

Original Paper

Challenges of Establishing Trade Unions in Chinese Private Enterprises

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Abstract

Trade unions serve as a bridge and bond between the Communist Party of China and the working masses, and the construction of grassroots trade unions is crucial for the welfare of workers and social stability. In a survey conducted in Beijing, it was found that an increase in the number of private enterprises does not necessarily lead to a corresponding increase in the number of trade unions within these enterprises. Similarly, an increase in the total number of employees in private enterprises does not guarantee an increase in the total membership of trade unions in these enterprises. The difficulty in establishing trade union organizations is influenced by multiple factors: enterprises need to control costs under the “uncertainty” of risks, employees lack understanding of trade unions, and the trade unions themselves lack professionalism and effective measures to participate in social governance. In the future, the issue of the difficulty in establishing trade unions should be addressed by developing social work in trade unions, effectively utilizing media platforms of trade unions, and further improving laws and regulations.

Keywords

Trade Union Formation, Challenges in Establishing Trade Unions, Social Work in Trade Unions, Social Governance

1. Raise of Problem

In China's economic growth, private enterprises play an indispensable role. Marxist theory points out the inherent contradictions in labor-capital relations and potential conflicts within private enterprises. In fact, labor-capital conflicts within private enterprises are widely occurring across the country. Establishing a robust mechanism for adjusting labor-capital relations is a necessary measure for building harmonious labor relations. The current status of labor-capital relations adjustment mechanisms, represented by the formation of trade unions, deserves attention. The Trade Union Law

requires all trade unions within China to be established and operate under the framework of the All-China Federation of Trade Unions (ACFTU). According to the 2022 report of the ACFTU, the trade union currently has a vast organizational system, including 2.8 million grassroots organizations and over 300 million members. Compared to Western trade unions, the most distinctive feature of Chinese trade unions seems to be their integration into the system of party and government agencies, yet they are not directly under the control of these agencies. With the development of China's market economy and the rapid expansion of the workforce, how Chinese trade unions face the new changes in labor relations also attracts considerable attention. In the reports and external activities of the ACFTU, the extensive coverage of grassroots organizations has always been a flag demonstrating the systemic advantages of Chinese trade unions, and the smooth establishment of grassroots trade union organizations seems to be an undisputed fact.

This study will present our findings on the difficulties of establishing grassroots trade unions in private enterprises through empirical research evidence. We have chosen Beijing as the subject of our research. As China's political center and a favored office area for commercial companies, and also the location of the ACFTU, enterprises in Beijing tend to more cautiously comply with laws and regulations, and the statistical data of Beijing are more comprehensive and accurate. In addition, the researchers personally participated in and observed the actual work of different levels of Chinese trade unions from March to June 2023, and interviewed a large number of trade union officials, obtaining their attitudes and comments on union issues. In accordance with the principles and requirements of academic ethics, the names of the source regions and content that could reveal their real information have been omitted. Why is unionization so difficult? We hope to contribute an explanation to this phenomenon and attempt to propose solutions to the challenges of establishing grassroots trade unions in China.

2. The Challenges of Establishing Trade Unions in Private Enterprises: Findings Based on Data and Surveys

In ideal conditions, the number of grassroots trade unions should correlate with the number of enterprises eligible to establish trade unions. Additionally, the number of members in trade union organizations should correlate with the number of employees in units covered by trade unions. This means that the more enterprises there are, the more trade unions there should be; and the more employees in an enterprise, the more members there should be in the trade union.

Based on this hypothesis, the research extracted data from the "Beijing Statistical Yearbook" (2013 to 2019) published by the Beijing Municipal Bureau of Statistics, concerning the number of grassroots trade union organizations in private enterprises (UN), the number of private enterprises above a designated size (CN), the number of employees in private enterprises (CPN), and the number of members in grassroots trade union organizations established in private enterprises (UPN).

Table 1. Research Data

YEAR	UN	CN	UPN	CPN
2013	6275	15788	372443	5279000
2014	6617	15937	385921	7255900
2015	6798	13358	380496	8486000
2016	7113	13499	460614	9513200
2017	6260	14033	429151	10547200
2018	5076	13816	368948	11236700
2019	5528	20180	394760	11158600

Correlation analysis is used to study the relationship between quantitative data, including the existence and degree of closeness of relationships. When data do not exhibit a normal distribution, calculating the Spearman correlation coefficient can be used to compare the correlation between variables and draw conclusions about their relationship. In this study, SPSS 22.0 was used to calculate the Spearman correlation coefficient. After importing the original values into the software, the results are shown in Table 2. Generally, it is considered that when $p < 0.05$, the variables meet the statistical significance criteria for proving correlation. Since all p-values do not meet the range required to prove correlation by the Spearman coefficient, there is no observed correlation between the groups of variables in the study subject in terms of statistical significance.

Table 2. Spearman Correlation Coefficient Calculation Results

CN	correlation index	-0.464	0.036
	p	0.294	0.939
	sample capacity	7	7
	correlation index	-0.643	0.071
CPN	p	0.119	0.879
	sample capacity	7	7

* $p < 0.05$ ** $p < 0.01$.

Through analysis, we have arrived at a set of conclusions. According to the historical data provided by the “Beijing Statistical Yearbook” (2013 to 2019) published by the Beijing Municipal Bureau of Statistics: there is no observed correlation, in statistical terms, between the number of grassroots trade

union organizations in private enterprises and the number of private enterprises above a designated size; similarly, there is no observed correlation between the number of members in grassroots trade union organizations established in private enterprises and the number of employees in private enterprises.

Additionally, from the researcher's personal participation in trade union work practices and additional surveys, it was found that most negotiations for establishing trade unions in private enterprises ended in failure. From March to June 2023, in two street districts in Beijing covered by our survey, 12 negotiations involving the establishment of trade unions were conducted with 10 private enterprises that should have established but had not. By the end of the survey, only 2 enterprises expressed their intention to form a trade union, while the others refused with vague reasons such as "conditions not mature" or "not forming for the time being". The preference and intensive use of the title "Breaking the Difficulties in Establishing Trade Unions" in the propaganda of trade unions across the country in their media in recent years also reveals the reality and difficulty of this issue.

In conclusion, there are real difficulties in establishing trade unions in private enterprises. The increase in the number of private enterprises does not necessarily lead to an increase in the number of trade unions; similarly, an increase in the total number of employees in private enterprises does not necessarily result in an increase in the total number of trade union members. The formation of trade unions and joining them appears to be passive. The number of enterprises used in the study is the number of enterprises above a designated size. According to the "Enterprise Recognition and Management Methods", enterprises with more than 300 employees can be recognized as above a designated size, which is far beyond the requirement of the Trade Union Law that enterprises with more than 25 employees should establish trade unions. This means that the actual number of enterprises will far exceed the number used in our study, making the situation even more severe. What causes this paradox? If, as many international researchers perceive, Chinese trade unions lack power and pose little threat to corporate interests, why do enterprises defy the Trade Union Law and refuse to actively establish trade unions? Theoretically, this is neither beneficial for their reputation nor for future cooperation with the government.

3. The Reasons Why Private Enterprises Are Difficult to Build

Forming a trade union is not complicated. In an ideal scenario, employees within a company can voluntarily unite and submit an application to the local superior trade union to establish a grassroots union. The superior trade union then guides them through the legal procedures such as registration and election. However, in practice, very few employees spontaneously apply to establish a trade union. During our research period, all the trade unions in the area were established through negotiations between regional trade union officials and the enterprises required to form unions. Why are enterprises reluctant to form trade unions? Why are employees not proactive in joining unions? What is the perspective of the trade unions at this time? We conducted surveys with enterprises, employees, and trade unions, listening to the opinions and concerns of enterprises in the actual negotiations for forming

unions, and also directly interviewing employees and trade union workers.

Table 3. Survey Respondent Codes

Code	Identity	Survey Method
A1	HR Department Head of a Private Enterprise with Established Union	participatory Observation of Daily Work
A2	Regional Manager of a Private Enterprise without Established Union	Participatory Observation of Union Establishment Negotiation
A3	Regional Manager of a Private Enterprise without Established Union	Participatory Observation of Union Establishment Negotiation
A4	Legal Representative of a Private Enterprise without Established Union	Participatory Observation of Union Establishment Negotiation
B1	Union Chairperson of a Private Enterprise with Established Union	Telephone Interview
B2	Ordinary Employee of a Private Enterprise without Established Union	Participatory Observation of Employee Communication Meeting
B3	Ordinary Employee of a Private Enterprise without Established Union	Participatory Observation of Employee Communication Meeting
C1	Head of Street-level Trade Union	Face-to-face Interview
C2	Worker of Street-level Trade Union	Face-to-face Interview
C3	Worker of Street-level Trade Union	Face-to-face Interview

3.1 Private Enterprise: Avoid Risk

“(Regarding consultation on welfare standards) Are there any document restrictions on the per capita standard? Can we buy cake coupons? There seem to be quite a few restrictions.” (A1) “Which unit does the trade union belong to? ... We are planning to go public soon, so we are not considering any major organizational changes at the moment.” (A2) “Can we hold this representative congress by ourselves? ... Oh, you’re going to send someone over (hesitates).” (A3)

From an institutional perspective, enterprise trade unions are guided and managed in their day-to-day

operations by the All-China Federation of Trade Unions and local federations of trade unions. For enterprises, the ambiguous relationship between the government and trade unions may raise concerns that the government might intervene in corporate affairs through trade unions, impacting the enterprise's independence and business decisions. Private enterprises, in particular, prefer autonomy in decision-making, including matters related to employee welfare.

“Because it involves this additional expenditure, the trade union's expenses need to be requested from our headquarters... It has already been brought up for discussion, and we will provide feedback when there are results.” (A3) “As you are aware, we have laid off many employees in the past few years. If we increase the expenses for the trade union, it would further burden our finances. We hope you can understand.” (A4)

From the perspective of economic costs, besides the nominal membership fees, the Trade Union Law requires enterprises that establish trade unions to allocate 2% of the total monthly wages of all employees to the trade union as funds. Although this expense is deductible from pre-tax profits, it still represents an additional expenditure for the enterprise.

For enterprises, the pursuit of greater freedom and profit maximization are common operational inclinations. Our research found that enterprises often view trade unions and the government as the same entity, perceiving trade unions as a department of the government. The “official” nature of trade unions threatens the autonomy of enterprises. In practice, this manifests as the “uncertainty” of trade unions. Due to the scarcity of laws and cases concerning trade union participation in enterprises nationwide, employers are unclear about the consequences of establishing a trade union within their enterprise. In contrast to Western trade unions, which use definite actions like strikes and wage negotiations to threaten enterprise operations, allowing enterprises to prepare labor relations contingencies, the “uncertainty” of Chinese trade unions becomes a “Sword of Damocles”. This “official” nature also implies that the Chinese government could use this “uncertain sword” at any time. Taking trade union funds as an example, although superior trade unions do not have effective supervision measures for the use of funds by enterprise trade unions, enterprises frequently consult superior trade unions about the legality and compliance of fund usage. Even though superior trade unions have never effectively supervised or penalized misuse of trade union funds and there are no explicit regulations on the consequences of violations, enterprise trade unions proactively avoid regulatory issues. “Selective enforcement” is a common phenomenon in social policies, and when the consequences are acceptable to the subject, they might not comply with policy requirements. The “uncertainty” of trade unions, along with additional management and economic costs, make enterprises resistant to establishing trade unions.

3.2 Employee: Lack of Motivation

“What is a trade union? ... What's the use of joining a trade union?” (B2) “Why do I have to fill out so much? Will my information be leaked? Are you from the government or a company? ... What can I get after completing this?” (B3)

Despite the fact that the penetration rate of trade unions in China is even higher than in the West on paper, employees' attitudes towards trade unions have always been relatively indifferent. What can trade unions offer to employees? As rational individuals, employees must weigh the pros and cons of joining a trade union. Is filling out cumbersome forms and exposing personal information worth the potential benefits? In daily life, both workers and employers still rely on "pragmatic personal relationships" and "non-institutionalized ways of living" for interest appeals and risk avoidance. Organized, institutionalized, and conventional expressions of interest demands still depend on the state, and trade unions themselves struggle to play a reliable role.

"Trade union (laughs), this is the first time I've heard that there are trade unions in China." (B3)
"(When asked about rights protection work) We do less in terms of protecting rights; usually, if there's an issue, HR will handle it directly. Our main role is to organize activities and distribute holiday gifts to make the employees feel more united." (B1)

Trade union official media lack the habit of reporting close to the masses. They still resort to grand narratives and administrative reporting in their news writing, leaving the public unaware of what benefits trade unions can provide for them. From a perspective of instrumental rationality, trade unions struggle to offer sufficiently attractive benefits, thereby lacking direct motivation for joining.

The research observed that almost all trade unions are established through direct negotiations between trade union officials and enterprises, rather than by employee application. Although there is guidance promised by superior units for employees who take the initiative to establish a trade union, in reality, there is often a lack of active union members to receive this guidance. In China, the government plays a significant role in many social and economic aspects, often described as the "big government" model. Under this model, the government has a considerable intervention in social, economic, and cultural affairs, which may influence the formation and development of civil society. Big government often plays a guiding and intervening role in social affairs, which might lead to a reduction in citizen autonomy. In such a scenario, citizens may prefer to rely on government-provided services and resources rather than solving problems through independent organizations and cooperation. This could weaken the development of civil society, resulting in relatively low autonomy for citizens. Furthermore, China's political system and authority relationships might also impact the formation of civil society concepts.

3.3 Labor Union: Powerless

"(When asked about rights protection work) Which department can cooperate with us? We don't have enforcement power. As for going to court to sue (companies that don't establish unions), I've never heard of that." (C1) "When I first joined, my mentor taught me this way, and actually, over the years, there hasn't been much change in the overall content of the work." (C2)

Chinese trade unions have long been criticized for their "official nature" and "detachment from the masses." Their dual nature as both a tool of the state and a social organization has been summarized by some scholars as having "inherent contradictions." Trade union organizations are not sensitive to public

dissatisfaction towards them. As their existence is not threatened by dissolution or competition, trade union officials often adhere rigidly to established procedures in their daily work, lacking innovation tailored to specific situations. Certain preset activities, such as irregular gift-giving or events, are perceived as unit benefits and the role of the trade union in them is overlooked by employees.

“Conscience is very important in our work; there are indeed some things we can choose not to do. But for instance, when we deliver subsidies to the employees in need, it actually gives us a sense of value.” (C1) “If he insists on not establishing a union, there’s nothing we can do about it. (Helplessly)” (C2)

“As for the ‘Labor Law Supervision Reminder Letter’ you mentioned, I have never heard of it or known of other street committees using it since I started working here.” (C3)

The “protective” function and labor protection supervision rights granted to trade unions by law are hardly visible in grassroots unions. As social organizations, trade unions bear no responsibility in cases of labor law violations or accidents. This means that the routine labor protection supervision work relies entirely on the “conscience” of trade union officials. Lai Ruoyu, former chairman of the All-China Federation of Trade Unions, once said, “Protection is the basis of all trade union work and is the most fundamental task of trade unions.” However, in practice, trade unions lack direct internal motivation to connect with workers and effective supervision and investigation methods. Even if trade unions want to supervise, they are hamstrung by the absence of clear directive documents and operational norms, making it challenging to exercise their “protective” function promptly and effectively. This has gradually led trade unions to be labeled as “ornamental.” These factors result in trade unions lacking the confidence and motivation to negotiate, ultimately failing to effectively promote the establishment of trade unions.

4. Suggestions to Solve the Problem

The difficulty in establishing trade unions is a long-standing challenge in the field of labor relations in China, requiring strategies from multiple perspectives to promote the legitimacy and effectiveness of trade union formation. These strategies include further clarifying the responsibilities and obligations of trade unions and enterprises, actively leveraging public opinion and propaganda to expand the influence of trade unions, and empowering trade union workers in terms of professionalism and sense of value through Party building and social work within trade unions.

4.1 Party Building Leadership and Development of Union Social Work

Despite criticisms of trade unions for their strong “official nature,” it does not mean that trade unions outside the party-government system would be more effective. In reality, the Party’s unwavering leadership over trade unions should be embraced and leveraged by the unions. Stronger Party organization networks, guided by Party building, could become an advantageous perspective for trade unions in labor-capital negotiations. Currently, the involvement of deputy Party leaders, often serving as part-time chairpersons of trade unions, is limited in day-to-day operations. On the other hand, the lack of professionalism and a sense of value among union workers makes their work lack vitality and

innovation. The transition from “officially run” to “value-strong” is a pressing need for trade unions. Introducing social work into trade unions, whether by directly employing social workers or procuring employee service projects from social work agencies, can make the union’s function, reliant on “conscience,” more effective through the participation and value transmission of professional social workers. Professional and effective services can increase workers’ trust in and membership in trade unions.

4.2 Effective Propaganda, Telling the Union’s Story

Trade unions possess a vast media matrix, yet lack content that resonates with and speaks for the worker community, turning these media into solemn “governmental” mouthpieces and missing the opportunity to connect with the masses. Increasing the spread of basic trade union knowledge and life guides of interest to the masses on union media, and promoting interaction and participation with members through online Q&As, polls, and surveys, can enhance members’ sense of belonging and identification. Timely attention, exposure, and maintenance of members’ rights on owned media, voicing opinions on labor issues, and advocating for fair treatment for members, can make the media a powerful tool for rights protection. Seizing new media captures the next generation; media is the frontline of union-worker engagement and should be revitalized to meet the diverse needs of workers, enhancing the union’s influence in public opinion.

4.3 Improve Regulations, Clarify Responsibilities

Regulations should further clarify cross-departmental cooperation mechanisms, work consultation mechanisms between trade unions and labor inspection departments, and methods for trade union participation in labor supervision, providing effective policy tools for non-confrontational actions. Enhance workers’ legal awareness, establish more accessible labor legal aid institutions, and provide legal consultation and assistance services for workers. Establish relevant regulations and legal responsibilities to ensure employer cooperation and create an environment conducive to trade union formation. Laws should clearly define the responsibilities of employers in labor relations, prohibiting any actions that hinder the formation of trade unions, with legal responsibilities and corresponding penalties for non-compliance. Trade union laws should be a continuously revised and updated system to adapt to the development of society, economy, and labor relations. Timely revision of laws, addressing emerging issues, ensures the timeliness and applicability of regulations.

5. Conclusions

This paper has discovered through research that there are real difficulties in establishing trade unions in private enterprises. The increase in the number of private enterprises does not necessarily lead to a corresponding increase in the number of trade unions; similarly, an increase in the total number of employees in private enterprises does not guarantee an increase in the total number of trade union members. This conclusion implies that the establishment of trade unions in Chinese private enterprises is not smooth, facing difficulties and challenges. To explain this phenomenon, this paper further

provides interpretations from the perspectives of enterprises, employees, and trade unions. It is argued that the uncertainty leading to increased business costs, employees' lack of understanding and motivation to join trade unions, and the unclear responsibilities and powers of trade unions contribute to the difficulty in forming unions. To facilitate the smooth establishment of trade unions, cooperation among the government, enterprises, and trade unions, forming a common concept and effort, is necessary. The government can provide a better legal environment through perfecting laws; enterprises should realize that cooperation with trade unions is beneficial for improving labor relations and sustainable development; trade unions themselves need to continuously improve their organizational effectiveness, enhance their status in labor relations through Party building leadership and media matrix development, and strengthen their professionalism by introducing social work into trade unions. The research in this paper has limitations: first, the empirical research data may lack accuracy, due to inconsistent statistical standards among departments involved in trade union statistics and different recognition criteria. This paper chose the relatively authoritative "Beijing Statistical Yearbook," but its data still differs from other related statistical results, which requires further clarification. Second, the reasons revealed are not complete. The researcher's participatory observation in the trade union system for only three months might have resulted in missing and omitted content in the investigation. Third, the policy suggestions are not comprehensive. The establishment of trade unions involves multiple social entities and government departments, and this paper only points out countermeasures for the trade union system, with other related participation mechanisms still to be explored.

Despite the current social situation posing challenges to the establishment of grassroots trade unions, we can expect to see more positive changes in the future through further research and targeted countermeasure development. In the journey of Chinese-style modernization, trade union organizations play an important role in protecting workers' rights, improving labor relations, and promoting social harmony. Therefore, solving the difficulties in forming unions has far-reaching significance for the protection of workers' rights. Research on the construction of trade union organizations is also crucial for the stability of Chinese society and the vision of Chinese-style modernization.

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