

Class Formation of Rural Migrant Workers and Change of Management in Chinese Enterprises*

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Abstract: China's working class has undergone tremendous changes in the past 30 years. With the development of labor market and market economy, more than 150 million migrant workers have gradually become the main body of China's industrial workers in labor-intense industries. Class Formation of Rural Migrant Workers has experienced six stages from market reform. The change of working class has brought out of changes of management models in Chinese enterprises. But now there are seven main problems in management. In the era of transformation, migrant workers will become the main force of China's industrial workers, and will become the increasingly important components in China's employment system.

Key words: Class formation; Rural migrant workers; Management; Industrial relations; Labor market

1 Introduction

Since the middle of 1980s, China has undergone tremendous transformation of industrial workers with the establishment and development of labor market and market-oriented economy. On the one hand, the number of workers employed in state-owned enterprises and collective units reduced year after year. At the same time, the number of workers increased in private and foreign-funded enterprises. Through a series of reform, such as "optimizing labor combination", "downsizing to improve efficiency", "laying off and redistributing" and large-scale SOE reform from 1998, not only the number of SOE workers decreased year after year, but these workers lost the special socio-economic status enjoyed by the working class in the planned economy period. Meanwhile, vigorous development of private and foreign-funded enterprises increased the number of workers here year after year. On the other hand, migrant workers are becoming one important component of Chinese industrial workers, for the market-driven industrialization involved tens of millions of farmers in urban industrial production. Although they didn't completely break away from the land, they undoubtedly have become wage-earners under capitalist economy relations. This process deeply changed the social structure of Chinese working class. In order to clarify the change and development Chinese working class undergone in the past 30 years, this paper will illustrate the formation and development of migrant workers and the change of management in Chinese enterprises.

2 Formation and Development of Rural Migrant Workers

In 1949, Chinese Communist Party chose economic development strategy which gave priority to the development of heavy industry and a highly centralized economic system. It was the central content that the country mobilized and concentrated all available domestic resources by strong political and administrative means. The country took money for industrialization from the rural areas; implemented the high accumulation and low-consumption policies in the city and develops the national industry fast. In order to ensure the realization of this industrialization strategy, the rural-urban migration should be controlled. After reform and opening up, the migrant workers into cities were the free movement which was based on pursuing their own economic interests and the realization of individual rights in the market economy system. Fundamental basis for the success of rural reform was the success of the family contract responsibility system. The fundamental reasons for innovation, prosperity, development of the rural private economy were the personal liberation of the peasants, the gain of farmers' freedom, personal property rights of the rural labor force and the marketing entrance of the labor force. A part of the peasantry changed to the free peasant, part of the peasantry changed to the free workers, some of which went into the cities and towns as migrant workers.

In the process of the migrant workers' formation, the state's policies about the flow of migrant workers and employment played an important role. These policies had gone through a process from the inside to outside, from tight to loose, from disorder to the specification, from discrimination to the fair

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even to safeguard their rights.

2.1 1979-1983: Control the flow

Chinese household registration system and employment system was the urban-rural division before the reform and opening up. The rural labor mobility was severely restricted. This limitation has not changed fundamentally even in the preliminary stage of the reform and opening up. The documents issued in the National Labor and Employment Conference and the subsequent in 1980, removed restrictions on the flow of urban workers on the one hand, on the other hand, strengthened the restrictions on the movement of rural labor force. The central authorities put forward the advice about a combination of a variety of forms of employment which contained the contract, temporary, permanent workers in town in 1981. The advice further strengthened the management of the rural labor mobility at the same time.

2.2 1984-1988: Allow mobility

Since 1984, the state allowed the farmers self-financing and self-rations to go into the town for work or business. The small opening gate was a sign of the policy changes in rural labor mobility. It indicated that the employment management system implemented for 30 years which limited rural-urban migration was beginning to loosen. The Government introduced a number of further policies and measures to allow and encourage the exchange among the rural labor force areas, urban and rural exchange and the export of labor services in poor areas after that. So, the transformation and flow of rural labor force entered a period of rapid growth.

2.3 1989-1991: Control the blind mobility

In this period, the government adjusted the rural labor mobility policy which was implemented in a period before and strengthened the management of blind mobility. It was because the policy implemented in the previous period to allow and encourage the mobility led to large-scale rural labor force mobility. Its negative effects issued through the maladjustment of traffic and transport, public security, labor market management. On the other hand, the management of the economic environment, rectifying the economic order of the city made the new job opportunities in town and village enterprises decrease. The space of rural labor transfer and flow was more narrowing.

2.4 1992-2000: Regulating and restricting flow

Since 1992, the rural labor mobility policy gradually changed from controlling blind moving to encouraging, guiding and implementing an orderly moving under the state's macro-regulation, and the government began to implement an employment system for the inter-regional flow of rural labor force which was centered on employment card management. At the same time small-town household registration system had been reformed.

2.5 2000-2002: Promoting equitable flow

Since the second half of 2000, state's policy on inter-regional employment of rural labor force had undergone some positive changes. These changes had two distinctive features: First, to bring new specific meanings to the overall arrangement of urban and rural employment, namely, to abolish various unreasonable restrictions on the employment of farmers in cities in order to gradually realizing the integration of urban and rural labor markets; Second, to actively promote supporting reforms in many aspects of the rural labor mobility in employment, security, household registration, education, housing, small-town construction and so on while just one single aspect of reform was surely not to be ineffective.

2.6 Since 2003: Practicing scientific development and safeguarding the legitimate rights

In January 2003, the State Council released the "Circular on doing a good job of employment management and service work for migrant workers in cities," which urged all regions and all departments concerned to remove unreasonable restrictions on employment of migrant workers. In September 2003, six ministries and commissions such as the Ministry of Labor and Social Security promulgated the "2003-2010 National migrant workers training plan" to further arouse initiatives of individual peasant-workers, employers, education and training institutions and industries by the integrated use of financial support policy. In March 2006, the State Council promulgated some Opinions on the Settlement of Migrant workers. In accordance with the requirements for implementing the scientific development concept and building a socialist harmonious society, the document put emphasis on the equal economic and social development in urban and rural areas in the context of the Chinese situation; adheres to the people-oriented and seriously addresses the issue involving the interests of migrant workers.

To sum up, we can see that the policies relating to migrant workers process and improve step by step although the domestic economic environment has undergone a series of changes since the reform

and opening up. Changes from the restrictions on transfer and flow of rural labor force to permission to peasants' flow, from the control of blind move to standard flows and the implementation of Ordering Project, until to the overall arrangement of urban and rural employment and promote the gradual integration of urban and rural labor markets, reflect that the national policies have meet the requirements of social justice and been in line with the direction of reform and development.

3 Main Problems of Management in Chinese Enterprises

Because of the low qualifications and skills characteristics of migrant workers, and the long-standing intersected structure of town and country in China, migrant workers are facing many problems throughout the labor relations system. In particular, it can be summarized as the following aspects:

3.1 Rarely signing labor contract I

Some employers are not willing to sign labor contracts with migrant workers in order to reduce labor costs, evade responsibilities, and abuse the trial period. According to the sample survey of 40 cities of the Ministry of Labor and Social Security in 2004, there were merely 12.5% migrant workers who signed labor contracts.

3.2 Low wage generally

Employers often regarded the minimum wage standards as the actually paid to migrant workers. Wage level of migrant workers can not catch up with the increasing prices and living standards, and the gap with the average social wage is widening. According to the sample survey in Hunan, Sichuan and Henan reported that the actual working time of migrant workers is longer than 50% of urban workers, but the average monthly income was less than 60% of the average wage of urban workers. That mean the actual working wage per hour was only a quarter of that of urban workers. According to a survey, the average wages of migrant workers in some areas along the coast over the past decade increased less than 10 yuan. It is actually negative growth when allowing for price rises. Beyond this, the wages are often in arrears. Although the government has taken special action to recover wages, which have achieved some success, the problem of wage arrears has not been fundamentally resolved. The phenomenon of "before recovery and after in arrears" is still quite common. According to sample survey of the National Bureau of Statistics in 2004, 10% of migrant workers' wages for 7 months are still in arrears. Deduction or deduction or disguised deduction of wages is very conspicuous.

3.3 Lack basic labor protection

In spite of holding minimum wage, Migrant workers are doing the jobs which are the heaviest, bitterest, most dirty, most tiring and most dangerous. They concentrate in labor-intensive industries and positions of which the working environment is poor and the risk is high, especially the jobs which city-dwellers are unwilling to do, such as construction operation, underground mining, toxic and harmful work, catering services, sanitation and cleaning work. Moreover, many companies use old machines which lack protective measures, so that noise, dust and toxic gases seriously exceed the stipulated standards. Together with not equipping migrant workers with necessary security facilities and appliances for labor protection and lack of necessary safety training, they all lead to a high proportion of the occurrence of occupational diseases and industrial accidents. According to the State Administration of Work Safety statistics, the number of people disabled each year from work-related injuries reach nearly 100 thousand in which the majority is migrant workers. More than 6,000 accidental deaths occurred every year in coal production enterprises which have a large number of migrant workers. Work-related injuries and occupational diseases have become a major public health issues and social problems.

3.4 Suffering from the overtime and overload

According to the National Bureau of Statistics' typical survey in 2004, the migrant workers worked 11 hours each workday, and more than 26days per month. 76% of the migrant workers were not paid for overtime in holidays. Some of the companies even made a deposit by withholding part of their wages to force the migrant workers to work overtime.

3.5 Lack social security benefits

Because of the current urban social security system, as well as the differentiation of the awareness of urban government and companies, the vast majority workers are not entitled to the basic social security. The participating rate of industrial injury insurance is very low, and it is hard to get the disability compensation. Industrial injury insurance is the only insurance project that doesn't cover the migrant workers to give them institution and policy protection. However, according to the rapid survey

of Ministry of Agriculture in 2005, the present participating rate for the migrant workers to join the industrial injury insurance is only 12.9%, so that the workers are facing enormous security risks. Many farmers were unable to obtain timely treatment when got the industrial injury, so they had to return to their hometowns with their disabled bodies, and became the new rural paupers.

3.6 Absence of employment training

The existing “Sunshine Project” is mainly targeted at the migrant workers who have not yet left their hometown to search for job, and the employment training organized by the urban government is mainly targeted at the urban laid-off workers. Moreover, the companies are reluctant to provide skills training for the migrant workers. The fact that some places even occur with the “shortage of workers”, not only shows the migrant workers’ dissatisfaction about their low income, but also reflects the lack of migrant workers with professional skills.

3.7 Difficultly safeguarding rights

Now, the relative legal system is imperfect. According to the “Labor Law”, the labor dispute cases must go through labor arbitration first to prosecute. But the current labor dispute arbitration provisions. short time limitation with only 60days, making numbers of migrant workers missed the best time to safeguard their rights. Additionally, the procedures of arbitration and litigation are too long which takes 1~2years to complete all the procedures. Some of employers or hiring units do no longer exist at the closure of the cases, forcing the migrant workers to complain and sue everywhere. It is very difficult for migrant workers to exercise their collective rights and democratic rights normally. Many private companies have not yet established the trade union. And the collective bargaining system does not implement. In some of the public institutions, the treatment of migrant workers is differentiated from the original urban workers, and migrant workers are not allowed to participate in the workers congress to perform their normal rights of democratic management.

In short, the migrant worker, as a special group, turning farmer status to urban worker identity is still a grand dilemma. From the point of their social status, they have become the labor force in the modern industrial relations, being the component of the industrial workers. However, their social identity and status have not yet been recognized by the system, and there are still social and institutional barriers in setting and implementing their rights. How to ensure the migrant workers’ rights in labor relations is a significant task in regulating and adjusting the labor relations.

4 Conclusion: Reconstruction of the China’s Working Class

As to the changes of the working class during the 30 years of China’s reform and opening up, recently there are a group of Chinese scholars starting to apply the class analysis tool and concern about the formation and reconstruction of the working class. With regard to the formation of China’s working class, it is still a controversial academic subject. But seeing from the reality, it is an indisputable fact that China’s working class has undergone tremendous changes in the past 30years. Before the 1990s, the main body of China’s working class was the state-owned enterprise workers who occupied more than 80% of the whole working class. However, with the development of the labor market and the market economy, state-owned enterprise workers experienced a substantial decline with their social-economic status in the planned economy period lost, turning from the “owner” into the “employee” in the labor market. In the meantime, more than 150 million migrant workers have gradually become the main body of the China’s industrial workers in manufacturing, construction, catering services and many other labor-intense industries. With China’s continuous improvement of unified labor market and the rapid development of the urbanization, the trend of China’s working class will be more obvious and the rate of the transformation will gradually speed up. In this transformation, the migrant workers will become the main force of China’s industrial workers, in terms of the employment scale as well as the importance of their working positions, and they will become the increasingly important components in China’s employment system.

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