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Keywords:	labor, Chinese MNCs, Italian fast fashion, Europe, Chinese investments in Europe, China model
Abstract:	<p>Based on long-term fieldwork in multiple locations, our paper questions the approach that posits a Chinese model of work and employment relations as increasingly externalized and dominating worldwide. It does so by focusing on Europe and discussing two labor regimes considered as typically Chinese: the Chinese-owned fashion workshops in the Italian fashion industry, and the Foxconn electronics plants in the Czech Republic. Our findings bring new insights to bear on issues for which research is still thin on the ground and challenge the hypothesis of a 'Chinesization' of work and employment practices in Chinese-owned small firms and MNCs operating in Europe. We move the focus away from the simple analysis of firm management prevailing in the literature and suggest that in order to understand the firm's behaviors the role of the state, the unions, the migrant workers and the role of temporary work agencies should all be taken into consideration.</p>

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Abstract

Based on long-term fieldwork in multiple locations, our paper questions the approach that posits a Chinese model of work and employment relations as increasingly externalized and dominating worldwide. It does so by focusing on Europe and discussing two labour regimes considered as typically Chinese: the Chinese-owned fashion workshops in the Italian fashion industry, and the Foxconn electronics plants in the Czech Republic. Our findings bring new insights to bear on issues for which research is still thin on the ground and challenge the hypothesis of a 'Chinesisation' of work and employment practices in Chinese-owned small firms and MNCs operating in Europe. We move the focus away from the simple analysis of firm management prevailing in the literature and suggest that in order to understand the firm's behaviors the role of the state, the unions, the migrant workers and the role of temporary work agencies should all be taken into consideration.

Introduction

The global rise of China has been punctuated by debates on this country as a source of investment, migration and aid. While for decades a pattern prevailed whereby large multinationals (MNCs) invested in China and contributed to the government-led transformation of workplaces, employment relations, and labour institutions, Chinese-owned MNCs, as well as individual entrepreneurs, are now increasingly investing abroad (Drahokoupil, 2017).

A scholarly approach has emerged that posits the existence of a mode of globalization 'with Chinese characteristics'. Henderson, Appelbaum, and Ho (2013) contend that with many Chinese firms going global, China is externalizing its own particular national form of labour management, strongly supported and guided by the state, which is contributing to drastically change the features of global capitalism. Smith and Liu (2016: 22), instead, contend that the fundamentals of capitalism are to be considered universal and that stable national variants are limited in a globalized world. China, they argue, is not dominated by just one fixed model but hosts many different business models.

Europe has become a key destination for Chinese investments (Drahokoupil, 2017), and this has prompted concerns that a Chinese model of work and employment practices will flow to Europe and bring a dumping of labour standards (Meunier, 2012). It is however difficult to single out a set of Chinese indigenous work and employment practices that can be exported (Zheng and Smith,

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3 2017). Moreover, sociological research on how Chinese firms impact on employment relations in
4 Europe is still thin on the ground (though exceptions include Andrijasevic and Sacchetto, 2016;
5 Ceccagno, 2017; Shen and Edwards, 2006; Zhu et al., 2014).
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8 Based on long-term fieldwork in multiple locations, our paper challenges the scholarly approach
9 that posits a Chinese model of capitalism and working relations as increasingly externalized and
10 dominating worldwide. It does so by focusing on Europe and discussing two modes of production
11 that tend to be considered as typically Chinese: the Chinese workshops active as contractors in
12 the Italian fashion industry, and the Foxconn electronics manufacturing plants in the Czech
13 Republic.
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17 These are quite different types of Chinese-owned businesses/firms. The Italian fashion industry
18 is the most outstanding case of Chinese labour in Europe with small and very small businesses,
19 where Chinese employers systematically make recourse to a migrant workforce originating from
20 China. With its 318.975 Chinese residents, Italy is the European country with the highest number
21 of Chinese nationals. In 2016 Chinese-run businesses amounted to 50.737 units, one third of
22 which are active in the industrial sector (Ministero del lavoro, 2017). We highlight the multiple
23 ways in which the organization of production in the Chinese workshops is enmeshed with choices
24 made by the state with its industrial, migration and labour policies, and by the fashion industry
25 with its polarization between final firms and contractors, together against the backdrop of global
26 changes.
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30 The Taiwanese contractor firm, Foxconn, with its military discipline, has been dubbed the best
31 incarnation of China's new 'bloody taylorism' (Lipietz, 1987; Chan et. al., 2013). The European
32 subsidiaries of Foxconn in the Czech Republic have been established in 2000 and 2007, and
33 manufacture electronics for famous brands such as HP and Cisco. We discuss the multiple
34 negotiations between the management, the Czech Republic's institutions, the unions and the
35 workers in order to highlight the complex process of emplacement of Foxconn in Europe.
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38 We distance ourselves from the approaches that consider migrant-run small enterprises as fitting
39 an ethnic economy's invariable mold and stress a supposed loyalty to the sending country; and
40 from those that consider MNCs from China as an outright export of a Chinese model of doing
41 business. Instead, we shed light on those actors and interactions that have been under-emphasized
42 in the literature: i.e., on the role of labour-market institutions and of manufacturers in the dramatic
43 changes in working practices introduced by Chinese migrants into Italian fashion; and the role of
44 labour and of the unions, together with the state and temporary work agencies (TWAs), in the
45 process of emplacement of Foxconn within Europe. The two cases will be discussed by engaging
46 in two different bodies of literature. Small firms and large organizations, in fact, are treated as
47 separate sectors in the literature because of the differences in the resources available and in the
48 extent to which they are able to influence relevant stakeholders, including states and other
49 institutions.
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3 The Chinese migrants in the Italian fashion industry represent a case of migrant entrepreneurship
4 from below and will be discussed with reference to the ‘ethnic entrepreneur’/‘migrant
5 entrepreneur’ literature. By questioning the ‘ethnic entrepreneurship’ bias towards cultural
6 features, and by arguing that to simply link the unique organization of the production in Italy to a
7 Chinese model is of little analytical value, we embed the choices made by Chinese entrepreneurs
8 within a dynamic framework unfolding at different scales. By taking into consideration not the
9 single firm but the network of Chinese firms in the fashion industry, and by offering the concept
10 of an ‘ethnicization’ of the workforce, we stress that the employment of workers native to the
11 same nation-state and the practices introduced through a network of Chinese entrepreneurs
12 reverberate not only on ‘co-ethnic’ employers; a multiplicity of actors also directly or indirectly
13 benefit from an organization of production centered around the exploitation of (Chinese) social
14 capital and the mobility of the workers.

15
16 The Foxconn plants in the Czech Republic are part of the global strategy of a multinational
17 corporation and will be discussed within the framework of the transfer and diffusion of work and
18 employment practices abroad. The literature on internationalization of production has often
19 stressed how home/host institutions and management can be decisive in shaping employment
20 management practices of MNCs investing abroad. We suggest that in order to understand the
21 firm’s cross-border behaviors the active role of the state, the unions and labour should be taken
22 into consideration.

23
24 In sum, our paper seeks to contribute to the study of Chinese-owned firms within the European
25 space both from above and from below, by shedding light on the multiple interactions, tensions,
26 and implicit and explicit negotiations with national states, industries, labour and unions, all against
27 a backdrop of changing global scenarios.

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29 The study is based on fieldwork conducted while providing services and consultancy to Chinese
30 immigrants in Prato during the years 1994-2007, and while conducting further interviews to
31 Chinese and Italian entrepreneurs between 2012-2014, and in 2018. Research at the two Foxconn
32 plants in the Czech Republic involved fieldwork such as staying in the same dormitories with
33 migrant workers and conducting 70 in-depth interviews, including 58 with core and agency
34 workers, managers, and 12 with key informants. The interviews, gathered in dormitories, bars,
35 restaurants and parks, were carried out in different languages with the help of translators.

36
37 In sections 2 and 4, a literature review examines and discusses the prominent approaches used to
38 explain migrant entrepreneurship, on the one hand, and the MNCs work and employment
39 practices developed in international operations, on the other. Sections 3 and 5 address the
40 reorganization of working practices in the Italian fashion industry and at the Foxconn plants in
41 the Czech Republic by focusing on the aspects that tend to be overlooked in the literature, while
42 section 6 offers some concluding remarks.

The 'ethnic entrepreneur' conceptualization

The theories on so-called 'ethnic entrepreneurship' have a long history. Starting from the 1970s, in response to the increasingly widespread phenomenon of immigrant self-employment practices, there emerged a largely US-inspired model of an 'ethnic economy', including broadly any immigrant or ethnic group/ethnic minority and their 'ethnic resources' (Light, 1972; Bonacich and Modell, 1980). The ethnic economy was described as being made up of firms where small entrepreneurs only employed co-ethnic workers (Pécoud, 2010).

Over time, this stream of literature undertook to single out neatly separated national groups implicitly considered to act in a continuity with a country of origin, and discussed which immigrant groups are more likely than others to access entrepreneurship. Essentially, the ethnic economy literature focuses on 'the group-specific cultural repertoires in terms of cultural values, behavioral patterns, distinct group traits, social structures, collective resources, and coping strategies' (Zhou, 2004:1048).

By the 1990s, some scholars propounded the so-called 'interaction approach' stressing that ethnic entrepreneurship results from the combination of ethnic resources and structural opportunities arising in the labour market (Waldinger et al., 1990). They pointed out that the degree of capital and education matters more than cultural traits (Min and Bozorgmehr, 2000).

One of the most lasting concepts used to describe 'ethnic entrepreneurship' revolves around social embeddedness: social cohesion, inter-group solidarity and relations of trust are considered as crucial assets for ethnic entrepreneurs (Portes and Sensenbrenner, 1993; Waldinger et. al, 1990). By mobilizing social networks for labour recruitment and relations with clients and suppliers, ethnic entrepreneurs are described as able to access knowledge and recruit labour and capital informally, thus drastically reducing transaction costs. Economic activities are pervaded by mechanisms of both solidarity and control 'necessary for economic life in the community and for reinforcement of norms and values and sanctioning of socially disapproved behaviors' (Zhou, 2004: 1044).

All in all, the 'ethnic economy' argument has played an important role in that it has showed that access to self-employment and recourse to ethnic resources help recently arrived immigrants to make up, to a certain extent, for their disadvantaged position in the labour market. At the same time, however, this body of literature has stirred up much controversy (Pécoud, 2010). Social embeddedness, the central pillar of the ethnic economy theory, has been criticized for underestimating conflicts, competition, and exploitation (Sanders and Nee, 1987). Besides, in this stream of literature, ethnic entrepreneurs – who are able to count on informal inter-group social capital – are contrasted with mainstream entrepreneurs, whose resources are depicted as mobilized only through formal commercial interactions. Trevor and Ram (2007) clarify that social capital is

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3 common to all entrepreneurs, and not just solely to immigrant entrepreneurs. In sum, the ethnic
4 economy conceptualizations are criticized because they assume that the ethnic group is the unique
5 generator of business resources and postulate that ethnic ties are more resilient than ties outside
6 of the ethnic groups.
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9 Focusing on a case study in Europe, Kloosterman et al. (1999) propose the notion of ‘mixed
10 embeddedness’ which takes into account the role of both immigrant networks and economic,
11 political and institutional structures, and bringing into effect the welfare system in Europe. Under
12 attack is the persistent use of the term ‘ethnic entrepreneur’, which is retained also by those who
13 are critics of the ethnic economy approach. This way, immigrant entrepreneurship maintains its
14 aura of ethnic loyalty to a third state (Rath and Kloosterman, 2000).
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19 The critiques most pertinent for the aims of this paper are those that question the supposed
20 homogeneity of people native to the territory of a nation-state in terms of values, culture,
21 achievements, and identity (Amelina and Faist, 2012; Wimmer and Shiller, 2002), and those that
22 reject any methodology which considers the ethnic group as the unit of study (Schiller and Caglar,
23 2013). Building on these authors, in our paper we do not consider the Chinese migrants as the unit
24 of analysis. Instead, we situate inter-group dynamics within the new imperatives of the Italian
25 fashion industry and the context of crucial shifts in global fashion. Even the recourse to a
26 workforce of people with the same national background - the epitome of the so-called ethnic
27 economy - is here discussed as implicitly accepted and even fostered by the entire fashion system.
28 We thus open up the black box of ethnicization in the Chinese-run workshops for scrutiny. We
29 discuss the recruitment of migrant workers originating from the same nation-state as their migrant
30 employers by placing it in its overall labour-market context. To only explain it as a matter of a
31 lack of alternatives in the general labour market and of ready-availability of social capital may
32 not be enough. The demand-side is analyzed in detail, with a longitudinal approach, paying due
33 attention to the changing needs of the market in a given historical conjuncture.
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46 **Immigrant entrepreneurs’ practices as embedded in the industry**

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49 The body of the fashion industry in Italy - including textiles and clothing, shoes and eyewear - is
50 made up of small and very small firms clustering in industrial districts. In the 1980s, when
51 migration from China was starting to be actively supported by the state and to be encouraged by
52 many local governments through various policies, organizations and activities (Thunø, 2003),
53 migrants hailing from the southern provinces of the PRC, with dreams of reaching affluence
54 through self-employment, began to arrive in Italy. In the same years, the majority of Italian
55 fashion manufacturers realized that the global changes in the fashion industry – with the
56 emergence of China and other countries as low labour cost competitors and with the restructuring
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3 of distribution chains - were not going in the directions that could further favor the Italian fashion
4 industry (Dunford et al., 2016).

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6 Those fashion manufacturers who could not afford to move production offshore started attracting
7 migrant labour. The needs of entrepreneurs were promptly addressed by the Italian migration
8 laws, which have been overtly devised to help the industrial system to find cheap labour. A series
9 of amnesties facilitated the arrival of low-skilled migrants who have mainly been incorporated in
10 the underground economy. Chinese migrants arriving in Italy were able to open small contracting
11 workshops where they employed a workforce exclusively made up of workers originating from
12 China. However, Chinese migrants did not become entrepreneurs because of a lack of alternatives
13 - as proposed in the ethnic economy approach - but because their aspirations met with a demand
14 for cheaper stitching workshops that was emerging in the Italian fashion industry at a time when
15 cost compression was becoming ever more imperative (Barberis, 2011; Ceccagno, 2017).

16
17 The new Chinese entrepreneurs managed to progressively replace native contractors, and over
18 time, exclusively in the industrial district of Prato, Tuscany, they were able to move up to the
19 position of final firms. The drivers of their success were their ability to increase flexibility while
20 offering low costs, facilitated by off-the-book practices and piece-rate payment for unskilled
21 workers. A monthly salary, instead, is paid to odd-jobs workers and skilled workers. Piece-rate
22 salaries are not unknown in Italy, even though they are often monthly salaries in disguise.
23 Flexibility in terms of lead times is based on long working hours, with workers literally expected
24 to work day and night during the peak season.

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26 Moreover, differently from the situation prevailing both in Italy and in China, where employees
27 increasingly are hired on short-term contracts, the workers in Chinese workshops are either
28 employed without a contract or hired with long-term contracts. However, the long-term contract
29 is not intended as binding but rather as an *ad hoc* tool for dealing with such needs of employees
30 as the renewal of their residence permits or the application for family reunions. Contracts may
31 therefore be abandoned as soon as these goals are reached.

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33 Off the book practices aside, what is worth foregrounding in the case of the Chinese workshops
34 is the paramount role played by the choice to employ a workforce of Chinese migrant workers
35 only, as this has proved to be a formidable tool for fostering the adoption of previously unheard
36 of working practices and for a thorough reorganization of the space of production.

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38 First, workers work and live in the workshop premises. This reorganization of the workplace that
39 we term 'sleeping arrangements' is strongly reminiscent of the 'dormitory labour regime', that in
40 China is widespread to the point that it has been discussed as 'systemic' (Smith, 2003). The Italian
41 law forbids the use of the workplace as a dormitory (Testo unico, 2016), and no other firms in the
42 Italian fashion industry provide dormitories to workers. The sleeping arrangements are thus easily
43 interpreted as the persistence of practices modeled after those prevailing in China. And yet it is
44 worth noting that the sleeping arrangements of the Chinese workshops have not been sanctioned

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3 by the relevant institutions, and have only been occasionally denounced by the unions and the
4 media¹. We argue that the reason for this inconsistency lies in the crucial role they play in the
5 national fashion industry. In fact, by offering board and lodging to the newly-arrived workers
6 Chinese would-be entrepreneurs have been able to exploit an extremely flexible workforce and
7 also to set up their workshops in the vicinity of the final firms, exactly where their work is needed.
8 This in turn offers to the final firms the great advantage of 'in situ offshoring': a cheap workforce,
9 the externalization of production costs and the disregard of labour rights. That is, benefits usually
10 reaped through international outsourcing, in this case are obtained by final firms without having
11 to move the production offshore.

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17 Second, competitive conditions are offered by the Chinese workshops to final firms with other
18 arrangements. In fact, besides working at night, often at short notice as their boss only receives
19 the orders in the evening, workers may move from one employer to another to complete urgent
20 orders. Some types of workers, such as ironing workers, routinely move from one workshop to
21 another (Becucci, 2014). This reorganization of the workplace, which includes sleeping at the
22 workplace and worker mobility, has been dubbed the 'mobile regime' (Ceccagno, 2015). Chinese
23 contractors clearly benefit from the mobile regime, but so increasingly do many workers who take
24 advantage of the mobile regime in ways unanticipated by their employers. In the last years, by
25 hopping from one Chinese employer to another, most workers are able to successfully negotiate
26 the terms of their employment, in terms of increased salaries, reduced night-work, and better
27 accommodation such as single rooms in flats close to the workshop but separate from them and
28 with wi-fi availability (for a detailed discussion see Ceccagno, 2017). The short-term mobility of
29 workers takes place through informal agreements. This form of workers' mobility is against the
30 law, and yet, in line with a trend prevailing in Italy (see Devitt, 2018), employment regulations
31 are not enforced.

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41 This happens because policing the rules could undermine the very industry. What at first sight
42 could appear as ethnic arrangements originating from a working culture that brings the workers
43 exploitation to the extreme, is in fact a practice enmeshed with the new needs of the Italian fashion
44 industry. This reorganization of the productive space in Chinese workshops occurred in the 1990s,
45 exactly when the fast fashion strategies of production – requiring shorter lead times and more
46 syncopated working rhythms- were introduced. The mobile regime of the Chinese contracting
47 workshops, with their reconfiguration of the space of production within the single workshops as
48 well as within the network of Chinese workshops, perfectly fitted the imperatives of the nascent
49 fast fashion industry. Today, the Chinese workshops also produce for international retailers such
50 as Zara and H&M.
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59 ¹An exception is Prato where since 2014 the sleeping arrangements have come under scrutiny. The policy stems from
60 the consideration that Prato is the only place where Chinese businesses have upscaled to the role of final firms.

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3 This spatial reconfiguration with its relevant labour practices has always depended upon the
4 existence of a workforce made up of Chinese workers. Essentially, workers sharing a common
5 language/dialect and some (historically determined) expectations about the working environment
6 interact more easily with each other in small workshops where the tasks are not simplified and
7 where short-term workers may arrive at every moment.
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11 The organization of production discussed here pertains to the entire value chain: in a global
12 contracting model where manufacturers systematically pass the risks related to labour
13 arrangements down to contractors (Tsing, 2009), Chinese contractors simply shoulder the
14 responsibility for the labour arrangements that are crucial for the industry. In fact, by enabling the
15 relocation of contracting shops to the areas where the final firms cluster, and by promptly adapting
16 to the needs of the fast fashion, the process of ethnicization of the workforce is a practice from
17 which manufacturers largely benefit.
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21 Thus, in our analysis of the mode of inclusion of Chinese migrants in the Italian fashion industry,
22 we move away from the concepts of 'ethnic groups' and 'ethnic resources' linked to patterns
23 prevailing in the migrants' motherland and intended as only favoring an immigrant group. As an
24 alternative, we offer the terms 'ethnicization' and 'ethnicized group', which have the benefit of
25 pointing at the processual character of the phenomenon and of calling into question the agents of
26 this process and the reasons why this process has been set forth.
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31 We contend that the process of ethnicization is a process actively supported by the different actors
32 in the fashion industry, and one that persists because it offers economic advantages to the different
33 stakeholders. Such a process of ethnicization can be easily abandoned when it no longer serves
34 the interests of the industry, as it is intended as merely functional to given historic contingencies.
35 This is confirmed by a recent evolution. As employment in manufacturing becomes less and less
36 attractive for Chinese migrants, and as the arrival of new migrants from China has almost come
37 to a halt, workers with different national backgrounds are increasingly hired in Chinese firms.
38 Pakistani, Bangladeshi and African workers are hired for the simplest tasks, specifically in the
39 textile firms as warehouse workers. They are paid far less than the Chinese workers and are not
40 offered board and lodging. Moreover, since the years 2000s, Italian natives are employed by the
41 Chinese entrepreneurs - especially in Chinese final firms - for their know-how as stylists, pattern-
42 makers, textiles experts, accountants and marketing experts. This further confirms that the
43 exploitation of ethnicity should be analyzed longitudinally, taking into due account when and why
44 it changes, as the aim of immigrant entrepreneurs is not to preserve an ethnic working
45 environment but to generate profit, as much as non-immigrant entrepreneurs do.
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58 **Chinese MNCs moving to Europe**
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Existing studies on labour management practices of MNCs are characterized by different approaches. MNCs investing abroad can, in fact, export, adapt or even "create" new work and employment practices. For a long time, studies analyzing MNCs operations offshore focused exclusively on the transfer process from the Global North to the Global South. The rise of MNCs from emerging economies has, moreover, stirred a debate over how these new actors shape work and employment practices across their subsidiaries, and whether or not there has been any kind of reverse transfer of best practices to their headquarters (Zhang, 2003).

Scholars pursuing an institutional approach conceive of the National Business System (NBS), and in particular its institutions, as decisive in shaping the organization of production and the management of labour (Ferner et al., 2001). Emphasizing that the two prevailing models are the German and the US ones, these studies stress that the MNCs from dominant economies usually are particularly experienced in transfer practices, while MNCs originating from emerging countries may suffer from international deficiencies on labour management abroad (Almond, 2011).

In outline, according to NBS literature, the German model of transfer is based on multi-skilling, internal mobility, working-time flexibility (i. e. annualization of working hours) and, overall, the integration of unions through collective bargaining whereas the US model is based on numerical and working-time flexibility and individual bargaining. When investing abroad, US multinationals are more inclined to adopt their home practices than the German ones (Pudelko and Harzing, 2007). Yet, some scholars consider that the characteristics of sectors or industries, as well as national institutions, shape employment relations (Meardi et al., 2009).

The growing expansion of MNCs worldwide is pushing scholars to rethink the nature of such internationalized processes of production and management business strategy.

Global Best Practices (GBP) emerged as a perspective based on the idea that MNCs investing abroad are converging towards a unique model of work organization and labour management geared to guarantee higher performances (Zhu et al., 2014; Meardi et al., 2009). This implies a sort of standardization of work and employment practices to overcome the differences in institutional contexts in the countries where MNCs operate (Ayentimi et al., 2017). However, the GBP are considered a variant of the US one. These two perspectives (NBS and GBP) are important because they underline how different actors, including MNCs and powerful institutions, can be decisive in shaping business practices in workplaces. The limit of these conceptualizations, however, lies in their company and institutional-centered perspective, which overemphasizes the role of management and national institutions with regard to employment arrangements. Further, these approaches analyze unions' strategies by disregarding, at best, the specific characteristics of workers in terms of skills, gender, and nationality.

Chinese MNCs are of particular interest for different reasons. First, for a long time China has been home to Western and Asian investments which experimented with different work and

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3 employment practices. As illustrated by Luthje et al. (2013), in China four different work
4 organizations prevail: state owned enterprises, joint ventures, private export manufacturers and
5 low-end contractors. These patterns developed inside an authoritarian state where workers do not
6 enjoy freedom of association, where there is no right to strike, and the only legal representative
7 of labour, the All-China Federation of Trade Unions, marginalized in the course of market
8 reforms, is subordinate to the Communist Party (Pun, Chan 2012). Second, China has experienced
9 a business environment largely characterized by a strong role of the state that supports investments
10 with specific legislation, low-cost loans, tax-free policies, provision of land and infrastructure,
11 and facilitation of labour migration. Third, Chinese MNCs are familiar with pro-management
12 unions and depending on a large supply of labour. Thus, they routinely have to deal with a high
13 turnover of labour and with wild-cat strikes, but they nonetheless remain ill-equipped to bargain
14 with well-organized unions (Cooke, 2014). Fourth, Chinese MNCs started to invest abroad only
15 recently and are largely unfamiliar with the employment practices prevailing abroad. As much as
16 other MNCs from developing countries, they tend to suffer from a managerial deficit in
17 international experience (Zhu et al., 2014). In particular, Miedtank (2017) points out that, since
18 they lack ex-pats with strong international experience, Chinese MNCs have a 'light-touch
19 approach' in managing their European subsidiaries, preferring to follow local employment
20 practices.

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22 In this study we examine the expansion of the most controversial of the Chinese MNCs in Europe,
23 analyzing the work and employment practices in place in specific locations. By focusing on the
24 case of Foxconn in the Czech Republic, we highlight how internationalization, far from being a
25 one-way transfer from one country to another, is the result of continuous and multilayered
26 interactions among different actors, such as capital, state, unions and labour. Our analysis calls
27 into question the perspective of the NBS as well as the GBP approach as these embrace mainly
28 the management point of view and underestimate the role of labour, considering the workers only
29 as passive actors (Meardi, 2007). In the following section we shed light on how the Foxconn
30 management had to confront local institutions, unions and labour, and how these actors could
31 induce the MNCs to accept arrangements different from what they originally had in mind. We
32 emphasize how Foxconn has been forced to adapt, to a certain extent, to the local context and in
33 particular to the agency of labour.

34 **Foxconn in the Czech Republic**

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37 In this section we examine from a longitudinal point of view how institutions, unions and labour
38 at the Foxconn factories in the Czech Republic co-determine the process through which the firm
39 expands and organizes production and shapes its work and employment practices. In bringing
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3 these three elements to bear on the firm's labour management practices, we seek to broaden the
4 established understanding of MNCs' worldwide work and employment practices (Ferner et al.,
5 2005).
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8 Foxconn is the world's largest electronics' assembler, producing for the most important electronic
9 brands and employing about 1,3 million employees worldwide. Foxconn is a Taiwanese company,
10 but the majority of employees are in mainland China (about 1 million), and its work organization
11 and labour management practices 'have been reshaped through production in China' (Smith and
12 Zheng, 2016: 373). In particular, within large electronics companies, contract manufacturing work
13 and employment practices are 'relatively homogeneous' (Lüthje et al., 2013: 186).
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16 In the first years of the 2000s, Foxconn planned a global production network that included plants
17 close to the European and Northern American markets, and in addition to its 32 plants in China.
18 The two plants in Pardubice and Kutná Hora in the Czech Republic, as well as those in Slovakia,
19 Hungary and Turkey, are one of the two Golden Wings² which Foxconn displays to avoid the
20 EU's high tariff barriers and to move closer to its end-markets supplying European and North
21 African customers. In May 2000, Foxconn bought what remained of the former socialist
22 electronics company, HTT Tesla, located in Pardubice. Tesla was an important electronics firm
23 with a highly qualified workforce producing radiolocators for military use. In 2007, Foxconn built
24 a new plant near Kutná Hora and gradually expanded into other European countries. For both
25 factories, Foxconn has been assisted by CzechInvest, the investment and business development
26 agency of the Czech's Ministry of Industry and Trade, which helped to find the most suitable
27 location. Subsequently, Foxconn enjoyed a 10-years tax holiday, from 2000 until 2010 (Čaněk
28 2016). The state therefore played a deciding role in attracting capital and in assuring that various
29 authorities provided support to the investors putting in place what Drahekoupil (2008) calls
30 'investment-promotion machines'.
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33 After obtaining the support of key Czech institutions, Foxconn selected some former HTT Tesla
34 workers, but experienced some difficulties in recruitment because these workers were highly
35 skilled and were not used to work either on an assembly line or in a regime of working time
36 flexibility. Before starting operations, Foxconn moved some Chinese managers from its Longhua
37 factory in China and put them in executive positions, while some dozens of Czech managers were
38 sent to the Longhua factory for some months. In this way, Foxconn was able to modify the
39 structure of the ex-HTT Tesla management to ensure that the subsidiaries had a Chinese imprint
40 (Ferner et al., 2001).
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43 At the same time, Foxconn needed to deal with some protests and complaints by the former
44 company's workers and the metalworkers trade union KOVO. In particular, while two petitions
45 were submitted by the workers to its management, the unions struggled to be recognized by
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60 ²The other Golden Wing is in Mexico.

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3 Foxconn. The municipality of Pardubice mediated these first conflicts, and Foxconn accepted a
4 collective bargaining agreement with the unions (Čaněk, 2016). Moreover, Foxconn decided to
5 move some Scottish managers from the Hewlett-Packard plant in Erskine, Scotland³ to replace
6 some Chinese managers, so that employment practices could be adjusted and local conflicts
7 overcome.
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11 Initially, workers were hired with full-employment contracts and recruited from the surrounding
12 labour market. As the low wages were unattractive for local workers, starting from 2001 Foxconn
13 undertook to recruit migrant workers already living in the country but originating from other post-
14 socialist countries such as Slovakia, Vietnam, Ukraine and Mongolia (Drbohlav, 2003: 197). With
15 new local and migrant workers, Foxconn grew from a few hundred employees in 2001 to about
16 2,200 workers in 2003.
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20 In late 2004, Foxconn started to recruit workers through TWAs, taking advantage of the new
21 labour law approved by the Czech government, which had been provisioned by the framework of
22 EU enlargement (Hála, 2007). With the inclusion of Eastern Countries in the EU, Foxconn's
23 recruitment strategy could include an enlargement of the workforce basin. The recruitment of
24 workers was conducted directly in their countries of origin: Poland, Slovakia, Vietnam, Mongolia,
25 and Ukraine. The recourse to TWAs did not impact on the labour turnover, which remained high,
26 but guaranteed to Foxconn a workforce hired (and fired) with short notification. When Foxconn
27 needs workers, in fact, it entrusts TWAs to recruit them on the basis of gender, nationality and
28 age. The number of agency workers, recruited through short-term renewable contracts, fluctuates
29 daily on the basis of production needs, and usually ranges from 30 until 60 percent of the total
30 employment (Bormann and Plank, 2010). During the years 2000s, the workforce continued to
31 grow from 2,500 workers in 2004, reaching its maximum in 2008, with about 3,700 core workers
32 and about 3,000-3,500 agency workers.
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36 Since the beginning of the 2008 crisis, the Czech government implemented some restrictions on
37 the employment of non-EU migrants, in particular on those being hired by TWAs. This brought
38 about a change in the composition of the workforce, as TWAs enlarged the recruitment of
39 Romanian and Bulgarian workers and decreased the numbers of workers from Vietnam, Ukraine
40 and Mongolia (Andrijasevic and Sacchetto, 2017). In sum, TWAs' international operations, and
41 especially their recruitment practices, are contingent upon Czech government policies inside the
42 framework of an integrated EU labour market, which allow EU workers freedom of movement,
43 namely the right to take up work anywhere within the EU.
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47 As a result, the work organization inside the plants became more flexible, and, in 2010-2011, a
48 new hour-shift system was introduced. Since then, core employees are divided among those who
49 work 8 hours a day with 3 shifts, and others that are involved in 2 twelve-hour shifts, working day
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³http://news.bbc.co.uk/2/hi/uk_news/scotland/2094528.stm

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3 and night with the so-called bank-hour system whereby workers are required to work a total of
4 930 hours in six months. In contrast, agency workers work night and day, with two twelve-hour
5 shifts for three to four days a week and are expected to be available for further shifts (Čaněk,
6 2016).
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9 One of the organizational measures introduced at the Foxconn plants in the Czech Republic is the
10 dormitory for agency workers. Dormitories are hotels, army barracks or ex-factory lodgings
11 situated in the vicinity of the factory. Agency workers are usually distributed by the TWA
12 coordinators in rooms of four people, according to their nationality and the TWA they work for.
13 The provision of dormitories has some similarity with the organization of the work and life of
14 migrant workers in China (Pun and Chan, 2012). And yet, it cannot be considered as a practice
15 simply imported from China as dormitories are also a legacy of the socialist period in the Czech
16 Republic (Fuchs and Demko, 1978: 178). A practice imported from China and a local practice
17 therefore overlap and prove to be effective in an epoch when working-time flexibility and mobility
18 of workers are increasing the norm worldwide.
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25 Within this context, the unions have not proved to be a challenge for the management as their role
26 has remained marginal. In fact, the unions' strategy focuses primarily on domestic workers, while
27 migrant workers are considered as outside of the unions' concern (Andrijasevic and Sacchetto,
28 2017). Interestingly, therefore, the segmentation of the workforce into direct and agency workers
29 is not only decided by management (with the help of the TWAs), but is strengthened by the trade
30 unions' positioning (Čaněk, 2016), which reinforces the divide and rule strategy introduced by the
31 company. In the Foxconn plants protests or disruptions are rare, and when they take place they
32 remain separated along lines of nationality: such as the refusal to meet the set targets by the
33 Vietnamese core-workers at Pardubice; and the protest at the Kutna Hora plant by Czech core-
34 workers over unpaid yearly bonuses - both of which took place in 2011. And in both cases, the
35 discontent was resolved through dismissals.
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43 Confronting their employers from an even weaker bargaining position, especially in the context
44 of a large EU labour market, most of the EU's agency workers try to acquire strength by deploying
45 a job-shopping strategy through accumulating maximum labour mobility capacity (Andrijasevic
46 and Sacchetto, 2016). Polish, Slovak, Bulgarian and Romanian workers at Foxconn usually have
47 a background of employment in other European countries. This knowledge of the labour markets
48 enables the workers to define, at least in part, their own mobility, and to enact exit strategies which
49 challenge the employers' expectations of their availability for overtime work associated with low
50 wages. As workers use their labour mobility capacity to their own advantage, the management is
51 forced to search for solutions for reducing the workers' high turnover.
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57 Two different work and employment practices to face these challenges were adopted in 2016-
58 2017. First, with the support of Czech institutions, Foxconn started to recruit workers directly
59 from Mongolia (150 workers were hired in 2016 and around 800 in 2017) as core workers
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3 committed to learn Czech and to work at Foxconn for at least six months. Second, Foxconn in
4 2016 agreed to increase the wages of agency and core workers. Bargaining for core workers
5 involved the unions, while negotiations for agency workers were conducted with TWAs only. The
6 new strategy of Foxconn aims to reduce labour turnover and stabilize the workforce. This process
7 highlights, once again, the crucial role of actors such as the state, labour and the unions in the
8 transformation of work and employment practices. Since its arrival in Europe, Foxconn has not
9 only grabbed its opportunities, but also faced constraints which continue to shape its management
10 strategies.
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19 **Conclusions**

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22 We have discussed work management practices in Chinese-owned businesses active in different
23 sectors that have entered Europe both from above and below. Some authors point out that MNCs
24 from China are exporting to Europe Chinese employment practices (Meunier, 2012); others point
25 out that Chinese MNCs adopt a 'light approach' in their international management operations
26 (Miedtank, 2017). As for Chinese entrepreneurship from below, the prevailing labour practices
27 are often analyzed within the conceptual framework of an ethnic economy built on cultural
28 repertoires separated from the mainstream economy (Guercini, 1999).
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32 Empirical findings from our cases show that work and employment practices in Chinese firms
33 operating in Europe are not undergoing a process of 'Chinesization'. By adopting a longitudinal
34 approach, and moving the focus away from the analysis of the firm management only, our
35 research offers a perspective that takes into consideration the multi-layered interests involved in
36 the process of emplacement of MNCs and small firms alike.
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40 We show how states participate in and support capital expansion and the capture of labour by
41 stimulating investments for small contracting firms (in Italy) and MNCs (in the Czech Republic)
42 and by regulating their modes of emplacement in the territory of the state, and all within the
43 framework of the EU's legislation on mobility.
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47 The two industries analysed here are of crucial importance for the national institutions involved.
48 The Italian fashion industry, despite losing its global leadership position, remains the largest
49 Italian industry; while the Foxconn plants have made it possible for the Czech Republic to become
50 a relevant player in global electronics production.
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54 Our study also sheds light on industry-related factors as they also account for the distinctiveness
55 of the behaviors of the involved actors. Both the workshops in the Italian fashion industry and the
56 Foxconn plants in the Czech Republic are segments of global production networks characterized
57 by high-intensity labour. In both cases, a workforce composed entirely or largely of migrant
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workers is hired, and a dormitory labour regime prevails, also thanks to the tacit or explicit tolerance of institutions.

We suggest that policy makers should be aware of the extent and the ways in which different institutions and actors – including global capital, the states with their laws and regulations, the specific industry, the unions and workers – all contribute to shape management and working practices. Such an approach would help avoid biased perceptions on Chinese investments in Europe and create the conditions for devising and implementing labour and industrial policies that address the different actors and take into account their often contrasting interests.

The two cases show different levels of ethnicization of the workforce, essentially linked to the different labour processes (assembly lines versus more sophisticated tasks). While the ethnicization of the workforce and the dormitory labour regime/sleeping arrangements are heavily reminiscent of practices prevailing in China, our research shows that their introduction into the labour process - of the networks of the Chinese contracting firms in Italian fashion and of the Foxconn plants in the Czech Republic - is actually favored by different stakeholders for the benefits they bring about. Policy makers should therefore be mindful of the extent to which ethnicized practices are enmeshed with choices made by the labour-market institutions and aimed at favoring specific industries.

Empirical evidence from our cases shows that far from being a mere imposition of the Chinese management, labour practices are typically co-determined by different actors. We suggest that policies addressing labour should not consider the workers as a static input into the production process but as a dynamic actor contributing to shape the firm's labour management strategies.

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