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# Confucianism and its implications for industrial relations in China<sup>1</sup>

Léon Laulusa\*

Associate Professor

European School of Management ESCP Europe

**Abstract:** This study aims to examine the impact of Confucian values on industrial relations in China. The existing literature suggests that these values have a significant influence on industrial relations in China. Authors commonly report that Chinese industrial relations are peculiar and different from those found in some Western countries. Particularly, in China, trade unions and directors of SOEs are not really independent from the State or local governments. In parallel, in private Chinese firms, trade unions are traditionally weakly represented. In this respect, this paper argues that the management-workers relations are still based on Confucian social rules and values rather than on a contract-based system.

**Keywords:** Confucianism, industrial relations, danwei, State-owned-enterprise

## 1. Introduction

Since the “open policy” initiated in China in 1978, numerous studies have considered the impact of new Chinese market reform on the industrial relations (Wang, 2008; Zhu & Warner, 2003; Warner, 1997; Shen, 2007; Taylor Bill & Chang Kai & Li Qi, 2003; Clarke Simon & Lee Chang-Hee & Li Qi, 2004, Wrathall J., 2003, Zhu, 1995). For instance, Warner and Zhu (2000) mostly define industrial relations as labour relations (*laodong guanxi*) in China instead of labour-capital relations (*laozi guanxi*) like in most East Asian countries. These authors argue that most of Chinese firms are not “capitalist” such as State-owned enterprises (SOE) and collectively owned enterprises (COE) and therefore commonly accepted definitions of industrial relations should not be extended to the Chinese peculiar environment. However, it is noteworthy that *laozi guanxi* could however refer to private sectors in China.

The study of Jie Shen (2007) analyses the characteristics, development and implementation of the Chinese labour arbitration systems. Whereas Wang (2008) discusses the main evolution of the industrial relations since its economic reform, he points out that the industrial relations have shifted away from a rigid state-controlled system to a more flexible

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\* Corresponding Author: Department CGA, ESCP EUROPE, 79,

avenue de la République

75011 Paris Cedex, France

Tel: +33 1 49-23-2236 Fax: +33 1 49-23-2236,

E-mail: llaulusa@escpeurope.eu

actor-pro-negotiation arena, where tripartism (state-firms-unions)<sup>2</sup> emerges but cannot fully disclose the reality of Chinese labour. As a matter of fact, labour representation stems from official trade unions like ACFTU<sup>3</sup> and unofficial unions such as self-organisation of workers supported by international Non Government Organizations (NGO).

While analyzing this evolution, some studies also outline the potential impact of Chinese Culture, in particular Confucian values on industrial relations although very few document its influence. The purpose of this paper is thus to examine the impact of one of the most dominant Chinese cultural values, namely Confucian values, on industrial relations in China. According to the existing literature, these values could significantly influence industrial relations in Chinese firms (Warner & Zhu, 2000; Wrathall, 2003; J. Scoville & J. Lawler & Xiang Yi, 2005<sup>4</sup>). Subsequently, we also formulate this hypothesis and use it as a research design base. More precisely, we attempt to tackle the following questions:

- Are the industrial relations encountered in China peculiar and different from some Western countries?
- If yes, can this specificity be explained by the influence of Confucian Values?
- What are the implications of these values for industrial relations in China?

In order to ease the investigation process of these issues, our paper is split up into three parts. Firstly, we briefly examine the key features of industrial relations in China. Secondly, we introduce the basics of Chinese social rules according to the Confucianism inheritance. Thirdly, we discuss the potential influence of Confucian values on industrial relations in Chinese firms. We conclude finally by providing some answers to the previously discussed research questions and underlining their shortcomings and drawbacks that will help us propose some future research avenues.

## **2. Main features of industrial relations in China since 1949**

### **2.1 Brief historical view**

During the “planned economy” period in China, the reconciliation of the interests of workers, managers and the state was achieved within an administrative framework guaranteed by the government and the Communist Party (Clark et al., 2004). The industrial relations followed the three irons policy and “cradle to the grave” welfare is provided to workers, “iron rice bowl” (*tie fan wan*) which refers to lifetime employment, “iron wages” which refers to stable and fixed reward system and “iron chair” which refers to inflexible positions of managers. There were also the practice of job inheritance (*dingti*) passing from parents to children and family (Warner & Zhu 2000). *Danwei* (work unit) which is embodied to “iron rice bowl” and *hukou* (urban residency permit) provided a sense of belonging and identity for the worker. The enterprise was responsible to provide housing and all welfare, medical and retirement benefits as well as for social and entertainment needs (Kuruvilla & Erickson, 2002). Wages and welfare were determined generally by

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<sup>2</sup> At the national level, Labour Ministry represents the State, the Chinese Enterprise Directors’ Association (CEDA) represents employers and the All China Federations of Trade Unions represents the workers officially (Warner & Zhu, 2000)

<sup>3</sup> All China Federation of Trade Unions (ACFTU) which was created in 1925 to act as a part of labour administration to coordinate with the State in supervising the workforce.

<sup>4</sup> In Budd, Scoville (Ed), *The Ethics of Human Resources and Industrial Relations*, 2005

government policies (Taylor, Chang, Li, 2003). Workers and management were not separate parties.

At that time and before the Cultural Revolution in 1966, the unions were clearly subordinate to the Party playing as “transmission-belt” (White, 1996). Their main responsibility was to transmit the Party’s current ideological line and policies to the urban working class and try to secure their support and compliance. On the other side, “they were also supposed to protect the interest of the workers and staff members” (White, 1996, p.437)

But after 1980, the arrangement of “iron rice bowl” has been phased out as China entered into a new environment with market economy, the entrance and flow with Foreign Investment and accession WTO (Ding *et al*, 2000; Warner, 2003). In this system, management can recruit, dismiss workers and increase their wages. Performance driven reward system has been more applied in SOEs. Social security has also been diluted and is now dependent on individual workers’ contribution added to by the employers. SOEs are no more employment centers but responsibility centers or profit centers (Laulusa, 2005). At the same time, International MNC implemented their HRM policy and system in their Chinese Ventures and offered high wages for locals.

The three irons metaphor is replaced by the three metals bowls to differentiate the employment’s market, “golden bowls” which refer high wages and positions, “silver bowls” which refers to good ones and “iron bowls” which refers to normal ones. The government issued new labour law in 1994 in order to create a new industrial relations system in China (Taylor et al, 2003) clarifying the relationship between employers and the workers in enterprises. According to Wang (2008), despite the Chinese Law to legalise strike, collective or class labour dispute (*jiti laodong zhengyi*) jumped six-fold in 2006 since the enactment of Law Contract Law. These disputes were often resolved through unofficial channels.

## **2.2 Chinese divergences from Western**

However, in this context of change since three decades, we notice some aspects of industrial relations in China which can be distinguished from those of Western countries:

Firstly, trades unions are relatively dependent on the State or local governments. From a historical point of view, trades unions were re-established through the All China Federations of Trades Unions (ACFTU) in 1978. The ACFTU plays a dual role (Clarke et al, 2004). On the one hand, it has to defend the workers’ right and interests. On the other hand, it has to promote social stability and reform assigned by the State, by encouraging workers to increase productivity and by enforcing labour discipline and by conducting extensive propaganda on behalf of management. But its first role, “transmission-belt of the State” seems to be more important. Taylor et al (2003) note that it is still common that trade union cadres are content to take orders from the superior leaders and the Party. It is also showed in White research (1996), the workers perceived that trades unions in enterprises are instruments for securing obedience and work effort. Taylor et al (2003) observe that there is an increase in autonomy for local trade unions (subordinated to province government) but at national level, the ACFTU often upholds the stand of the government. The first role is to maintain social stability and harmony. Even in dispute resolution, enterprise trade unions do not seem to intervene. Workers rely more on direct appeals to management or government than on trade unions (Taylor et al, 2003).

Secondly, *danwei* is a kind of family organization. In Chinese common language *danwei* refers to organization, shop, enterprise, work unit, administrative unit and the entity where we belong. This term actually encompasses numerous features. During the planned economy, *danwei* were not only an economic work unit but were also political, social units which bounds individuals live to the administrative system. Lü and Perry (1997, p.8) state that the political and social functions “may be characterized as "paternalistic" and "maternalistic" respectively. As in a traditional family, the *danwei* acts as a patriarch who disciplines and sanctions his children, while at the same time serving as a maternal provider of care and daily necessities”. Though the significance of *danwei* has diminished due to the broken “iron rice bowl”, *danwei* still refers ideologically for the Chinese to a kind of family organization within which we can count on. In the same *danwei*, individuals developed not only working relationships but also social networks. These ties become in long term friendship or even family. *Danwei* also cultivate a strong group identity which favours group orientation.

Thirdly, collective contract system is more a formal device than an effective tool because it is not based on the negotiated regulation of labour relations between the two sides independently representing the interests of employer and employees (Clarke *et al*, 2004). The enterprise director and the trades unions fail to represent the interests of employer and employees as both continue to be subject of the direction of the Party. The system is thus based on the continuing assumption of harmonious “unity interest between the enterprise, traditionally owned the whole people, and the workers, traditionally the master of the enterprise, expressed in a common commitment to the observance of legal norms” (Clarke *et al*, 2004, p.237). The formal roles of the three forces within the enterprise are theoretically equal: “the Party is supposed to be the ‘nucleus’ (*hexin*), the management the ‘centre’ (*zhongxin*) and the workers the ‘masters’ (*zhurenweng*) (White, p.445). In reality, the power is unbalanced and more on the Party, central or local governments’ hands in the SOEs than on workers and management.

Fourthly, conflict is seen natural and social improvement in Western context whereas in China, conflict avoidance, when it is possible, is the motto for keeping harmonious relationship. Under communist period, the managers and workers were considered “masters” of the enterprises and the state, the employer. Taylor *et al* (2003, p.136) state that “the interests of senior managers were similar to those of workers, because in the planned economy, managers took little personal risk or responsibility, and their only economic objective was the need to fulfil the planned quota assigned by the senior administrative agencies”. Since market economy, conflicts of interest between management and workers increase. For example, Wang (2008) emphasizes the rural migrant workers who loosed their rights and material benefits because of not having local *hukou* (household registration) or *zanzhizheng* (temporary resident permission certificate) are active in conducting activities resistant like wildcat strikes and streets protests. These disputes remain however localised and the government adopt a conciliatory way to handle its in order to maintain social stability and pursuit reform (Taylor *et al*, 2003). Workers in general are inclined to be obedient and limit challenging the superior or being in conflict and direct confrontation between superiors and subordinates (Laulusa, 2005). Trade unions also which are supposed to defend the interest of workers are reluctant to challenge management (Wrathall, 2003;

Clarke et al, 2004). Li (2000<sup>5</sup>, cited by Clarke et al, 2004, p.240) found in his research that Party-state continues to regulate labour relations along with collective contract “with management remaining reluctant to make any specific commitments and trades unions reluctant to press employees’ demands, in the interest of maintaining harmonious labour relations”.

Before analysing the possible impact of Confucianism on industrial relations, its values are first examined.

### 3. Confucian inheritance

#### 3.1 Confucian values

Chinese culture can be characterized by five main movements: Taoism (daoism), Confucianism (ruism), Buddhism, Mohism (moism) and legalism (fajism). However, according to most Western and Chinese scholars, Confucianism, which is sometimes being considered as a religion (not at the Western meaning) is probably the dominant one as it has been the state cult for thousand-year-old. Confucianism comes from Confucius’ seminal work reported by his disciples like Mencius. Confucius (Latinised name of Kong Fu Zi, literally Master Kong) lived around 551 to 479 BCE. But as Confucius said he was not the founder of this thought, he just theorized and made operational the philosophy, the “code of conduct” from ancient legendary kings like Yao and Shun: “I invent nothing, I just transmit it” (VII, 1). Confucianism is a rationalist doctrine, meaning that it did not believe in magic and it had systematically unified the relation between God and the world and therewith its own ethical relationship to the world.

The central thought of Confucianism is morale that advocates loyalty (*zhong*), filial piety (*xiao*), benevolence and justice (Yang Jian<sup>6</sup>, 1996; Achille Weinberg<sup>7</sup>, 2001). Regarding morals, Confucius seeks to establish a hierarchical, fair and harmonious social order. According to him, the harmony can be found in social and collective peace (Laulusa, 2005). Fairness is echoed in the concept of *ren* (humanity). For Confucius, the best way to govern is to rule by virtue or *ren* which means through human quality, with benevolence. If the superior embodies *ren*, effective management in state will impose naturally, without using any force (Laulusa, 2005). As Mencius, a famous disciple of Confucius, said: “the virtue of the prince is like wind and that of people is like grass. When the wind blows on grass, it bows necessarily” (Couvreur, 1981, *Mencius*, Livre III, Chap, I, § 2). This means that if the prince fulfils his sovereign function, that is to be benevolent, people will then follow. In the contrary, people will come to rebel and the prince will lose his heaven mandate (Laulusa, 2005).

*Ren* represents the highest degree of Confucian virtue and is made up of two characters, « man » and « two »; which express a relationship between one individual with another. In other words, an individual can only exist through the relationship that links him to another. This relationship has to be based on fairness. As a brief summary, it could be argued that the Confucianism inheritance in term of social relationship is threefold:

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<sup>5</sup> Li Q. (2000) “ A study of labour relations in State-owned enterprises in China: the continued dominance of the State and the failure of the collective contract system”, PhD Thesis, City University of Hong Kong

<sup>6</sup> Thinking on the fundamentals and the particularity of the culture face the development of the modern science and technology, Culture: Diversité et coexistence dans le dialogue Chine-Occident, *Actes du colloque international de Nanjing*, 1996.

<sup>7</sup> Achille Weinberg, 2001, Questions sur la « pensée orientale », in *Sciences Humaines : La pensée orientale, une invention de l’Occident ?*, n°118, juillet, pp.22-30.

(1) The individual exists through, and is defined by, his relationship with others:

The social interaction between individuals is mainly described by the five basic Confucian relationships (*wu lun*): “ [...] five general laws are those which govern the relationship between prince and subject, between father and son, between husband and wife, between elder brother and younger brother, between friends “ (Couvreur, 1981, L’Invariable milieu, Tchoung Ioung, 20 or *see* Entretiens de Confucius, Chap.18, 7). Furthermore, Confucius contents that in order to preserve this relationship, one should respect the following five principles:

- Righteousness between prince/subject : protection, security (from prince) / respect, loyalty (from subject),
- Sincerity between father and son : education (from father) / respect, filial piety, cult of ancestors (from son),
- Separation between husband and wife,
- Order between brothers : benevolence (from elder) / respect, obedience (from younger),
- Trust between friends: sincerity and solidarity.

Three of these relations are family relations. Confucius thought that who came from a family knowing the *tao* (the way to behave properly) would have a good influence on others. Family education is then essential for individual and for the basis of the development of all relation in the society. Besides, these human relations are also based five virtues<sup>8</sup> (*de*) to cultivate:

- Sense of human (*ren*)/ benevolence/ kindheartedness,
- righteousness (*yi*),
- propriety or etiquette (*li*),
- wisdom (*zhi*),
- trustworthiness (*xin*).

(2) These relationships are based on a hierarchical framework structure or social order: the Confucian concept of relationships emphasizes the importance of social hierarchical order and the social group-based classification of a person. Accordingly, Confucius’ famous saying underlines the importance of such a social order asserting that: « Let the prince be prince, the subject be subject, the father be father and the son be son ».

(3) The social order will be secured when each party honours the requests. The success of these requests depends on socialization rules.

### **3.2 Socialization rules derived from Confucianism**

Confucianism thus advocates harmony as a standard precept for interpersonal relationships. This harmony cannot be obtained without respecting basic social behaviour rules, the main ones being which derive from Confucian tradition are: *guanxi* (interpersonal relationship), *renqing* (humanized obligations), reciprocity (*pao*) and face (*mianzi*).

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<sup>8</sup> « virtue » does not mean an opposition to vice but rather like in the latin *virtus*, the natural influence or charisma that someone has and that imposes without any particular force to other, and above all without resort to any external coercitive » (Cheng, 1997, p.74)

**Guanxi:** Literally “the gate of human relations”, this notion refers to the status and to the intensity of a relationship between two parties. The Confucian system has shown that the Chinese exist only through their relationships. Consequently, they naturally put much care into improving their *guanxi*. However, some individuals can limit their desire to increase their *guanxi* because of the resulting obligations. As a matter of fact, the more an individual benefits from advantages of the *guanxi* network, the more demanding are the obligations of *renqing*.

**Renqing:** This word literally means a human feeling towards others. For Mencius, it is « the reaction to the unbearable that is the root of humanity’s feeling, [...] which, itself, summarizes the morality » (F. Jullien, 1995). This feeling of humanity also includes the idea of obligation. Min Chen (1995) defines *renqing* as an « obligation to humanity ». According to K.K. Hwang (1987), *renqing* encompasses three different meanings:

- *Renqing* indicates « emotional responses of an individual confronting the various situations of daily life. Li-Chi (Book of Ritual) says: «What is so-called *renqing*? It consists of happiness, anger, sadness, fear, love, hate, and desire; all of them are acquired at birth ».
- *Renqing* means resources that an individual can present to another person as gifts during a social exchange.
- *Renqing* denotes a set of social norms that an individual has to respect in order to get along well with others in Chinese society.

**Reciprocity (*pao*):** The principle of reciprocity is universal (Yang, 1957). However, this concept which implies the idea of exchange is particularly important for the Chinese. In Chinese culture, the norm of reciprocity includes *renqing*. The main differences between these two norms come from their applications in different domains of interpersonal links, from their different ways of being carried out, from the length of time involved in allocating benefits and from the repayment of resources (Hwang, 1987).

**Face:** According to Redding and Ng (1982), face contains two dimensions in Chinese culture:

- *Lien* which evokes moral character, “the idea of being a ‘decent human being’” (Redding and Ng 1982).
- *Mianzi* which means the « physical » face and carries the idea of reputation based on one’s own efforts.

The way in which these two dimensions affect behavior differs. Thus, having no *lien* means having no integrity, whereas having no *mianzi* expresses the idea that we have failed in achieving success.

So, we have seen that *guanxi* implies reciprocity, in particular, *renqing*. The latter can depend on face. These social rules are, what Hwang (1987) calls, “the Chinese power game”.

#### 4. Some implications on labour relations

The Confucian ethical system considers Chinese organization within family metaphor and its socialization rules derived from the five cardinal relationships (*wu lun*). Both have



practical implications on the management-workers relations. We are going to explore some of them, which seem to be particularly important.

#### 4.1 Chinese social organization: a family metaphor

According to some Chinese sociologists (like Wong, 1985), work organization needs to be considered with the concept of “familism”. Fan Xing (1995, p.17) agrees and called “family-ism” in Chinese social organizations in so far as “employees are provided with housing, free medical care, and education for their children by the organization they work for. Their activities and personal lives are closely connected to the organizations whose management, in many ways, functions as the parents of extended families, responsible both for business and solving employees’ personal problems. Hiring, selecting, compensation and other management decisions may all involve family-ism”. The obligations and duties between management-workers are not only based on contracts but above all on ties or kin obligations and duties as if there are members of the same family (Laulusa, 2005). Father-child relations are replaced to employees-employer relations in Chinese organizations (Scoville et al, 2005). According to Chao (1994<sup>9</sup>, p. 30), work organization with “root in an agrarian past cherished values as loyalty, paternalistic authority, family cohesion and altruism, rules of seniority and respect for the wisdom of elders”. Familism implies respect to hierarchy, paternalism and group orientation.

Respect to hierarchy is part of Confucian tradition. Hierarchy is seen in terms of respect to rank that is to say authority or power, older age and seniority. One person has to give respect towards superiors, seniority and a person with older age. This seems to be innate. Scoville et al (2005, p.100) observes that “one first must determine his or her relationship to the other person involved in an interaction, particularly who is the superior and who is the inferior” in order to see whom has to give respect and reverence to the other. As a direct result, control by hierarchy by the superior is expected and natural. Therefore, this could explain that a control by values like loyalty and seniority is widely spread in Chinese companies (Boisot and Liang, 1992; Laulusa, 2005). Respecting traditional values seem to be of much importance for Chinese employees since these social standards are largely taken into account in their career plan design. For instance, loyalty to the Party in general and to superiors in particular is considered as an important criterion for job promotion (Chen, 1995).

Paternalism is derived from the five cardinal relationships (*wu lun*) that rule personal interpersonal relationship. According to Scoville et al (2005), Chinese tradition has a long history regarding government as a parent and the term “parent officials” are still used to local government functionaries. These authors carry on (p.101), “organizations and leaders should treat their employees like children – with *ren* (benevolence) – and employees in return should exhibit *zhong* (loyalty) and *yi* (righteousness or appropriate behaviour) to the organizations and leaders. Child (1994) documents that some SOEs use paternalism. During the period of reform, Child reports that the director has to display continuously a Confucian benevolence towards employees and is expected to get involved intimately into workers’ personal and professional problems (e.g. education, housing, health).

In China like in others Asian countries, group orientation is favoured whereas in many Western societies the value system places a greater emphasis on individual rights (de

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<sup>9</sup> Culture and Work Organization : The Chinese Case in Kao H., Sinha D., Ng S.H. (1994), *Effective Organizations and Social Values*, Sages Publications, 352 pages

Silva, 1998). Group orientation is also part of Confucian tradition which emphasizes ties of kinship or close personal relations. As we mentioned earlier, individual exists through his relations with others. One individual can develop his career and personal affair through community. Xing (1995, p.17) notices that “the individuals exist for the benefit of the group, group pressure is applied to ensure conformity through eliciting shame (losing face), and conflict is generally handled through intragroup mediation rather than an external legal system”. For Xing (1995), the group orientation is expressed by *danwei*, where the focus is not only on work-related activities but also on exercises and control in non-work areas. “As a result, the social needs of the people in a workplace tend to be ranked higher than autonomy and self-actualization needs” (Xing, 1995, p.17).

#### 4.2 Management-workers relations through the practice of socialization rules

In familism or group orientation, relations have to be kept harmonious. To reach this purpose, socializations rules as said before are to be practised and respected by each other. *Mianzi* (face), *pao* (reciprocity), *renqing* (humanized obligations), *guanxi* are part of these rules. When one individual does not fulfil one of the values, he breaks the rules and risks to be ignored by the group and so, not to benefit from its support. It is said in Cantonese common language that he does not know how to behave like human (*bu hui zuo ren*).

Giving face (*mianzi*) to one superior by his subordinate allows maintaining group harmony. If one worker criticizes his superior, it means that he does not respect his authority by making his superior lose face and he interrupts their mutual obligations, that of worker to respect and giving face and that of the superior to protect and help his workers. The worker runs the risk that his superior will not take care of him or he will give him bad evaluation. Challenging one superior especially in public or to be in conflict with him is not an appropriate and expected behaviour. As an example, subordinates commonly avoid to ask questions during a meeting if his direct superior also attends it in order to preserve and protect his face (Laulusa, 2005). In such an environment, asking a question can be interpreted as a sign of incompetence by his superior. Moreover, hierarchical difference has to be respected. In the interest of harmony, one individual will publicly obey but will defy privately (Hwang, 2001). One subordinate pursues his personal goals privately when possible. Scoville et al (2005, p.102) observe that “employees who feel work requirements are too demanding may never raise objection directly, but they reduce effort when unobserved by superiors”.

Management-workers relations have also to be based on mutual obligations, *pao* (reciprocity). Management has to show *ren* (benevolence) and protection towards workers whereas workers have to be loyal and righteous. According to Scoville et al (2005), the SOEs operate post-1949 respect this reciprocity. Employees enjoyed lifelong benefits and employment. In return, workers showed reverence and loyalty to superiors. If one dishonours *pao*, group harmony is broken. Walder (1989<sup>10</sup> quoted by Taylor et al, 2003) analysed the management-labour relationship in Chinese SOEs in the 1980s and noticed an implicit agreement between management and workers. Management distributed to workers bonuses and others benefits not linked to their performance in order to garner their cooperation. Conflict is also avoided by not making working quotas too tight to the workers. The management seems to observe *renqing* (humanized feeling) to the workers. Another

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<sup>10</sup> Walder A. (1989), “Factory and Manager in an Era of Reform”, *The China Quarterly*, No. 118 , pp. 242-264

example of giving *renqing* to his subordinate is when the superior does not sanction his bad performance (Laulusa, 2005). In some Chinese companies, employees are evaluated in term of how they will fulfil their « human obligations » (*renqing*) toward group or Society (Laulusa, 2005).

Last but not least, *guanxi* (interpersonal relations, social networks) can play an important role in the relationship between management-workers. Recruitment, promotion and wages are often influenced by *guanxi* which shows in some circumstance favouritism or nepotism. The appointment of the Party members in SOEs or relatives and family members instead of competent out-group members is common practice in private firms (Laulusa, 2005; Chen, 1995). Giving *guanxi* depends on the closeness of the relations of the two parties. The relation is like a concentric circle where the nucleus is family, the next circle is made of close friends and the most distant circle is stranger. Hwang (2001) reminds us that in Confucian ethical system, there are two fundamental rules: honour the superior and favour the intimate. Employee referral is also widely used to recruit lower levels jobs as hiring one employee is a social or ethical control. By selecting people from *guanxi* and from other employees' recommendations, some Chinese companies chiefly seek to control their attitude and behaviour. Wang (1997) also notes that many private employers hired people based on family connections or referrals.

## 5. Conclusions

Industrial relations in China have changed importantly since 1949 to nowadays. The main change concerns the transition from “iron rice bowl” system to a more tripartism system. However, Chinese industrial relations are peculiar and different from those found in some Western countries. In China, trade unions and directors of SOEs are not really independent from the State or local governments. In private Chinese firms, trade unions seem to be low. The management-workers' relations are still from time to time based on Confucian socialization rules than on a contract-based system. For example, in some SOEs, within a formal organizational chart where authority is bound to hierarchical function, there has in parallel an informal chart which structures interpersonal relationships and is based on Confucian values (Laulusa, 2005). Feelings prevail sometimes rules. The goal to be reached of both parties is to maintain social harmony. The conflict of interest between management and workers are reduced or even low if each party honours their mutual obligations. Our study has explained the main features of Chinese industrial relations, particularly management-workers relations, through socio-cultural lens with Confucian values. These latter seem to influence the way on how the industrial relations have progressed in China or why the industrial relations taken place in China diverge with those encountered in Western countries. But, we have at the same time to be cautious when saying that Chinese culture, in particular Confucianism, can explain solely and shape a specifically “Chinese” industrial relations system. Industrialization processes, economic, politic social systems, globalization and others Chinese thoughts (Taoism, Legalism and Buddhism) also influence the industrial relations. According to de Silva (1998, p.2), “one fundamental reason for the divergence between Western and Eastern (and developing country) industrial relations systems is to be found in the different industrialization processes followed and the consequences for social systems such as industrial relations”.

Besides, Confucian values seem to soften conflict of interests but do not erase it. As the market economy becomes a daily reality, labour disputes and problems exist and even increase since the promulgation of labour law. The value for money which is also important

in China (Laulusa, 2005) and a raise in self-interest (Wrathall, 2003) could explain the increase in labour turnover and recruitment problems in China. The financial incentives may be important for Chinese instead of the motivation by values and respect of Confucian values. In this case, traditional values may not have strong effect as in the past. To verify this, further research could look at Chinese private companies in China. A comparison with large overseas Chinese companies which seem to be more westernized in their management, at least in appearance may also be relevant to analyse management and workers relations. Any way, Chinese are pragmatic and any model or values that lead to stability and maintain harmony in labour relations will be reinforced or implemented in China. For now, Confucian values seem to play this role as the government seems to demand its coming back progressively as a State doctrine.

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