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<sup>7</sup> Kahn, J. (2006, 12 October 2006). China Makes Commitment to Social Harmony, News. *The New York Times*. Retrieved from <http://www.nytimes.com/2006/10/12/world/asia/12china.html> (Access Date: April 27, 2017)

<sup>8</sup> 장윤미. (2007). 중국 노동조직의 변화와 성장-선전 (深수) 지역 사례. *동아연구*, 52, 97-134. Pp. 100

could develop as fast to be align with the U.S.<sup>9</sup> As joined WTO in 2001 and shifted migrant workers into non-agricultural job sectors such as construction, manufacturing, and services, China achieved extraordinary productivity growth especially in manufacturing sector. Soon it also surpassed the United States as the largest recipient of world foreign direct investment (FDI) in 2002. In 2005, overseas funded enterprises in China accounted for 57.3% of China's overall exports and they took a huge share of 87.9% of high-tech exports.<sup>10</sup> Even with absorption of FDI down 26.2% over that of 2007, newly approved foreign funded companies in China totaled 22,736 between January and October 2008.<sup>11</sup> According to Gereffi and Lee, China accounted for 67 percent of the world's processing exports from 2000 to 2008 (WTO and IDE-JETRO 2011, p.21). Besides in electronics, manufacturing has been concentrated to handful of contract manufacturers (e.g., Hon Hai/Foxconn, Flextronics and Quanta), whose factories are also clustered in mainland.<sup>12</sup> Along with the increasing number of foreign capital though, number of labor unrest significantly went up as well.<sup>13</sup> The Ministry of Public Security reported 8,700 demonstrations and protests in 1993, increased dramatically to 32,000 in 1999.<sup>14</sup> It jumped to 58,000 in 2003 and in

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<sup>9</sup> Kai, C., & Brown, W. (2013). The transition from individual to collective labour relations in China. *Industrial Relations Journal*, 44(2), 102-121. Pp. 106

<sup>10</sup> Chan, C. K.-C. (2013). Contesting Class Organization: Migrant Workers' Strikes in China's Pearl River Delta, 1978–2010. *International labor and working-class history*, 83, 112-136. Pp. 130

<sup>11</sup> Chan, C. K.-C., Ngai, P., & Chan, J. (2010). The role of the state, labour policy and migrant workers' struggles in globalized China *Globalization and Labour in China and India* (pp. 45-63): Springer. Pp. 133

<sup>12</sup> Gereffi, G., & Lee, J. (2012). Why the world suddenly cares about global supply chains. *Journal of supply chain management*, 48(3), 24-32. Pp. 26

<sup>13</sup> Chan, C. K.-C., Ngai, P., & Chan, J. (2010). The role of the state, labour policy and migrant workers' struggles in globalized China *Globalization and Labour in China and India* (pp. 45-63): Springer. Pp. 138-139

<sup>14</sup> Chan, J. (2009). *Meaningful progress or illusory reform? Analyzing China's labor contract law*. Paper presented at the New Labor Forum. Pp. 44

2004, the nationwide data of mass protests recorded 74,000 and an unprecedented high level of 87,000 protests in 2005. In 2006, disputes dealt at labor arbitration committees reached 317,162. It was estimated that there was at least one strike involving more than 1,000 workers occurs every day in the manufacturing hub of the Pearl River Delta region.<sup>15</sup> It is also significant to note that gradual increase of labor strikes were held at private foreign-invested enterprises. According to research, labor disputes in general increased by more than 100% across China. In specific, disputes rose by 170% only in Guangdong area. Incidents linked to labor issues nearly doubled in 2008 compared with 2007, then increased modestly in 2009 and held steady through the first eight months of 2010. In 2012, there were nearly 1.6 million total formal labor disputes.<sup>16</sup>

China's heavy reliance on labor-intensive manufacturing sector weakened its economy when Global Financial Crisis severely stroke a blow. While Europe and North America were the main clients receiving exported products, as these two had difficulty recovering their economies since after the financial crisis, it exacerbated economic hardship in China as well.<sup>17</sup> Numerous manufacturing facilities were forced to shut down, went bankruptcy, and some even failed to pay wages and social insurances to the employees in Pearl River Delta region. From October 2007 to January 2008, there were five hundred Taiwan companies moved out of the city of Dongguan, manufacturing center in Guangdong province.<sup>18</sup> Major slowdown on Chinese economy signified that not only manufacturing sector

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<sup>15</sup> Ibid., pp 45

<sup>16</sup> Gallagher, M., Giles, J., Park, A., & Wang, M. (2015). China's 2008 Labor Contract Law: Implementation and implications for China's workers. *Human Relations*, 68(2), 197-235. Pp. 216

<sup>17</sup> Lyons, A. (2010, 11 June 2010). Prof speaks on China's factory unrest, News. *The Tech*. Retrieved from <http://tech.mit.edu/V130/N28/huang.html> (Access Date: May 11, 2017)

<sup>18</sup> Qingqing, Op. Cit., pp. 185-186

was overly exhausted,<sup>19</sup> but also that China needed to seek for alternatives boosting economy other than manufacture.<sup>20</sup> Not only that, labor unrest began to spread out like wildfire. Wage arrears became the most common problem so that it inflamed migrant workers to act against companies. These people worked at sweatshops of FIEs where were commonly known to have inferior working environments. Sweatshops treat migrant workers as machines, pay minimum wages, and force them to work in hot and humid working conditions. Moreover, inhumane military-style management, and non-hygienic dormitories attributed workers to have low self-esteem. Foxconn and Nanhai Honda are examples of many other sweatshops in China. Migrant workers at these facilities explicitly illustrate their real lives under exploitation. In 2010, spate of suicides took place in Longhua campus at Foxconn, and the first successful collective bargaining at Honda transmission factory in Foshan. Since these cases are unprecedented in terms of duration and level in Chinese labor unrest, it caught attention of scholars in and outside of China. Although individual cases did not lead to the unrest of Chinese regime, they were successful enough to threaten social harmony which CCP prioritizes for decades. It is significant to note that these incidents were scheduled to break out at Foxconn and Nanhai Honda when wage arrears, inhumane and militant treatment of employers against migrant workers, and fast-paced working environment have been accumulated problems since after the economic reform.

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<sup>19</sup> Huang, Y., & Jiang, T. (2010). What does the Lewis turning point mean for China? A computable general equilibrium analysis. *China Economic Journal*, 3(2), 191-207. Pp. 195-196.

<sup>20</sup> Rhomberg, C. (2015, 2 April 2015). A Turning Point for Chinese Workers?, News. *In These Times*. Retrieved from <http://inthesetimes.com/article/17759/a-turning-point-for-chinese-workers> (Access Date: April 26, 2017)

# 1. Literature Review

Scholars paid attention to changing nature of labor unrest in China. The number of research has been done upon Chinese labor unrest as China had went through significant socioeconomic changes since 1978. In specific, scholars analyzed changing patterns of labor relations. Baek (2000),<sup>21</sup> A. Chan (2008),<sup>22</sup> Kai (2014),<sup>23</sup> Kai and Brown (2013),<sup>24</sup> K. Wang (2008),<sup>25</sup> E.S.I. Hui and Chan (2015),<sup>26</sup> Zhu and Warner (2004),<sup>27</sup> 김재관 (2004),<sup>28</sup> and 장윤미 (2007, 2015) pointed that anti-privatization strike since the 1980s has been converted into new form of labor dispute in diverse contexts.<sup>29</sup> As young generation of migrant workers engage themselves in striking against the management for economic reasons, and re-organization of workplace trade unions, not only the frequency but also the implication of labor disputes got intensified. They categorized the nature of labor unrest into three different stages.<sup>30</sup> The first stage was commonly rights-based struggle, ranged from 1998 to 2002. Since privatization of SOEs abolished three old irons, which are lifetime employment, administered wages, and ministry-

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<sup>21</sup> Baek, Op. Cit., pp. 47-48

<sup>22</sup> A. Chan, Op. Cit., pp. 77-79

<sup>23</sup> Kai, C. (2014). The Collective Transformation of Labor Relations and Improvement of the Government's Labor Policy. *Social Sciences in China*, 35(3), 82-99. Pp. 86-89

<sup>24</sup> Kai and Brown, Op. Cit., pp. 106-107

<sup>25</sup> Wang, K. (2008). A changing arena of industrial relations in China: What is happening after 1978. *Employee Relations*, 30(2), 190-216. Pp. 192

<sup>26</sup> Hui, E. S. I., & Chan, C. K. C. (2015). Beyond the Union-Centred Approach: A Critical Evaluation of Recent Trade Union Elections in China. *British journal of industrial relations*, 53(3), 601-627. Pp. 602-603

<sup>27</sup> Zhu and Warner, Op. Cit., pp. 314-316

<sup>28</sup> 김재관. (2004). 중국 노동자 저항운동의 원인과 국가의 대응. *전성홍 편, 전환기의중국사회*, 2. Pp. 43-44

<sup>29</sup> 장윤미 (2015), Op. Cit., pp. 146-148

<sup>30</sup> 장영석. (2011). 난하이혼다 파업과 중국 노동운동에 대한 함의. *중소연구*, 35(3), 173-200. Pp. 174-175

based appointment and promotion of managerial staff, workers disgruntled over unstable lives without iron rice-bowls. SOEs got downsized, and it increased unemployment rate simultaneously. Although the companies must have secured fired employees with medical, social security, unemployment benefit funds, and etc., only very few SOEs could pay for these responsibilities. Since only few laid-off workers got paid with these privileges, laborers who could not receive back welfare provisions organized themselves in order to fight for anti-privatization. Nonetheless, strikes did not last long because police suppressed them immediately. It was common that the strikes from mid 1990s to the early 2000s remained in sporadic and temporary forms. This is because workers failed to form organizations because of police's repression. They mainly fought against wage arrears,<sup>31</sup> and unfair dismissals.<sup>32</sup> Gradual rising of labor strikes partially alerted FIEs on wage arrears problems. There were slight increase on base wages, and workers in a very few factories even won their rights to establish trade union of their own; however, soon their rights and the independent trade union were suppressed by the local government. In the early 2000s, along with number of strikes dramatically increased, workers became more aggressive and the situation got worsened. Majority of labor strikes won workers with insignificant changes on wages and function of trade unions, or resolving underlying conflicts between workers and managements. Meanwhile, as shortage of labor widely spread out across PRD region since 2009, and China gradually recovered from Global Financial Crisis in 2008, workers' nature of demands turned offensive. Collective actions also took in place with militancy unlike in the early 2000s. Although workers used to show passive resistance like declining labor enthusiasm prior to promulgation of labor

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<sup>31</sup> 백승욱. (2007). 후진타오 시대 중국 노동관계의 변화-노동계약법 도입 과정을 중심으로. *현대중국연구*, 9(1), 1-47. Pp. 6

<sup>32</sup> 장윤미. (2015). 일반논문: 2 천년대 이후 파업사례로 본 중국 노동자 운동의 쟁점과 의미. *민주사회와 정책연구*, 28(단일호), 144-178. Pp. 153-154

reform, as time went by, they began to protest through strikes and demonstrations.<sup>33</sup> For instance, prior to 2000, workers mostly resisted by sit-ins, blocking roads, and gates.<sup>34</sup> However, as increasing number of workers understood legal rights as wage laborers, socioeconomic inequality, and importantly since the labor shortage in manufacturing sector in PRD region gave the workers stronger leverage on collective bargaining, these factors influenced them to engage more actively into the strikes than before. Eventually, empowered workers began to change the form of strikes. Nature of resistance are divided to defensive and active.<sup>35</sup> Defensive forms of strikes occurred when Chinese economy suffered from Global Financial Crisis or Asian Financial Crisis. Workers took defensive attitudes in order to protect their rights from being further violated by employers during this period, so then migrant workers protested for wage arrears and inhumane working conditions. This feature is partially shown in the second stage of the labor protest.

The second stage of labor unrest ranges from 2004 to 2006, which anti-privatization was the constant objective of strikers. Scholars claim that this period is noted with significantly heightened level of violence. In particular, a group of strikers happened to murder a manager of a company that transformed into POE from SOE. While over ten thousands of laborers protested against privatization of Tonghua Steel in July, 2009 in Jilin province, they violently beat one of the board members Chen Guojun to death, who planned to merge Tonghua Steel with the private enterprise Jianlong Steel. This incident triggered millions of laid-off SOE workers, and the labor unrest spread like wildfire despite of proposition of

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<sup>33</sup> Baek, S. W. (2000). The changing trade unions in China. *Journal of Contemporary Asia*, 30(1), 46-66. Pp. 47

<sup>34</sup> Chan, C. K.-C. (2013). Contesting Class Organization: Migrant Workers' Strikes in China's Pearl River Delta, 1978–2010. *International labor and working-class history*, 83, 112-136. Pp. 120

<sup>35</sup> Chan, C. K. C. (2014). Constrained labour agency and the changing regulatory regime in China. *Development and Change*, 45(4), 685-709. Pp. 693-694

‘Harmonious Society.’ There were few other violent incidents took place out of impulse that strikes revealed exacerbated circumstance under the transformation of SOEs. As circumstance got worsened with frequency and intensity of the strikes, it is not surprising that the third stage of labor strikes was unfolded in the most explosive form. Accumulated problems, such as wage arrears, militant and inhumane management, low salaries, were exploded in unprecedented forms of labor strikes.

In contrast to the defensive forms of resistance during the economic slowdown, active forms of resistance took place when workers gained leverage or confidence from labor shortage, and economic recovery from financial crises. According to China Labor Bulletin,<sup>36</sup> from January 2011 to December 2016, in total 1,491 labor disputes took place only in Guangdong area. From 2010 and onwards, triggered by the exemplary labor disputes broke out at Honda transmission plant in Foshan and Foxconn in Shenzhen, disputes since then started breaking out in aggressive and proactive forms. In addition, nature of strikes gradually changed from rights- to interests-based. Since 2010, increasing number of sporadic and independent collective actions took place across China. Workers began to demand legal interests by relying on labor reforms, and some even asked for democratic reform of the trade unions. Socioeconomic changes, particularly the Lewis Turning Point, promulgation of ‘Harmonious Society,’ and emergence of young generation of migrant workers which three factors are elaborated in the following, diverged the outcomes of labor disputes between pre- and post-2010. Although strikers only won some increments on base wages and commonly got retaliated by the management after engaging in disputes, workers who conducted the action since 2010 and onwards successfully won more base wages (partially

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<sup>36</sup> CLB (2017). In S. [Map](#) (Ed.), *Google*. Hong Kong: China Labor Bulletin. (Access Date: April 30, 2017)

due to the rising of living standards and expenses), and had the workplace trade union re-organized as they demanded. With Xi administration initiated since 2013, suppression of labor disputes and protests has largely been growing. Interestingly, according to the research conducted by Chan (2012),<sup>37</sup> 백승욱 et al (2015),<sup>38</sup> and 조문영 (2014),<sup>39</sup> on one hand Xi administration allows community-based NGOs to engage various activities with migrant workers. On the other hand, the staffs are only permitted with limited scope and their influence on migrant workers is very little. These scholars evaluated that the dual strategy seemed to put greater pressure on laborers than before, that the prospect of labor movements is not as positive as pro-people policy has been emphasized through labor reforms.

The other stream of scholars analyzed on the role of trade unions in China, and how they are distinctive from the Western concept. They analyzed by comparing case studies in and outside China. Scholars such as A. Chan (2007),<sup>40</sup> Dongtao (2010),<sup>41</sup> He and Xie (2012),<sup>42</sup> and Zhu et al (2011) generally gave negative views on Chinese trade union's role on resolving grievances for migrant workers, because of top-down culture in Chinese labor mechanisms.<sup>43</sup> They also

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<sup>37</sup> Chan, C. K. C. (2012). Community-based organizations for migrant workers' rights: the emergence of labour NGOs in China. *Community Development Journal*, 48(1), 6-22. doi:10.1093/cdj/bss001 pp. 12-14

<sup>38</sup> 백승욱, 장영석, 조문영, & 김판수. (2015). 시진핑 시대 중국 사회건설과 사회관리. *현대중국연구*, 17(1), 1-51. Pp. 28-30

<sup>39</sup> 조문영 (2014), Op. Cit., pp. 248-250

<sup>40</sup> Chan, A. (2007). *Organizing Wal-Mart in china: two steps forward, one step back for China's unions*. Paper presented at the New Labor Forum. Pp. 93-95

<sup>41</sup> Dongtao, Q. (2010). Progress and dilemmas of Chinese trade unions. *EAI Background Brief* (537). Pp. 16-17

<sup>42</sup> He, B., & Xie, Y. (2012). Wal-Mart's trade union in China. *Economic and Industrial Democracy*, 33(3), 421-440. Pp. 435-436

<sup>43</sup> Zhu, Y., Warner, M., & Feng, T. (2011). Employment relations "with Chinese characteristics":

thoroughly analyzed Chinese government's first attempt to establish workplace trade union in Wal-Mart, but agreed that such movement will hardly bring positive effects on ameliorating circumstances for migrant workers, because the power is still held by hierarchical order. All-China Federation of Trade Union (ACFTU hereafter) is the world's largest trade union with more than 230 million members. It has been established in 1925, and is a leading body of trade union federations at local level and industrial unions at national level. There are 31 trade union federations at provincial level, and 10 industrial unions at national level. ACFTU is under the direct leadership of CCP, and abides by dual-role principle.<sup>44</sup> On one hand, Chen (2007)<sup>45</sup> and Taylor (2007) pointed out that the ACFTU and the CCP gave trade unions the dual functions of representing the workers' interests and supporting economic reforms.<sup>46</sup> Based on the Soviet model, ACFTU serves as a transmission belt between the party-state and the workers, and at the same time holds great power among all trade unions under its control.<sup>47</sup> Top-down model is deeply rooted in Chinese trade unions, that provincial, city, town, county, and workplace trade unions are entirely belong to one big group of grassroots organization that abide by the principles of ACFTU. In short, independent trade unions that are not permitted by ACFTU should not exist, and all trade unions must be under the ACFTU umbrella. While workplace trade unions were established in majority of SOEs, it was not until 2003 that work-level trade unions were launched in Foreign-Invested Enterprises (FIEs). Hu and Wen administration aimed to

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The role of trade unions in China. *International Labour Review*, 150(1-2), 127-143. Pp. 135-136

<sup>44</sup> Chan, A. (2011). Strikes in China's export industries in comparative perspective. *The China Journal* (65), 27-51. Pp. 42-43

<sup>45</sup> Chen, F. (2007). Individual rights and collective rights: Labor's predicament in China. *Communist and Post-Communist Studies*, 40(1), 59-79. doi:10.1016/j.postcomstud.2006.12.006. Pp. 66

<sup>46</sup> Taylor, B., & Li, Q. (2007). Is the ACFTU a union and does it matter? *Journal of Industrial Relations*, 49(5), 701-715. Pp. 705-706

<sup>47</sup> Warner and Zhu (2010), Op. Cit., pp. 295-296

ameliorate disparaging poverty gap by introducing ‘Harmonious Society’ in 2002; hence workplace trade unions started to locate in traditional non-union enterprises, such as foreign-owned and domestic private-owned enterprises. Even Wal-Mart which is notoriously known as the foreign enterprise that does not establish workplace trade unions had to submit to central government’s action. Accordingly, Wal-Mart was the first FIE that formed workplace trade union.<sup>48</sup> Although ACFTU established workplace trade unions in FIEs in order to help workers to address hardship at work, and to resolve their grievances, hierarchical culture of trade unions and their incapability to resolve grievances pushed workers to seek for external help, or to cause strikes instead.

Brown (2006),<sup>49</sup> Cooney (2007),<sup>50</sup> Tsui and Carver (2006) criticized on common flaws of Labor Law, Labor Contract Law, and the Trade Union Law promulgated since mid-2000s.<sup>51</sup> Scholars compared Labor Law to Labor Contract Law to discuss which rights are strengthened or weakened. Brown compared the labor reforms to the one that was promulgated in the late 1990s, and evaluated that the reforms demonstrate it had showed growing collective demands of workers for improved labor rights and benefits. Cooney’s claim supports Brown’s, as he pointed out many shortcomings in the legal structures to implement labor law. In this article, he emphasized four main shortcomings, such as gaps in the detail of the law, ineffective labor inspectorates, legal and organizational weaknesses in the dispute resolution systems, and the limitations in the capacity of unions to secure

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<sup>48</sup> Zhu et al (2011), Op. Cit., pp. 134

<sup>49</sup> Brown, R. C. (2006). China's collective contract provisions: Can collective negotiations embody collective bargaining. *Duke J. Comp. & Int'l L.*, 16, 35. Pp. 71

<sup>50</sup> Cooney, S. (2007). China's labour law, compliance and flaws in implementing institutions. *Journal of Industrial Relations*, 49(5), 673-686. Pp. 675-676

<sup>51</sup> Tsui, A., & Carver, A. (2006). Collective Contracts in the Shenzhen Special Economic Zone in China. *Int'l J. Comp. Lab. L. & Indus. Rel.*, 22, 469. Pp. 493

compliance with the law. Among these scholars, Baek claimed that Labor Contract Law stands by the market rather than with the workers, as majority of provisions written on Labor Contract Law are mere ‘clauses’ for laborers but not the specific details.<sup>52</sup>

Ngai (2005),<sup>53</sup> Pun and Chan (2013),<sup>54</sup> and Ngai and Huilin (2010) analyzed the suicidal incidents at Foxconn by conducting thorough interviews.<sup>55</sup> They not only asserted capitalism and global supply chain brought cruelty on migrant workers, but also argued that these young migrant workers are defined as the class of proletarianization. Ngai (2005) compared two cases that demonstrate labor exploitation in foreign-invested enterprises in China. Accordingly, both companies showed no genuine concern for labor rights, and were less still for workers’ representation or participation. In addition, it showed that many labor complaint mechanisms were merely a formality that failed to be the channel for laborers under exploitation. Pun and Chan (2013) criticized inferior cramps or working environment on and off-site at work in Foxconn. Their article clearly demonstrated how inferior the environment was for the laborers, especially when security guards and line leaders constantly threaten workers not to make any mistakes, not to use electric products without permission, and etc. These scholars positively evaluated the economic privileges China had been receiving from multinational companies. On the other hand, they agreed that such large inflow of Taiwanese, Japanese, and Korean companies in PRD region severely exploit migrant workers’ lives, who are barely protected from the government. Besides the

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<sup>52</sup> Warner and Zhu (2010), Op. Cit., pp. 296

<sup>53</sup> Ngai, P. (2005). Global production, company codes of conduct, and labor conditions in China: A case study of two factories. *The China Journal*(54), 101-113. Pp. 103-104

<sup>54</sup> Pun, N., & Chan, J. (2013). The spatial politics of labor in China: Life, labor, and a new generation of migrant workers. *South Atlantic Quarterly*, 112(1), 179-190. Pp. 183-184.

<sup>55</sup> Ngai, P., & Huilin, L. (2010). Unfinished proletarianization: self, anger, and class action among the second generation of peasant-workers in present-day China. *Modern China*, 36(5), 493-519. Pp. 503-505

scholars concentrated on Foxconn's suicide case, other scholars conducted contrasting study on Nanhai Honda's case to evaluate the first successful collective action led by laborers. Butollo and ten Brink (2012),<sup>56</sup> C.K.-C. Chan and Hui (2014),<sup>57</sup> (2012),<sup>58</sup> C.K. Chan and Zhai (2013) are the group of scholars who brought Honda case as the utmost analysis in their study. Similar to the Foxconn's case, they pointed out that the Chinese system lacks an effective collective bargaining mechanism. It is common that workers bring the case to local authorities rather than to the factory management when disputes take place.<sup>59</sup> Scholars evaluate the first collective bargaining in Honda transmission plant more with concerns. Although they evaluated Nanhai Honda case as the relatively successful collective bargaining, they concern about far more privileges to attain in the future; such as whether Honda strikers could win more wages, further rights to vote the chairperson, and eventually improve quality of lives. Because of top-down approach of labor mechanisms in China, although Honda workers won partial demands they asked for the management, these scholars rather give grim perspectives that workers are most likely to live unchanged lives.

## 2. Research Statement and Question

Foxconn and Honda are unique cases as labor disputes at two plants showed contrasting pictures under the same form of ownership. Despite that these disputes took place in factories owned by foreign-invested enterprises, developments and

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<sup>56</sup> Butollo and ten Brink (2012), Op. Cit., pp. 425

<sup>57</sup> Chan, C. K.-C., & Hui, E. S.-I. (2014). The development of collective bargaining in China: From "collective bargaining by riot" to "party state-led wage bargaining". *The China Quarterly*, 217, 221-242. Pp. 232-234

<sup>58</sup> Chan, C. K.-C., & Hui, E. S.-I. (2012). The dynamics and dilemma of workplace trade union reform in China: the case of the Honda workers' strike. *Journal of Industrial Relations*, 54(5), 653-668. Pp. 663-665

<sup>59</sup> Chan, C. K., & Zhai, Y. (2013). Active labour market policies in China—towards improved labour protection? *Journal of Asian Public Policy*, 6(1), 10-25. Pp. 22

outcomes diverged from one another. Foxconn workers conducted passive-aggressive method of strike. They expressed anger, depression, and loneliness by jumping off from dormitory buildings, whereas Nanhai Honda strikers conducted an orderly strike by laying out 108 demands to the management. Although the strikes were developed and ended in contrasting ways, they equally triggered migrant workers to conduct offensive forms of labor strikes in neighboring facilities. Foxconn and Honda disputes also revealed inefficiency of All-China Federation of Trade Union and incapability of local-level and workplace trade unions dealing with insurgencies. Disputes at Foxconn and Nanhai Honda attracted attention from in and outside of China; at the same time, the incidents also set ablaze on labor unrest in neighboring facilities.

Significant differences between labor disputes at Foxconn and Nanhai Honda are closely linked to working conditions. Foxconn set up its first factory in Shenzhen in 1988 with a workforce of 150 migrant workers. At that time, the 1<sup>st</sup> floor of the all-in-one factory compound was a canteen, the 2<sup>nd</sup> to 5<sup>th</sup> floors were production lines, and 6<sup>th</sup> floor was a dorm for the Chinese assembly workers.<sup>60</sup> Foxconn could only be efficient in producing electronic components due to the structure that factory floor was designed. It set up its shop floor that produces most of the parts on-site, and managed its workforce to fit into the seasonal production schedule. In later times, as Foxconn successfully signed contracts with global brands, including Apple, it adopted just-in-time production to meet orders from them.<sup>61</sup> In contrast to migrant workers who worked and lived in inferior conditions, Taiwanese expatriates lived in rental apartments in town. Ironically, although Foxconn has been constantly criticized for its inferior working and dormitory

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<sup>60</sup> Ngai, P., & Chan, J. (2012). Global capital, the state, and Chinese workers: the Foxconn experience. *Modern China*, 38(4), 383-410. Pp. 386

<sup>61</sup> Rose-Smith, I. (2016, 7 September 2016). Apple Cares About Workers But Does it Care Enough? *Institutional Investor*. (Access Date: June 6, 2017)

conditions, it is stated that Foxconn employees were well-fed, were safe from the petty crimes unlike the other companies, where the workers had to sleep under the tables.<sup>62</sup> In the early stage of production in Foxconn, middle- and high-level management was controlled by Taiwanese. During the 90s, Foxconn built more facilities other than in Shenzhen as it had large pool of migrant workers to exploit. They were the cheap supply not only for Foxconn but also for the other FIEs. Throughout expansion, Foxconn also employed skilled Chinese staff and workers for low- to mid-level management.<sup>63</sup> Since the founder and CEO of Foxconn Terry Gou successfully signed the contracts with big named electronic brands, such as Dell, Sony, Apple, and H.P., Foxconn rapidly expanded its facilities across China and became the largest electronics manufacturer in the world.

Honda Motors is an auto industry that entered China in subsidiary and affiliated forms of enterprises. Since after the economic reform, forms of ownership were largely diversified; Honda was one of the examples, as some factories were Joint-Ventures, some were Wholly Owned Foreign Enterprises (WOFEs), and some were affiliates of the parent company. Honda established various plants across China. Transmission plant was launched in Foshan city, Nanhai district in Guangzhou in 2007. It is directly under control of the parent company Honda Motors in Japan. Honda transmission plant has solely recruited interns from vocational schools since its establishment in order to retain low labor costs and high productivity; student interns were re-hired as frontline workers as soon as they graduated. Transmission is the most important component for automobiles. When the work stoppage took place in Nanhai Honda, the supply chain was completely cut off that not only caused enormous financial loss but also failed to supply any powertrains to the assembly plants. In contrast to the workers

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<sup>62</sup> Johnson, J. (2011, 28 February 2011). 1 Million Workers, 90 Million iPhones, 17 Suicides. Who's to Blame? *WIRED*. (Access Date: June 6, 2017)

<sup>63</sup> Ngai and Chan, Op. Cit., pp. 386-388

at assembly plants, workers at transmission plant get much lower salaries. Similar to the discriminatory measures undertaken by the Foxconn management segregating Taiwanese expatriates and Chinese migrant workers, Honda Motors also set up distinctive promotion and wage systems upon workers in and outside the plant. Even though such corporate systems were originally to increase efficiency, cut costs, and to retain unskilled and skilled employees at work, these measures triggered intense strikes against managements.

Outbreaks at Foxconn and Honda were great both in scale and intensity. Although the number of scholars referred to labor disputes at these two facilities to address the problems, such as incapability of local-level trade unions under ACFTU, suffocation of migrant workers under Chinese capitalism, social inequality and etc., there have been fewer research done about comparing disputes took place at Foxconn and Honda. Therefore, this article is written to compare why disputes at two FIEs were different in procedures and consequences. It is analyzed that there were four distinguishable factors diverged disputes in general; hence, it is to elaborate how why there were four factors between two facilities, and how they differentiated disputes at last.

### 3. Methodology and Structure of the Thesis

There are two important questions asked in the first two chapters of this article, which are “Why did unprecedented scale of labor disputes take place in 2010?” and “Why did these incidents take place in Guangdong?” The author responds in the first chapter that exacerbated circumstance of labor protests is due to accumulated problems of wage arrears, inferior working conditions, and low base wages.

In the following chapter, it is explained that numerous protests have

continuously been taken place in Guangdong because of flowing FDI and migrant workers in the province. The author also briefly elaborates three important socioeconomic changes in China, such as Lewis Turning Point, Labor reforms under ‘Harmonious Society,’ and the emergence of young generation of migrant workers, which affected changing labor market along with economic reform since 1978. These three socioeconomic contexts are elaborated with debates from scholars as well.

The third and fourth chapter specifically demonstrated developments of disputes at Foxconn and Honda. Along with explaining developments of the incidents, the author touched upon more detailed descriptions of working conditions, base wages, supply chains, and general profiles of each company.

The fifth chapter contains demonstration of four different factors that diverged disputes at both facilities. As these factors were significantly distinctive from one another, this article not only explained the reason that they were different but also how they played their roles in diverging the whole disputes.

This article wrote implications of disputes at Foxconn and Nanhai Honda, and carefully assumed that though labor unrest has not been exacerbated into further social unrest in China due to Xi administration’s strong pressure upon labor NGOs, as the number and intensity of strikes remained unchanged, there has to be more efficient resolving mechanisms for migrant workers.

## II. Common Implications of Labor Strikes in post-2010

Labor unrest became pervasive, and more violent as global and domestic factors influenced Chinese labor market since the mid-2000s. Cluster of FIEs, especially Taiwan-based enterprises, was congregated around Guangdong. With the

accession of WTO in 2001, and large inflow of FDI in coastal cities, estimated number of 200 million migrant workers moved to PRD. These migrant workers were employed as frontline workers at foreign sweatshops. This group of migrant workers was the old generation whose main purpose of stay was to support their families in distant towns. As the breadwinners, they endured physical and psychological exploitation undertaken by the employers. Their nature of patience and hardworking could only be distinctive from those of new generation, who rather sought for freedom, market-oriented consumption, and desired stay in urban areas.

There are three factors intensified frequency and level of violence on labor strikes since 2010; first of all, labor shortage due to China's reach of Lewis Turning Point. Second of all, labor reforms promulgated by 'Harmonious Society' under the Hu and Wen administration in 2002. Lastly, emergence of new generation of migrant workers in manufacturing sector in PRD region. Although scholars dispute over whether each of these factors influenced increasing insurgency of frequency and violence of labor unrest in China, China's reach of Lewis Turning Point, promulgations of labor reforms through 'Harmonious Society,' and new generation of migrant workers did certainly trigger labor unrest across China.

### 1-1. Lewis Turning Point

Scholars had heated debate whether China had already reached Lewis Turning Point when it experienced severe labor shortage in manufacturing sectors in 2003 and 2009. Since labor shortage became more revealing in PRD region, variety of scholars pointed out significant wage hikes as the proof, which the phenomenon sharply contrasted to pre-2010. Regarding to this issue, there are two streams of scholars who argue for and against that China had reached Lewis

Turning Point. Cai et al (2007),<sup>64</sup> (2008),<sup>65</sup> Guangzong (2012),<sup>66</sup> and Zhang et al (2011) argue that China already reached Lewis Turning Point, because not only did real wage rates increase since 2003 but also workers become more assertive of their rights.<sup>67</sup> Wages increased 1,000 RMB more than the past. In particular, Zhang et al supported the aforementioned claim that wage hike was revealing even during slack seasons; thus, the group of scholars claimed that it was obvious that China already reached Lewis Turning Point. They concerned as well that China seemed already lost population dividends due to One-Child Policy which has been implemented long ago. Accordingly, it was found that the working age from 20 to 40 significantly dropped down in the past decade. Not only that, population from the age 16 to 30 remained equally low throughout the past ten years. Nevertheless, the other group of scholars criticize that China had not yet reached Lewis Turning Point, because labor shortage and wage rises are just temporary phenomena.<sup>68</sup> Furthermore, Knight et al (2011),<sup>69</sup> and Minami (2010) supported that labor supply is not yet exhausted as there is a considerable pool of unskilled laborers in rural areas.<sup>70</sup>

In spite of heated debate whether China reached Lewis Turning Point,

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<sup>64</sup> Cai, F., Du, Y., & Zhao, C. (2007). Regional labour market integration since China's WTO entry. *China: linking markets for growth*, 133-150. Pp. 135-136

<sup>65</sup> Cai, F., Park, A., & Zhao, Y. (2008). The Chinese labor market in the reform era. *China's great economic transformation*, 167-214. Pp. 18-19

<sup>66</sup> Guangzong, M. (2012, 17 July 2012). Structural imbalances in population, Opinion. *China Daily*. Retrieved from [http://www.chinadaily.com.cn/opinion/2012-07/17/content\\_15588246.htm](http://www.chinadaily.com.cn/opinion/2012-07/17/content_15588246.htm) (Access Date: May 6, 2017)

<sup>67</sup> Zhang, X., Yang, J., & Wang, S. (2011). China has reached the Lewis turning point. *China Economic Review*, 22(4), 542-554. Pp. 542

<sup>68</sup> Golley, J., & Meng, X. (2011). Has China run out of surplus labour? *China Economic Review*, 22(4), 555-572. Pp. 557-558

<sup>69</sup> Knight, J., Deng, Q., & Li, S. (2011). The puzzle of migrant labour shortage and rural labour surplus in China. *China Economic Review*, 22(4), 585-600. Pp. 587

<sup>70</sup> Minami, R., & Ma, X. (2010). The Lewis turning point of Chinese economy: Comparison with Japanese experience. *China Economic Journal*, 3(2), 163-179. doi:10.1080/17538963.2010.511912. Pp. 174-175

labor shortage in manufacturing sectors and wage hikes constantly showed that China could no longer enjoy cheap labor force as much as before. As time went by, labor shortage began to be spot from skilled and unskilled jobs. In specific, asserted that Lewis Turning Point is the time when labor scarcity begins to shift the economy away from labor-intensive, input-driven growth toward enhanced productivity, declining inequality, and to greater domestic consumption.<sup>71</sup> Back to the Chinese labor market at the time labor shortage surfaced in 2005 and 2009, Chinese government already started putting in various types of jobs other than manufacturing ones. Service-related employments became the most common job sector for migrant workers in PRD region. Scholars informed that as the modern sector of a low-income country constitutes to expand, rural surplus labor would eventually disappear. It also often signals the beginning of more rapid wage increase and, therefore, has important implications for economic growth and economic structure. Such phenomena are spotted in Chinese labor market as well, particularly when the jobs became more diversified and the wages got increased for migrant workers. Not only that, when labor shortage has broken out in Guangdong manufacturing hub, it was the signal when Chinese government got aware of change in economic circumstance.

Such change has become more revealing since the second labor shortage in 2009. It was after Global Financial Crisis, which greatly blew a strike on Chinese economy. China's fame of the 'world factory' failed to meet the needs of Europe and North America, and it also verified that China has been relying on manufacturing sector, and labor-intensive industry too much. Thus, it was an opportunity for central government to shift its strategy from labor-intensive industry to the other. Government had to resolve labor shortage problems, especially in skilled jobs. Increasing the base wages for migrant workers was the

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<sup>71</sup> Elfstrom, M., & Kuruvilla, S. (2014). The changing nature of labor unrest in China. *ILR Review*, 67(2), 453-480. Pp. 459-460

utmost alternative. As a result, migrant workers' wages increased dramatically, from 500 to around 2,000 RMB on average. For instance, it is reported that the wage increase of migrant workers started threatening white collars in Dongguan. When white collar workers in downtown Dongguan were paid between 1,500 and 3,000 RMB, unskilled migrant workers got paid to 3,000 RMB.<sup>72</sup> Chinese manufacturing wages over the years 1980 to 2005 remained flat at approximately 2 to 3% of U.S manufacturing wages. However, the overall wages increased to over 2,500 RMB since after 2010.<sup>73</sup>

As labor costs increased dramatically since 2010, scholars asserted that China had already reached Lewis Turning Point by that year. In other words, low labor cost in China is no longer available. Increasing labor cost, heightened turnover rate and labor shortages in PRD region started pressing Foxconn and other FIEs. Foxconn management had to deal with labor shortage problems as the other FIEs. One of the utmost alternatives the management could undertake was to increase the base wages, but the company rather chose the other way. Instead of recruiting frontline migrant workers, Foxconn mobilized large pool of student interns to replace the former. Interns and frontline migrant workers at Foxconn got paid around 900 RMB until copycat suicides broke out in 2010. Nevertheless, when workers committed suicides from March to May, management had to increase their pay from 1,500 RMB to even higher in the following month. As a result, frontline workers' wages partially got increased; and years later, wages for workers at manufacturing jobs reached approximately 2,000 to 3,000 RMB on average. It is not the welfare-oriented alternative that Foxconn undertook, however.

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<sup>72</sup> CLB (2011, 9 March 2011). White collar workers lose out as factory rise in the Pearl River Delta, News. Retrieved from <http://www.clb.org.hk/en/content/white-collar-workers-lose-out-factory-wages-rise-pearl-river-delta>. (Access Date: April 29, 2017)

<sup>73</sup> Selden, M., & Wu, J.-m. (2011). The Chinese state, incomplete proletarianization and structures of inequality in two epochs. *The Asia-Pacific Journal*, 9(5), 1-35. Pp. 17

As local governments have frozen base wages since the financial crisis in 2008, when the economy got recovered since 2009 and onwards, base wages had to be increased anyways. Increased base wages have been delayed as local governments prioritized maximizing profits over increasing wages for the workers.

Despite of increased wages, workers at Foxconn and Nanhai Honda collectively complained through interviews that the base wage is still too low to meet any living standards in Shenzhen, and Foshan. Nanhai Honda management also got affected under labor shortage, relatively got more influenced than Foxconn because of its semi- and advanced-skilled labor force. Because skilled laborers were largely concentrated in automobile industry, student trainees and the rest of frontline workers held powerful bargaining power over the management. As the transmission plant plays the most significant role as the supplier, work stoppage completely damaged the supply chain. Strikers at Nanhai Honda were indeed the most lucrative and powerful workers, since automobile industry was always in desperate need of such skilled workers. They were the most desired skilled workers at the time of labor shortage as well. Interestingly, there was 70-80% of employees who were student interns and 20-30% migrant workers graduated from vocational schools in the transmission plant. Scholars pointed out that China must have reached the Lewis Turning Point, especially when the industries started recruiting large pool of skilled workforce from affiliated factories. This is because these industries were already aware of the difficulty mobilizing equal number of skilled workers under the pressure of labor shortage.<sup>74</sup> Honda's approach solely recruiting interns since its establishment in 2007 also vindicates that Chinese auto industries

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<sup>74</sup> SCMP. (2015, 15 October 2015). China's latest answer to its labour skills shortage: 'education factories', News. *South China Morning Post*. Retrieved from <http://www.scmp.com/news/china/economy/article/1867727/chinas-latest-answer-its-labour-skills-shortage-education> (Access Date: April 12, 2017)

were experiencing difficulty mobilizing skilled labor force.<sup>75</sup> Thus, when management realized that its workers held more leverage in terms of work stoppage, Nanhai Honda management was forced to partially satisfy their needs and demands through collective bargaining on 4 June, 2010.

## 1-2. Labor Reforms under Hu-Wen administration

Labor strikes largely broke out in private sectors across China since 1990s. In response to the growing labor unrest, concept of the “Harmonious Society” was first raised in the 16<sup>th</sup> Chinese Communist Party (CCP) Congress in 2002.<sup>76</sup> The “Harmonious Society” stresses that “all people” in society should put aside their economic, social and political conflicts and simply “get along in harmony,” so as to work together for the country’s economic growth. Social unrest is and has always been the first priority for central government. In order to prevent labor unrest from being developed into the major social unrest, Hu and Wen administration declared reforms on labor policy specifically between 2006 and 2008.<sup>77</sup> The newly passed laws were the Employment Promotion Law, the Labor Dispute Mediation and Arbitration Law, and the Labor Contract Law. The most representative labor policy is Labor Contract Law which has been put in effect from January 2008. It was to formalize employment relations and reduce labor conflicts, and social inequality. Distinctive from the Labor Law that was promulgated in 1994, Labor Contract Law adopted a more dedicated and systematic approach. Labor Contract Law not only

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<sup>75</sup> Carter, L. (2010). Auto Industry Strikes in China (Article). Retrieved 26 April 2017, from Khoi Vinh and Allan Cole <http://insurgentnotes.com/2010/10/auto-industry-strikes-in-china/> (Access Date: 26 April 2017)

<sup>76</sup> Hui, E. S.-I., & Chan, C. K.-c. (2011). The "Harmonious Society" as a Hegemonic Project: Labour conflicts and changing labour policies in China. *Labour, Capital and Society/Travail, capital et société*, 154-183. Pp. 158-160

<sup>77</sup> Brown, E. V., & deCant, K. (2013). Exploiting Chinese interns as unprotected industrial labor. Pp. 152-153

regulates individual employment contract but also restates some of the principle labor standards stipulated previously. Furthermore, it provides a jurisdiction on collective agreement and informal employment – dispatched employment and part-time workers.<sup>78</sup> Besides, it requires all employers to issue written contracts to employees; not only did this regulation mean mandatory contract for all workers but also does require workers be given a “non-fixed term” contract after two successive “fixed term” contracts or after being employed for ten years by the same employer.<sup>79</sup> The Employment Promotion Law aims to provide guidelines to local governments on how to monitor employment agencies, as well as facilitate occupational training for workers. The Labor Dispute Mediation and Arbitration Law simplifies the legal procedure of mediation and arbitration, reducing the money and time costs to workers using these procedures.<sup>80</sup>

There were numerous controversies and discussions among scholars whether labor reforms – Labor Contract Law in particular – were efficient. Some scholars analyzed that labor policy grants too many privileges to migrant workers. Barboza and Tabuchi (2010) reported that Hong Kong based multinational companies gradually felt pressure under the increasing wages, so that considered to step out from Mainland for further businesses.<sup>81</sup> Franceschini et al (2016),<sup>82</sup> and Zheng (2007) concerned that increasing wage pressure would scare off

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<sup>78</sup> Qian, W., Dong, Y., & Jingyi, Y. (2013). Rethinking the labour contract law of China: Peking University Law School, Labour Law & Social Security Law Institute, June. Pp. 3

<sup>79</sup> Lee, C. K. (2016). Precarization or Empowerment? Reflections on Recent Labor Unrest in China. *The Journal of Asian Studies*, 75(02), 317-333. Pp. 320-321

<sup>80</sup> Brown and decant (2013), Op. Cit., pp. 166-167

<sup>81</sup> Barboza, D., & Tabuchi, H. (2010, 8 June 2010). Power Grows for Striking Chinese Workers, News. *The New York Times*. Retrieved from <http://www.chinalaborwatch.org/newscast/35> (Access Date: April 29, 2017)

<sup>82</sup> Franceschini, I., Siu, K., & Chan, A. (2016). The “Rights Awakening” of Chinese Migrant Workers: Beyond the Generational Perspective. *Critical Asian Studies*, 48(3), 422-442. Pp. 423-424

multinationals investing in coastal cities as well.<sup>83</sup> In addition, economist Zhang Weiying expressed concern upon labor reforms that targeted too much on the laborers' side.<sup>84</sup> Meanwhile, some others countered that despite of labor reform, migrant workers continuously suffer from suppression of low wages, inferior working conditions, and overtime hours.<sup>85</sup> Majority of scholars, Chan et al (2010), J. Chan (2009), law expert Cooney (2007), Qingqing (2009), Wang et al (2009), and Warner (2010) criticized labor reforms, because they predicted that those reforms would not successfully stand with the laborers. Nonetheless, the most significant fact is that the labor rights that have been confirmed by the Labor Contract Law are still heavily based on individual labor relations, lacking the attention to collective labor relations necessary for Western-style market-based employment relationships.<sup>86</sup> According to , the legal advisor of Nanhai Honda labor dispute, individual labor relations are concerned with the relationship between individual workers and their employers. Subordination of labor is the characteristic of individual labor relations, therefore, is severely lack of consultation and negotiation between workers and management.<sup>87</sup>

Aside from controversy concerned with Labor Contract Law though, new administration's pro-people policy not only did successfully rise awareness of migrant workers about their rights but also positively affect them to gain more leverage. Migrant workers' matured understanding of legal rights as laborers

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<sup>83</sup> Zheng, Y., & Tok, S. K. (2007). *'Harmonious Society' and 'Harmonious World': China's Policy Disclosure Under Hu Jintao*. Retrieved from <https://nottingham.ac.uk/cpi/documents/briefings/briefing-26-harmonious-society-and-harmonious-world.pdf> (Access Date: April 27, 2017)

<sup>84</sup> Caijing. (2009, 8 Feb 2009). 经济学家张维迎：劳动合同法损害工人利益 建议果断停止执行, Report. *Caijing*. Retrieved from <http://finance.ifeng.com/news/hgjj/20090208/357150.shtml> (Access Date: May 5, 2017)

<sup>85</sup> Li, X., & Freeman, R. B. (2015). How does China's new labour contract law affect floating workers? *British journal of industrial relations*, 53(4), 711-735. Pp. 724

<sup>86</sup> Kai and Brown (2013), Op. Cit., pp. 103

<sup>87</sup> Ibid.

converted the forms of labor disputes from rights-based to interests-based as well. Central government also pursued policies in order to reduce inequality, such as between permanent residents of urban areas and migrant residents with temporary residence permits,<sup>88</sup> because Hu inherited an increasingly divided society.<sup>89</sup>

From 2003 onwards, the new leadership has emphasized harmony and stability in society, even over the pursuit of economic growth and efficiency. The labor rule of law – regulating labor contracts, wages, work hours, social insurance, compensations, and official trade union membership – has vastly been expanded. The goal was to demobilize worker discontent through the institutionalized legal and bureaucratic systems . Therefore, beginning in 2008, the government enacted a range of pro-labor pieces of legislation, such as Labor Contract Law, Employment Promotion Law, and the Labor Dispute Mediation and Arbitration Law. Furthermore, municipal collective bargaining measures such as the Shenzhen Special Economic Zone Harmonious Labor Relations Regulations, and New national Regulations on Consultation and Mediation for Labor Disputes in Enterprises also went into effect in January 2012.<sup>90</sup> The Employment Promotion Law provides the local authorities with guidelines on monitoring employment agencies and facilitating occupational training, and Labor Dispute Mediation and Arbitration Law simplifies the legal procedures of mediation and arbitration and reduces workers’ loss of time and money. The latter was to facilitate access to the arbitration system by waiving arbitration fees. It further streamlines the process of arbitration and extends the time limit for aggrieved and injured workers to bring their claims to arbitration. Before the Labor Dispute Mediation and Arbitration

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<sup>88</sup> Gallagher, M., Giles, J., Park, A., & Wang, M. (2015). China’s 2008 Labor Contract Law: Implementation and implications for China’s workers. *Human Relations*, 68(2), 197-235. Pp. 223

<sup>89</sup> Caijing (2009), Op. Cit.

<sup>90</sup> CLB (2011), Op. Cit.

Law was officially implemented in 2008, Chen (2004) asserted that large number of workers got access to legal courts to resolve conflicts against management in Shanghai. However, as lower courts tend to follow interests of large stakeholders such as higher-level trade unions and companies, workers' grievances could not be fully resolved.<sup>91</sup>

Despite of labor reforms conducted by Hu administration, majority of migrant workers still remained unprotected. 46.3% of all migrant workers were still not protected with a labor contract, and 51.4% of them were not paid on time. Furthermore, according to a research team that conducted investigation on manufacturing sectors only, it is found that 84.3% of the surveyed workers signed a labor contract with their employers. The statistics showed an increased rate compared to the previous year. However, it was also shown that employment relationship in written form was still not a compulsory practice between enterprises and workers. Enterprises of domestic capital tended to be less inclined to sign a labor contract than multinationals did . In short, the fundamental cause of labor unrest seemed not fully resolved in legal context; for example, for the insurance system was provided only to workers who had written labor contracts . The "Labor Dispute Mediation and Arbitration Law," which was literally intended to provide for mediation and arbitration, was only confined to individual labor disputes. In handling collective labor disputes, the laws cover only disputes related to the implementation of collective contracts. Provisions for dealing with disputes in collective bargaining and collective action exist only in principle, and concrete implementation of these principles lack institutions and mechanisms. It turned out that many places often have no guidelines to follow in handling and resolving legal disputes.

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<sup>91</sup> Chen, F. (2004). Legal mobilization by trade unions: the case of Shanghai. *The China Journal* (52), 27-45. Pp. 42-43

Promulgations of labor reforms caused ripple effects among the migrant workers to bring out labor disputes against employers in legal context. However, as it is stated that majority of domestic capitals and some multinational corporations hesitate signing written labor contracts with their employees, migrant workers in particular. It reflects the confusion of labor reforms implemented in multinational corporations. Aside from efficiency of the individual laws, their ripple effects on migrant workers were too weak to cause profitable labor disputes. In this sense, it is not surprising that Foxconn workers constantly responded to the interviews that, they have not heard about anything of work-level trade union which was established in 2007. It can also be speculated that majority of them have signed 'blank' written contracts which only provide formal articles but no real benefits. Although Hu administration's labor reforms provided legal channel for migrant workers to resolve conflicts and express discontents outside the factories, Foxconn and Nanhai Honda workers rather sought for external help than work-level trade union or mediation and arbitration law to resolve grievances against employers. To sum up, labor reforms partially provided a leverage on migrant workers to deepen their legal understanding as wage laborers, but showed different pictures on the methodology to resolve their conflicts. As a result, those workers initiated protests in different forms by jumping off dormitory building or work stoppage for 2 weeks.

Nonetheless, Hu and Wen administration's attempt on pioneering reform labor policies strengthened workers' understanding of their legal rights. The governmental action also affected them to have matured identity as laborers. Pun and Lu (2010) conducted thorough interview with a migrant worker that had worked for Disney over 8 years, and commented on their labor strike against their employers that they instigated labor strike when they heard about stipulations of Labor Contract Law on the radio.<sup>92</sup> Workers at Disney assembly line carefully

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<sup>92</sup> Ngai, P., & Huilin, L. (2010). Unfinished proletarianization: self, anger, and class action among

listened to the radio what Labor Contract Law was, how it was different from the previous Labor Law, and what important provisions it has so that employers were mandatory to abide by the law. Although their labor strike turned to a failure as they did not lay out any official demands to ask for, and management fired them immediately; these five strikers' attempt to attain their legal rights and interests reflect that Labor Contract Law provided a platform to fight against employers. As a result, in spite of contestations about labor reforms' efficiency, new generation of migrant workers could have deeper understanding than in early 2000s.

### 1-3. Emergence of New Generation of Migrant Workers

Emergence of new generation of migrant workers was influential to transform forms of collective actions, heighten number of labor strikes, and intensify nature and consequences of demands since 2010. These workers were known to be the 'new generation of migrant workers,' who were born after the 80s and barely had experiences living or working in the farmlands despite of rural households. The number of scholars pointed out general characteristics of new generation of migrant workers as: assertive, show less loyalty to employers, free soul, dispute-oriented, impulsive, less tolerant to unfair or inferior working conditions, pursue dreams, and less responsible of their families in rural areas. Some scholars assert that young migrant workers tend to give up working in the factories more easily because of their impulsive tempers, and fragile mentality. Due to high turnover rate among regular migrant workers and the pressure from labor shortages, Foxconn has largely recruited student workers from affiliated schools in order to retain low labor costs by hiring those temporary workers. As a result, Foxconn began to rely more on student interns because they performed the same

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the second generation of peasant-workers in present-day China. *Modern China*, 36(5), 493-519. Pp. 509

tasks as frontline migrant workers but with lower pay. From the perspective of the management, it was huge benefit. As being the actual worker at Foxconn, despite of their status as ‘interns,’ student workers were applied with the identical regulations as migrant workers to do excessive overtime work, randomly assigned to job positions and dormitories, and be harshly treated by line leaders. Immediately after the copycat suicides surfaced as the problem, Foxconn management publicly announced to halt recruiting new entrants in Shenzhen in the late 2010. However, it was a fake move. The trick was that management opened up another way to recruit student interns as substitutes of frontline workers. In July, Foxconn started relocating to Zhengzhou and Chengdu in order to save up labor costs.<sup>93</sup> As scholars Elfstrom (2014) and Cai et al. (2008) claimed, Foxconn’s relocation to inner provinces reflected how global factories tend to resolve labor shortage problems and wage rises when the state’s economy reaches Lewis Turning Point.<sup>94</sup> Labor shortage has also been noted at the labor dispute at Nanhai Honda, particularly when the management held onto semi- and advanced-skilled laborers. Honda management offered pay rises for all interns and migrant workers respectively by 600 and 500 RMB; scholars pointed out that its ‘flexible’ dealing with laborers partially showed that management had difficulty recruiting equivalent level of substitutes by retaining low labor costs. Not only that, it also demonstrated that local government and local trade unions had to choose raising wages for all workers, as otherwise their stoppage could have continuously maximized the financial loss.

Through engaging in rather expressive and proactive strikes against employers, young migrant workers in 2010 began to win high salaries. At the same

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<sup>93</sup> Chan, J., & Pun, N. (2010). Suicide as protest for the new generation of Chinese migrant workers: Foxconn, global capital, and the state. *Asia-Pacific journal: Japan focus*. Pp. 10

<sup>94</sup> Guangzong, M. Op., Cit.

time, strikes also went beyond defensive, and rights-based struggles<sup>95</sup>. Chinese workers were no longer docile, because they were not willing to accept low wages and endure abusive practices by their employers. Therefore, they expressed discontents through strikes and protests which gradually became more violent; and the number of protests and strikes increased dramatically despite of implementations of Labor Contract Law.<sup>96</sup> Their act of violence against abusive practices on them is explained beyond the characteristics of young generation of migrant workers. It is elaborated through the changed social context that these young people gained more knowledge regarding to labor reforms implemented under Hu, and further understanding of economic recovery since Global Financial Crisis in 2008. Although workers' minimum wages have increased significantly, labor disputes were continuous in coastal regions. Selden and Wu (2011) stated that this is because not only have worker wages remained suppressed for too long, but also they have not been compensated for the loss of welfare provisions or in response to rising living standards and higher prices in the commodified economy in such areas as health care.

Scholars such as Franceschini et al., and Wong (2010) analyzed features of young generation of migrant workers. Wong mainly assert that new generation of migrant workers tend to show high turnover rate, less loyalty to employers, show greater individualism, and attraction to urban consumer culture.<sup>97</sup> Furthermore, as the report written from SACOM suggested, young migrant workers are driven more by the personal pursuit of development and freedom.<sup>98</sup> At

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<sup>95</sup> Butollo and ten Brink (2012) Op. Cit., pp. 421-422

<sup>96</sup> Biddulph, S. (2012). Responding to industrial unrest in China: prospects for strengthening the role of collective bargaining. *Sydney L. Rev.*, 34, 35. Pp. 36

<sup>97</sup> Wong, S. (2010). Decoding the New Generation of Chinese Migrant Workers (Report). Retrieved 11 April 2017 eu-china.net (Access Date: April 11, 2017)

<sup>98</sup> SACOM. (2010). *Dying Young: Suicide and China's booming economy* Retrieved from Hong Kong: <http://sacom.hk/dying-young-suicide-china%E2%80%99s-booming-economy/>

the same time, these young cohorts are more likely to be involved in spontaneous collective actions at the workplace.<sup>99</sup> In detail, Liu et al (2011) assert that young migrant workers are mentally weak, impulsive, and impatient.<sup>100</sup> According to their study, young cohorts in urban areas showed more sensitiveness toward interacting with people, and high level of mental instability compared to the old generations. Among characteristics of young migrant workers, the most important feature is that they are less loyal to employers. This is not only a characteristic but also an inevitable circumstance when workers endure inferior working conditions. Though at first majority of young workers moved to coastal cities with rosy dreams, such as to earn wages, shop at department stores, and enjoy luxurious life as they watched on TV in their hometowns, the reality was too distant. In real life, workers were extremely exhausted from long working hours every day, suffered from inferior working conditions such as lacked of air-conditioners at work or even in dormitories, from atomized working environment where does not allow communication between workers, and low base wages that cannot even meet up high living expenses in the city. Thus, these frustrated young workers could not help but to resign work then find some better jobs or return to hometowns. On the other hand, while some are passive as M. Lau (2013),<sup>101</sup> Lucas et al (2013),<sup>102</sup> and

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(Access Date: May 25, 2017)

<sup>99</sup> Daming, Z., & Xiaoyun, S. (2010). Research on "Job Hopping" by Migrant Workers from the Countryside: A Second Study on Turnover among Migrant Workers Employed by Businesses. *Chinese Sociology & Anthropology*, 43(2), 51-69. Pp. 86-87

<sup>100</sup> Liu, Y., Huang, H., Zhu, B., & Chang, Y. (2011). *Statistical Analysis on the intergenerational differences of mental health and influencing factors among migrant workers*. Paper presented at the Information and Computing (ICIC), 2011 Fourth International Conference on. Pp. 529

<sup>101</sup> Lau, M. (2013, 24 April 2013). Foxconn suicide survivor says no job is worth ending your life over, News. *South China Morning Post*. Retrieved from <http://www.scmp.com/news/china/article/1222225/foxconn-suicide-survivor-says-no-job-worth-ending-your-life-over> (Access Date: April 13, 2017)

<sup>102</sup> Lucas, K., Kang, D., & Li, Z. (2013). Workplace dignity in a total institution: Examining the experiences of Foxconn's migrant workforce. *Journal of Business Ethics*, 114(1), 91-106. Pp. 94-96

an investigation report written by CLW (2010),<sup>103</sup> some others who are rather active tend to fight for their own rights as laborers. These laborers are dispute-oriented and had strong will to fight against their employers for wage arrears, demand pay rise, improve working conditions, and even democratically reform trade union. As number of disputes arbitrated at court increased over decades, it is noted that increasing number of young laborers utilize legal means to fight for their rights. Meanwhile, as scholars highlighted that legal measures do not easily ameliorate working conditions or improve their needs, some workers also instigated labor dispute in order to have their official demands taken by management.

Explanations of Lewis Turning Point, Hu administration's labor reform, and emergence of new generation of migrant workers and their applications on labor disputes at individual plants merely explain why these outbreaks suddenly took place in 2010 in an unprecedented form. In order to elaborate more specifically on what factors caused sudden outbreaks of labor strikes at Foxconn and Nanhai Honda, it is important to note that there are disparities between Foxconn and Nanhai Honda even under the 'common implications.' Such as degree of labor shortage in skilled and unskilled jobs, workers' associational power, and diverged forms of labor strikes. Interestingly, around the similar period of time when Nanhai Honda workers initiated 17 days of labor dispute against the management, Foxconn workers committed serial suicides as a passive means to express their anger against management. In Foxconn's case, total 9 workers took "suicide express" in Longhua campus, where left 2 workers with crippling injuries.<sup>104</sup> The report published by China Labor Watch also lamented over the

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<sup>103</sup> Watch, C. L. (2010). *"We are extremely tired, with tremendous pressure" A Follow-up Investigation of Foxconn.* Retrieved from New York: <http://www.chinalaborwatch.org/report/38> (Access Date: April 12, 2017)

<sup>104</sup> Tech, S. (2010). 9名社会学者发公开信：杜绝富士康悲剧. Retrieved from

spate of suicides conducted by young workers, saying that the profits of Foxconn trampled sake of their lives.<sup>105</sup> Chan (2010) claims that passivity of Foxconn workers is not new, as migrant workers generally accept their fate, and protests only broke out when work begins to stretch their physical tolerance to the limit or when their legal rights are violated and wages are not paid.<sup>106</sup> So then why and how specifically labor strikes were developed in different pictures at Foxconn and Nanhai Honda? There are 4 distinctive factors that diverged developments and outcomes of labor disputes between these two plants, which are leadership of the company, proportion of workforce, balance of power between company and local-level trade unions, and workers' level of skills.

### III. Development of Labor Dispute at Foxconn

#### 1. Characteristics of Foxconn

Chain of suicides in 2010 as a form of strike is not a sudden outbreak but a continuous phenomenon since its establishment in 1988. Constant suicides illustrated accumulated problems remain unresolved throughout years until the copycat suicides broke out from January to May in Shenzhen. There have been suicides in 2007 and 2009 even before the mass suicides took place in 2010. However, serial suicides that subsequently broke out from March to May was partially triggered by the death of Sun Danyong in 2009. Sun had severely been interrogated by police for losing iPhone 4 prototype.<sup>107</sup> Before committing suicide,

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<http://tech.sina.com.cn/it/2010-05-19/13214206671.shtml> (Access Date: April 11, 2017)

<sup>105</sup> CLW. (2010). *The Tragedy of the Foxconn Sweatshop*. Retrieved from New York: <http://www.chinalaborwatch.org/report/41> (Access Date: 12 April, 2017)

<sup>106</sup> Chan, A. (2010). Labor Unrest and Role of Unions. *China Daily*, 18, 9.

<sup>107</sup> Cedillo Torres, C. A., Garcia-French, M., Hordijk, R., Nguyen, K., & Olup, L. (2012). Four Case Studies on Corporate Social Responsibility: Do Conflicts Affect a Company's Corporate Social Responsibility Policy? Pp. 63

or being beaten to death by security officers, Sun claimed innocence. His fellow co-workers also supported him. According to Sun's co-workers, Sun has always been beaten, and followed by security guards for no clear reason. It was later suspected by scholars that Apple and Foxconn victimized him by interrogation to find out the missing iPhone 4 prototype (Chan and Pun 2010). In the wake of Sun's suicide, scholars and researchers strongly criticized Apple's strategy of being confidential about their upcoming products. Apple is already famous for revealing its new product in the most dramatic way. Likewise, Apple has always been excessively secretive about its new products, and the secret had never been shared with supplier either. In defiance of the common practice that supplier and client share the specifics of products, Apple had never revealed the details to Foxconn except for the design. Since Foxconn merely receives the prototypes from California, it agrees with what Apple wants Foxconn to do. Apple has been extremely strict about keeping confidentiality of techniques and products by putting extra surveillance on ordinary workers. When the news and scandals concerned with Sun's death widely spread out both in Foxconn facilities and across China, frontline workers were furious as they could relate to Sun's experience. Sun's death triggered serial suicides on pessimistic workers who faced lack of grievance mechanism in the factory to resolve anger against managers, line leaders, and higher superiors. Later on, when psychologists visited Longhua facility in May, they commented that serial suicides are copycat actions led by Foxconn management's failure to communicate with the media and workers.<sup>108</sup> Foxconn failed communicating with workers and also providing humane working environment and dormitory conditions for its workers.

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<sup>108</sup> Xu, K., & Li, W. (2013). An ethical stakeholder approach to crisis communication: A case study of Foxconn's 2010 employee suicide crisis. *Journal of Business Ethics*, 117(2), 371-386. Pp. 376-377

## 2. Development of Copycat Suicides

There are Longhua and Guanlan plants in Shenzhen, and 13 migrant workers committed suicides in 2010. Copycat suicides took place in a consecutive form from January to May; among the victims there were 9 migrant workers jumped from dormitory buildings in Longhua from March to May. In the midst of chain of suicides, 2 workers survived with severe injuries.<sup>109</sup> All 9 workers at Longhua jumped from dorm building, while Mr. Chen slit his wrists after failed to jump on 27 May (Xu and Li 2013). The first suicide took place on 11 March, when Mr. Li jumped from dorm building. He found dead by the police yet management merely confirmed his death, and made no further comments. Yu was the second jumper of but survived with crippling injuries. Management, again, made no comments regarding to the second jumper. Mr. Liu was the third jumper on 29 March, management confirmed his death and provided no comments regarding to the third suicide and stated that police investigation was ongoing. On 10 April when Ms. Rao in Guanlan campus attempted suicide, spokesperson claimed that the suicide is a social problem and said it would not comment until police investigation was over. Chain of suicides took place in Longhua even more frequently in May. The 4<sup>th</sup> jumper was Mr. Lu, and on the next day management expressed extreme pity and asked psychological experts for help. It was the first time for management to ask for external help since suicides took place at Foxconn. But it was still an incredibly late crisis management. Ms. Zhu was the 5<sup>th</sup> jumper, and the company invited monks on the next day to conduct a religious ritual to dispel misfortune in the facility. Although monks were invited on campus, it did not stop Mr. Liang from committing suicide on 14 May. After 5 days of his death, spokesperson told the press that causes of suicides lie in the victims themselves. It implied that the Foxconn management had nothing to do with victims' suicides and

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<sup>109</sup> Chan, J. (2013). A suicide survivor: The life of a Chinese worker. *New Technology, Work and Employment*, 28(2), 84-99. Pp. 85

underlying causes of copycat suicides. At the same time, the management vindicated itself of its indifference and negligence to their own workers, and their grievances at work. 7<sup>th</sup> jumper ended his life on 21<sup>st</sup>, and surprisingly, CEO Terry Gou mentioned about the series of suicides for the first time 3 days after the death of 7<sup>th</sup> worker. At the interview with Beijing Times though, Terry denied by stating that Foxconn is not a sweatshop. Management's attitude towards victims and the employees remained the same throughout the spate of suicides; Foxconn dealt with indifference, negligence, denial, silence, and denial again at press release. Meanwhile on 26<sup>th</sup> May, Terry Gou officially apologized at the press and bowed for three times in front of the reporters.<sup>110</sup> He also made efforts with crisis management by opening up Shenzhen factory to the media and public for the first time. However, scholars criticized that his move was merely to prove his innocence that Foxconn is equipped with the best working conditions, and great facilities. His strategy was said to deny that the cause of death lies with management's maltreatment.

Foxconn lacked the most significant mechanism in its factory like the other foreign-invested plants - the grievance mechanism. On the day Terry Gou opened up Shenzhen factories for the public, ironically, he issued two public letters to all employees at Foxconn. The first letter was to comfort employees and ease the tense atmosphere from chain of suicides; and the second one was 'a letter to Foxconn colleagues,' which asked each employee to sign a 'no suicide agreement.' In specific, the agreement stated that once workers committed suicide, there would be no compensation provided to victims' family.<sup>111</sup> 8<sup>th</sup> jumper Mr. He's suicide

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<sup>110</sup> Barboza, D. (2010, 6 June 2010). After Suicides, Scrutiny of China's Grim Factories, News. *The New York Times*. Retrieved from <http://www.nytimes.com/2010/06/07/business/global/07suicide.html> (Access Date: 23 April, 2017)

<sup>111</sup> SACOM. (2010). *Workers as Machines: Military Management in Foxconn*. Retrieved from <http://sacom.hk/workers-as-machines-military-management-in-foxconn/> (Access Date:

brought a great shock to the world, because he jumped from dorm building only after Terry Gou made an official apology to the press, and issued threatening letter to all employees. It was on the same day, in evening that he decided to jump from dormitory building. His action clearly demonstrated that management's dual approach to deal with suicides in Longhua failed to solve fundamental causes. Only after 9<sup>th</sup> jumper, Mr. Chen who survived from failed attempt of committing suicide, management ordered to install anti-suicide nets around dormitory buildings. Later on 2 June, management declared a base monthly pay raise of 30%, which increased from 900 to 1,200 RMB for all workers. 4 days later, it also declared another pay rise for qualified employees only. Accordingly, their monthly wage increased from 1,200 to 2,000 RMB.

As seen from copycat suicides took place in Longhua and Guanlan, workers were mostly pessimistic, passive, depressed, and full of anger against employers. The reason they chose to protest by committing suicides was that they failed to find any internal or external channels to resolve grievance. Although Foxconn work-level trade union was established in 2008, its chairperson and top-level officials were personnel close to Terry Gou. Workers were forced to live in frustration because of erratic organizational structure. They feared for being retaliated by the management if they openly talk about their grievances, and unfair treatments by line leaders and managers. Workers at Foxconn are continuously monitored. Moreover, Foxconn workers failed to form any social interaction between themselves. There were no organizations formed in between student interns and migrant workers at Foxconn unlike Honda. This is due to management's preliminary step to forestall any collective actions from taking place on-site, that it intentionally separated workers from the same village, school, province, and even job departments. In contrast to well-organized strikers at

Nanhai Honda, student interns and migrant workers at Foxconn rather showed fragmented social life which eventually failed organizing collective action nor successful strike. At Foxconn, migrant workers normally reside in dormitories inside Longhua facility. The factory compound is gated inside, and more than ten dormitory buildings are situated to the south of the company's production facilities. Outside the gate, more than 50,000 workers have occupied every single village house, turning them into collective dormitories.<sup>112</sup>

### *Life of Frontline Migrant Workers at Foxconn*

Although living in the same dormitories, and even in same village near Longhua campus, migrant workers surprisingly showed no social bonding or interaction to one another. A journalist from the Southern Weekend went undercover into Foxconn for 28 days, and afterwards used the term “living a fragmented life” to describe the living conditions of this massive corporation's employees. Accordingly, there were almost no relationships between people. Employees tensely went to work, returned from work, went to sleep, and had no time for themselves. Reports also reveal that not even between workers in the same dormitories was there any communication. Traditional organizations and networks between migrant workers, such as “home town associations” and “student alumni associations” were virtually non-existent or did not function at Foxconn.<sup>113</sup> Another journalist went undercover in Huai an facility of Foxconn.<sup>114</sup> He stated that “the whole dormitory smelled like garbage when I walked in.” In addition,

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<sup>112</sup> Guangzong, M. Op, Cit.

<sup>113</sup> CLNT. (2010). Foxconn, please let migrant workers live a full life. Retrieved from [www.clntranslations.org/file\\_download/111](http://www.clntranslations.org/file_download/111) (Access Date: April 11, 2017)

<sup>114</sup> Adams, S. (2012, 12 September 2012). Apple's New Foxconn Embarrassment, Opinion. *Forbes*. Retrieved from <https://www.forbes.com/sites/susanadams/2012/09/12/apples-new-foxconn-embarrassment/#6d52b77cd479>

when he opened his closet, “a lot of cockroaches crawled out from inside and the bed sheets that were being distributed to every new workers were full of dirt and ashes.” His job at the factory was to mark four spots on the back plate of the iPhone 5 with an oil-based paint pen. The marks had to be within 5 millimeters of the designated points and he had to complete 5 plates every minute like a machine. Supervisors repeatedly criticized him for failing to place the marks accurately.

Majority of the victims are migrant workers who just graduated from vocational schools, or from farmlands. Chan’s interview with one of the survivors Tian Yu reveals how workers’ lives are fragmented on and off site. Yu’s experience illustrates the difficulty of forming meaningful social relationships where workers are individualized and pitted against each other to achieve incessant and excessive production demands (Chan 2013). Although newly built dormitory buildings provide better services for employees, there was an unchanged regulation that workers with different jobs and even different shifts are mixed in the same dormitory. Poor social interaction caused poor organization. According to the interviews conducted by Luthje et al (2010),<sup>115</sup> and Smith (2006), many workers do not even know the names of their roommates.<sup>116</sup> For instance, consecutive suicides demonstrate that there were no colleagues, friends, or seniors able to help out the victims before they committed suicides. As it is told in the interview, Yu mentioned that she could not attain her salary before she attempted to commit suicide. In order to have salary, she must have had a wage card which is distributed by human resources management. However, the human resources office made a mistake on Yu’s wage card that she was not able to attain her first salary until the

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<sup>115</sup> Luthje, B., Hao, Z., & Siqu, L. (2010). Interview with Chen Weiguang, Chairman of the Guangzhou Federation of Trade Unions. Retrieved from [laborcenter.berkeley.edu/pdf/2010/weiguang-interview.pdf](http://laborcenter.berkeley.edu/pdf/2010/weiguang-interview.pdf) Pp. 2

<sup>116</sup> Smith, C., & Pun, N. (2006). The dormitory labour regime in China as a site for control and resistance 1. *The International Journal of Human Resource Management*, 17(8), 1456-1470. Pp. 1463

end of the month. Therefore, Yu took a bus by herself to Guanlan campus in order to get her wage card. Nevertheless when she arrived at Guanlan facility, all workers and superiors were too occupied with their own work to tell her the right direction to human resources management office. In consequence, Yu felt so helpless that she decided to jump from the dormitory building (Chan 2013).

A number of employees live outside the gate where large pool of migrant workers formed a congregated village. Some employees who could afford living outside the factory are subsidized by management. However, since majority of the employees could not afford living off-site, they decide to share dormitory where 6-8 people are congested. Chan and Pun (2010), and Chan et al (2013) criticize that dormitory labor regime is far from a form of company welfare, because workers are forced to subvert to dehumanized environment.<sup>117</sup> According to them, sexuality is highly regulated by the gender-segregated dormitories. Male and female workers are forbidden to visit one another's rooms. Furthermore, security officers stand by the dormitory gate, and also on every floor to monitor on each employee.

Our batch of new hires totaled 120 persons. Most of us came from schools in Hubei; mine has 20 people. The company divided us into five different groups for training. After training, I was assigned to an assembly line. My new friends, whom I met during the training, were all placed in different positions... (Pun and Chan 2013)

Once an organization is formed between employees, managers separate those co-workers to different job sites on purpose. In dormitory, privacy is barely given to the workers under the strict regulations. Hairdryer was forbidden to use in the dormitory, as such electronic products consume too much electricity in dormitory;

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<sup>117</sup> Chan, J., Pun, N., & Selden, M. (2013). The politics of global production: Apple, Foxconn and China's new working class. *New Technology, Work and Employment*, 28(2), 100-115. Pp. 110

not only does it cause noise but also arguments between roommates in a congested room.<sup>118</sup> Security guards' intervention even in personal matters takes away workers' freedom even in their private space. Thus, some scholars point out that Foxconn should improve its working environment for workers by granting them freedom in dormitories. Such as through using hairdryers, voluntarily choosing their roommates, and participating in company-sponsored recreational activities .

Lin (2013) supports that weak social relations is inevitable because of the chaotic system as well as the atomism of the employees.<sup>119</sup> Chaotic system at Foxconn explains why Tian Yu could not get any help from anybody when she failed to attain her wage card in Guanlan. Workers coming from the same province are dispersed once they enter the facility. Frustrated under overwhelming exhaustion from work, they do not feel comfortable talking to acquaintances about their own problems even if they live in the same room. When field researchers from SACOM (Students and Scholars Against Corporate Misbehavior) and CLW (China Labor Watch) conducted interviews on Foxconn bottom-line operators, workers hardly knew what the final products were. A Foxconn worker in Zhengzhou declared that he is not proud of producing iPhones, and he has never seen an iPhone in his life. The whole process is fragmented that not only affects workers' lives but also their association or communication at work. At the same time, his words reflect Terry Gou's production philosophy. CEO Terry Gou has always emphasized on dismantling, simplifying, and standardizing the entire business process in order to gain more profit with the least resources.<sup>120</sup> Under the

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<sup>118</sup> SACOM. (2012). *Sweatshops are good for Apple and Foxconn, but not for workers*. Retrieved from Hong Kong: <http://sacom.hk/wp-content/uploads/2012/05/2012-05-Sweatshops-are-Good-for-Apple-and-Foxconn-but-not-for-Workers.pdf> (Access Date: April 10, 2017)

<sup>119</sup> Lin, T. (2013). *Suicides and Rebels in a World Factory: How the Global Fragmented Despotism Works in Foxconn*. Paper presented at the Communication présentée au colloque «Suicide et travail», 7e Colloque international de psychodynamique et psychopathologie du travail, Paris, Maison de la chimie. Pp. 9-10

<sup>120</sup> Su, Y. (2011). Student Workers in the Foxconn Empire. *The Commodification of Education and*

atomized working environment, not only are workers more individualized but also are their lives fragmented. Yu's response reflects Foxconn's chaotic and atomized system as well:

My assembly-line position was at the iDPBG. I arrived late for my first day of work. The factory was too big, and I got lost. So I spent a long time looking for the iDPBG workshop. The factory directory shows that there are ten zones listed from A to H, J, and L, and they are further subdivided into A1, A2, A3, L6, L7, J20, and so on...

At Foxconn, production lines on the factory floor are centrally administered by their respective departments or sections, which are directly responsible to their business units, business divisions, and ultimately business groups (Ngai and Chan 2012). Social interaction between workers can be barely formed, because of extremely short meal breaks, and strict regulation by line leaders at work.

Friendly chit-chat among co-workers is not very common even during the break; everyone rushes to queue up for lunch and eat quickly. The company prohibits any conversation in the workshop. In the factory area, CCTV cameras are set up virtually everywhere for surveillance. Thousands of security officers are on duty, patrolling every Foxconn factory building and dormitory...

Field research conducted by SACOM in 2010. Its investigation report reveals depressing work environment on the shop floor. Workers are not allowed to talk, doze off, giggle, stretch their bodies or move around. A worker, who wished to remain anonymous, stated that he was punished because he giggled and talked with other colleagues on site.<sup>121</sup> At Foxconn, it is a common penalty given to workers

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Labour in China. *Journal of Workplace Rights*, 15(3-4), 341-362.

<sup>121</sup> SACOM. (2011). *Foxconn and Apple fail to fulfill promises*. Retrieved from Hong Kong:

who seemed not working with serious attitudes. Sometimes it also leads to reproach from the frontline management. For example, an anonymous operator responded that the working environment on the shop floor is so cold that makes her feel depressed. She also mentioned that she has no one to talk to as a new comer, and may commit suicide as well if she keeps working at Foxconn.<sup>122</sup>

Hierarchical corporate culture freezes atmosphere at work in Foxconn. Higher-level people vent their anger at those below them, and since the workers have no one to vent their complaints to, it affected them to make bad decisions by jumping off from dormitory buildings. It is common that when one worker makes a mistake, three persons are scolded at the same time; those are the worker concerned, the assistant to the supervisor and the supervisor. Hierarchical system generates distorted culture of venting angers upon bottom-level operators at Foxconn; thus, military-style management forcefully cuts off social interaction between workers. Foxconn management forces student interns and regular workers to work like a machine, or even faster than the latter. Being treated like components of machines, majority of frontline workers are exposed to fragile mental health and low self-esteem. Borrowing words from an anonymous worker's confession working at Foxconn, one just has to do one's job, and as for that ability to execute tasks, all it really means is that one has to do what one is told by superiors and must not have any dissenting thoughts. After weeks of unpaid training, all workers merely become the living machines, without any individual ideas.<sup>123</sup> Scholars described that the rotating day and night shift system and extreme work intensity take away any feeling of freshness, accomplishment, or initiative toward work. Not only that,

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[http://sacom.hk/wp-content/uploads/2011/05/2011-05-06\\_foxconn-and-apple-fail-to-fulfill-promises1.pdf](http://sacom.hk/wp-content/uploads/2011/05/2011-05-06_foxconn-and-apple-fail-to-fulfill-promises1.pdf) (Access Date: April 10, 2017)

<sup>122</sup> See note 117

<sup>123</sup> CLNT. (2009). I am a Foxconn Worker. Retrieved from <http://zggr.cn/?action-viewnews-itemid-1413> (Access Date: April 11, 2017)

some workers shared a sense of low self-worth by saying that they are just a speck of dust in the workshop.<sup>124</sup> By looking into Foxconn workers' inseparable daily and work life, it throws question whether it was just young workers' impulsiveness and fragile mental health that led to copycat suicides in the factory. Instead, this paper thinks that inferior working conditions at Foxconn could never be endured by anybody among the young generations, particularly those who had no experience working in farms, and have strong desire to work in urban areas.<sup>125</sup>

Organizational power between workers at Foxconn was severely weak due to management's intentional separation of workers from same province, village, school, and business departments. Management separates workers by randomly assigning them on different departments and dormitories. Apart from random assignments in jobs, shifts, and dormitories; lack of ergonomic breaks significantly broke up social networks between employees as well. Despite that Apple emphasizes code of conduct to allow ergonomic breaks every 2 hours of shift to workers in all facilities, Foxconn management simply neglected it.<sup>126</sup> On the other hand, it could be Apple who neglects workers' conditions at Foxconn. Because once the deal is set and Foxconn becomes the authorized supplier, Apple tends to give no attention to anything other than the quality of the products.<sup>127</sup> A female worker who examines the quality of iPhone cases in Longhua said that there was no break in her department at all (SACOM 2011). Similarly, many interviewees at

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<sup>124</sup> Lucas, K., Kang, D., & Li, Z. (2013). Workplace dignity in a total institution: Examining the experiences of Foxconn's migrant workforce. *Journal of Business Ethics*, 114(1), 91-106. Pp. 98-99

<sup>125</sup> Lau, M. Op. Cit.

<sup>126</sup> Apple. (2010). *Apple Supplier Responsibility Report 2010*. Retrieved from [http://images.apple.com/supplier-responsibility/pdf/Apple\\_SR\\_2010\\_Progress\\_Report.pdf](http://images.apple.com/supplier-responsibility/pdf/Apple_SR_2010_Progress_Report.pdf) (Access Date: April 11, 2017)

<sup>127</sup> Duhigg, C., & Barboza, D. (2012, 25 January 2012). In China, Human Costs Are Built Into an iPad, News. *The New York Times*. Retrieved from <http://www.nytimes.com/2012/01/26/business/ieconomy-apples-ipad-and-the-human-costs-for-workers-in-china.html> (Access Date: April 23, 2017)

Longhua facility confessed that there was no recess for workers. CLW continuously revealed that during workers' shift,<sup>128</sup> there are only 2 hours of rest including lunch and evening.<sup>129</sup> Although it seemed to have increased break time for workers compared to the days before suicide scandals took place, breaks are not sufficient because some departments are located far from the cafeteria that they need more time to go and return from meals. In Foxconn, employees are required to go through three different levels of monitor channels when they come and go back to their positions, so it takes away most of their break time. Even in 2012, Foxconn facilities in Zhengzhou did not provide ergonomic breaks to all employees. This is entirely contrary to what Apple promised the previous year.<sup>130</sup> In 2011, Apple found out 36 facilities not abiding by code of conduct on ergonomics, so that it allegedly took corrective actions; required facilities to have a qualified professional determine which manufacturing operations pose risks of repetitive motion and other ergonomic injuries and to take steps to reduce the associated risks.<sup>131</sup> Nevertheless, in reality, when SACOM conducted investigation in late 2011, the team found out again that both in Zhengzhou and Shenzhen facilities employees were forced to skip meals due to continuous shift. Majority of workers had to skip either lunch or dinner so that assembly and production lines do function continuously. For instance, Yongde from iDPBG in Longhua said he could have lunch break every day. Meanwhile, workers in his department always have

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<sup>128</sup> CLW. (2011). *Tragedies of Globalization: The Truth Behind Electronics Sweatshops*. Retrieved from New York: <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=2104&context=globaldocs> (Access Date: April 17, 2017)

<sup>129</sup> CLW. (2012). *Beyond Foxconn China Labor Watch Report*. Retrieved from New York: [http://www.chinalaborwatch.org/upfile/2012\\_8\\_13/2012627-5.pdf](http://www.chinalaborwatch.org/upfile/2012_8_13/2012627-5.pdf) (Access Date: April 11, 2017)

<sup>130</sup> SACOM. (2012). *New iPhone, Old Abuses* Retrieved from Hong Kong: <http://sacom.hk/wp-content/uploads/2012/09/2012-09-New-iPhone-Old-Abuses-Have-Working-Conditions-at-Foxconn-in-China-Improved.pdf>

<sup>131</sup> Apple. (2011). *Apple Supplier Responsibility Report 2011*. Retrieved from [http://images.apple.com/supplier-responsibility/pdf/Apple\\_SR\\_2011\\_Progress\\_Report.pdf](http://images.apple.com/supplier-responsibility/pdf/Apple_SR_2011_Progress_Report.pdf) (Access Date: April 11, 2017)

continuous shift. In other words, although they are given with lunch breaks, they still have to work 7 hours after the first meal break.

Apart from lack of ergonomic breaks in between the shifts, and sufficient meal breaks; toilet break restriction turned out to be in practice in Longhua. Employees had to ask for toilet breaks to their line leaders, and when the latter permitted, former had to find a substitute in one's position while one was away for toilet break (CLW 2012). It has been told at the interviews conducted in 2010, yet it seemed that the toilet break is not given much even after the suicides took place in the previous year. In order to go to restroom, employees had to share an 'off-duty permit' which is a small card that one needs while using a toilet break. Even in dormitory, there is no clear boundary between work and life, as the employees rarely are given privacy. In fact, workers' private space is limited to one's own bed behind a self-made curtain. As a result, strict working environment and fragmented dormitory life cut off social networks between employees, and their friendships outside the factory.

### *Life of Student Trainees at Foxconn*

Student interns at Foxconn are severely lacked of social interaction as well,<sup>132</sup> and they are being widely used as a cheap substitute labor force.<sup>133</sup> In Guanlan campus, interns and a teacher are housed in the factory dormitories throughout the internship. Usually one team comprises a teacher with 50 students from the same vocational school, and the identical rules are applied on student

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<sup>132</sup> White, M. C. (2012, 3 April 2012). Advocates decry Foxconn treatment of student interns, News. *China Labor Bulletin*. Retrieved from <http://www.clb.org.hk/content/msnbc-advocates-decry-foxconn-treatment-student-interns> (Access Date: April 12, 2017)

<sup>133</sup> Zhenghua, Z., & Ziqian, L. (2010, 2 June 2010). Avid Young Reader of Mao Zedong's Poetry from the post-1980s generation leads the Honda strike, News. *China News Weekly*. (Access Date: April 20, 2017)

interns as regular workers. Interns ranging in age from 16 to 18 were subjected to the same working conditions as regular workers including alternating day and night shifts and extensive overtime.<sup>134</sup> They were forced to do overtime work, despite the fact that article 5 of the 2007 Administrative Measures for Internships at Secondary Vocational Schools states that “interns shall not work more than eight hours a day.” In addition, although the 2010 Education Circular (Clause 4) specifies that “interns shall not work overtime beyond the eight-hour workday”,<sup>135</sup> Foxconn management neglects the regulation.<sup>136</sup> These student trainees also run overtime for more wages. Although workers committed suicides from January to July in 2010 were regular migrant workers, who felt helpless and frustrated due to social alienation on and off work, student trainees at Foxconn are not the exception from feeling the same. Students are sent to the assembly line at random and they work with strangers. According to Su (2011), an anonymous manager who was in charge of training interns since 2006 responded that managers trained different students each time in order to obstruct their communication and completely break up their solidarity. In addition, random assignment on dormitory and assembly lines are to prevent students from gathering. Due to forceful working environment and strict atmosphere at work, student interns hardly dared to organize collective actions or resistance against the management. Interns are assigned to work positions that are completely unrelated to their majors. It is said that they do not have choice at all. Schools often claim that assignments are made under color of provincial authority and that the interns must accept the internship in order to receive their diplomas.<sup>137</sup> Teachers are stationed in the factory compound to

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<sup>134</sup> Chan, J., Pun, N., & Selden, M. (2015). Interns or workers? China’s student labor regime. *Asia-Pacific journal: Japan focus*. Pp. 78

<sup>135</sup> Chan, J., Pun, N., & Selden, M. (2015). Apple’s iPad city: Subcontracting exploitation to China. *Handbook of the international political economy of production*, 76-97. Pp. 88-89

<sup>136</sup> Smith, C., & Chan, J. (2015). Working for two bosses: Student interns as constrained labour in China. *Human Relations*, 68(2), 305-326. doi:10.1177/0018726714557013 Pp. 312-314

<sup>137</sup> Qian et al., Op. Cit.

monitor attendance.<sup>138</sup> According to the interview conducted by Smith (2015), students responded that ‘the real reason our teachers are here to guide us is out of fear that we will want to quit. So they will work with those of us who are moody and advise us to stay.’ Foxconn management required vocational school teachers to closely monitor their students on and off-work. So then the teachers interacted with production management, and were particularly concerned with ‘suicide’ risks of pressured students, given the widespread publicity surrounding the cluster of employee suicides at Foxconn.<sup>139</sup> Due to surveillance of school teachers off work, and line leaders at work, student interns could hardly organize collective actions even if they do share close school ties as the strikers at Nanhai Honda. There was an incident on 1 November, 2011 though, that Tibetan students and Han Chinese student interns got into brawl during working hours. Management immediately summoned concerned teachers, and on the next day the vice principal was summoned as well to ‘take back bad students’.<sup>140</sup> This is an exemplary incident revealing how vocational schools and Foxconn were deeply interlinked to one another, and strictly monitor interns on and off work. In short, cold working environment, excessive overtime work, and surveillance by line leaders and teachers prevent student interns from organizing any collective actions nor labor strike against the management.

#### *Management styles of Foxconn and the meaning of Apple as its client*

Foxconn fully accepts and abides by Apple’s requests. Although Apple is a client of Foxconn, since the former is a giant profit maker, when Apple pushes

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<sup>138</sup> Perlin, R. (2013). Chinese Workers Foxconned. *Dissent*, 60(2), 46-52. Pp. 49

<sup>139</sup> Ngai, P., Yuan, S., Yuhua, G., Huilin, L., Chan, J., & Selden, M. (2014). Worker–intellectual unity: Trans-border sociological intervention in Foxconn. *Current Sociology*, 62(2), 209-222. Pp. 217-219

<sup>140</sup> Cole, N. L., & Chan, J. (2015). *Despite claims of progress, labor and environmental violations continue to plague Apple*. Retrieved from New York: <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=4256&context=globaldocs> (Access Date: April 11, 2017)

Foxconn with large volume of orders, Foxconn has always been submissive to meet the needs of its client. Tight deadline applies to the peak season, in particular. When the order is in the peak season, Foxconn has to press managers and line leaders to hurry workers to meet high productivity targets every day. Because of structure created by short delivery time given by Apple, managers vent their anger to bottom-line workers through different ways. For example, workers are required to write down confession letter and are often mocked by managers loudly in public. Even when Foxconn is not on the peak production season, such corporate culture is still maintained. Both interns and migrant workers are forced to find substitutes when they use restroom at work, enjoy very little meal breaks, or some people would skip one of the meals per day due to time schedule, sit straight on the chair which has to be within the yellow line, and communicate with no one but line leaders when flaws are spotted on products. Foxconn management conducts highly controlling practices upon all employees in order to retain high efficiency, productivity, and speed. Such corporate's culture has continuously pushed workers to be on the edge of their lives every day, that when Sun Danyong committed 'suicide' or was beaten to death by security guards while being interrogated, his death triggered workers to commit suicides as well as copycat actions.

Ironically, the spate of suicides at Foxconn did not affect Apple's sales as much as predicted. Before copycat suicides took place from March to May, iPhone and iPad sales had been growing. Even in the midst of serial suicides, sales had significantly grown as well. In the third quarter of the year 2009, it was 5.21% and the sales for iPhone increased to 8.74 and 8.75.<sup>141</sup> Although the sales dropped in the third quarter of 2010 to 8.4, it immediately boosted up to 14.1 in the last quarter

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<sup>141</sup> Statista. (2017). Apple iPhone unit sales worldwide 2007-2017, by quarter. Retrieved from <https://www.statista.com/statistics/263401/global-apple-iphone-sales-since-3rd-quarter-2007/>

in the same year.<sup>142</sup> But the copycat suicides absolutely affected the stock price of Foxconn in 2010. Although it was instantly recovered to the average share, when the dispute between security guards and employees broke out in Taiyuan facility in Shanxi, there was major decline in Foxconn shares which could also have caused concerns over disruption in Apple's supply chain.<sup>143</sup> Nevertheless of insignificant influence on stock prices both on Apple and Foxconn, Foxconn factories continuously met increased needs of consumers in and outside China even in the wake of suicides in 2010. Victimization hardly affected the Apple's sales. Foxconn was passive, evasive and reactive when it dealt with suicide scandals. Management failed to tackle fundamental causes of consecutive suicides, especially when it merely invited monks to dispel misfortunes in dormitory building, invited psychologists to claim that suicide rate at Foxconn is way more below than national rate of suicides in China, provide compensation to deceased or injured workers' family, and issue public letter to employees to threaten signing on 'no suicide agreement.' Fundamental factors that eventually caused suicides were inferior working conditions and lack of grievance channels. Inferior working condition indicates to forced overtime work, lack of privacy in dormitory, and repressive culture on shopfloor. However, Foxconn management only showed prompt response when to confirm deaths of workers by stating that 'police investigation is ongoing regarding to the incident.' At the same time, spokesperson Louis Woo and CEO Terry Gou were busy defending Foxconn that 'it is not a sweatshop,' and that suicide is a social problem not only limited to Foxconn. Furthermore, management deflected the faults on victims themselves. Its defensive attitude to avoid from taking stance on suicides problem is also revealed on

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<sup>142</sup> Goldman, D. (2010, 18 October 2010). Apple sales top \$20 billion - a new record, News. *CNN Money*. Retrieved from [http://money.cnn.com/2010/10/18/technology/apple\\_earnings/](http://money.cnn.com/2010/10/18/technology/apple_earnings/) (Access Date: May 7, 2017)

<sup>143</sup> Chua, J. (2012, 24 September 2012). Apple Supplier Foxconn Shares Hit After Factory Brawl, News. *CNBC*. Retrieved from <http://www.cnbc.com/id/49144968> (Access Date: June 5, 2017)

previous Apple CEO Steve Jobs. He commented on wave of suicides in Longhua that although it is a saddened news, suicidal rate in Foxconn is much lower than the national suicidal rate.<sup>144</sup> He supported Foxconn additionally by complimenting that Longhua facility contains swimming pool, gym, cafeteria, theaters, and etc. only for the employees.<sup>145</sup>

## IV. Development of Labor Strike at Nanhai Honda

### 1. Characteristics of Honda

Honda has implemented just-in-time (JIT) production which was also widely accepted at the major Chinese auto firms.<sup>146</sup> Accordingly, JIT improves product quality, cut costs, and increase flexibility for the company to survive in the intensified domestic and international market. The largest and the strongest workforce at Nanhai Honda has been student trainees from vocational schools. These student interns had to complete the internship during their last school year in order to graduate with the diploma. As soon as have completed internship, student interns are formally hired as Grade 1 workers with the legal contracts at the transmission plant. As Nanhai transmission plant did not use agency workers in their direct production, it signed one-year renewable contracts with all of their production workers, including frontline migrant workers and the student interns from vocational schools. These students were not equivalent to the temporary

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<sup>144</sup> Stern, J. (2012, 22 February 2012). Foxconn, Apple, and the Fair Labor Association Respond to ABC News' Exclusive Report, News. *ABC news*. Retrieved from <http://abcnews.go.com/blogs/technology/2012/02/foxconn-apple-and-the-fair-labor-association-respond-to-abc-news-exclusive-report/> (Access Date: April 12, 2017)

<sup>145</sup> Weir, B. (2012, 20 February 2012). A Trip to The iFactory: 'Nightline' Gets an Unprecedented Glimpse Inside Apple's Chinese Core, News. *ABC news*. Retrieved from <http://abcnews.go.com/International/trip-ifactory-nightline-unprecedented-glimpse-inside-apples-chinese/story?id=15748745> (Access Date: April 12, 2017)

<sup>146</sup> Carter (2010), Op. Cit., pp.27

workers hired by local agencies. They were the trainees from high or middle technical schools all over the country. Student interns were cheaper than temporary workers, because they were not considered full-time employees even if they work full-time. In other words, student trainees did not hold formal contracts with the transmission plant, so then their labor costs could only be low compared to the other workers who have signed the contracts with management. Management's unilateral decision on cutting labor costs by mobilizing student interns was not only confined at Honda transmission plant, however. It has been a common practice by other private sectors of foreign-invested enterprises, who preferred to hire student interns instead.

## 2. Development of Labor Dispute

Before the strike on 17 May, employees had been sharing their complaints about working environment on online community, such as QQ, and Weibo. One of Honda workers opened a public chat room on QQ to exchange opinions to each other. It is noteworthy that they organized strong solidarity both on and off-line. Unlike Foxconn workers, Nanhai Honda interns reside outside the factory and usually share a flat with a group of fellow interns, as they felt burdened to afford housing fee even with the subsidy. There were no teachers or principals monitoring these student trainees; therefore, they freely communicate to one another outside the factory. Living away both from home and work, these young cohorts easily organized gatherings near their residence. Fortunately, as interns at Honda from same vocational school were not randomly or intentionally assigned in different positions as Foxconn workers, their social bonding remained strong. Nanhai Honda has 7 departments within one transmission plant. Even though workers were intentionally dispersed in different departments, their bonding could not have been cut off thanks to the factory's smaller scale, and close residences outside.

Importantly, their sense of solidarity developed along with the use of communications. When strikers stopped working during the strike, they went back to the dormitories. It was where the mainly young unmarried men could sit together and register their resistance.<sup>147</sup> Organizing group of young cohorts to engage in the strike was not as easy as they complained on and off-work. 23-year-old Tan Guo Ming, who had worked at Honda for two and a half years, could only persuade others to join him if he took the lead himself. Tan mentioned that there were only ‘random talks on the shuttle bus to work’ until a week before the strike, when 15 workers from his workshop gathered one night to discuss the plan.<sup>148</sup> Tan stated that he came up with the idea of going on strike; yet, it was not easy to recruit colleagues in secret talks on factory floor during breaks.<sup>149</sup> Although he persuaded five or six senior workers on his assembly line to strike, they were not brave enough to initiate with him unless Tan became the instigator.<sup>150</sup> Xiao, who is another migrant worker from Hunan province, agreed to help to lead the strike. He created a chat room on QQ, which is a Chinese instant messaging software service, the night before the strike started.

Tan and Xiao conducted the strike on 17 May, but their planning has been continuous since April when Honda failed to meet the increase of local minimum wage.<sup>151</sup> According to Tan, his pay was meager and inflation ate away at his earnings. 4 months before he conducted strike with co-workers, Honda offered to

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<sup>147</sup> Lyddon, D., Cao, X., Meng, Q., & Lu, J. (2015). A strike of ‘unorganised’ workers in a Chinese car factory: the Nanhai Honda events of 2010. *Industrial Relations Journal*, 46(2), 134-152, pp.144

<sup>148</sup> Chan and Hui, op. cit., pp.659

<sup>149</sup> Butollo and ten Brink, op. cit., pp.432

<sup>150</sup> Monitor, G. (2010). *Special Report on the Honda Foshan Strike*. Retrieved from Hong Kong: [www.worldlabour.org/eng/.../pecial\\_Report\\_on\\_Honda\\_Strike\\_gm\\_june2010\\_1\\_.pdf](http://www.worldlabour.org/eng/.../pecial_Report_on_Honda_Strike_gm_june2010_1_.pdf), pp.16-17

<sup>151</sup> Lyddon et al., op. cit., pp.140

increase his \$175 salary by \$7 only. As he planned on getting married, Tan was frustrated at insufficient wage to buy a house or raise a child. When Honda only offered him \$7 increase from the base salary \$175 in January, he saw it as the final insult.<sup>152</sup> More specifically, Lee stated that the management added 150 RMB to the monthly base wage, but reduced monthly subsidies (e.g. for food, housing, and regular attendance) from 300 to 180 RMB.<sup>153</sup> As a result, the regular monthly wage remained almost the same. It is said the trigger for the strike was when workers realized that rise in the local minimum wage was not passed on to themselves. Although the base wage was raised to the legal minimum, overtime premiums were largely reduced.<sup>154</sup> Tan submitted resignation notice on 29 April along with Xiao from another production line, because they had nothing to lose and believed that they could obtain better jobs very soon as advanced-skilled laborers.<sup>155</sup> Labor shortage has been continuously on rise in PRD region, exclusively in semi- and advanced-positions. For this reason, advanced-skilled laborers were always in need. Among advanced-skilled labor force though, those in automobile industry were the most desired one. Playing the significant role in the transmission plant, and as the factory itself also plays the pivotal role in supply chain, these young workers held bargaining power over the management. When they submitted the resignation letters, the management notified them that their contracts would be terminated in the last week of May.

When Tan took the lead of this strike, there were about 20 people agreed going on the action together. On 17 May early in the morning, Tan and Xiao pressed the

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<sup>152</sup> Barboza, D. (2010, 13 June 2010). In China, Unlikely Labor Leader Just Wanted a Middle-Class Life, News. *The New York Times*. Retrieved from <http://www.nytimes.com/2010/06/14/business/global/14honda.html>

<sup>153</sup> Lee, D. (2011). Breaking the shackles of exploitation by Global Supply Chains. (78), pp.16-17

<sup>154</sup> Butollo and ten Brink, op.cit., pp.427

<sup>155</sup> C.K.C. Chan, op, cit., pp.694

red button next to production lines, and shouted at fellow workers to stop working for low-wage factory. Two leaders and some other workers walked out from their positions. There were about 50 people gathered at the basketball court, because the rest of workers were afraid of firm's retaliation on them. At noon, strikers went to the dining hall and found the company's notice for them to write suggestions on white boards. After they wrote down demands, Japanese managers promised to respond by 21 May. With the promise, workers went back to work conditionally. However, there was a rumor among strikers that the management did not thoroughly consider of the wage rise. It caused workers to cause another strike on 20 and 21<sup>st</sup> May. Later, it was found out that the rumor was spread out on purpose by the strikers so that they could threaten managers to seriously consider about raising wages for interns, and workers. These strikers approached to legal adviser in the city to ask how they could get more wages from Nanhai Honda. In response to them, legal advisor whose surname is Zhang gave them a tip not to bring the case to court yet, but release a rumor among the workers that there would be a strike regarding to wage rise problem. After the strikers consulted with advisor, they spread the rumor to the other frontline workers and also to Chinese managers to shake the whole structure. Afterwards, they initiated a real strike when Chinese managers were rather hesitant to figure out whether the rumor was real. It was a successful trigger to initiate the strike, however; because increasing number of workers gathered at the basketball court and demanded pay rise that matches to the local minimum wage. During the two days of work stoppage though, management did not officially respond to workers' demands until 25<sup>th</sup>.

On the 22<sup>nd</sup> May, Honda fired Tan and Xiao one week earlier than it promised to. Although the management fired two leading strikers in order to hush down the dispute, it became a backfire instead and even more workers stood up for themselves against the unfair management. More workers gathered at the basketball court, and finally halted production lines at the transmission plant. There

were few workers left in their positions at the beginning, but they told researcher that they slowed down the entire procedure on purpose so that it influences on productivity target. Honda management began to worry about its supply of transmissions to Guangqi and Dongfeng. On 24<sup>th</sup>, as strikers continued work stoppage, Japanese and Chinese managers violently pushed them back into production lines. They also threatened the workers to resume working. Nonetheless, managers' violent treatment failed to 'persuade' them back to production lines. On the next day, Honda management officially pledged to strikers in order to resolve the conflict in peaceful atmosphere. Although the company offered different pay rises for the interns and regular migrant workers, it was a shrewd strategy because the management rejected to increase same amount of base wages for all workers. And also, Honda management planned to cause turbulence among the strikers with discriminatory base wages. But strikers declined their offer for twice. Accordingly, they believed that no one could ever weaken their solidarity. After failed persuading strikers with discriminatory wage rises, management summoned vocational school's principals and teachers so that they threaten student interns to sign an 'Agreement of Internship' which article exclusively states that if interns participate in strike, they would not be able to attain diploma nor graduate. This agreement was issued on the 29<sup>th</sup>, and was to be signed until the 31<sup>st</sup> May. When each student was summoned by his or her school teacher and principal, some of them walked out of the room while others struggled whether they should sign the agreement or prioritize solidarity with fellow strikers.

On the 31<sup>st</sup>, extreme tension between strikers and management prevailed over the basketball court. Large number of interns did not sign up the agreement, and remained on the court with other colleagues. Since production lines had been completely halted for 2 weeks, work stoppage caused enormous financial loss. Management could not wait anymore to cause further financial loss; therefore, it mobilized local-level trade union members to the transmission plant. Over 300

people with yellow caps and badges to represent themselves as the members of trade union began to violently push strikers back to work. It eventually created a physical turmoil between workers and local trade union members that some strikers had to be hospitalized. Such violent scene was captured by the reporters who stood by the gate of the factory, when the media reported its coverage, it caught great attention of the people in and outside of China. The coverage also brought strong criticism on Honda management's maltreatment on the strikers. Due to a dramatic scene broke out at basketball court, great number of strikers were threatened to return to production lines. Nonetheless of direct threat conducted by the management, 40 people still remained to strike for wage increases.

After exclusive conflict between laborers and management, CEO of Nanhai Honda, local cadre, and CEO of Guangqi Honda Automobile Group who is also a member of National Standing Committee visited the transmission plant in order to resolve the issue. CEO of Guangqi Honda Automobile Group and the member of National Standing Committee was Mr. Zeng Qing Hong, and he actively conciliated workers by mediating, and holding pre-negotiations. While workers talking to Zeng, they asked him to let local trade union officially apologize to them for the violent beating, and also accepted Zeng's conditional offer to resume work for 3 days until the negotiation takes place with the management. In response, Zeng required local trade union to make sincere apology to the laborers, and demanded workers to elect 16 representatives who would be at the negotiation table 3 days later. On the 3<sup>rd</sup> June, strikers issued an open letter and posted videos, and photos about local trade union's violent beatings. As a result, Nanhai Honda workers were largely supported by media and NGOs to keep up their action. As Tan and Xiao were fired by the management on 22<sup>nd</sup> May, there were no leaders among the strikers; yet, one of the female strikers actively reached out to Professor Chang Kai to be their legal advisor for the due negotiation. It is claimed that a reporter from Caijing contacted Professor Chang Kai as the former personally was in touch with

Chang. As Chang Kai accepted the offer to be strikers' legal advisor, reporter from Caijing also made a deal with Chang that he must illustrate the negotiation procedures and outcome exclusively to Caijing. On the same day, Zeng held a pre-negotiation meeting at 2'o clock in the afternoon. As soon as the meeting was over, management initiated democratic election in all departments so that 30 representatives were elected in total. On 4<sup>th</sup> June, negotiation started from 3pm and officially came to an end at 10pm. Although strikers demanded 108 items to the management, as Chang Kai persuaded workers to narrow them down, 4 items were brought on the negotiating table. They were 1) wage increase for all employees, 2) implementation of seniority premium, 3) improvement of promotion system, and 4) democratic reform of enterprise trade union. Management accepted partial demands of the four. In consequence, interns' wages increased from 900 to 1500 RMB, and workers' wages increased from 1544 to 2044 RMB.

Seniority premium was not immediately implemented though, because the management claimed that it was too complicated to negotiate within a day. A year later, when workers successfully bargained over further increase of the wage by 611 RMB, they also attained seniority premium. It was asserted that the junior frontline workers got paid 10.2% more, the mid-level frontline workers 12.3% more, and the advanced-level frontline workers 19.8% more. Promotion system was implemented as well, though not immediately after the major strike in 2010. Transition on promotion system was not as significant as workers expected. Because promotion system largely followed the previous structure, which interns were granted with formal employee status after 7 months to a year of internship, and Grade 1 employees strive for distinctive to average scores to be promoted within a year, or 2 years. Rank-and-file employees can be promoted to Grade 2, because G3 and above levels are only accessible to the workers with bachelor's degree or even higher. G4 and G5 are section heads and managers, which it is impossible for frontline workers because these positions are for managers who are

directly hired by the Honda management with higher wages. According to the interview conducted by Barboza and Tabuchi, Tomoo Marukawa, the Professor of the Chinese economy at Tokyo University, commented that Japanese firms could be especially vulnerable to labor strike because they tended not to give Chinese workers a chance to rise within the company.<sup>156</sup> Furthermore, Marukawa mentioned that Honda's labor conflicts are not just happening because of disputes over wages; but because many Chinese probably see little future in a company where local hired staff are shut out from promotions. It is a problem that is common to many Japanese companies operating overseas.<sup>157</sup>

In contrast to passive form of labor strike at Foxconn, Nanhai Honda workers were active to carry on the strike. Scholars point out that Nanhai Honda workers' activeness derives from social interaction and bonding at residences, schools, and frequent use of QQ. It also has to do with loose regulation on monitoring workers on and off-site, at dormitories too. Less severe regulations was the significant factor that allowed workers to successfully lead to collective action on 17 May. While on the strike, strikers at Nanhai Honda strengthened solidarity through active communication on QQ, planned on chanting slogans, and singing the national anthem on basketball court . In specific, in the QQ group, some strikers called each other as 'comrade,' and recited Sun Yet Sen's famous phrase before his death (interview 4). Nanhai Honda has heavily relied on interns from vocational schools as the major workforce. It is against the law to have more than 30% of workforce as interns at a factory; yet, Honda transmission plant was occupied with 70-80% interns at the time of the strike.<sup>158</sup> The spokeswoman of Honda declined to mention exact number of interns at the press as well, and also whether the company

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<sup>156</sup> Barboza and Tabuchi, op. cit.

<sup>157</sup> Zhang, L. (2015). *Inside China's Automobile Factories*. New York: Cambridge University Press.

<sup>158</sup> D. Lee, op. cit., pp.17

expects to have more labor disputes in the future.<sup>159</sup>

Meanwhile, regular migrant workers occupied 20-30% in the frontlines at transmission plant. These workers were mobilized through employment agencies, and some were dispatch workers who worked alongside with interns and formal employees. Strikers demanded to the management on open letter to provide better working environment for dispatch workers as well.<sup>160</sup> Nanhai Honda follows lean production system, that the factory only keeps certain amount of stocks and largely produces the transmissions in one day. As soon as the power components are produced from Nanhai Honda, then those newly produced stocks are directly shipped to Guangqi and Dongfeng. Honda Motors targeted efficiency and productivity of the advanced-skilled interns so that they produce large amount of transmissions every day. Since it is the utmost component of automobiles, Honda management intentionally located transmission factory in an adjacent proximity from local government so that local cadres could immediately visit the facility if any problems occur with the production lines. Not only that, it is stated that the employer tends to recruit docile workforce who does not cause troubles in production lines. Nevertheless, student interns who are the major workforce at Nanhai Honda caused turbulent strike against the employer. These interns shared close school ties, and strengthened solidarity even more by sharing residences outside transmission plant. Regular migrant workers at Nanhai Honda are mostly graduates of vocational schools, therefore, interns and migrant workers also had a strong social bonding. Interns were not strictly regulated or monitored by their school teachers, so then it was free to form organizations and gathering between one another. With frequent use of Weibo and QQ, employees shared complaints

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<sup>159</sup> Hornby, L. (2013, 6 January 2013). Use of student interns highlights China labor shortage, News. *Reuters*. Retrieved from <http://www.reuters.com/article/us-china-labour-interns-idUSBRE9050CV20130106>

<sup>160</sup> Globalization Monitor, op. cit., pp.10

against the employer online, and often met up near their residences as well. Frontline workers at Nanhai Honda formed enormous solidarity through internet. It was significant to note that QQ played an important role strengthening the social interaction both before and during the strike. While the work stoppage continued, QQ chatroom which Xiao set up kept ongoing. On the 31<sup>st</sup> when strikers were beaten by local trade union members, they uploaded videos and photos of the beating so that they gained petition, support, and attention from outside the factory. In specific, strikers gained further strength through petitions from NGOs (SACOM and China Labor Bulletin) and media reports.

Nanhai Honda strike could not have been active if management had not responded to strikers throughout protest. Yet, Honda management showed both threatening and flexible aspects when it dealt with the strikers. First of all, the company threatened laborers by firing the two instigators on 22<sup>nd</sup> May, ordered managers to step out to push strikers back into production lines, issued agreements to all interns, and summoned school teachers, principals, and even local trade union members on 31<sup>st</sup>. From the 22<sup>nd</sup> to 31<sup>st</sup> May, management rather took intimidating alternatives to repress strikers. Throughout the first half of the strike until reaching to the peak of conflict on 31<sup>st</sup>, strikers did not give into the threat but pulled bargaining leverage on their side. They were not submissive but rather proactive to demand wage rises. Strikers responded to the researcher that they knew production lines completely depend on them as they were the major labor force at Nanhai Honda; not only that, they took advantage of just-in-time production system. If they stop working, only few stocks would be available to ship the components to assembly plants; there would be zero productions made out for as long as interns halted working.

A. Chan (2010) complimented in awe labor strike at Nanhai Honda, because it was distinctive from previous strikes which were limited to economic demands and

lasted for only short term.<sup>161</sup> Accordingly, it was successful as workers demanded democratic reform of enterprise-level trade union. Management demonstrated flexible aspect of its action when the first election was held on 3<sup>rd</sup> June. As a result, 30 representatives were elected from each department at Honda; those workers went to the negotiation table on the next day, and only 5 people were given the right to talk. Nanhai Honda workers carried out a successful and enormous scale labor strike by themselves, not only that, they also attained dramatic increase of base wage. For interns, they got paid for more than 1,500 RMB, and regular migrant workers' final base wage rose to 2,044 RMB. However, when to only look into the demands strikers asked and attained, only one of the 108 items was accepted by the management – which was the pay rise. Implementation of seniority premium and improvement of promotion system were respectively put into effect in the following year. Nevertheless, seniority premium caused conflicts in between the migrant workers because the wage bonuses were too discriminatory according to different levels of workers. The lowest ranked migrant workers complained that the advanced-level workers are granted with too much premiums compared to the former. Furthermore, promotion system still put constraints on workers by setting up criteria transparent only to Grade 2 among 5. Another item that was partially granted with permission was 'democratic reform of trade union,' but when it was drawn onto the negotiation table, employers rejected negotiating over the topic because according to them, such demand was beyond the bargaining.

Nonetheless, conciliator Zeng Qinghong still stood on the side of laborers. He suggested the management to initiate election of union chairman on 3<sup>rd</sup> June, and made the election regularized since then. At the end of June, a higher-level official in Honda management summoned two strikers (not Tan and Xiao) to his office to have a talk. Although strikers demanded him to demote union chairman as part of

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<sup>161</sup> A. Chan, op. cit.

the plan to re-organize workplace trade union, official declined it because he thought they must give another chance to the union chair to correct himself.<sup>162</sup> In September, the newly elected union chairman was still another department head. Election is regularly held since after the strike in May, which the first election was on 3<sup>rd</sup> June. Hui and Chan (2015) asserted that only the branch committee and the election preparatory committee, which were dominated by managerial staffs, had the right to nominate candidates for the union executive committee; and only the disputed union members' representatives had the right to vote in those elections.<sup>163</sup> Having constraints on voting for the union chairman, direct participation of workers stopped at the level where division representatives and union branch committee were elected. Workers' role in the election was merely select one among the nominated candidates. As Guangdong Federation of Trade Union had aware of impact of Nanhai Honda strikes on neighboring facilities in the province, Kong Xiang Hong and Zeng Qing Hong actively sought for institutional mechanisms to resolve grievances for frontline workers. For instance, the draft of "Regulations on the Democratic Management of Enterprises" was presented by the local government in 2011. Although it was faced objections from business associations and went through internal divisions within the government, Democratic Management of Enterprises was enacted in 2012 with highlighting emphasis on workers. Collective wage consultations and dispute coordination and management were added in the previous draft, which the former states that 'when one-fifth or more of the enterprise workers have asked the union for collective wage consultations, the union should organize the democratic election of worker representatives to engage in such negotiations, and inform the enterprise of the request for collective consultations on wages.' It also states that workers should not

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<sup>162</sup> Chan and Hui (2012), op. cit., pp.662

<sup>163</sup> Chan and Hui (2014), op. cit., pp.609

conduct extreme methods to cause negative influence on production lines and the company, but rather should seek for appropriate demands to put forward and talk to the employer.<sup>164</sup>

In China, people are not free to form their own associations without permission of ACFTU. Without freedom to do so, migrant workers tend to strike with a clear purpose – wage rise, and sometimes democratic reform of work-level trade union. When their demands are partially or completely satisfied, they mostly resume working until another trigger causes them to be on the strike again. Similarly, as C. K. Lee (2016) pointed out in his article, even though labor strikes dramatically increased since 2010, migrant workers only strengthen solidarity within their own factory rather than expanding strike beyond particular factories.<sup>165</sup> In addition, although increasing number of strikes started demanding for democratic reform of trade union as Nanhai Honda strikers did, the elections of union chairman did not bring significant changes on improving workers' lives. Because elected union chairmen were still the adjacent personnel to CEO, department head, and higher-level of officials in the management. They mostly failed bringing complaints and resolving conflicts with workers, so then democratic reform of trade union was not efficient. Nanhai Honda strikers were the most powerful workforce in Guangdong area due to its unprecedented scale of the strike and tremendous work stoppage in 2010. Because of great leverage held on the side of laborers, the workers continuously held certain level of power over the management since after the strike. In the meantime, it is said that some workers were retaliated by the firm after they participated in the following strikes since

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<sup>164</sup> CLB. (2010). CLB's analysis of Guangdong's Regulations on the Democratic Management of Enterprises (Analysis). Retrieved 14 May 2017, from China Labor Bulletin <http://www.clb.org.hk/en/content/clbs-analysis-guangdongs-regulations-democratic-management-enterprises> (Access Date: May 14, 2017)

<sup>165</sup> Lee, C. K. (2016). Precarization or Empowerment? Reflections on Recent Labor Unrest in China. *The Journal of Asian Studies*, 75(02), 317-333, pp.325

2010. One of the anonymous Honda worker claimed that he could not be promoted nor further wage rises as firm warned him for not participating in the strike. In 2015, other workers complained that they could not approach to union chairman because the latter rarely was in an arm's reach. Anonymous worker was discontented, because union chairman did not reflect on the real complaints among frontline workers, constantly fails to negotiate over wage rises with the management, and to communicate with employees. Due to constraints put on from ACFTU not to form any associations without permission of the former,<sup>166</sup> and also that workers only are allowed to select nominated candidates who management narrowed down, Nanhai Honda workers are not satisfied despite of proactive strike in May 2010.<sup>167</sup>

## V. Comparison of Labor Disputes at Foxconn and Nanhai Honda

Disputes at Foxconn and Nanhai Honda were diverged because of four independent variables. They are leadership of the company, balance of power between shareholders (management, work-place trade union, local-level trade union, and municipal government), major proportion of workforce, and employees' level of skills. Leadership of Foxconn and Nanhai Honda was distinctive in terms of corporates' hierarchical culture, methodology of management, and the role as supplier in global supply chain. When comparing Foxconn and Nanhai Honda, the most significant factor is regulations on migrant workers. Regulations set upon frontline workers and student interns were similar, yet were different when it came

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<sup>166</sup> CLB. (2013, 22 March 2013). China's workers demand a better trade union, News. Retrieved from <http://www.clb.org.hk/en/content/chinas-workers-demand-better-trade-union> (Access Date: April 29, 2017)

<sup>167</sup> CLB. (2015, 20 May 2015). Five years on, Nanhai Honda workers want more from their trade union, News. Retrieved from <http://www.clb.org.hk/en/content/five-years-nanhai-honda-workers-want-more-their-trade-union-0> (Access Date: May 12, 2017)

to the existence of teachers monitoring interns' performances, line leaders' militant-style management against all workers. Since Foxconn management put much heavier and more repressive management upon migrant workers, their inhumane treatments suppressed migrant workers to commit numerous copycat suicides.

## 1-1. Form of Leadership

Foxconn and Honda are multinational corporations that own vast number of factories in and outside China. Longhua and Guanlan campus have generated majority of electronic products not only for Apple but also for Dell, Sony, and HP. Foxconn maintains a long list of clients around the world. Honda owns a transmission plant at Nanhai district, two assembly plants in Guangzhou and Wuhan. Both are the multinational corporations that run facilities with hierarchical and discriminatory systems. But the significant difference between Foxconn and Honda is on the centralization of power on CEO. Gereffi and Lee (2012) suggested five types of Global Value Chain Governance, which are Market, Modular, Relational, Captive, and Hierarchical Governance.<sup>168</sup> Although the form of governance is changeable as an industry evolves and matures, Foxconn seems to fit into the last type of global value chain governance – hierarchy. Under the hierarchical governance, the chains are vertical, and managerial control within the lead firms develop and manufacture products in-house. It exactly illustrates Foxconn's position as a supplier. Foxconn receives Apple products design from its client in California, and also two very important components – display panels and memory chips – from Korea. All it does is to assemble the individual components, produce finished goods, and export them back to the U.S. According to the figure suggested by Gereffi, as the manufacturer maintains the plants in a more

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<sup>168</sup> Gereffi, G., & Lee, J. (2012). Why the world suddenly cares about global supply chains. *Journal of supply chain management*, 48(3), 24-32. pp.26

hierarchical form of governance, the degree of explicit coordination and power asymmetry intensifies.<sup>169</sup> In reality, Foxconn maintains strict patron-client relationship with Apple who puts large volume of order with tight deadlines. These two firms cooperate too well to repress migrant workers' working conditions and push them to work all day long. Nevertheless of cooperation between supplier and client, power asymmetry is reflected, in particular when Foxconn survives with very little margins. Foxconn had to cut more labor costs because of thinner margins as years went by. Another problem is that Apple also keeps Foxconn too close to itself, unlike Nike and other FIEs who commonly stay an arm's length from their suppliers. By doing so, Apple intervenes Foxconn not just to put orders but also to intervene its management.<sup>170</sup> Power asymmetry has been noticed frequently between the workers and Foxconn and Apple, also between Foxconn and Apple as client and supplier despite of strengthening the business ties. CEO Terry Gou at Foxconn monopolizes all power in making any final decisions, and dictating the company on top of the hierarchy. As Pun and Chan (2012) illustrates, Foxconn management hierarchy starts from CEO, goes through Vice President, General managers, Associate general managers, Directors, Managers, Associate Managers, Project managers, Supervisors, Team leaders, Line leaders, Assistant line leaders, and Production operators and student interns.<sup>171</sup> Besides Terry Gou holds the utmost authorities over organizational hierarchy system at Foxconn, his personal investment at Foxconn forms the structure with him being the centralized dictator. In specific, CEO Terry Gou's personal fortune is tied up in Foxconn, since he not only holds 12.2% stake in Foxconn overall but also has put up 666.8 million of his

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<sup>169</sup> Ibid., pp.27

<sup>170</sup> Barboza and Duhigg, op. cit.

<sup>171</sup> Pun and Chan, op. cit., pp.396

Foxconn shares to secure the personal loans.<sup>172</sup> With enormous amount of money invested at Foxconn, as a CEO and a final decision maker, Terry Gou actively involves himself in Foxconn's most of management matters.

After the great hit of iPod in the early 2000s, Apple extended the contract with its supplier Foxconn in order to utilize low labor costs in China. Foxconn has been a great supplier which guarantees high-quality products and meets tight deadlines from Apple. Since then, Foxconn gradually expanded more of its manufacturing sectors keep such most profitable client. Since 2004, two business groups at Foxconn – Integrated Digital Product Business Group (IDPBG) and Innovation Digital System Business Group (IDSBG) – were set up in succession to conform to the regulation of iPod. After the success of iPhone in 2007, the task of IDPBG has been focused only on Apple products. However, IDPBG was not able to handle the orders alone, because of the hit of iPad in 2010. So then in order to meet the flowing orders from Apple, Foxconn had to separate DSPG business union from IDPBG as IDSBG to work solely for Apple. It is easily noted how Foxconn tries its best to maintain the best client by moving the manufacturing sectors into inland province. After the relocation in July 2010, Zhengzhou and Chengdu campuses replaced the previous two plants at Shenzhen. The newly established facilities in two cities began to be in charge of Apple products only. SACOM's research reveals that Chengdu is comprised of high-tech comprehensive bonded zone and import/export processing zone.<sup>173</sup> Its only client is Apple, and Chengdu plant solely produces iPads. Meanwhile, Zhengzhou is comprised of three zones – airport zone, processing zone, and Zhongmou county – where respectively

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<sup>172</sup> Ihara, K., & Iiyama, J. (2017, 26 January 2017). Terry Gou's concentration of power holds danger for Hon Hai, News. *Asia Nikkei*. Retrieved from <http://asia.nikkei.com/Business/AC/Terry-Gou-s-concentration-of-power-holds-danger-for-Hon-Hai?page=1> (Access Date: May 7, 2017)

<sup>173</sup> SACOM, op. cit., pp.2

play new and permanent, temporary, and supportive roles.<sup>174</sup> Foxconn gained large amount of profits through solely producing Apple's products; and as a client, Apple enjoyed high profits by attaining large share of costs from its own sale prices, and gives 8 USD only to the manufacturers.<sup>175</sup>

Apple even intervened in Foxconn's management. One of Foxconn's senior managers mentioned that "Apple not only influences the regular producing process of OEMs, but also dominates our internal management including the nominees of high-level positions." In fact, accordingly, Apple asked Terry Gou to demote Vice Chairman Jiang Haoling because he did not follow Apple's instruction to cost-down a component of iPhone. Hence, Jiang was relegated from General Manager to Special Assistant on August 2009.<sup>176</sup> Otherwise, Foxconn would have received less orders from its client since then on. Moreover, Apple gives very short delivery time to Foxconn. For this reason, Foxconn could not help but always repress frontline workers to work faster, and work better than machines. Quality management problems are easily avoided in this type of global chain, because main parts are produced by reputable manufacturers while generic parts are bought in a competitive market where reliability records are likely to be well established. When Foxconn receives the most unique part – design – from Apple, display panels and memory chips from South Korea, and manufactures the generic parts by itself in China, the rest of quality and other management issues in assembly tend to be delegated to itself according to the supply chain.<sup>177</sup> In fact, too many players intervene in the supply chain that the manufacturer who produced generic parts is

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<sup>174</sup> SACOM, op. cit., pp.3

<sup>175</sup> Chan et al., op. cit., pp.84

<sup>176</sup> Lin, op. cit., pp.9

<sup>177</sup> Nakamura, M. (2015). Foreign Operations and Ownership: The Underlying Economics, Organizational Structure, Strategy and Foxconn. *Kindai Management Review*, 3, 100-113. Pp.107

easily blamed when the troubles occur. As soon as the quality problems arise among the assembly lines, then its fault is automatically imposed upon the Foxconn frontline workers. They are criticized for being careless. It also results in penalties on hierarchical systems – managers penalize line leaders, and line leaders penalize the frontline workers and interns. Chan et al (2015) conducted investigations and interviews with interns and migrant workers at production and assembly lines; found out that line leaders and higher officials would sometimes trick workers with fake products to secretly test whether they could spot any flaws on the products.<sup>178</sup> By doing so, they claim that not only does it train workers to have keen eyes but also improve their work performances to be more mechanized. However, when the workers fail to spot cracks or flaws on the products, they are harshly criticized by the higher-level officials. And when managers find out about this matter, they would vent the anger towards concerned line leader and the frontline worker. As it was mentioned before, hierarchical structure is deeply and firmly rooted in Foxconn management. Hence, its form of ownership creates repressive, militant, pressurized, and atomized working environment at work.

There are 15 business groups in Foxconn. And in most of these business groups, managers and engineers are labelled in the group of E14 to E1 according to the hierarchical system (not the same in each business group). The grading system strictly follows Taiwanese military system, so then the grade goes from vice chairman, general manager, vice president, director, manager, assistant manager, junior manager, section manager, to team leader and so on. According to the interview, engineers and managers only account for less than 15% of the entire employees. At the bottom of Foxconn, the operators leveling from O3 to O1 are always Chinese migrant workers. It is noted that Foxconn management constantly

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<sup>178</sup> Chan et al., op. cit., pp.76

abides by its old practice since it was established in the 80s.<sup>179</sup> Foxconn also conducts discriminatory measures between Taiwanese and Chinese workers when it comes to the privileges. Taiwanese expatriates are granted with more privileges such as housing, medical care, and what not which Chinese migrant workers cannot enjoy. Moreover, it takes two to three years for Chinese workers to be promoted from O1 to O3. Although Chinese college graduates start their job from E1, it takes them several years to be promoted to E4, unlike Taiwanese expatriates who take much 2 times less than the former. It is said that only a very few Chinese managers broke the glass ceiling and got promoted to E5 to E7. Apart from the migrant workers who work as Operators in O1 to O3 group, discriminatory measures control managerial-level officials as well. Foxconn hires most Taiwanese engineers and managers from Taiwan, and dispatch them to Foxconn China with higher wages and better privileges. Since Taiwanese workers follow employment laws in Taiwan, their wages and welfare are not regulated by Chinese labor laws or social insurance policies. Furthermore, in contrast to Taiwanese workers who are directly promoted by Terry Gou, Chinese managers are decided by high-level Taiwanese managers. Chinese workers are discriminated by ethnicity and gender, so that they usually choose to leave when they get better offers from the other manufacturers.<sup>180</sup> Foxconn set up hierarchical organizational structure and discriminatory treatments toward Chinese workers, from migrant workers to the high-level managers.

Foxconn management also generates harsh working environment for bottom-line workers through variety of means: not providing full package of privileges such as medical care insurance, unpleasant rooms at dormitory, and

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<sup>179</sup> Dean, J., & Stein, P. (2010, 4 September 2010). Inland China Beckons as Hon Hai Seeks Fresh, Cheaper Labor Force, News. *The Wall Street Journal*. Retrieved from <https://www.wsj.com/articles/SB10001424052748704392104575475591957325942> (Access Date: November 23, 2017)

<sup>180</sup> Lin, op. cit., pp.12-13

military-style discipline conducted by line leaders and managers. Chan and Pun (2010;2013) and Ngai and Chan (2012) pointed out that Chinese line leaders and managers are forced to conduct such military-style disciplines on frontline workers,<sup>181</sup> because by doing so, they can be promoted for better pay and higher positions.<sup>182</sup> As a private enterprise that entered China since after the economic reform, Foxconn followed central government's promulgation on Labor Contract Law. Among the listed provisions, all public and private enterprises in China must have their employees signed written contracts with the managements. However, as the interviews demonstrated in the previous chapter; most of migrant workers at Foxconn disgruntled at the blank contracts they had to sign. As is supported by Kai and Brown (2013), because employers control union recognition and organization, many enterprise trade unions were no more than 'listed trade unions' or 'empty-shell trade unions.'<sup>183</sup> At the time of the copycat suicides, the chairman of workplace trade union at Foxconn was the secretary of CEO Terry Gou. Although workplace trade unions is namely to protect workers and stand by them when encountered labor dispute, management put strong control upon its trade union that its function was entirely disabled. Lack of grievance mechanisms in facilities pushed workers to the dead-end at Foxconn.

Nanhai Honda retains hierarchical organizational structure starting from CEO, Vice Chairman, Managers, Operators and Interns, but it demonstrates slightly different aspect from that of Foxconn when it comes to power centralization of CEO and atmosphere on the shop floor. Honda CEO does not monopolize nor centralize the power on himself only; at least it has not been exclusive even if Honda management did the same as Foxconn. Discriminatory measures are also

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<sup>181</sup> Chan and Pun, op. cit., pp.13

<sup>182</sup> Ngai and Chan, op. cit., pp.397

<sup>183</sup> Kai and Brown, op. cit., pp.110

conducted at Honda as similar to Foxconn, but the measures are less exclusive. Chinese managers at Honda are directly hired by the management, and their wages are still as high as Japanese managers. In contrast, migrant workers at Honda factories are not directly hired by the management. They are mobilized by employment agency or dispatched from affiliated vocational schools so that they receive much lower pay than the managers. Frontline workers at transmission plant in Nanhai receive lower pay than those at assembly plants due to Honda's discriminating wage system; thus, it roused complaints among young migrant workers on the other side. One of the strikers at Nanhai Honda complained through the interview, that he was shocked when realized workers at assembly plants and those who have directly been hired by Honda got paid much more than he did.<sup>184</sup> Honda's organizational culture demonstrates sharp comparison to that of Foxconn. Accordingly, Honda believed that team work determines its success, that he treated others as equal and often worked in a workshop with his employees being the owner of a corporation. Furthermore, every employee at Honda, from CEO to the person turning the screwdrivers, wears white uniform to smooth out any sense of hierarchy and promote an environment where everyone's opinion matters despite of title and seniority.<sup>185</sup> Although manufacturing sector of Honda could surely be different from what the official illustration showed at the above, it still verifies that Honda management does not impose militaristic working environment for official-level unlike Foxconn. This difference on organizational culture also influences the working environment at the bottom-level as well.

There are five different grades for promotion at Nanhai Honda. Grade 1 is given to workers who scored "B" in assessments for 3 years in a row, or obtained

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<sup>184</sup> Globalization Monitor, Op. Cit., pp.18

<sup>185</sup> Insigniam. **Waigaya**: Honda's Secret to Sustained Success. Retrieved from <http://quarterly.insigniam.com/corporate-culture/waigaya-hondas-secret-sustained-success/> (Access Date: November 23, 2017)

an “A” in assessment for 2 years, or get a “S” for the year. Promotion criteria for Grade 2 is not known, and university graduates from relevant trades are entitled to be on Grade 3 when they are recruited. Above G3 are section head, and department head; yet, these criteria are not transparent.<sup>186</sup> In reality, it is said that though rank-and-file workers can normally be promoted to Grade 1 or 2, the above levels are hardly accessible. In 2011, Nanhai Honda workers initiated another strike against employment for higher wages, which resulted to attain 611 RMB more. At the time of the strike, strikers demanded for seniority premiums so that junior workers’ wages increased by 10.2%, mid-level workers by 12.3%, and the senior workers by 19.8%.<sup>187</sup> It shows that although Nanhai Honda workers are not freely accessible to further promotions to above G3; as they are eligible to seniority premiums, there are more privileges from work than in Foxconn. Succession of increasing the wages was possible, because workplace trade union at the transmission plant cooperated with the municipal government in order to suppress labor dispute unlike in the previous year. Municipal government holds power upon work-level trade union due to the hierarchical culture of trade union in Chinese context. So then not only could the workers achieve higher wages but also their partial demands. Nanhai Honda is a transmission factory that produces 80% of transmissions utilized in China, and its main clients are Guangqi and Dongfeng Honda which are domestic automobile markets. Guangqi Honda Automobile Co., Ltd is owned by Guangzhou Automobile Group Co., Ltd (State-Owned Enterprise) and Honda Motor, Japan. Dongfeng Honda Automobile Co., Ltd is an affiliate of Honda Motor that mainly manufactures automobiles, and in charge of sales of Honda products in China. As an affiliated company, Dongfeng Honda is less than 50% owned by a

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<sup>186</sup> Rau, Op. Cit., pp.504

<sup>187</sup> 장윤미, Op. Cit., pp.153

parent company.<sup>188</sup> Major shareholders for affiliated companies are Japanese Honda and Chinese local government, because all multinational automobile industries imported to China are organized as joint-ventures. It is a significant policy that China took in order to protect domestic car industries from foreign inflow. Therefore, automobile industries in China are 50% shared by the state. In other words, state officials intervene in its politics on management, which is exclusively shown when local cadre Zeng Qinghong intervened as the mediator at Honda strike. In contrast to China's pressure on foreign automobile industry to protect domestic car industries, Honda transmission plant in Nanhai is not controlled by municipal government because the state does not control component parts plant. Although China required foreign firms investing in the auto assembly sectors to establish 50-50 joint ventures with Chinese firms, it does not apply to firms involved in component parts production. As a component parts production factory, Nanhai Honda is a wholly owned subsidiary of Honda Motors Japan. But China requires 40% of auto parts used by assembly factories to be produced locally, by either foreign or domestic firms. Overtime, it led to a circumstance where Honda shifted a huge percentage of its auto parts production to China and to Guangdong province in particular. Ironically, having a number of factories concentrated in one region made Honda even more vulnerable to large-scale industrial unrest as in May 2010.<sup>189</sup> Due to concentration of Honda plants in Guangdong area, and local state officials' justifications (50% shareholder) to intervene in assembly plants of Honda, Honda transmission plant rather holds weak power compared to that of Foxconn. Its organizational structure affected Honda transmission plant to give out stronger leverage to its employees.

When to look in detail of internal regulations both managements put upon

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<sup>188</sup> Honda. (2017). Honda World Links. Retrieved from <http://world.honda.com/group/China/index.html> (Access Date: 21 April, 2017)

<sup>189</sup> Carter, Op. Cit.

frontline workers and student interns, the managements' contrasting level of regulations affected developments of disputes quite differently to one another. To start with, Foxconn management intentionally separated workers who shared anything in common in order to prevent collective actions from taking place inside the facility. For example, managers separated workers who had been in the same training team before they were officially deployed in specific job departments, also the ones from same villages into different dormitories and job sectors. Due to strict regulations, majority of them experienced emotional instability such as depression and loneliness. In addition, young workers experienced aloofness particularly as they felt difficult communicating with fellow workers or roommates. Communication problems arose frequently because of different work shifts, distinctive job positions, and diverse backgrounds. Interviews from scholarly articles stated that dialectical difference attributed problems to communication as they could not easily understand each other's language. Furthermore, aside from assigning workers into different work positions and dormitories on purpose, Foxconn cut off social bonding between workers because of strict surveillance on them by CCTV, and security guards on and off-site. Workers could not bring any metallic devices to shop floor, such as USB, music player, and cell phones. There are allegedly three monitoring channels for each worker to go through before they enter into the shop floor, which the machines detect any metallic devices on workers' bodies. Such strict monitoring does not stop intimidating females, however. Some reported during the interview that the female workers had to take off their bras before security guards start searching too actively. Sexual harassments were known to be common among security guards at Foxconn. It is as if there is no gender when security guards examine each worker before the latter goes to work. Workers complained that the number of CCTV, line leaders standing right behind them at production and assembly lines, and security guards standing both on and off-site make them feel like prisoners. For diverse reasons from above,

it is not surprising that turnover rate was high at Foxconn. Estimated number of employees leaving the work were about 24,000 per month according to the research.<sup>190</sup>

Nanhai Honda workers demanded for better working conditions to the management. However, it was not the utmost demand. Strikers made 108 demands at the beginning, but since the legal advisor Chang Kai persuaded strikers to narrow down the demands during negotiation, they came with 4 items at the end. Those demands were respectively: 1) increase of base wage for both interns and migrant workers, 2) improvement of promotion system, 3) seniority premiums, and 4) democratic reform of trade union. Unlike Foxconn, Nanhai Honda strikers did not prioritize improving working conditions as the most prioritized demand. Though it is unclear to state that Foxconn workers prioritized improvement of working environment, because Foxconn ‘strikers’ committed suicides without stating their demands to the management. There were few more turbulent disputes broke out in Taoyuan Foxconn since after the copycat suicides; nevertheless, local governments immediately hushed down the incidents that it failed to attract attention from the media outside China. In addition, workers’ working conditions did not get improved at all. Luthje et al conducted an interview with the chairman of Guangzhou Federation of Trade Union Chen Weiguang since after the unprecedented scale of disputes took place in Foxconn and Nanhai Honda. During the interview, Chen asserted that working conditions and base wages at majority of manufacturing sectors in PRD region are not bad; he also mentioned that the underlying causes of labor unrest are employers’ mismanagement. According to him, working environments in manufacturing sectors are overall great.<sup>191</sup> In specific, the air-conditioners are mostly installed on the shop floor and base wages

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<sup>190</sup> Perlin, Op. Cit., pp.48

<sup>191</sup> Luthje et al., Op. Cit., pp.4

are much higher than the manufacturing sectors in inner provinces. As a result, when working conditions and base wages were compared to same sectors in other regions, workers in PRD region lived a better-off lives. Nonetheless, workers chose to protest because of suppression of the management which interpreted in Chen's comment as 'mismanagement.' Workers also resisted against management for higher base wages, but it is contrary to Chen's perspective because he stated base wages were not low in PRD region. In reality, laborers could barely live on with their wages in such an expensive city. Frontline workers were forced to choose overwork for more premiums. When the social insurance was deducted or when workers skipped overtime work, they could barely live in Shenzhen and Foshan where living expense got dramatically jumped every year. Honda strikers complained that they were not allowed for any communication between workers while on the shop floor. In contrast to extremely dry working atmosphere at Foxconn, Honda did not repress workers. There was surveillance through CCTV, line leaders, and security guards. Of course, workers at Honda complained about mundane work which is a common complaint at manufacturing sector. Although there were security guards in transmission plant as well as Foxconn, it is said that the guards rather cheered them up for causing the strike against management.<sup>192</sup> There were no reports or interviews found that Honda suppressed workers with as severe monitoring as in Foxconn. In contrast, Honda management was not alleged to prevent phones, USB, music players, or any metallic devices from possessing on the shop floor. Team leaders did not allow them to use their phones at work, but it is still speculated that Honda management rather put soft and more loosened regulations on workers than the Foxconn management did.

Since Apple grants very little time for Foxconn to manufacture large number of products, management could only choose to press frontline workers in

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<sup>192</sup> Lyddon et al., Op. Cit., pp.142-143

order to meet tight deadlines. For most of the time, Foxconn abides by what Apple ordered, because Foxconn's competitor Pegatron has been lowering labor costs and meeting variety of clients' needs as well.<sup>193</sup> Manufacturing sectors are in endless competition that run to the dead-end. All companies cut labor costs by mobilizing student interns, giving low wages to frontline workers, and curtailing downtime for the employees under tremendously heavy workloads. Repressing student interns and migrant workers with extremely strict internal regulations is the effective means for management. Due to exhaustion at work, workers go back to sleep as soon as returned from work. Having pressurized by hectic schedule and heavy workloads, Foxconn workers failed to form social bonding among themselves. Overall, workers were lacked with social interaction to one another, which is significantly contrasting to the workforce of Nanhai Honda who strengthened solidarity through school ties and communication on and off-site.

Balance of power between workplace trade union and municipal government is followed next. Given that all provinces desire to maximize economic profits by launching facilities operated under foreign-invested enterprises, local governments are one of the biggest shareholders when workers engage in labor disputes against the management. Balance of power has been different between Foxconn and Nanhai Honda, as the patron-client relationship was clearly reflected in Foxconn's case. Foxconn management is obviously the patron as it holds much greater bargaining power over local governments who compete against others in order to open one of its facilities. Local governments fully support Foxconn management by providing manpower, infrastructure, easing taxes and what not to be the hard-working client. Foxconn and Guangdong province share strong economic ties between each other, as Foxconn generates large profits from big electronic brands. Meanwhile, Honda's case demonstrated different picture

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<sup>193</sup> CLW. (2015). *Analyzing Labor Conditions of Pegatron and Foxconn*. Retrieved from New York: <http://www.chinalaborwatch.org/report/107> (Access Date: April 11, 2017)

from that of Foxconn. Since the transmission plant located in Foshan city was wholly owned by the parent company, Honda motors in Japan, local government is not the direct shareholder of transmission plant itself. However, as transmission plant is the significant supplier of power components for adjacent assembly plants in Guangzhou and Wuhan, which are partly owned by local governments, local cadres had to actively intervene in the labor dispute at the transmission plant to stop further economic loss. The patron-client relationship is not as clearly shown in Honda's case as Foxconn; however, it is commonly noticed that both plants and local governments were directly and indirectly interfered with economic profits.

## 1-2. Balance of Power between Municipal Government and Workplace Trade Union

Foxconn holds strong bargaining power over municipal governments as the latter desires launching Foxconn facilities in their towns and cities for economic development. Municipal governments hence compete each other in order to win Foxconn's plants. When Foxconn declared planning to move to inner provinces, variety of local governments such as Henan and Chengdu lined up immediately for launching Foxconn factories. The management had been planning for relocation even before the spate of suicides took place in 2010. Relationship between multinational corporations and lined-up municipal government is exclusively strengthened over particular cases. At the time when the most devastating earthquake broke out in Sichuan province, Foxconn immediately arrived in the city and subsidized large amount of compensation for the loss. Later on, as Foxconn declared to be relocating to Chengdu, the local government renovated railroads, transportations, and renewed the whole town in order to make the Foxconn staffs' lives more convenient. Accordingly, Terry Gou complimented local government's prompt readiness for launching Foxconn facilities. Furthermore,

at the time when labor shortage severely hit China in 2009 that affected Foxconn going through increasing turnover rate among migrant workers, local labor bureaus actively mobilized student interns from its own towns.<sup>194</sup> Henan local government even sent out urgent letters to various vocational schools in order to mobilize student interns. However, these interns were dispatched to far province, to Shenzhen. As it is vindicated from active mobilization of intern workers by local governments and employment agencies in concerned cities, local governments rather meet the needs of Foxconn than caring about exploitation of interns and migrant workers at work. While significant number of migrant workers jumped off from dormitory buildings for their lives, none of the local cadres visited either Longhua or Guanlan to take a look upon the fundamental concerns pushing migrant workers committed suicides. Local government did not carry out alternatives to prevent further suicides from taking place. It rather waited until Terry Gou stepping out to the press only in May, and initiated ‘crisis management efforts’ by opening up Guanlan and Longhua campuses to public.<sup>195</sup> Shenzhen Federation of Trade Union merely commented that it might need to inspect Foxconn’s military-style management in order to prevent similar incidents from taking place. Local government did not voluntarily act out to monitor working environments or the policy implemented in Foxconn facilities. In contrast, because of 50-50 profits shared with State-Owned Enterprise at Honda over the assembly plant which transmission plant supplies components to, local governments did intervene in Honda management more frequently than in Foxconn. During the strike at Honda, strikers caused estimated 240 million yuan of loss to Honda as it completely stopped producing any transmissions to Dongfeng and Guangqi. Deputy at

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<sup>194</sup> Shu, C. (2013, 3 March 2013). Labor Shortage Forces Apple Manufacturer Foxconn To Move Further Inland Into China, News. *Tech Crunch*. Retrieved from <https://techcrunch.com/2013/03/03/foxconninlandpus/> (Access Date: April 12, 2017)

<sup>195</sup> Xu and Li, Op. Cit., pp.372

Guangqi at the time was Zeng Qing Hong, also the member of national standing committee in Guangdong. Zeng visited transmission plant and talked to the strikers to persuade them to resume work conditionally. As automobile industries with foreign investment in China are partially shared with local government, local cadres run as deputy, and higher-level of management in those industries. In other words, Zeng intervened in the strike because of the economic shares. Meanwhile, it was not the case in Foxconn; because Foxconn is an electronic manufacturing plant based in Taiwan with its original name as Hon Hai Precision Industry Co., Ltd. Also because Chinese local governments gain profits from Foxconn by providing infrastructure, manpower, and other necessities requested by the management. Unlike Honda, government officials did not hold economic shares from Foxconn facilities, except that municipal governments gained profits from Foxconn as being the supplier of manpower and infrastructure. In Foxconn's case, municipal government was a client while Foxconn a patron. Workers' leverage did not exist even under the labor shortage in PRD region, because frontline workers and interns were heavily suppressed by workloads and strict regulations under municipal government and Foxconn facilities. Similarly, local-level and grassroots trade unions did not hold much power. Municipal governments controlled local and workplace trade unions so that none of the stakeholders stopped suicides with any concrete preventives. On contrary, such relationship was not clearly defined in Nanhai Honda transmission plant, where municipal government was the co-stakeholder with Japanese Honda management on assembly plants. Meanwhile, the frontline workers and student interns held strong leverage over the management due to the lack of skilled workers in automobile industry. Because the relationship of these corporations with local trade unions and local governments is distinctive to one another, development and the outcome of strikes diverged.

Both workplace trade unions existed at the strike but neither of them abided by articles of Trade Union Law, which states that workplace trade union

should represent workers' needs and resolve conflicts at work. Rather, Foxconn trade union entirely sided with the management, and local government did not intervene the scene of strike from March to May. In 3 months, Longhua campus lost 9 migrant workers, among them 2 employees survived with crippling injuries. These workers were hospitalized and the management paid for compensations as well. Nonetheless of striking chain of suicides took place in Shenzhen, the local government merely commented on the incident by saying that 'methods of management had to be scrutinized'; yet, none of the official bodies acted out to prevent further suicides from taking place in Longhua and Guanlan campus. For instance, although the vice-chairman of the Shenzhen Federation of Trade Unions is said to have urged Foxconn to take better care of young employees in the wake of suicides, the vice-chairman Wang confirmed that Shenzhen Federation of Trade Unions found no breach of laws and that Foxconn actually adopted "necessary and timely measures" following the incidents.<sup>196</sup> Likewise, Foxconn did not consider suicides as a big issue against Corporate Social Responsibility as the multinational corporation, nor a big blow against the management. Soon the copycat suicides were hushed down by the breaking news that Foxconn would go to the west of China for more inner economic development. Also, Apple and Foxconn both commented that suicidal rates in Shenzhen was much lower than that of the national suicidal rates.<sup>197</sup> From the perspective of Foxconn, chain of jumpers was not victims but troublemakers, because the management concerned about paying compensation fees to deceased families and those who were hospitalized. Though it was the financial loss that gave burden to Nanhai Honda, Foxconn had to face

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<sup>196</sup> Hong, C. (2010, 17 April 2010). Foxconn urged to take better care of young employees, News. *China Daily*. Retrieved from <http://www.worldlabour.org/eng/node/327> (Access Date: June 9, 2017)

<sup>197</sup> Carlson, N. (2010, 26 May 2010). Don't Mean To Be Rude, But Suicide Rate At Apple's iPad-Maker Foxconn Is Lower Than All 50 U.S. States, News. *Business Insider*. Retrieved from <http://www.businessinsider.com/apple-and-dell-investigating-the-foxconn-working-conditions-2010-5> (Access Date: November 25, 2017)

pressure from the mass media in the wake of copycat suicides. Compensation fee was regarded as luxury for Foxconn, who only enjoyed razor-thin margins and rather stingy with providing 'welfare' to its own employees. Not only that, Foxconn cared more of its tainted fame than of victims because stock prices have been negatively affected in the wake of suicides from March to May.<sup>198</sup> Although the stock prices did not reduce significantly, it was unstable during the copycat suicides and management's crisis management.<sup>199</sup> Chain of jumpers did not bring the feeling to the management that it had 'lost' them, because Foxconn always managed to suppress needs and wants of the employees by creating cold atmosphere at work. Terry Gou's work philosophy which is atomization and machine-like workforce successfully resumed production lines despite of consecutive suicides. In short, simply having lost the 9 workers in such a massive scale of factory in Longhua, did not affect productivity to meet the needs of Apple's short delivery time. Terry Gou once also proudly commented that Foxconn creates the product from the raw to complete since it was accessible to the natural resources. In other words, as Foxconn merely assembles manufactured goods that were already designed from California, losing couple of people from one factory is not enough to slow down production system as other workers are capable of running the unskilled jobs instead. Longhua is not the only campus that produces and assembles finished product immediately after it receives designs from California; Guanlan, Henan, and variety of facilities across China takes in charge of the same tasks as 430,000 employees in Longhua does. Losing, or having went through suicides that couple of people committed does not slow down production and assembly lines in any of the factories. If Longhua campus was the only facility

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<sup>198</sup> Hung, F., & Soh, K. (2010, 8 June 2010). Foxconn wants to raise prices to offset wages, News. *Reuters*. Retrieved from <http://www.reuters.com/article/us-foxconn-china-idUSTRE6551EX20100608> (Access Date: June 6, 2017)

<sup>199</sup> Oliver, C. (2010, 25 May 2010). Foxconn falls 10% as another suicide reported, News. *Market Watch*. Retrieved from <http://www.marketwatch.com/story/foxconn-falls-10-as-another-suicide-reported-2010-05-25> (Access Date: June 5, 2017)

that produces and assembles Apple products in China, as Nanhai Honda's unique feature as a supplier, it could have gained more attention. It could also have been engaged with other shareholders, such as local cadres, local-level trade unions, and etc. to resolve conflicts. On the other hand, Nanhai Honda demonstrated completely different picture from that of Foxconn. Similar to workplace trade union at Foxconn, trade union at Honda was also submissive to the management, and sided with the latter. However, what slightly different was that the power of workplace trade union was much stronger than the Foxconn trade union. Trade union at Foxconn fully sided with the management, as Terry Gou's secretary served the union chairman. It did not make any efforts communicating with employees, resolving conflicts, and setting up plans to forestall collective suicides from taking place. Meanwhile, trade union at Honda sided with laborers and management at the same time. Workplace trade union showed dual attitudes while dealing with the strikers for 17 days. According to hierarchical structure stemmed from CCP and ACFTU as the utmost and secondary authoritative institutes controlling over local-level trade unions, workplace trade union is supposed to be submissive to management, to local-level trade union, to local government, and higher officials. Nevertheless, Honda trade union showed both flexible and submissive attitudes to local government at the peak of the strike and also at the negotiation on 4 June. Not only that, local level of cadres intervened as a conciliator in the scene of the strike in Nanhai, because cadres and CEO of transmission plant realized that the strike was getting serious when the transmission plant alone completely stopped assembly plants in Wuhan and Guangzhou. Zeng arrived at transmission plant in order to talk to the strikers and accepted their offers with condition to resume to work. If it had not been the municipal government that allowed local-level and workplace trade unions to cooperate with the migrant workers at Nanhai Honda to hush down the turbulence, strike would have continued with further financial loss. Honda management already knew that the circumstance was not favorable to their

side; therefore, provincial government (Guangdong Federation of Trade Union) requested the municipal government to stand with the migrant workers to win partial demands at the negotiation table.

Transmission plant produces 80% of the components utilized by Dongfeng and Guangqi Honda; not only the plant itself but also the frontline workers served the most significant role as a supplier. Because of the unique structure at transmission plant in supply chain, Nanhai Honda workers acknowledged that they held powerful bargaining power in Japanese just-in-time production system.<sup>200</sup> These matured workforce were also aware of Honda management's recovery from economic slowdown since after the financial crisis. They apparently expected for significant wage rise until the management gave a very little rise on base wage, and reduced most of premiums workers used to get. According to Carter's interview on a migrant worker, he stated that 'the whole factory looked to us for leadership; cause when we stop, they stop.' Local cadres could not help but to step into the scene because estimated loss was already about 240 million RMB during the strike. As the transmission plant and assembly plants were in supplier-client relationship, local cadres and other higher officials had to resolve conflicts and satisfy partial needs of employees at Nanhai to close the strike. When strikers declined pay rises proposed by the Honda management on 22<sup>nd</sup> and 23<sup>rd</sup>, workplace trade union realized that the situation could get worsened if none of the management and trade union actively get involved to resolve the problems; therefore since then, respective parties dealt with the strikers both with flexibility and threat. After being declined with pay rises, management started threatening student interns to sign up the agreements of internship, which articulated to halt striking or else none of the strikers would get graduation diploma. It was a powerful threat against interns, because they longed for the end of internship and to

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<sup>200</sup> Carter, Op. Cit.

become the formal employees for better pay. Due to heavy pressure put up by management, majority of student interns chose to resume work; yet, a group of interns did not vow down but to keep on striking. Thus, management mobilized local-level trade union members to violently push strikers back to their work stations. During the real conflict, there were few workers hurt during this conflict. It became a backfire for the management again since after it fired two instigators on the 22<sup>nd</sup> May. Increased number of media coverages dealt with violent yet shocking strike at transmission plant, and hence it caught greater attention from nationwide. Local government sensed gradual pressure from variety of petitions, media reports, and financial loss so then the local cadre went out to talk to the strikers, conciliated negotiation on 4 June, and legal advisor Chang Kai offered help by siding with the laborers to partially satisfy their demands.

Although Shenzhen facilities heavily mobilized student interns from vocational schools immediately after copycat suicides took place, Foxconn management allegedly hired large volume of migrant workers for monotonous jobs. Among migrant workers, student interns accounted for 15%. Yet, as Foxconn management often faked the number of student interns, it is not the exact number of interns hired at the time of the strike. However, it is clear that the major workforce at Foxconn was regular migrant workers. These people were lacked of solidarity between one another due to the aforementioned strict rules and inhumane treatment implemented by the management. All of suicidal victims were regular workers, who are not the interns from vocational schools. They were young migrant workers who came all the way from their hometowns. On contrary, major workforce at the transmission plant at Honda was student interns. There were 70 to 80% of student interns at production lines at the transmission plant, and the rest of workforce was full-time regular workers who just graduated from vocational schools. Due to the ease of interacting to one another on the commute bus, residential areas outside the factory, and frequent use of QQ and other internet-

based platforms, young generation of workers successfully formed the organization and led labor strike. Major workforce at each factory is another significant factor, because it is related to whether they could cause any form of collective actions.

### 1-3. Proportion of Student Interns and Migrant Workers

Third of all, ratio of interns and regular migrant workers made a sharp distinction on solidarity causing collective actions in both facilities. It is important to refer to both proportion of workforce and level of solidarity among workers in order to analyze the consequences of labor strikes. At the time of the strike in Foxconn, there was allegedly 15% of student interns resided in Longhua. These 150,000 interns from vocational school were merely to substitute regular migrant workers during the peak season. Although it is said that interns in Guanlan were housed with school teachers at a nearby hotel, interns in both plants were treated equivalent to regular migrant workers. In short, interns in Longhua were assigned in different dormitories and job departments so that they were forced to work separated from one another. Due to intentional separation, interns in Longhua campus could not form any solidarity between themselves but also social bonding with others. All employees had different work shifts, job positions, sometimes linguistic barriers, and backgrounds. Foxconn interns were escorted and monitored by school teachers. School teachers had to report students' attendance and performances to the human resources management team inside the facility. Furthermore, student interns responded during the interview that school teachers' presence was only to prevent further suicides from taking place among the interns, and also forestall any erratic behaviors that might undermine the fame of Foxconn. Smith and Chan stated that school teachers were another boss of student interns.<sup>201</sup>

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<sup>201</sup> Smith and Chan, *Op. Cit.*, pp. 315

In contrast, Honda was occupied with 70 to 80% of interns at production lines and the rest of migrant workers in transmission plant. Migrant workers, who were also formal employees of frontlines, were graduates of vocational schools so that they could successfully form close social bonding with interns. Most importantly, strikers actively used QQ and Weibo in order to communicate to each other, discussing secret plans about methods of the strike, call up off-line gathering after the work, and various meetings regarding to the strike. Even though Tan and Xiao were fired by the management on 22 May, QQ chatroom went on continuously without these leaders. Ripple effect of QQ and Weibo was so enormous that Honda strikers successfully gained petitions and help from NGOs, and media as well. One of the journalists from Caijing offered help to a striker, whose name is Xiao, that she would contact legal advisor Chang Kai to help strikers at the negotiation table. Majority of workforce as interns also attributed management to convert its attitude from being neglectful, passive, to flexible, and active. This is mainly because student interns at Honda are the most significant workforce. They retain high productivity and low labor costs. Interns were paid much lower than formal employees in Honda, whereas Foxconn interns and migrant workers were paid the same. Before the strike, base wage of Honda interns was 900 RMB and regular migrant workers' was 1544 RMB. Significant wage gap between frontline workers as such is a characteristic of Japanese companies. At the strike, although migrant workers' base salaries were much higher than that of interns, solidarity has only been strengthened between the two unlike atomized strike in Foxconn. Their social bonding was extremely strong as their residences were close to one another, most of them were from vocational schools that shared close school ties, and frequently met up on shuttle bus, and had casual gatherings after work. Importantly, these labor force desired to tackle the most underlying problem, which that trade union was too weak to support them when the union chairman sided with the management during the strike. Compared with school teachers who monitored very

closely to the student interns at Foxconn, Honda interns were not in touch with teachers before participating in the strike. As they were not monitored or followed by security guards, school teachers, and upper-level managers at work, interns and migrant workers took advantage of strengthening solidarity through casual meet-ups and succeeded at bringing collective action against management.

Level of skills required by the employees at Foxconn and Nanhai Honda was different, because auto industry requires more advanced skills than the former which is labor-intensive industry. Therefore, even though the student interns (major workforce) performed monotonous jobs compared to the formal employees with formal contracts, their skills at jobs were not comparable to the workers at Foxconn. Level of skills of employees is important because it is linked to the level of self-esteem the workers felt at work, and power of bargaining leverage with the management. Foxconn is a labor-intensive industry that requires none of the skills to new entrants. Management looks for unskilled labor force. Foxconn workers frequently responded to interviews that anybody could pick up the skills if they go through the training for a few days or a week.<sup>202</sup> For this reason, whether or not interns or employees with formal contracts, Foxconn workers were always replaceable and so treated as cheap products from the management's perspective. In addition, they were trapped in the cycle of helplessness while working at the repressive shop floor. Although Honda workers at production lines also complained of performing monotonous jobs, they were irreplaceable workforce since labor shortage greatly hit China since 2003. And that the auto industry in particular had difficulty recruiting skilled labor force. Therefore, workers at the transmission plant held stronger leverage over the management while bargaining for wages.

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<sup>202</sup> Su, Op. Cit., pp. 350

## 1-4. Employees' Level of Skills

Level of skills of labor force at Foxconn and Nanhai Honda was another distinguishing factor. Textile, toy, and electronic manufacturing sectors require low skills that majority of workers was not equipped with any knowledge when they entered respective plants. In short, Foxconn workers was unskilled labor force. Work performance between interns and migrant workers was more or less the same, and there was no clear boundary on work performance and level of skills between interns and regular frontline workers at Foxconn. Hence, interns were regarded as cheap substitutes of migrant workers. Because student interns were unskilled yet profitable labor force due to low labor costs and high productivity from the management's point of view. Although interns performed same level of skills as that of migrant workers, student interns did not get any privilege or premium despite of highly advanced performance. Rather, when the regular migrant workers passed an evaluation test conducted by upper level of managers, they were granted with 400 RMB of bonus. Turnover rate at Foxconn has always been on the rise, but when the company faced with widespread labor shortage, it was inevitable to recruit large pool of student interns not to affect productivity. Student interns could easily catch up migrant workers, as none of the works at Foxconn required any sophisticated knowledge or skill. For instance, all they did was to stick Apple logo on the back of each products,<sup>203</sup> monitor flaws or cracks on each product, put the wholly assembled product in a new package, and etc.<sup>204</sup> Nevertheless, Foxconn student interns were not permitted to take evaluation test for 400 RMB appraisal as

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<sup>203</sup> Boehler, P. (2013, 11 October 2013). University students 'forced to work at iPhone maker Foxconn', News. *South China Morning Post*. Retrieved from <http://www.scmp.com/news/china-insider/article/1328583/university-students-forced-work-iphone-maker-foxconn> (Access Date: April 12, 2017)

<sup>204</sup> Sharma, Y. (2012, 19 February 2012). Vocational students face exploitation in sweatshops, News. *University World News*. Retrieved from <http://www.universityworldnews.com/article.php?story=20120215181114705> (Access Date: April 12, 2017)

migrant workers, because the former were merely substitutive workforce and temporary manpower. Therefore, even though two groups of workforce performed same level of skills, interns got paid lower and were treated equally on forced overtime work.<sup>205</sup> The length of internship at Foxconn varied widely, as it depended on the regulations of different affiliated schools. Municipal governments mobilized student interns by their own in order to meet the manpower requested by the Foxconn facilities, so that governments did not have solid regulations upon internship at all. Furthermore, vocational schools were paid with sum of money from the labor bureaus by successfully mobilizing the student interns; their relationships were formed upon economic shares and profits, that the rules could only be different from one another. Some interns had to complete 7 months to a year of internship, which was an average; yet, some were reported to have stayed at Foxconn for 2 years. Given that the vocational school is a 3-year-long curriculum, 2 years of an internship at Foxconn is merely a waste of educational purpose at school.<sup>206</sup> At the time of the strike, Foxconn interns were said to be occupied 15% of the employee population in Longhua facility, which was 150,000. These interns merely filled up the positions during the peak of production seasons and went back to school when the summer vacation ended. As interns at Foxconn were paid with the same amount of base wage as migrant workers, it was a lucrative internship for students who were eager to be economically independent.<sup>207</sup>

Meanwhile, Honda interns were semi-advanced skilled labor force in transmission plant and they performed more advanced skills than interns at

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<sup>205</sup> SACOM, Op. Cit., pp. 3-4

<sup>206</sup> Su, Op. Cit., pp. 353

<sup>207</sup> Bixenspan, D. (2017, 12 April 2017). The 'Robots Replacing Foxconn Workers' Story Is Less Sexy Than You Think, News. *Motherboard*. Retrieved from [https://motherboard.vice.com/en\\_us/article/foxconn-robots-replace-workers](https://motherboard.vice.com/en_us/article/foxconn-robots-replace-workers) (Access Date: April 12, 2017)

Foxconn. As Honda management ran business with discriminating hierarchical system on all employees, their duties were also distinctive from one another. Labor force at automobile industry is highly profitable in terms of productivity, labor costs, and skills for the management that it did not want to lose these skilled workers by any means. Interns at Honda were not accessible to appraisal system; however, they were secured with a status of formal employee after a year of internship. As soon as interns completed internship at transmission plant, they were granted with diploma and officially became a formal employee who is Grade 1 among 5 on promotion system. Unlike Foxconn interns who were recognized as cheap substitutes of regular migrant workers which the internship system left them with low self-esteem, Honda interns were lucrative labor force with monetary rewards. Since Nanhai Honda has heavily been relying on interns since its establishment in 2007, it could retain low turnover rate and at the same time, high productivity as a supplier. Honda interns complained of mundane work routines but did not express sadness upon low self-esteem as much as Foxconn interns did. Honda interns were aware that work performance between themselves and regular migrant workers was distinctive from one another; therefore, they were not frustrated about not being fully paid as formal employees despite of same amount of work. In contrast, there was no boundary distinguishing workloads and work performances between formal employees and interns at Foxconn; thus, interns had to face low self-esteem and depression due to their meagre wages, inferior working conditions, harsh management, and excessive working hours.

## VI. Conclusion

Labor disputes share common implications on the reasons that strikes in post-2010 took unique form contrary to the ones prior to 2010. First of all, as shortage of labor became a widely revealing problem in manufacturing sector in

Pearl River Delta region, workers got to hold stronger leverage over management. Secondly, since Hu administration promulgated labor reforms, particularly Labor Contract Law in 2008, migrant workers got to aware more of their rights and started demanding their interests such as overtime premiums, improvement of dormitory environment, and wage increases. Lastly, new generation of migrant workers, who were mainly born after the 80s, showed contrasting attitude toward employers unlike the previous generation. These young migrant workers were no longer submissive to the management nor endured hardship, and actively asked for individual interests. Even though it is agreed that the post-2010 labor strikes demonstrated sharp distinction against the previous strikes in terms of massive scale, frequency, and aggressive forms, strikes at Foxconn and Nanhai Honda were differentiated from one another.

When to look at the bigger picture, labor disputes at Foxconn and Nanhai Honda showed opposite natures: strike lasted for months at Foxconn, and 17 days at Nanhai Honda. Workers committed copycat suicides, and walked out of work stations to proactively demand for their interests. Furthermore, workers' complaints at the interviews demonstrated accumulated problems about inefficiency of ACFTU and workplace trade union. Accordingly, these trade unions failed to resolve grievances for migrant workers. As strikers conducted protests by different methods, developments and outcomes diverged to one another. In specific, the methods were completely the opposite: Foxconn strikers demanded their wants through committing suicide which was in a passive form, whereas Nanhai Honda strikers laid out official 108 demands to the management as they conducted orderly strike against the employer. Among those demands, base wage increases was the utmost priority, because their base wages before the protest did not meet the living expenses in the city. Demands from both factories were similar except that Honda strikers had more subtle demands, such as prevention of firm's retaliation on employees who participated the strike, increase of wage by 800 RMB,

implementation of better promotion system and seniority premiums, and significantly the reform of workplace trade union. However, the methods they utilized and alternatives undertook by the management were important variables that led to different outcomes. Apart from the independent variables, such as leadership of the company, employee's level of skills, proportion of interns and major workforce at the dispute, and balance of power between shareholders, developments and consequences of strikes were contrasting as Foxconn and Nanhai Honda encountered distinguished circumstances under the labor shortage, labor reforms, and rise of young migrant workers.

*Difference between Foxconn and Nanhai Honda under the common implications*

These are specific disparities under common implications. To start with the influence under labor shortage, it was not clearly shown in Foxconn compared to that of Nanhai Honda. At the time of the strike, Foxconn embraced 430,000 workforce across China, and 150,000 at Longhua plant. Its turnover rate was significantly high, as 7-8% of workers quit every month, and less than 5% migrant workers continued working at Foxconn for over 5 years.<sup>208</sup> Turnover rate has been continuously high because of its military-style management, and inferior working conditions. Despite of high turnover rate, work positions at each line were fulfilled by more migrant workers, and sometimes the student trainees. There was always a queue outside human resources office. Workers and interns were constantly recruited through local labor bureaus and employment agencies.<sup>209</sup> Although the number of new entrants was not as significant as when labor surplus hit manufacturing sector in the mid-1990s to early 2000s, Foxconn began to aware of shortage of labor and changed the strategy. Finally, the management initiated to

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<sup>208</sup> Lin, Op. Cit., pp. 7

<sup>209</sup> Chan, Op. Cit., pp. 698

hire student interns for longer than a year in order to replace migrant workers who tend to leave in a short term. Nonetheless, shortage of labor was not a revealing problem for Foxconn as variety of shareholders such as labor bureaus of local government and local employment agency actively mobilized interns for the facility. These shareholders fully supported manpower for Foxconn management in order to maintain the profits the company generates every year. In contrast to Foxconn, turnover rate at Honda was relatively low. This is because of Honda management's recruitment system which hires large pool of interns, and grants them formal employees at the end of the internship. Honda transmission plant has been hiring student interns only since its establishment. Interns were promised to graduate with diploma if only they complete the internship at Honda, so then such structure maintained low turnover rate. Despite of thorough organizational structure system, as these workforce was the most desired in auto industry, migrant workers felt ease to quit and be re-employed very soon. Similar to Foxconn management's heavy reliance on vocational schools for more student trainees replacing migrant workers, Nanhai Honda could also deal with labor shortage with hiring more trainees. However, it was the utmost task for Honda management to bring back strikers before financial loss expands. Management was in hurry. When 1,800 workers walked out of the factory for 2 weeks, shareholders including Honda management had to persuade strikers to resume work. In order to resume production and assembly lines in the facility and also to prevent further financial loss, management persuaded strikers by luring with pay rises, at the same time threatening interns with "agreements to internship." It had to utilize dual-strategies, because student trainees were the important labor force. Management finally accepted partial demands asked by the strikers; this was the measure taken by officials to wrap up the strike. Work stoppage by these semi- and advanced-skilled

workers shocked the management, because this workforce froze profits Honda used to gain. As a result of the strike, Honda lost the estimated 240 million RMB.<sup>210</sup> In other words, Honda dispute vindicated that its workforce holds significant power over not only in transmission plant itself but also in overall supply chain. Nanhai Honda's labor shortage demonstrated in a more revealing form unlike Foxconn, who could quickly replace migrant workers' positions by recruiting student interns. Meanwhile, compared to labor-intensive industries like Foxconn, automobile industry such as Honda was incapable of looking out appropriate substitutes who are equivalently skilled and work with low labor costs.

Labor reforms also seemed to have put positive influences on workers at Nanhai Honda. It was reported that some workers utilized Labor Arbitration and Mediation Law to fight against their employers few years before the dispute took place. Furthermore, several strikers including the strike leaders Tan and Xiao had consultation with legal advisor Zhang regarding to the strike in transmission plant.<sup>211</sup> The advisor told strikers not to conduct the actual strike, but to spread the rumor that there would be a strike soon in the plant so that the managers act out to softly negotiate with strikers over their demands. Although strikers conducted real strike even after they consulted with the advisor, young migrant workers deftly referred to labor reforms so that they could ask for their legal rights and interests to management. Meanwhile, Foxconn strikers failed to utilize legal understanding to fight against their employer. This is closely linked with Foxconn management's strategy to separate each and every worker who used to be in the same training team, from same village or vocational schools in order to prevent any collective actions from taking place. Even though Hu administration promulgated labor

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<sup>210</sup> Chan and Hui, Op. Cit., pp. 228

<sup>211</sup> 배규식, & 황경진. (2010). 2010년 중국 노사관계 변화의 배경, 영향 그리고 전망. *국제노동브리프*(9월호), 26-41. Pp. 31

reforms in order to stabilize labor relations, it failed to draw out tangible results in Foxconn. It is impossible to analyze whether labor reforms undertaken by Hu administration was successful only by looking into the scenes at Foxconn and Nanhai Honda. Nonetheless, it is clear that Foxconn workers failed to conduct collective actions in contrast to Honda strikers, when to compare legal understanding of themselves as wage laborers and actions to improve working conditions through orderly strike.

It is contested whether young generation of migrant workers brought more violent labor disputes in PRD region. Some group of critics commented that young migrant workers are mentally fragile, more consumer-oriented, impulsive, and incapable of enduring hardship. However, their analysis cannot be wholly applied in Foxconn's case. Despite of high turnover rate which explains migrant workers tended to leave jobs in short terms, majority of workers could not instigate collective actions nor show impulsive temperaments in contrast to Nanhai Honda strikers. Majority of Nanhai Honda strikers was student interns, and these young workers were fully aware of legal status as wage laborers, able to demand for legal rights and interests through any means, confident due to labor shortage rising in manufacturing sector in Pearl River Delta, and able to instigate collective actions based on strengthened solidarity upon internet-based bonding. Meanwhile, Foxconn workers rather showed submissive, passive, and pessimistic attitudes. They failed at conducting any collective actions, since workers were repressed by inferior working conditions, alienated social environment, excessive overtime work, and heavy workloads. Such passive form of labor strike was inevitable due to strict surveillance, and hierarchical way to repress frontline workers. It is true that young migrant workers' power had risen compared to the past because of higher level of education and solidarity based upon internet. However, it seems that not all young workers at manufacturing sector are dispute-oriented and willing to cause the actions against management. Their attitudes are highly dependent on the

organizational culture on shop floor.

*Implications of Labor Disputes at Foxconn and Nanhai Honda*

Foxconn and Nanhai Honda strikers conducted different forms of labor strike which resulted distinctive outcomes. This article analyzed procedures and outcomes of the strike, and the reasons behind the difference through four main independent variables. Honda strikers attained partial demands on 4 June, 2010, and collective bargaining takes place regularly since its significant strike. Yet, the collective bargaining still keeps the form of party state-led bargaining and it keeps workers from enjoying full interests as they demanded. For instance, democratic reform of workplace trade union is not entirely implemented even in recent years, because ACFTU tightly grips upon local and work-level trade unions especially. Its control is still strong when they conduct elections of union chairperson. Accordingly, workers' rights to vote stops at electing department-level candidates. Election above that level is strictly limited to the elected personnel from departments and below, which these people are required to select any one of the candidates that have already been sorted out by management.<sup>212</sup> As management and trade union only grants partial allowance to frontline workers to participate in 'democratic' election of union chairperson, the prospect of democratic reform of trade union is not positive. Similarly, despite that Foxconn CEO Terry Gou promised in public that Foxconn would encourage frontline migrant workers to participate in electing union chairperson as it was required, it postponed for several years and recently started conducting election which does not allow frontline workers to vote. After the explosive disputes broke out in two plants, numerous labor strikes with aggressive natures subsequently took place in neighboring

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<sup>212</sup> Chan and Hui, Op. Cit., pp. 661

facilities, such as Denso, Nike, Hyundai Motors, Toyota, and Foxconn Taiyuan campus. As Guangdong Federation of Trade Union promptly and flexibly dealt with the strikers by pressing local trade unions to resolve conflicts with the strikers, soft negotiation displaced violent physical conflicts as it was shown in Nanhai transmission plant. The provincial trade union stood by workers' side in order to facilitate solving the problems from work stoppage. Strikes in the other factories also showed how strikers could proactively demand their interests, such as more overtime premium, overdue social insurance, and improvement of dormitory environment. Nature of strikes since May 2010 began to take more aggressive, militant, and proactive forms. For instance, young migrant workers at Foxconn Taiyuan factory violently put fire on vehicles, and even violently beat up the security guards. Even though the local government hushed it down by saying that it has just been a conflict between the workers themselves, increasing number of labor disputes, strikes, and protests conducted by the workers against management vindicates that the conflicts between these two groups gradually becomes a more revealing problem. Labor disputes are widely spread out in China, and became common problems as well. Workers' organizations do not go beyond their own industries, however. Migrant workers tend to gain increased wages as a result of any forms of strike against the management, and resume production until there is another strike. As interest-based struggle mainly targets for economic profits, solidarity among migrant workers is barely formed between workers in similar industries or neighboring regions. Honda transmission plant carried out annual collective bargaining ever since the dispute in 2010. Collective bargaining has always been about increasing the base wages; though wages have increased a lot compared to the years before the dispute, student trainees and frontline migrant workers complained about the company's retaliation on them and difficulty of

communicating with the chairperson.<sup>213</sup> Furthermore, workers' right to vote the chairperson is still not democratically reformed because ACFTU holds the grip upon local trade unions, although the provincial trade union granted sufficient freedom for workers. Modern strikes since 2010 and onwards also show similarities to the previous ones, particularly on the organizations between migrant workers. Foxconn management continued relocating to inner provinces from Shenzhen in order to cut labor costs and keep meeting the orders from Apple. The inner provinces, such as Sichuan and Hebei, still hire majority of student trainees from vocational schools whose contract terms vary upon different schools.<sup>214</sup> As the level of education increases among young generations, and number of young population staggers due to decreased population dividends, manufacturing sector in China is not as flourished as its accession to WTO. Workers have begun to show their complaints against management by conducting various forms of labor protests since economic reform. Yet, even the explosive form of labor dispute at Honda and Foxconn have not shown further improvements, such as reorganization of workplace trade union in Honda, and food allowances in Foxconn. It seemed that once management increased base wages for the migrant workers, it cut off social insurance and food allowances from their wages in return. Because of the grip of ACFTU upon local-level trade unions, and Xi administration's severe control upon independent civil activities, such as NGOs and communities for migrant workers, it is unlikely that the organized and militant-style of labor disputes would break out in China. Also, as Kai (2010; 2014) and Brown (2013) asserted, since Labor Contract Law and existing labor reforms target individual labor relations rather than collective ones, it will be challenging for migrant workers to protest against

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<sup>213</sup> CLB (2015), Op. Cit.

<sup>214</sup> SCMP (2015), Op. Cit.

management through any other means.<sup>215</sup> It is also unlikely that the other demands would replace the wage increases. Internet-based communication between young workers is proved to be efficient while conducting collective action against the management. As was shown in the Honda case, increasing number of workers use QQ, Weibo, and other forms of SNS in order to openly criticize the factories, employers, and what not. Therefore, although Chinese ACFTU heavily controls local-level trade unions and that existing labor reforms limit migrant workers from conducting collective actions, the central government will need to beware of insurgency of labor disputes based on internet.

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## 국문초록

1978년에 실시된 개혁개방은 중국의 사회와 경제에 주목할 만한 영향을 끼쳤다. 단위 체제가 해체 되면서 국유 기업은 매우 다양한 형태로 분산 되었는데, 기존의 기업은 사기업과 주식으로 전환 되었고 나머지는 파산을 하기에 이르렀다. 기업 구조 조정에 따라, 단위 체제에 속해 있던 도시의 노동자들은 더 이상 종신 고용, 일정한 임금과 승진을 보장 받지 못 했다. 한때 국유 기업의 주인으로 불리었던 노동자들은 공장의 이전 및 전보다 낮은 대우와 임금, 보장되지 않는 승진 때문에 불만을 토로 하기 시작했다. 1990년 대부터 지속적으로 크고 작은 노동 쟁의가 발생했는데, 노동자들은 공장의 이전 반대, 낮은 임금과 열악한 근무 환경에 대해 불만을 제기 했다. 개혁개방 이후 국내 국유기업에서 잦은 충돌이 일어났다. 그러나, 2000년대 초부터 중순에 이어서 사건의 강도와 폭력성이 더욱 강화 되었고, 외국 기업에서도 수많은 쟁의가 발생하기 시작했다. 2010년에 외국 기업인 ‘폭스콘’과 ‘혼다’에서 유례 없는 노동 쟁의가 발생하면서 노동자의 불만은 최고조에 다다랐다. 대만 국적 기업 폭스콘의 선전시 룡화 공장에서는 2010년 3월부터 5월까지 11명의 노동자가 투신 자살을 하는 사건이 일어났다. 일본 국적 기업 혼다는 광둥성 포산시 난하이 구에 변속 장치를 공급하는 공장을 두고 있는데, 이 부품공장에서 17일 동안 대대적인 노동 쟁의가 발생하기도 했다. 이 두 사건 모두 비슷한 시기에 다국적 기업이 소유한 공장에서 발생 했지만, 노동 쟁의의 과정과 결과가 매우 상이하다. 이러한 상이함에도 불구하고 폭스콘과 난하이 혼다 파업은 개혁 개방 이후 축적되었던 농민공의 불만을 가장 극적으로 보여주는 사건이다. 이 논문은 각 노동 쟁의가 독특한 형태로 나뉠 수 밖에 없었던 이유를 네 가지 요소로 나누어서 분석한다. 사측의 경영 방식, 사측과 시 정부의 균형 관계, 노동자들이 차지하는 비율과 보유한 기술의 차이가 각 노동 쟁의를 차별화 시킨 요소이다.

노동 단체가 조사한 바에 따르면 저임금과 열악한 노동 환경과 같은 고질적인 문제는 아직도 크게 개선되지 않았다. 이 논문은 중국 총공회를 필두로 상의 하달 식 경영 관리가 굳건히 자리 잡고 있고, 국내 유일한 공회인 중국 총공회가 정부를 통해서 노동자 편에 서는 개혁안을

발표하지 않는 이상 농민공이 처한 상황이 개선 되기 어려울 것을 시사한다. 주장 삼각주 지역에 몰려있던 외국 기업이 내륙 지역으로 이전 하면서 저임금과 열악한 노동 환경과 같은 본질적인 문제는 계속 될 것이다. 폭스콘과 광둥성 정부의 긴밀한 협력 관계, 그리고 난하이 혼다 부품 공장과 성(省) 정부의 경영 관계가 노동자 투쟁 보다 더 우선시 되고 있다. 또한 시진핑 정부가 들어서면서 노동 NGO에 탄압과 검열을 엄격하게 실시하고 있기 때문에, 노동 운동의 전망은 밝지 않을 뿐 더러 고질적인 사회적 문제로 남을 것으로 보인다. 이 논문의 가장 큰 한계점은 2차 자료에만 의존한 필자의 간접적인 서술이다. 이 논문은 파업에 직접적으로 관련이 있는 사측의 임원, 간부, 그리고 파업을 주도한 노동자들의 서술을 간접적으로만 인용 했다. 그렇기 때문에, 이 논문에서 가장 큰 한계점은 필자가 직접적 관찰 없이 중국 노동 운동의 향후 전망에 대해서 정확하게 분석하지 않은 것이다.

**주요어:** ACFTU, 폭스콘, 혼다, 노동쟁의

**학번:** 2014-24310

