

**A Thesis Submitted for the Degree of PhD at the University of Warwick**

**Permanent WRAP URL:**

<http://wrap.warwick.ac.uk/143263>

**Copyright and reuse:**

This thesis is made available online and is protected by original copyright.

Please scroll down to view the document itself.

Please refer to the repository record for this item for information to help you to cite it.

Our policy information is available from the repository home page.

For more information, please contact the WRAP Team at: [wrap@warwick.ac.uk](mailto:wrap@warwick.ac.uk)

(Not) Knowing about Pay:  
Managerial Control over the Understanding of Pay in  
Chinese Auto Parts Factories

By

Fuk Ying Tse

A thesis submitted in partial fulfilment of the requirements for the  
degree of Doctor of Philosophy

University of Warwick, Warwick Business School

September 2019

# Table of Contents

List of Figures .....	i
List of Tables .....	ii
Acknowledgements.....	iii
Declaration.....	v
Abstract.....	vi
Abbreviations.....	vii
<b>1. Introduction .....</b>	<b>1</b>
1.1. Research background.....	1
1.2. Research question.....	4
1.3. Studying pay determination in the Chinese context.....	5
1.4. Organisation of the thesis.....	7
<b>2. Literature Review: Introducing a Labour Process Perspective on the Understanding of Pay .....</b>	<b>10</b>
2.1. Introduction .....	10
2.2. Critique of pay determination by market forces.....	12
2.3. Accumulation of pay knowledge.....	17
2.3.1. Efforts of employers to make pay more transparent.....	19
2.3.2. Workers being more informed under pay transparency .....	22
2.4. Limitations of the current literature on the accumulation of pay knowledge.....	25
2.5. Understanding the pay system in the labour process.....	28
2.6. The diffusion of pay knowledge in social networks .....	34
2.7. The study of managerial control on pay transparency in a wider social context.....	35
2.8. Research questions .....	40
2.9. Conclusion.....	41
<b>3. Methodology.....</b>	<b>42</b>
3.1. Introduction .....	42
3.2. Epistemological stance: a critical realist approach .....	42
3.3. Research strategy and data collection methods.....	44
3.4. Data Collection.....	48
3.4.1. Gaining access.....	48

3.4.2.	Interviews.....	54
3.4.3.	Participant observation.....	57
3.4.4.	Document research.....	59
3.4.5.	Concerns on potential data collection hazards.....	59
3.5.	Data analysis .....	61
3.6.	Conclusion.....	63
<b>4.</b>	<b>Urbanisation and the Development of the Automobile Industry in Town S.....</b>	<b>64</b>
4.1.	Introduction .....	64
4.2.	Development of advanced manufacturing industries in Town S .....	65
4.3.	Efforts of local governments to shape the local labour market.....	69
4.3.1.	Recent changes in the demography of Town S.....	70
4.3.2.	State agenda in developing a skilled workforce in Town S .....	71
4.3.3.	Measures to improve the habitability of Town S for newcomers.....	73
4.4.	Labour market institutions in Town S .....	77
4.4.1.	Wage setting .....	77
4.4.2.	Collective wage negotiation.....	80
4.5.	Everyday life of factory workers in Town S in the making .....	82
4.5.1.	Accessibility and habitability.....	82
4.5.2.	Pre-existing relationship as a dominant pull factor .....	84
4.6.	Conclusion.....	85
<b>5.</b>	<b>Pay Practices and their Implementation in Auto Parts Factories .....</b>	<b>87</b>
5.1.	Introduction .....	87
5.2.	Practices to remunerate auto parts workers in Town S.....	88
5.2.1.	Factory H.....	89
5.2.1.1.	Workforce composition .....	92 <u>1</u>
5.2.1.2.	Working hours.....	92
5.2.1.3.	Pay system .....	92
5.2.2.	Factory F.....	95
5.2.2.1.	Workforce composition .....	96
5.2.2.2.	Working hours.....	97
5.2.2.3.	Pay system .....	98
5.2.3.	Factory D.....	100
5.2.3.1.	Workforce composition .....	102

5.2.3.2.	Working hours.....	103
5.2.3.3.	Pay system .....	104
5.3.	Comparison of the three factories .....	107
5.3.1.	Common features of the factories .....	108
5.3.2.	Differences in the pay systems .....	109
5.4.	Problems with pay communication practices .....	113
5.4.1.	Episodes of discrepant accounts of pay system from workers and management 114	
5.4.2.	Pathways towards different degrees of ignorance of pay systems .....	116
5.4.2.1.	The recruitment process .....	116
5.4.2.2.	On pay day .....	119
5.4.2.3.	Everyday life.....	124
5.4.3.	Workers' frustration due to their perplexity towards pay .....	134
5.4.4.	Consequence of pay opacity: withdrawal from pay discussion .....	135
5.5.	Conclusion.....	136
<b>6.</b>	<b>Workers' Reactions towards Factory-level Pay Practices and Their Consequences .</b>	<b>138</b>
6.1.	Introduction .....	138
6.2.	Exit as a strategy reflected in labour turnover.....	138
6.2.1.	Impact of labour turnover on auto parts factories .....	140
6.2.2.	Workers' intentions to leave the job .....	142
6.2.3.	The significance of low pay and pay opacity in workers' exit .....	145
6.3.	Compliance in face of low pay and pay opacity .....	149
6.3.1.	Workers' embeddedness to the factories.....	150
6.3.2.	Risks to exit without taking careful considerations .....	154
6.4.	The potential of voice in collective resistance .....	155
6.5.	Conclusion.....	158
<b>7.</b>	<b>Discussion: the Role of Labour Process in Shaping Workers' Understanding of Pay</b>	<b>160</b>
7.1.	Introduction .....	160
7.2.	The accumulation of knowledge on the pay system at the factory level.....	161
7.3.	The role of the labour process in shaping pay understanding .....	166
7.4.	Implications of pay understanding undermined .....	170
7.5.	Factors mitigating the dissent derived from pay opacity.....	173
7.6.	Contribution of the labour process approach to the study of pay understanding .	177
7.7.	Conclusion.....	180

<b>8. Conclusion.....</b>	<b>182</b>
8.1. Introduction .....	182
8.2. Summary of key findings.....	182
8.3. Contributions .....	184
8.4. Limitations .....	187
8.5. Future research directions .....	188
Bibliography .....	190
Interview guides.....	207
Information sheet for interviewees .....	214
Consent form for interviewees .....	215
List of research participants.....	216
Data codes generated during open coding .....	219

## List of Figures

Figure 1: Adjustment of the minimum wage level in Guangdong Province in 2006-2018....	79
Figure 2: Composition of pay under different systems in Factory H.....	95
Figure 3: Pathways towards the ignorance of the pay system for workers in Factories H, F and D throughout their employment relationship .....	133
Figure 4: Suggested average pay levels per month (in ¥) for automobile jobs in Town S, 2016-2017 .....	146

## List of Tables

Table 1: Breakdown of the number of interviewees by occupation and gender.....	55
Table 2: Number of interviewees in Factories H, F and D, broken down by occupation and gender .....	55
Table 3: Composition of the Settled Population in Town S (2013-2015) .....	71
Table 4: A comparison of the features and pay systems of Factories H, F and D .....	108



## Acknowledgements

I always thought that I would not survive in the past four years, no matter whether I was looking down from the balcony on the 25<sup>th</sup> floor of an apartment building in Guangzhou worrying about being useless to labour movements, or cycling on Kirby Corner Road where motorists could not care less about cyclists' safety. Now that the PhD journey is coming to an end, I would like to acknowledge the following people for taking me this far.

First and foremost, I would like to thank my supervisors, Guglielmo Meardi and Jimmy Donaghey. They have provided optimal supervision which has fostered my academic independence, and ensured that I am never left on my own during critical and difficult times. It has also been my pleasure to be part of the historical Industrial Relations Research Unit, where other faculty members including Manuela Galetto, Stefano Gasparri, Achim Krausert, Deborah Dean and Paul Marginson have provided invaluable comments to the thesis and tremendous collegiate support throughout my studies. Without the financial assistance from Warwick Business School and the Great Britain-China Education Trust in the forms of scholarship and bursary, this project would never had commenced at all, not to mention completed within a reasonable duration of time.

Second, I would like to thank my colleagues from Worker Empowerment, Yuk Yuk Choi and Francine Chan. The opportunity to work there as a labour education and policy officer has inspired and laid the groundwork for this thesis. The three years working with them was life-changing and has strengthened my belief and willingness to strive for labour rights and social equality across borders in a principled manner. Chris King-chi Chan and Elaine Sio-ieng Hui have been my role models of organic intellectuals. Without their encouragement, I would not have followed the footsteps of a number of Hong Kong trade unionists to come to this university with a radiantly radical past, and to pursue an academic-activist vocation.

Moving away from home for studies and for fieldwork was indeed a significant and stressful life change. As a black sheep in the family I am indebted to the unconditional support from

my parents and brother, who are true believers of 'no news is good news'. In the UK, I am fortunate to be surrounded by an amazing group of friends who share my ups and downs, and make sure that I am well fed, in particular Jieun Ryu, Miranda Lewis, Arianna Tassinari, Pedro Monteiro, Yiluyi Zeng, Derya Özdemir, Lali Dangazele, Ketong Qu, Seonyoung Hwang, Rima Al Hasan and Simone Griesser. I would like to express my gratitude to my (numerous) housemates, including but not limited to Claudio Vallotto, Gary Fong, Wenquan Luo, Bonan Chen, Guanzhen Lu, Bijay Sambahangphe, James Lancaster, Paolo Grazieschi, Eirik Selander and Anastasios Stylianou for being caring and for tolerating my occasional anti-social behaviour. I would also like to thank my life-long friends in Hong Kong who continue listening to my rants, inviting me to gatherings and weddings, sharing updates (not just on social media) and banters on a daily basis as if I were never away, especially Mei Leung, Ho Tong Wu, Adrien Chen, Kwan Ling Mok, Joseph Li, Debby Chan, Eva Tsang, Chi Fai Lin, Chun Kit Ko, Hoi Lam Lee, Matt Lee, Vivien Yau, Rick Mak, Chun Wing Lee, Agatha Wong, Becky Fung, Siu Wa Tang, Chun-ta Liu Lee, Kenneth Ng, Raymond Yuen, Gary Tang, Wang Leung Ting, Cheuk Hang Leung, Edmond Chau, Jambon Chan, Jester Chan, Siu Yin Wong, William Tsui, Fong Chan, Joanne Cheng, Karina Wong, Elva Muk and Joyce Lee. The support and encouragement from many other researchers working on China, such as Xiaojun Feng, Daniel Fuchs, Kenneth Ng, Yunxue Deng, Yihui Su, Lulu Fan, Yu Huang, Ting Wang, Siqi Luo, Jack Chan, Gaochao He, Chun-yi Lee, Jack Cao, Tim Pringle, Anita Chan and Monina Wong are also deeply appreciated.

Most importantly, I would like to thank everyone who has helped, advised and shared with me their stories in China. The time spent with them was invaluable, and possibly once-in-a-life-time in retrospect, but has definitely shaped me to be who I am today. I have to refrain from naming them here, but their trust, kindness and devotion are dearly remembered. In particular, I would like to dedicate this thesis to my friends and comrades in China who are currently suffering or are placed under precarious circumstances for what they believe in and what they have devoted their youth to strive for.

Finally, I would like to thank Miranda Lewis and Jack Copley for proofreading this thesis within a short time frame. All remaining errors are certainly my own.

## Declaration

This thesis is solely my own work and has not been submitted for a degree in another university. Section 3.4 in Chapter Three of the thesis has been substantially rewritten to be used in the following publication:

Fuchs, D., Tse, P.F.Y. & Feng, X. (2019) Labour research under coercive authoritarianism: comparative reflections on fieldwork challenges in China. *Economic and industrial democracy*, 40 (1): 132-155.

## Abstract

This research investigates the processes which determine how Chinese workers develop their understanding of the pay system under which they are governed at the workplace. By introducing a labour process perspective which is complementary to existing economic and organisational behavioural approaches, I examine the influence of management-labour relations in China in the shaping of workers' pay understanding, which is fundamental to their capacity to formulate pay demands and contribute to pay determination in the workplace. In particular, I look at the role of managerial control on the shop floor in constraining workers' access to pay information, as well as the workers' capacity to contest pay under the social contexts of urbanisation and industrial development. Data was collected in a number of auto parts factories in Town S, southern China in 2016-2017 by interviewing workers and factory management; by undertaking participant observations in an auto part factory and a consultancy firm; and by conducting document reviews on pay-related statistics, labour laws and regulations on pay and the local context of Town S.

It is found that workers' perplexity over the pay system was an outcome of managerial control, and their compliance with managerial interests regarding reward management. Managerial control was manifested in different forms across factories with different types of production regimes. This resulted in varying processes in which workers were obscured from pay and developed responses to pay opacity in different factories.

This research has, in empirical terms, contributed to deepening the understanding of the variety of pay systems in Chinese companies with various capital sources, and pay communication practices in China. It has also contributed to the re-examination of the existing literature on the social and political dimensions of pay determination which tend to take collective actors in unionised contexts for granted.

## Abbreviations

CCP	Chinese Communist Party
C&P	Custom and practice
ACFTU	All-China Federation of Trade Unions
ECM	Extended case method
LNGO	Labour non-governmental organisation
MOHRSS	Ministry of Human Resource and Social Security
PF	Parent company of Factory F
PH	Parent company of Factory H
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
SF	Guangzhou headquarter of Factory F
SOE	State-owned enterprise
TVC	Township and collective enterprise

# 1. Introduction

## 1.1. Research background

The issue of pay started to intrigue me in 2012, when I was working in a labour organisation in northeast Shenzhen, China. As a special economic zone of the country, Shenzhen was in the forefront of the market reform since the late 1970s. Here, one of the biggest export-oriented manufacturing hub in the coastal region had developed predominantly thanks to foreign direct investment. The vacancies in factories were filled by migrant workers from all over the country. In spite of the gradual shift of the focus of economic development from manufacturing to service industries, in the early 2010s Shenzhen was still notorious for sweatshop-like working conditions in labour-intensive factories.

The labour organisation had been running a workers' centre inside an industrial zone for almost a decade. It did not look remarkable from the outside, but here a lot of my fond memories with factory workers took place. It was a gathering point for migrant workers coming to Shenzhen mostly on their own looking for a higher income to support their family at home, working long hours in the week but finding life outside work absolutely boring and meaningless. The workers' centre organised leisure and educational activities for migrant workers during weekends. More importantly, it cultivated a sense of solidarity among workers, such that their experiences of being exploited at work were actually shared amongst them, instead of being kept to themselves, despite not knowing each other well at that time.

One of my main duties in the workers' centre was to conduct labour education workshops on labour laws and regulations. The legal compliance by employers was not guaranteed in most factories. It was subject to the workers' own awareness of their legal entitlement, so that they could raise concerns about non-compliance and fight for their entitled rights. Regarding pay, a key area which workers commonly got confused about was overtime pay. They often did not realise that they were not paid the legally required amount of overtime

pay. Some of them were not paid for overtime work at all even if they did work overtime. We showed workers how overtime pay was stipulated in law, but it always took a while to convince them that the law applied to them too. They said that employers would either state that they were not eligible for overtime pay, or that amount that they got was accurate. Eventually, some of them might realise that this situation was problematic and ponder over it, but they still tended to believe that every factory had their own way of paying them.

Two implications can be drawn from this experience. On the one hand, workers were apparently sceptical about the coverage of labour laws. They thought the legal regulations did not apply to them, because the system governing them in the workplace overrode the law. On the other hand, it was interesting to reflect on the ways in which employers control workers' understanding of pay. What had they told workers about payment? How would they rationalise their version of the pay system in the workplace? I could vaguely see that something must have happened in the workplace, to which I did not have full access to but could only learn about it from workers' patchy descriptions of their experiences at work.

Another key aspect of my work was to learn about workers' living needs in the industrial zone and re-construct the desirable level of a living wage. I learnt about their pay levels, what they had to spend money on to live in Shenzhen, and how they coped with a tight budget to survive in the city and feed their family in their hometown at the same time. The area where I worked in was still largely industrial in the early 2010s, but it was already haunted by the spectre of gentrification. In the following years, factories were gradually relocated to make way for real estate development. Steady increases in rent and food costs were thus observed, while the growth rate of workers' pay had often stagnated or developed at a much slower pace. As a result, even though they were already living on a shoestring, the workers still had to prioritise daily necessities either of themselves or their families' in order to survive.

The living wage project, which ran on and off from the late 2000s to 2017 in Shenzhen, stressed the importance of being paid enough for the production and reproduction of labour power within normal working hours. In a survey conducted in 2012 on workers in the industrial zone, the base pay for migrant workers prevalently adhered to the local minimum

wage level, which stood at ¥1,500 at that time.<sup>1</sup> The monthly pay of an average worker in the industrial zone in Shenzhen was somewhere between ¥2,000 and ¥3,000, including overtime pay. By costing out a basket of goods and services, the organisation aggregated the monthly expenditure of a worker whose every aspect of daily needs in the city was fulfilled. In 2012, a worker required a monthly income of around ¥2,890 to support a decent living standard in Shenzhen, covering essential daily needs of food, accommodation, groceries, communication, transportation, leisure activities, skill training and healthcare for themselves and their family members who also lived with them in the Shenzhen (Shenzhen Dagongzhe Migrant Workers' Centre, 2013). These figures demonstrated that without working overtime, workers would not be able to afford every aspect of their essential needs.

To me, the fact that workers did not earn enough to support themselves and their families sounded reasonable enough for them to make pay demands. However, many workers were reluctant to do so. They found it unimaginable to earn ¥2,890 without the condition of excessive overtime work. In other words, they found it unreasonable to ask for that much without fulfilling their 'duties' or being a 'good' worker first by working overtime as their employers demanded. According to them, their dissent would only be justified, and it would be right to voice out pay demands, only when they had done what they were required to do within the employment relationship but their effort did not pay off, and there was no improvement. Another common sentiment was along the lines of, 'if I were not that useless, I could have earned more, been promoted, got a better job, rather than complaining here about getting similar pay levels all the time'. This shows that they were fully aware of a certain system, or of the existence of the 'rules of game' which governed their work. In order to excel in pay, identifying the rules and following them was an essential part of the game. This made me wonder under what were the circumstances that had established in the workers' mind the deep-rooted idea of boosting earnings by working overtime. Since the workplace played such a big part in their life in the city, there had to be something to do with what they were experiencing in the workplace, which had influenced their understanding of pay.

---

<sup>1</sup> This was also the highest level of minimum wage across the country at that time.



## 1.2. Research question

The extent to which workers contribute to the process of pay determination has been debated for long in the existing literature. The neo-classical economics literature argues that pay levels were an outcome of labour market mechanisms, where changes in labour demand and supply resulted in the fluctuation in optimal pay levels. Workers, or trade unions as a collective body of labour, contribute to pay setting with their leverage in the bargaining process. Meanwhile, recognising the power dynamics between employers and workers, the industrial relations literature acknowledges the social factors that determine the degree of leverage of workers and employers over pay determination, which is also underpinned by their respective interests. This then leads to the question of what actually equipped workers with the leverage to contest or challenge certain pay levels. How would they know what to fight for and how they could fight for it? If I were an employer, I would use all means to keep workers ignorant, so that workers would not know where to start complaining, or would have to accept the fact that it is how it works. Yet how can this be achieved? What are the micro-control mechanisms behind this?

During my work in Shenzhen I observed that workers did not necessarily possess the knowledge to challenge the ways in which they are paid in the workplace. At that time, factory-level trade unions had a very limited presence in the workplace. While trade unions and collective bargaining mechanisms were considered to be important institutions of wage setting in the existing literature on capitalist economies, trade unions in the Chinese context do not take responsibility for articulating pay demands and organising workers by default. Instead, the workers' centre becomes a platform for workers to discover problems regarding pay, and to encourage workers to think otherwise. The coverage of the workers' centre, run by individual efforts in the civil society, was absolutely unremarkable in contrast with the large population of migrant workers in the city. What if workers had to deal with these issues in their individual capacity? There also seemed to be a communication process and an imperceptible influence on how workers should be paid which had penetrated the workplace. How did they learn, or how had they developed a particular way of understanding the pay system?

This emerged as the issue I would like to examine in this thesis. By navigating the process in which workers accumulated knowledge about pay, I seek to understand the circumstances they were in, and the constraints that they faced. I will argue that the circulation of pay information and the accumulation of pay knowledge are an outcome of power dynamics in the labour process embedded in the employment relationship. Workers' capacity to break through the limits set by management to deter them from understanding the system and make meaningful pay demands are subject to the resources, such as personal competencies and social networks, which they possess and manage to mobilise in the workplace.

### 1.3. Studying pay determination in the Chinese context

The Chinese context makes this issue particularly relevant. Since the late 1970s, China achieved economic success by attracting foreign capital to fuel its industrial development. Until recently the manufacturing industry was characterised by its labour intensive nature and sustained by relatively low pay for workers (Yang et al., 2010). A joint effort by the state and capital to keep pay level low had been a major driver behind the maintenance of a competitive manufacturing sector with low labour costs in comparison to its Western counterparts. Yet, with the emerging labour shortage and the initiatives of the state to cultivate the domestic consumer market in recent years, employers face stronger pressure to raise workers' pay. On the one hand, product market competition compels them to remain conservative in pay increase. On the other hand, workers' demand for pay rise is also strong to the extent that recruitment and production may be interrupted.

In unionised circumstances, trade unions as collective entities play a major role in aggregating pay demands at the industry and organisational levels. However, in China, this role cannot be taken for granted. The Chinese industrial relations system, overshadowed by the strong influence of the party-state, displays the following characteristics. First, the state has gradually retreated from decision-making of labour allocation at an organisational-level since the market reform, especially in the private sector which accounts for over 80% of workers in China in 2017. However, its presence still remains strong in terms of regulating employment relationships by controlling labour mobility, implementing labour laws and social welfare systems (Taylor et al., 2003). Over the years, 'a transition from individual to

collective labour relations' under the state's efforts to promote collective negotiation on top of individual-based conflict resolution mechanisms has also been observed (Chang and Brown, 2017).

Second, without complying to international conventions for freedom of association (Pringle, 2011), the All-China Federation of Trade Unions (ACFTU) retains its monopoly as the 'sole legal trade union' in the country (Chang, 2017:47). Its dual nature stems from its Soviet root and shapes its role in worker representation, but this role is constantly undermined by its other function as a transmission belt of the Chinese Communist Party (CCP) – a unilateral link between the ruling party and 'the masses' (Ng and Warner, 1998). Regardless of recent observations of its efforts in expanding the membership base and promoting participation at the enterprise and sectoral levels (C. Chang, 2017), fighting for workers' rights by organising social movements is not within its scope of responsibility as stipulated by the party (C. Chang, 2017). The aforementioned collective negotiation is led by the ACFTU, but largely falls under the framework laid down by the state, and remains formalistic in its nature (Lei, 2017).

Third, workers' right to strike is not explicitly protected by labour laws and regulations. The issue of whether Chinese workers have the right to strike is controversial, since the absence of the right in the Chinese constitution provides neither the grounds to criminalise nor to legitimise strike actions (Taylor et al., 2003). The ACFTU is also unable to call strike on due to the state and party control it is subject to (Meng, 2017). Workers going on strike is still quite common anyway, usually in the form of wild-cat strikes (Chan and Hui, 2014). Nevertheless, following the observation of recent strikes which were resolved through state-led collective negotiation procedures, Meng (2017) argues that the extent to which existing collective conflict resolution mechanisms contribute to accumulating workers' power to sustain longer-term control over the workplace remains questionable.

Therefore, despite emerging efforts of the state to promote collective negotiation in a regulated manner, little is known about how exactly workers formulate pay demands at the organisational level, not to mention the factors deterring them from doing so. The peculiar development of the commodification of labour and gradual marketisation of the economy also challenge the degree to which existing understandings on pay determination apply to

the Chinese context. To what extent are pay levels governed by labour market mechanisms? How do workers manage to contest pay in their individual capacity under the Chinese industrial relations system, which is characterised by the lack of collective representation? These remain the underlying questions which have yet to be addressed.

#### 1.4. Organisation of the thesis

Against this background, this thesis will be structured in the following manner. Chapter Two will be a review of the existing literature on pay determination and on workers as drivers in shaping pay levels. I will demonstrate the insufficiency of economic laws in explaining employers' incentives to provide a pay level above the market equilibrium. To what extent workers can identify and utilise opportunities in the employment relationship to maximise their own pay is subject to how well they know about the system and their leverages over the employers. The literature in pay transparency sheds some light on the availability of pay information and on how workers potentially benefit from the pay disclosure policies of the employers to accumulate knowledge of the pay system on the shop floor. However, the methodological approach underpinning this category of research tells us little about how the managerial practices of disclosing pay information selectively may empower workers in terms of their leverage in making pay demands. In this regard, I will introduce a labour process approach to the study of pay understanding on the shop floor. How China serves as an ideal research site to examine labour process in a contextualised manner will also be explained in these sections. Drawing from existing literature on China studies, I will describe the how management-labour relations are currently contested under state influence in shaping the labour market and the regulatory framework of industrial relations, as well as the complex dynamics between the state, capital and labour.

In Chapter Three, I will develop the methodological approach adopted in the research, and the processes of data collection and analysis. Embracing a critical realist epistemological stance, the use of the extended case method enabled me to look at individual workplaces against the historical, social and political background, including the geographical location and the wider social system in which workplaces are situated. Since data was mainly collected through interviews, participant observations and document reviews, I will illustrate the

process of negotiating access to data, approaching research subjects and conducting observations. Since fieldwork was conducted in China where the research environment has become increasingly unfriendly to labour studies researchers in recent years, key decisions made in the field will also be evaluated.

Chapters Four to Six will present the empirical findings of the research. Chapter Four will include an account of the urban and industrial development of Town S where my data was primarily collected. The automobile industry, which included a Sino-European assembly plant and a number of auto parts manufacturers, was introduced and established in Town S within a decade under strong state support. Since the local labour market could not meet the newly created labour demand in these factories, the measures taken by local governments to attract workers and settle them in the greenfield sites will also be examined. Regardless of the state efforts to provide the infrastructure needed for the clustering of labour, Town S had yet to become an appealing destination for migrant workers. Therefore, the factories still heavily relied on pre-existing relationships to draw workers to the town and the industry. This resulted in particular ways in which workers lived and got by in Town S, as well as how they established their social networks and local know-hows, which would in turn significantly affect their way of navigating the job market, the factory-level pay systems and the choice of responses to dissatisfaction, as illustrated in later chapters.

In Chapter Five, I will provide a detailed examination of pay practices in auto parts factories in Town S, particularly Factories H, F and D where I gained access to more data. By delineating working conditions and pay systems adopted in these factories, I will show how workers there were remunerated for their labour. Apparently, strong state support to the automobile industry was not reflected in the meagre pay that auto parts workers received in these factories. In spite of different reward principles manifested in pay systems in different factories, it was common for workers to be prevented from achieving a comprehensive understanding of their pay. It was not merely because the factory management explicitly barred workers from learning about the pay system. Instead, managerial control over the form of pay information to be circulated, or the withholding of key information for workers to make sense of their pay and the bureaucratic hurdles to make pay enquiries kept workers perplexed. From the accounts of workers on how they navigated the pay system on the shop

floor, different pathways leading to the sustenance of workers' ignorance of their pay stemming from various timeframes of the employment relationship will be outlined.

Chapter Six will be about the consequences of workers being kept away from understanding the pay system. It was apparent that pay caused a high labour turnover in the auto parts factories – more specifically, this was not only about pay levels, but also related to the dim prospect of receiving higher pay without a concrete understanding of the rules of the game. In spite of the prevalent use of exit to resist against pay opacity, I will examine to what extent exit empowered workers in the labour market in the automobile industry and in Town S. In addition, I will also examine the social institutions which bounded Town S workers from the use of voice as a strategy, and their capacity to challenge the pay system without sufficient knowledge of the pay system.

The findings of the study will be discussed in Chapter Seven. I will first refer to the research questions laid out in Chapter Two and examine the accumulation of knowledge of the pay system at the factory level. Then I will justify the use of the labour process approach as an analytical tool to trace how workers' understanding of pay was determined by their leverages in the social dynamics on the shop floor, rather than imposed by the management in a linear manner. In Chapter Eight, I will give an overall summary of the key findings. I will also discuss the contributions that this research has made, as well as its limitations, in order to suggest future research directions regarding pay and industrial relations in China.

## 2. Literature Review: Introducing a Labour Process Perspective on the Understanding of Pay

### 2.1. Introduction

Economic forces are long regarded as major drivers behind the determination of pay. This is especially so under the growing dominance of private sector and informal employment, where the determination of pay levels is left in the realm of labour market (Emmott, 2015). This view has been continuously challenged by scholars who have attempted to develop a sociological approach of pay determination on the basis of Marx's work (e.g. Brown, 1973). However, pay determination as a research focus no longer receives as much scholarly attention as it did in this field in the past decades. This may be due to the observable declining trend in collective bargaining coverage worldwide, although it is less drastic in some countries and sectors than in others (Visse et al., 2015), which results in the fading significance of long-recognised subject of political struggle. Meanwhile, this trend also implies that the subject of struggle may have shifted from the collective to the individual level, which is so far under-researched. The particular socio-economic context of the political struggles investigated in previous studies is another aspect which should also be more rigorously scrutinised.

Labour is a peculiar factor of production due to the agential power embodied in its providers, which are the workers. In the industrial relations literature, pay level is regarded as the outcome of the bargaining effort on top of the operation of market forces. For example, regarding the contributions of the industrial relations literature on the subject of pay, Edwards (2012) argued that it is unfair to conclude that industrial relations has not contributed much on a theoretical understanding of pay determination as suggested by Bryson and Forth (2008), since according to him and the research tradition traced back to Brown (1973) at least, pay is as much an outcome of political struggles as of economic exchanges. Research on bargaining mechanisms in developed and unionised economies is voluminous. Yet, further complexities can be foreseen in other countries and sectoral contexts when workers and employers are not the only actors involved in the pay setting mechanism, or when either of them do not emerge as a unified body to bargain collectively.

Under these circumstances, the extent to which workers can foster and mobilise their agential power, not only in terms of the leverage in an employment relationship, but also of the knowledge of pay governance, is crucial for our understanding of how individual workers contribute to the pay determination process. Post-socialist China is an example of such scenario, and for these reasons a comprehensive framework is required to study the determination of pay at the workplace level.

Recent research in the field of organisational behaviour demonstrate a renewed scholarly interest in pay transparency (e.g. Colella et al., 2007; Marasi and Bennett, 2016), which delves into the conveyance of pay information in the workplace and its motivational effects (e.g. Belogolovsky and Bamberger, 2014; Marasi et al., 2018; Smit and Montag-Smit, 2018). Employers need solid reasons to convince them of the benefits of pay transparency, such as advantages in terms of organisational development, so that they are more willing to adjust their pay disclosure strategies and fulfil requirements from labour laws and regulations on pay transparency (Gely and Bierman, 2003; Friedman, 2014; Trotter et al., 2017). Workers and the general public also recognise the potential in pay transparency to narrow pay gaps and fight against pay injustice (Andersson-StrÅberg et al., 2007; Castilla, 2015). Nevertheless, current research tends to decontextualise pay from workplace relations, and also fails to recognise the potential of pay transparency as an outcome of power dynamics between employers and workers with conflicting interests.

Under these circumstances, this chapter will review the current literature on the nature of pay determination and the understanding of pay from the workers' perspective. By introducing a labour process perspective to the current field of pay understanding, I will seek to lay out an analytical framework of how pay knowledge can be accumulated at the workplace and utilised by workers to formulate pay demands.

The rest of the chapter consists of six sections. First, I will provide a critique on the economics literature, which attributes the determination of pay levels primarily to the influence of labour market mechanisms. In particular, I will evaluate the notion of efficiency wage, which suggests that employers are willing to provide pay levels above market price without involving any real bargaining effort by workers. Second, I will review the emerging field of



literature regarding pay transparency, a mechanism which equips workers with the knowledge to position themselves in the labour market and build up leverage to make pay demands. Critiques on the two bodies of literature will then lead to the third section, in which I argue that a unitarist view of employment relations embedded in the existing literature on pay communication is insufficient in unveiling the conflicts driven by pay communication, which is also a point of contention on its own between employers and workers. The fourth section will introduce the labour process approach as an analytical tool to situate pay understanding in the context of workplace relations. In the fifth section, I will justify China as a research site which can accommodate the examination of the labour process interacting with factors external to the workplace. Research questions which enable an empirical examination of pay understanding at the workplace level in China will be presented in the last section.

## 2.2. Critique of pay determination by market forces

The study of pay is of paramount importance in employment relations, since the establishment of an employment relationship is defined by the fact that a worker receives pay from an employer in exchange for his or her labour (Grimshaw and Rubery, 2010). Apart from compensating the expenditure of labour in monetary terms, pay also serves the functions of signalling changes in labour demand and supply, of consolidating social stratification and of serving motivational purposes from the perspective of management (Rubery, 1997).

The Neo-classical economics literature views labour market mechanisms as the guiding principle for pay determination. The equilibrium for the price of labour is set by the interaction between labour demand and supply (Hicks, 1935; Marshall, 1961), and constitutes the pay level that employers are willing to pay and workers are willing to accept. In the conceptualisation of Kerr (1950, 1954), the labour market is not simply the totality of jobs, but it consists of separate labour markets, given that jobs are differentiated by occupation, skill level and region. Labour markets as such are conceptualised as 'job markets', complementing 'wage markets' which set the price for jobs in different sectors and localities (Kerr, 1950). Workers are free to move in order to find the job which pays them the

best, but their choice is often confined by the skills and requirements specific to the occupation, industry and location in which they are based. The market serves as the mechanism which allocates labour within these labour markets. Knowledge about market conditions allows workers to move within their respective labour markets.

According to this perspective, in unionised circumstances, trade unions represent workers in the collective bargaining mechanism as a 'wage-fixing institution' (Ross, 1947). Since a union itself is an institution with its own goal of survival and maintaining legitimacy for the union members, its efforts to determine pay levels are driven by wealth maximisation, and give little attention to the general state of employment (Kerr, 1977). Bargaining is constrained by the 'range of practicable bargain' (Pigou, 1929), which is subject to the union's understanding of its own bargaining strength and negotiation skills, as well as to the cost to which the opponent (i.e. the management) is willing to incur (Chamberlain, 1965). From this perspective, pay is the outcome of the dynamics between employers and workers as opposing sides which aim at maximising their own interests. The union, as an agent of workers' voice, monopolises the aggregation of pay demands in the collective bargaining mechanism (Freeman and Medoff, 1984). Market conditions, albeit not essentially ignored, are reduced to considerations in the calculation of bargaining strength and opportunity costs of concession.

The bargaining of pay is not necessarily a brutal struggle between management and workers. Regardless of the union as an active agent on the workers' side to strive for higher pay, there are times when employers are willing to pay a wage level which is higher than the optimal wage level determined by the equilibrium between labour demand and supply, while keeping a certain level of involuntary unemployment (Yellen, 1984). Employers are willing to pay an efficiency wage, which is positively related to economic gains (Reynolds, 1978; Dunlop, 1984; Katz, 1986), in particular to productivity growth. The dual role of pay is recognised, not simply as an outcome of labour allocation, but also a tool to stimulate the qualities desired by the management, such as productivity, morale, work efforts and general alignment with the employers' interests (Romaguera, 1991). Different models are thus developed to account for the rationale of paying an efficiency wage.

The shirking model is the most commonly discussed model for efficiency wage (Calvo, 1979; Eaton and White, 1982; Stoft, 1982; Miyazaki, 1984; Shapiro and Stiglitz, 1984; Bowles, 1985; Gintis and Ishikawa, 1987). Its advocates propose that higher pay provides more of an economic incentive for workers not to shirk at work. If the pay level remains the same as the market equilibrium, there would be no opportunity cost for workers to shirk or change jobs. To make sure that their opportunity cost to shirk is greater than zero, it is necessary to pay them higher than the market equilibrium, which results in involuntary unemployment (Shapiro and Stiglitz, 1984).

The efficiency wage is regarded as an alternative for employers to pay for the costs of monitoring workers, as well as to discipline them for underperformance. As described by Stiglitz (1981), pay is simply part of the total price that employers pay for labour, alongside other labour costs, such as costs for recruitment, training, productivity boosting, and the compensation of low productivity. Paying workers less may compress the total wage bill, but side effects such as low incentives and motivation of workers may also arise. In this sense, pay becomes a trade-off with other monitoring costs, as employers tend to pay higher wages to eliminate other costly means to monitor workers.

Other efficiency wage models follow a similar logic to the shirking model, accounting for the employers' opportunity costs of sticking to the optimal pay level, as well as for those of workers seeking actively other jobs which pay better and provide them with incentives to be more productive. On the one hand, efficiency wage creates a cost for workers to seek alternative jobs in the labour market rather than staying with their current employer or another employer who is willing to pay efficiency wage. For instance, in the labour turnover model, if the pay level for a certain job is higher than what workers can get elsewhere in the market, they tend to be more reluctant to leave the job, which helps maintain the stability of the workforce at the company level (Katz, 1986). The union threat model also stresses the economic incentive that efficiency wage carries to deter workers from resorting to collective actions against their employers. If workers realise that they receive pay as high as what they could obtain under a collective bargaining agreement, there would be no point to demand for a collective agreement or to organise it from the outset (Dickens, 1986). Then employers could effectively avoid unions and collective actions, which might disrupt production.

On the other hand, efficiency wage also helps employers with maintaining the quality and morale of the workforce. The adverse selection model acknowledges the heterogeneity among workers, that is that not all of them possess the same qualities (Yellen, 1984). Paying workers more enables employers to attract workers with better qualities, which in turn benefits production. The sociological model proposed by Akerlof (1982, 1984) emphasises the function of pay also in boosting loyalty and the level of effort workers, given that workers who receive higher pay tend to associate their own interests with the employers'. Efficiency wage is thus paid to workers as an act of rent-sharing, so that they feel important enough to commit to the employers' production goals, especially when teamwork and work groups are essential features of a company (Katz, 1986). In short, apart from preventing workers from behaving in ways that lower the productivity of the company, employers might also manage to save costs in recruitment, building morale within the workforce, as well as providing positive incentives for workers to work hard by paying an efficiency wage.

The variety of models of efficiency wage implies that different companies may decide on whether to pay an efficiency wage by taking their own circumstances into consideration, which at the end leads to company-specific wage effects (Katz, 1986). However, these models pay little attention to why and how individual companies realise the need to impose an efficiency wage in their own situation in the first place. More work has to be done to explain how employers begin to realise the need to pay workers more instead of using other means which do not cost them in monetary terms to retain and motivate workers.

Some scholars have already criticised the efficiency wage thesis, which assumes that shirking or any other opportunities for workers to take advantage of the employer by getting paid while not performing their duties are universal. As Spencer (2002:317) points out, efficiency wage advocates take shirking as 'an axiomatic feature of human nature'. It is assumed that workers would definitely shirk if the opportunity cost of not shirking is zero, or if alternative jobs are always available. Facing such a 'moral hazard problem' in which workers would shirk and avoid fulfilling work responsibility, it is seemingly inevitable for employers to cope with it by paying workers more, namely efficiency wage (Screpanti, 2000). Yet, in reality, two aspects of this issue remain questionable. First, shirking behaviour is taken as a natural

tendency to resist work without exploring its historical specificity (Spencer, 2002). In many cases, work is not simply a transaction between workers and employers, in which labour is traded in exchange for monetary rewards. Other values, work ethics and social relations are embedded into the transaction process, and they determine whether workers shirk just because of dissatisfaction with the monetary reward. At the same time, whether a higher wage margin is perceived by workers as an opportunity cost if they shirk or look for alternative employment is also subject to the non-monetary elements that a certain job embodies, such as the creation of workers' consent (Spencer, 2002). Without dealing with the nature of individual jobs and workplaces, it is hard to explain under what circumstances the management believe that their workforce needs motivation, as well as how material rewards becomes the last resort for management or the most effective means in motivating workers in exchange for their cooperation.

Current efficiency wage models also overemphasise the upper hand that the management plays in determining the size of wage margin to be paid to workers as an efficiency wage. Built on the basis of existing wage data, these models show that a certain amount of pay higher than the equilibrium pay is able to prevent circumstances of shirking that employers would like to prevent, and how the amount could have achieved that. However, little is done to testify what would happen if a lower amount was imposed instead. Are workers fully aware of the imposition of an efficiency wage? If so, what makes them willing to stop shirking instead of taking full advantage of it? To delve into these questions, not only do dynamics within a company need to be addressed, but also the driving force behind managerial decisions, particularly the production relations within a company.

Such political and social dimensions of pay determination are recognised by scholars as complementary to the supremacy of market factors. For example, Doeringer and Piore (1971) elaborated on the concept of internal labour market, in which employers and unions set boundaries to the allocation of labour within an industry or an organisation. With the purpose of sustaining permanent employment and avoiding abruptness in labour supply, employers manipulate pay administration as an instrument to maintain the internal pay structure, which is composed of pay differentials between workers of different ranks and occupations (Doeringer and Piore, 1971). Market forces can still play a role in the determination of pay, but they also give way to institutional forces and the bargaining power

of workers on a collective level. Therefore, pay level is not a purely economic outcome, but it carries its own political and social dimensions. It is also a political process in which institutions emerge as a result of competition between competing interests (Gouldner, 1954).

The range of indeterminacy left by economic forces provides room to explore how bargaining opportunities and efforts manage to influence pay levels (Brown and Sisson, 1975), especially when the fluctuation of labour market demand and supply does not play a significant role in determining pay levels in comparison with institutional forces, such as custom and practice (C&P) rules and collective bargaining structures (Brown and Sisson, 1975; Nolan and Brown, 1983). Pay levels for factory workers in engineering factories in Coventry, as found by Brown (1973), were eventually determined by individual piecemeal bargaining efforts on the shop floor on top of the nationally bargained pay rate. This did not mean that these factories were poorly managed. Rather, it showed that management simply had little incentive to maintain an effective control over the consistency of wage payment with a factory (Brown, 2008), thus allowing tacit deviants to the established pay system. Brown et al. (1984) suggest that companies facing lower product market competition tend to demonstrate more company-specific effects on pay through a more lenient execution of managerial control. Loose managerial control over the internal pay structure creates room for wage bargaining by workers, resulting in company-specific wage effects. That said, the presence of loose managerial control only delineates an opportunity that can or cannot be taken on by workers. Whether workers take the chance to bargain, or remain satisfied or succumb to the pay rates offered unilaterally by employers, are subject, however, to other presuppositions.

### 2.3. Accumulation of pay knowledge

The need to draw our attention back to factors at the workplace level which relate to pay determination leads us to the next questions: what facilitates workers to make sense of the pay level that they receive in relation to the input of labour on the job, and what informs them of the opportunities to bargain? On an individual basis, the availability of information and the capacity to accumulate knowledge on pay are key. Existing research recognises that workers' knowledge of the pay system should cover at least three areas – pay levels, pay

differences and mechanisms of pay adjustment (Shields et al., 2012). Scott (2018:4) further specifies pay understanding as 'the knowledge employees possess regarding the pay structure, pay policies and how decisions are made'. Workers should also understand the criteria and objectives of the pay system (Williams and Levy, 1992), how their pay levels can be advanced (Lee et al., 1999), and more importantly, how their pay is compared with the others hired by the same employer (Scott, 2018).

Managerial attempts to control the circulation of pay information is researched the most extensively in the field of organisational behaviour, which looks at the direct communication of pay between employers and workers. In this respect, the body of literature on pay communication investigates different patterns of pay communication practices in workplaces. According to Marasi and Bennett (2016:51), pay communication practices are adopted by individual companies to '[determine] if, when, how and which pay information (such as pay range, pay raises, pay averages, individual pay levels, and/or the entire pay structure) is communicated to employees and possibly outsiders.'

To maintain the closeness or secrecy of pay, pay secrecy and confidentiality rules, often unilateral requirements from the management to workers (Edwards, 2005), are in place to bar wage discussion among workers, and are presented either in written or verbal forms, at the early or later stages of an employment relationship (Gely and Bierman, 2003; Bierman and Gely, 2004). In some countries such as the US, managerial policies to keep pay secret among workers are indeed illegal, but they are still commonly found in workplaces (O'Neill, 2010; Rosenfeld, 2017). Workers in the private sector tend to be bound by pay secrecy policies even more, especially when they are not affiliated to a trade union (Rosenfeld, 2017).

Under the umbrella of pay communication, practices in different companies lie along a spectrum of transparency, of which secrecy and transparency are the two extremes. Moving from pay secrecy to pay transparency involves a gradual process of a company loosening its control over the communication of pay matters between individual employees, and in some circumstances also between employees and the general public (Patten, 1978). Castilla (2015) defines transparency in pay, especially performance-related, when organisations observe rules to disclose correct, understandable and relatable pay information to certain individuals.

He further elaborates on the transparency in terms of processes and outcomes, which focus on the transparency of pay distribution and the feasibility of intra-organisational pay comparison, respectively. Patten (1978) suggests four stages a company can go through to achieve a more open pay communication system, from disclosing data on pay ranges and average pay levels, to publicising the payroll to employees on request. Colella et al. (2007) elaborate on the selective nature of disclosure of pay information in terms of the access to pay information, scope of pay information available, and measures taken by employers to restrain the ways in which pay information is circulated. These factors bring significant impact to the accumulation of pay knowledge, because they not only dictate how much workers are able to learn about the pay system, but also how they could further discuss and deepen their understanding with a third party, as well as the extent to which the conversation about pay can be initiated and sustained.

The pay communication literature has provided explanations on the emergence of different pay communication practices and their impact on workers' accumulation of pay knowledge. A key focus of the literature is on how the practices would benefit management in terms of achieving their organisational and motivational goals. Furthermore, there is also a growing body of literature providing further arguments on how managerial practices promoting pay transparency enrich workers' understanding of pay. In the two sub-sections below, I will provide an overview of: first, what the existing literature says about the drivers behind employers' voluntary disclosure of pay information; and second, what researchers have found about workers' accumulation of pay knowledge when pay is transparent to them.

### 2.3.1. Efforts of employers to make pay more transparent

Some employers disclose pay information to workers and the wider public, although to different degrees (e.g. Lee et al., 1999; Sweins et al., 2009). The current literature delves into why employers do this voluntarily, and the circumstances under which they are compelled to do so (Colella et al., 2007). It should first be noted that pay transparency is not the default in some countries, such as the United States, due to social and cultural norms on pay discussion behaviour. Bierman and Gely (2004) suggest that openly discussing pay and other pay-related issues among individuals is considered socially awkward or inappropriate in the



US. Conversations on pay are even more a taboo than a discussion of one's private life (Edwards, 2005). The revival of concerns over personal privacy in recent years has also encouraged the persistent advocacy of pay secrecy (Colella et al., 2007). In these circumstances, some researchers consider keeping pay secret as a responsibility of employers to protect employees' personal privacy (Patten, 1978; Burroughs, 1982). Nevertheless, current research has identified the drivers behind employers' attempt to make pay information more transparent.

The first driver is the pressure from the state (Trotter et al., 2017). The attitude and behaviour of employers towards the issue of pay transparency is often determined by legal requirements. Legal regulations and governance codes requiring the disclosure of executive pay, especially in listed companies, are found in a number of regions, such as the US, UK, Singapore, Hong Kong and Thailand (Ganu, 2014). The disclosure mainly serves shareholders' interests from a corporate governance perspective. However, regulations on pay transparency are also extended to lower-ranking employees, as observed in recent years. For example, 2016 is considered a milestone year in the US, when a presidential executive order came into effect to compel contractors and subcontractors of the federal government to lift bans on pay discussion among employees (Trotter et al., 2017); as well as on limiting access to pay information, such as market research on pay, pay surveys, job evaluation and union agreements (Schoenfeld, 2015), so that employees can cross-check their pay with different sources (Friedman, 2014). Individual states also issue mandates to disclose pay information of public service employees (Mas, 2017). Meanwhile, the Equality Act 2010 enacted by the UK Parliament does not bar employers from practising pay non-disclosure measures in the workplace, but has made sacking workers who reveal or discuss pay among themselves unlawful (Advisory, Conciliation and Arbitration Service, n.d.).

The second driver is given by the potential motivational benefits that pay transparency brings to the organisation. Existing research finds that pay disclosure practices are connected to strategic decisions of individual companies in relation to human resource management, and also the efforts to achieve certain organisational goals (Colella et al., 2007). One of the considerations commonly discussed in the literature is pay satisfaction. Existing literature gives us a glimpse of both how pay secrecy can contribute to lower pay satisfaction, as well as how pay transparency can improve employees' pay satisfaction. The early studies by

Lawler (1965, 1967) focus on the negative impact of pay confidentiality on pay satisfaction and self-worth at work. By studying managers in organisations with strict pay secrecy policies, he finds that not knowing how much other colleagues earn leads to inaccurate estimations of each other's pay level, which results in turn in workers' tendency to undermine how their performance is valued in the organisation and consequently the development of pay dissatisfaction. Milkovich and Anderson (1972) conducted a parallel study to see whether the same phenomenon takes place in companies which encourage greater pay transparency. It has been found that the availability of more pay information, such as median pay level and pay range, does not lead to a more accurate estimation of the wage level of one's colleague, but the gesture itself may still improve pay satisfaction.

Further studies are dedicated to exploring the benefits of pay transparency in fostering pay satisfaction. For example, Thompson and Pronsky (1975) confirm that greater pay transparency is correlated to higher pay satisfaction for managers, since it is easier for them to compare pay levels within and across companies and realise that their company pays more. Futrell and Jenkins (1978) find that when more pay information (pay level corresponding to seniority in the company) is disclosed to employees, this results in better job performance, job satisfaction and pay satisfaction. A more recent experiment conducted by Greiner et al. (2011) also shows that pay differentials, which are meant to illicit workers' efforts, bring changes in workers' performance only if the differentials are made clear to higher-earning workers. The satisfaction towards pay may even transcend pay level, which means that employees may find pay levels less important than the pay process (Brown and Huber, 1992; Mulvey et al., 2002; Sweins et al., 2009).

To what extent pay transparency fulfils just the motivational purposes is in question. Apart from pay satisfaction, other benefits of pay transparency from a managerial perspective are more disputable. For example, the potential effect of pay transparency on collaboration among workers and their effort-making behaviour has been widely discussed (Opsahl, 1967; Nosenzo, 2013; Işgın and Sopher, 2015; Bamberger and Belogolovsky, 2017). The greatest concern is on how pay transparency encourages or facilitates pay comparison among workers. Zenger (2016: Paragraph 4) points out that the disclosure of performance pay, which is determined not just by individual performances but also by collective efforts, leads

to ‘an expanded playground for our comparisons, potentially heightening our attention and obsession with it and elevating the negative emotions and behaviours that result.’

Furthermore, the level of information symmetry brought about by pay transparency makes it harder for employers to exercise managerial control over the workplace. On the one hand, the symmetry of pay information enabled by pay transparency makes it harder for employers to adopt a passive retention strategy and constrain employees’ mobility (Danziger and Katz, 1997) just by controlling the disclosure of information, which binds workers to the current job and reduces their likelihood to identify better-paying jobs elsewhere in the labour market (Bergh et al., 2019). On the other hand, pay comparing behaviour among workers thanks to the availability of pay information challenges management’s capacity to conceal negative signals from workers (Park, 2016), as well as maintaining control over workers (Patten, 1978; Rosenfeld, 2017). They would face more backlash from workers when mistakes in the pay system are found, rather than being able to rectify them without having workers realise what was going on and consequently stirring up controversies (Gomez-Mejia and Balkin, 1992).

### 2.3.2. Workers being more informed under pay transparency

For employees, their prime concern is to make sure that they are compensated for their labour. According to the existing literature, pay transparency benefits workers in terms of the empowering effect on them, so that they can make more informed judgements about their pay and the prospects of pay adjustment (Estlund, 2014). Their empowerment is reflected in the following areas.

First, workers can confirm whether their pay level is reasonable or acceptable by comparing their peers’ pay levels with their own (Ramachandran, 2012; Estlund, 2014). If a worker only knows about his or her own pay level, whether the level is perceived to be appropriate or not may be subject to his or her own personal preferences or circumstances. Nevertheless, the knowledge on peers’ pay level provides them with extra resources to compare their own pay with the others, and make sense of it. Even under a pay secrecy regime in which asking for other people’s earnings is considered as socially inappropriate, the comparison among peers, especially those in similar ranks and with similar job duties, is inevitable. Lawler (1965)

and Mahoney and Weitzel (1978) find that workers generally make incorrect estimations of their peers' pay level, thinking that others must have been paid more than themselves. Greater pay transparency alleviates workers' sense of uncertainty of whether their pay level sounds right (Smit and Montag-Smit, 2018a).

Second, workers could have a more comprehensive understanding of the degree to which they are treated justly and fairly in the organisation. Prior research has examined the relationship between pay understanding and the perception of organisational justice and fairness (Day, 2011; Hartmann and Slapničar, 2012). There are different dimensions of justice that workers may care about. For instance, some research focuses on the distributive and procedural dimensions of their sense of fairness and justice (e.g. Andersson-StrÅberg et al., 2007; Cloutier and Vilhuber, 2008; Dulebohn and Martocchio, 1998). Informational justice, which focuses on the justification of pay procedures and distributive outcomes, as well as interpersonal justice focusing on the conduct of the organisation in treating employees (Colquitt, 2001) are also relevant to understanding how pay communication is complementary with the sense of organisational justice (Marasi and Bennett, 2016).

The sense of justice is not limited to the workplace level, but can also apply to the wider societal level. The availability of pay information results in the exposition of pay gaps, which individuals who are conventionally more disadvantaged in pay tend to benefit from. Edwards (2005) identifies the idea that the degree of pay transparency not only provides benefits to individual workers' well-being but also results in societal welfare. In recent years, statistical analyses of company- and regional-level wage data illustrates the effect of pay transparency in reducing pay differences between top and low earners. For example, Mas (2017) shows that pay levels at the top of the city-level pay distribution tend to be lower in localities with mandatory pay transparency measures than in those without. The analysis by Castilla (2015) on company-level pay data before and after the introduction of transparency measures further shows the narrowing down of racial and gender pay gaps. Kim (2015) also proves that the elimination of pay secrecy is beneficial to individuals who are often more vulnerable to pay discrimination, such as female workers with high education qualifications.

Other academics have also proposed that pay transparency is beneficial for eliminating discrimination at work (Ramachandran, 2012; Canales, 2018). As employers utilise opportunities created by pay secrecy to cover up and rectify mistakes without provoking workers' reactions, individual workers often fail to challenge workplace injustice created by inequitable pay with proof of discrimination, since pay information is not transparent to them (Ramachandran, 2012). By disclosing more meaningful pay information, employees become more informed of labour market conditions, which helps alleviate discrimination, favouritism and pay discrepancies (Estlund, 2014).

Workers' appreciation of pay transparency has been examined in studies on employee preferences on how far pay transparency should go in an organisation (Smit and Montag-Smit, 2018b). The study by Schuster and Colletti (1973) found that personal characteristics, such as prior work experiences, do not play a significant role in determining whether employees like to have their pay information disclosed. However, Scott et al. (2015) provide a more comprehensive perspective on how employees' preferences are nowadays. According to their survey on postgraduate students of eight different nationalities, younger respondents with lower earnings favour more pay transparency than their older and higher-earning counterparts. It has also been found that German respondents prefer pay transparency more strongly than individuals of other nationalities, including Australian, British, American, Canadian, Polish, Spanish and Chinese (Scott et al., 2015). In any case, pay information is considered to be more transparent and accessible nowadays due to the rise of technology and online platforms, which are distant from the employers' jurisdiction and which supply information that was previously not open to workers or was limited to a selected group of individuals. This brings greater concerns for employers to execute pay secrecy policies than before (Ledford, 2014). In other words, employers no longer retain the absolute upper hand of controlling the circulation of pay information, since workers who are inclined to share pay information and show preferences or even demands towards pay transparency now possess the means and platforms to realise it, or at least to promote it.

#### 2.4. Limitations of the current literature on the accumulation of pay knowledge

The pay communication literature is not without flaws. As outlined below, the scope of research is limited; Colella et al. (2007) identify the fact that most research so far limits the dimension of pay disclosure to the pay level, while there are other dimensions, such as pay structure, and the rationale behind pay system designs to be taken into consideration. A decade later, Rosenfeld (2017) highlights that the claim of lack of research in this area is still valid. Marasi and Bennett (2016:56) also pinpoint the lack of understanding on 'the specifics of pay information being communicated', including the channel used, the subject of communication and the communication arena. However, the shortcomings are not only given by the scope of research, as there are also methodological and theoretical issues. When it comes to deepening the understanding of how workers accumulate pay knowledge at work, simply identifying 'good' or 'bad' practices in pay communication is far from sufficient. It is true that there may be times when employers are willing to release pay information which seems to be for the workers' good, but at the end of the day, organisational efficiency remains their main concern. Therefore, in the following section, I will illustrate limitations that the research field currently faces in terms of empirical, methodological and theoretical dimensions.

From an empirical perspective, there is a lack of understanding of pay communication practices in a global context. It is true that the body of literature on pay communication practices has been growing in recent years. In the US where pay secrecy is considered a practice by default and employers are exposed to substantial needs to evaluate their own pay communication strategies due to new legal regulations in the recent decade, researchers are particularly keen to examine the practical implications of different pay communication strategies (e.g. Marasi et al., 2018; Mas, 2017; Rosenfeld, 2017; Smit and Montag-Smit, 2018b). However, the issue is left largely unexplored in other country settings in which social norms on pay discussion are more lenient, or where other actors are involved in the employment relationship (such as trade unions and employers' associations) with regard to the negotiating the access of pay information. It is also evident that concerns over how pay information should be communicated or disclosed are not exclusive to American employers. However, in other cultures where the so-called 'money talk' is not considered as socially

inappropriate as in the US, what drives employers to deter employees from talking about pay?

The literature also leaves the degree to which workers, who actually work for and receive the pay, hold the pay information of their own unchallenged. The research on intra-organisational pay transparency hitherto has taken the assumption that employees have full knowledge on their own pay for granted (Estlund, 2014). The talking point is largely on how they are bound by rules to share or keep something they own, and how extra knowledge about the others would change their perception on their current understanding. In other words, it emphasises the relational dimension of pay, meaning that the effect of pay transparency or secrecy occurs only when opportunities to compare pay among workers or organisations come up. Nevertheless, little is conveyed about the process in which workers are informed of their own pay, not only in terms of the amount but also how the amount emerges.

From a methodological perspective, empirical studies regarding pay communication practices are restrained by the choice of research methods, which prevents researchers from looking at the formation of pay communication practices and workers' preferences at the workplace level and in the organisational context (Burns, 2000). Researchers are more inclined to a positivist enquiry and emphasise survey and experiment as research methods (e.g. Bamberger and Belogolovsky, 2017; Işgın and Sopher, 2015; Marasi et al., 2018; Nosenzo, 2013). In surveys, key variables are measured in a self-reporting manner, which means that participants are required to assess their own understanding on the pay system and the degree of transparency of pay in their company in a quantitative nature (e.g. Lee et al., 1999; Scott, 2018). This makes learning about the full picture of what has exactly been communicated to workers, what workers have understood about the pay system, as well as conflicting perspectives between them and the management difficult.

Experiments also fail to capture workplace dynamics involved in pay communication. Among recent studies on pay transparency using experiments to collect data (e.g. Bamberger and Belogolovsky, 2010; Belogolovsky and Bamberger, 2014; Greiner et al., 2011; Nosenzo, 2013), students and online participants are recruited as research subjects. They are not

required to be in an employment relationship to participate in the experiment. This choice of research method takes workers as individuals independent of organisational and social contexts, assuming that they can make decisions according to given imaginary circumstances. By recruiting non-workers as participants, experiments also fail to capture the reasoning behind the decisions made under power relations embedded in a workplace, and also the personal circumstances of workers which in turn shape their preferences and their degree of acceptance of a pay system.

The methodological decisions of a majority of existing studies underpins a unitarist perspective of employment relations, which assumes that employers and workers have shared interests in an employment relationship (Edwards, 2003). According to these scholars, the rationale of studying pay transparency is to see how a purposeful control over the circulation of pay information can be helpful for employers to manage the organisation. Assuming that both employers and workers benefit from an efficient organisation and a well-managed employment relationship, conflict is regarded as pathological (Crouch, 1982) and needs to be eliminated with deliberation. That is why the research direction of pay communication lies largely on how it contributes to achieving organisational goals, such as increasing the job and pay satisfaction of workers for the sake of retention and motivation; as well as avoiding conflicts arising from pay comparison, be it conflicts among workers or conflicts directed at the management.

It is not my intention to challenge the validity of this line of research on pay transparency here. Nevertheless, embracing alternative frames of reference for employment relations can enable us to uncover other dimensions of pay communication or pay understanding to be further studied. No matter whether it be in a pluralist or radical frame of reference, conflicts resulting from the availability of pay information, or pay in general, are inevitable (Edwards, 2003). Instead of a pathology, pluralist and radical frames of reference consider conflicts as the result of intrinsic contradiction or antagonism between employers and workers (Edwards, 2003). In this regard, the study of pay knowledge accumulation should not be confined to its utilitarian functions and effects, but should look more towards its process of emergence and the power dynamics underpinning in the process. It is not merely a solution to organisational conflicts, but a point of contention in its own right. By recognising knowledge as a source of power, further research attempts should focus on how employers and workers make use of



pay information available to them to pursue their respective interests, and more importantly, how the contestation of pay knowledge actually empowers them in an employment relationship.

Therefore, there needs to be a better understanding of how pay communication practices are implemented in the workplace where social dynamics are embedded. This includes the administration of pay, its communication process and the mechanisms behind workers' formation of knowledge regarding the pay system.

## 2.5. Understanding the pay system in the labour process

Before going into the details of how the accumulation of pay knowledge or pay understanding can be studied, the nature of the availability of information in a workplace should be discussed. The availability of information can be spread along the spectrum of transparency and secrecy. Absolute transparency, referring to the complete availability of information, indicates a complete control over the means of production from both workers and employers, which is indeed incompatible with the capitalist mode of production. In a capitalist production system, employers dominate the control over means of production and information related to the exploitation of surplus value. That means that for workers, information related to the remuneration of their labour is exposed to them without any struggle only when employers find it to be harmless. Under this circumstance, the study of the scope of available knowledge should also be complemented by the study of the scope of unavailable knowledge, that is the scope of ignorance or non-knowledge (Gross, 2007) as an antithesis.

The development of ignorance or non-knowledge is by no means linear and deterministic. Rather than focusing on secrecy as a consequence of certain practices and its actual content, Costas and Grey (2014) suggest focusing on the social process in which secrets emerge. This is related to the notion that secrecy is 'constituted through social interactions and, specifically, needs to be understood in terms [of] its conditions and consequences for identity and control' (Costas and Grey, 2014:1424). In this sense, secrecy should be understood as an element of an 'ongoing, iterative and dynamic relationship', whereby secrecy emerges

through the interaction of formal and informal mechanisms (Costas and Grey, 2014:1424). In the workplace setting, pay information and the knowledge of the pay system hidden from workers can be comprehended by different conceptions of non-knowledge according to Beck (1996): on the one hand, it can be something that workers proactively refuse to know or do not find the need to look into; on the other hand, it can also be something that workers are barred from knowing about (Gross, 2007). Gross (2007) further conceptualises that non-knowledge is built on the basis of ignorance – ignorance acknowledges the boundary of what one could know, but non-knowledge frames ‘the unknown so that the unknown can be taken into account for future planning’ (Gross, 2007:751). In other words, there is the possibility that workers learn about how the pay system works and acquire information on pay in the workplace. Throughout the process, they can also get an idea of the scope of pay knowledge that they are unaware of and would not be able to find out more about.

How capable are workers of achieving an informed account of pay? The first conception of Beck (1996) assumes that workers possess the agency to decide their agenda on pay knowledge, such as identifying what information is relevant to them and worth their time and effort to conduct further enquiry. However, this may be subject to the antagonistic relationship between workers and employers. In order to direct workers away from delving into pay, it is possible that employers would encourage the emergence of employee silence regarding pay-related issues. Donaghey et al. (2011) challenge the notion that workers *choose* to remain silent on certain issues in the workplace by identifying the mechanism through which employers block the channel to voice, so that workers do not raise the issues at all. With managerial control being dominant in the contested terrain over pay, silence over pay is henceforth penetrated among the workforce. Hence, silence is an outcome of managerial deliberation, rather than an active choice of workers. Following this logic, the phenomenon according to which certain types of pay information are not circulated, discussed, or highlighted as relevant or valuable ‘knowledge’ that workers should be aware of could also be an outcome of managerial control rather than a contingency.

In this regard, a labour process approach can provide some insights on how managerial control in the workplace leads to the formulation of pay knowledge, as well as non-knowledge, and subsequently the ways in which how workers understand and legitimise the pay system. Labour process analysis, derived from the Marxist understanding of capital

accumulation through the extraction of surplus value, focuses on the capital-labour relations within companies to examine the nature of managerial control, the alignment of the interests of capital and labour, and the resistance from labour in response to managerial strategies (Thompson and van den Broek, 2010). The labour process, abstractly defined by Burawoy (1985) as the social relations into which humans enter as they transform raw materials into useful products with instruments of production, is about the organisation of work, in which 'a frontier of control is created and sustained' (Edwards, 2010:33). It is because the prime aim of capitalists, who avoid paying for all the labour power, in obscuring the extraction of surplus value during production (Marx, 1990) is ultimately incompatible with the notion of labour as a peculiar factor of production with its own free will (Rubery, 1997). Workers' responses triggered by managerial practices to maintain control over them can be categorised along a spectrum of acceptance, from resistance at one end and consent at the other, intermediated by accommodation and compliance (Thompson and Vincent, 2010). The degree to which certain types of reactions are dominant depends on the principal form of subordination underpinning in the production regime. Burawoy (1985) categorises production regimes into despotic regimes, in which the relations in production are characterised by coercive control; and hegemonic ones, in which the consent of workers is also cultivated, so that the interests of capitalists are recognised and internalised by workers, while resistance also exists but can be absorbed by the management (Burawoy, 1979). Labour process research strives to investigate the formation of different types of control regimes, in which the nature of managerial control, consent and resistance, as well as the conditions under which these would occur are covered (Burawoy, 1985; Nichols et al., 2004; Thompson and van den Broek, 2010). Practices of managerial control are identified and situated in the wider structure of ever-changing occupational structures and work relations (Frenkel et al., 1995).

The documentation of labour processes in previous studies on workplace studies through the lens of the control, consent and resistance imperatives of labour process analysis (Thompson and Smith, 2010) sheds light on how a pay system used in a production regime is consolidated or challenged throughout the time when workers are at work. For example, the account of Burawoy's work experience in Hungary, which was drastically different from the norm in his home country, demonstrates the acquisition and accumulation of the knowledge of pay system by learning from trial and error (Burawoy and Lukács, 1992). Although the principles of remuneration were referred to him by a superior or gatekeeper,

he only learnt about how exactly his earnings would be affected on the job. Only by observing the social dynamics on the shop floor and positioning himself in the context, did the rationale behind the pay system and how it motivated workers at different times become more apparent.

The three mechanisms suggested by Burawoy (1979), namely game-playing, internal labour market and internal state which help create workers' consent and obscure the extraction of surplus value in the labour process, are useful to illustrate the drivers behind workers' understanding and legitimisation of pay system. Apparently these mechanisms do not mean to obscure the pay system itself. Instead, they actually expose workers to the practicalities of the pay system in order to persuade them that they are in the same boat as management striving for organisational survival and profitability. They also embody management's attempts to maintain control over workers by keeping them in the 'fragmenting and individuating life on the factory floor' (Burawoy, 1985:33).

Game playing, the first mechanism, refers to the process in which workers are persuaded into the delivery of labour and are materially compensated in a pre-set manner throughout the labour process. By being driven into so-called games of production, which reproduces 'not only voluntary servitude but also greater material wealth' (Burawoy, 1979:81), workers accumulate knowledge of the reward system and evaluate it with individual and collective rationalities. Gradually, an impression of the extent to which following the rules is in the workers' favour, as well as how workers can manipulate the pay system so that it works in favour of their interests, emerges throughout the labour process. Workers may not be part of the mechanism by which the rules of a game are established, but they are presented with a limited variety of outcomes deriving from different strategies, and then encouraged to 'rationally' pursue an outcome in order to achieve relative satisfaction. What becomes more and more important is the prospect of discovering and making the most from the loopholes of the pay system under management's tacit approval (Brown, 1973; Burawoy, 1979). Breaking the limits of the reward system to maximise their own earnings while ensuring that a game is sustainable (i.e. the company keeps profiting) makes exploitation more tolerable, not to mention that it also gives workers a sense of escapism from their routines, as well as of self-determination (Burawoy, 1979). Under this circumstance, knowing about the rules, the social relations behind the rule-setting process, as well as the loopholes and limitations

of the rules can better equip workers for the so-called games, even though whether their participation in the games would empower them or put them into further exploitation is not guaranteed.

Being exposed to the opportunity to learn about and contemplate the pay system is one thing, but finding the space to challenge it is another. This takes us to the second mechanism of the internal labour market which sets up the boundaries to enter the production game. As defined by Doeringer and Piore (1971), an internal labour market consists of 'a set of administrative rules and procedures', which manifest the rights and privileges exclusive to the labour force of an administrative unit. One function of an internal labour market which is directly related to pay is given by the creation of an internal wage structure, which delineates both inter-company and intra-company pay differentials, so that individuals holding different positions and ranks can be differentiated (Doeringer and Piore, 1971).

A stable internal pay structure is an important tool for companies to motivate workers, since it serves as a parameter of career prospects for workers in a permanent employment relationship, and allows workers to envision the potential increase in pay that they can achieve in relation to the advancement of skills, productivity and performance. What is more important to Burawoy (1979) is that the establishment of an internal labour market sets more limits and higher costs for mobility, as well as consolidating the ideology of competition within the workforce and the alignment of capital-labour interests. In line with this notion, to what extent workers would be aware of the impact of different dimensions of the pay system on them is subject to the rules imposed on them by the institution of the internal labour market in the employment relationship.

The third mechanism is given by an internal state which engages workers with a framework of practices within the production system or organisational structure for disputes to be resolved, or for the taming of disputes related to the pay system. The internal state mechanism is realised primarily by means by collective bargaining systems, which establish a 'social contract' defining the rules and obligations of capital and labour, as well as guaranteeing 'industrial justice' to 'reconstituting conflict in a framework of negotiation' (Burawoy, 1979:115). With the prerequisite that a company has to survive market

competition and grow, the discrepancy in conflicting interests between capital and labour should eventually converge by means by arbitration and negotiation (Burawoy, 1979).

In a collective bargaining system, workers as a collective entity, such as a trade unions, participate in setting the rules governing their pay, and supervising the implementation of these rules. It should be noted that formal collective bargaining structures are multi-layered by nature, as cross-country analysis shows that collective bargaining at the regional, sectoral and company levels have impacts in varying degrees on the specific pay level that workers eventually receive in different country settings (Du Caju et al., 2008). Even so, the existence of a collective bargaining system facilitates the understanding of pay systems for unionised workers mainly in two ways. On the one hand, the availability or circulation of pay information disclosed as required by collective agreements, or under the coordination of trade unions, encourages pay comparison among workers, sometimes across companies and industries, and also leads to the discovery of problems and grievances (Brown and Sisson, 1975). On the other hand, a collective bargaining structure enables the cultivation of workers' bargaining awareness or, at the very least, the intention to discuss pay and exchange information, for the sake of achieving a common understanding of pay. Collective bargaining itself also serves as a formal arena for such articulation.

Therefore, from a labour process perspective, pay transparency actually contributes to the intensity of managerial control, since the knowledge of the pay system serves the function of attaching workers to the relations of production and aligning their interests with the management. Nevertheless, how workers get to know about pay is also an outcome of social relations at the workplace, involving the management, workers and unions as the actor of workers' collective representation, rather than a strategy or policy unilaterally determined and executed by the management. How workers are exposed to the pay system and survive the power struggle in order to achieve agency over pay information on an individual or collective basis contributes to the determination of their understanding of the pay system, and subsequently how they mobilise resources to challenge the pay setting regime at work.

## 2.6. The diffusion of pay knowledge in social networks

Apart from controlling the nature and scope of pay knowledge that workers possess, managerial control may also contribute to the development of social networks in which workers are embedded. The analysis of social networks, first advocated by Granovetter (1973, 1983), emphasises the importance of the organisation and impact of interpersonal relationships at various levels and of different levels of strength for individuals. These connections supposedly provide individuals with a sense of trust, obligation to support others, availability of someone or some kind of resources to fall back on, as well as reciprocity (Burt, 2000)

Social network theorists have distinguished different types of interpersonal ties, namely strong ties and weak ties. These ties serve different functions for individuals. Strong ties are relations between individuals connected by close friendship, kinship or other types of local relations, which constitute high-density networks; while weak ties are those between acquaintances, thus constituting low-density networks (Granovetter, 1983). Low-density networks consisting of acquaintances give individuals an advantage in collecting information about the job market and also about opportunities for job and social mobility (Granovetter, 1973). Weak ties are also considered to be critical gateways to other high-density networks (Granovetter, 1983). When market information is not transparent to workers, the network of social relations in which individuals are situated provides them with access or even represents a substitution to the best information available (Burt, 2000), such as private information or easy access to bureaucratic procedures (Chen, 2011). High-density networks are more useful for individuals who are economically insecure and lack access to social services, as these networks are readily available and robust (Ericksen and Yancey 1980). However, it is also argued that poor and insecure people, who are already inclined to rely more on strong ties than on weak ties, would be confined to their own cohesive communities where poverty self-perpetuates (Granovetter, 1983).

In the Chinese context, the studies of *guanxi* highlight the importance of social networks in economic and social life. *Guanxi* is defined as 'a dyadic, particular and sentimental tie that has potential of facilitating favour exchanges between the parties connected by the tie' (Bian, 2011:312). Recognising the nature of *guanxi* as a source of local knowledge (Bian, 2017), as well as the impact of *guanxi* on the decisions concerning resource allocation

(Bozionelos and Wang, 2007), research has been conducted on guanxi and its practices in China extensively. To what extent guanxi and its practices are intrinsic to the cultural context or are products of local institutions is debatable (Nolan, 2011), but what is clear is that the mobilisation of guanxi affects the decision making of both entrepreneurs and workers in China in the areas of migration, career mobility, organisational commitment and knowledge diffusion (e.g. Hu, 2008; Zhai et al., 2013; Davison et al., 2018).

How pay knowledge is accumulated and diffused within social networks is yet to be examined, but it is reasonable to consider social networks or the 'work milieu' (Mrozowicki, 2011:147), in which workers are embedded within and beyond the workplace, as a source of pay knowledge. Apart from pre-existing social networks that workers have due to both kinship (Fei, 1992) and non-kinship (Liang, 1986; Lin, 2001), social networks may be formed at the workplace level in two ways. The first way is via collective representative bodies among workers such as trade unions, in which workers develop internal solidarity (Lee, 2011) by mutual association (Fantasia, 1988) and mutual support (Doellgast et al., 2018). The involvement in union activities enables workers to establish ties, be it strong or weak ties, with the others who are in the same workplace and potentially face similar circumstances. When such institutions are absent or workers do not engage in these collective activities, interpersonal relationships may also be cultivated on the shop floor on an individual basis through communication and collaboration which are formally required by the job and also tend to informally emerge (Haythornthwaite and Wellman, 1998). However, as Edwards (1990) argues, external social formations may be mediated under the relative autonomy of the labour process, in which they are shaped by the capital-labour relations. Managerial control may play a role in these processes to intervene with both the orientation of social networks and the strength of the ties workers manage to establish in the workplace.

## 2.7. The study of managerial control on pay transparency in a wider social context

The labour process does not simply take shape within the remit of a workplace. Rather, it perpetually develops under the influence of the wider social context where it is situated. Smith and Meiksins (1995) propose to take the effects of system, society and dominant economies into consideration while studying organisational practices and the formation of capital-labour relations. Under the system, society and dominance effects framework, workplace relations are certainly centred at the company level involving micro-control and



resistance at the workplace; but at the same time they fall under the influence of the political economic system and country-specific institutional settings (Elger and Smith, 2005). The distinctive features of the state and society accommodating a certain set of 'standard' practices may result in the practices taking different shapes locally, due to the different context in which specific issues are dealt with and the social dynamics which employers and workers are exposed to (Smith and Meiksins, 1995). As further elaborated by Russell et al. (2017:430), 'forces and relations of production, including labour processes, are embedded in concrete social formations with their own unique histories, institutional rules and norms and cultures'.

It should also be recognised that the state serves as a major driving force behind the system effects. Clarke (1991:2) argues that the state plays a key role in setting the scene for social and political struggle, since the latter is, on the one hand, subject to the 'will and determination of the forces in play'; and on the other hand, 'circumscribed by the economic, political and ideological framework within which they were fought out'. In the case of the accumulation of pay knowledge as a contested arena in the workplace, the shape of the antagonism between workers and employers is determined by the resources that they can mobilise at the workplace level. However, the formation of these resources and the corresponding practices are also intertwined with other social relations at the local and national state levels which may feed into the (dis)empowerment of workers and their organisations (Thompson, 1990). This results in the consequence that the possession of resources does not only originate from one's position on the shop floor, but also from the underlying processes in which they transform labour power into labour and undergo the reproduction of labour power.

Therefore, in order to take the interactions between individuals, institutions and state into account, ideally the analysis should also include different levels of social relations evolving around a workplace-based labour process. Studying Chinese workplaces enables us to take closer scrutiny of the influence of the state on the labour process, since state intervention in the formation of labour processes remains strong in China in comparison to other country settings. As observed by Thompson (2003), the state has seemingly conceded from the formation of a production regime in neoliberal economies in recent years, in face of the dominance of private capital, and the managerial intention to 'shift from technical, financial

and bureaucratic controls to cultural coordination, internalized commitment and self-discipline among employees' (Thompson, 2003:359). However, in post-socialist China, the state is still a crucial actor and not a marginalized one (Smith and Liu, 2016). The complex interplay between state, capital and labour in China may shed light on new shop floor dynamics where 'cost-cutting measures associated with lean production proliferate' in the globalized economy (Zhang, 2015a:167).

The changing role of the state in shaping the labour process in China can be observed in the evolution of the Chinese industrial relations system. During the socialist era, regional, sectoral, and company-level work systems were stipulated by the state under the planned economy. Remuneration and non-wage social welfare were centrally coordinated for most urban workers, who were employed by state-owned enterprises (SOEs) and work units. Pay levels and differentials were centrally determined by the state based on the principle of 'distribution to each according to one's work' (Takahara, 1992:2).

The rapid development of China since the economic reform in 1978 has had strong implications on changes to industrial relations in China. Over the past decades, industrial relations have also undergone marketisation in different stages, in which the state's influence is observed in selective dimensions. On the one hand, the state gradually withdraws from plant-level managerial decisions. Under market reform, pay in the non-public sector has been formally detached from state control. On the other hand, the state remains influential in coordinating employment relations, regardless of fluctuating intensity over the years. What is also important here is that the state mobilises the resources of human labour and shapes the labour market. The notion of unfinished proletarianisation (Pun and Lu, 2010) reflects how the state mobilises migrant labour for industrial development in urban areas while restraining the provision of social welfare and security by means of the household registration system (*hukou*).

The outcome of the state's efforts in shaping the labour market results in specific features labour relations at the workplace level. For instance, the dormitory labour regime is identified as an arena where managerial control and labour resistance intersect in Chinese factories (Smith and Pun, 2006). On the one hand, it is considered an extension of managerial

control over the physical and social space for labour reproduction (Harvey, 2001), to prevent migrant workers' interacting with local cultures and practices (Kim, 2016); on the other hand, it also nurtures a certain resistance potential deriving from shared living experiences and the congregation of individuals with similar backgrounds (Smith and Pun, 2006). Siu (2015) observes that migrant workers are in the process of moving away from a coercive dormitory labour regime as they increasingly take the opportunity to live outside of factories and benefit from the social support and security net provided by localistic networks. This fits with the notion that the labour regime in China is 'contested' (Chan, 2010) and not simply coercive or hegemonic.

Regardless of the strong presence of the state, its relationship with capital and labour remains of dynamic nature. Witt & Redding (2014) argue that the lack of an effective independent representation of labour interests due to the state's control over worker representation and the vested business interests of state officials differentiates China from its northern European and Anglo-Saxon counterparts, regardless of their convergence in employment protection *de jure*. In the past decades, scholarship on Chinese industrial relations has paid significant attention to the state-sponsored ACFTU. As the only recognised trade union in China, it is not much different from its former Soviet counterparts in terms of being a 'transmission belt' of the state (Chen, 2003). Workers' trust towards the trade unions remains low, since it is believed that the unions are just there to facilitate state and managerial agendas, which do not necessarily echo workers' interests (Taylor and Li, 2007). Lee et al. (2011) document the existence of a tripartite framework involving the state, employers and trade union, but this has been hardly effective due to the hostile attitude of employers. This has changed recently when some employers finally realised that collective bargaining might be helpful in achieving industrial order (Wen, 2017). Regardless of the lack of formal representation, there are sporadic incidents in which workers could bargain with the management under state support. It has been observed that the Chinese state demonstrates a tendency to switch from coordinating employment relations in individualistic labour contract systems, to introducing more legal regulations and gradually incorporating worker representation into the collective bargaining framework (Chang and Brown, 2017). In some cases of state-led wage collective negotiation initiatives, collective bargaining is also sporadically conducted at different levels in a fragmented manner (Lee et al., 2011). The ACFTU is found to be an agent of the state pressurising employers in improving working conditions and remuneration on the shop floor (Lee et al., 2014). However, to what

extent this is a prevalent phenomenon remains unknown. In face of workers' resistance, other scholars, such as Chan and Hui (2012), downplay the leading role of the state by emphasising the active involvement of rank-and-file workers along with the management and trade union officials (at both provincial- and plant- levels in wage bargaining processes). Company-level pay systems – including pay components, pay rates, fringe benefits etc. – have also become the primary target of workers' interests in pay-related contentions on the shop floor. Given the agency of workers as demonstrated by their collective action, the proactive role that the state takes to shape collective negotiation mechanisms and its capacity in intervening into the formation of workplace dynamics should also be considered.

It is true that the nature of labour regimes in China remains dynamic. The fact that Burawoy (1979)'s work was inspired by fieldwork in the 1970s in a unionised workplace in the US may also have caused disputes on the extent to which his analysis is sufficient in revealing the control imperative of management (Littler, 1990; Thompson and van den Broek, 2010). However, the mechanisms of manufacturing consent in the workplace may still be relevant to how workers understand pay, or at least a certain version of pay in the management-labour antagonism in Chinese factories nowadays due to the following reasons. First, the diversifying nature of capital ownership among Chinese employers may indicate some signs of shifting from despotic to hegemonic labour regimes. Second, collective bargaining as a form of internal state may have declined in Western economics, but a sign of growth in this sense is still observed in China. Assuming that the same institution may have arisen in a different background, whether and how it has a role in shaping workers' understanding of pay and their aligned interests with the management should be further explored. Third, the formation of an internal labour market and internal state in Burawoy's analysis is largely within the realm of the workplace, but it should not be taken for granted. The Chinese context can be complementary to the examination of the extent to which these external factors (i.e. state and society) play an enabling role in these mechanisms.

The study of pay transparency can also benefit from the Chinese context which is conventionally more collective-oriented, and where privacy is taken less seriously. Some recent cases of dismissal due to unauthorised circulation of pay information in China provide us with a glimpse of how pay transparency has emerged as an issue in China, which is considered conventionally a collective-oriented culture, where privacy is taken less seriously.

In the first case in 2014, a worker of an engineering company in Suzhou was accused by the company of 'leaking pay information and enquiring about the pay of other colleagues'; he was then dismissed for 'breaking company-level regulations, thus bringing serious consequences to the company and the workforce' (Cheng, 2014). In the same year, a worker of another company was also dismissed because she had her payslip posted online. According to the company, the worker 'has broken the non-disclosure agreement with the company', which she signed when she was recruited (Deng, 2018). In both cases, workers took legal action against their employer and received financial compensation for 'unlawful termination of the labour contract', but the legality of restricting the circulation of pay information was left unchallenged by the courts. These cases show that the intention of Chinese employers to limit pay information within a controllable scope, and that the drivers behind the phenomenon should be further explored.

## 2.8. Research questions

As illustrated in previous sections, a labour process approach to the research on pay understanding at work represents a useful lens to understand the dynamics of Chinese industrial relations. In this regard, this research primarily seeks to understand how workers develop their understanding of pay in the context of Chinese workplaces. Recognising that a workplace is an arena of contestation of power relations between management and workers, the influence of actors external to the workplace, namely the social context in which the state plays a significant role in facilitating the formation of the labour market, should also be considered in the Chinese context. Therefore, the central research question is as follow: how do the management-labour relations in China contribute to the shaping of workers' understanding of pay?

Subsequently, this central research question will be guided by the following sub-questions. The first concerns the emergence of pay knowledge throughout an employment relationship. Considering that this is a process which evolves over time, how does pay knowledge build up in different stages of the employment relationship for workers? What is the process of navigating the pay system like? Second, to what extent the power dynamics between management and workers affect the selection of relevant pay information and its access in

the workplace? Third, how are workers affected by the way in which pay knowledge is accumulated according to the pathways identified? I will look at the consequences of managerial control over pay understanding, in terms of workers' organisational commitment and employee retention. Fourth, how do industrial development and the labour market surrounding the workplace provide resources for workers to make sense of or challenge their understanding of the pay system? Under the opportunities and constraints created by the industrial environment and labour market, workers position themselves and evaluate their strength of power in an employment relationship accordingly. Therefore, I will look at the circumstances under which workers managed to contest the governance of the pay system at the workplace and identify what enabled them to do so.

## 2.9. Conclusion

This chapter reviewed the existing literature regarding the understanding of pay at the workplace level. It first showed that economic approaches alone are insufficient in explaining the drivers behind the pay setting at the workplace level. To understand better the respective leverage of employers and workers in pay setting, the social relations embedded in the workplace which enable both sides to possess pay knowledge as a source of power should also be looked at. The existing literature on pay communication provided a bleak and linear picture of how workers receive pay information reactively and accumulate knowledge up to the upper hand of the management, neglecting the power struggle behind the scene. Therefore, I argue that a labour process approach is beneficial to revealing the circulation of pay information as an outcome of the power dynamics on the shop floor.

The emergence of China as a research site enables the re-examination of the notions proposed in a labour process approach to pay understanding. Rather than taking the existing literature on the accumulation of pay knowledge for granted, I argue that the dynamic nature of labour regimes open new grounds for looking at the form and role of managerial control in exposing workers to knowledge regarding the pay system, as well as the drivers behind managerial control strategies. In the rest of the thesis, these notions will be examined by an empirical study of Chinese workplaces. The next chapter will lay out the methodological foundations of the study.

## 3. Methodology

### 3.1. Introduction

As illustrated in the previous chapter, in order to examine how workers' understanding of pay is shaped on the shop floor it is necessary to look into the labour process of individual workplaces. It is also important to take the context in which workplaces are situated into consideration. To achieve this aim, the following research design has thus enabled me to collect data at different levels, including the shop floor, organisational, industrial and local levels.

This chapter consists of four sections. First, I will justify the research design by elaborating on the critical realist stance that I take. Second, I will explain the research strategy and the reasoning behind the choice of data collection methods, which include interviews, participant observations and document research. Third, I will provide a detailed account of how the data was collected at different stages of the fieldwork. I will also reflect on the shortcomings of the data, which was collected in a contingent manner, and explain the measures that I adopted to mitigate the weaknesses. The last section will be dedicated to my approach to handle and analyse the research data.

### 3.2. Epistemological stance: a critical realist approach

In this research, I adopt a broadly critical realist approach to study the conception and implementation of pay systems at the factory level, which is in line with the methodological approach adopted by a sizeable body of industrial relations literature. Edwards (2006) recognises that the tradition of industrial relations to draw from history and context, as well as unveiling the social dynamics behind the establishment of workplace institutions governing an employment relationship makes the discipline compatible with critical realism. This is especially true for those industrial relations researchers who aim to achieve policy solutions 'working for and with the underprivileged or society as a whole' (Edwards,

2015:287). Their effort to engage all parties involved in an employment relationship, critically assess and expose the depth of interests of different parties and strive for policy solutions through research (Edwards, 2015) indeed reflects how critical realists look at the production of knowledge in general.

Critical realism considers the world as an objective existence, but as filled with subjective interpretations which shapes how the objective world is understood and experienced (O'Mahoney and Vincent, 2014). How humans perceive the objective world as a structure affects their choice of action, and the process of conditioning is fluid, following temporal and geographical changes and is hardly predictable (Danermark et al., 2001; O'Mahoney and Vincent, 2014; Decoteau, 2017). It is often posed as a rival of positivism, as well as social constructionism to a lesser degree (Danermark, 1997; Al-Amoudi and Willmott, 2011). Positivism reduces the functioning of the social world into a universal law-like, predictable and controllable laboratory based on theory-neutral observation of events (Sayer, 2004), while social constructionism takes the study of discourses into priority (Kitsuse and Spector, 2000) although there are later efforts which take the social context into the consideration of the claims made (Thibodeaux, 2014). In response to the two epistemological stances, critical realists regard knowledge as produced in an 'open' social system (O'Mahoney and Vincent, 2014). This view also poses itself against belittling the validity of non-observable events (Ackroyd, 2004). By specifying the conditions or factors under which certain actions take place, as well as how the causal powers between events emerge and interact, a critical realist approach seeks for an explanation of how human actions are generated under certain structures in an open manner (O'Mahoney and Vincent, 2014). To achieve this, a flexible use of multiple research methods is allowed for the sake of triangulation. By gathering information from different sources, the richness of a social phenomenon can be uncovered (Ackroyd and Karlsson, 2014; Edwards et al., 2014). In this way, the power relations supporting the emergence and sustainment of actions and discourses against the context within which they are situated could be unfolded and articulated. More importantly, this perspective enables researchers to expose the emancipatory potentials of the knowledge produced (Bhaskar, 1986).

This research focuses on managerial control, but it also takes a worker-centred perspective, in the sense that how workers are constrained under such control and what they could do to



break through the control are the ultimate concern of this study. Therefore, why workers take certain decisions and deliver specific actions in a particular environment could be better understood only when taking their 'structurally and culturally underprivileged positions' in the social system into consideration (Mrozowicki, 2011:58).

### 3.3. Research strategy and data collection methods

This research aims at exploring the shaping of workers' understanding of pay in the management-labour relations, involving a 'how' question and the process of the circulation of pay information and of the articulation of pay demand. In order to trace the operational links between events, rather than merely how frequently an incident occurs (Yin, 2003), a qualitative case study has been considered as an appropriate research strategy. In this way, the dynamics between the management and workers can be unpacked (Elger and Smith, 2005), and how the production regime in the workplace exactly affects workers' understanding of and behaviour related to pay can be unveiled.

Eisenhardt (1989:534) defines case study as a strategy focusing on the 'understanding the dynamics present within single settings.' Apart from collecting information of a social phenomenon in the remit of where it takes place, the case study method also allows for multiple levels of analysis (Yin, 2003), which enables the examination of the collected data in a wider context (Kitay and Callus, 1998), and the underlying causal mechanisms which explain the processes or outcomes of the events (Kessler and Bach, 2014). For this particular research question, the setting of individual workplaces as the unit of analysis of the case study research allows for the study of not only the process of which pay knowledge formulates on the shop floor, but also how the process is affected by the societal context which is shaped by actors outside the workplace, such as the governments of different levels.

Recognising these benefits, the adoption of the case study method as a research strategy for this study implied the selection of cases as a first step of the research. Case selection involved multiple phases. Firstly, I identified Town S as a site where I could station and further filter workplaces for in-depth research. As will be explained in later sections of this chapter, the fact that I 'fortuitously stumbled' (Burawoy, 1979:x) across Town S, where a 19-day strike of

auto parts workers took place in 2010 and made the town nationally known, was primarily driven by the failure to secure access in other areas and by pure luck. The decision of studying factories in Town S was considered as a passive selection process as I did not reject the opportunity when it was offered, but the town itself did manifest the potential to be an appropriate site for studying workers' pay understanding in the following ways. First, the industrial development and urbanisation which had taken place in Town S facilitated the emergence of an automobile supply chain, leading to significant opportunities to study a variety of workplaces and the inflow of internal migrant labour. Second, the town hosts companies of different capital sources, including both foreign and domestic capital. The variation of capital influence on company-level practices implies the existence of different managerial strategies leading to the shaping of different labour processes across factories. Third, its history of labour conflicts at the factory level also demonstrates the potential of studying the extent to which institutional memory derived from previous incidents affects workers' contention and responses from factory management, local governments and ACFTU branches. More specifically, the strike in 2010 broke out from the onset due to low pay and subsequently led to workers' demand in company-level union re-election. It was later observed that managerial and state responses to workers' collective action included pay rise and the introduction of collective wage negotiation in the province, involving a number of auto parts factories. Provincial regulations were enacted and became a basis for later union involvement in collective negotiation procedures. Due to the presence of these practices contributing to the shaping of institutional memory (Corbett et al., 2018), I envisaged that auto parts workers in Town S would care about pay and would have been exposed to the formal channels which were available to contest pay. Being based in Town S would allow me to observe whether and how the contention took place. This led to the decision of focusing on the auto parts industry as the sector where the workers' articulation of pay demands had previously been observed. Subsequent efforts in focusing exclusively on the auto parts sector was also due to the fact that snowballing was the only feasible sampling strategy in the field. The preliminary selection of cases was significantly restricted by the primary gatekeeper's network of informants, which were concentrated in one particular sector.

After settling down in Town S, more purposeful sampling was conducted to select factories for in-depth research. Purposeful sampling is understood as taking a 'calculated decision to sample a specific locale according to a preconceived but reasonable set of dimensions (time,

space, identity or power) which are worked out in advance of the study' (Glaser, 1992; cited from Goulding, 2002). Researchers narrow down the scope of sampling with a prior understanding of the potential samples and the extent to which resourceful and articulate informants can be found (Palinkas et al., 2015). Different purposeful sampling strategies accommodate needs to emphasise the similarity of the selected cases to a general phenomenon as well as their peculiarity (Palinkas et al., 2015). This round of selection of auto parts factories led to a comparative case study design, following the principle of selection for similarity which strives for convergence by sector (Kessler & Bach, 2014). It is true that the factories selected for focused scrutiny in the case study research are largely homogenous in terms of sector, year of establishment, geographical location, size, position on the supply chain and clientele. However, they are distinctive in their respective capital source and relationship with their parent company, resulting in different managerial styles and practices in remuneration including pay levels, incentive structures and employee voice mechanisms. These differences became the basis to understand the role of shop floor dynamics at the factory level, rather than merely the sectoral level.

The decision to prioritise interviews over participant observations as the primary data collection method was informed by the peculiar context of China. It is true that ethnography is used to collect data in a number of scholarly works on labour process or managerial control (e.g. Burawoy, 1979; Delbridge, 1998; Lupton, 1963). By getting into the workplace in person, the researchers situated themselves in the mechanisms of control and subordination that workers faced on a daily basis. Of course, as long as the researchers fulfilled the recruitment criteria of the company examined, they could attempt to gain access to the company by applying for a job and work there for an extended period of time. They could also contact the management as a researcher or an academic who is interested in the operation of the company, so that a position for them could be 'arranged' in the company, be it an apprentice, an observer, or a regular worker whose research purpose is acknowledged by the management. Nevertheless, I was aware that both ways would trigger methodological and ethical concerns. For the former, the researcher's perspective might be constrained by his or her own position, such that the whole picture of the company could possibly not be seen. He or she might also experience identity and ethical crisis as an 'undercover'. Establishing trustful relationships with subjects, especially workers, might be difficult due to the perceived linkage with the management in superiority. Under the management's shield there may also be room for the management to manipulate what is seen and experienced

by the researcher. Whichever way would pose challenges to the researcher in different degrees, but in-situ adjustment and response would be helpful in striking a balance between external constraints and the researcher' own integrity.

Researching in China, especially on Chinese workers, is always challenging for 'outsiders'. Using primarily participant observations drew two concerns in the planning stage of the research. The first is given by time constraints. To be fully immersed in the working environment of one factory would easily take months, not to mention multiple factories of different nature. Yet, to complete the fieldwork in one year it would be too demanding for a PhD-scale project. The second concern was around identity deception. As someone from Hong Kong without Chinese citizenship with no particular skill or craft, it would be highly unlikely for me to enter a factory in China as a jobseeker or a formal employee without looking suspicious.<sup>2</sup> Gaining access to the factories would then inevitably be pre-arranged, involving communication with the management to create a role for myself in the workplace, be it an observer, intern or a temporary helper. Although this research aims to be worker-centred, perspectives of both management and workers need to be taken into consideration. This implies that building trustful relationship with both sides was necessary. In this case confusion and doubt from both sides may emerge if I observe occasions when representatives from both sides are present.

Therefore, interviews stand out as a more feasible method to collect workers' accounts on work and pay. These unofficial accounts are often under-documented in archives, not to mention in a systematic way, such as by factory or by locality. Interviews enable direct interactions with the informants to collect verbal data. Rather than merely a method to collect interesting facts from informants in a verbal manner, the social interaction that

---

<sup>2</sup> At least until the time before I commenced the fieldwork, it was rare for young people from Hong Kong to look for lower-rank employment in the manufacturing sector across the border. This was mainly due to the differences in pay level and living standards between Hong Kong and China, the incompatibility of the social welfare systems of the two, as well as the complicated procedures for Hong Kong citizens to be settled as residents in China. In the industrial zone in Shenzhen where I used to work as staff of a labour organisation, factory workers mentioned having people from Hong Kong occupying senior managerial roles as expatriates in their factories, but those occupying shop floor roles were extremely rare.

interview enables also unveils perspectives and attitudes of interviewees (Meardi, 2000). From a critical realist perspective, interviews should be undertaken in a 'theory-driven' manner with a 'division of expertise', in which the interviewer asks questions informed by theory and obtain resources to validate and refine the theory from interviewees (Pawson, 1996). As suggested by Smith and Elger (2014), interviews should be complemented by other research methods to contextualise what informants have said, meaning that the accounts that informants provide should be comprehended under their particular social contexts and constraints. Therefore, for the sake of time utilisation, quality of data and adherence to ethics requirement of the university, interviews were prioritised, supported by document reviews and participant observations on the shop floor once access was granted. In accordance with what proposed by Eisenhardt and Graebner (2007), potential bias were also mitigated by supplementing workers' interviews with accounts from other organisational actors within and beyond the workplaces, such as management, recruitment agencies and HR consultants .

### 3.4. Data Collection

The following sub-sections describe the process of data collection. I will first delineate how I happened to come across Town S as the primary research site and the main challenges in gaining access. Second, I will explain the procedures of collecting data and the type of data which I eventually collected. Third, I will reflect on the shortcomings of the data due to precarious circumstances in the field, and elaborate on what I did to mitigate the potential hazards.

#### 3.4.1. Gaining access

Given all prior considerations of the choice of research strategy, it should be noted that the selection of Town S was more by contingency than by choice. The lengthy process of negotiating access with various parties, establishing rapport and trust, as well as conducting the interviews and observations (Brown, 2019) was indeed a result of turns, rejections and strategic compromises. Especially under an intensifying authoritarian governance in China since 2012, research on labour-related issues in China has been exposed to an increasing

number of obstacles regarding the conduct of fieldwork (Fuchs et al., 2019), and mine was no exception.

Fieldwork officially began when I departed for China from the UK in March 2016. Born and bred in Hong Kong and with prior working experience in southern China, I was familiar with the country context. I decided to focus on Guangdong Province for three reasons. First, given that it is located just on the other side of the border from home (Hong Kong), I was well-informed of the geography of province and was familiar with getting around the area. Cantonese, my native language, is spoken in some parts of the Province as a local dialect. From a financial perspective, my research budget also did not allow me to be based in another province where I had never been and where I would lose access to (non-)material support from my family and friends, at least before securing data access. Second, Guangdong has a long history of accommodating foreign direct investment for industrial development since the market reform in the late 1970s. This is concentrated in electronics and automobile (auto parts included) factories, which happens to be the two industries I had targeted from the start. It is also home to the most prominent Japanese automobile industrial cluster (Sasuga, 2013). Third, Guangdong was a key battleground for emerging collective wage bargaining arrangements. Following a wave of pay-related strikes in Japanese auto parts factory in 2010, the area had attracted substantial public attention and support. Factory-level collective wage bargaining had been gradually introduced in the province, especially in Guangzhou, the capital city. Collective wage bargaining had become less of a formality, but more of a political task for provincial and municipal branches of the ACFTU, as well as for the provincial government to take care of. The presence of strikes directly derived from plant-level collective wage negotiations had also been identified there, although they had largely been left unreported in the state-controlled mainstream media. Therefore, the social atmosphere in Guangdong looked positive with a view to undertake research on how the state-capital-labour dynamics had influenced pay setting at company and industry levels.

For the examination of company-level pay systems, I considered both managerial and worker perspectives as essential in light of the research objectives. I was aware of the possibility that companies would be reluctant to opening a process of access negotiation once they had learnt that my research would be about pay, worrying about the negative impact of pay disclosure on their commercial interests. Therefore, I sent official invitations to factories for

their formal participation in the research, which would involve both the management and workers. I also adopted a more bottom-up approach by interviewing auto parts workers introduced to me by friends and former colleagues, hoping that they could refer me to more workers, and ideally mid-rank managers who could lead to me to opportunities to obtain formal approval in their factories. My initial target was to gain access to four auto parts factories.

Most of my initial attempts in getting access to auto parts factories through both workers and the management were unsuccessful. First, I emailed the HR department of over eighty auto parts manufacturers in Guangzhou, but received no reply at all. I also phoned them to follow up, but most of the calls were picked up by the main reception, who asked for a phone extension number connected to a particular person. Only one factory receptionist put me in touch with someone from its HR department, but my request for interview was rejected upfront. It was an expected outcome, since other researchers had already proven that direct cold-calling does not work in China (Hutchings, 2004). A mid-rank manager in an auto parts factory whom I interviewed later mentioned that the series of strikes due to pay-related issues in the area not long ago had made factory management exceptionally cautious of discussing pay or collective negotiation with third parties. Local authorities had also maintained surveillance over union chairpersons involved in factory-level collective negotiation. For this reason, the fact that I got constantly rejected or ignored by factories was hardly surprising to him.

Second, I contacted academics who had conducted research on the Chinese automobile industry or had connections with automobile factories for referral. My UK-based supervisor sent an official request to a British carmaker, who had collaborated with the university closely for many years and had recently set up a production site in China, as well as a Japanese carmaker in Guangzhou. Unfortunately, both factories rejected the request. During my stay in Guangzhou, I was introduced to Guangdong-based academics who were connected with automobile companies, as well as trade unions at plant, municipal and provincial levels by friends and acquaintances. Most of them were welcoming and encouraging, but tacitly declined my research request to pass on invitations to their factory contacts. One mentioned that it was not easy to introduce me to his informants if I was not officially affiliated to his institution (as his student, his colleagues' student or an alumna for

instance) or to other Chinese institutions. The only way would be to keep my identity and research purpose as vague as possible, but deception was not allowed by the research ethical code that I had adhered to. I found a deceived identity unfavourable to the negotiation of further access. It might also create trouble for the gatekeeper. One academic passed my research invitation letter to a handful of automobile companies which she had studied before, but all companies declined for the political sensitivity generated by receiving a researcher from 'outside the border' (*jingwai*).

Thirdly, I made friends with as many people as I could in Guangzhou. My accommodation in Guangzhou was close to a prestigious university, which is research-intensive and is known for student activism in recent years. My past participation in labour activism enabled me to make friends with university students and social activists, who were happy to introduce me to auto workers in their extended social circles. Some interviews with workers were conducted sporadically, yet snowballing did not work as workers were reluctant to let their co-workers know that they had told me something about pay in their factory. An auto worker also rejected my request via a gatekeeper for the sake of 'espionage prevention'.

Fourthly, I sought help from labour non-governmental organisations (LNGOs) within the area to see if they could refer me to auto workers. The development of LNGOs in China began in the 1990s, mainly to fill the vacuum left by the officially-led trade unions in order to provide legal, educational and cultural services to workers (Chan, 2013). Due to their lack of legal status and detached relationships with local governments, they did not formally play the role of worker representation. In recent years, some LNGOs had become more active in intervening in collective labour disputes, many of which were pay-related. Some LNGOs also advocated on labour policies and conducted social surveys on pay, employment relations and migrant workers' rights in general (Chan, 2013). Having worked with LNGOs for more than two years before starting the PhD, I recognised that LNGO staff who approached workers on a regular basis could also be beneficial for my work in providing further insights on workers' demands, their daily needs and also on the working conditions of particular factories.



However, after a substantial crackdown on LNGOs in Guangdong in late 2015, the remaining LNGOs either chose to stay low-profile, had temporarily suspended their operations, or were focusing on the provision of social services. I managed to get some help from a workers' library recently established by a charity in an industrial zone, but meeting workers was still very difficult. The library had not been in the community for long, thus it had yet to become a gathering point for workers. Workers came to the library for specific activities, which were usually held once a week on weekends. The staff had identified workers whom might be interested in being interviewed, and then invited them to come to the library on a weekend or during an activity, which was also held on a weekend or a public holiday. Since workers in that industrial zone usually worked six days a week, their only day-off per week was also dedicated to resting time, grocery shopping and other activities. Coming to the library had yet to be their priority. Therefore, it was common that workers verbally agreed to meet, but at the end did not show up.

Using the above tactics, I could only secure around a dozen of interviews. They did not lead to a concrete understanding of the pay system in any particular factory, since workers were from different factories, and an alternative perspective or an official account from their factory management could not be obtained in this way. Therefore, I started making alternative plans after 6 months in the field, such as changing the research theme, looking at other industries and relocating to another province. The game-changing moment happened during a short break to the UK over the summer, when a Chinese friend living in London agreed to introduce me to a remote family friend of hers, who was a manager of an auto parts factory. My friend had to pass on the invitation via her mother in China, and it was only in September 2017 when the manager got the message and agreed to arrange an appointment with me.<sup>3</sup>

Factory F, where the manager worked in, was located in Town S neighbouring Guangzhou. He was willing to help me with the research, and also accompanied me to visit managers in three other factories in person. Among them, the manager of Factory H agreed to participate and allowed me to conduct fieldwork there for one month. During the time in Factory H, I

---

<sup>3</sup> My Chinese friend introduced me to her mother as a generic 'schoolmate', but in fact we had never attended the same school.

attended activities organised by a HR consultancy firm, which HR officers from Factory H and other companies also attended. Some HR practitioners and consultants were curious of my background as a student from Hong Kong studying in the UK. They were also sympathetic to my circumstance as a female conducting research on my own in a remote industrial zone. I also became an intern with the consultancy firm, leading to opportunities to visit factories in the town and to interview HR practitioners. The consultancy firm had their own interview agenda, but allowed me to ask questions related to my research as long as within the time allowed for the appointment. As a result, a HR officer of Factory D offered to be interviewed informally, introduced me to more workers in her factory and circulated an online questionnaire for me. At this point, my research site gradually shifted from Guangzhou to Town S.

People I met in Town S were more relaxed in terms of political sensitivity and more open to talking about pay. The identity of me being from 'outside the border' was not as much of a problem, and even became an advantage in some cases, especially when I met interviewees in person. My extended familial ties in Town S also made acquainting with managers in the local area easier, as they were happy to hear that my grandparents were born near Town S. It became a talking point which enabled me to start a conversation with someone before focusing more on specific questions related to the research. Some interviewees were still reluctant to mention pay figures explicitly to me, but were willing to share pay-related practices and approximate pay ranges.

I spent the last six months in the field focusing on looking for more interviewees just in Town S. This had to be suspended for one month in the midway, as factories declined contact before and during the Spring Festival.<sup>4</sup> During my last month in Town S, I tried to approach

---

<sup>4</sup> Factories took a break from production for ten days to two weeks for the Spring Festival. Work in factories generally became more intensive before and after the festival to keep production up. HR departments were also occupied with recruiting workers after the Festival, as labour turnover was particularly high in this time of the year. Therefore HR officers said that they were too busy with work to entertain me.

workers at factory gates, but ceased to do that due to safety concerns.<sup>5</sup> I also tried to linger at a grocery store inside a nearby village inhabited by factory workers with the permission of the store owner, but very few people were willing to stay after their shopping. After a few trials I also found it unsafe to approach workers who gathered and drank in local restaurants in the evening on my own. Due to the time constraints imposed by the university for change of study location outside the UK, I wrapped up the fieldwork in China in April 2017.

#### 3.4.2. Interviews

With factories as the unit of analysis, interviewing different types of individuals who played a role in pay setting was essential for triangulation. The following groups of people were targeted in each factory. The first group was factory management, which mainly represented the employers' perspective. In the case of Factories H and F where the general manager of the factory was the first point of contact, lower-rank managers and HR officers were also interviewed to obtain more substantial knowledge about execution of pay policies, rather than just the general direction of the policies. They provided accounts on the pay structure and pay policies within the factory, management style and strategies on production arrangement and product markets. The second group was given by workers in different departments and at different ranks in the factory. The third group was represented by recruitment agency staff. They were not included in the factory-level pay setting process, but they were good informants on jobseekers' pay expectations and on the outlook of the local labour market.

In total, 84 individuals were interviewed, among which there were 53 workers or engineers, 26 HR officers and managers, and 5 miscellaneous people, including HR consultants, recruitment agency staff and local residents in Town S. The workers and managers covered 29 automobile and auto parts factories, among which 20 of them were in Town S, 8 in other

---

<sup>5</sup> Most factories had CCTV cameras installed at the front and back gates. It was also hard as a single female to approach people near factory gates without attracting unwanted attention from security guards.

parts of Guangdong Province and 1 in Shanghai. A breakdown of the interviewees' position and gender is shown in Table 1:

Occupation	Total	Male	Female
Workers and engineers	53	40	13
HR officers and managers	26	16	10
Others	5	2	3
Total	84	59	25

Table 1: Breakdown of the number of interviewees by occupation and gender

In three factories in Town S, namely Factories H, F and D, I was given more time and access to employees. This resulted in more interviews done in these factories, as illustrated in Table 2:

Occupation	Total	Factory H		Factory F		Factory D	
		Male	Female	Male	Female	Male	Female
Workers and engineers	41	11	8	11	3	7	1
HR officers and managers	9	4	2	1	1	0	1
Total	50	25		16		9	

Table 2: Number of interviewees in Factories H, F and D, broken down by occupation and gender

All but one interview were conducted in person, supplemented by Wechat correspondence before and afterwards.<sup>6</sup> One interview with an engineer based in Shanghai was conducted by Wechat and phone. The duration of each interview ranged from twenty minutes to two hours, subject to the relevance of their occupation to the research theme and environmental constraints, such as time and location. Interviews with people outside the three factories were mostly done on an individual basis. I made individual appointments with them either directly or via the consultancy firm. The interviewees chose the venue for the interview to their convenience, which included restaurants, cafes, universities, the workers' library and their workplace. Half of them were not recorded since I could not find the right timing to ask whether the interviewees would like to be recorded. Some interviewees also declined my

<sup>6</sup> Wechat was the dominant instant messaging app used by my interviewees.

request for recording. Under these circumstances, I took notes by hand during the interview, typed them into text afterwards, and sent them to interviewees for verification if I was given their contact details. However, most of them did not reply afterwards.

Interviews in the three factories were arranged in multiple ways. In Factory F, the HR officer called workers into the meeting room individually during working hours for the interview. However, she and other managers were not present during the interview. All but two of the interviews were recorded, since two workers explicitly mentioned that they did not want to be recorded. In Factory D, five workers were interviewed on the shop floor on a weekend when workers work overtime and managers are not there. It was the first time that I had met the HR officer of Factory D, who was my gatekeeper to the factory. Since she brought me into the factory without her superiors knowing it, I believed that taking the recording device out would bring her unwanted attention from other workers. That was why interviews done on that day were not recorded. The rest of the interviews with Factory D workers outside the factory were conducted by appointment and recorded with the workers' consent. In Factory H, the manager initially suggested handpicking workers for me, but later let me talk to workers on the shop floor during working hours as long as the interview did not slow down the production. I was introduced as an intern who wanted to know more about the factory and the HR practices. The HR department also gave me a badge so that I could introduce myself to workers in a more straightforward manner.<sup>7</sup> I was also allowed to stay in the factory dormitory for three weeks, so I interviewed workers in the canteen and in the smoking area after their shift as well. These interviews were often broken down into many small sessions, as I could only ask a few questions during each encounter with a worker. All interviews in Factory H were unrecorded. These include those with the managers and HR officers conducted in their office, since they declined to be recorded. I jotted brief notes when the situation allowed, but most of the time I had to memorise who said what and wrote them down only at night or during the following morning.

---

<sup>7</sup> The badge showed my ID photo and position as a 'researcher'. I introduced myself to workers as a researcher studying the operations of the factory in the first few days, but very few workers understood what this meant. Later I simply said that I am a student doing an internship with the HR department and would like to learn more about the factory from people in different positions.

The interviews were all semi-structured. I designed different sets of interview guides for interviewees of different occupations. The questions broadly covered the following areas – work history in the company, working conditions, understanding of the pay system, understanding of the factory and the automobile industry, comments on the pay levels, local connections and future career prospects. Due to nuances in language style in Hong Kong and China, I consulted university students in Guangzhou regarding the use of words, as well as evaluated and refined the questions after each interview.

#### 3.4.3. Participant observation

I conducted participant observations mainly in Factory H and with the HR consultancy firm. Participant observation, as described by de Laine (2000), was deployed as a technique leading to the creation of relationships with research subjects and to access to data which could not be achieved by other methods. On the one hand, it contributed as a stepping stone for more concrete conversation with workers or even interview. On the other hand, it also provided me with a better understanding of the labour process in individual workplaces. Although I did not stay in the factories as a waged employee and therefore obtained limited first-hand data in wage payment, participating in the production of Factory H and having a closer look at the exchange of HR practices facilitated by the consultancy firm were both helpful in understanding the circumstances under which workers respond to pay practices in Town S.

As mentioned in the previous section, I was allowed to roam on the shop floor in Factory H and catch people for interviews if they were willing to or had the time to during working hours. Only the paint shop was out of bound due to occupational health and safety concerns. I also stayed in a shared room in the factory dormitory where employees of the factory, ranging from the general manager to shop floor workers, were all accommodated in the same storey at that moment. In general, I followed the daily routine of a shop floor worker on day shift in the factory, which started from roughly 7am to 9pm.

In the first week there, I walked around the shop floor during the day shift and approached workers at their position. Most workers found it odd that I simply stood right next to them when they worked, thus showed some impatience towards my presence. A worker later told me that he and his colleagues thought that 'I was a supervisor from the [Sino-European] assembly plant to see whether they shirked at work'. Personally I also found that strict non-participant observations put myself into a tricky circumstance in positioning myself on the shop floor, since workers perceived me as studying them in the interest of the management, especially when I was introduced to workers and shop floor management by the HR officers upon arrival.

Later, I started helping out with easy manual tasks in different shops, such as (un)packaging, sorting and peeling parts. Once the first attempt was made, it became easier for me to introduce myself into a team of workers by working on a certain task, and then establishing rapport with them. Workers also began to take my presence more as a matter-of-fact. For example, when I first went there the female workers in the warehouse let me try out some daily routine tasks that they were responsible for. Later they expected me every evening and become more and more welcoming towards me. The makeshift co-working relationship facilitated lengthier conversations with workers, as well as more insider news about the factory from the workers' perspectives. When I became familiar with more workers, I also talked to them during breaks in the canteen and in the smoking area. Since the conversations were laid out impromptu, I checked my interview guide after a day of work and took note of what else had to be asked to individual workers the next day.

The second part of participant observations was conducted during an informally organised internship with the HR consultancy firm. The firm received funding from the town-level ACFTU branch for a three-year project to promote 'the advancement of employment relations' in Town S, but the project targeted mainly HR practitioners and factory managers in town. My duty as an intern included interviewing HR officers in factories for the project-end evaluation and a later an exploratory study of the development of the automobile industry in Town S. In addition, they also allowed me to audit trainings and discussion groups organised by the firm for HR practitioners in Town S and Guangzhou. In this way, I was able to have a glimpse of how factory management understood employment relations in Town S.

Interviews with some participating managers were also arranged afterwards, since they remembered me as an intern with the consultancy firm and thus did not find me suspicious.

#### 3.4.4. Document research

Document research was conducted for background information about Town S, as well as on the local and national development of the automobile industry. It consisted of three main parts. First, documents about pay in the automobile sector and other industries in Town S were collected and examined. These included statistical figures on pay trends released by the local governments in forms such as ad hoc reports, newspaper reports and statistical yearbooks. Second, I went through policies and local government initiatives for the development of local industries and of the labour market. Information was mostly found in local news reports and laws and regulations publicised by the local governments. Third, I consulted news reports, prospectuses and annual reports of the respective parent company of the factories for background information on the factories. The majority of the documents were found online via search engines. I also made use of newspaper databases, laws and regulations databases and statistical yearbooks available in the library system of the Chinese University of Hong Kong, Universities Service Centre for China Studies, the Sun Yat-sen Library of Guangdong Province and the Nanhai Library in Guangdong.

#### 3.4.5. Concerns on potential data collection hazards

Four points on data collection should be noted as they impacted how and what kind of data was eventually collected. First, most interviewees were selected by gatekeepers, rather than by myself. As illustrated above, a number of compromises and pragmatic concessions were made regarding who I eventually managed to interview and the conditions under which the interviews were conducted. In order to mitigate potential biases, I kept gatekeepers informed of the ideal diversity of interviewees that I would like to achieve. Interviewees reserved the right to decide where the interview would take place.



Second, time pressure determined key actions in different phases of data collection. Due to contingencies in the field, time management was often beyond control. Time allowed for fieldwork was likely to be disproportionately skewed towards seeking permission to collect data, or waiting for the appropriate timing, more than actually collecting data (Baccaro et al., 2019). In various situations I was also situated in the 'take it or leave it' dilemma, in which I either had to accept unsatisfactory conditions or to risk not collecting any data at all. Therefore, the research framework and key themes of data needed remained open and flexible. Continuous evaluation of fieldwork progress and timetabling was also done to make the most from the time allowed.

Third, access to statistical data was restricted. The original sources of precise town-level statistics during this period were difficult to obtain. They were occasionally mentioned in municipal-level statistical yearbooks, but the presentation was by no means consistent over the years. Some Guangdong-based academics remarked that industrial and labour market surveys were undoubtedly done at the town level, but the statistics were restricted to internal reference for local authorities. It was only under rare and fortunate circumstances in which they obtained exclusive sources informally via personal networks. Some academics and HR consultants suggested channels to obtain the statistics that I needed, or specific people who might share the information with me, but these attempts were unsuccessful. Most statistical figures presented in this thesis were gathered from news reports on Town S from 2000 to 2018, when public disclosure through the state-controlled media was approved by local authorities.

Fourth, ethical procedures regarding consent and anonymity were executed in rigour subject to circumstances. Only a third of the interviewees with whom I kept a conversation of over twenty minutes signed the consent form. The rest did not sign it for various reasons. Some simply said they did not want to sign any tangible documents, or were fine with not signing it. Some read the form but handed it back to me and started talking straight ahead. In some cases, especially with HR officers from other factories in Town S, staff from the HR consultancy firm suggested me not to show the interviewees the consent form to avoid suspicion from them. In addition, keeping worker interviewees anonymous from their management was not possible in Factories F and D, as the management decided who was to be interviewed from the start. Alternative measures were taken to ensure that they were

aware of their participation in the research and guaranteed their safety and anonymity to the best of my capacity. For instance, I explained the research objectives and asked for consent verbally if I did not have the chance to show them the consent form. Workers were also anonymised in this thesis and any personal attribute which made them identifiable was not mentioned.

### 3.5. Data analysis

During the data collection process, data took different formats. For those interviewees which had been recorded, transcription was handled according to the following procedures. First, interviews were recorded by a recording app on either my phone or tablet during the interview. Then I converted the recordings to text by means of unfocused transcription, in which the transcript simply conveyed ‘the basic “intended meaning” of a recording of speech or action without attempting to represent its detailed contextual or interactional characteristics’ (Gibson and Brown, 2009:116). Nevertheless, I tried to retain the way in which an interviewee talked about a point as much as possible. Interviews conducted in Mandarin were transcribed verbatim, but some phrases in those conducted in Cantonese were slightly converted in the transcripts for the convenience of reading.<sup>8</sup> Second, for unrecorded ones, I rewrote my handwritten notes into a summary of the interviewee’s account after the interview as soon as I could. The summaries were laid out in bullet points or paragraphs. During the interview, I also memorised key phrases and expressions that the interviewee used, so that I could include them in the summary afterwards. Other fieldnotes were handwritten on site, but were then typed for further analysis. They were grouped into a single file, presented in chronological order. Episodes of encounter with individuals were further grouped by person. The fieldnotes included observations in the field and unspoken gestures of the interviewees before and after an interview.

---

<sup>8</sup> Mandarin and Cantonese are two different varieties of the Chinese language. Cantonese is considered a ‘verbal’ language. It is sometimes slightly converted into written form when presented in text for formality and clarity. The conversion is not standardised, subject to linguistic preferences of the writer. In contrast, spoken Mandarin can be precisely written down. I transcribed all interviews by myself in order to maintain the consistency in conversion across transcripts.

I analysed my data primarily by inductive thematic analysis. As defined by Gibson & Brown (2009:127), thematic analysis involves searching for 'commonalities, relationships and differences' across different components of a data set by aggregating themes. It is commonly used in qualitative research for its flexibility, independent of theoretical and epistemological approaches (Braun and Clarke, 2008). I find thematic analysis particularly suits this research project due to the contingencies that I experienced in the field. As mentioned in the previous section, I did not manage to collect data for my original research query on pay setting per se, but did obtain other data which I did not expect, including details about the execution of pay practices on a day-to-day basis, attitudes towards pay practices, and the industrial development in Town S. The flexibility of thematic analysis allowed me to explore new themes in the new set of data and exploit potentials in the data which I had started thinking about in terms of their significance only after collecting it by accident.

Consequently, I followed the various phases of thematic analysis suggested by Braun & Clarke (2008) to analyse the data, although they were not clear-cut and sequential in every respect in practice. First, I familiarised myself with the data by transcribing the interviews and fieldnotes by myself and re-reading the transcripts for multiple times. Second, I conducted the first phase of open coding. It technically commenced before transcription of all interviews was completed. I created 100 initial codes with NVivo, as demonstrated in the Appendix. These codes are apriori codes (Gibson and Brown, 2009), indicating direct responses to questions predesigned in the interview guides. After the first phase of coding, it was realised that the apriori codes were insufficient in covering the richness of the data set. Therefore, I searched for themes, reviewed and refined them in groups. Opinions of different parties in the same factory on the same subject were also contrasted to reveal a comprehensive account of a theme. This stage was intertwined with the production of subsequent drafts, as the process of structuring different findings chapters in an iterative manner helped with re-examination of the existing data for other emerging themes and determining whether alternative secondary sources were required.

Eventually, the following main themes emerge. The first theme covers descriptions of factory life and working conditions on the shop floor. The second theme covers descriptions of HRM practices and pay systems in the factories. The third theme demonstrates workers' understanding of pay and the process of accumulating pay knowledge. Finally, the fourth

main theme concerns workers' reactions to the job and the pay system, as well as any mention of alternatives.

### 3.6. Conclusion

This chapter unfolded the data collection process for this research project. Adopting a critical realist approach, I recognised the importance of understanding human actions based on the context and power relations involved in determining and sustaining them. Therefore, a repertoire of data collection methods to obtain accounts from different actors of the workplace relations was adopted to diversify data sources for the sake of triangulation. Instead of participant observations, which was commonly used in previous studies on labour processes, interviews were prioritised as the primary data collection method given the peculiar setting of the Chinese research site and the reflexivity of my own identity.

A significant part of the fieldwork, including the selection of research location, factories and interviewees, was conducted in a contingent manner. This was largely due to the practical constraints that I faced as a non-Chinese female researcher from a foreign institution. Nevertheless, a substantial volume of data was eventually collected, while measures to maintain data integrity were attempted throughout the process of data collection. Thematic analysis was then conducted, and the research findings will be presented in the next three chapters.

## 4. Urbanisation and the Development of the Automobile Industry in Town S

### 4.1. Introduction

This chapter describes the context of Town S, which in recent years had undergone significant urbanisation and industrial development in recent years, and outlines how this context sets the scene for the understanding of pay. The aim is to explore the circumstances under which companies develop individual practices, as well as the outlook of labour market that they are situated in.

The development of the automobile industry in Town S over the past decade is observably a great leap forward for industrialisation and urbanisation in Town S, according to the agenda of local governments. It is also apparently a key driver for changes in local demography and in the labour market. What are the roles that local and central governments play in attracting investments and talents? What have they done to make Town S an attractive place for labour migrating from other localities?

Against the background of these questions, this chapter will provide an account of state efforts in shaping and transforming the local labour market to embrace the development of the auto parts industry in Town S. It thus consists of four sections. First, I will outline the introduction of the automobile industry into Town S and its strategic role in the urbanisation agenda of the local government. Second, I will explain how the state-initiated new industrial development serves as a backdrop for the transformation of the labour market. Third, I will introduce labour market institutions at the national and provincial levels which govern remuneration practices in the locally shaped labour market. The last section will be an evaluation of the outcome hitherto of these developments.

#### 4.2. Development of advanced manufacturing industries in Town S

The development of the automobile industry in Town S has rapidly accelerated since the 2000s. Located in Guangdong, southern China, Town S was largely rural until the beginning of industrialisation and urbanisation in the late 1990s. Factories in light industries such as pottery (for architectural purposes), furniture, electric appliances and metal processing were first established. The majority of them were locally invested, especially those which were township and collective enterprises (TVCs), while the rest were foreign invested companies. In the mid-2000s, a number of towns and villages nearby were integrated into Town S under an initiative by municipal and provincial governments, which resulted in a significant enlargement of the administrative jurisdiction of Town S. According to guidelines of the administrative reform issued by the municipal government, the government of Town S was also granted additional administrative power to 'foster economic development, regulate the market, public service provision and social governance'. The enlargement of administrative power enabled the government of Town S to be more aggressive in terms of urban development. By 2006, an industrial park dedicated to attracting external investment was included in the zoning plan of Town S. In a few subsequent years, Town S became a destination of foreign investment, which included a significant share of Japanese capital. Japanese companies setting up operations in Town S included a group of auto parts manufacturers. According to a news report in early 2010, there was a total of 14 Japanese-invested auto parts factories in Town S. They were within the parts supplier network of the automobile industrial cluster in southern China, which had only recently emerged at that time and was dominated by Japanese carmakers.

Town S is considered a strategic location for auto parts factories which are at the periphery of the supplier network of Japanese carmakers. The three biggest Japanese carmakers in the automobile industrial cluster are all located in Guangzhou, the capital city of Guangdong Province. However, their respective assembly plants are based in distant corners of the city. Conventionally, land neighbouring a Japanese assembly plant is reserved to first-tier parts suppliers, and this guarantees geographical proximity in logistical arrangements. Since the first-tier parts suppliers supply exclusively one carmaker, delivering products to other carmakers is not a concern for them. However, in order to secure a profit margin, the second- and third-tier suppliers often have to produce for two or more of the Guangzhou-based

carmakers, rather than adhering to a mandatory and exclusive commitment with just one carmaker. Although Town S is located outside Guangzhou, the road network enables direct and speedy logistical links from Town S to any of the three carmakers. As a manager in one of these supplier factories explained, *'Regardless of where you have to deliver the parts to, it takes more or less an hour anyway from Town S.'* (ZTX, J-Factory P, December 2016) As a result, apart from two auto parts makers which are first-tier suppliers fully owned by Japanese carmakers, other Japanese auto parts companies in Town S are second- or third-tier suppliers for Japanese carmakers.

Nevertheless, until the early 2010s, the manufacturing industry of Town S was still dominated by small- and medium-sized factories, operating mostly in light industries characterised by being labour-intensive, energy-intensive, high polluting and low value-added. This pattern of industrial development is common in the process of urbanisation in other localities of China, as urbanisation in China is known to be led by infrastructure and rural industrialisation in a bottom-up approach (Ma and Cui, 2002). Driven by competition and the need to differentiate Town S from other localities, the government of Town S endeavoured to explore new approaches to enhance economic development in the locality. The development of advanced manufacturing industries, especially the automobile industry, became part and parcel to the strategic consideration of Town S in the process of urbanisation.

The plan of a Sino-European carmaker in the late-2000s to set up an assembly plant in southern China opened the opportunity for Town S to further urbanise itself. The Sino-European carmaker was the first automobile joint venture established in China back in the 1970s. Based in the northeast of the country, it was seeking to expand its market share in the south, which stood at less than 5% at that time. According to news reports, local and provincial governments were keen to be selected as the site of the assembly plant in Town S, so that Town S could become more of a major contributor to the automobile industrial cluster by hosting a direct competitor of the Japanese carmakers. The plan of a new assembly plant also coincided with the ambition of the local and provincial governments, in which industrial upgrading would be complementary to urbanisation.

The local government had high hopes for a trickle-down effect brought about by the development of the automobile industry. According to the blueprint of the process of urbanisation laid out by the government of Town S, it sought to encourage urbanisation driven by service industries on the basis of advanced manufacturing industries, as the latter would bring in a working population with higher disposable income and greater consumer demand. This principle of urbanisation is later enshrined in the new model of urbanisation adopted by the central government in the twelfth Five-year Plan, namely the New Urbanisation Programme, which highlights the importance to strike a balance between economic development and quality of life in urbanisation attempts (Liu, 2016). In this way, key industries to be fostered were carefully selected, and eventually automobile and advanced equipment manufacturing were prioritised. By introducing the new carmaker to Town S, the local government expected the simultaneous clustering of enterprises in other parts of the supply chain and other equipment manufacturers in town, thus facilitating the settlement of people working in those companies. According to a news report in December 2011, the mayor of Town S<sup>9</sup> strived to have the Sino-European carmaker *'be the core of an "auto city", surrounded by auto parts manufacturers. Infrastructure and public services will also be introduced to Town S to accommodate newly arrived residents.'*

The attempt of the government of Town S to develop Town S resonated with the development of a 'pseudo-company town' (Porteous, 1970), since the Sino-European carmaker was expected to play a leading role in driving local development – on the one hand, the town would directly provide employment to the carmaker and other suppliers connected to the carmaker; on the other hand, it would be a pull factor for other organisations which intended to develop a closer collaboration with the carmaker to settle down in Town S, including other advanced manufacturing companies, research and development agencies and the hospitality industries, which in turn would create further jobs. After allegedly intense competition with other localities also interested in hosting the assembly plant, Town S was eventually selected as the destination. The future with a carmaker in town also became a *raison d'être* for the local governments to invest on infrastructure in Town S. As auxiliary projects of the industrial development, plans to build infrastructure such as roads,

---

<sup>9</sup> This refers to the highest-ranking public official in the administration of Town S (*zhen zhang*), which should not be mistaken with that at the municipal level (*shi zhang*).



underground, railway lines, housing, leisure amenities and a hospital to be built in phases to connect Town S with neighbouring city hubs were announced afterwards.

Under an agreement signed by the Sino-European joint venture, their respective Chinese and European partners, the provincial chief of Guangdong and the municipal chief of Town S, the assembly plant was constructed and commenced production in 2013. A greenfield site of over 2,000 acres on the outskirts of an existing industrial zone, which is approximately 10km away from the town centre, was leased to the carmaker to build the assembly plant and to accommodate its network of auto parts supplier factories. Since then a series of infrastructure projects have been under way. According to an interview with the party secretary of Town S in mid-2011, the town government 'received interest from a few hundred more companies connected to the new assembly plant to settled in Town S'.

The local news presented a positive outlook of the expansion of the automobile industry in Town S. According to one report in May 2014, 50 auto parts factories were set up in the greenfield site of Town S since the assembly plant went into production. Another one in March 2016 stated that there were a total of 133 automobile and parts manufacturers in Town S. Soon after production commenced, the carmaker announced plans to expand, including building the second assembly plant next to the existing one to produce more vehicle models. The second plant went into operation in mid-2018.

Since there are no year-on-year official statistics at the town-level by industry, as explained in the methodology chapter, the economic contribution of the automobile industry to Town S could only be deduced from fragmented information from local news reports. Two observations are thus drawn. First, in 2015, 133 auto and parts manufacturers account for 16.57% of local industry gross output, which is defined by 'the total volume of final industrial products produced and industrial services provided' (National Bureau of Statistics, 2004). The proportion was not remarkable at all compared to the entire manufacturing sector at a first glance. However, the automobile industry demonstrated its high value-added status from the amount of corporate tax that automobile and parts companies paid. Among these companies, 103 of them contributed to 48.27% of the tax revenue (which amounted to almost ¥4 billion) that the local manufacturing sector as a whole had paid in 2015, which was

a 20% increase from 2014. This implies that the industry has yet to be the biggest industry in terms of scale, but it is exceptionally high value-added.

Second, the Sino-European carmaker stood out as a dominant player in the automobile industry in Town S. The scale and profit-making capacity of the carmakers and auto parts companies can be deduced from the amount of profit tax that they paid. According to a local news report in March 2017, the carmaker alone paid over ¥3 billion of corporate tax in 2016, making it the biggest taxpayer in Town S. The second and third biggest tax-paying companies were two first-tier supplier factories for Japanese carmakers, paying over ¥0.5 billion and ¥0.1 billion respectively, which is significantly lower than the amount that the Sino-European carmaker paid. This created a strong sense of presence for the Sino-European carmaker in Town S as a profitable business with positive development prospects.

Meanwhile, the auto parts suppliers of the Sino-European carmaker were frequently mentioned as a package with the carmaker in local media and job advertisements, which gave an impression that these companies were a unified organisation. Yet these companies were indeed different business entities with varying origins, and the distance between the carmaker and its auto parts suppliers in terms of scale and profitability was also significant. While the carmaker employed about 10,000 workers working in the assembly plant, the average size of the workforce of its auto parts suppliers rarely exceeded 400. In 2016, three of its parts suppliers paid over ¥30 million of profit tax, and six of them paid over ¥10 million. This still indicated optimistic performance levels for these companies, but it could not be compared to that of the carmaker.

#### 4.3. Efforts of local governments to shape the local labour market

With the support from local governments, the automobile industry became part and parcel of the local economy in Town S within a decade. The shift of focus in industrial development brought significant implications to the local population and to the local labour market. In the following sections, I will outline the main changes in the demography of Town S in parallel with its industrial transformation and urbanisation. Furthermore, attempts of the local government to accommodate the new wave of incoming labour will also be explained.

#### 4.3.1. Recent changes in the demography of Town S

The local population in Town S has experienced a dramatic expansion in the past decade. According to local newspaper reports, the settled population (*changzhu renkou*) stood at roughly 24,000 residents in 2006, and the figure rose to over 800,000 in 2016. The rapid demographic growth is partly contributed to the reorganisation and integration of administrative units in 2009, which significantly enlarged the jurisdiction of the Town S government and widened the scope of census. Nevertheless, between 2013 and 2015 when the scope of census remained unchanged, the number of settled population increased from around 665,000 in 2013 to 810,000 in 2015.

Changes in the trends of the local demography were in line with the general picture of urbanisation and industrial development in Town S. Firstly, a shrinking proportion of the population was working in agriculture. On the one hand, local news reports published since 2013 consistently stated that workers in the manufacturing sector, which included both local and non-local residents, accounted for over 60% of the total population in Town S. On the other hand, the proportion of local residents engaging in agricultural activities shrunk drastically year after year since 2012, from 80% before 2011 to 75.3% in 2012 and 54.1% in 2015.<sup>10</sup> In other urbanised areas in China, local residents who previously worked in agriculture benefited from leasing their arable land to other industries and the profit derived from the conversion of land use (Tomba, 2017). Local residents in Town S apparently followed a similar path. The land occupied by the new assembly plant and auto parts suppliers was previously farmland that was owned and cultivated by local residents in nearby villages. After leasing the land to the carmaker under the coordination of the local government, the villagers abandoned farming and developed other means to make a living. For instance, some converted houses in their village to multi-storey buildings, providing accommodation to factory workers in the area. Shops and commercial activities run by local villagers catering for the daily needs of factory workers also emerged in villages. Rather than staying in the village, most local residents whose houses were now for rental moved to the more prosperous town centre.

---

<sup>10</sup> Sources from Foshan Statistical Yearbooks (2013-2016).

Secondly, the majority of the settled population constituted of migrants. The population of local residents still grew every year, but the increase in the local population only accounted for a small proportion of the growth in the settled population in Town S. If we deduct local residents from the estimated settled population, as shown in Table 3, it can be estimated that around 60% of the settled population are not local. In other words, migrants constituted a dominant proportion of population growth. The majority of workers whom I encountered during fieldwork were from outside Town S. There were not only migrants from inland provinces, but also from within the Guangdong Province, especially the western part due to geographical proximity and transportation links. However, it would be misleading to take all migrants as manufacturing workers by default, as they might also include their dependents and those providing auxiliary services. In a national news report published in October 2016, local officials surmised that the newcomers were mostly given by production line workers, technical staff and managers in the rapidly expanding manufacturing sector, university and technical college students and entrepreneurs from over all the country.

Year	Estimated settled population	Local Residents	Estimated Proportion of Local Residents	Estimated Proportion of migrants
2013	665,000	277,781	41.77%	58.23%
2014		282,891		
2015	810,000	287,885	35.54%	64.46%

Table 3: Composition of the Settled Population in Town S (2013-2015) (Sources: Foshan Statistical Yearbooks (2014-2016), local newspaper reports)

#### 4.3.2. State agenda in developing a skilled workforce in Town S

As newcomers mostly came for employment opportunities created by the new industries, state efforts in facilitating these trends should not be ignored. For the government of Town S, introducing new industries into the town landscape is an important step for the formation of a skilled labour force. The role of the state in job creation and boosting labour demand is enshrined in the law. The *Employment Promotion Law of the People's Republic of China* enacted in 2007 stipulates that widening employment should be taken as a prime

responsibility by different levels of local governments by encouraging the establishment of new enterprises (particularly in the non-public sector) and widening their scope of operation as prescribed by laws and regulations. The State Council also publishes directives on promoting employment. In the *Employment Promotion Plan (2011-2015)* published in 2012, the national target for growth in employment in urban areas is to place 45 million more people into employment, and make 40 million people leave the agricultural sector. Different levels of government are also expected to prioritise employment for the benefit of socioeconomic development while designing economic plans and strategizing industrial development.

In the long run, the government of Town S not only aims to create jobs, but also jobs of 'high quality', meaning that the jobs created should be higher skilled and better paid. Tracing back to public statements made by local officials, they considered that jobseekers would be attracted to and interested in settling down in Town S only when businesses and jobs were already there in the first place. This explains why the local labour supply did not seem to be a key determinant in the decision-making process of the Sino-European carmaker to set foot in Town S. As far as local media coverage could tell, the government of Town S 'won over' the carmaker to set up the assembly plant in Town S for its strategic location, speedy and accommodating attitude of the local government, and tax exemption packages. There was thus far no mention of existing manpower available in Town S throughout the process.

Indeed, there was little news coverage on the local labour market conditions as an advantage of Town S before it was selected as the site for the assembly plant. Despite the unavailability of official statistics on the local labour market as well as inconsistencies in estimated figures of labour demand overtime, the existing workforce in Town S apparently did not satisfy the labour demand created by the new industries under any circumstance. On the one hand, the labour demand of the automobile and auto parts factories was evident. For example, according to a local news report in 2011, local officials expected the recent development of the automobile industry in Town S to directly create more than 50,000 jobs, among which 10,000 would be skilled positions. However, when the start of production was approaching in 2013, the Sino-European carmaker alone was reported to require more than 20,000 workers in its full production capacity. Other auto parts factories, instead, would require approximately 12,000 more workers. On the other hand, whatever the amount of newly

created jobs would be, the local authorities made it clear that they would not solely rely on the existing workforce in Town S to satisfy the emerging labour demand in terms of both quantity and quality. Regarding employment opportunities for local residents, the town-level party secretary explained in a local news report in December 2011 that the local government ‘encourages local villagers to work for the new auto companies. Those who meet their requirement could work on technical positions, otherwise they could still do cleaning and gardening in the plant.’ More importantly, the local authorities believed that by facilitating the establishment of businesses in advanced industries, they would attract skilled workers from outside Town S. The ultimate aim was to accommodate new workers, which were likely to occupy skilled and managerial positions. With higher disposable income, these new workers would help create consumer demand and attract further external investment for better urban infrastructure and services.

As a result, local governments concentrated efforts in creating the ground for job opportunities in the new industry to emerge. It is not my intention to undermine the attractiveness of Town S in other dimensions, which eventually drove the carmaker and other companies to decide to move to Town S, but clearly the availability of labour locally was not prioritised as much as other factors of production from these companies’ perspective.

#### 4.3.3. Measures to improve the habitability of Town S for newcomers

Regardless of the local authorities’ wishes to create high quality jobs in Town S, they were not the direct providers of the job opportunities. What local authorities did, instead, was to make Town S more accommodating, by providing services and facilities otherwise not available at the company level.

As mentioned above, the land occupied by the new carmaker and its supplier factories was former farmland in the outskirts of the centre of Town S. Given that Town S was mostly rural and underdeveloped, the urban outlook was not entirely compatible with the incoming working population deriving from the introduction of new advanced industries. Consumption demands and the higher-skilled labour force’s expectations of fringe benefits also evolved

overtime. In face of the influx of new workers, the government of Town S and higher levels of administration undertook, or at least announced, a series of measures to improve the habitability of Town S for newcomers and their families.

Local villagers recalled that accessibility and habitability were major problems which residents in Town S had experienced. The land which the Sino-European carmaker later occupied had been abandoned for years. It used to be owned by local village committees, but it bore little potential in development due to the lack of infrastructure connecting it to the rest of Town S. Furthermore, social services in healthcare, social welfare and education were limited and exclusive to local residents. It was by no means easy for migrant workers with a family to get settled in Town S. Even if they did, they would not be able to satisfy most of their social needs locally. Both local officials and the factory management considered this as a disadvantage in terms of attracting talent, as few people would like to work in a place with nothing much to do outside work. In order to appeal to higher-skilled workers who could afford an urban lifestyle, the local governments made a series of pledges regarding infrastructures such as transport, housing and social services to improve the accessibility and habitability of the greenfield sites and Town S in general. Some of them have been realised but some were still at the primary planning stage by the time of my fieldwork.

First, there was a region-wide effort to invest heavily on transportation projects, by building better connections between Town S and neighbouring localities. In the past, inter-city highway networks surrounding Town S fulfilled the logistical needs of factories in Town S, but there was the hope that the mobility of workers and commuters in and out of Town S would also be enhanced. Therefore, infrastructure projects to build inner-town roads, as well as new railway and underground routes to connect Town S and the provincial capital city were in progress since 2010. The extensive road work in town facilitated the operation of more bus lines, making travelling in town easier than before. Furthermore, the public bike system which originated at the municipal level was extended to Town S in early 2016 to enhance the mobility of individuals within shorter distances within the industrial zone.

Second, the state-encouraged real estate development in Town S was under rapid expansion in recent years. Factories were hitherto the major providers of housing for migrant workers

which took the shape of dormitories. The type and quality of accommodation provided for workers differed from factory to factory, while the mainstream solution in Town S was to house workers in a dormitory building within the factory premise. That said, staying in the factory dormitory was not compulsory for workers in most automobile and auto parts factories in Town S. Workers could also rent their own place in nearby villages and commute to work on coaches arranged by their factory or by their own means of transportation. Those with family were particularly inclined to move out of the factory dormitory and have their own place outside. This created opportunities for the rental market in villages in the periphery of the industrial zone. In addition, local governments also encouraged home ownership. Big companies such as the Sino-European carmaker appropriated land in the outskirts of the industrial zone to build apartments exclusively for their employees at a discounted price with generous mortgages. Other high-skilled workers were also encouraged to buy a permanent home in the numerous real estate projects in Town S.

Home ownership is more than a permanent residence, but it also leads to local household registration enabling an individual and his or her family to access public services locally. Home owners migrating from other localities are eligible for higher points in a point-based system, which allows them to transfer their household registration status from their hometown to Town S. Being locally registered significantly widens their access to local public services, in particular healthcare and education in public schools for their children. After the establishment of the Sino-European carmaker and the completion of roadworks between Town S and Guangzhou, house prices were pushed up drastically in recent years. Since Guangzhou as a metropolis had already experienced a continuous rise in house prices in recent years, prospective home buyers sought to look for properties further away from Guangzhou but still within commutable distance by car. This developed real estate into another lucrative industry in Town S, but it contradicted the idea of providing housing for the settled population in Town S, since developers targeted potential buyers working in both Guangzhou and Town S, where the former outnumbered the latter. Hence, house prices in Town S set a bar of affordability to home ownership, which higher-skilled and higher-earning workers were more likely to overcome.

Third, plans to expand public services, such as education, healthcare and social services were carried out. Existing healthcare establishments largely catered for the basic medical needs



of local villagers. To accommodate an expanding workforce and settled population, the district-level hospital announced the plan to open a new branch in Town S to meet rising medical demands. Regarding education, state education in China is heavily constrained by household registration status. Children going to school outside their hometown resort to turning to private schools, which are often fee-paying and create a financial burden for migrant parents. To tackle this, the government of Town S announced in October 2016 the provision of 15,000 more places for children whose parents were coming to work and live in Town S. According to the mayor of Town S in a local news report at that time, the forthcoming places in schools would be for children of 'new residents', so that parents would have less to worry about moving to Town S. As of social services, the town-level trade union established a community centre in 2015, targeting individuals working in the industrial zone near the Sino-European carmaker. The operation of the centre was subcontracted to a number of social work organisations, which organised recreational activities and counselling services for factory workers, as well as childcare services for the workers' children visiting their parents in Town S during school holidays. The social work organisations also collaborated with company-level trade unions and HR departments to fund recreational activities at the factory level and to provide consultation in human resource management for factory management and career advice and soft skills training for workers.

Fourth, the local government was keen to attract investments on commercial activities in Town S, especially for service industries such as real estate, hospitality and entertainment. As young professionals and technical workers were among those that the local government would like to attract to Town S, it was recognised that they would ask for more than just a shelter near their workplace, but also for a certain quality of life. An example of this is given by the building of a new shopping mall right next to the Sino-European carmaker, which the local government and developer hoped to fill with eateries, shops and entertainment facilities which would appeal to the newly recruited workers in the carmaker and its supplier factories.

These plans revealed the intention of local governments to attract talent beneficial to the upgrading of local industrial development and urbanisation. Unlike past practices of leaving provisions for workers' daily living needs largely to employers or factories, local governments took a more active role in widening access to public services, albeit with conditions. A

stronger will of the local government to retain migrant workers was also observed. On top of facilitating the inflow of incoming labour, policies to encourage home ownership and the transfer of household registration status also made staying in Town S permanently more feasible than before.

#### 4.4. Labour market institutions in Town S

The previous section demonstrated that the local government in Town S and at the municipal level played an active role in facilitating the inflow of workers in order to satisfy the labour demand derived from the newly developed industries. Once established, the regulation of employment relationships is bounded by labour laws and regulations enacted at the national and provincial levels. In particular, the provincial government enjoys discretion in setting benchmarks for remuneration standards, such as minimum wage and suggested wage levels, as well as opportunities and rules for wage collective negotiations.

In the following sub-sections, I will briefly introduce the institutions laid out by the state to regulate the determination of remunerations at the company level. The first institution concerns the minimum wage and wage guidelines which govern the determination of wage levels. The second one covers rules on wage collective negotiation as a means for employers and workers to bargain for wages.

##### 4.4.1. Wage setting

Since the market reform which began in the late 1970s, control over company-level wage determination has gradually shifted from primarily the state (Korzec, 1992; Takahara, 1992) to the management at the company level. Being the primary legal basis at the national level to govern the determination of remuneration of workers, the Labour Law recognises the overarching principle of 'equal pay for equal work' on the prerequisite that production and business operations vary from company to company. Hence employers refers to their individual characteristics in terms of production and economic efficiency to determine the means of distribution and level of wage within the employing unit (Article 47).

Given the employers' discretion to decide on the exact pay rate, labour laws and regulations at the national level stipulate the payment of certain wage components, namely overtime pay and the high temperature subsidy. According to Chapter Four of the Labour Law, employers should implement a forty-hour five-day standard working week. The maximum length of overtime work per week should not exceed thirty-six hours. For every overtime working hour, workers are entitled to overtime payment determined on the basis of the worker's hourly pay (150% per hour for weekday, 200% per hour for Saturday and 300% per hour for Sunday and national holidays). Workers working under high temperature conditions are also entitled to a monthly payment of a high temperature subsidy according to the Administrative Measures on Heatstroke Prevention. The rate of the subsidy and the number of months in a year when workers should be paid the subsidy are determined by the provincial government. Since 2012, the subsidy amounts to ¥150 per month between June and October in Guangdong. Article 48 of the Labour Law also states that the monthly wage level of a worker should not fall below the legal minimum wage level.

As the only legally binding benchmark for pay, the level of minimum wage is determined by the provincial government. The Labour Law acknowledges the existence of a minimum wage, while details of its determination are laid out in the Provision on Minimum Wage issued by the State Council in 2004. The Provision outlines the practicalities in determining the minimum wage level. In general, there are a few principles to be followed in the determination and adjustment of minimum wage. The Provision requires the taking into consideration of the basic living needs of workers and family members whom they support, the average wage of the wider local workforce, as well as the economic and social development of the locality. These criteria indicate that, on the one hand, the minimum wage should be able to support workers and their families; on the other hand, it should help alleviate income inequality in society. More importantly, the Provision allows for different minimum wage rates in different localities with various levels of economic development within a province. Provincial governments are given the discretion to determine the number of bands for minimum wage rates. Localities within provinces are then further categorised into different bandings and can implement different tiers of minimum wages. For instance, in Guangdong where Town S is located, four different tiers of minimum wage have been

applied since 2011.<sup>11</sup> The first tier applies to just the provincial capital city, while Town S falls in the second tier.

The Provision requires to adjust the local minimum wage at least once every two years. In the past decade, this requirement was fulfilled in Guangdong, where the minimum wage is adjusted on a largely biennial basis, as shown in Figure 1, with the exception of the period of 2015-2018. The central government initiatives of ‘supply-side structural reforms’ in 2016 in face of a nationwide economic slowdown in recent years motivated the Guangdong provincial government to suspend the adjustment of minimum wage levels. According to the provincial action plan of reform, the suspension was driven by the need to lower operational costs, including labour costs, for employers (Guangdong Provincial Government, 2016).

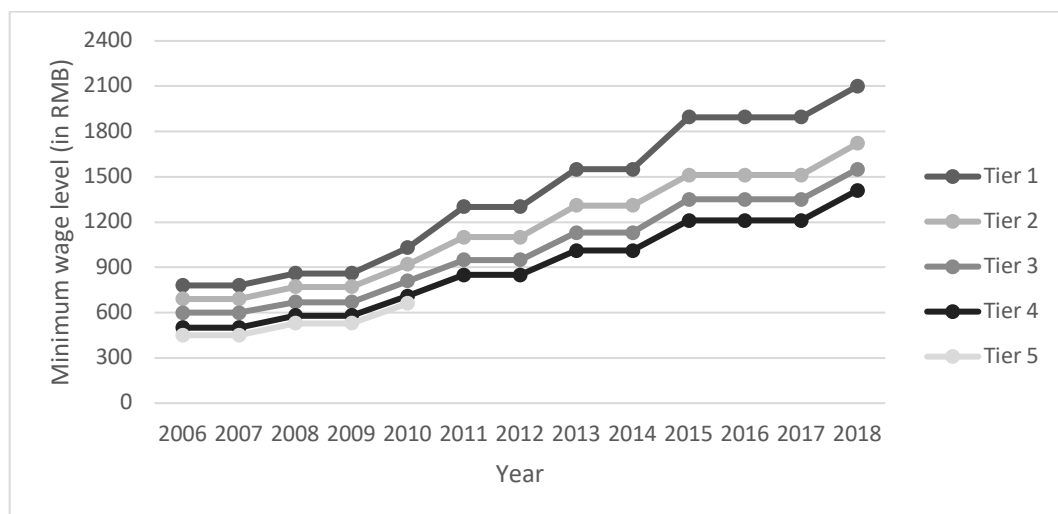


Figure 1: Adjustment of the minimum wage level in Guangdong Province in 2006-2018<sup>12</sup>

The minimum wage adjustment has to be determined under a tripartite consultation system at the provincial level, which involves the labour and welfare departments of the provincial government, the provincial branch of the ACFTU and the provincial employer federation

<sup>11</sup> Shenzhen as a special economic zone within the Guangdong Province had the authority to determine its own minimum wage level, which was always higher than the first tier of that of the Guangdong Province. In 2018, the Guangdong Provincial Government announced that the minimum wage level in Shenzhen will be stipulated at the provincial level rather than at the municipal level from 2019 onwards.

<sup>12</sup> The fifth tier was scrapped in 2011.

(Clarke et al., 2004). According to Article 8 of the Provision, once the proposed adjustment is formulated by the three parties, it is then submitted to the Ministry of Human Resource and Social Security (MOHRSS). The MOHRSS then consults the ACFTU and the employer federation at the national level before approving the adjustment. However, the consultation is not made public, nor does it involve trade unions at the organisational level. In Shenzhen, a special economic zone within the Guangdong Province which, however, follows a different rate of minimum wage, the last public hearing for minimum wage adjustment was held in 2009.<sup>13</sup>

Besides minimum wage levels, provincial governments publish wage guidelines annually. The wage guidelines, originally developed back in the socialist era, are compiled by self-reported statistics provided by companies in different sectors, ownership types and localities at the municipal and provincial levels. A specific amount of yearly wage for individual jobs and positions in each sector are suggested, presented in three grades (high, medium, low), but they are not legally binding, meaning that employers could follow any of these no matter whether they consider themselves high-performing in the sector, or not follow any of these grades at all. Employers could also choose to not follow them at all, as they have no legal obligation to pay workers according to these rates. Therefore, these rates are strictly for 'guiding' purposes. Their implication for the determination of pay at the factory level in the auto parts industry in Town S will be further discussed in Chapter Five.

#### 4.4.2. Collective wage negotiation

The state also plays an important role in facilitating collective bargaining via the state-sponsored ACFTU. Collective bargaining, or the preferred term 'collective negotiation', and collective contracts are by no means new terms in Chinese industrial relations, as they have been enshrined in national laws for years. During the socialist era and the early stages of the market reform, legal regulations on collective contracts at the plant level exclusively covered state-owned enterprises. Nevertheless, the scope of application of the laws have extended to all types of business entities in recent amendments. For example, the Trade Union Law, first enacted in 1950 and last amended in 2009, states that it is responsibility of the trade

---

<sup>13</sup> Information from previous work experience in a labour organisation in Shenzhen.

union to 'represent workers in equal representation and sign a collective contract with an enterprise or a public institution managed as an enterprise' (Article 20). The Labour Law and Labour Contract Law provide further details on the components of a collective contract and its management. According to Article 51 of the Labour Contract Law, a collective contract negotiated by representatives of the employer and workers in an equal position could cover 'matters of remuneration, working hours, breaks, vacations, work safety and hygiene, insurance, benefits etc.'. The AFCTU branch at the superior level should also supervise the selection of representatives and the process of negotiation.

Guangdong was considered a pioneer in approaching collective negotiation more proactively in recent years particularly, in response to the increasing number of workers' collective resistance in the form of wildcat strike (Brown, 2015). In 2010, Town S hit the national news headline for a nineteen-day strike in a Japanese auto parts factory in Town S, which resulted in a substantial pay rise and re-election of the plant-level trade union. Since then, gestures of the provincial government and trade union to promote collective bargaining in the private sector were observed, which included setting directives for the implementation of collective negotiations and facilitating plant-level collective negotiations. In a directive issued by the provincial department of human resource and social security in 2010, the collective negotiation of wage was prioritised before other elements of a collective contract for its 'essential function in maintaining peace and stability of an employment relationship'. It also announced a three-year campaign in promoting plant-level collective wage negotiations in the province. The duties of the local departments of human resource and social security, and trade unions included 'promoting collective wage negotiation and raising the awareness of employers, workers and the public'; 'facilitating wage collective negotiation in enterprises with more well-established plant-level unions'; as well as monitoring the process of wage collective negotiation to avoid escalations of industrial conflicts (Human Resources and Social Security Department of Guangdong Province, 2010). Written templates of correspondence on collective negotiation, dispute resolution and collective contract were also attached. The directive was further strengthened by the Guangdong Province Regulation on Collective Contracts in Enterprises enacted in 2014. This further outlines the elements of a collective contract, the procedures of negotiation and the means of conflict resolution.

The above sub-sections illustrated two points which are relevant indicators of the state regulation regarding industrial relations in Town S. First, the legal minimum wage set the minimum price for labour in Town S. The wage guidelines showed additional effort of the state to direct the upward flow of pay levels, but at the end it is up to the voluntary implementation of individual employers. Second, the trend of workers' collective actions had urged the local government to open up the opportunity for factory-level wage collective negotiation within the legal regulatory framework.

#### 4.5. Everyday life of factory workers in Town S in the making

Massive plans of infrastructure and state-supported investments significantly changed the outlook of Town S. The next concern was around the working life of the newly recruited workers at the backdrop of such changes, and the ongoing process of labour market transformation. Two major issues will be highlighted in the following section. The first issue is given by the fact that accessibility within Town S and with other localities was limited to a selective group of people who are more resourceful. Second, the inflow of labour to Town S largely depended on pre-existing relationships.

##### 4.5.1. Accessibility and habitability

Regardless of the fact that the Sino-European carmaker was built on a greenfield site, the infrastructure for logistic purposes was complete. Direct access to the plant from Guangzhou and other localities by car was not a problem as it is well connected by roads and highways. Nevertheless, the industrial zones of Town S remained a world of its own for people without their own means of transportation due to limited public transport. For instance, it easily took three hours to travel from Guangzhou to the Sino-European carmaker by public transport with multiple transits, while it was normally a 1-hour journey by car at off-peak hours. The fastest route by public transport was to take the light rail from Guangzhou which stops at a newly built station approximately ten kilometres away from the carmaker. This compresses the journey to twenty minutes but there was only one train every two hours. It also took up to an hour to go to the industrial park by bus (waiting time including) for those who found taking a taxi unaffordable. There were also buses connecting the industrial park with the

centre of Town S and the municipality centre. However, the last bus to and from the industrial zone left as early as 8pm. This made going out after work by public transport basically unfeasible for workers living on site.

Workers mainly commuted within the industrial zone in two ways. The first way was by coaches provided by their companies. Some companies sent coaches to pick workers up from the town centre and the villages populated with migrant workers before and after each shift. This solution was strictly for commuting purposes and did not run during off-work hours. The second way was given by one's own means of transportation, among which motorcycle and bicycle were the most popular. However, this only allowed mobility within a short distance, such as between two villages. A public bike system had been installed in industrial parks since 2016, but this required a large deposit and getting a user's card from sparsely located ticket offices operating during normal office hours, when most workers would be at work at that time.

Some office workers owned a car which let them travel further, but car ownership was largely unheard of among production line workers. Car ownership obviously enhanced the mobility, as well as the freedom of workers in Town S. For instance, some office workers mentioned the luxury of having a car so that they could afford the time to go out for lunch, instead of eating at the factory canteen every day. It also gave them easier access to better social services, such as emergency healthcare in the municipal centre. The government's promise of building a hospital in the town has not yet been fulfilled. A HR officer from an auto part factory said, *'there is not even a proper clinic around. We could only go to two small hospitals in town, where quality is not great.'* (GQC, D-Factory C, April 2017) Since the shopping mall next to the Sino-European carmaker was never fully open, production line workers also mentioned going to the town centre for grocery shopping only during weekends, as they just had the energy to stay somewhere close and relax after work; unlike factory managers who could afford to go out for a quick treat in the town centre by car in 15 minutes.

These observations on the geographical context of Town S and workers' commuting habits demonstrated the potential costs of navigating in the greenfield. In a newly developed area such as the Sino-European industrial park, infrastructures were available but remained user-



unfriendly. This meant that people who were lucky to be endowed with resources such as embeddedness in the area, the luxury of time to travel and wealth to possess their own means of transportation were still favoured. This resulted in workers' mobility being confined to a limited geographical scale. Even if they did not live within the premise of the factory, their everyday life was still confined by the job. This resulted in the following implications in terms of workers' acceptance of working conditions and pay levels. First, it affected their capacity in locating better paid jobs. Second, it determined the social circle in which workers learnt about pay practices in other factories and compared pay among themselves.

#### 4.5.2. Pre-existing relationship as a dominant pull factor

As a newly developed industrial area, Town S still lacked a strong pull factor as a destination to look for work. Compared with nearby metropolises such as Shenzhen, Guangzhou and Dongguan, Town S was less likely to be thought of as a land of job opportunity. Workers actually decided to look for a job or accept a job offer in Town S for various reasons, and the influence of pre-existing relationships was prevalent among these.

Three types of pre-existing relationships which brought auto and auto parts workers to Town S were observed. The first type was related to the partnership between the carmaker and vocational schools. It is a common practice for carmakers to establish collaborative partnership with vocational schools, where they directly recruit fresh graduates. This practice is quite common for carmakers as documented in the work of Jurgens and Krzywdzinski (2015). In the partnership with vocational schools, carmakers ensure that the curriculum is compatible with the skill set required in the production, also secure a stable supply of worker reserve. In Town S, the majority of their new production line workers in the Sino-European carmaker and in the biggest Japanese auto parts factory in Town S had been recruited through vocational schools. According to a representative from the party branch of the Sino-European carmaker, the company recruited and trained the majority of workers in the northeast. These workers were later relocated to the assembly plant in Town S. Other auto parts factories were not big enough to establish a consistent relationship with schools. Nevertheless, some of their HR officers mentioned recruiting technical staff during campus events in a particular group of universities. In short, workers characterised by bearing this

type of pre-existing relationship came to Town S primarily because of the employer that they were about to work for.

The second type was given by a pre-existing relationship with particular people who workers already knew. Workers came to Town S to follow the people that they knew, such as the fellows from the same home town, friends and family members. It was common for them to mention someone that they knew, such as a partner or family member who had moved to the Town S before them. Hence the workers came and sought refuge with them. There were also local workers from nearby villages who had heard about job opportunities in Town S by word of mouth. They lived close enough to Town S to witness the progressive industrial development in Town S, and preferred not to look for work too far away from home.

The third type of relationship was related to intra-company transfer. Originally based in northeast China, the Sino-European carmaker had an established and trusted network of auto part suppliers in the northeast. These supplier factories were encouraged by the carmaker to set up branches in Town S to serve the new assembly plant. Therefore, most of the auto part factories newly set up in Town S had roots elsewhere. Workers who fit into this category were relocated to Town S by their employer who had expanded operations to Town S. They were mostly veteran technical workers and middle- to senior-level management, who were entrusted by their employer with running the new branch. The carmaker itself also encouraged veteran production line workers originally from the northeast to relocate to Town S.

#### 4.6. Conclusion

The illustration of the industrial and urban development in Town S so far has provided an overall picture of how Town S emerged as a destination for advanced manufacturing industries and higher-skilled labour. First, this was supported by state ambitions regarding industrial upgrading and urbanisation, which provided the physical space and logistical arrangements for new industries to settle down in Town S. Second, in contrast with the laissez-faire approach adopted in the past, local governments opened the doors for the settlement of migrant labour in Town S. Continuous infrastructure projects, the

encouragement of home ownership and improvements in terms of access to public services demonstrated local governments' attempt to retain newly arrived workers in Town S.

Nevertheless, observations in the field demonstrate that incomplete infrastructure projects contributed to stranding the expected labour inflow. Workers who were more resourceful in social and financial terms had obviously greater advantages compared to others when navigating the new and expansive industrial zone. The pre-existing relationships which supported their decision to find work in Town S contributed to their occupational prospects and their acceptance of factory-level managerial practices and working conditions. These considerations also paves the way for further investigations in later chapters on the channels available for workers to accumulate pay knowledge on the shop floor, and to what extent they would be incentivised to make sense of the pay practices.

## 5. Pay Practices and their Implementation in Auto Parts Factories

### 5.1. Introduction

In the previous chapter, I discussed how the automobile industry emerged and developed in Town S. The industry exhibited a few distinctive features – it was developed in a relatively short time frame; the labour demand was not necessarily compatible with the existing labour market; it occupied a greenfield site, which itself became the driver of urbanisation and of the development of infrastructure in Town S. With strong support from local governments through high publicity, the automobile industry was well-known in Town S and played a leading role in transforming the local labour market.

Against this background, it is reasonable to speculate that the development of the industry contributed to how workers positioned themselves in the labour market and shaped their expectation towards the job in Town S in terms of remuneration. Those who drew my attention particularly were the workers in the new auto parts supplier factories. These factories were set up in Town S during this particular time but remained out of the spotlight – in the local news, they were always addressed as ‘ancillary factories’ of the Sino-European carmaker. How were workers remunerated in these factories? How did the optimism in the local industrial development match with the way that workers were rewarded and, more importantly, to what extent workers felt satisfied with the reward?

The following two chapters will seek to address these questions. Since the state did not intervene that much in issues related to pay at the factory level, heterogeneity in practices across companies was possible. Indeed, when it comes to how labour is remunerated in production, this is largely an organisational issue, especially in private enterprises. Therefore, this chapter aims at exploring further down to the factory level to examine the set of practices which governed how workers were paid under the plant-level pay system, as well as the shaping of workers’ experiences around pay.

Hence, in this chapter I will present the findings on pay systems and communication practices adopted in auto parts factories in Town S. In addition to examining the variety of pay system designs and implementation practices on the shop floor, I will also assess the way in which pay was communicated to workers and their subsequent attitudes towards pay.

This chapter consists of two main parts. In the first part, I will introduce the diversity of remuneration practices in the auto parts industry in Town S, represented by the three cases of Factories H, F and D, where I had access to a more comprehensive set of research participants. In the second part, I will look into how these systems were communicated and implemented on the shop floor, as well as how workers understood them. I will focus on three timeframes during an employment relationship, including the time in which workers were recruited, the pay day, as well as other times of their everyday working life.

## 5.2. Practices to remunerate auto parts workers in Town S

Given that the automobile industrial cluster developed in Town S in a short period of time, an industrial norm of how automobile auto parts factories remunerated workers was not apparent. Rather, through a closer look into the remuneration practices of different companies with seemingly common exogenous features, a diversity of pay systems was observed.

My fieldwork in Town S enabled me to have a relatively comprehensive picture of three auto parts factories in Town S, namely H, F and D. Through interviews with HR officers and veteran workers, as well as participant observations in Factory H, it was possible to obtain official accounts of the state of the operations and of the workforce in these factories were obtained. Therefore, this section aims at looking at how the three factories operate, in order to draw a comparison among them to demonstrate the diversity of and nuances between these practices.

This section focuses on introducing the profile of Factories F, H and D respectively. These factories were all recently set up in Town S. I will introduce the features of the factories in four different areas. First, I will start with a brief description of the company background of each factory, including the establishment of the factory, the sources of capital, the relationship with the parent company, the clientele and the product market. Second, I will look into the composition of the workforce in each factory, in order to paint a better picture of who worked in the factories and where the employees came from. Third, I will briefly introduce the working hours in these factories, the length of which was related to the calculation of some of the pay components. Fourth, I will elaborate on the pay system of these factories, covering the composition of pay, and the calculation and determination of each component made known to me by factory management.

Due to the possibility that the circumstances in each factory may have evolved over time, the factory profiles below account for the time period between October 2016 and May 2017. Regarding the HR systems and business operations of the factories, official accounts were provided by the factory management, who were represented primarily by frontline HR officers. These are weighted higher in the following sub-sections, but will still be critically assessed and triangulated later in the chapter.

#### 5.2.1. Factory H

Factory H was established in 2012 in Town S and started production in 2013. It is a subsidiary of PH Company. PH is now formally a subsidiary of a SOE. Yet, the involvement of domestic capital in its development trajectory was significant. PH enlarged its operations in the auto parts manufacturing by acquiring a domestic-invested auto parts manufacturer, which was of similar size as PH back then. Therefore, the HR manager of Factory H described the factory as ‘a private enterprise controlled by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)’.

Factory H was not required to follow regulations strictly on SOEs, while it enjoyed discretion in making its own adjustments under the existing framework set by PH. Regarding human resource management, the HR manager said:

*'The personnel and performance appraisal systems of Factory H and other subsidiaries are centrally planned by PH. However, subsidiaries all over the country face different changes in the business environment, which are compatible with the central plan by PH to different degrees. In Factory H, the management style of SOEs does not work well. Therefore, we make adjustments to the central plan, and the headquarter does not set limits on the extent to which adjustments can be made. After all, Factory H is an independent business entity, and PH does not intervene that much.'* (YXY, Factory H, November 2016)

Factory H manufactured and assembled over eighty types of plastic parts for cars. Production was mainly for the Sino-European carmaker in Town S. However, Factory H in fact produced parts for other carmakers and electric appliance manufacturers as well. The Sino-European carmaker hitherto still accounted for 80% of the clientele, but a number of its products were contracted out to lower-level parts suppliers, who delivered products to Factory H just for dispatching. At the time of the fieldwork, roughly 40% of the shops were making parts for other carmakers. It was a relatively recent move by Factory H to diversify its clientele. According to the HR officer, the former general manager of Factory H had been reluctant to supply for companies other than the Sino-European carmaker, but the incumbent general manager was keen on 'taking whatever orders which might help boost the business'.

On the shop floor of Factory H, workers worked for one of the five main departments – the plastic injection department, the assembly department, the paint shop, the quality control department and the logistics department. The plastic injection department was the biggest, occupying half of the shop floor. The plastic injection, assembly departments, the paint shop and the warehouse were physically independent from each other.

Work was organised in its own way in each department. In the plastic injection department, there were one to two positions at each of the ten injection machines where operators rotated. In the assembly department, operators were formed into groups of two to work on individual products. The paint shop was out of bounds for me, but from the outside a consecutive production line could be seen. Inspectors from the quality control rotated between different departments to inspect different products. Each of the departments was

managed by two to three line leaders. Work was largely manual, especially in the assembling department and warehouse, although there were robotic arms installed next to the injection machines, so that workers did not have to go around the machine to deliver finished products.

#### 5.2.1.1. Workforce composition

When I was visiting Factory H in late 2016, there were around 170 employees in the factory. The general manager and a majority of the departmental managers were dispatched from the PH headquarter, while other office staff were recruited locally. On the shop floor, a majority of workers were migrant workers from outside Guangdong, such as Guangxi, Henan and Sichuan. A number of them were also from other localities within the Guangdong Province. Regarding the rarity of locally born-and-bred workers, a HR officer TQ mentioned her negative impression of local workers:

*'They don't really treasure job opportunities in our factory. Some of them were no-show at job interviews. Some accepted the job but stayed for just a very short time because of trivial reasons, such as office facilities being too basic. This happens so often and now I am very cautious of hiring local people.'* (TQ, Factory H, November 2016)

There was no official figure for the gender composition on the shop floor, but according to my observation, the gender split of the workforce here was more balanced than other auto parts factories, with the assembly department and the warehouse being more female-dominated than the others.

More than 70% of the workforce worked on the shop floor, and a majority of them were operators. There was no specific skill requirement for operators. Prior work experience was preferred (or necessary for veteran positions such as that of line leader) but not a must. Their age ranged from 18 to 50, and most of them were middle school leavers. They had diverse occupational backgrounds, but most of them had worked in factories before. Only a handful of workers mentioned prior work experience specifically in the automobile industry.



According to the HR officer, the labour turnover was 'very high' in Factory H. That year it had reached 50%. I had observed that only a handful of operators on the shop floor had been in the factory for more than a year. Most of the existing operators had worked in the factory for less than 6 months.

#### 5.2.1.2. Working hours

The working hours for white-collared and blue-collared workers were drastically different in Factory F. Office workers and managers worked primarily eight hours a day and five days a week. There was only one shift for them. They were also entitled to an hour for lunch break. In contrast, the working hours of workers on the shop floor were exceptionally long. There were two shifts on the shop floor per day for operators. Each shift lasted for eight hours nominally, but everyone was expected to work for twelve hours per shift. For a twelve-hour shift, workers had a thirty-minute lunchbreak and a thirty-minute dinner break. Nevertheless, most of them went straight back to work after finishing their food in the factory canteen. The shifts were rotated fortnightly. Shop floor workers said it was rare for them to have both days off over the weekend, since they always worked on Saturdays. During the month when participant observation was conducted, there was a period when a majority of the operators worked for 13 days in a row, including Sundays.

#### 5.2.1.3. Pay system

Pay for workers in in Factory H consisted of a number of components. Workers at different departments and positions were paid according to different pay calculation formula with different pay components. In other words, there was in fact more than one pay system running in parallel in Factory H. These systems could be categorised into the following types.

The first type of pay system was primarily time-based. Under this system, workers were paid a base pay which was the biggest component in the whole monthly pay package. There were seven pay grades for each position. Each grade was differentiated by ¥100 to ¥150 per

month. According to the HR officer, due to its state-owned background, the small difference between pay grades was aimed at keeping the pay dispersion more even within the factory. Office workers and engineers were paid in this way. Shop floor operators on probation, which lasted for one to three months, were also paid according to the number of hours with a base pay. Their base pay level followed the minimum wage level of Town S, which was set at ¥1,510 at that time. This was only a temporary arrangement for these operators, since they would not be paid by time after the probation period.

The second type of pay system was piece-based, which applied to the rest of the workers on the shop floor. Workers whom were paid according to this system had no base pay. Instead, they were paid according to the number of products that they made. Each product bore a different unit price, which was set by the quality control department. The department conducted time and motion studies to determine the unit price. TH, the department head explained that they had first set a production quota for each product based on the orders received from their clients, then they tested for the time needed to produce a unit<sup>14</sup>, and then deduced the unit price by taking into account the local minimum wage (TH, Factory H, November 2016).<sup>15</sup> Both TH and TQ (an HR officer) claimed that the unit price of each product was evaluated every year. For operators, their piece wage per month would therefore be determined by the unit price of products they were assigned to make multiplied by the number of products they eventually made in a month. Auxiliary production staff, such as warehouse workers, were paid the average piece wage that all operators earned in a month. Line leaders were paid 120% of the average piece wage of operators in their respective line or shop.

Although operators were paid by piece, they also received overtime pay. Given that the Labour Law and the Guangdong Regulation on Wage Payment do not provide specifications

---

<sup>14</sup> According to TH, the duration of product life cycle, the manpower needed to make a product and the degree of difficulty in making it were also taken into consideration. The production process was timed for multiple times, and a value slightly above the average would eventually be taken as the official time.

<sup>15</sup> For example, the local minimum wage in Town S was ¥1,510 per month in 2016. If a product took one hour to make, then the unit price would be at  $¥1,510 \div 21.75 \text{ working days} \div 8 \text{ hours} = ¥8.68$ .

on how to calculate overtime pay for workers who are primarily paid by piece, TQ said that Factory H also paid operators who were not on a time-based base pay for overtime 'in order to avoid breaking the law'. Nevertheless, the factory adopted an approach to calculate overtime pay which was borderline legal. It took ¥8.68, which was at the hourly local minimum wage in Town S in 2016, as the base for calculating overtime pay. Instead of 150% for overtime during weekdays and 200% during weekends, the factory paid 50% of the base pay for weekdays and 100% for weekends. TQ explained that smaller ratios were adopted because *'the unit price in the factory is fixed loosely, and what workers earn during normal working hours is already higher than the base pay in other companies'* (TQ, Factory H, November 2016). The lower rate of overtime payment was to offset the effect of the unit price.

Base pay or piece wage, as well as overtime pay made up the majority of workers' monthly pay. There were other smaller components, such as subsidies for night shift, full attendance, high temperature working environment (paid in the summer months) and dangerous working environment (e.g. in the paint shop). Workers were offered on-site accommodation in the factory dormitory but had to pay for water and electricity. They could also have one free meal per working day and discounted meals at other times of the day in the factory canteen. TQ also mentioned the provision of social insurance for all workers, but few details were known about this.

TQ mentioned performance pay but gave little details on this. In general, the performance pay of shop floor workers was determined by the performance of their department, while that of office workers was determined by the performance of the company as a whole. TQ also said that they had planned an end-of-year bonus. According to the plan, the bonus for each worker would amount to their average monthly pay throughout the year multiplied by a coefficient, which would be determined by the quarterly performance appraisal of individual workers, at departmental and corporate levels. The end-of-year bonus was eventually introduced in 2017, but little is known whether it adopted the formula stated above.

To summarise, the three types of pay systems applied to different workers in Factory H are illustrated in Figure 2.

Type of employees	Composition of pay			
Office workers and managers	① Time-based base pay	Overtime	Subsidies	Performance pay
Engineers				
Operators in Probation				
Operators	② Piece wage			Performance pay
Auxiliary production staff				
Line leaders				

Figure 2: Composition of pay under different systems in Factory H

Pay adjustment could be achieved in a few different ways. For office workers, it was mostly by means of job promotion. The general manager could also approve pay grade promotion for individuals with outstanding performance levels, but TQ said that this was not common. For shop floor workers, she said pay rise would be achieved by becoming dexterous: *‘When they become better at their job, it is more likely for them to be assigned to products with a higher unit price which makes them earn more.’* (TQ, Factory H, November 2016) Among the workers I had interviewed, most of their average monthly pay fell between ¥2,000 and ¥4,500.

### 5.2.2. Factory F

Factory F is a subsidiary of a private enterprise, PF, based in southern China. According to the general manager of Factory F, PF had been the manufacturer with the biggest market share of a certain type of exterior auto part in the industry.<sup>16</sup> Its standing in the industry was recognised by the local government as well. According to the general manager JYJ, *‘Recently, we have received a huge subsidy from the municipal government to promote industrial upgrading as a “model unit of Industry 4.0”. It is all because of the significant scale and industrial standing of our company.’* (JYJ, Factory F, September 2016)

<sup>16</sup> Product details have been hidden to keep Factory F anonymised.

Factory F was established in Town S in 2013 to supply the Sino-European assembly plant exclusively. It processed and assembled a specific part for the assembly plant, which the plant sourced 80% of what it needed from Factory F and 20% from another local supplier. The parts were first manufactured in another production site of PF (SF) within the province, and then delivered to Factory F for further processing. Since the parts were bespoke for different models of cars built in the assembly plant, Factory F was also responsible for arranging parts with different features in particular sequences compatible with the mixed-model production system in the assembly plant. The shop floor manager LXJ, who previously worked in SF and was involved in the establishment of Factory F, described that the setup of Factory F followed the general principle of PF:

*'PF wants to have a processing hub like this next to every assembly plant that we supply. [...] Factory F is responsible for some specific procedures of the production, but the parts themselves are primarily made in SF. Our tasks are also done in SF. It is just that some of these positions have been relocated to an independent plant in Town S.'* (LXJ, Factory F, November 2016)

There were three shops on the shop floor. Two shops were responsible for two variations of the product, while the third department was responsible for sequencing. The two production shops were organised along a production line respectively. Some efforts in automation had been introduced, such as robotic arms for delivery along the production lines and inspection machines to enhance the precision of the products. However, work was still primarily labour intensive. According to GF, a product was expected to be completed from start to finish along the production line in 65 seconds. Under this work arrangement, most workers recognised the importance of their collective capacity to reach the production targets.

#### 5.2.2.1. Workforce composition

There were around 50 employees in Factory F at the time of my visit. Migrant workers formed the absolute majority of the workforce. They were from all over the country. Some

were originally from the northeast and came to the south just to work in Factory F. Only a few workers were originally from Guangdong. 80% of the employees were male. According to the HR officer GF, the female workers worked in the factory because their husbands were working there too.

Most employees were between the ages of 18 to 35. Two-thirds of the employees were operators. GF said that they did not have specific skill requirements for operators. However, they still strictly followed a number of criteria. For example, they preferred workers below the age of 35. Workers also had to be healthy and in good physical conditions, which included reaching a benchmark regarding their height, having good eyesight and no allergy to chemicals. They also preferred workers with higher education qualifications, such as vocational schools or above. The rationale behind this was that *'better-educated workers are more capable of making suggestions for continuous improvement (kaizen), which is vital to the implementation of the lean production system in the factory.'* (GF, Factory F, January 2017)

A number of the veteran workers and those in the shop floor management were dispatched from SF after having worked there for a few years. Others were recruited via online advertisements or by 'internal referrals', meaning recommendations from existing workers. JYJ said that the factory had experienced difficulties in retaining workers, but GF described the workforce as quite stable, as they had at most four to five vacancies to fill in a year.

#### 5.2.2.2. Working hours

According to employees in Factory F, Factory F adopted primarily a five-day work week and eight-hour work day, with two shifts a day rotating once every fortnight. There were times during the peak season when workers had to work one to two hours more a day, as well as during the weekend. The extra working time was not necessarily counted as overtime. GF said that Factory F adopted an 'irregular working hour system'. Under this system, instead of extra working time in a standard working day, overtime was defined as the working hours additional to the pre-set monthly standard hours, but the number of these was not disclosed. According to regulations released by the then Ministry of Labour in 1994, an employer could

seek approval from the local governments to apply the irregular working hour system on 'workers under special production conditions, with special working needs and responsibilities' (Ministry of Labour, 1994). However, whether Factory F ran the system under official approval was unknown. During the fieldwork, extra working time in a standard working day was still taken as overtime work, but the HR officer said it was a form of 'welfare' provided to the workers rather than an obligation that the factory had to fulfil.

#### 5.2.2.3. Pay system

The monthly pay of employees in Factory F primarily constituted of base pay and performance pay. The level of base pay was first determined by the education qualifications of a worker at the time of recruitment. Factory F set different entry levels of base pay for graduates from vocational schools or below, technical schools, polytechnics and universities. Workers also mentioned an increase to their current base pay on a biennial or annual basis, even though this announcement always came at a random time of the year. Therefore, the longer a worker stayed in the factory, the more frequently they would encounter a base pay increment, which resulted in a higher base pay by seniority.

Performance pay was divided into two parts. The first part was an individual-level performance pay, based on monthly performance appraisal of an employee which was evaluated according to a number of dimensions, including punctuality, material consumption, quality assurance, occupational health and safety, and customer satisfaction. As the HR officer, GF received daily or monthly grading reports on workers' performance from the shop floor management, such as group or line leaders. The management also triangulated the information with the depository for yield and material consumption figures. The second part was an organisational-level performance pay, based on how the factory as a whole met production targets. Production targets were determined by the weekly orders from the assembly plant, but Factory F also kept an additional inventory for three working days. The size of the organisational-level performance pay that each worker got was proportionate to their base pay.

Performance pay split into these two parts accounted for about two-thirds of an operator's monthly pay. Nevertheless, operators in the sequencing shop who were not directly involved in manufacturing did not receive the part of performance pay based on the meeting of production targets. Although they were paid an 'overtime pay' based on daily overtime hours, this still made their average monthly pay lower than that of other operators. Some operators mentioned that the factory had suspended production in July due to the high temperature and low season. For this reason, they were not required to work and were paid just the base pay. Apart from the monthly performance pay, additional bonuses were paid once to twice a year, which the amount of these was proportionate to the base pay of individual workers.

Factory F paid a few types of subsidies, including subsidies for high temperature during summer months, transportation, food, as well as 'a subsidy for every day worked', which was similar to an attendance prize. GF explained that due to the remote location of Factory F and the insufficient public transport in the area, a transportation subsidy was paid to workers so that they could commute or go out to the city on their days off. She also mentioned that since the factory canteen was operated by a contractor, the factory could not discount the meals, but they subsidised workers' meals by paying the food subsidy, which covered part of the food expenses in the factory. The factory also provided on-site accommodation for workers. Couples were allowed to have their own room, but they had to fulfil some conditions, such as submitting more *kaizen* recommendations every year.

GF also mentioned social insurance provisions for all workers in Factory F. Instead of paying premiums based on workers' average monthly pay as required by the Social Insurance Law, Factory F paid the minimum amount that the local social insurance authority stipulated. She was aware that *'it was possibly illegal, but the factory had to strike a balance between workers' welfare and operational costs.'* (GF, Factory F, March 2017)

The adjustment of base pay was conducted annually, but there was no fixed time for doing this. According to GF, the regional headquarter decided both the amount of pay increment and the number of people who would have a pay rise in Factory F as a whole:



*'The [regional] headquarter would first set a limit of how many people would receive a pay increment. Let's say they only allowed lifting the base pay for 20 out of 38 operators. Then the regional headquarter would determine which 20 operators would get it according to their pay grade and performance appraisal outcomes. Departmental management would see how the set amount of pay increment for each department would be distributed between those workers. Workers in a higher pay grade would get a bigger increment.'* (GF, Factory F, January 2017)

There were also special occasions when some workers were prioritised. For instance, GF said:

*'Office workers are not paid the monthly production performance pay. Therefore, the company strikes a balance between office workers and shop floor workers by prioritising the pay increment of office workers. [...] So I started working in the office from the start while some of my peers started on the shop floor at more or less the same time. Now I earn around ¥3,000 per month, but their monthly pay can reach ¥6,000-¥7,000. [...] That's why the distribution of end-of-year bonuses and base pay increments prioritises us office workers more. Otherwise people would not stay.'* (GF, Factory F, January 2017)

Most operators who I interviewed were only willing to tell me a rough range of their monthly pay on average. Their respective pay levels were between ¥3,000 and ¥6,000, in which ¥4,000-¥5,000 is the most commonly reported range. The monthly pay of shop floor management could exceed ¥7,000. Yet according to GF, no one in Factory F earned more than ¥10,000 per month.

### 5.2.3. Factory D

Factory D is a subsidiary of a joint venture of a SOE (51%), DS, and a foreign-invested enterprise (49%). DS is partially owned by the Chinese partner of the Sino-European assembly plant. The close corporate relationship with the assembly plant is clear from the location of Factory D. Factory D and a number of other DS-controlled factories are located in a prime site neighbouring the assembly plant, which is considered a privilege reserved for

companies with close corporate relationships with the Sino-European carmaker. According to HQM, the HR officer of Factory D, the SOE oversaw the daily operations of the factory, but the foreign partner retained control over financial matters.

Factory D was also established in Town S in 2012 due to the opening of the Sino-European assembly plant. It supplied a number of exterior parts exclusively for the assembly plant, and which the assembly plant also sourced from them exclusively. These included tailor-made parts for four different car models, painted in a dozen of different colours. As HQM put it, *'that's why there is no sales department but only an after sales service department in our company, as we don't worry about the lack of orders. But our northeast-based headquarter does have a sales department, which is responsible for distributing orders to us.'* (HQM, Factory D, February 2017)

There were three shops in the production department. They were responsible for plastic injection, painting and assembling. In the paint shop and injection shop, robotic arms were installed to assist the delivery of heavy products. The assembling shop had the biggest number of operators, since it was the least automated of them all. Half of the operators in the assembling shop worked with welding machines, which required one operator for each machine at one time. The other half worked on the manual assembling of smaller products. There was also a logistics department managing the warehouse.

Despite the lack of opportunity to directly observe the production process, I was told about how Factory D took more proactive measures in supervising and disciplining workers in comparison with Factories H and F. For example, surveillance cameras were everywhere in the factory – on the shop floor, at the front and rear gates and on factory railings. Those on the shop floor were connected to the mobile devices of line leaders and managers, who could check them in real time. The use of mobile phones was only allowed in designated areas in the factory for workers. Workers also told me that they were allowed cigarette breaks in

specific smoking corners in the factory, but that they had to queue up for the handful of tokens required to be excused.<sup>17</sup>

#### 5.2.3.1. Workforce composition

There were around 300 employees in Factory D. More than half of them were operators working on the shop floor. Others included office workers, engineers and auxiliary production staff, such as warehouse and quality control workers. More than 80% of the employees were male. HQM said, *'we generally hire more male workers, but we always prefer female workers for positions where women can also be competent.'* (HQM, Factory D, February 2017) As observed, female operators worked mostly in the assembly department on manual and tasks which required precision and handicraft. There were also a few female workers responsible for quality checks.

The workforce was young, with an average age of 22. HQM said that they avoided hiring people above 30 years old:

*'Young people show more advantages in efficiency, responsiveness and physical strength. We have hired some workers in their 30s before. Yes, they were previously peasants and could lift very heavy things, but they just couldn't communicate and collaborate with young colleagues well. They can't establish rapport with them, and they are also not able to keep up with the speed and rhythm of work consistently. This affects teamwork negatively.'* (HQM, Factory D, February 2017)

The majority of the employees were migrant workers from all over the country, but some shop floor management and office positions were occupied by local people born and bred in

---

<sup>17</sup> In contrast, workers in Factory H could go for a cigarette break whenever they wanted to. There was also a smoking area at a corner of the factory floor, so that workers did not have to go outside the plant. According to workers, that smoking area was temporary and informal, but I saw both operators and departmental managers smoking there.

Town S. The senior management team was all dispatched from the headquarters in the northeast. The section leader was the highest rank occupied by the employees recruited in Town S.<sup>18</sup>

For the operators, there was no specific skill requirements, but Factory D asked for at least middle school qualifications and three years of prior working experience, which was not confined to the automobile industry. YXS, an engineer and section leader, mentioned that in his department, most newly-recruited engineers were fresh graduates from college or university.

Factory D relied on labour dispatch agencies and internal referrals to recruit new operators. All new recruits signed a 3-year labour contract with the agencies. HQM said that DS encouraged the use of dispatched labour to lower labour costs and motivate workers by highlighting the advantages of being permanently-hired over labour dispatches. She explained that: *'Although permanent and dispatched workers receive equal pay for equal work, permanent workers are paid on time on the 16th of each month, while dispatched workers have their pay delayed for a few days.'* (HQM, Factory D, February 2017) According to the Labour Contract Law, dispatched labour should constitute less than 10% of the total workforce in a company. However, in Factory F, since some of the existing permanent employees had left and very few dispatched workers eventually became permanently-hired, there was a persistent growth of the share of dispatched workers in the total workforce, which exceeded 10% at that time.

#### 5.2.3.2. Working hours

Factory D strictly followed the production schedule of the assembly plant. At the beginning, a three-shift working hour system was adopted in the assembly plant and also in Factory D, where there were three eight-hour shifts per working day. However, the assembly plant later adopted a system similar to an 'extended shift' working hour system (Lehndorff, 1995),

---

<sup>18</sup> A section leader was one rank below the departmental manager and three ranks above the operators.

driving Factory D to do the same. Under this system, workers in Factory D worked two shifts per working day. Each shift lasted for eight and a half to twelve hours, although some workers said that sometimes it did not take that long to meet the production quotas of the day. As observed from the work schedule displayed on the shop floor, workers usually worked between five to six days a week. Saturdays and Sundays were for overtime or special duties, as observed in other European assembly plants in previous research (Schulten et al., 2007). According to this schedule, there were about four hours in a day during which the factory suspended operations temporarily. Shifts were rotated once every fortnight. HQM described it as a win-win situation for both workers and the management: *'workers prefer working a ten-hour shift as they have two hours of guaranteed paid overtime work every day. The management also likes how it helps reduce the headcount of workers on the shop floor.'* (HQM, Factory D, February 2017)

#### 5.2.3.3. Pay system

From how HQM described it, the pay system of Factory D was similar to the so-called structural wage system first introduced in the Chinese public sector in 1985. The structural wage system was adopted mostly in SOEs, in which the state wanted to lower its control over pay decisions (Levine, 1997), although its prevalence was questionable (Cooke, 2005; Korzec, 1992). A pay package in this system was generally given by a combination of base pay, functional pay linked to skills and competencies, as well as variable pay linked to performance (Ding and Warner, 2004). The pay system of Factory D largely followed the principle of a structural wage system, except that the former did not have a pay component explicitly rewarding seniority and loyalty.

The pay system of Factory D was time-based. For the operators, there was a number of fixed components in the monthly pay. The biggest fixed component was the base pay, which Factory D set at the same level for everyone on the shop floor regardless of their position and rank. By 2016, it amounted to the legal minimum wage level stipulated for Town S. It was topped up also by other types of positional wage, which differentiated workers of different ranks. Even for workers in the same rank, their positional wage could be different due to their job nature and education qualifications. For instance, workers in the paint shop

were paid an additional 'environmental subsidy' per month. College and university graduates were also paid ¥200 more per month for their higher entry qualification. There was also an attendance subsidy of ¥100 per month, but workers said that the whole subsidy can be deducted for any day in which the workers are late or absent for work.

Apart from the fixed components, other variable components included overtime pay and performance pay. Overtime pay was calculated on the basis of the base pay, which was the same for everyone on the shop floor. Performance pay included two categories. The first category was the individual performance pay, based on the quarterly performance appraisal of each worker. The end-of-year bonus was determined by shift and shop leaders and was also based on performance levels. According to ZGB, a shop leader, the HR department gave a lump-sum amount for the bonus payment of the whole department:

*'For example, there were 14 people in a certain department, and the estimation for each person was set at ¥800. The total amount of the bonus would be ¥11,200. Then shop and shift leaders could decide how to distribute the ¥11,200 within the department according to individual performances. If workers had made mistakes at work, their share of the bonus would be redistributed to someone else who had performed well. Generally speaking, workers are aware that their bonus can be deducted for any mistake made.'* (ZGB, Factory D, February 2017)

The second category was based on the performance of Factory D and the assembly plant. The amount of this component often equalled to the sum of the other components paid in a given month. For this reason, it was also titled 'double pay'. It was paid in an ad hoc manner throughout the year exclusively to the employees of the assembly plant and a particular group of auto parts factories which it had a close relationship with. Since it was determined by sales results, the payment of this bonus was often unannounced. Auto parts factories made independent decisions on how often this bonus would be paid throughout the year.

Factory D also paid a high temperature subsidy during the summer months. It provided one meal a day for free in the factory canteen, accommodation on site (bills discounted), and also

coach services connecting the factory to nearby villages after each shift for workers who lived off site. HQM mentioned a comprehensive provision of social insurance as well, but gave little details on this.

Decisions in pay adjustment were made solely by the headquarters in northeast China. According to HQM:

*'Factory D has no discretion on pay setting. There might be some temporary measures regarding rewards for the sake of recruitment, but they are not regular. [...] We provide data, such as labour turnover and performance appraisal outcomes, for our headquarters to decide the degree of pay adjustment.'* (HQM, Factory D, February 2017)

There were three times of the year in which workers' positional pay grade was adjusted. In February and July, workers with the top 70% of performance appraisal outcomes in the past quarter were eligible for a pay grade promotion. HQM said that as there were different pay scales for production workers, auxiliary production workers and office workers, and that the increment for each of them would also be different. Furthermore, *'only workers who have been in the factory for more than one year are eligible for pay grade promotion. This is also conditional to performance appraisal. Hence it is not a universal pay adjustment for everyone.'* (HQM, Factory D, February 2017) In other words, the increment to the positional pay was de facto a conditional longevity pay. In June, the company would make decisions on rank promotion, which would also result in pay adjustments for workers.

HQM claimed that production line workers earn ¥4,000 per month on average. Workers who provided me with their pay data reported an average monthly pay of around ¥2,000 to ¥4,000.

### 5.3. Comparison of the three factories

The above section provided a descriptive portrayal of the profiles and pay systems of Factories H, F and D. For the sake of clarity, the features of the three factories, as well as the existence of pay components in the three of them are hereby summarised in Table 4. Pay components applicable to every worker on the shop floor are indicated by a tick (✓).

Feature	Factory H	Factory F	Factory D
Products	Plastic interior parts	Exterior parts	Plastic interior parts
Capital source	Domestic acquired by SOE	Domestic	SOE and foreign
Major clients	Sino-European carmaker (80%)	Sino-European carmaker (100%)	Sino-European carmaker (100%)
Number of employees	170	50	300
Gender split	Roughly 6:4	8:2	83:17
Geographic origins of employees	Mostly migrants	Mostly migrants	Mostly migrants
Skill requirement	Low	Low	Low
Level of automation	Low	Medium	Medium
Labour turnover	High	Low	Medium
Monthly earning reported by workers	¥2,000 - ¥4,500	¥3,000 - ¥6,000	¥2,000 - ¥4,000
<b>Pay system</b>			
Base pay	For non-production staff and operators on probation only	✓	✓
Overtime pay	✓	✓	✓
Piece wage	For operators and auxiliary production workers		
Positional wage	Only for workers in dangerous positions		✓
Performance pay	✓ (marginal)	✓ (accounted for two-thirds of total pay)	✓ (marginal)
Bonus	End-of-year bonus since 2017	End-of-year bonus	End-of-year bonus plus ad hoc double pay
<b>Subsidies</b>			
Night shift	✓		
Attendance	✓	✓	✓



High temperature	✓	✓	✓
Transportation		✓	Coach service provided
Food	Offered in kind	✓	
Accommodation	Offered in kind	Offered in kind	Offered in kind
Type of factory regime	Despotic	Hegemonic	Despotic

Table 4: A comparison of the features and pay systems of Factories H, F and D

### 5.3.1. Common features of the factories

From the description of the three factories, we can see that they share a number of common features regarding the background of establishment and product market. First, they were established around the same time in Town S. Second, they had a common client which supported the absolute majority of their production. They also shared a similar position within the auto parts supply chain of the assembly plant, as they were all direct suppliers to the plant, and were responsible for the final stages of processing and delivery. This implied a degree of synchrony in production schedules with the assembly plant which eventually determined work intensity in auto parts factories. Especially when a just-in-time production system was rigorously practised in the assembly plant, both over- and under-production in these parts factories had to be avoided. Third, they were all subsidiary companies governed by their respective parent company or headquarters outside Town S. Plant-level management was responsible for the day-to-day operations of the factories, but they did not have power over all managerial decisions at the plant level. Fourth, work in these factories was labour-intensive for the operators who constituted a significant portion of the workforce. Prior industry-specific skill requirements for them were minimal. Fifth, the factories were not big, at least according to Chinese standards. The size of their respective workforce varied, but the factories would still be classified as ‘small-sized enterprises’ in terms of the number of employees, which ranges from 30 to 300 (National Bureau of Statistics, 2017).

Regarding pay systems, these factories all paid a mixture of fixed and variable components, instead of paying a fixed monthly pay to employees. Fixed components included base pay, positional wage and subsidies. The size of each individual component was determined by job-specific and personal-specific attributes of employees, such as occupation, rank and

education qualification; or was in fixed amounts for the subsidies. Variable components were linked to the performance or productivity of individual workers and the factory.

Some industry norms in fringe benefits were also observed among the factories. For example, accommodation within the gated factory site was provided in all of them. It resonated with the 'dormitory compound' described by Smith and Pun (2006:1463) but on a much smaller scale. This contrasts with some Japanese auto parts factories in Guangzhou, where on-site accommodation was not provided. 'Dormitories' were located within multi-storey apartment buildings, where factories rent a certain number of storeys to accommodate workers, in nearby neighbourhoods. The Sino-European assembly plant also had dormitory compounds scattered in Town S. Some workers were still accommodated in those right next to the plant, but those living elsewhere had to commute by coaches arranged by the plant at specific times before and after each shift. In Factories H, F and D, living in the dormitory was not compulsory and almost free for the workers staying there. Social insurance and housing providence fund premiums were also paid in these factories, although the premium rate and the base of calculation adopted in individual factories were not known. Lastly, these factories all paid the high temperature subsidy required by law to all workers as a default subsidy in summer months, regardless of the job nature and working conditions of their position.

### 5.3.2. Differences in the pay systems

Meanwhile, the common exogenous features of the three factories were overshadowed by the range of different practices that individual factories adopted at the plant level. Regardless of the usage of a common set of pay components, each component weighed differently in the pay system of a factory, which was characterised by different rationales and parameters. Decisions regarding the design and implementation of the pay system were also subject to the company hierarchy which governed these factories.

First, as the three factories all paid workers a combination of pay components in their pay package, each of the combinations was different. Labour regulations simply set a base line on how much a worker should earn per month, but they do not say much about what the

earning has to be made of. Apart from the payment of some subsidies and fringe benefits, which was understood as an industry norm, the monthly pay of workers in the three factories consisted of different repertoires of components. There were some components which were paid in all three factories, but the size of their share in the pay package varied. This means that a pay component could be a major part of the monthly pay of workers in one factory, but marginal in another. For instance, in Factories H and D, the proportion of performance pay was significantly smaller than in Factory F.

Second, from how individuals described the pay system in the three factories, it is found that some components were called in the same way but meant entirely different things due to different parameters of calculation. For example, overtime pay was calculated at a rate which was lower than what was commonly understood in Factory H. It was paid conditionally according to total monthly working hours and as a benefit in Factory F. In Factory D, the basis for calculating overtime pay was disconnected from the pay level that workers were paid by default. Despite whether or not the outcome eventually met the legal standard, the method of calculation was always slightly deviant from common sense or the legal requirement in different ways. Another example is given by performance pay. Although the performance appraisal criteria in each factory was not released, we can derive from interview data that among the three factories Factory F conducted the most comprehensive appraisal on individual performance. In the meantime, Factory D conducted performance appraisal less frequently and with a less meticulous metric system. Performance pay in Factory H focused on the performance of departments and of the factory as a whole more than on individual workers. This implies room for variation across factories in terms of the scheme for performance metrics used in each factory, and the varying levels of rigour of the performance assessment conducted on workers. These factors imply that the calculation of performance pay is factory-specific.

Third, the three factories varied in the proportion of variable pay components in the total monthly pay of a worker. Variable components occupied a major role in the monthly pay of workers in Factory H and F, as the proportion of variable pay could reach two thirds of the total pay. The variable pay components were always connected to productivity and to the performance of both individual workers and the company as a whole. In other words, this

meant that a higher proportion of the monthly pay of a worker depended on performance appraisal outcomes and on corporate sales results.

Meanwhile, monthly pay in Factory D was primarily constituted by fixed components, such as base pay and positional wage. It is true that there were also performance-related variable pay components in Factory D, and the amount was also remarkable. However, because of the way in which the payment spread out throughout the year the sense of their existence was lower than the other components. The payment of the 'double pay' throughout the year was more likely to give workers' annual income a real boost. As what explained by HQM: *'the pay that workers get per month might not sound a lot. But if you divide the annual income of workers [including all the bonuses] into 12, the monthly amount is actually not that bad.'* (HQM, Factory D, February 2017) In this way, performance was still rewarded in Factory D, but not as instantly and as frequently in the case of Factories H and F.

Fourth, the three factories were given different degrees of discretion under their respective decision making hierarchy. Among the three factories, not all of them had the final decision-making power on pay in Town S due to their subsidiary status. Factory H enjoyed more discretion than the others. Although they had mostly inherited a system which was also used in other subsidiaries of the parent company, the parent company did not intervene much in how the system was implemented and altered at the plant level. In fact, despite its short history, Factory H had already experienced a drastic change in calculating pay for operators. When the factory was first established, time rate was used for a workforce of about 70 workers. According to TQ, *'We did not have a lot of orders at that time to keep workers busy. That was why workers shirked a lot as they did not have the incentive to even fulfil their duties during working hours.'* (TQ, Factory H, November 2016) The perpetual high labour turnover in the factory also resulted from 'a lack of line leaders who are experienced in managing people'. That was why management decided to switch to a primarily piece-rate system to motivate workers based on the principle that 'the harder or faster they work, the more they are paid'. Instead of having someone keeping an eye on workers at work, they found that

the piece-rate system increased workers' self-motivation as their pay totally depended on how much they were willing to work.<sup>19</sup> Another example is the end-of-year bonus. TQ said,

*'In the region where our parent company is based in, paying an end-of-year bonus is rare. Also in Factory H, there are no end-of-year bonuses. One of our Japanese clients sends us a questionnaire every year to survey how much their suppliers pay for end-of-year bonuses. We never reply because we don't have any here. But given that many other factories nearby pay a bonus, our general manager is currently considering it.'* (TQ, Factory H, November 2016)

These two examples show that Factory H enjoyed a certain degree of autonomy to assess the extent to which a centrally-planned system designed by the parent company met local needs and could fit into industry norms in Town S.

In contrast, for Factories F and D fewer pay decisions were made at the plant level. In the case of Factory F, the only HR officer at the factory said that she was not directly responsible for pay setting. The regional headquarter decided on the base pay, on the parameters of measuring pay components and on pay adjustment plans. The responsibility to communicate with headquarters regarding pay issues largely fell on JYJ. Originally a manager in the regional headquarter, he was appointed to oversee the establishment and operation of Factory F, but he stayed only a few days a week in Town S. According to him, being the general manager of Factory F was merely one of the several hats he wore in the company. Apart from that, he also oversaw other production sites of PF in the province, meaning that he was constantly commuting between different cities. Therefore, the articulation of pay setting rarely took place within Factory F. GF said, *'if we really have to enquire on something about pay, we have to ask the general manager, and then he would go and ask the headquarters. But this is very*

---

<sup>19</sup> This view was echoed by a Japanese auto parts factory manager also in Town S, who argued that *'production line workers just do not work as hard during night shifts as they do in the day when everyone (managers of different levels) is at work, and we cannot afford having managers working round the clock. The piece work element pushes people to work even if there is no one looking at them.'* (NXC, J-Factory Y, March 2017) To the factory management, the piece wage system was a substitute of 'managerial talents on the shop floor', especially when they found that the morale in the factory was difficult to sustain during unsocial hours.

*rare.*' (GF, Factory F, January 2017) There were some special provisions in transport and accommodation for Factory F workers due to the geographical remoteness of Town S. For example, workers were paid transport subsidies for commuting to town and there were rent-free rooms to accommodate couples (otherwise they would be accommodated in gender-segregated shared dorm rooms). These benefits were not available in other subsidiary companies of PF, but they had been approved by the regional headquarters.

Factory D seemed to be under the tightest control by the parent company. Decisions on pay setting and adjustment were made remotely by the company headquarter. The HR officer who I interviewed claimed that she was the only person in the company who knew about the pay system, but she was only responsible for implementing orders from the parent company. There was not even a manager in the factory who was responsible for pay, as she mentioned that the head of the personnel department was actually the facilities maintenance manager who held a concurrent post as her direct supervisor.

#### 5.4. Problems with pay communication practices

In the following section, I will critically assess how the official description of the design and implementation of pay systems were understood by the workers governed by these systems. The need to have an alternative account of these practices stems from the phenomenon that workers presented either a different picture the pay systems, or there was a general ignorance of what kind of rules determined their pay. It is not within the remit of this section to verify whether the factory management really lived up to their own rules or promises of how workers should be remunerated. Instead, it seeks to delineate how workers were swayed from accessing the channels to and acquire the knowledge to conduct checks and balances of the mechanisms in play.

Therefore, in this section, I will first give examples of how workers thought their version of the pay system did not coincide in the management's, and also how they were not actually sure about whether they coincided. Second, I will describe the channels which were open to workers to navigate the pay system in their factory at three junctures throughout their employment relationship, namely recruitment, payday and everyday life in the factory.

Workers' experience in Factories H, F and D are considered alongside the accounts from workers and HR practitioners in other factories in and near Town S, in order to determine the prevalence of the practices, as well as the extent to which factory management resorted to a particular practice. Third, I will look into the circumstances under which workers felt bothered or frustrated by the perplexity of pay calculations. Lastly, symptoms of withdrawal from pay discussion due to frustration are identified.

#### 5.4.1. Episodes of discrepant accounts of pay system from workers and management

In order to investigate how well workers understood the pay system under which they were governed in each factory, I cross-checked workers' descriptions of the pay system with those provided by the management. In Factory F, workers generally said that they are clear about the composition of their monthly pay, and that the list of the pay components that they provided with was consistent with what was outlined by GF. Nevertheless, discrepancies between accounts by different individuals were often observed. They arose in different dimensions. One dimension was about the composition of the monthly pay. For instance, a line leader who had worked in Factory D for three years and was easily one of the most senior on the shop floor, claimed that there was no reward for seniority in the factory. (XXS, Factory D, April 2017) In Factory H, confusion occurred over the payment of food subsidies for night shift workers. On the job advertisement posted outside the factory, it was explicitly stated that workers who chose not to have a late night meal during night shifts would receive a cash payment of ¥20 per day. However, a worker told me that not only had the ¥20 not been paid, but workers were also charged ¥10 for each meal during night shifts, which was 'even more expensive than eating outside the factory'. (TSY, Factory H, November 2016)

In Factory H, another issue related to piece rates was observed. According to the management, the unit price of each product was evaluated and revised on a yearly basis. However, some workers ranted about the unit price having been lowered three times in the past year. As a result, even though there was not an explicit requirement to work faster, they had to work harder in order to keep up with the pay level that they previously had.

The unexpected cut in unit prices circulated among a handful of expressive workers as gossip, but in Factories H and D an even more prevalent sentiment was given by a general sense of opacity on how the total monthly pay was calculated, or what was included in a monthly pay. For example, a worker from Factory D said,

*'Formally speaking, higher temperature subsidy is not included in my monthly pay. Of course I know that the subsidy is only paid in certain months, and that it amounts to ¥150 per month. But how come I earn exactly the same amount in a month with the subsidy is supposedly paid as in another month when the subsidy is not paid? I don't really get it.'* (XXS, Factory D, April 2017)

A vignette of workers' casual conversation in Factory H illustrated the sentiment. One day, I attempted to converse with a group of workers, who were randomly gathered to do some polishing work on a half-processed product. They did not seem to know each other very well, and it was quiet throughout the time. No questions received responses of longer than five words. However, when asked whether they had been paid that month, workers started speaking up about their pay. They started sharing rumours about how other people were paid much more than themselves, as well as how they were unclear about how the others achieved this. *'I heard that the guy over there got more than ¥4,500 last month. I don't know how he managed.'* *'I have no idea either. The amount is different for me every month. It is so confusing.'* *'Does your pay fluctuate every month a lot?'* I asked. *'Not really, sometimes it is more, sometimes it is less. I don't really know how it happens. Nobody really bothers to give us an explanation, and no one makes the move to ask our leaders either.'*

In Factory F, workers' understanding of the pay system was even more ambiguous. Similar to workers in Factory D, workers in Factory F gave generally positive responses when asked about whether they knew about the components that constitute their monthly pay. Meanwhile, some of them also sounded perplexed by the causes of pay level fluctuation, although they were not necessarily concerned about the change. For example, one worker said he knew that his base pay had been raised once, *'just because my leader told me about it. The problem is, I never know the exact level of my base pay.'* (TXS, Factory F, January 2017) Quite a few other workers claimed that they did not check carefully how much they were



paid every month, unless the difference was significant: *'of course I will have to know what has happened if my pay this month is ¥500 short of normal.'* (TSX, Factory F, March 2017)

#### 5.4.2. Pathways towards different degrees of ignorance of pay systems

The above examples show that the accounts of workers on how the pay system works in practice are not always consistent with those of the management. It certainly matters which of the parties is telling the truth, but it is out of the realm of this research to verify this issue. However, what stands out is the general sentiment of perplexity among workers from all three factories regarding the fluctuation of pay levels, regardless if their attitude towards the pay resulted in follow-up actions being taken.

In the following section, I will trace back to the potential factors which result in the workers' perplexity over pay levels. It is likely that workers have to navigate a pay system different from that in their previous job, given the variations of pay system in different companies. Therefore, I will trace back to the mechanisms which shaped (or prevented the shaping of) how workers learnt about the pay practices at the plant level throughout the different phases of their employment relationship. Then the channels from which they learnt about the pay system, as well as barriers that they had to overcome in the process of deepening and sustaining their knowledge, will be further delved into.

##### 5.4.2.1. The recruitment process

Throughout the recruitment process, job advertisements provided the first glimpse of the pay system in a factory. All three factories carried out both open recruitment and internal referrals for new workers. As for open recruitment, there were a number of ways to publicise job openings. First, factories posted job advertisements on recruitment websites or on online forums. Some recruitment websites provided templates for employers to fill in the details for the job. Alternatively, employers were allowed to display job requirements by selecting from the list of options pre-set by the websites. Jobseekers registered on the websites could apply for the job directly online. However, following observations in Factory H, HR officers

also actively approached jobseekers who created an online profile on the website but had not applied for jobs in Factory H. Second, factories recruited workers with the help of recruitment agencies. Factory H used this as one of the ways to recruit workers, while Factory D recruited basically all operators through one to two agencies. There were a number of independently run recruitment agencies in the industrial zone which recruited for auto parts factories. They put up posters at their storefront or street stalls for each job. Some agencies also ran a Wechat<sup>20</sup> account which circulated job advertisements to people registered to it. The third way was the most primitive, in which factories posted job ads at the factory gate. Factory H did that, and quite a number of workers mentioned finding about the job opening when they 'were wandering around the block'. GF from Factory F said that they did not do it at the factory gate but that they posted ads in nearby villages instead.

A typical job advertisement included the name or description of the employer, job title, requirements, a laundry list of pay components and fringe benefits, as well as a rough range of pay levels rounded to thousands. Some factories also specifically mentioned the amount of base pay. However, the accuracy of information on the job advertisements was not guaranteed, no matter whether they were posted by official sources. Following observations at the recruitment agencies, recruiters were keen to elaborate on the pay package of each job when jobseekers approached them, but their elaboration was intertwined with rumours and sometimes false projections.

There were different interpretations for who should be responsible for the inaccurate information on job advertisements. For instance, HQM from Factory D reckoned it the fault of the recruitment agencies. Workers who got a job via a recruitment agency had to pay a fee to the agency, while factories also needed to pay the agency for every worker whom they eventually hired through it. In other words, recruitment agencies earned a commission from both workers and employers for every successful job match. Hence, *'they would say anything to get people sign up for the job.'* (HQM, Factory D, April 2017) Nevertheless, some believed

---

<sup>20</sup> Wechat is the most popular social media platform in China. The absolute majority of the factory workers interviewed used it on a daily basis for socialising and for online payments. It is also known that in Factories H, F and D, factory announcements and work schedules were announced in Wechat chat groups convened by the management for each shop or line.

that it was a deliberate attempt of employers. NXC from J-Factory Y, who also recruited workers from agencies, mentioned that *'of course you have to present the best scenario on the job ad, such as how much someone would earn in the maximum. Otherwise it would not look attractive to people.'* (NXC, J-Factory Y, March 2017) XXS from Factory D also said that *'our company told recruitment agencies that monthly pay here could go up to ¥4,000. [...] No one in my shop earn that much, including myself.'* (XXS, Factory D, April 2017) Similarly, job advertisements at the front gate of Factory H stated that the monthly pay of operators 'could reach ¥5,000', but workers commented that the amount could only be reached under exceptional circumstances, which had not happened to any of them yet.

Therefore, job advertisements could be taken as a reference, but the extent to which they were an honest presentation of the pay system was not guaranteed. More concrete information about the pay system was provided during HR orientation prior to the commencement of the job, or during pre-job training, when workers were given the opportunity to ask questions. Most workers in Factories H, F and D remembered being briefed about the pay system together with other rules and regulations that they had to observe in the factory in that occasion. Some workers, who were mostly from Factory F, also mentioned that the labour contract that they sign with the factory included a description of the composition of their monthly pay.

Nevertheless, workers pointed out that the induction that took place before the job started was always brief. The memory of what was briefed at the beginning of the job also did not last long for workers, especially those who had worked in the factory for more than two years. For instance, most workers in Factory F recalled that they were briefed during pre-job training, but a number of them said that they remembered the components roughly but not much about the details. One said, *'the HR officer explained that to us, but no one would try hard to remember them over time.'* (LYZ, Factory F, January 2017)

It was heard that workers were issued an employee handbook, especially in assembly plants. The handbook would include the rules and regulations that workers needed to know, such as working hours, pay composition, performance assessment and others. They were given

updated copies of the handbook regularly. However, giving out employee handbooks was not heard of in Factories H, F and D.

#### 5.4.2.2. On pay day

After starting work at a factory, the monthly pay day tended to be the most critical time juncture when workers learnt about how they were remunerated. It would also be the time in the month when workers were most likely to include the topic of pay in their daily conversation or agenda of concerns. In the following section, I will look at how workers were informed of the remuneration in tangible form, that is payslips; as well as in intangible forms, given by of verbal exchanges with factory management.

Theoretically, workers could learn about the breakdown of their monthly pay from the payslip issued by the factory on pay day. Employers are required to issue payslips to workers by law. The Guangdong Wage Payment Regulation (2016) states that employers should provide workers with a list of wage items which their pay is based upon. Workers also have the right to make enquiries cross-checking their own pay records in the company payroll with their payslips.

Albeit required by law, the issuance of payslips cannot be taken for granted. As in the case of other Japanese auto parts factories in Town S and other cities, payslips were issued in paper form when workers were paid monthly. From the payslips that one engineer from a Japanese auto parts factory showed me, the amount of each pay component was displayed up to two decimal places. However, Factories F and D did not issue payslips at all, not even in an electronic form. A similar situation was also observed in the Sino-European assembly plant. From what people shared on an online forum dedicated to the workers in the assembly plant, it emerged that the assembly plant did not issue payslips to workers regularly. During a gathering for HR professionals in Town S, a HR officer from a supplier factory of the assembly plant told me that workers had to check their own pay via a telephone hotline. *'They have to key in their employee ID first, then their pay breakdown will be read to them by via a chatbot.'* (NU, Factory U, January 2017) If workers did not make an enquiry, they would only know about their pay for a given month from the changes in their bank balance, as most

factories nowadays, including Factories H, F, D and the assembly plant, paid workers by bank transfer, instead of in cash.<sup>21</sup>

Among the three factories, only Factory H allegedly issued payslips to workers in paper form. However, LKX, another HR officer of Factory H, said that the payslips only show rough figures, as they could not afford to make payslips as rigorously as in Japanese factories. (LKX, Factory H, April 2017) Therefore, it was not surprising to hear about problems regarding payslips from workers. Some workers mentioned that payslips were only issued 'every now and then', while some had never received one.

Even if a tangible form of proof of remuneration was not available, some workers would have still liked to receive some kind of intangible reassurance, such as a verbal explanation on the matter. Due to the variable components in their monthly pay packages, fluctuations of pay levels on a monthly basis were normal. However, without a proper breakdown of the total pay, it was difficult for workers to work out what caused their pay of a given month to be higher or lower than previously. Line management was mentioned as a first point of contact for workers to make enquiries regarding the amount of pay in a specific month. Line leaders would lay out the possible explanations of pay fluctuations or make some speculations of why workers managed to earn more or less than normal in a given month, such as cash penalties imposed for making mistakes at work, and the shortfall in pay due to less overtime work. If workers were not satisfied with the explanations, or the line management failed to figure out the reason behind the fluctuation, going to the HR department would be the next step to take.

Workers could make an enquiry to the HR department in their factory, but the procedure to do so varied from factory to factory. In some factories such as Factory F, workers could reach the HR department directly. They could go to the office of the HR officer or the factory

---

<sup>21</sup> According to a news report, the non-issuance of payslips mostly happened in small- and micro-sized private companies, especially in the construction and service industries, in the municipality where Town S is located (Ouyang, 2018). Factories F and D did not fall into the usual category of companies which did not issue payslips.

manager<sup>22</sup>, and ask to check the payroll to see the breakdown of the monthly pay. The HR officer and workers said that it was possible only because Factory F had a small workforce, and they had already established rapport with each other. Some workers described the process to be ‘checking the payroll on the factory manager’s computer’.

In contrast, the procedure in Factory D was more complex. Workers had to go through the standard procedure of reaching the HR department as in any other matters – contact their direct line leader, obtain permission level by level, make an appointment with the HR department, and then reach the HR officer. HQM said that this procedure was set in place to ‘prevent chaos’, as ‘the HR office tended to be swarming with workers coming to ask about their pay after payday.’ (HQM, Factory D, February 2017) The enquiry had to be made by the workers concerned in person. As stated by a line leader LJM, *‘It is not in my position to ask the HR department on behalf of workers. After all, everyone’s situation is different.’* (LJM, Factory D, April 2017)

Anyway, workers in Factories F and D could check their payroll on a spreadsheet displayed on the computer screen of the HR officer in charge (or sometimes the factory director in the case of Factory F). The spreadsheet literally showed the breakdown of their pay, but they were not allowed to take away any tangible proof of their pay breakdown. They were not given a printout or allowed to take a screenshot or photo of the spreadsheet. Some workers remained sceptical about how simply seeing their own payroll just on the screen could help clarify their doubts. Without knowing the general picture of how much people in other departments or positions earned, they remained unclear about whether they had earned the amount that they ought to. According to LDJ, a worker from Factory F,

*‘There are times when we should go and check it out. For example, if someone earned ¥100 less than another person who works on the same line, he or she would go to the HR and check it. However, everyone knows that this wouldn’t clarify their doubts anyway. [...] We all do the same job, but I don’t know how much people in each department earn, and how the earnings*

---

<sup>22</sup> In Factory F, the factory manager, who is responsible for the day-to-day operations of the factory, was ranked below the general manager.

*at different jobs and ranks differ. I can just see my own payroll. After a few times of checking the payroll, I just feel... [Sigh]* (LDJ, Factory F, March 2017)

XXS from Factory D also described a situation, which illustrated how the information disclosed to them could be inaccurate or misleading:

*'When I was at the HR office, someone checked my payroll and simply told me, "Yes, the high temperature subsidy is paid." [...] He simply showed me a printout which indicates the existence of an extra subsidy of ¥150 [for high temperature] in my monthly pay, but [the total amount] doesn't match my bank balance. That's why I don't get it. Isn't this cheating?'* (XXS, Factory D, April 2017)

Workers' experiences of confronting the HR department were not necessarily positive. Not only was it related to the aforementioned unreliability of the pay information presented to them, but also how the HR officers dismissed their problems. DJW, a former worker from Factory D recalled,

*'There were always people spotting something wrong with their pay after pay day and going to the HR office for enquiries. HR had all sorts of excuses for us to dismiss accusations of underpayment, be it cost for uniforms, unpaid leaves, or ongoing probation periods etc.... Sometimes we would make fun of each other, "guess what excuse you are going to get from the HR this time?'"* (DJW, Factory D, April 2017)

The bureaucratic hurdles that workers had to overcome made the process of making an enquiry tedious, thus created a sense of fatigue for workers. As a result, they gradually lost patience in persistently seeking a response from the management, and eventually gave up. DJW commented,

*'When I am shown the spreadsheet of my own account on the HR officer's computer screen, I don't really know how to judge whether the figures are accurate. It's true that you are shown*

*the figures. In a way you are told something, but at the end you don't seem to have learnt anything.'* (DJW, Factory D, April 2017)

LDJ from Factory F said that she found checking the payroll 'meaningless'. As she put it, *'if the management just wanted to pay you a certain amount in total, knowing the breakdown [i.e. what contributed to the fluctuation] would not make any difference.'* (LDJ, Factory F, March 2017)

Workers from Factory H spoke less about their experiences of making pay enquiries in the HR department, but some mentioned the existence of mental barriers blocking them from making a move. It was observed that frontline HR roles responsible for receiving workers in Factories H, F, D and auto parts factories were predominantly female. In the auto parts industry, the shop floor and senior management team were male-dominated, but it was common for women to take up mid- to low-ranking office roles. Given the social context in which clerical office work is highly gendered as a female job, having the role played by female staff deterred some male workers from confronting them for grievances. It was also more likely for young female HR staff to establish rapport with workers in daily settings, especially on the male-dominated shop floor or industry, blurring the line between the management and the managed. In Factory D, workers mentioned that the female HR clerk responsible for wage payment sometimes helped out on the shop floor during busy seasons. Interactions between them remained friendly, and workers worried about 'bothering her' by asking too much about pay. Moreover, workers' perceptions on how approachable the frontline HR staff were also affected their judgement on whether to make enquiries or not. For example, TY worked as a shop floor supervisor in J-Factory T, a Japanese auto parts factory in Guangzhou. He mentioned a female HR officer in his factory, who was responsible for calculating and paying wages but *'was notorious for being unresponsive and rude. [...] When people went to her for something which doesn't look right, she just drove people away. Other line managers who brought up problems in the pay calculations of their subordinates refrained from directly confronting her, and could only "get the issues sorted" via other means.'* (TY, J-Factory T, October 2016)



#### 5.4.2.3. Everyday life

Apart from specific junctures, other occasions throughout the employment relationship which workers could take advantage of to learn about and discuss the pay system were also examined. In the section below, I will look at the moments which facilitated pay discussion collectively and individually. On the one hand, workers' experience in utilising collective channels enabled by employee voice mechanisms and wage collective negotiations will be described. On the other hand, I will also delve into how workers accumulated their knowledge of the pay system and other remuneration practices in an individual level.

##### *Collective channels*

In a collective dimension, plant-level trade unions should facilitate a platform of pay information exchange. Although plant-level trade unions are often management-controlled and under the scrutiny of local governments, there are also cases when the unions were more prone to communicating workers' grievances and demands in collective bargainings or negotiations (Chang, 2017). It is in the context of collective bargaining in all companies, rather than just those in the public sector, being promoted by the provincial governments and provincial branches of the ACFTU since 2010 with legislations and personnel training. It becomes more feasible for workers to learn about their rights and articulate demands for pay, which has been a focal point of collective bargaining, through participation in the plant-level union in various ways (Deng, 2016).

Unfortunately, the malfunction of trade unions in Factories H, F and D made this platform unavailable. In Factory H, the plant-level union nominally existed but remained inactive. YXY the HR manager told me that he was the union chair, and that TQ, one of the HR officers, was also a union committee member, but TQ claimed that she did not remember being involved in this. The union signboard was simply placed on the floor at a corner of the HR department office.

In Factories F and D, there was no trade union at the plant level. For Factory F, workers' were covered by the trade union based at the regional headquarters. According to GF, a union had not been established in Factory F. She only maintained personal connections with the trade union at the regional headquarters. No one working in Factory F was known to be involved in the union committees. Even the shop floor manager, who had worked for the regional headquarters before being expatriated to Town S, and was the longest serving employee in the factory, had no knowledge of them.

Existing contacts between workers in Factory F and the trade union at the regional headquarters were mostly carried out over Wechat. Some workers knew about the existence of the union by following the Wechat public account of the trade union, which notified its followers of the news on the company's development and policies. One of them said, *'Wechat is really convenient these days. There is a column in the public account where workers can send feedback.'* (LXJ, Factory F, January 2017) However, he had never sent any feedback. When asked about how much he knew about the trade union in his company, he replied, *'I don't know much. I rarely have anything to do with the trade union, even when I was working in Guangzhou. This is probably because trade union matters are not really relevant to my job duties.'* (LXJ, Factory F, January 2017) A few other workers mentioned an annual questionnaire survey conducted over Wechat on how they felt about the company and about work in general, which included working conditions including pay. They could participate in anonymously, but only one of them had ever participated. The worker who participated was also unclear about whether the survey was actually conducted by the HR department or by the trade union.<sup>23</sup> As a result, they were hardly aware of the degree to which the trade union actually mattered, and how relevant it was with regard to pay setting in the Factory F as well as in the regional headquarters.

In Factory D, HQM said that the company was quite serious about formal institutions such as trade unions and party branches due to their state-owned background. At the plant level, notice boards regarding the trade union were visible on the shop floor. Yet, it did not operate locally in Town S. As mentioned by HQM, two employees of Factory D were in the union committee of the parent company, as 'management thought that someone representing the

---

<sup>23</sup> The shop floor manager later clarified that the survey was conducted by the trade union.

voice of employees from the subsidiary would be sufficient'. (HQM, Factory D, February 2017) Both of them were managers expatriated to Town S by the parent company. The union chair, which was a full-time position, was previously the HR department head of the parent company.

In fact, some workers mentioned that they were encouraged to join the union in a recent initiative of the factory. When asked whether they had heard about the trade union, one said:

*'Trade Union? I heard about it recently from a factory notice. But no one tells us what they do and why we should join the union all of a sudden. [...] These days [the management] has also mentioned joining the factory branch of the Communist Party. [...] There is no eligibility requirement. Maybe it is because of our factory background, but [joining the union and the party] does not mean much to us. It is just a very brief call for applications – "sign your name if you are interested, otherwise just don't be bothered."' (LJM, Factory D, April 2017)*

YXS the engineer mentioned that his then section leader, who had left the factory, had encouraged new recruits to join the union when he first entered Factory D. He submitted a membership form, but had neither followed up the application nor heard from the union.

As one of the most veteran workers in Factory D, YXS did not know who the union chairperson was, nor whether anyone was a union representative in his department. He said:

*'I only know about the entertainment activities organised by the union, but nothing at all about other aspects. I think the trade union should collect workers' opinions, but how a union exists in a company depends on the management's attitude towards it. From what I see now, Factory D does not really care about trade unions that much.'* (YXS, Factory D, February 2017)

Therefore, the participation of trade unions in pay setting at the plant level was hardly heard of by workers and frontline HR officers, not to mention in wage collective bargaining at the

plant level. From the workers' perspective in Factories H, F and D, even if they were aware of the existence of the union, its role in circulating pay information and articulating pay demands was limited.

Intriguingly, some Japanese auto parts factories in Town S presented a different story of the plant-level union and its involvement in wage collective negotiations. The initiative of the provincial-level trade union to promote wage collective negotiation had primarily stemmed from a strike in a J-Factory B, which is a Japanese auto parts factory in Town S, back in 2010. Access to that particular factory was not obtained during the fieldwork, but a HR consultant, who had maintained close collaborations with its plant-level trade union, mentioned that *'[the factory] still conducts wage collective negotiation three times a year, although the frequency does not mean much since it is still by and large led by the management.'* (A, Consultancy Firm 1, December 2016)

HR officers from some other Japanese auto parts factories in Town S also claimed that they did wage collective negotiations at least once a year. Some said that it was done between the management and the trade union. For example, the HR manager of J-Factory G described the procedure of negotiations in his factory:

*'The management first make a proposal of pay adjustments according to a range of data, including the level of bonuses paid to workers in previous years, local GDP and consumer price index, wage guidelines and company performance. The proposal is then sent to the trade union, and the union committee raise a counter proposal [...] We have been doing that for two years now. The process has always been quite smooth, probably because our boss is more assertive.'* (HBL, J-Factory G, March 2017)

A HR officer of another Japanese factory J-Factory A also mentioned a similar process in his factory, where the collective bargaining agreement was signed by the management and trade union, under the witness of representatives from the municipal human resources and social security bureau. (ZHT, J-Factory A, April 2017)

However, the degree to which frontline workers participated in the negotiation, or how they became aware of the process at least remains questionable. In J-Factory T, trade union committee members who negotiate on the workers' behalf are mostly middle to senior management. TY from J-Factory T who had participated in wage collective negotiations, said:

*'No operator participates in the negotiations. The representatives are all at least a shift or group leader. [...] Workers' representatives are elected by other workers, but it is hard for ordinary operators to be elected. Even if they were elected, they might not dare to attend the negotiation either.'* (TY, J-Factory T, October 2016)

The low participation of frontline workers as negotiation representatives was also related to whether lower-ranking workers could get access to undisclosed data of the company for making a union proposal. He said,

*'It is hard for us employees to get reliable information on the company's operations. [...] As line management we can get data on productivity and sales, but not on pay. [...] We learn about pay levels and their adjustments in other factories through family members working in other factories. [...] Even though our union chair is actually the head of the finance department, his position does not allow him to disclose key company data either.'* (TY, J-Factory T, October 2016)

Another HR consultant who worked with J-Factory B remarked that regardless of the track record of frontline operators being elected in the union to represent workers in wage negotiations in the factory, *'workers prefer candidates from the management now because they have gradually realised that lower-ranking employees are not as capable and resourceful.'* (KC, Consultancy Firm 1, January 2017)

The practice of wage collective negotiation and trade union involvement were confined to foreign-invested, particularly Japanese, factories in Town S. How meticulously the procedures of conducting wage collective negotiation were followed was also different from factory to factory. A HR manager in a Taiwanese-invested factory said that their factory also

had wage collective bargaining, but *'frankly speaking, this form of action is kind of meaningless, as it does not take place in the same way as in SOEs. [...] It's just a gesture.'* (ZJH, T-Factory H, April 2017) Among the group of auto parts factories surrounding the Sino-European carmakers, ironically including those with connections to SOEs, wage collective negotiation and trade union involvement were non-existent. A HR officer from another factory right next to Factory D merely said that *'it is on the agenda of the company, but there is no timetable of execution yet. It is still early for us to think about that.'* (GQC, D-Factory C, April 2017)

### *Individual capacity*

Without a publicly known or collective mechanism to facilitate pay discussions on the shop floor, workers in Factories H, F and D learnt about their pay and attempted to articulate wage demands on an individual basis in their personal capacity. Most of them recognised the inevitability to compare pay levels among each other. It was also common for them to share the sentiment that *'nothing is more important than pay in a job'*. Nonetheless, before opening up to talk about pay, some conditions had to be taken into consideration to identify an appropriate timing or occasion for discussion.

The first condition was whether the workers actually had access to key information which helped them verify their pay. Theoretically, in Factory H where a piece wage system was implemented, workers could work out how much they should be paid for piecework as long as they kept a record of how many pieces and of what products they had made in a day, as well as the unit price of each product. However, in reality, the information was often withheld. The availability of the information was often subject to the attitude of individual line management and workers' own awareness of keeping a record of their own work. For instance, TQ from Factory H claimed that workers were briefed with regard to which products they were assigned to work on in a day, and also the unit price that each product bore during a ten-minute shop meeting before each shift. There was also supposed to be a written document, detailing the specification and the unit price of each product, displayed for each work position so that the workers could refer to it by themselves. (TQ, Factory H, November 2016) However, workers said that how the briefing was done in the meeting

depends mostly on individual line leaders, as well as whether there were other prioritised items on the agenda. If there was not enough time the unit price briefing would be skipped. It was also observed that the written document was not available for each product on the shop floor; in the case of its existence, workers told me that it was outdated. Furthermore, workers had to bear the burden of making a record of the daily tasks that they completed in a day. Although they had to fill in a log sheet by the end of each shift, which was signed by the line leader for confirmation, they were not given a copy of this. When I asked workers whether they would keep track of what they have done in a month by themselves, they simply replied that they were too exhausted after work to be vigilant about it.

The second condition was the capacity to establish a network of creditable sources and targets for pay discussion. The private nature of pay discussion that emerged on the shop floor resulted in the workers' resort to personal networks or relationships to obtain pay information and learn about the pay system. In that regard, those individuals from the local region and occupying higher ranks in the factory were more capable of maintaining informal networks which enabled them to access information sources. For example, LJM from Factory D considered himself to have relatively clear ideas about the pay system, because he had been in the factory long enough (almost four years). He had worked as a line leader and befriended with a HR officer whom he often chatted with. He said it is easier for him to interact with the HR officer largely because they were both from Town S. He also recognised the HR officer as a trustworthy source of rules and regulations, as well as for 'insider news' in the factory. (LJM, Factory D, April 2017)

On the contrary, ordinary production line workers, especially migrant workers who came to Town S just for work via pre-existing connections were less likely to develop this kind of network even within the factory. This was less of a problem in Factory F due to the smaller workforce, but more so in Factory H where the segregation of workers by shop and rank was clear. Among those workers whom I interviewed, their social circle was largely confined to fellow workers in the same shop, rank or social status, which meant that the information they could exchange was limited to their own experience. When something not right had been spotted, their network of acquaintances was not that extensive. That means they were not able to verify their pay or their understanding of the pay system with reliable sources as much as other local workers could. The factory dormitory, where rooms were randomly

assigned to workers from different shops, did not appear to be a way out for inter-shop exchanges. A worker who shared a dormitory room with five other workers from different shops said that they rarely spoke to each other after a long day of work, not to mention about pay. When asked how he got along with his roommates in the factory, one worker replied, *'everyone just looks at their phones, or watches DVDs in the case of an older guy. After a long working shift (twelve hours in Factory H), no one has the energy to talk to each other and share thoughts.'* The high turnover in Factory H also made it hard for workers to establish a more stable rapport among each other.

The third condition was the perceived appropriateness of pay discussion among workers. Although rules of pay confidentiality were not implemented rigorously in Factories H, F and D, workers said that pay was commonly discussed in private. In Factories H and D, HR officers said that there was no explicit pay non-disclosure policy in the factory, but it was 'an informal convention' that workers should not share pay information with the others. The HR manager of Factory H described pay information as 'part of one's personal privacy', and 'people who care about their personal privacy should not let others know about their pay anyway.' (YXY, Factory H, November 2016) In Factory F, there was an explicit requirement on pay non-disclosure, which was briefed to workers during job orientation as part of the factory regulations. In all these cases, the circulation of pay information was, in principle, confined to not just within the factory, but also between workers and the management.

A sanction for disclosing pay levels to a third party is rare. Even in Factory F where an explicit rule of pay non-disclosure rule was in place, GF acknowledged that pay discussion among workers were unavoidable, since quite a number of workers were married to each other and lived in the factory dorm room for couples. She found that *'discussing pay among couples is unavoidable, but there is no way to stop them from doing so.'* (GF, Factory F, January 2017) During my interview with workers from Factory F, some of them were reluctant to tell me how much they earned exactly, but the others were willing to give a rough range, to give a hint or be explicit, subject to how strongly rapport was established in the conversation.

Although there is little explicit penalty for circulating pay information to outsiders (within or outside the factory), some workers still found that it was a rule that had to be observed.



Especially those who had been in the factory for an extended period of time, comparing their pay with the others in daily conversation did not sound appropriate to them. It could be driven by managerial concerns according to line leaders. For instance, YXS from Factory D said:

*'I am not against issuing payslips, but the problem is how to keep [information on] payslips secure. Some people would just destroy their own [payslip], but it is unavoidable that some others would share it with the others. Sometimes pay differential is due to differences in personal capabilities. Comparing with each other all the time would bring negative effects to the team spirit.'* (YXS, Factory D, February 2017)

Among lower-ranking workers, the majority of them in Factories F and D said that they did not intentionally pry into the pay level of other workers, but they would still like to know about it briefly to cross check whether their pay level was reasonable. Therefore, their colleagues' pay level was still among their concerns. Yet, they tended to be self-restrained when wanting to enquire about other people's pay levels. For example, DJW from Factory D commented, *'of course I am curious about how much the others get in comparison to me, but it sounds a bit inappropriate to talk about this all the time.'* (DJW, Factory D, April 2017) In Factory D, it was observed that workers tended to suddenly lower their voice when we progressed into the topic of pay during interviews, regardless of the venue and whether there were other people around us.

Consequently, a mental hurdle which restrained workers wanting to make enquiries or even raise the topic emerged. It was observed from workers' daily conversations that they were fine with talking about pay and sharing rough figures of their pay levels if one of their peers initiated the topic first and showed a certain level of willingness to unveil his or her own situation. Once they sensed that the topic was acceptable among themselves in an occasion, it became easier for them to open up. Yet, it took time for the opportunity to occur and the vibe to develop.

The variety of practices used by the factory management to communicate the pay system and set boundaries to the circulation of pay information, which eventually led to potential ignorance of pay is summarised in Figure 3. It shows that the implementation of pay communication practices, may it be explicitly or tacitly encouraged, consequently contributed to sustaining workers' ignorance of their own pay and made it difficult for them to conduct meaningful comparisons with each other. Whether or not pay non-disclosure policies were implemented became irrelevant, given that the amount of information that workers had access to and therefore were able to disclose was limited from the start.

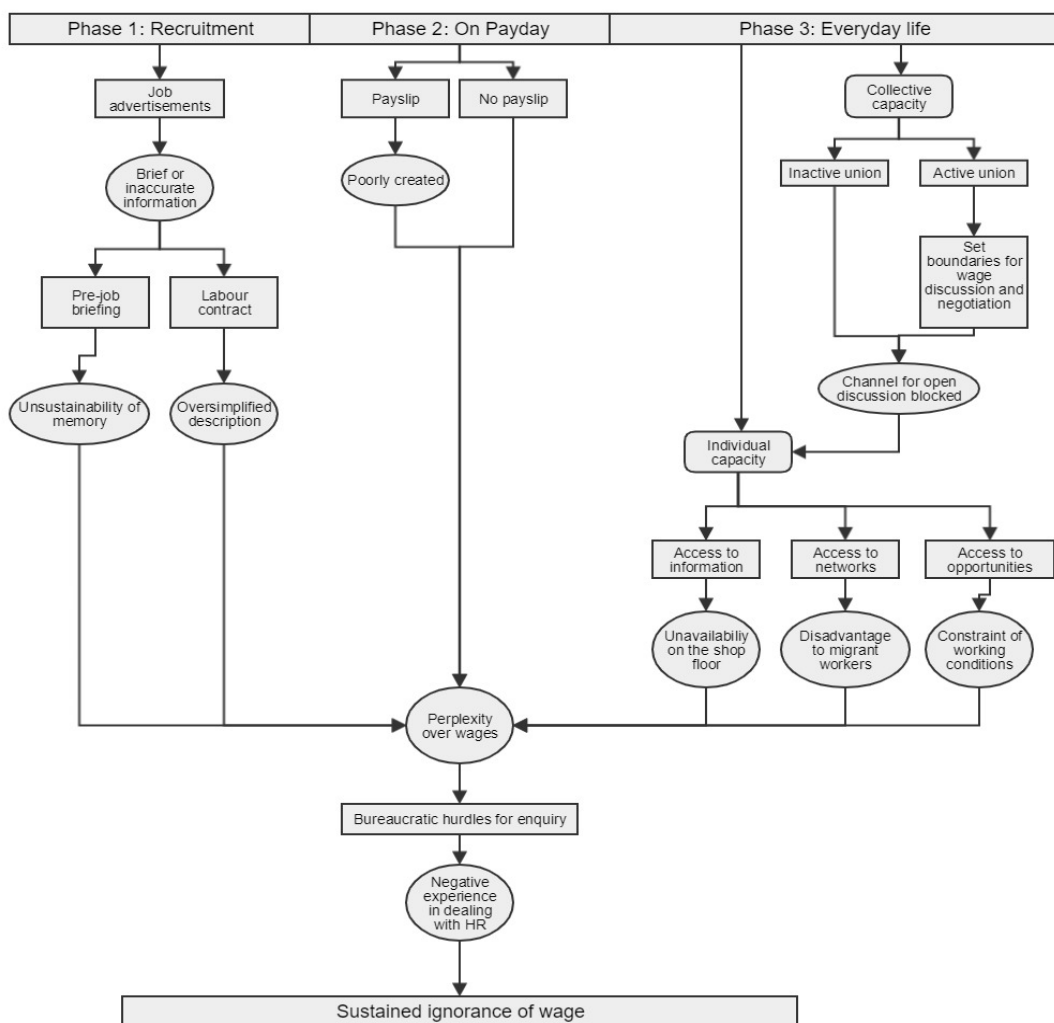


Figure 3: Pathways towards the ignorance of the pay system for workers in Factories H, F and D throughout their employment relationship

#### 5.4.3. Workers' frustration due to their perplexity towards pay

Due to various barriers which deterred workers from learning about how their pay was calculated, workers found themselves being kept away from pay breakdowns. As a result, their knowledge on monthly pay was mostly limited to the total amount that they got every month. If they had stayed in a factory for an extended period of time, they would be able to give a rough range of fluctuations, but where their earnings would fall within the range was not entirely predictable.

The lack of knowledge of pay breakdowns led to frustration under two circumstances, which resulted in them feeling treated unfairly and poorly managed. The first was when their earning did not correspond to the intensity of work done. This was especially apparent in Factory H where piece wage played a significant role in monthly pay. For example, the piece pay of workers in the same shop throughout the same shift could result in a drastically different amount because they were assigned tasks with different levels of unit price. In theory, the principle of 'more pay for more work' enshrined in the piece wage system enabled workers to earn more by working more intensively. Intuitively, workers expected the pay to be higher in a month when they had strong memory of hard work and long working hours. That said, as tasks were assigned to them by the line leader on the day, workers did not have control over what products they would make, nor much room to bargain for what to work on. They also did not tend to keep a meticulous record of what they had been assigned to do throughout the month. As a result, when they found themselves earning less than their colleagues on pay day, the impression of 'having worked as many hours as the others do' and perceived increase in dexterity overrode the fact that they worked on different repertoires of products which led to different levels of piece wage.

The second circumstance was when they found an unexplained shortfall of the overall pay and the shortfall persistently pointed to the possibility that they were being taken advantage of by the management. Both workers and the HR officer in Factory D reflected on experiences similar to this. For instance, XXS said:

*'I am not sure how to put it, but be it an unspoken rule or whatever, we always get a bit less than what it should be. [...] The management always takes some money away from us. I don't know exactly how much they take, but [the total amount of pay] is not very accurate every month anyway. The shortfall is not big, like ¥100-¥200 per head. What can you do? [...] There are 24 workers in our shop. ¥100-¥200 per head almost equals to the cost of hiring one or two more workers.'* (XXS, Factory D, April 2017)

HQM also raised an episode of workers' overtime pay being withheld. According to her description, pay was sometimes miscalculated, but there was one time when management withheld overtime payment for all workers on purpose, in order to save costs. At that time some workers got a de facto pay cut of one-third, which was big enough for them to demand an explanation from the HR department. However, she was not surprised that the intentional withholding of small amounts happened in a piecemeal manner every now and then.

#### 5.4.4. Consequence of pay opacity: withdrawal from pay discussion

From what is illustrated above, the insufficiency in the knowledge required to make sense of the calculation of their total monthly pay gave rise to workers' frustration, which eventually led to the following patterns of withdrawal from taking ownership of the matter.

First, they avoided enquiring about the nuances in pay levels month by month. Those who cared about the differences gradually lost their patience when persisting to seek for a response from the management in vain, and eventually gave up. For example, workers from Factories F and D who said that they had checked their pay before had eventually stopped caring about the matter monthly.

Second, pay differentials which were in doubt tended to be internalised and considered inevitable. Regardless of the phenomenon, according to workers, that comparing pay with the others in an informal setting was not really uncommon, the comparison was not necessarily conclusive. LDJ from Factory F said, *'what if you know about someone else who is earning more than you do? You start working in the factory at different times with different*

*qualifications, you work in different ways... Everything counts. How can you compare?’ (LDJ, Factory F, March 2017) Another worker disagreed with how Factory F rewarded education qualifications. However, rather than challenging the rationale behind the pay system, he tended to believe that it was only his own problem: ‘When a university graduate starts working here, he or she knows nothing, and is taught by middle school leavers like me. I know more and work tenaciously but earn less than him or her. That’s why we always blame ourselves for not having studied hard enough before.’ (LSH, Factory F, January 2017)*

Third, workers simply quit the job. This was also associated with the negative sentiment towards the management in the process of wage payment, which contributed to their sense of organisational injustice within the factory, and the belief that earning higher pay simply by complying with what they were told or offered to do was not possible. It was especially the case in Factory H, where workers considered wage payment indicative of how poorly the factory was managed. One of them left the job after four months in Factory H. He described the factory as ‘unreliable’, since he had been paid exactly the same amount for four months, both during and after probation. (RGM, Factory H, May 2017) DJW also mentioned that pay was the major reason why workers left Factory D. ‘I am not saying that [the factory] can’t pay us just this much, but being dishonest is even worse.’ (DJW, Factory D, April 2017)

## 5.5. Conclusion

In this chapter, I investigated the pay systems adopted in auto parts factories in Town S. It was found that Factories H, F and D, which were similar in terms of development trajectories as the auto parts supplier of a Sino-European assembly plant in Town S, adopted different pay systems to remunerate workers at the factory level. There was a certain degree of overlap in the practices adopted, such as paying workers a combination of fixed and variable pay components instead of a fixed monthly pay, as well as placing a clear emphasis on performance and productivity in the pay system. Nevertheless, nuances on the parameters used to calculate each component in each factory were observed.

The insufficiency in making the pay system transparent made it a common fate for workers in these factories, albeit governed by different pay systems, to navigate the pay system and

accumulate knowledge about it largely in their own capacity. Workers' experiences based on their accounts of the pay systems reflected a number of obstacles which they faced while learning about pay and identifying problems at different stages of the employment relationship. These obstacles, which essentially put workers in a disadvantaged position, were primarily fostered by the management. Be it out of inertia or an imperative to maintain control over information, these obstacles effectively discouraged the circulation and exchange of pay information, discussion of pay and contestation of the pay system. The frustration over the perplexity towards pay consequently contributed to workers' withdrawal from the pay discussion. As a reflection of their frustration in response to the perplexity which the situation had generated, different reactions were taken by workers, which will be illustrated in the following chapter.

## 6. Workers' Reactions towards Factory-level Pay Practices and Their Consequences

### 6.1. Introduction

From what emerged in the previous chapter, it is clear that perplexity on pay was a common sentiment among workers in Factories H, F and D. There were some indications that workers felt rejected from participating in pay discussions, which resulted in turn in their withdrawal from contesting the pay. The next question to ask is what they could actually do about the situation, given that their personal and collective capacities in enquiries and contestation on the shop floor had already been constrained. With the dim process of equipping oneself with resources to counter-act pay opacity, what other means could workers adopt to protest against the management, and to create better career prospects for themselves?

Therefore, this chapter will shed light on the impact of ignorance and perplexity generated from pay communication practices, as reflected in workers' actions in response to pay. I will specifically focus on workers' reactions regarding three aspects. First, by relying on the accounts of factory management and workers, I will delineate the phenomenon of labour turnover in the auto parts industry in Town S, in order to delve into exit as a strategy against the dissatisfaction over pay. Second, I will look into the compliance of some workers who were apparently more resilient to low pay and pay opacity and the drivers behind their decision of staying at the job or the lack of will to quit. Third, I will provide a glimpse of the potential of workers' collective mobilisation by describing two episodes of collective resistance in Factory D.

### 6.2. Exit as a strategy reflected in labour turnover

For the automobile industry, which is by definition keen on adopting a lean production strategy, having a stable and skilled workforce is beneficial to the execution of just-in-time

work systems and continuous improvement. While factories were affected by labour turnover to varying degrees, factory management commonly recognised the benefits of having a stable workforce in factory operations in general. Workers also supported this view by providing a counter-argument of what it would be like with new workers joining the factory every now and then. XXS from Factory D said,

*'My personal view is that, it is better to retain senior workers, rather than relying on new workers. New workers need some time to be trained. During the training period the factory is destined to lose money on them. [...] Yes, if the workforce is not stable, and the performance of new workers is also not stable, that is how it would go.'* (XXS, Factory D, April 2017)

YXS, an engineer also from Factory D, mentioned that labour turnover in his own department did not worry him much, but the high labour turnover of operators on the shop floor affected his work:

*'The input of production departments during the developmental stage of a new product is important, as production line workers can start being trained earlier for the new product. Yet the production departments are always running out of workers. If they start training workers only during the stage of mass production, it is difficult for us to improve product quality.'* (YXS, Factory D, February 2017)

Despite the aspiration to have a stable workforce, labour turnover appeared to be an alarming issue which required attention, as emerged from conversations with HR professionals in the auto parts industry in Town S. In the manufacturing industry, the phenomenon of high labour turnover problem was certainly not new (Smith, 2003). In recent years, the issue was by no means peculiar to Town S; rather, it stemmed from an emerging trend of increasing labour turnover at the national level across different industries. The national average of voluntary labour turnover was around 5.3% to 6.6% between 2008 and 2011 (Zhaopin.com, n.d.), but had risen to 16% in 2016 according to a survey conducted by 51Job, a recruitment service provider (China News, 2016).



The extent to which factory management was affected by high labour turnover varied, especially in the days when the cheap rural labour reserve was still considered abundant to fuel industrial development in labour-intensive and low-skilled industries. However, the systemic labour shortage caused by the labour supply hitting the Lewis Turning Point has led to the shrinking of cheap labour supply (Cai, 2010; Das and N'Diaye, 2013). This context resulted in 'double obstacles' which the automobile and auto parts factories in Town S would be exposed to in recruitment – on the one hand, they had to recruit workers in an environment where unskilled labour was less available than before; on the other hand, they did not just hire anybody available, but remained selective in picking the top-tiered ones in the existing labour supply, making the pool of workers that they could select even smaller.

Therefore, in the following section, I will delve into the current state of labour turnover in Town S. First, I will look at how factory management described workforce stability on the shop floor and the costs that labour turnover had brought them. Second, I will make use of data from field observations and accounts from auto parts workers regarding their job seeking behaviour, in order to have a glimpse on workers' intentions with regard to staying or leaving their current job.

#### 6.2.1. Impact of labour turnover on auto parts factories

Across auto parts factories in Town S, frontline HR officers who were responsible for the day-to-day recruitment activities felt the strongest about the labour turnover problem in Town S. Despite the unavailability of industry-level statistics on labour turnover, the HR practitioners provided an account of the situation of labour turnover in their respective factories.

In Town S, labour turnover did not affect every factory to the same degree. Some factories were less concerned by labour turnover. For example, GF from Factory F said that they only had a handful of vacancies to fill every year, which implied a fairly stable workforce. (GF, Factory F, January 2017) In F-Factory A, one of the oldest Japanese auto parts factories in town with roughly 300 employees, the HR officer highlighted that the monthly labour turnover rate in the factory was 1.6% on average. (ZHT, J-Factory A, April 2017) Most of those

resigning were shop floor workers. However, he was not particularly concerned by labour turnover, since a plan to downsize the workforce due to shop floor reorganisation was already under way in the factory.

In contrast, labour turnover was more worrisome to management in other factories. For instance, the annual labour turnover rate in Factory H reached 50%. Across the shop floor and office, only a dozen workers had been in the factory for longer than two years. Meanwhile, the plan of Factory H to expand production also created more vacancies to fill. This resulted in the HR officers being fully occupied by recruitment and job orientation, since they always had to look for the replacement of workers who quit and also new candidates for unfilled vacancies. TQ, one of the HR officers, complained about the intensity of recruitment, sparing her little time to work on other areas of HR which she found more important in retaining workers. In D-Factory T, another auto parts factory supplying the Sino-European assembly plant, the monthly turnover rate fluctuated between 1% to 9%, and was driven up during peak seasons in the beginning of year and mid-year. The HR officer said, *'We are always short-handed. Someone would leave right after we hire someone new. That's why recruitment is always ongoing throughout the year. Even if we are fully staffed at one time, we still have to keep maintaining our talent pool.'* (ZJP, D-Factory S, April 2017)

The usual problem of having to recruit a relatively big number of workers within a short timeframe after the Spring Festival, which is from late January to early February, did not go away either. Rather, it became even more challenging. The Spring Festival is conventionally the time when workers take the opportunity to quit their job before going home for the festival and find a new one afterwards (Wen, 2017). It is considered normal for factories not to see workers coming back to work after the Spring Festival and to have to recruit new ones. In Guangdong, a systemic labour shortage had been reported since 2004 (Choi and Peng, 2015), which resulted in factories experiencing difficulties in filling vacancies after the Spring Festival. Recent development in inland provinces also generated alternative employment options for workers (Yang and Gallagher, 2017), meaning that coming to the coastal region in search of work was not as desirable as before for migrant workers.

Auto parts factories in Town S reported the occurrence of all of these difficulties. As a result, HR officers reflected that it took them longer than before to fill vacancies. It was observed that the time frame in which recruitment was most intensive in a year had gradually extended. According to HQM from Factory D, the workforce normally stabilised within a month after the Spring Festival, but recruitment activities continued throughout April, which was almost two months after the festival. (HQM, Factory D, April 2017). HR officers from other neighbouring auto parts factories also echoed this view.

The instability of the workforce was not only due to the delay in filling vacancies, but also because newly recruited workers did not stay long. According to HQM, *'it is not because we have not managed to hire anyone, but workers who we just hired left very soon. The whole procedure has to be repeated all over again.'* This view was supported also by another observation in Town S. I subscribed to Wechat accounts operated by recruitment agencies in Town S. The agencies posted job ads from auto parts factories in Town S regularly, with job description, requirements and the number of workers needed. Interested jobseekers would be encouraged to register and attend an interview on a certain date. However, throughout the two months after the Spring Festival, there were multiple episodes of job ads for positions in particular factories being taken down before and put back on again within weeks or even days. Details on the job ad were exactly the same but bore a postponed date for interview. Possible explanations included that the vacancies were never filled before the designated date, or they were filled at the time but became available again after a short time. In short, the challenge in recruitment during the Spring Festival became more acute, while the difficulty also extended to the rest of the year.

#### 6.2.2. Workers' intentions to leave the job

In principle, workers bear little consequence of their decision of leaving a job that they do not like, and their options of employment also extend beyond the automobile industry and Town S. Due to the commodification of labour in post-socialist China (Friedman and Lee, 2010), there are few institutional barriers for workers to quit a job in China nowadays. It is especially so in the private sector, where less social welfare provisions are attached to the job than in the public sector. In a standard employment relationship bound by a labour

contract, a month's prior notice is legally required for resignation, and even less (seven days) during probation. Therefore, in principle, there is no restriction in terms of for who and how long a worker should work. Under normal circumstances, they do not have to quit a job at the expense of their legal rights.<sup>24</sup> In Factory H where labour turnover was exceptionally high, some workers were even secretly in favour of a longer probation period, so that they would not have to wait for a whole month before they could formally leave the job.

I observed that workers in the auto parts factories maintained a no-strings-attached relationship to the industry, since they did not build their previous work life in a particular industry. Auto parts factory workers, especially operators, were largely flexible with entry and exit to the industry, since prior industry experience was not required or heavily rewarded. An absolute majority of them had already had a variety of industry backgrounds, including metalwork, plastic, electronics, furniture and ceramics. Their skills and manual labour were transferrable across industries, which resulted in their disregard of the need to stay in the auto parts industry in order to progress to a job with better prospects. Among the employees in Factories H, F and D who I interviewed, only a handful of them had previous work experience in the automobile industry. Besides, all workers who I kept contact with after leaving Town S left the auto parts factories and worked in other industries instead.

Apart from staying detached from a particular industry, some workers were not in favour of the idea of employment in general. To them, current employment was seen as a way to get out of employment in the future. On the one hand, they considered working in a factory as limited to people of a certain age. According to a female worker in her mid-30s in Factory F, *'I feel like at this age, [...] I will work for a bit longer, but then I don't think I will look for another job once I leave this factory. [...] I won't be working for anyone at all. Why should I keep doing this at this age?'* (LYZ, Factory F, January 2017) On the other hand, they also aspired to set up their own business. Another worker in Factory F said, *'If I were to leave the*

---

<sup>24</sup> Before the enactment of the Labour Contract Law, which came into effect in 2008, the practice of signing a labour contract was not legally enforced. Workers often had to worry about not getting paid for their last month of work if they left the job without formal resignation, or about the factory management declining their resignation during peak seasons for manpower shortage reasons.

*factory, it must be because I start my own business and working for myself.'* (TSX, Factory F, March 2017)

The enthusiasm towards 'working for oneself' or entrepreneurship was fuelled by the lowering threshold of starting a business, thanks to the rapid development of e-commerce in China in recent years. A number of workers showed me retail businesses which they set up and ran just on their mobile phones. In some cases, workers managed their own inventory and reached out to friends and relatives to expand their clientele on Wechat. Others required much lower maintenance. A worker in Factory H who ran an online shop with his brother selling Korean-styled clothes said that they had never actually seen any of the items for sale in their shop in reality. From what he described, it was a virtual storefront of another online shop, which actually carried out the trade but would like more storefronts to maximise its visibility in the competitive online sales platform. In this case, the worker got a commission for selling for the contracting shop. He had not earned any money from the store yet as he blamed his lack of time to run the shop properly and a 'bad business strategy'. His partner at work, who was more sceptical of running an online business, mentioned that he sold the same kind of clothing in a night market and an online shop at the same time before, but there were a lot more people buying from him in person than virtually. Nevertheless, the whole idea of setting up their own business was not totally dismissed, as they thought they just had not identified the right thing to sell and did not have the time to manage it more seriously.

The above shows that very few workers, especially operators with a less deep-rooted connection with the auto parts industry, showed a strong will to stay at their job. As their position required few job- and industry-specific requirements in terms of skills and work experience, they were not required to invest much on skills in order to enter the industry in the first place. If they were to seek for alternative employment, their current position did not necessarily lead them to a better position; or alternatively, the possibility that they get a better job is not necessarily a direct result of having worked in an auto parts factory. Furthermore, workers also tended to regard entrepreneurship or self-employment more desirable than working in a salaried job, or they consider the latter just a necessary step to progress to the former.

### 6.2.3. The significance of low pay and pay opacity in workers' exit

Given their shallow ties with the industry, it is hardly surprising to see workers leaving the job in auto parts factories out of materialistic concerns. From interviews with present and past workers in the auto parts factories, it is known that workers quit their job in the auto parts factories for a variety of reasons, among which dissatisfaction over pay played the biggest part. It was particularly obvious in Factories H and D, where workers explicitly mentioned dissatisfaction over pay as the major reason why they considered leaving the factory, or the major reason why their co-workers left.

Dissatisfaction over pay could be differentiated into two dimensions, pay level and pay transparency. The first dimension was the pay level. When asked about comments on their pay level, workers in Factories H and D commonly described it as 'low', 'not remarkable' or 'below average'. In Factory H, some workers said that their pay was not proportionate to the efforts that they made at work. As mentioned in Chapter Five, workers in Factory H complied to the four-hour overtime work every day and sacrificed their rest breaks. This was because under the piecework system, they were fully aware that their pay was directly related to the number of pieces that they produced in a day. Long working hours certainly led to exhaustion, but what made workers angry was that given the long working hours and their effort in developing dexterity on products that they were assigned to work on, the prospect of hitting the target of earning what was promised before they started the job was still dim.

Workers' previous work experience helped them judge whether the linkages between efforts made and the pay level received were reasonable, albeit in an impressionistic manner. Some also said that their earnings were not much different from when they worked in much shorter shifts in their previous jobs. WDJ, an operator from Factory H in her mid-30s, said that she used to work in a furniture factory. *'There were three eight-hour shifts in the factory. We rotated shifts every week. Work was as intensive as it is in Factory H. It was also very tiring to rotate shifts that frequently as well. But I feel that I was paid a bit better than here.'* (WDJ, Factory H, November 2016) To workers, it was not simply a matter of the difference in pay level, but an overall evaluation of how fairly they were remunerated in the job. However,

she also mentioned that it was hard to make a concrete judgement on that since she did not know what had gone wrong with the pay that she received in Factory H.

Objectively speaking, pay levels in the auto parts factories did not stand out compared to other industries locally either. As introduced in Chapter Five, a majority of workers in Factories H, F and D reported earning a monthly earning below ¥5,000. In fact, Among the 36 workers who eventually disclosed their average earnings, 47% of them claimed that they earn between ¥3,000 to ¥4,000 per month, while 44% of them earned between ¥4,000 to ¥5,000. From district-level pay data, it is shown that the pay levels in Factories H, F and D were generally representative of the industrial norm, which is demonstrated by two sources of pay data.

First, wage guidelines for jobs in the automobile industry gives a glimpse of the approximate earnings of factory workers. The average suggested pay levels for various jobs related to automobile manufacturing in 2016-2017 are listed in Figure 4:

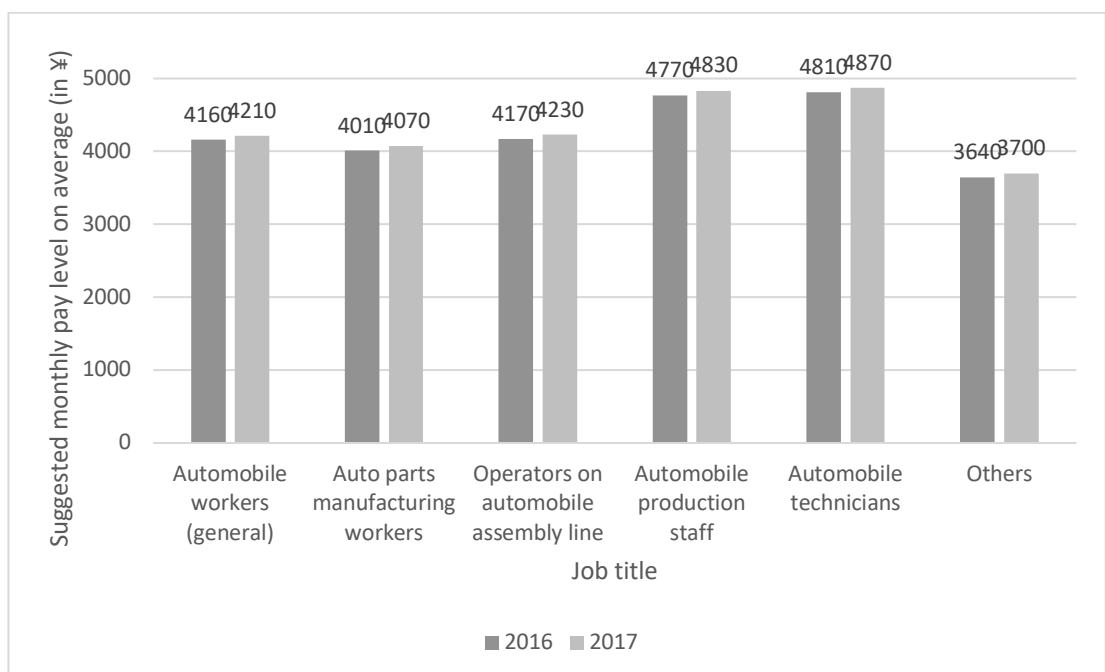


Figure 4: Suggested average pay levels per month (in ¥) for automobile jobs in Town S, 2016-2017 (Source: The Municipal Human Resource and Social Security Bureau)

It should be noted that wage guidelines are not legally binding, and employers are not obliged to follow or take the suggestions provided into strict consideration. From what factory management in Town S told me about how they decide on pay at the factory level, the impact of these state directives was insignificant. For instance, most auto parts factory management who I spoke to presented an ambiguous attitude towards the wage guidelines. The guidelines were mostly taken as 'food for thought', as neither the manager nor the HR officer I had interviewed considered them as playing a decisive role in determining pay levels in their own factory. YXY from Factory H explained that it was mainly due to the 'problematic methodology used by the local government to compile wage guidelines', as well as the intention of the wage guidelines to cover all districts in the city with varying degrees of industrial development. (YXY, Factory D, November 2016) They also criticised the wage guidelines for their user-unfriendliness. Indeed, the municipal government began specifying suggested pay levels for specific jobs and positions in the automobile industry only from 2016. Before that, factory managers had to use suggested pay levels designated for other jobs at best as a reference for those in their factory. Therefore, most of them were aware of the guidelines but hardly took them as authoritative benchmarks. Yet, they did mention that it was within their package of references during pay adjustment and collective wage negotiations.

Another data source which indicates the industrial norm are the statistics on pay levels by industry released by the municipal government in an ad hoc manner. According to a government report, which was the first of its kind, automobile and auto parts production line workers in the city where Town S was located in earned ¥4,828 monthly on average in 2017 (Foshan Human Resources Public Service Centre, 2017). The report also included the statistics on pay levels of other industries, and the monthly average pay of automobile and auto parts workers were actually the fourth-worst-paid among the twelve major manufacturing industries in the municipality. It was also well below the average earning of all workers at the district level in 2016, which was at ¥5,494. In the report, assembly plant workers and auto parts workers were grouped into the same category. It is generally understood that assembly plant workers earn significantly more than auto parts workers (Zhang, 2015b). Therefore, it is reasonable to speculate that the earnings of assembly plants would have lifted the average earning in the whole group, meaning that auto parts workers earned much lower than what reported. Hence, the pay figures show that the automobile



industry, which was primarily concentrated in Town S within the municipality, did not show a significant advantage against other local industries in terms of pay levels.

In comparison with the issue of low pay, some workers were more upset by the non-transparency of pay, which left the shortfall in pay unexplained. In Factory D, there was the impression among workers that the factory would pay them as little as the management wished. As mentioned in Chapter Five, workers became frustrated by the unexplained shortfall of pay which often occurred over time. According to workers, the frustration gradually evolved into a widespread disapproval of the management style adopted in the factory. The negative sentiment related to the lack of pay transparency later generated the verdict that no matter how hard they worked, they would not be rewarded with better pay. DJW from Factory D said,

*'Pay is all that we care about. We want the pay to be open to us, even when we are paid more than what we are entitled to. Some people would stay quiet if they were paid a few more hundred yuan (¥) more out of no reason, but I prefer not getting the extra bit and being told the truth about how I am paid. [...] What is the point of working in a factory which tries to hide everything from you? Even if this factory pays us less but remains open and fair, I still think that it is worthwhile to stay here.'* (DJW, Factory D, April 2017)

To what extent the factory management regarded pay as a key factor in retaining workers was to be questioned. Intriguingly, HR officers tended to relate low job quality to low pay. TQ, the HR officer from Factory H dealing with resignation procedures, attributed workers' departure largely to pay and benefits, which workers 'didn't find to be good enough'. HR officers from at least three other supplier factories of the Sino-European assembly plant also shared a similar view. In contrast, ZK the general manager of Factory H evaluated job quality from a completely different perspective. He connected high labour turnover with workers' dissatisfaction around the shortfall of workload. The business strategy of Factory H which is solely dependent on the Sino-European assembly plant for orders is to blame for this:

*'The risk of relying on one single client and their car models means that our interests become strongly tied with how the cars are built and sold. If car sales go down, auto parts factories cannot afford to run the machinery. Then workers would have less overtime work opportunities. This causes high labour turnover.'* (ZK, Factory H, September 2016)

Factory management considered that the cause of labour turnover stemmed from the workers themselves. On the one hand, HR practitioners accepted that mobility was part of the nature of a workforce dominated by migrant labour. On the other hand, some managers believed that workers quit a job due to the lack of resilience at the personal level. 'Low quality' was commonly used by factory management to describe workers who quit a job lightly. YXY from Factory H, who used to work at the headquarter of PH and was relocated to southern China only after Factory H was established, considered it to be a prevalent problem in southern China:

*'The mentality of workers in the south is problematic. Their understanding of material and spiritual pursuit is so different from that of the company. From the company's perspective, these workers' demands are just nonsense. Now our workforce consists of people from across the country, but they are not of high quality due to constraints in education, work experience and upbringing. Almost 60% of our employees are the only child at home, and they can't endure hardship at all.'*

### 6.3. Compliance in face of low pay and pay opacity

Given that a similar degree of meagre pay and pay opacity was observed across Factories H, F and D, Factory F apparently suffered less from labour turnover. Most of the shop floor workers who I interviewed in Factory F had been in the factory for at least two years. They also claimed that their team had been quite stable. Furthermore, regardless of the high labour turnover, there were still a small number of workers who had worked in Factories H and D for a relatively long period of time, or were more conservative regarding quitting the job. In the following section, I will illustrate the considerations taken by these workers regarding staying or quitting the job given low pay and difficulties in comprehending the pay, as well as how their circumstances fuelled the compliance. In particular, I will look at how

the lack of pay transparency on the shop floor showed little influence in the perception of job quality and the management style of this group of workers.

### 6.3.1. Workers' embeddedness to the factories

Among the workers who I interviewed, a minority of them were apparently content with their current job and claimed to care less about pay. These workers did mention some sort of dissatisfaction about the pay system or the pay communication practices of their factory, but their complaints were not decisive to determine whether they would like to leave the job. They were mostly found in Factory F, and a handful of them in Factories H and D. In general, their decision of staying or of not quitting the job hastily was mainly driven by a number of factors.

First, workers left where they originally were solely because of getting that job in Town S. It was that particular job opportunity which brought them to Town S, otherwise they would not have moved. This was most often the case of operators working in Factory F. A number of them said that they knew about the job opening from acquaintances in their hometown, which all happened to be in the northeast. The news about the job opening also came to them during the time when they were at the beginning of a new phase of life. For instance, one worker said that he had just graduated from high school when he heard from an acquaintance that Factory F in Town S was hiring. Two female workers mentioned that their children had grown up. Since their children no longer needed full-time attention, they could either stay with their grandparents at home or follow their parents to work away from home. Having never worked and been elsewhere before, they felt that it was about time for them to go out and work full-time rather than staying at home. Coincidentally, they were actually following their husbands, as both of their husbands had been recruited by Factory F at the same time. Once arrived, the couples stayed in dormitory rooms for couples.

Second, the workers valued the stability of their current job, especially when it appeared to be a lot more stable than their previous job. Some of those with previous work experience before working in the current auto parts factory mentioned traumatic experiences in working for precarious jobs before. For example, LJM, a line leader in Factory D, used to work as an

insurance salesperson before working in the factory. He mentioned that it was not a pleasant experience since he was solely paid by commission and often failed to meet sales target regardless of working hard: *'[It] was kind of unpredictable. It would be fine if you could convince the client, otherwise it was very insecure. I was still paid a base pay in the first three months, but could not bear it anymore when the base pay was eliminated and the commission was the only thing I received later.'* In comparison, a factory job enabled him to be paid 'a wage of whatever size instead of nothing at all' monthly. It also freed him from exploiting personal networks just to meet sales targets. Another worker from Factory F who used to work in a mechanical factory mentioned the working environment as an advantage of the current job over the previous one:

*'As a mechanical worker, my hands were always dirty. I wanted to change to another working environment, so that I do not have to go home with both my hands and clothes dirty all the time. Honestly speaking, pay level here is more or less the same as in my previous job, or even less sometimes. Yet I feel a bit better as I am clean at work.'* (LSH, Factory F, January 2017)

Third, the workers had developed a work history with the parent company of the factories. LXJ from Factory F is an example. After graduating from a polytechnic, he started working at PF as an operator on the production line and got promoted a few times given his education qualification and job performance. Later he was given the opportunity to move to Town S:

*'In PF, I worked under the workshop supervisor, who later became the factory manager of Factory F. He knew me quite well. When he was about to be relocated to Town S, he asked whether I would like to follow him. This was how I got relocated to Town S. [...] At the beginning I was his assistant. Later [due to changes at the work system] I was promoted to the position of workshop supervisor.'* (LXJ, Factory F, January 2017)

LXJ considered working in this particular factory as an achievement due to his promising track record at work. He also strongly identified with the growth of the company, since it was the first and only company that he had worked for, and he had stayed long enough to see how the company became nationally and internationally well-known over the years.

Fourth, the workers felt valued by the factory, as they were rewarded in a non-monetary way that would not be available elsewhere. For example, YXS from Factory D held a vocational school qualification, but he managed to be hired by Factory D due to his relevant work experience, especially during the early stages when the factory was set up. He described his situation 'exceptional' in the department:

*'Being recruited with prior work experience, I was paid more than some sectional leaders from the start. At the beginning, I was a die maintenance technician. Gradually I was promoted to the position of a section leader [equivalent to an engineer] in the product development department. The factory requires at least a polytechnic qualification for engineers. Now there are six engineers who I manage in the section. All of them, but one, are university graduates, and the only person who did not go to university went to a polytechnic. Polytechnic graduates are the only ones eligible for a place in our talent reserve.'*

Therefore, he believed that he had entered the factory at the right time. The career progression that he had experienced later in the factory also enabled him to feel that he was on the right track, as well as to stay optimistic about further progression.

Fifth, the workers survived the process of selection and elimination of the workforce due to the industrial upgrading efforts by factory management. Automation was a phenomenal concept in Town S amidst the campaign of industrial upgrading initiated by the local and central governments. Factory managers in Town S were generally interested in automation for its potential in optimising the production process and reducing their reliance on manual labour. The development of an advanced equipment manufacturing industry was strongly encouraged by the local government, as it was considered a pull factor for other higher value-added industries, so as to benefit the further advancement of the automobile industry. The management of Factories H and F explicitly mentioned recent attempts to introduce new equipment with the purpose of lowering the total headcount and making work less physically exhausting for the remaining workers. For instance, robotic arms were installed on top of existing machinery for an easier and speedier conveyance of finished products out of the machine and to the temporary storage space next to the workstation. Management from

different factories revealed different reasons for automation. Factories H and D emphasised the benefits of automation regarding the optimisation of production and occupational health and safety. The general manager of Factory H said that workers generally welcomed the installation of robotic arms, as it made their job easier. (ZK, Factory H, September 2016) Repetitive heavy-lifting tasks for products in various sizes done by machinery, instead of by humans also helped reduce occupational injuries.

It was only in Factory F where a direct connection between automation and the reduction of headcount was known. According to LXJ from Factory F, the factory had plans to optimise the production line by improving facilities and the operational design:

*'With our production optimised, we will not need as many workers as before. [...] A few years ago, there were more than 60 workers in Factory F, but we managed to gradually cut the headcount down to below 40. Those no longer needed all left Factory F. [...] Some of them were relocated to other factories of PF. Some resigned, and we did not recruit replacements after they left. This is how we optimise the workforce too.'* (LXJ, Factory F, January 2017)

He emphasised that machinery could not fully replace humans at work, while humans outperform machinery in terms of flexibility, creativity and the ability to cope with abnormal situations. A fully automated workshop would also be unaffordable for the factory and they could only introduce automation in phases and within the budget approved by PF. Nevertheless, the reduction of the headcount apparently had brought some effect on workers who witnessed the process laid out in front of them. In Factory F, existing operators were those who had survived the reduction process. Nevertheless, it was still possible that one day their job would be replaced by another person or advanced machinery, due to the management's attempt to automate the workshop in phases. For example, one worker said that her job was going to be replaced in the future anyway, be it by human or machine, as the job was 'not difficult at all'. (SDJ, Factory F, January 2017) Therefore, they claimed that they were happy with staying at the job until they still had the opportunity to do so.

The workers who had little intention to leave the job showed less interests in obtaining an explanation of the pay system, nor were they interested in comparing their own pay with those in other factories. When asked about the impression of pay levels in their factory in comparison with neighbouring companies, a majority of them claimed that they had never actively sought for information, or they showed some cynicism as to why they should care about that, as 'it was more or less the same everywhere'.

### 6.3.2. Risks to exit without taking careful considerations

Workers' decision to stay or the lack of intention to leave also related to the risk of leaving the job without taking careful consideration about the next step. It is true that quitting without a new job offer secured, namely 'naked resignation', was not rare. However, it was often a privilege for workers who were less affected by family burdens or who could afford the time, money and sense of uncertainty during the transition period between jobs.

When workers were in Town S on their own and when their lives were highly attached to the job, it was likely that they would fall into a period of uncertainty right after quitting the job. What happened to ZLP from Factory H demonstrates the logistical difficulties accompanied with changing jobs hastily. ZLP was my roommate in the factory dormitory. She started working in Factory H at the beginning of my participant observation in November 2016. Knowing that she would earn merely ¥2,000 in the first month upon arrival, she did not plan to stay in the factory long. Adding insult to injury, she also felt bullied at work. Therefore, she desperately wanted to quit the job in her first week. However, being originally from an inner province and having family problems at home, she had been working away from home for long, moving from dormitory to dormitory whenever she changed job. She also had no alternative shelter to turn to, as she said she had had a bad experience at her previous job and had made very few friends outside work. Eventually, ZLP resorted to skipping a day of work in Factory H to look for a job in nearby areas. For her, it was more important to find a job which provided her a shelter instantly than to be paid well, otherwise she would become homeless immediately. The incident of C was not to say that moving from one job to another is hard for workers in Town S. Rather, it is to illustrate that the urgency to have living provisions settled in a rush would potentially drive workers to sacrifice the quality of their

next job if they were to quit the current one. Couples in Factory F who lived with their children in the factory dormitory faced a similar if not worse situation - if they leave the job without thinking about the risks and solutions to insecurity carefully, they would put the well-being of the whole family under threat.

Putting family burdens aside, to what extent a new job would pay better than the current one remained uncertain. For factory jobs with similar requirements in terms of eligibility and qualifications, it would be difficult to judge whether one pays better than the other before starting the job due to the lack of reliable information about pay systems in a factory before the employment relationship commences. This led to some extreme strategies to spot good jobs. HQM from Factory D observed that after the Spring Festival, there was a larger-than-normal number of workers who quit the job only after staying in the factory for a few days: *'They just wanted a taster of every factory in the industrial zone, so they got in for a few days just to see how they found working here, how much an average worker made, and then quit and went to another one.'* (HQM, Factory D, April 2017) She speculated that workers implemented the strategy in groups that exchanged information among each other. In fact, according to HQM, the factory preferred not to hire people who had previously worked in nearby auto parts factories together. They could not completely eliminate the possibility of hiring former workers of nearby factories at the moment simply because tracking their mobility and past work history was too much work for them. Still, workers would not be able to re-enter a factory where they had previously worked and left, even if they eventually found that the factory paid them the best terms.

#### 6.4. The potential of voice in collective resistance

The high labour turnover in Factories H and D due to pay-related issues reflected the fact that workers resisted against the pay system and against pay opacity individually in the form of exit decisions. Given the relatively short history of Factories H, F and D, evidence on hand did not suffice to tell us whether exit was the only strategy that workers could use to demonstrate their dissent – after all workers who had voiced their concerns but not quit were very rare. The dysfunction or non-existence of collective voice mechanisms also blocked the formal voice mechanisms at the workplace level. That said, the possibility of



other reactions cannot be completely ruled out, while signs of collective resistance regarding other demands were also referred to by workers. In fact, after the strike in J-Factory B in 2010, both the provincial government and trade union emphasised the importance of cultivating ‘harmonious employment relations’ in order to prevent strikes of similar scale from happening. The strike and its aftermath were hardly mentioned by interviewees, partly because they had no memory of the incident – most workers in the auto parts factories nowadays were either too young to have learnt about it, or were not around to have experienced it first-hand. Even so, workers from Factory D did mention sporadic episodes of collective resistance in the factory, although there was no sign that they were inspired by previous collective actions.

The first strike took place in 2015. XXS, a line leader who started working in the factory soon after it went into production, said that he was promised a monthly pay of at least ¥2,700 before starting the job, but the promise was not fulfilled:

*‘In the first year, I received less than ¥2,700 every month. In the second year the situation persisted, so I initiated a strike with other people in my shop. A manager came to the shop floor and asked me what happened. I said, “Nothing special. We are asked to produce more every day, but are not paid more accordingly. Now I don’t want to work anymore.” He demanded me to go back to work first, and I said only if they increase the pay. [...] How long of the stoppage could they afford? The assembly plant penalises their suppliers for ¥6,000 for every minute of stoppage. What do you think happened? [...] The general manager invited me to the office for a chat. Later they had a discussion with the other managers and they quickly replied the next day, saying that they would lift the pay for ¥200 for everyone. It was only the year after that when I finally received ¥2,700 per month, [...] the level which I was promised before starting the job. I just felt that I had wasted my time by choosing to work in this factory for an entire year.’*

XXS claimed that he was on the watch list of the factory, but continued to remain in the factory up until the time of my interview with him. *‘It simply proves that [the factory management] recognise my ability. It’s actually pretty straightforward. I only work as much as I am paid for.’*

The second strike was triggered by bad canteen food. All auto parts factories in the area provided in-house catering, but how the canteens were run varied. Factory H hired their own kitchen staff. The chef mentioned that they served more cuisines from the region of China where senior managers were from, but still tried to cater for workers from other parts of China, mainly from the south and inland, as well. Workers sometimes complained that the meat content of food during dinner, when shop floor workers stayed over for work but managers and office workers were mostly off, was significantly lower than that at lunchtime, when everyone in the factory was supposed to eat in the canteen. The canteen of Factory F was run by a contractor which had started only recently. Workers' comments on the canteen food had yet to be heard. The canteen in Factory D was also run by a contractor, which according to workers was owned by 'a friend of the boss who also runs a number of other factory canteens in the block'. It also catered primarily to the culinary preference of factory management from northern China, which was drastically different from those of workers predominantly from southern China: *'The northerners are happy with noodles and buns, but we southerners cannot survive a day without rice as the staple'*. (DJW, Factory D, April 2017) LJM from Factory D also said,

*'The food does not meet the taste of us southerners at all. [Northerners] prefer cold dishes, and also something like fried chillies with chilli oil... Maybe you would like them, but we really don't. [...] The food is usually better during lunch when managers are also present, or when the canteen is occasionally under inspection. Otherwise they just cook whatever they please.'* (LJM, Factory D, April 2017)

The breaking point of dissatisfaction of canteen food in Factory D occurred during an evening when workers found themselves served spoiled rice in the canteen and those who worked the late shift refused to eat and to go back to work. As DJW recalled,

*'We were served steamed pork ribs, which were literally just ribs. Fine. What was worse, though, was that the rice had gone off. That's why we went on strike that night. How could we be served such food? [...] To be honest, how can you work after having bad food? [...] We had been unhappy about the food for a long time. It just went too far that night. [...] After a*

*short while, managers who were already off from work came back and ordered takeaway food for us.'* (DJW, Factory D, April 2017)

The incident strengthened his sense of being exploited. *'Low pay is fine, if it is how much they can pay us, but no one could stand being mistreated in this way. How can one work with food like this?'* It drove him to think about quitting the job later, and he eventually did.

Workers who talked about the strikes mentioned that the stoppage was a concern for the management, since there was a cost for the factory to have production suspended for whatever reason. Nevertheless, the workers did not consider the strikes as particularly successful, due to their short duration ('just a while') and the delay in seeing improvements made or the demands met. Whether the factory had to pay the penalty for production suspension and for the disrupting the operation of the assembly plant was also in doubt, as XXS said, *'it totally depends on guanxi (relationships). The management told us that the factory would be penalised, but who knows? They might be able to get around it.'* (XXS, Factory D, April 2017) Neither XXS nor DJW mentioned any subsequent collective response regarding their respective issues after the strikes. XXS was the only one who had participated in the strike and was still staying in the factory at that time.

## 6.5. Conclusion

This chapter examined the consequences of pay perplexity and provided observations on workers' reactions towards it. The findings showed that exit was adopted as an individual strategy of resistance against low pay and pay opacity. Pay in the auto parts factories and the industry in general did not look particularly remarkable when compared with other industries in town and were considered to be disproportionate to the efforts that workers made in their jobs. Workers' dissatisfaction of low pay was understandable, but on top of that, the opacity of pay system further fuelled the belief that low pay was irrevocable. Exit appeared to be a direct response of workers against pay, but to what extent their move would be rewarded by better opportunities elsewhere was not known at the point when they made the decision to leave. The uncertainty was mainly due to the non-transparency of pay in other factories, not necessarily confined to auto parts ones, as well. The isolated

environment in Town S also led them to gamble for better conditions elsewhere with no turning back.

However, regardless of the prevalent high labour turnover and workers' intention to quit, the stability of the workforce of Factory F and a small number of workers from Factory D was also noticeable. Some of them weighed non-monetary rewards and career prospects higher than pay, while the others were more cautious of the option of leaving without considering the decision very carefully. It is speculated that their organisational and social embeddedness, which reflect the extent to which they rely on their job to support their living circumstances in Town S, contributed to their compliance in relation to pay issues. Finally, the last part of the chapter documented episodes of workers' stoppages, which highlighted the potential of collective resistance by workers.

## 7. Discussion: the Role of Labour Process in Shaping Workers' Understanding of Pay

### 7.1. Introduction

In the preceding chapters, I studied the pay systems and pay communication practices of a group of auto parts factories located in Town S, China. Chapter Four introduced the recent development of Town S and introduction of the auto parts industry in this town, so as to contextualise pay practices deployed in these factories. Chapter Five introduced the pay system of Factories H, F and D respectively, and assessed the pathways through which workers could learn about the pay system in their factory. Chapter Six introduced the implications of the pay knowledge accumulated and how they were reflected in workers' behaviour and decision to stay in the factory.

The presentation of the findings is important for revisiting existing literature and the research questions laid out in the literature review chapter. How do the findings shed light on the examination of pay understanding formation in the workplace? This chapter will be dedicated to looking at the implications of the phenomena in Town S, how managerial control in manipulating the process of understanding the pay system is accepted and rationalised by workers, and the specific dimensions of pay knowledge which are underdeveloped due to the constraints at the workplace. Hence, this chapter will consist of six sections. First, I will discuss the complexity of the process involving managerial practices from workers' perspectives. Second, I will discuss how social dynamics in the labour process affect workers' capacity to navigate the system. Third, I will discuss the implications of workers' pay understanding being undermined. Fourth, I will evaluate the consequential reactions of workers in response to their awareness of insufficient pay understanding. In particular, I will delve into different forms of reaction adopted by workers, mainly exit and voice, to see whether these strategies became their leverage in making pay demands and subsequently achieving better pay. It is followed by the fifth section, in which I discuss the social institutions external to the workplace that influence workers' resources in making

sense of or challenging the pay system. In the last section, I will discuss how the adoption of a labour process approach would help understand workers' circumstances in sustaining and legitimising the factory-level pay systems.

## 7.2. The accumulation of knowledge on the pay system at the factory level

In Chapter Two, I argued for the need to look at what contributes to workers' ability to make sense of their own pay. Existing literature on pay communication establishes a direct link between what workers come to understand and what the management chooses to disclose about pay (e.g. Lee et al., 1999; Patten, 1978), without further questioning whether workers at the receiving end of the information flow actually accumulate knowledge about the pay system. That is why this research seeks to trace and make sense of the process that workers went through in the workplace to understand the pay system. It is evident that there is a remarkable variation of pay systems adopted in Factories H, F and D. The manner in which the factory management twisted labour regulations to make the pay system deviate from common sense demonstrates the necessity of examining factory-specific practices regarding remuneration. Not only did the phenomenon imply the possibility that workers had to navigate a new pay system for every job that they would land, but also that past working experience in other factories might not suffice for workers to make sense of what was going on at their current job. Practices applicable to other workplaces could not be taken for granted.

The use of a mixture of fixed and variable components created fluctuations in workers' total monthly pay. The fluctuations could be derived from factors both directly and indirectly related to a worker's own effort. For instance, the ups and downs in pay related to company performance could be due to changes in the production schedule and product sales. However, fluctuation because of these factors could have a significant impact upon workers' earning during a particular month. In the case of Factory F, work was suspended for a month during a traditionally slow sales season and there was a slowdown of work in the assembly plant. Under these circumstances, workers' pay would be cut in half for that month, but it was not due to their slowdown of work or underperformance. Furthermore, in the case of Factory H, the pay of auxiliary production staff was tied to operators whom they do not

directly cooperate with. Therefore, what they earned was also not a direct reflection of their effort, given the performance-emphasising tendency of the pay system.

On this account, in Chapter Five, I provided a detailed description of how workers' understanding of the factory-level pay systems was built up by tracing three periods of time throughout the duration of an employment relationship, namely upon recruitment, recurring pay days and other times at work. Recruitment and recurring pay days were highlighted as specific moments for the acquisition of pay knowledge, as they share the following common characteristics. First, during these times, pay information, irrespective of scope and depth, was offered by the management. For instance, job orientation was a rare occasion when employers would proactively raise the topic of the pay in their interaction with workers, as the pay system was considered part of the necessary information that workers should know before starting the job. On pay day, some forms of pay information, such as the amount of one's pay, would naturally be unveiled to them. Second, the appropriate atmosphere for enquiring and discussing pay at the workplace was present during these occasions. Upon recruitment, it was considered completely legitimate for a worker to ask about the pay system and other employee benefits. It was also instinctive for them to contemplate the pay and be curious about it when the monetary reward was literally handed over to them on pay days. In short, these occasions were when workers could make use of the opportunity to acquire pay-related information in principle.

Workers' understanding of different aspects of the pay system, including pay system design, individual pay rates, pay differences and the mechanism of pay adjustment were examined in Chapter Five. It showed that the process of navigating the pay system was by no means straightforward for workers. The navigation could be complicated by the following factors.

First, it could be difficult to squeeze pay information out of the management. Information such as pay components was relatively uncontroversial and easy to access, but the accessibility was conditional upon the timing when the information was disclosed or enquired about. When a direct and explicit source which provided workers with all they needed to know about the pay system was not in place, workers' learning process was rarely linear and straightforward.

Factory management was, unsurprisingly, selective in disclosing different categories of information. The pay system design, namely the composition of pay, was handled in a relatively undisputable and uncontroversial manner. Factory management were generally willing to tell workers the laundry list of elements in the total pay package upon recruitment, or even during the recruitment process. Most workers were aware of the existence of pay components which constituted their total pay package and the approximate proportion of each component, thanks to the voluntary disclosure to them by the management.

Nevertheless, the parameter of each pay component and the possible range of each component was something workers had to discover by trial and error as time passed. It was especially the case for variable pay components such as piece rate, overtime pay and performance pay. In the example of Factory H, workers paid by piece had to be on the job long enough to estimate how much they could earn from piecework, due to the large variety of tasks, each with different rates, and also to become dexterous and learn about their capacity and limit. Similarly, in Factory F, the more senior workers there were, the more capable they were to grasp a clear picture of the production schedule and work intensity, which were directly associated with their overtime work (and pay) and performance pay (the category for meeting a daily production quota). However, they were not told the formula for calculating these components.

The mechanisms which allowed workers to achieve higher pay were limited to those within the remit of the existing pay structure. In other words, workers were only allowed to enquire about conditions upon which they could achieve higher pay consistently according to the rules. Pay rises in the three factories were mainly achieved in two ways. One way was job promotion and the change of duties and responsibilities. This brought about the change of pay at a personal level which was noticeable by workers. This was because workers were informed by management about their promotion, or in the case of Factory H, shop floor workers became aware that they were working on more complicated tasks paying better rates. The other way involved changes in fixed components applicable to the workforce as a whole, such as an increase in the base pay for everyone. However, the mechanism delivering such changes was kept hidden from workers. Collective representation of workers such as a



trade union did not necessarily fulfil the function of informing workers of the pay negotiation process, if there was any. Even in factories other than H, F and D where collective pay negotiations were held, the circulation of information and the procedures were exclusive to a limited population of the workforce, which was also unlikely to cover rank-and-file workers.

Second, pay information was not presented in a tangible form, which hindered its circulation. Payslip did not appear to be an effective tool for workers to make sense of their pay level in Factories H, F and D. The non-issuance of payslips, which is in principle illegal, resulted in the lack of tangible and shareable proof to facilitate the circulation of information. Pay information was then most likely to be circulated by word of mouth, as most workers said that it was inevitable to be curious of other people's pay levels. Without sufficient information about their own pay disclosed to themselves, it was also difficult for them to make sense of the significance of the pay difference – for example, whether the pay difference was due to normal rotation of work or wage theft.

Third, the cultivation of privacy surrounding pay issues created barriers for the circulation of pay information. Without a tangible source of pay information, its circulation was likely to rely on informal exchange among workers, which enabled them to realise individual differences in pay levels. However, whether and how informal exchange took place depended on their self-awareness of how appropriate it was to discuss pay under a given circumstance. Although these factories under study did not have a code of pay confidentiality that was strictly adhered to, there were times when workers mentioned that they did not find it appropriate to ask around directly.

Fourth, the institutions at the workplace which supposedly facilitated the understanding of pay did not favour workers by default, since the effectiveness of these institutions was highly dependent on the capacity of individuals to utilise them. In Chapter Two, I pointed out that the reliance on employers' self-reporting (e.g. Lee et al., 1999; Scott, 2018) to examine the degree of pay transparency in existing pay communication literature was insufficient to capture the implementation and effectiveness of these practices. By looking at how the pay system was communicated to workers in practice, my research findings showed that management was not delivering on their claims. For instance, workers faced a series of

obstacles in the process of navigating the pay system, particularly those laid down by frontline management which undermined their effort in making enquiries, even though the mechanisms did exist. It also left a disproportionate amount of burden on the workers to fact-check and make sure that they kept all records of their activities at the workplace, so that they could cross-check with the variable amount of pay for a given month. In the case of Factory H where shop floor workers were primarily paid by piece rate, and there was a different rate for every product which they were assigned to do in a random manner on the day, they would have to be meticulous in remembering what they had done, how many pieces they had produced, and the accurate rate for each piece on a daily basis. From what was observed on the shop floor, the shop floor management did not bear the responsibility of making sure that the information was available on the shop floor and easily accessible to workers.

Without being informed of their own pay and the method of pay calculation, it was close to impossible to work out the exact level of pay by their existing knowledge and experience. In all three factories, workers were only formally told their own pay level but not the others, which should help form a contextualised understanding of their own pay, for the reasons of privacy and pay confidentiality. They were also not informed about the breakdown of individual pay components constituting their total pay. While some of the fixed pay components such as the base pay and fixed-rate subsidies are relatively obvious, it was more challenging for workers to work out the breakdown of other conditional or variable pay components.

Gradually, a sense of perplexity towards the pay level emerged among workers. Instead of knowledge about the pay system, what was accumulated or strengthened throughout the employment relationship was indeed ignorance (Gross, 2007) about the pay system. The obstacles that they faced in making enquiries revealed the limits of their knowledge. Their pessimism towards 'making things clear' also showed that they were aware of the unavailability of the means to overcome the limits and make sense of the system. The use of a variable pay system also complicates the relationship between pay transparency and pay comparison behaviour as suggested by Zenger (2016). With just the pay level but not knowledge of the formulation of pay level, the outcome of pay comparison would go either void of rigor or be rationalised by other means, which will be illustrated later.

### 7.3. The role of the labour process in shaping pay understanding

Given the difficulty in accumulating knowledge of the pay system, workers' ignorance of the pay system was further sustained in the labour process in the workplace. It was mentioned in Chapter Two that the nature and form of managerial control executed at the workplace, as well as workers' compliance with and resistance to employers' domination, is embedded in the capital-labour relations on the shop floor (Burawoy, 1985; Nichols et al., 2004; Thompson and van den Broek, 2010). This research has certainly benefited from this approach. By delineating the way that work was organised to how social relations were fostered at work in Chapters Four to Six, I illustrated that the labour process not only contributed to shaping workers' knowledge of the pay system, but also shaped their attitude towards their own ignorance of the system. The influence of managerial control over the direction of workers' understanding of their pay was most clearly manifested in the following areas.

First, the shop floor hierarchy set the first hurdle for workers to make pay enquiries. In Factories H and D, line leaders were in the position of allocating tasks on the shop floor on a daily basis, managing workers' attendance, thus becoming the first contact point that other workers turned to for any questions regarding pay. On the one hand, they essentially served as the gatekeeper for the HR department in case workers made pay-related enquiries. Therefore, it is speculated that the way that line managers understood or framed the issues, as well as their initial explanations for the issues that workers raised would determine the extent to which the queries could reach beyond the shop floor. It was only when line leaders considered an enquiry legitimate, the issue would eventually reach the HR department. In other words, line leaders could either make the enquiry serious enough to demand an explanation from the management, or simply trivialise workers' queries. On the other hand, line leaders were also the frontline provider of day-to-day pay information by conveying piece rates, production quotas, work schedules etc., which helped workers make sense of their monthly pay. How informed workers became about pay depended on whether line leaders took the task of providing information seriously and the manner in which they handled queries. Likewise, the resourcefulness of line leaders might also enable them to discover problems before anyone else on the shop floor. Their superior status would also be

more favourable to the mobilisation of fellow workers to challenge or contest the pay system by reminding them of the presence or absence of pay information and components. Under this circumstance, the power relations between line leaders and other workers (especially operators) or social cohesiveness on the shop floor determined how the initial stage of knowledge accumulation would take shape. This corresponds to a pluralist frame of reference regarding the relationship between management and workers (Edwards, 2003). Since their interests are by no means uniform by default, assuming that communication practices were delivered via middle management without conflict or struggle would make us overlook the role of power dynamics in determining the impact of managerial practices in opening or restricting pay information.

Second, the way that work was organised on the shop floor shaped how workers evaluated the merit of a pay system. Regardless of how workers thought the pay system was implemented on the shop floor, they did display preferences on pay systems as such. How they came up with these judgements could be influenced by the type of work that they are responsible for and how they considered their relationships with their colleagues in the same shop. In the example of Factory H, the working day and week are stretched to an extreme and workers on the shop floor are paid by piece for different tasks largely unrelated to the others' work. This made workers sympathetic to the individualistic rhetoric of more work for more pay, as the extraordinarily long working hours allowed these workers to produce more pieces. Hence, it helped divert dissatisfaction away from the pay system itself for being exploitative and providing little pay security, and towards the fluctuation of piece rate. In contrast, work organised in a continuous production line in Factory F demonstrated that effort from both an individual and the collective, not just the former, was required to assemble a piece. This helped workers rationalise that fact that base pay, which rewarded their personal competencies, made up a smaller proportion of their total pay than performance pay.

Third, the managerial attempt to cultivate employee silence over pay as a way to control the circulation of pay information drove pay discussion underground. An example of this was pay confidentiality requirements imposed on workers. There was no evidence from the three factories that pay confidentiality requirements (if any) were rigorously executed, but its very existence deterred workers from discussing pay without fear. Since workers mentioned that

pay chats were inevitable but mostly done in private, it implied an atmosphere in the workplace that suggested that pay could only be discussed informally in order not to attract unwanted attention. However, to what extent they could carry out private pay chats successfully and extensively depended on their capacity to identify the appropriate occasion to open up and the right people with whom they could talk with, as well as luck. A shop floor with high labour turnover was unfavourable to the establishment of social connections and rapport as prerequisites to enable these networking opportunities.

Factory-level management also shaped the scope of pay discussion on the shop floor by indicating that pay decisions were made beyond the factory. Factories F and D as subsidiaries of their parent company had little discretion in making their own pay decisions. In Factory F, there were occasions when workers were invited to give opinions on pay, but the invitation was from the trade union branch at an upper level of the company, which they had little knowledge of its composition and functions. It created an impression that pay decisions are made 'elsewhere' beyond the reach of workers. Plant-level management also became complacent or irresponsible in resolving doubts surrounding pay, as they did not find themselves having the discretion to change decisions made by their superiors anyway. In that case, workers were driven to the speculation that these issues could not be solved at the company level but had to involve other parties that were out of their reach. They would also realise the remit of issues that could be settled or challenged at the plant level and those that could not, in which the latter included pay. The fact that an issue could not be resolved on the spot but had to involve unknown or unfamiliar parties set the boundary for what could be discussed or dealt with within reach of workers. Hence, if workers stopped going deep into the issue, it was hardly a personal choice. Rather, it may even be fair to say that they sleepwalked into the status quo which the management desired for and acted to bring about. In other words, it manifested the dominance of managerial control over the contested terrain of pay in employee silence literature (Donaghey et al., 2011).

Fourth, rules of the internal labour market visible to workers drove them to align their own interests with the rationale of the pay system. On the one hand, it was clear to them that those on the higher end of the shop floor hierarchy were rewarded with opportunities to get closer to information sources. For example, in Factory D and other Japanese auto parts factories, those in more senior positions have more legitimate reasons to make enquiries

directly to the management (for themselves or on behalf of their subordinates) or have the privilege to participate in collective wage negotiations. To learn more about the pay system, excelling in the internal labour market and following the bureaucratic procedures laid down by the internal state to deal with dissatisfaction and perplexity were unavoidable. On the other hand, the conveyance of the composition of pay and the principle by which each component was determined made workers aware of the kind of qualities which the pay system would reward. For example, the dominance of productivity- and performance-related pay in Factories H and D were obvious enough to convince workers that their individual effort would contribute to the pay, and the performance of the company as a whole would benefit them in monetary terms, although the extent was not necessarily clear to them. The existence of pay differentials due to qualification and competencies were also made known to workers. Knowing that the differentials did exist in the internal pay structure, workers were convinced that there was a legitimate reason behind working more. As demonstrated in examples from Factory H, workers were willing to work for long hours in a working day due to the belief that the extended working day actually gave them more time to produce more pieces leading to higher pay. In other words, succeeding in the internal labour market, if it was known to them, was a prerequisite for workers to gain exposure to more pay information. They would first have to be a 'good' and 'productive' worker in order to climb up the career ladder in the factory, in which perplexity towards pay would be part and parcel of the process. In this way, the moment when workers realised that they needed to make sense of the system for their own favour could be delayed.

In sum, managerial effort, be it intentional or unintentional, set the agenda by which workers evaluate the pay system, limited the quantity and quality of information that workers could possess and shaped the direction of pay enquiries. This essentially drove workers to temporarily consent with the principles of the pay system before challenging it. Clearing the bureaucratic hurdles to deepen their understanding of the pay system put workers in a disadvantaged position, as they would have to find their way to break through the power structure on the shop floor. Therefore, it is conceivable that the enthusiasm to make sense of the system might gradually die down among workers, while those who took action, which will be discussed later in the chapter, recognised that little could be changed within the scope that they could handle.

#### 7.4. Implications of pay understanding undermined

In existing pay communication literature, an underlying paradox that employers face regarding pay transparency is that on the one hand, sacrificing some control over the availability of pay information may earn them higher job and pay satisfaction from workers (Thompson and Pronsky, 1975; Futrell and Jenkins, 1978; Greiner et al., 2011). It also reduces labour turnover by eliminating pay comparison (Danziger and Katz, 1997; Bergh et al., 2019). On the other hand, the symmetry of information may provide workers with leverage to challenge their authority (Danziger and Katz, 1997). My research findings showed that the management maintained control over the availability of pay information, and workers indeed responded with signs of low pay satisfaction and challenges to the management by means of resistance, mainly by exit. The high labour turnover in the factories illustrated that employers did not seem to have maintained control over workers through the employment relationship, but it did work in the sense that workers were not necessarily better off by quitting either. The phenomenon was related to the process of how the pay system was conveyed to workers, which pay communication literature tends to overlook.

Workers' dissatisfaction towards pay in the factories with high labour turnover was evident. Low pay was the primary reason behind the dissatisfaction, but pay opacity tended to accelerate the dissatisfaction, especially when workers realised that the pay level in the auto parts factories did not seem particularly competitive in comparison with previous jobs that they had. In other words, managerial effort in reducing pay comparison by making the pay system opaque did not control labour turnover but accelerated it in this context of low pay. Since receiving monetary reward to make a living was indeed the main (and perhaps only) reason behind workers taking up a job in these factories, managerial control over other aspects of work such as discipline did not bother them as much as not getting reasonably compensated. While other managerial practices for controlling them at the workplace could be tolerated, pay was the area which workers wanted to compromise the least. Under this circumstance, although workers were exposed to various frontiers of control in their working life, pay remained the biggest deal and the game-changer regarding their perception towards the management. This finding also provides further elaboration of workers' conception of organisational justice in relation to pay communication as suggested by Marasi and Bennett (2016). Shortcomings in pay would then be amplified as the primary determinant of

organisational justice, and ultimately affected workers' attitudes towards managerial practices in other aspects as well.

Social networks do not serve as a powerful tool for workers to mitigate their issues with pay. Among the auto parts workers in Town S, both strong ties and weak ties as conceptualised by Granovetter (1973, 1983) were observed for their importance. On the one hand, there were strong ties, such as the personal connections that pulled migrant workers to Town S or the local connections that kept local workers in Town S. On the other hand, there were also networks of 'weak ties' or acquaintances, which workers managed to establish under the given work and living arrangements.

Strong ties for both migrant and local workers may be established on similar grounds, but the circumstances which those ties were based on determined their strength. For migrant workers, strong ties played an important role in their job mobility and opportunity, given that the majority of them set foot in Town S due to pre-existing relationships. These relationships led them to Town S, which had yet to establish its reputation nationwide as an employment hub, and to the subsequent job opportunities in town. However, these ties were not necessarily favourable to the accumulation of pay knowledge due to the necessary workplace-specific nature in the auto parts industry.

Without trade unions or other collective bodies serving as a solidarity-building platform (Lee, 2011; Fantasia, 1988; Doellgast et al., 2018), the shop floor environment and living arrangements in the factories and in the surrounding community still contributed to fostering weak ties to a certain extent, but information circulation and pay knowledge accumulation through these channels were both overshadowed by managerial efforts in obscuring the pay system from workers and silencing them from the pay discussion. Even though communications between individuals were still possible, it was mostly likely that rather than concrete information, they exchanged ignorance, confusion or sentiments among each other. Under these circumstances, to what extent pay information circulated in a high-density network could be diffused via weak ties (Granovetter, 1973) was also questionable.



Consequently, the dissatisfaction led to workers' resistance but in the specific form of exit. As a reaction derived from pay dissatisfaction, workers' resistance primarily exhibited in the form of exit is demonstrated by the high labour turnover in the factories. Chapter Six demonstrated that Factories H and D were particularly affected by the problem. The HR practitioners at the factory level had to work at full capacity to satisfy the immediate need of filling vacancy by continuous recruitment activities, while leaving limited room for designing and implementing practices to upskill and retain workers, which could possibly include improving the pay administration. What should be noted is that although the adoption of exit as a strategy of resistance was prevalent, it neither gave workers more leverage nor did them good. This is due to the risks of quitting, including future job insecurity as well as jobs with a similar level of pay opacity. I do not intend to suggest that that exit as a strategy did not pose a threat to the factory management at all. It is true that workers may not be better off after quitting the factory, but it does not mean that employers did not suffer. From the constant and intensive recruitment activities conducted by factory HR and the burden they bore in filling the short-term headcount, exit had definitely created inconvenience for the management. From this perspective, exit did have an effect in making the management aware of workers' dissatisfaction. There is just a lack of evidence on whether the management realised that pay and pay transparency were actually root causes of workers' departure, and whether and how they delivered active measures to cope with the dissatisfaction.

The low level of pay transparency contained and undermined workers' capacity to raise demands via formal channels of employee voice and collective resistance. On the one hand, formal channels of employee voice such as workplace-level trade unions did not favour workers who are in a disadvantaged position to accumulate knowledge of the pay system. In order to participate in the voice mechanisms, they would first have to excel in the internal labour market, in which understanding of the rationale behind the pay system and rules of the game are essential. Even if those whose dissatisfaction and demands were based on impression were eventually given a place in the platform to negotiate, they would lack the resources to do so, not to mention the likelihood that their interests would only be represented indirectly, as shown in the underrepresentation of rank-and-file workers in key platforms on which contention regarding pay take place, such as collective wage negotiation. The situation in Factories H, F and D put workers in an even more disadvantaged position as the plant-level trade union was either inactive or non-existent. Despite covered by trade

unions from an upper level at some point, the scope of pay discussion was confined to revealing one's attitude towards the pay level, while providing no other means to deliver suggestions or demands proactively.

Furthermore, the aggregation of anger and demands for collective resistance was overshadowed by the low transparency of the pay system. Information circulated by word of mouth under informal circumstances made it difficult for pay comparison to result in more assertive voice and demands. The potential of collective resistance is by no means negated, as strikes did happen, as documented in Chapter Six. These episodes demonstrated the possibility of initiating or taking collective actions on the shop floor. However, the potential for collective action should be considered with caution, according to the specific contexts of the episodes. One is the initiation or organisation of the strike. The strike about pay was initiated by a line leader, whose position authorised him to know about the pay of everyone else under him in the shop. As Kelly (2002) suggested, the leadership enabled him to be fully informed, to identify problems, as well as to mobilise others to delve into the issue. For ordinary workers whose pay was hidden from each other and a full picture of the pay system hidden from themselves, it would require extra effort for them to achieve what the line leader had. Another factor is the nature of the grievance. In the second strike in Factory D, bad food as a concern shared among workers later became acute enough to trigger instant collective action. Indeed, improving the quality of food was a demand 'which can unite rather than divide' (Hyman, 1999:4) workers largely due to its visibility, since workers ate in the same canteen at the same time and were served the same food. How it benefited an exclusive group of people, namely those without a southern culinary preference and could afford to eat elsewhere, but remained a problem for the unfortunate others could also be observed on a daily basis. In comparison with food, pay was swept under the carpet as an individualised issue unspeakable in public, making its potential to unite workers more ambiguous.

#### 7.5. Factors mitigating the dissent derived from pay opacity

An examination of the environment in which the auto parts factories were situated, as well as the background of industrial and urban development in Town S, provided insights into

how political and social institutions external to the workplace, namely the system, society and dominance effects (Smith and Meiksins, 1995) contribute to shaping managerial control over workers. In particular, it sheds light on how these institutions equipped workers with the resources to make sense of or challenge the understanding of the pay system, and also mitigated dissent derived from the non-understanding of pay.

In existing literature, it is identified that living arrangements of workers are closely connected to the aggregation of demands and formation of solidarity (Smith and Pun, 2006). Recent observations of employers loosening up control over labour within specific physical premises in China also opens up room for migrant workers to establish networks based on pre-existing relationships unrelated to work, which gave them more leverage in terms of mobility in cities (Siu, 2015). Nevertheless, the extent to which these kind of opportunities could be developed outside the factories in greenfield sites such as the auto parts industrial zone in Town S remains questionable, at least during the time when my fieldwork was conducted. Unlike more established industrial cities such as Shenzhen, the major pull factor of labour inflow into the auto parts factories are still pre-existing relationships, rather than the reputation as a land of job opportunities. The locality itself had yet to become appealing for workers as a destination for work. In these circumstances, it became a place where workers came because of a specific personal connection, otherwise they would not be there at all. Once arriving at Town S, the remoteness of the locality determined their way of living as a worker, namely that they would be juggling long working hours and moderate pay with settling in a new town in which basic facilities were only half-completed. Therefore, in spite of the alternative of living elsewhere in nearby villages, staying in the factory dormitory, if available, appeared to be a sound and convenient option for workers.

The manner in which working life was confined within the factory floor was relevant to workers' understanding of pay in the following ways. First, it tied workers to the employment relationship. Those who came to Town S purposefully for a particular job or for family (re)union demonstrated a stronger attachment to the job and the industry, in terms of living arrangements and career development. How they established their life outside work around the factory, or the degree to which the factory supported the reproduction of their labour power determined their reliance on the job as a *raison d'être* to stay in Town S. To them, leaving the job might be accompanied by leaving Town S altogether. If their employment

status was considered more important than other aspects of job quality such as pay, work intensity and skills upgrading, their intention or willingness to delve into the discrepancy between their expected pay and pay received would be less prioritised. Otherwise, when they adopted exit as a strategy against pay opacity, they would have to simultaneously contemplate the logistical arrangements for their transition. Workers would also be exposed to the question of whether they would like to stay in the industry or to stay in the town, which might be mutually exclusive. If they preferred staying in town, they would have to look for a job in other industries with less promising prospect, as auto parts factories refrain from hiring former workers of other companies. Likewise, they would have to go somewhere else if they would like to continue working in the auto industry.

Second, the confinement of working life within the factory floor determined how workers coped with dissatisfaction. This point is related to the previous one, as the fact that workers came to Town S just because of that job and the pre-existing relationships to which they were tied determined how they would tolerate or adapt to dissatisfaction. When workers realised that raising concerns over pay without substantial reasons would cost them their job security, their motivation to delve into the pay system to seek an explanation would be lowered. This was seen with some workers in Factory F, albeit a small proportion in the pool of interviewees, who were more immune to pay opacity in the sense that they were not concerned by the obscurity of the pay system, despite fully recognising that it was hidden from them. Questioning the managerial practices and bearing the risks of enquiring would be an issue not just for them, but also for the relationships to which they were tied.

Third, the scope of pay comparison was defined by the range of colleagues against which workers could measure their pay level. Since the factory premises were self-contained and workers had limited occasions to network with the others in similar jobs and positions, their social networks were confined to people whom they met on the shop floor. If workers' social network in a locality was closely knitted with the workplace, the immediate subject of pay comparison would be their colleagues. Their judgement of whether pay was good or fair in the workplace would be relative to the visible work intensity and individual competencies on the shop floor, rather than the context of the labour market in general. That means it would be hard for them to make an informed judgement of whether they were receiving pay compatible with the local standard just from comparison with workers in their own factory.

In some cases in Factory F, workers who stayed in the factory dormitory and lacked prior working experience were relatively less interested in knowing what was going on outside the factory. As a result, their incentive and capacity to obtain a bigger picture of pay trends at the local and industrial levels would potentially be undermined, leading to a lower sense of pay comparison.

In contrast, workers who were not so strongly attached to the job displayed more explicit dissatisfaction about the fact that they could not understand the pay system. This was especially the case for two types of workers. The first type includes those who came and worked in Town S without much job and industry attachment, or those who could afford the 'luxury of uncertainty' – such as those with the financial security and social capital required for carrying out logistical arrangements during transitional periods. The room for taking a break between jobs made them more resilient to short-term unemployment in the town after resignation, which enabled them to buy time in searching for a new job and make sure that it would provide a better prospect than the previous one. Otherwise, quitting the existing job in haste would put themselves in a difficult situation.

The second type includes local workers who were protected by their local household registration status and local embeddedness. The local identity apparently served as a backstop in case of uncertainties. Permanent residence in the local area and familial support available locally provided these workers with the security to withstand the uncertainty derived from temporary unemployment. With daily provisions less tied to the job, there was less for them to worry about under the circumstance of temporary unemployment. The social capital that they established in the past was also helpful for gathering information about the local labour market, so that they could identify and locate better employment alternatives more accurately.

Meanwhile, their local networks and knowledge enabled them to be more accurately informed of what had gone wrong in the factory and of other opportunities outside the factory, thus giving them more resilience to resist. For example, local workers in Factory D tended to be more advantaged in establishing rapport with the frontline HR officer, who was also from the local area and was willing to share inside information. The geographical

bonding enabled them to secure informal but reliable sources of information within the factory. These sources did not only include official accounts of the pay system and pay decisions, but also unofficial ones involving insiders' judgement. It is not to make an assertion that local people were naturally cohesive among themselves. However, given that the factories were primarily governed by management dispatched from other parts of the country speaking a different dialect, and the workforce was also dominated by migrant workers, a tacit understanding among locals emerged as a form of resistance by the minority against the majority. The same may also apply to those workers who shared a similar geographical and occupational background as the upper management, although further evidence is required.

#### 7.6. Contribution of the labour process approach to the study of pay understanding

Before discussing the merits of studying the process of forming pay knowledge as a prerequisite of making pay demands in a labour process approach, it is worth restating that the influence of economic laws of pay setting according to labour demand and supply was equivocal in the auto parts factories in Town S, as suggested by previous industrial relations literature such as Brown and Sisson (1975) and Nolan and Brown (1983). On the one hand, the shortage in labour supply and persistent labour demand did not seem to have pushed up pay levels. The meagre pay levels for operators, which still constituted an absolute majority of the labour force of individual factories, were not compatible with the persisting labour demands. There was no observable pay margin which suggested that employers were willing to pay higher than the market equilibrium to cope with the difficulty in recruitment and retention. If there really was an opportunity cost that workers forgo when they leave the job in the auto parts factory, higher pay on the job was not likely to be one.

On the other hand, despite the modest pay levels, some components in a pay system may have appeared to resemble an efficiency wage following the shirking model (Calvo, 1979; Eaton and White, 1982; Stoft, 1982; Miyazaki, 1984; Shapiro and Stiglitz, 1984; Bowles, 1985; Gintis and Ishikawa, 1987). In face of workers' shirking behaviour, instead of imposing an 'efficiency wage' by providing a pay level above market equilibrium, factories implemented the piece wage system to create an illusion of gaining one. By changing the way of calculating

pay, the management set themselves a condition under which they would have to pay more to reward workers' effort in not shirking, while whether they had to pay eventually would depend on workers' own effort in achieving it. The piece wage, alongside other variable components of similar functions such as bonuses, functioned to provide the promise of an efficiency wage without guaranteeing its actual payment. This was because their fluctuation could be manipulated by the management – in the case of piece wages, their level would differ not only because of workers paying more effort or less, but it was also due to the fluctuation of piece rates and the changing pattern of task allocation under managerial control. Following my critique of the notion of efficiency wage in the literature review, employers see the need to impose an efficiency wage, but at the end of the day it could be sustained only when workers realise its existence and deliver the effect that the management expect to see. With the devil in the detail, the extent to which these quasi-efficiency-wage pay components have managed to serve their purpose would depend on how workers form an accurate understanding of the pay system on the shop floor and evaluate its efficacy according to their own circumstances.

In this context, I proposed that a labour process approach would be useful for examining how workers get to understand the pay system, from how information becomes available to them, to how they make use of the information to comprehend the pay system. Drawing from the literature on labour process which documented social dynamics in a workplace revolving around control, consent and resistance (Thompson and van den Broek, 2010; Thompson and Vincent, 2010), I evaluated my research findings regarding how workers were driven to comply with the existing channels of pay communication and system implementation, and then to accept the managerial version of the pay system. From the pathways towards workers' perplexity over pay in Factories H, F and D, it is clear that managerial practices were key at critical times (i.e. recruitment times and pay days) to set the foundation of workers' knowledge. However, on a day-to-day basis, it was the shop floor dynamics embedded in a wider socio-economic context which mattered in determining workers' acquisition and accumulation of knowledge about the pay system, the transformation of their pay understanding into pay demands, as well as the forms of manifestation of these demands. In this way, the conveyance of pay information was indeed a political process, in which workers struggled at a micro level to squeeze information out of the management.

In Chapter Two, I elaborated on how Burawoy's (1979, 1985) conceptualisation of a hegemonic production regime would shed light on the role of managerial control in shaping workers' understanding of pay. It was speculated that the obscuration of the extraction of surplus value would be enabled by more knowledge of the pay system. Workers' awareness of the pay system being something within their own control, albeit in an illusionary way, would facilitate the creation of consent.

The research findings showed that workers in the three factories were perplexed over how the pay systems worked. What should be noted is that in different types of production regime, the management showed different preferences in terms of the means to obscure the pay system. In Factories H and D where the labour regime was more despotic, workers were deterred from better understanding the pay system by coercive measures. For instance, the piece wage system in Factory H and the administrative barriers to enquire about pay in Factory D simply exhausted workers' willpower to make sense of pay-related issues. In contrast, in Factory F, the management gained workers' cooperation by drawing them into game playing which required collective effort, as well as by presenting them with the prospect of upward mobility through the internal labour market. Demonstrating more inclination towards a hegemonic production regime here, consent was cultivated in Factory F to align workers' interests with the management, so that they would contest the pay system less or would not find the need to do so.

Therefore, it is fair to say that the fact that the pay system was sustained and legitimised, although not conveyed in a straightforward and linear manner, is indeed an outcome of managerial control manifested in various forms, subject to the type of production regime in a workplace. In the Chinese context, internal state did not happen to be a key mechanism in shaping the understanding of pay of workers even in a hegemonic production regime. In Factories H, F and D (and Japanese auto parts factories in a lesser degree), the malfunction or absence of collective representation and bargaining mechanisms pampered by the state showed that the definition of the set of employment practices embedded in the internal state and their arbitration at the factory level remained largely under the control of the management. This made the channels of grievance resolution and demand aggregation



individualised and fragmented, leading to workers' exposure to the individualised pathways towards pay knowledge accumulation and the enigma of pay.

## 7.7. Conclusion

In this chapter, I revisited the research findings in order to examine factors in the labour process in Factories H, F and D which affected workers' accumulation of knowledge regarding the pay system and evaluated workers' strategies in reacting to the opacity of the pay system.

I argued that the process of learning about the pay system was not linear and straightforward for workers. It was due to how the management controlled the availability and circulation of pay information and set up barriers for workers to obtain a comprehensive understanding of the pay system. There was also an atmosphere cultivated on the shop floor which prevented workers from discussing and making enquiries. Inevitably feeling perplexed, it became essential for workers to navigate shop floor dynamics in the labour process to alleviate the impact of bureaucratic and administrative hurdles set up by the management. Nevertheless, in the factories studied, managerial effort still prevailed in directing workers' evaluation of the pay system and enquiries to nowhere, leading to a sense of fatigue among workers and a hesitance to delve into the system.

A perpetual lack of understanding of the pay system in the context of uncompetitive pay resulted in increasing pay dissatisfaction among workers, as manifested in workers' actions in terms of exit and voice. The actions did paralyse part of the business operation to a certain degree, but consequently workers bore more burden in quitting due to the social constraints that they faced, especially those which tied their life outside work with the employment relationship.

The research findings illustrated that economic laws are insufficient in explaining how and why employers are complicit in maintaining certain pay levels without elaborating on the role of workers as an agent contributing to the change in pay levels by making pay demands.

Therefore, I also argued that a labour process approach is beneficial for looking into the formation of pay demands derived from understandings of the pay system in different types of production regimes. This research not only examined how a pay system is legitimatised and sustained on the shop floor, but also revealed obstacles that workers face when challenging it. Taking the social institutions external to the workplace into consideration also helps in situating workers in a wider context, so that their interests and leverage in the workplace could be better exposed.

## 8. Conclusion

### 8.1. Introduction

This concluding chapter will provide some concluding remarks for this research project. Before this research began, I was intrigued by how workers' experiences in the workplace contributed to their understanding of pay – the main and probably only reason for them to work as migrant factory workers away from home. The research has provided an opportunity to explore how workers' understanding of pay was shaped by the management-labour relations which bound them to a particular space and time, and the extent to which managerial control had an upper hand in the Chinese context. Bearing the constraints faced during the data collection process in mind, the scope of the research will also be evaluated in order to pave the way for future research to enrich our understanding of workers' pay understanding at the workplace level.

This chapter will thus consist of four sections. First, I will summarise key findings in the preceding chapters. Second, I will discuss the empirical and theoretical contributions that this research sheds light on. Third, I will examine the limitations of the research. The chapter will conclude with some suggestions on future research directions.

### 8.2. Summary of key findings

Before delving into the development of workers' pay understanding, I reviewed the economics literature on pay determination, especially the notion of efficiency wage, to show that a sociological perspective to study workers' bargaining effort is complementary to existing approaches to examine forces of different actors behind pay setting. Then I turned the focus to workers' circumstances in understanding the pay system, which actually enable them to know what to bargain on and when and how to do it.

Against this background, the central theme of this research is to understand how workers' understanding of the pay system is shaped in the workplace. I critiqued the literature on pay communication which considers managerial effort in facilitating the circulation of pay information of paramount importance in workers' acquisition of pay knowledge. In this research, I argued that the understanding of pay system at the factory level is an outcome of social dynamics embedded in the labour process. The realm of pay knowledge resulted from the contestation between workers and the management with conflicting interests.

Adopting a labour process approach, the research site in China facilitated the examination of workplace relations under a wider context of system and social influences, so that factors external to the workplace which shape perspectives and actions of organisational actors could also be taken into consideration. Using the extended case method, I studied auto parts factories in Town S in southern China. Multiple data collection methods including interview, participant observation and document review were used to collect perspectives from different actors in the employment relationship.

The research findings were presented in Chapters Four to Six, which will be summarised below. Chapter Four delineated the industrial and urban development of Town S since the mid-2000s. Strongly supported by local governments, the rapid growth of the automobile industry had contributed significantly to the infrastructure and labour market outlook of the area in recent years. However, the urban transformation in the making had yet to make Town S appealing to high-skilled workers as the local governments had wished. Pre-existing relationships remained an important pull factor for labour inflow in face of the growth and changing nature of labour demand.

Chapter Five proceeded to look at pay practices in some auto parts factories, particularly Factories H, F and D. These factories shared some exogenous characteristics, such as serving the same client, being recently established, similar size and similar requirements on the workforce. Intriguingly, the commonalities were accompanied by a divergence in pay practices, since the pay system adopted in each factory involved different methods of calculating pay, demonstrating different rationales for rewarding workers. Nevertheless, workers in the three factories shared similar sense of perplexity over the pay system through

which they were governed, due to the barriers that they faced at work to obtain a comprehensive picture of the pay system. The barriers involved blocking the circulation of pay information, setting up bureaucratic hurdles for making pay enquiries, controlling platforms for the articulation of pay demands, and normalising the fluctuation of pay using the variable pay components. The managerial effort in deterring workers from learning about the pay system resulted in workers' frustration over the perplexity towards pay and withdrawal from pay discussion (un)willingly.

Chapter Six illustrated the consequences of pay non-transparency and the perpetual failure in acquiring knowledge about the pay system. They were reflected in workers' reactions in terms of the exit, voice and compliance. However, the environment of Town S and the social institutions which bound workers to the employment relationship created costs for them to employ either of the strategies.

With the aid of empirical findings, I revealed that the accumulation of non-knowledge and ignorance towards the pay system was indeed an outcome of managerial control and workers' compliance with the managerial interests regarding reward management. Managerial control was manifested in different forms under despotic and hegemonic production regimes respectively, which resulted in varying processes in which the pay system was obscured from the pay system in different factories. Apart from the success of managerial control, factors external to the workplace also contributed to suppressing workers' accumulation of pay knowledge and capacity to challenge the status quo.

### 8.3. Contributions

This research made the following empirical and theoretical contributions. First of all, it demonstrated the empirical novelty in the variety of pay systems in Chinese companies of various capital sources. Despite being established under the same state initiative to develop the automobile industry in Town S, different capital sources including state-owned, foreign and domestic capital were involved in the process. The various hierarchies and managerial traditions embedded in each capital source became a significant driver of divergence in pay

practices, overriding a general industrial norm. The fact that they belonged to a common supplier network did not result in a convergence of employment practices in this regard.

Literature on the variety of pay systems in Chinese companies focuses on the public and private sectoral divide, implying more flexibility in pay system design and a stronger focus on individual and corporate performances in private companies (e.g. Cooke, 2005). Among the three factories closely studied, Factory F as a domestic-invested company met our current understanding of companies in the Chinese private sector (Wei and Rowley, 2009), as performance pay constituted a substantial proportion of the pay package. Nevertheless, Factory H was technically 100% state-owned but it reflected a strong inclination towards flexibility and pragmatism from its domestic-invested background. It also formed a stark contrast with Factory D, of which state-owned capital only constituted 50% but the factory adopted a pay system very similar to those in SOEs. It revealed the diversity among SOEs and the potential factors which influenced the deployment of managerial practices, including company history and the dynamics between state-owned capital and other external investors of different backgrounds. Furthermore, despite fitting the general expectation of private companies, Factory F demonstrated a more paternalistic managerial approach than other foreign-invested companies. On the one hand, it had a strong emphasis on rewarding desirable performance; on the other hand, it also tended to restrain workers from platforms on which they could formally voice, showing a drastic difference from their Japanese counterparts. The hybrid characteristics of the three factories implied a more complex developmental trajectory of managerial practices and perspectives regarding employee reward within a company.

Second, this research examined workers' circumstances outside well-established industrial cities in China. While a wave of industrial relocation from coastal to inland regions has been observed in recent years (Chang et al., 2013), this research set in Town S illustrated the living experience of workers in the inland industrial zones recently developed by local governments in receipt of the influx of capital. It was a story of how a primarily rural locality transformed into an industrial area within a short period of time under strong state support. The formation of the labour market also went through this period of 'shock development'. Workers were certainly attracted, but how well they settled in a newly urbanised area where human-oriented infrastructure made way for business-oriented infrastructure remains

questionable. Derived from these concerns, this research shed light on how migrant workers managed to settle down in the industrial zone still in the making; and also the resources and opportunities that they had or did not have in comparison with their counterparts in big cities in order to develop potential to form a collective voice.

Third, it contributed to the understanding of pay communication practices in China, which are empirically under-researched. In contrast with existing literature which examines the motivational function of pay communication, this research took pay communication as a means of micro control over workers on the shop floor and examined its role in constructing a hegemonic-leaning factory regime. The findings of this research fit into the debate within Chinese labour studies on the nature of labour regimes constructed in different workplaces, and the extent to which different regime types co-exist (Smith and Liu, 2016). The findings supported the notion of a contested labour regime which takes the influence of state regulations, managerial practices and workers struggle into consideration (Chan, 2010), while looking at pay as a dimension of management-labour contestation in the workplace.

Fourth, this research introduced a labour process approach to the study of pay communication, which was contextualised at the workplace and throughout the duration of an employment relationship. I explored how pay information was circulated as a result of workplace dynamics at various phases of an employment relationship, which in turn affected how workers' understanding of pay and how their incentive to learn about it developed or diminished over time. It was argued that the degree of pay transparency or secrecy was actualised through day-to-day social interactions between workers and the management, and also among workers in the labour process. The flow of information was organically determined by social relations, especially in the informal sphere. Therefore, apart from investigating the end result of a set of pay communication practices, unveiling the process of their implementation is equally important. In sum, this research contributed to reviving a sociological understanding of pay determination and pay communication, which had hitherto been primarily explored in unionised contexts but less in other industrial relations systems.

#### 8.4. Limitations

In Chapter Three, I elaborated on the process of collecting data. Many circumstances were not foreseen at the preparatory stage of the fieldwork. Despite attempts to mitigate the insufficiency of data collection strategies, the research still displays the following limitations.

The first limitation surrounds the discounted quality of data due to difficulties in gaining access to factories and time pressures to bring the fieldwork to a close. This resulted in a contingent approach to case selection and data collection practices in each factory, depending on the availability and accommodation of the factory management. The time constraint also led to a small-sized sample, although perspectives of representatives from more factories in the local area were also considered. Otherwise a more uniform approach and consistency in the duration of fieldwork in each factory could have been adopted.

The fact that the case factories were selected by snowballing at the end also made prior consideration of more rigorous comparison regarding pay communication infeasible. For instance, pay slips and platforms of collective negotiation were taken as two main channels for employers to communicate pay with employees at the individual and collective levels respectively. In retrospect, more effort could have been expended to specifically target factories that possessed these two qualities. If rigour in selecting 'typical cases' to compare pay communication practices did not give way to securing cases for the essential amount of data, a two-by-two comparison of the practices and labour processes in various factories could have been developed.

The second limitation relates to the lack of attention paid to certain dimensions of pay systems and workers' lives. A key area is the potential of social media to shape workers' understanding of the pay system and to facilitate pay discussion. It is known that work-related discussion and social networking on the shop floor relied heavily on social media, but the extent to which social media benefited workers, or merely served an extension of micro control from the management, remained unexplored.



Another area is the relationship between the factory-level pay practices and other state redistributive institutions, including tax and social insurance. In China, two items are deducted from workers' monthly pay before they receive the pay. One item is income tax contribution. According to the tax law, workers with a monthly pay level (changed to yearly starting from 2019) exceeding an income tax threshold would have their income tax deducted monthly from their pay package by the employer on behalf of the tax administration, and then the employer pays income tax as a proxy for workers. Similarly, workers' contribution to their social insurance accounts should also be deducted by their employer from their monthly pay. The employer should then pay the social insurance administration their own contribution, as well as workers' contribution on behalf of them.

Without a payslip and an effective mechanism for workers to cross-check their contribution to these redistributive institutions, disputes may arise related to confusion among workers of the actual amount that they should be paid, incidents of wage theft, and the extent to which they would benefit from non-wage rewards conditional to their contribution. However, whether workers would like to have a significant proportion of their pay deducted, especially when their pay is already meagre, is another matter (Bieler and Lee, 2017). There is documentation about how employers and workers evade these contributions. For example, it is a known practice to pay wages in cash to keep the declared income below the income tax threshold (The Economist, 2018). After a strike involving 60,000 shoe factory workers in 2014 demanding social insurance payment from the employer's side, some workers complained about the decrease in cash that they received due to the deduction of social insurance payments (Schmalz et al., 2017). This leads to unsolved queries regarding how workers understand employers' behaviour relating to pay and its deduction adhering to labour laws and regulations, and the extent to which factory-level pay practices are conditioned or shaped by this kind of understanding.

#### 8.5. Future research directions

The examination of pay communication practices in Chinese factories in this research has provided a glimpse into how pay is communicated and understood in the workplace.

Considering the limitations that this research faces, there are a number of areas that could be further explored in the future.

The first area concerns intra-organisational relations in Chinese companies. The parent companies of Factories H, F and D decided to set up the subsidiaries in a similar context. They demonstrated different traits for keeping control over decisions made at the factory level, and maintaining the consistency in pay practices among subsidiaries in their remit. Therefore, further study into the considerations taken by Chinese companies of various forms in the delegation of authority in making pay decisions would strengthen our understanding of intra-organisational relations.

Second, I suggest delving into the concept of privacy over pay in collective-oriented societies such as China. During the socialist era, workers' pay information was regarded as public information, at least within their respective work unit. There was reportedly room for discretion for non-wage benefits and subsidies, but the pay policies and rates on which workers' remuneration were based were supposedly open to all in the work unit. However, since the market reform it is no longer taken for granted, as pay information becomes increasingly individualised. How workers rationalise the non-disclosure of pay throughout the transition period from a centrally-planned economy to a marketised economy relates to their preferences regarding pay communication strategies. With a stronger sense that pay is part of their personal privacy instead of public information, workers' attitude towards adhering to pay disclosure rules and sharing pay information may be affected.

The third area relates to the application of pay communication practices across different sectors and forms of employment. In this research, pay communication was studied in a spatially-fixed workplace, which allows face-to-face interaction between workers and the management. Nevertheless, the transformation of workplaces in the age of digitalisation may create a different form of power dynamic. Technologies enable employers to increasingly digitalise work procedures and assign jobs by algorithms, resulting in new forms of managerial control (Moore et al., 2018). Hence, how the creation of workers' consent in these new workplaces takes place, and how it is related to the manipulation of the pay system should be examined.

## Bibliography

- Ackroyd, S. (2004) Methodology for management and organisation studies: some implications of critical realism. In: Fleetwood, S. & Ackroyd, S. eds. *Critical realist applications in organisation and management studies*. London, New York: Routledge: 127–150.
- Ackroyd, S. & Karlsson, J.C. (2014) Critical realism, research techniques, and research designs. In: Vincent, S., O'Mahoney J. & Edwards, P. K. eds. *Studying organizations using critical realism: a practical guide*. Oxford University Press: 21–45.
- Advisory, Conciliation and Arbitration Service (n.d.) *Equal pay - advice and guidance*. [online] Available from: <https://web.archive.org/web/20190317174919/http://www.acas.org.uk/index.aspx?articleid=1811>. (Accessed 17 March 2019).
- Akerlof, G.A. (1982) Labour contracts as partial gift exchange. *The quarterly journal of economics*, 97 (4): 543–569.
- Akerlof, G.A. (1984) Gift exchange and efficiency-wage theory: four views. *The American economic review*, 74 (2): 79–83.
- Al-Amoudi, I. & Willmott, H. (2011) Where constructionism and critical realism converge: interrogating the domain of epistemological relativism. *Organization studies*, 32 (1): 27–46.
- Andersson-Stråberg, T., Sverke, M. & Hellgren, J. (2007) Perceptions of justice in connection with individualized pay setting. *Economic and industrial democracy*, 28 (3): 431–464.
- Baccaro, L., Benassi, C. & Meardi, G. (2019) Theoretical and empirical links between trade unions and democracy. *Economic and industrial democracy*, 40 (1): 3–19.
- Bamberger, P. & Belogolovsky, E. (2010) The impact of pay secrecy on individual task performance. *Personnel psychology*, 63 (4): 965–996.
- Bamberger, P. & Belogolovsky, E. (2017) The dark side of transparency: how and when pay administration practices affect employee helping. *Journal of applied psychology*, 102 (4): 658–671.
- Beck, U. (1996) Wissen oder nicht-wissen? Zwei perspektiven reflexiver modernisierung. In: Beck, U., Giddens, A. & Lash, S. eds. *Reflexive modernisierung*. Frankfurt am Main: Suhrkamp Verlag KG: 289–315.
- Belogolovsky, E. & Bamberger, P.A. (2014) Signaling in secret: pay for performance and the incentive and sorting effects of pay secrecy. *Academy of management journal*, 57 (6): 1706–1733.

- Bergh, D.D., Ketchen, D.J., Orlandi, I., Heugens, P.P.M.A.R. & Boyd, B.K. (2019) Information asymmetry in management research: past accomplishments and future opportunities. *Journal of management*, 45 (1): 122–158.
- Bhaskar, R. (1986) *Scientific realism and human emancipation*. London: Verso.
- Bian, Y. (2011) Guanxi. In: Beckert, J. & Zafirovski, M. eds. *International encyclopedia of economic sociology*. Abingdon, Oxon; New York: Routledge: 312-314.
- Bian, Y. (2017) The comparative significance of guanxi. *Management and organization review*, 13 (2): 1-7.
- Bieler, A. & Lee, C. (2017) Chinese labour in the global economy: an introduction. In: *Chinese labour in the global economy: capitalist exploitation and strategies of resistance*. [online] Routledge. Available from: <https://www.routledge.com/Chinese-Labour-in-the-Global-Economy-Capitalist-Exploitation-and-Strategies/Bieler-Lee/p/book/9781138726604>. (Accessed 29 January 2019).
- Bierman, L. & Gely, R. (2004) 'Love, sex and politics? Sure. Salary? No way': workplace social norms and the law. *Berkeley journal of employment & labor Law*, 25 (1): 167–191.
- Bowles, S. (1985) The production process in a competitive economy: Walrasian, neo-Hobbesian, and Marxian models. *American economic review*, 75 (1): 16–36.
- Bozionelos, N. & Wang, L. (2007) An investigation on the attitudes of Chinese workers towards individually based performance-related reward systems. *The international journal of human resource management*, 18 (2): 284-302.
- Braun, V. & Clarke, V. (2008) Using thematic analysis in psychology. *Qualitative research in psychology*, 3 (2): 77–101.
- Brown, K.A. & Huber, V.L. (1992) Lowering floors and raising ceilings: a longitudinal assessment of the effects of an earnings-at-risk plan on pay satisfaction. *Personnel psychology*, 45 (2): 279–311.
- Brown, R. (2015) Collective bargaining in China: Guangdong regulation a harbinger of national model? *China-EU law journal*, 4 (2–4): 135-154.
- Brown, W. (1973) *Piecework bargaining*. Heinemann Educational Books Ltd.
- Brown, W. (2008) The influence of product markets on industrial relations. In: Blyton, P., Bacon, N., Fiorito, J. & Heery, E. eds. *The SAGE handbook of industrial relations*. SAGE: 113–128.
- Brown, W. (2019) Fieldwork in labour relations research. *Economic and industrial democracy*, 40 (1): 156–161.
- Brown, W., Hayles, J., Hughes, B. & Rowe, L. (1984) Product and labour markets in wage determination: some Australian evidence. *British journal of industrial relations*, 22 (2): 169–176.

- Brown, W. & Sisson, K. (1975) The use of comparisons in workplace wage determination. *British journal of industrial relations*, 13 (1): 23–53.
- Bryson, A. & Forth, J. (2008) The theory and practice of pay setting. In: Blyton, P., Bacon, N., Fiorito, J. & Heery, E. eds. *The SAGE handbook of industrial relations*. London: SAGE: 491–512.
- Burawoy, M. (1979) *Manufacturing consent: changes in the labour process under monopoly capitalism*. The University of Chicago Press.
- Burawoy, M. (1985) *The politics of production*. London: Verso.
- Burawoy, M. & Lukács, J. (1992) *The radiant past: ideology and reality in Hungary's road to capitalism*. Chicago, London: University of Chicago Press.
- Burns, R.B. (2000) *Introduction to research methods*. London: SAGE.
- Burt, R.S. (2000) The network structure of social capital. *Research in organizational behavior*, 22: 345–423.
- Burroughs, J.D. (1982) Pay secrecy and performance: the psychological research. *Compensation review*, 14 (3): 44–54.
- Cai, F. (2010) Demographic transition, demographic dividend, and Lewis turning point in China. *China economic journal*, 3 (2): 107–119.
- Calvo, G. (1979) Quasi-Walrasian theories of unemployment. *American economic review*, 69 (2): 102–107.
- Canales, B. (2018) Closing the federal gender pay gap through wage transparency. *Houston law review*, 55 (4): 969–997.
- Castilla, E.J. (2015) Accounting for the gap: a firm study manipulating organizational accountability and transparency in pay decisions. *Organization science*, 26 (2): 311–333.
- Chamberlain, N.W. (1965) *The labour sector: an introduction to labour in the American economy*. New York: McGraw-Hill.
- Chan, C.K.-C. (2010) *The challenge of labour in China: strikes and the changing labour regime in global factories*. Routledge.
- Chan, C.K.-C. (2013) Community-based organizations for migrant workers' rights: the emergence of labour NGOs in China. *Community Development Journal*, 48 (1): 6–22.
- Chan, C.K.-C. & Hui, E.S.-I. (2012) The dynamics and dilemma of workplace trade union reform in China: the case of the Honda workers' strike. *Journal of industrial relations*, 54 (5): 653–668.
- Chan, C.K.-C. & Hui, E.S.-I. (2014) The development of collective bargaining in China: from "collective bargaining by riot" to "party state-led wage bargaining". *The China quarterly*, 216: 1–22.

- Chang, C. (2017) The response of trade unions to market pressures. In: Brown, W. & Chang, K. eds. *The emerging industrial relations of China*. Cambridge University Press: 68–91.
- Chang, G., Jiang, C., Chang, K. & Alam, B. (2013) Land prices and intracountry industrial relocation in China: theory and the Yangtze Delta Area case. *Chinese economy*, 46 (2): 54–73.
- Chang, K. (2017) The two forms of labour movement. In: Brown, W. & Chang, K. eds. *The emerging industrial relations of China*. Cambridge University Press: 46–67.
- Chang, K. & Brown, W. (2017) The transition to collective labour relations. In: Brown, W. & Chang, K. eds. *The emerging industrial relations of China*. Cambridge University Press: 21–45.
- Chen, F. (2003) Between the state and labour: the conflict of Chinese trade unions' double identity in market reform. *The China quarterly*, 2003 (176): 1006–1028.
- Chen, Y.-T. (2011) A study on the role of guanxi in entrepreneurship and employment. *Economic modelling*, 28 (4): 2049–2053.
- Cheng, X. (2014) *Dismissal for wage disclosure is unlawful (以泄露薪资信息为由开除员工构成违法解除劳动合同)*. [online] Available from: <https://web.archive.org/web/20190102193058/https://www.chinacourt.org/article/detail/2014/06/id/1311067.shtml> (Accessed 10 January 2018).
- China News (2016) *51Job releases 'a survey on labour turnover and wage adjustment, 2017'*. [online] Available from: <http://www.chinanews.com/cj/2016/12-19/8097919.shtml> (Accessed 05 October 2018).
- Choi, S.Y. & Peng, Y. (2015) Humanized management? capital and migrant labour in a time of labour shortage in south China. *Human relations*, 68 (2): 287–304.
- Clarke, S. (1991) The state debate. In: Clarke, S. ed. *The state debate*. London: Macmillan: 1–61.
- Clarke, S., Lee, C.-H. & Li, Q. (2004) Collective consultation and industrial relations in China. *British journal of industrial relations*, 42 (2): 235–254.
- Cloutier, J. & Vilhuber, L. (2008) Procedural justice criteria in salary determination. *Journal of managerial psychology*, 23 (6): 713–740.
- Colella, A., Paetzold, R.L., Zardkoohi, A. & Wesson, M.J. (2007) Exposing pay secrecy. *Academy of management review*, 32 (1): 55–71.
- Colquitt, J.A. (2001) On the dimensionality of organisational justice: a construct validation of a measure. *Journal of applied psychology*, 86 (3): 386–400.
- Cooke, F.L. (2005) *HRM, work and employment in China*. Oxon, New York: Routledge.
- Corbett, J., Grube, D.C., Lovell, H. & Scott, R. (2018) Singular memory or institutional memories? toward a dynamic approach. *Governance*, 31 (3): 555–573.

- Costas, J. & Grey, C. (2014) Bringing secrecy into the open: towards a theorization of the social processes of organizational secrecy. *Organization studies*, 35 (10): 1423–1447.
- Crouch, C. (1982) *Trade unions*. London: Fontana.
- Danemark, B. (1997) *Explaining society: critical realism in the social sciences*. London: Routledge.
- Danermark, B., Ekstrom, M., Jakobsen, L. & Karlsson, J.C. (2001) *Explaining society: an introduction to critical realism in the social sciences*. London: Routledge.
- Danziger, L. & Katz, E. (1997) Wage secrecy as a social convention. *Economic inquiry*, 35 (1): 59–69.
- Das, M. & N'Diaye, P.M. (2013) *Chronicle of a decline foretold: has China reached the Lewis turning point?* International Monetary Fund.
- Davison, R., Ou, C.X.J. & Martinsons, M.G. (2018) Interpersonal knowledge exchange in China: the impact of guanxi and social media. *Information & management*, 55 (2): 224–234.
- Day, N.E. (2011) Perceived pay communication, justice and pay satisfaction. *Employee relations*, 33 (5): 476–497.
- Decoteau, C.L. (2017) The AART of ethnography: a critical realist explanatory research model. *Journal for the theory of social behaviour*, 47 (1): 58–82.
- De Laine, M. (2000) *Fieldwork, participation and practice: ethics and dilemmas in qualitative research*. SAGE Publications.
- Delbridge, R. (1998) *Life on the line in Contemporary Manufacturing: the workplace experience of lean production and the 'Japanese' model*. Oxford University Press.
- Deng, W. (2018) *Dismissal by Dianping.com for 'sharing' payslip online (网上晒工资被“大众点评”解雇?)*. [online] Available from: [https://web.archive.org/web/20190102193148/http://dz.xd kb.net/page/1/2018-09/26/F4/20180926F4\\_pdf.pdf](https://web.archive.org/web/20190102193148/http://dz.xd kb.net/page/1/2018-09/26/F4/20180926F4_pdf.pdf) (Accessed 02 January 2019).
- Deng, Y. (2016) Strikes and workplace collective bargaining in the auto parts industry in Guangzhou. In: Liu, M. & Smith, C. eds. *China at work: a labour process perspective on the transformation of work and employment in China*. London: Palgrave: 312–336.
- Dickens, W.T. (1986) *Wages, employment and the threat of collective action by workers*. Cambridge, MA: National Bureau of Economic Research.
- Ding, D.Z. & Warner, M. (2004) 'Re-inventing' China's industrial relations at enterprise-level: an empirical field-study in four major cities. *Industrial relations journal*, 30 (3): 243–260.
- Doellgast, V., Lillie, N. & Pulignano, V. (2018) From dualization to solidarity: halting the cycle of precarity. In: Doellgast, V., Lillie, N. & Pulignano, V. eds. *Reconstructing*

*solidarity: labour unions, precarious work, and the politics of institutional change in Europe*. Oxford University Press: 1-41.

- Doeringer, P.B. & Piore, M.J. (1971) *Internal labour markets and manpower analysis*. Lexington (Mass.): D.C. Heath.
- Donaghey, J., Cullinane, N., Dundon, T. & Wilkinson, A. (2011) Reconceptualising employee silence: problems and prognosis. *Work, employment and society*, 25 (1): 51–67.
- Du Caju, P., Gautier, E., Momferatou, D. & Ward-Warmedinger, M. (2008) *Institutional Features of wage bargaining in 23 European countries, the US and Japan*. Wage Dynamics Network, European Central Bank.
- Dulebohn, J.H. & Martocchio, J.J. (1998) Employee perceptions of the fairness of work group incentive pay plans. *Journal of management*, 24 (4): 469–488.
- Dunlop, J.T. (1984) Industrial relations and economics: the common frontier of wage determination. In: *The 37th annual meeting, industrial relations research association*. Madison, Wisconsin: Industrial Relations Research Association.
- Eaton, B.C. & White, W.D. (1982) Agent compensation and the limits of bonding. *Economic inquiry*, 20 (3): 330–343.
- Edwards, M. (2005) The law and social norms of pay secrecy. *Berkeley journal of employment & labor law*, 26 (1): 41–63.
- Edwards, P.K. (1990) Understanding conflict in the labour process: the logic and autonomy of struggle. In: Knights, D. & Willmott, H. eds. *Labour process theory*. London: Palgrave Macmillan: 125-152.
- Edwards, P. (2003) The employment relationship and the field of industrial relations. In: Edwards, P. ed. *Industrial relations: theory and practice*. Malden, MA: Blackwell Publishing: 1–35.
- Edwards, P. (2006) *Industrial relations and critical realism: IR's tacit contribution*. Coventry: Industrial Relations Research Unit, University of Warwick.
- Edwards, P. (2010) Developing labour process analysis: themes from industrial sociology and future directions. In: Thompson, P. & Smith, C. eds. *Working life: renewing labour process analysis*. Palgrave Macmillan: 29–46.
- Edwards, P. (2012) The hot house and the politics of production: piecework bargaining in retrospect. *Industrial relations journal*, 43 (4): 317–331.
- Edwards, P. (2015) Critical social science and emancipation: ii, development and application. *Industrial relations journal*, 46 (4): 275–292.
- Edwards, P.K., Vincent, S. & O'Mahoney, J. (2014) Concluding comments. In: Vincent, S., O'Mahoney, J. & Edwards, P. K. eds. *Studying organizations using critical realism: a practical guide*. Oxford University Press: 318–326.
- Eisenhardt, K.M. (1989) Building theories from case study research. *Academy of management review*, 14 (4): 532–550.



- Eisenhardt, K.M. & Graebner, M.E. (2007) Theory building from cases: opportunities and challenges. *Academy of management journal*, 50 (1): 25–32.
- Elger, T. & Smith, C. (2005) *Assembling work: remaking factory regimes in Japanese multinationals in Britain*. Oxford, New York: Oxford University Press.
- Emmott, M. (2015) Employment relations over the last 50 years: confrontation, consensus or neglect? *Employee relations*, 37 (6): 658–669.
- Ericksen, E. & Yancey, W. (1980) Class, sector and income determination. Unpublished manuscript, Temple University.
- Estlund, C. (2014) Extending the case for workplace transparency to information about pay. *UC Irvine law review*, 4: 781–799.
- Fantasia, R. (1988) *Cultures of solidarity: consciousness, action, and contemporary American workers*. Berkeley, CA: University of California Press.
- Fei, X. (1992) *From the soil: the foundations of Chinese society*. Berkeley, CA: University of California Press.
- Foshan Human Resources Public Service Centre (2017) *Report on Wage Levels in Major Manufacturing Industries in Foshan, 2017*. [online] Available from: <https://www.fsrlzy.cn/article/1176> (Accessed 09 September 2018).
- Freeman, R.B. & Medoff, J.L. (1984) *What do unions do?* New York: Basic Books.
- Frenkel, S., Korczynski, M., Donoghue, L. & Shire, K. (1995) Re-constituting work: trends towards knowledge work and info-normative control. *Work, employment and society*, 9 (4): 773–796.
- Friedman, D.S. (2014) Pay transparency: the new way of doing business. *Compensation & benefits review*, 46 (5–6): 292–294.
- Friedman, E. & Lee, C.K. (2010) Remaking the world of Chinese labour: a 30-year retrospective. *British journal of industrial relations*, 48 (3): 507–533.
- Fuchs, D., Tse, P.F.-Y. & Feng, X. (2019) Labour research under coercive authoritarianism: comparative reflections on fieldwork challenges in China. *Economic and industrial democracy*, 40 (1): 132–155.
- Futrell, C.M. & Jenkins, O.C. (1978) Pay secrecy versus pay disclosure for salesmen: a longitudinal study. *Journal of marketing research*, 15 (2): 214–219.
- Ganu, S. (2014) *Executive Remuneration Disclosures in Asia*. [online] Available from: [https://web.archive.org/web/20190101175126/https://www.mercer.com/content/dam/mercer/attachments/asia-pacific/asia/Mercer\\_Executive\\_Remuneration\\_Disclosures\\_in\\_Asia\\_12588B-TL.pdf](https://web.archive.org/web/20190101175126/https://www.mercer.com/content/dam/mercer/attachments/asia-pacific/asia/Mercer_Executive_Remuneration_Disclosures_in_Asia_12588B-TL.pdf) (Accessed 01 January 2019).
- Gely, R. & Bierman, L. (2003) Pay secrecy/confidentiality rules and the National Labor Relations Act. *University of Pennsylvania journal of business law*, 6 (1): 121–156.

- Gibson, W. & Brown, A. (2009) *Working with qualitative data*. SAGE Publications.
- Gintis, H. and Ishikawa, T. (1987) Wages, work intensity, and unemployment. *Journal of the Japanese and international economies*, 1 (2): 195–228.
- Glaser, B.G. (1992) *Basics of grounded theory analysis: emergence vs. forcing*. Mill Valley, CA: Sociology Press.
- Gomez-Mejia, L.R. & Balkin, D.B. (1992) *Compensation, organizational strategy, and firm performance*. Cincinnati, Ohio: South-Western Publication Company, College Division.
- Goulding, C. (2002) *Grounded theory: a practical guide for management, business and market researchers*. SAGE Publications.
- Gouldner, A. (1954) *Patterns of industrial bureaucracy*. Glencoe, IL: Free Press.
- Greiner, B., Ockenfels, A. & Werner, P. (2011) Wage transparency and performance: a real-effort experiment. *Economics letters*, 111 (3): 236–238.
- Grimshaw, D. & Rubery, J. (2010) Pay and working time: shifting contours of the employment relationship. In: Colling, T. & Terry, M. eds. *Industrial relations: theory and practice*. Chichester: Wiley: 349–377.
- Granovetter, M.S. (1973) The strength of weak ties. *American journal of sociology*, 78 (6): 1360-1380.
- Granovetter, M. (1983) The strength of weak ties: a network theory revisited. *Sociological theory*, 1: 201-233.
- Gross, M. (2007) The unknown in process: dynamic connections of ignorance, non-knowledge and related concepts. *Current sociology*, 55 (5): 742–759.
- Guangdong Provincial Government (2016) *Notice on the Guangdong Province Supply Side Structural Reform Overall Plan (2016-2018) and Six Action Plans from the Guangdong Provincial Government (广东省人民政府关于印发广东省供给侧结构性改革总体方案 (2016—2018 年) 及五个行动计划的通知)*. [online] Available from: [https://web.archive.org/web/20190204094302/http://yxj.ndrc.gov.cn/zttp/gdq/guangdong/201801/t20180119\\_874465.html](https://web.archive.org/web/20190204094302/http://yxj.ndrc.gov.cn/zttp/gdq/guangdong/201801/t20180119_874465.html) (Accessed 02 April 2019).
- Hartmann, F. & Slapničar, S. (2012) Pay fairness and intrinsic motivation: the role of pay transparency. *The international journal of human resource management*, 23 (20): 4283–4300.
- Harvey, D. (2001) Globalisation and the ‘spatial fix’. *Geographische Revue*, 2: 23–30.
- Haythornthwaite, C. & Wellman, B. (1998) Work, friendship, and media use for information exchange in a networked organization. *Journal of the American society for information science*, 49 (12): 1101-1114.
- Hicks, J.R. (1935) Wages and interest: the dynamic problem. *The economic journal*, 45 (179): 456–468.

- Hu, B. (2008) People's mobility and guanxi networks: a case study. *China & world economy*, 16 (5): 103-117.
- Human Resources and Social Security Department of Guangdong Province (2010) *Notice on the Release of the Guidelines of Enterprise-level Collective Wage Bargaining in Guangdong Province (广东省人力资源和社会保障厅关于印发《广东省企业工资集体协商指引》的通知)*. [online] Available from: [https://web.archive.org/web/20190314160558/http://www.gdftu.org.cn/xx/zc/201602/t20160224\\_752057.htm](https://web.archive.org/web/20190314160558/http://www.gdftu.org.cn/xx/zc/201602/t20160224_752057.htm) (Accessed 14 March 2019)
- Hutchings, K. (2004) Behind the bamboo curtain: problems and pitfalls in researching Australian expatriates in China. In: Clark, E. & Michailova, S. eds. *Fieldwork in transforming societies: understanding methodology from experience*. Palgrave Macmillan: 136–156.
- Hyman, R. (1999) *An Emerging Agenda for Trade Unions?* Geneva: International Labour Organisation (International Institute for Labour Studies).
- Işgın, E. & Sopher, B. (2015) Information transparency, fairness and labor market efficiency. *Journal of behavioral and experimental economics*, 58: 33–39.
- Jurgens, U. & Krzywdzinski, M. (2015) Competence development on the shop floor and industrial upgrading: case studies of auto makers in China. *The international journal of human resource management*, 26 (9): 1204–1225.
- Katz, L.F. (1986) *Efficiency wage theories: a partial evaluation*. Cambridge, MA: National Bureau of Economic Research.
- Kelly, J. (2002) *Rethinking Industrial Relations: Mobilization, Collectivism, and Long Waves*. Psychology Press.
- Kerr, C. (1950) Labour markets: their character and consequences. *American economic review*, 40 (2): 278–291.
- Kerr, C. (1954) The Balkanisation of labour markets. In: Bakke, E. W. ed. *Labour mobility and economic opportunity*. Cambridge: MIT Press: 92–110.
- Kerr, C. (1977) Economic analysis and the study of industrial relations. In: *Labour markets and wage determination: the Balkanisation of labour markets and other essays*. Berkeley, London: University of California Press for the Institute of Industrial Relations, University of California: 205–210.
- Kessler, I. and Bach, S. (2014) Comparing cases. In: Edwards, P.K., O'Mahoney J. & Vincent, S. eds. *Studying organizations using critical realism: a practical guide*. Oxford University Press: 168–184.
- Kim, J. (2016) Power, space, and subjectivity in a transnational garment factory in China. In: Liu, M. & Smith, C. eds. *China at work: a labour process perspective on the transformation of work and employment in China*. Palgrave: 181–206.
- Kim, M. (2015) Pay secrecy and the gender wage gap in the United States. *Industrial relations*, 54 (4): 648–667.

- Kitay, J. & Callus, R. (1998) The role and challenge of case study design in industrial relations research. In: Whitfield, K. & Strauss, G. eds. *Researching the world of work: strategies and methods in studying industrial relations*. Ithaca, London: ILR Press: 101–112.
- Kitsuse, J.I. & Spector, M. (2000) *Constructing social problems*. Transaction Publishers.
- Korzec, M. (1992) *Labour and the failure of reform in China*. St. Martin's Press.
- Lawler, E.E. (1965) Managers' perceptions of their subordinates' pay and of their superiors' pay. *Personnel psychology*, 18 (4): 413–422.
- Lawler, E.E. (1967) Secrecy about management compensation: are there hidden costs? *Organizational behavior and human performance*, 2 (2): 182–189.
- Ledford, G.E. (2014) The changing landscape of employee rewards: observations and prescriptions. *Organizational dynamics*, 43 (3): 168–179.
- Lee, B. (2011) Labor solidarity in the era of neoliberal globalization. *Development and society*, 40 (2): 319-334.
- Lee, C., Law, K.S. & Bobko, P. (1999) The importance of justice perceptions on pay effectiveness: a two year study of a skill-based pay plan. *Journal of management*, 25 (6): 851-873.
- Lee, C.-H., Brown, W. & Wen, X. (2014) What sort of collective bargaining is emerging in China? *British journal of industrial relations*, 54 (1): 214–236.
- Lee, C.-H., Sheldon, P. & Li, Y. (2011) Employer coordination and employer associations. In: Sheldon, P., Kim, S., Li, Y. & Warner, M. eds. *China's changing workplace: dynamism, diversity and disparity*. London: Routledge: 301–320.
- Lehndorff, S. (1995) Working time in European car industry. In: Anxo, D., Bosch, G., Bosworth, D., Cette, G., Sterner, T. & Taddei, D. eds. *Work patterns and capital utilisation: an international comparative study*. Springer Science+Business Media Dordrecht: 311–338.
- Lei, X. (2017) The development of collective consultation. In: Brown, W. & Chang, K. eds. *The emerging industrial relations of China*. Cambridge University Press: 141-163.
- Levine, M.J. (1997) *Worker rights and labour standards in Asia's four new tigers: a comparative perspective*. Plenum Press.
- Liang, S. (1986) *The essential meanings of Chinese culture*. Hong Kong: Zheng Zhong Press.
- Lin, N. (2001) Guanxi: a conceptual analysis. In: So, A.Y., Lin, N. & Poston, D. eds. *The Chinese triangle of Mainland, Taiwan, and Hong Kong: comparative institutional analysis*. Westport, CT: Greenwood: 153-166.
- Littler, C. (1990) The labour process debate: a theoretical review 1974-1988. In: Knights, D. & Willmott, H. eds. *Labour process theory*. Macmillan: 46–94.
- Liu, Q. (2016) *Interview: What Does Urbanisation Mean for China's Economy*. [online] Available from:

<https://web.archive.org/web/20181217211702/https://www.chinadialogue.net/article/show/single/en/8808-Interview-What-does-urbanisation-mean-for-China-s-economy> (Accessed 17 December 2018).

- Lupton, T. (1963) *On the shop floor: two studies of workshop organisation and output*. Pergamon Press.
- Ma, L.J.C. & Cui, G. (2002) Economic transition at the local level: diverse forms of town development in China. *Post-Soviet geography and economics*, 43 (2): 79–103.
- Mahoney, T.A. & Weitzel, W. (1978) Secrecy and managerial compensation. *Industrial relations*, 17 (2): 245–251.
- Marasi, S., Alison, W. & Bennett, R.J. (2018) Pay openness movement: is it merited? Does it influence more desirable employee outcomes than pay secrecy? *Organization Management Journal*, 15(2): 58–77.
- Marasi, S. & Bennett, R.J. (2016) Pay communication: where do we go from here? *Human resource management review*, 26: 50–58.
- Marshall, A. (1961) *Principles of economics*. London: Macmillan.
- Marx, K. (1990) *Capital*. Penguin Classics.
- Mas, A. (2017) Does transparency lead to pay compression? *Journal of political economy*, 125 (5): 1683–1721.
- Meardi, G. (2000) *Trade union activists, east and west: comparisons in multinational companies*. Aldershot: Gower.
- Meng, Q. (2017) Strikes: rights and resolution. In: Brown, W. & Chang, K. eds. *The emerging industrial relations of China*. Cambridge University Press: 184–209.
- Milkovich, G.T. & Anderson, P.H. (1972) Management compensation and secrecy policies. *Personnel psychology*, 25 (2): 293–302.
- Ministry of Labour (1994) *Regarding the Approval of Businesses to Implement Irregular Working Hour System and Comprehensive Working Hours System (关于企业实行不定时工作制度和综合计算工时工作制的审批办法)*. [online] Available from: [https://web.archive.org/web/20190204175222/http://www.mohrss.gov.cn/SYrlzyhshbzb/zcfg/flfg/gz/201705/t20170522\\_271153.html](https://web.archive.org/web/20190204175222/http://www.mohrss.gov.cn/SYrlzyhshbzb/zcfg/flfg/gz/201705/t20170522_271153.html) (Accessed 02 April 2019).
- Miyazaki, H. (1984) Work norms and involuntary unemployment. *Quarterly journal of economics*, 99 (2): 297–311.
- Moore, P.V., Upchurch, M. & Whittaker, X. (2018) Humans and machines at work: monitoring, surveillance and automation in contemporary capitalism. In: Moore, P. V., Upchurch, M. & Whittaker, X. eds. *Humans and machines at work: monitoring, surveillance and automation in contemporary capitalism*. Cham, Switzerland: Palgrave Macmillan: 1–16.
- Mrozowicki, A. (2011) *Coping with social change: life strategies of workers in Poland's new capitalism*. Leuven: Leuven University Press.

- Mulvey, P., LeBlanc, P.V., Heneman, R.L. & McInerney, M. (2002) Study finds that knowledge of pay process can beat out amount of pay in employee retention, organizational effectiveness. *Journal of organizational excellence*, 21: 29–42.
- National Bureau of Statistics (2004) *Industry*. [online] Available from: <https://web.archive.org/web/20190202171927/http://www.stats.gov.cn/english/statisticaldata/yearlydata/yb2004-e/html/14ie.htm> (Accessed 02 February 2019).
- National Bureau of Statistics (2017) *Classification of large-, medium-, small- and micro-sized enterprises in statistics (2017) (统计上大中小微型企业划分办法(2017))*. [online] Available from: [https://web.archive.org/web/20190204214347/http://www.stats.gov.cn/tjsj/tjbz/201801/t20180103\\_1569357.html](https://web.archive.org/web/20190204214347/http://www.stats.gov.cn/tjsj/tjbz/201801/t20180103_1569357.html) (Accessed 4 February 2019).
- Ng, S.H. & Warner M. (1998) *China's trade unions and management*. New York: St. Martin's Press.
- Nichols, T., Cam, S., Chou, W.G., Chun, S., Zhao, W. & Feng, T. 2004. Factory regimes and the dismantling of established labour in Asia: a review of cases from large manufacturing plants in China, South Korea and Taiwan. *Work, employment and society*, 18 (4): 663–685.
- Nolan, J. (2011) Good guanxi and bad guanxi: Western bankers and the role of network practices in institutional change in China. *The international journal of human resource management*, 22 (16): 3357-3372.
- Nolan, P. & Brown, W. (1983) Competition and workplace wage determination. *Oxford bulletin of economics and statistics*, 45 (3): 269–287.
- Nosenzo, D. (2013) Pay secrecy and effort provision. *Economic inquiry*, 51 (3): 1779–1794.
- O'Mahoney, J. & Vincent, S. (2014) Critical realism as an empirical project: a beginner's guide. In: Edwards, P. K., O'Mahoney, J. & Vincent, S. eds. *Studying organizations using critical realism: a practical guide*. Oxford University Press: 1–20.
- O'Neill, B. (2010) Pay confidentiality: a remaining obstacle to equal pay after Ledbetter. *Seton Hall law review*, 40 (3): 1217–1256.
- Opsahl, R.L. (1967) Managerial compensation: needed research. *Organizational behavior & human performance*, 2 (2): 208–216.
- Ouyang, Z. (2018) *Non-issuance of Payslips Found Common (不发工资条情况常见 佛山企业主：担心工资信息被泄露)*. [online] Available from: [https://web.archive.org/web/20190304155114/http://news.ycwb.com/2018-10/11/content\\_30108503.htm](https://web.archive.org/web/20190304155114/http://news.ycwb.com/2018-10/11/content_30108503.htm) (Accessed 30 October 2018).
- Palinkas, L.A., Horwitz, S.M., Green, C.A., Wisdom, J.P., Duan, N. & Hoagwood, K. (2015) Purposeful sampling for qualitative data collection and analysis in mixed method implementation research. *Administration and policy in mental health and mental health services research*, 42 (5): 533–544.

- Park, T.-Y. (2016) The two faces of pay secrecy: the effects of pay secrecy and the moderating roles of team climates. [online] *Academy of management proceedings*, 2016 (1). Available from: <https://journals.aom.org/doi/10.5465/ambpp.2016.11004abstract> (Accessed 25 March 2019).
- Patten, T.H. (1978) Open communication systems and effective salary administration. *Human resource management*, 17 (4): 5–14.
- Pawson, R. (1996) Theorizing the interview. *The British journal of sociology*, 47 (2): 295-314.
- Pigou, A.C. (1929) *The economics of welfare*. London: Macmillan.
- Porteous, J.D. (1970) The nature of the company town. *Transactions of the institute of British geographers*, (51): 127–142.
- Pringle, T. (2011) *Trade unions in China: the challenge of labour unrest*. Oxon, New York: Routledge.
- Pun, N. & Lu, H. (2010) Unfinished proletarianization: self, anger, and class action among the second generation of peasant-workers in present-day China. *Modern China*, 36 (5): 493–519.
- Ramachandran, G. (2012) Pay transparency. *Penn State law review*, 116 (4): 1043–1079.
- Reynolds, L.G. (1978) *Labour economics and labour relations*. Englewood Cliffs, New Jersey: Prentice-Hall.
- Romaguera, P. (1991) *Wage differentials and efficiency wage models: evidence from the Chilean economy*. The Helen Kellogg Institute for International Studies.
- Rosenfeld, J. (2017) Don't ask or tell: pay secrecy policies in U.S. workplaces. *Social science research*, 65: 1–16.
- Ross, A.M. (1947) The trade union as a wage-fixing institution. *The American economic review*, 37 (4): 566–588.
- Rubery, J. (1997) Wages and the labour market. *British journal of industrial relations*, 35 (3): 337–366.
- Russell, B., Smith, C., Valsecchi, R. & Andersson Bäck, M. (2017) System, society and dominance effects in the adoption of tele-health: a tri-country comparison. *Economic and industrial democracy*, 38 (3): 425–447.
- Sasuga, K. (2013) Japan's FDI and the development of the automobile industry in China: firms, production structure, and government. In: Huang, X. ed. *Modern economic development in Japan and China*. London: Palgrave Macmillan: 118–144.
- Sayer, A. (2004) Foreword: why critical realism? In: Fleetwood, S. & Ackroyd, S. eds. *Critical realist applications in organisation and management studies*. London, New York: Routledge: 6–19.

- Schmalz, S., Sommer, B. & Xu, H. (2017) The Yue Yuen strike: industrial transformation and labour unrest in the Pearl River Delta. *Globalizations*, 14 (2): 285–297.
- Schoenfeld, S. (2015) *Pay transparency rule: What ELSE must contractors do?* [online] Available from: <https://web.archive.org/web/20190101171037/https://compensation.blr.com/Compensation-news/Compensation/Compensation-Administration/Pay-transparency-rule-What-ELSE-contractors-do/> (Accessed 1 January 2019).
- Schulten, T., Seifert, H. & Zagelmeyer, S. (2007) Pacts for employment and competitiveness: Volkswagen AG. [online] Available from: <https://web.archive.org/web/20190204203258/https://www.eurofound.europa.eu/observatories/eurwork/case-studies/pecs/pacts-for-employment-and-competitiveness-volkswagen-ag> (Accessed 04 February 2019).
- Schuster, J.R. and Colletti, J.A. (1973) Pay secrecy: who is for and against it? *The academy of management journal*, 16 (1): 35–40.
- Scott, D. (2018) Pay communications and fairness: an employee perspective. *Compensation & benefits review*, 50 (1): 5–20.
- Scott, D., Brown, M., Shields, J., Long, R.J., Antoni, C.H., Beck-Krala, E.J., Lucia-Casademunt, A.M. & Perkins, S.J. (2015) A global study of pay preferences and employee characteristics. *Compensation & benefits review*, 47 (2): 60–70.
- Screpanti, E. (2000) Wages, employment, and militancy: a simple model and some empirical tests. *Review of radical political economics*, 32 (2): 171–196.
- Shapiro, C. & Stiglitz, J.E. (1984) Equilibrium unemployment as a worker discipline device. *The American economic review*, 74 (3): 433–444.
- Shenzhen Dagongzhe Migrant Workers' Centre (2013) *How should minimum wage promise a decent living for workers?* Shenzhen, China: Shenzhen Dagongzhe Migrant Workers' Centre.
- Shields, J., Scott, D., Bishop, J.W. & Goelzer, P. (2012) Pay perceptions and their relationships with cooperation, commitment, and intent to quit. *International studies of management & organization*, 42 (1): 68–86.
- Siu, K. (2015) Continuity and change in the everyday lives of Chinese migrant factory workers. *The China journal*, 74: 43–65.
- Smit, B.W. & Montag-Smit, T. (2018a) The role of pay secrecy policies and employee secrecy preferences in shaping job attitudes. *Human resource management journal*, 28 (2): 304–324.
- Smit, B.W. & Montag-Smit, T. (2018b) The pay transparency dilemma: development and validation of the pay information exchange preferences scale. *Journal of applied psychology*. [online] Available from: <http://dx.doi.org/10.1037/apl0000355> (Accessed 25 March 2019).
- Smith, C. (2003) Living at work: management control and the dormitory labour system in China. *Asia Pacific journal of management*, 20 (3): 333–358.



- Smith, C. & Elger, T. (2014) Critical realism and interviewing subjects. In: Edwards, P. K., O'Mahoney, J. & Vincent, S. eds. *Studying organizations using critical realism: a practical guide*. Oxford University Press: 109–131.
- Smith, C. & Liu, M. (2016) In search of the labour process perspective in China. In: Smith, C. & Liu, M. eds. *China at work: a labour process perspective on the transformation of work and employment in China*. Palgrave: 1–28.
- Smith, C. & Meiksins, P. (1995) System, society and dominance effects in cross-national organisational analysis. *Work, employment & society*, 9 (2): 241–267.
- Smith, C. & Pun, N. (2006) The dormitory labour regime in China as a site for control and resistance. *The international journal of human resource management*, 17 (8): 1456–1470.
- Spencer, D.A. (2002) Shirking the issue? efficiency wages, work discipline and full employment. *Review of political economy*, 14 (3): 313–327.
- Stiglitz, J.E. (1981) *Alternative theories of wage determination and unemployment: the efficiency wage model*. Princeton, New Jersey: Woodrow Wilson School, Princeton University.
- Stoft, S. (1982) *Cheat-threat theory: techniques for modeling involuntary unemployment*. Boston University.
- Sweins, C., Kalmi, P. & Hulkko-Nyman, K. (2009) Personnel knowledge of the pay system, pay satisfaction and pay effectiveness: evidence from Finnish personnel funds. *The international journal of human resource management*, 20 (2): 457–477.
- Takahara, A. (1992) *The politics of wage policy in post-revolutionary China*. London: Macmillan.
- Taylor, B., Chang, K. & Li, Q. (2003) *Industrial Relations in China*. Cheltenham; Northampton, MA: Edward Elgar.
- Taylor, B. & Li, Q. (2007) Is the ACFTU a union and does it matter? *Journal of industrial relations*, 49 (5): 701–715.
- The Economist (2018) What about representation? *The economist*, 429 (9120): 60–61.
- Thibodeaux, J. (2014) Three versions of constructionism and their reliance on social conditions in social problems research. *Sociology*, 48 (4): 829–837.
- Thompson, P. (1990) Crawling from the wreckage: the labour process and the politics of production. In: Knights, D. & Willmott, H. eds. *Labour process theory*. London: Palgrave Macmillan: 95–124.
- Thompson, P. (2003) Disconnected capitalism: or why employers can't keep their side of the bargain. *Work, employment and society*, 17 (2): 359–378.
- Thompson, P. & van den Broek, D. (2010) Managerial control and workplace regimes: an introduction. *Work, employment and society*, 24 (3): 1–12.

- Thompson, P. & Pronsky, J. (1975) Secrecy or disclosure in management compensation? *Business horizons*, 18 (3): 67–74.
- Thompson, P. & Smith, C. (2010) Debating labour process theory and the sociology of work. In: Thompson, P. and Smith, C. eds. *Working life: renewing labour process analysis*. Basingstoke: Palgrave Macmillan: 11–28.
- Thompson, P. & Vincent, S. (2010) Labour process theory and critical realism. In: Thompson, P. and Smith, C. eds. *Working life: renewing labour process analysis*. Basingstoke: Palgrave Macmillan: 47–69.
- Tomba, L. (2017) Finding China's urban: bargained land conversions, local assemblages, and fragmented urbanisation. In: Shue, V. & Thornton, P. eds. *To govern China: evolving practices of power*. Cambridge University Press: 203–227.
- Trotter, R.G., Zacur, S.R. & Stickney, L.T. (2017) The new age of pay transparency. *Business horizons*, 60 (4): 529–539.
- Visse, J., Hayter, S. & Gammarano, R. (2015) *Trends in collective bargaining coverage: stability, erosion or decline?* [online] Geneva: International Labour Office. Available from: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---travail/documents/publication/wcms\\_409422.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_409422.pdf) (Accessed 17 March 2019).
- Wei, Q. & Rowley, C. (2009) Pay for performance in China's non-public sector enterprises. *Asia-Pacific journal of business administration*, 1 (2): 119–143.
- Wen, X. (2017) Employer strategies in collective labour relations. In: Brown, W. & Chang, K. eds. *The emerging industrial relations of China*. Cambridge University Press: 92–111.
- Williams, J.R. & Levy, P.E. (1992) The effects of perceived system knowledge on the agreement between self-ratings and supervisor ratings. *Personnel psychology*, 45 (4): 835–847.
- Witt, M.A. & Redding, G. (2014) China: authoritarian capitalism. In: Witt, M. A. & Redding, G. eds. *The Oxford handbook of Asian business systems*. Oxford University Press: 11–32.
- Yin, R.K. (2003) *Case study research: design and methods* 3rd ed. Thousand Oaks, London, New Delhi: SAGE Publications.
- Yang, D.T., Chen, V.W. & Monarch, R. (2010) Rising wages: has China lost its global labor advantage? *Pacific economic review*, 15 (4): 482–504.
- Yang, Y. & Gallagher, M. (2017) Moving in and moving up? labor conditions and China's changing development model. *Public administration and development*, 37 (3): 160–175.
- Yellen, J.L. (1984) Efficiency wage models and unemployment. *Information and macroeconomics*, 74 (2): 200–205.

- Zenger, T. (2016) The case against pay transparency. *Harvard business review digital articles*. [online] Available from: <https://hbr.org/2016/09/the-case-against-pay-transparency> (Accessed 25 March 2019).
- Zhai, Q., Lindroff, M. & Cooper, B. (2013) Workplace guanxi: its dispositional antecedents and mediating role in the affectivity-job satisfaction relationship. *Journal of business ethics*, 117 (3): 541-551.
- Zhang, L. (2015a) Lean production 'with Chinese characteristics': a case study of China's automobile industry. *International journal of sociology*, 45 (2): 152–170.
- Zhang, L. (2015b) *Inside China's automobile factories: the politics of labor and worker resistance*. Cambridge University Press.
- Zhaopin.com (n.d.) Personnel turnover in companies from 2008 to 2011. *Statista - the statistics portal*. [online] Available from: <https://www.statista.com/statistics/225627/personnel-turnover-in-companies-in-china/> (Accessed 05 October 2018).

## Interview guides

### General Managers

#### Work history in the company

- Could you briefly introduce your work experience in the company (e.g. seniority, past positions held)?
- How was the outlook of the company when you became the general manager?
- What were the burning questions or issues that you had to deal with upon arrival?

#### Current state of the automobile industry

- What do you think are the strengths and weaknesses of Chinese automobile companies?
- In comparison with foreign companies, what are the characteristics or advantages of state-owned and domestic-invested enterprises?
- In comparison with other localities, what is the development of the automobile industry in Town S like? Any peculiarities?
- Can you briefly describe the relationship between the assembly plant and your company?
- When you negotiate with the assembly plant, what are the areas in which you find it hard to come to an agreement?
- To what extent decisions made in the subsidiary are influenced by the parent company?
- How does the market competition that the company faces affect managerial practices within the company?

#### Labour cost

- Do you think the company is sensitive to increases in labour cost?
- Where do you think the pressure of controlling labour costs for the company comes from?
- How does the company cope with rising labour costs?
- To what extent do you think there is room for pay adjustment in the company?

#### Human resource management

- What are the conditions under which companies recruit and retain workers successfully?
- What is the labour turnover in the company like? What causes it?

- In comparison to foreign-invested companies, what do you think are the strengths of pay and benefits packages in domestic-invested or state-owned enterprises?
- How do these various practices emerge? What do you think about the prospect of convergence?
- What are the challenges that the HR department in the company face? How is the coordination between the HR department and other production departments?
- What do you ask from workers in terms of competencies and performance?
- What do you think motivates workers in the company?

#### Shop floor management

- What are the duties of shop floor management in terms of personnel management and work allocation?
- What do you think motivates shop floor management to carry out supervision on the shop floor?
- How does the HR department coordinate with other departmental management regarding the placement of workers and the organisation of their work?

#### Decision making structure

- What is the process of evaluating and adjusting the pay and benefits system like in the company?
- Which parties are involved in the decision making process regarding pay adjustment?
- What factors do different parties recognise as more important?
- To what extent can you make final decisions on determining pay levels and making changes to the existing pay system?

#### HR Practitioners

##### The development of the pay system

- How long have you been working in this position? Do you have any prior working experience in human resource management?
- Can you briefly introduce the pay and benefits system used in this company?
- What does the company allocate resources for with regard to human resource management at the moment?
- Has the pay system undergone any change since the establishment of the company? What are the changes that you have observed so far?
- What is the pay system design based on?
- Which qualities or competencies of employees are more rewarded in the current pay and benefits system?

- What are the challenges in implementing the pay system? Are there any particular factors which are difficult to anticipate?
- What views do workers have on the pay system?

#### Recruitment

- Do you find recruitment challenging at the moment? Why?
- In your opinion, what aspects of the current pay system appeal or do not appeal to job seekers?
- To what extent do you agree with these views?
- With regard to the shortcomings of the pay system from jobseekers' perspective, to what extent do you think the company could do something to improve them, and how?

#### References for pay setting

- What do you think about the level of labour cost borne by the company at the moment?
- Where do you think the pressure of controlling labour cost for the company comes from?
- To what extent do you think there is room for pay and benefits adjustment in the company at the moment?
- What does the company use as references or benchmarks for pay setting?
- How does the company get access to pay information as a reference? Do you think it is sufficient, and why?

#### Decision making structure in the company

- What is the process of evaluating and adjusting the pay and benefits system like in the company?
- Which parties are involved in the decision making process regarding pay adjustment?
- What factors do you consider regarding pay adjustment?
- What are the specific roles or duties of yourself or of the HR department in the pay setting process?
- During the pay setting process, which other parties do you have to engage with?
- Which party do you think is the most difficult to cooperate and communicate with? Why?

#### Shop floor management

- What are the duties of shop floor management in terms of personnel management and work allocation?

- What do you think motivates shop floor management to carry out supervision on the shop floor?
- How does the HR department coordinate with other departmental management regarding the placement of workers and the organisation of their work?

### Corporate Consultants

#### Experience with the automobile industry

- How did you and your company begin to collaborate with clients from this particular industry?
- What kind of clients do you usually work with?
- What kind of services do you provide?
- What departments in your client companies do you usually communicate with?

#### Relationship between consultancy firms and automobile companies

- Why do automobile companies need services from a consultancy firm?
- What is the relationship between a consultancy firm and its automobile client like?
- To what extent are the companies' expectations towards consultancy firms reasonable? If not, how do you deal with it?
- What obstacles deter the companies from implementing your suggestions?

#### Priorities of automobile companies

- What do you think are the strength and weaknesses of Chinese automobile companies (especially joint ventures with foreign carmakers)?
- What do automobile companies spend on the development of human capital and human resource management?

#### Concerns with labour cost

- What are your observations on employees' views on pay and benefits?
- To what extent do you think your client is sensitive to the increase of labour costs?
- What impacts do the rising labour costs have on automobile companies?
- How do your clients cope with rising labour costs? According to your understanding, does this work well?
- To what extent do you think there is room for pay adjustment in automobile companies?

#### Working with HR

- To what extent do automobile companies take employer branding seriously to recruit and retain employees?
- To what extent do you think pay level is important in the employer branding strategies of automobile companies?
- Apart from the HR department, what is your experience in working with other employees (e.g. production departments, trade union staff) like?

## Workers

### Personal background

- How long have you been working in the automobile industry? What other jobs have you done before?
- How did you start working in this factory?
- During the recruitment phase, what were the job requirements for this position?
- How did you feel about the company at that time?

### Working conditions

- What are your main job duties?
- How is working in this company like?
- To what extent do you think your job is important to the production in general? Why?
- Do you pay attention to the development and performance of the company? How?
- What do you think about the direction of company development?
- Is there a high turnover among your colleagues? To what extent is your work affected by this?

### Understanding of the pay system

- What does your pay package consist of?
- Which pay component do you think is the most important? Why?
- Does the monthly pay level fluctuate throughout the year? If so, what causes the difference?
- Under what circumstances will your pay be higher than what you get usually?
- What are the strengths and weaknesses of the pay system in this company?
- Have you observed any changes to the pay system while you are here? If yes, what are the changes?
- What would you do if you have questions about the pay system, or if you find the amount of pay in a certain month suspicious?



### Incentive structure

- Do you think the company prioritise personal or collective competencies? How can you see that?
- Do you find anything in your personal competencies which needs improvement?
- What motivates you to work hard in the company?

### Pay comparison

- Taking companies nearby or in the same industry into consideration, what do you think about the working conditions and pay level in this company?
- What do you think about your own pay level?
- On what basis do you normally judge whether you are paid well enough?
- How do you know how other companies pay workers? Do you think this kind of information is useful for you? How?
- If the pay level stays like this, is it acceptable for you?
- Do you chat with your colleagues about pay? What aspects or issues of pay do you talk about?

### Expectation on pay adjustment

- To what extent pay is an important factor to keep you in the company?
- Do you think there is room for adjustment for your own pay?
- What are the circumstances in which you may receive a pay rise?
- If you quit the company now, is it easy for you to look for other jobs which pay more or less the same, or even higher? Why and how?
- Is it feasible to demand for a pay rise? Why?
- Have you asked for pay adjustment or anything else which would give you extra income? How?

### Corporate culture

- Can you briefly describe the corporate culture and atmosphere in this company?
- Do you cooperate or compete more with your colleagues? What do you think about that?
- How do workers participate in the decision making of working conditions, work arrangement and pay levels in this company?
- Do you know how the company-level trade union is involved in the annual pay adjustment in the company? If so, how?

### Spending habits

- What do you spend money on every month?
- With the current pay level, how is your living standard like?
- Do you have other income sources if the pay is not enough to support your spending?  
What are they?

## Information sheet for interviewees

### **Agreeing on the Wage: The Contestation and Negotiation of Wage Levels in Chinese Factories**

**Researcher:** Fuk Ying TSE ([phd14ft@mail.wbs.ac.uk](mailto:phd14ft@mail.wbs.ac.uk))  
**Supervisors:** Guglielmo Meardi ([guglielmo.meardi@wbs.ac.uk](mailto:guglielmo.meardi@wbs.ac.uk))  
Jimmy Donaghey ([jimmy.donaghey@wbs.ac.uk](mailto:jimmy.donaghey@wbs.ac.uk))  
**Date:**

You are invited to act as research participant for the above project. Your participation in this project is entirely voluntary. You may withdraw from participating in this project at any time, with no negative consequence to yourself or the factory for which you work.

This is a research project investigating how wages are determined in the factory, and how people think of the wage system.

The project covers 4 factories in the automobile industry. Your involvement in this project will help understand how working in the factory is like, and to what extent it will change people's view on how much they earn or would like to earn.

Participation in this project will involve being interviewed by the above named researcher on the theme of working conditions, wage demands and prospects. If you are a manager, you will also be asked about your role in setting wages and the decision making structure in the factory concerning wages.

It is not expected that you will experience any risks through participating in this project. Data will be anonymised from the start, with no name or specific position recorded as part of the interview material. Your consent form will be stored in a locked office at the University of Warwick, and transcripts of interview data will be anonymised before being printed and stored in the same place. The transcripts will also be stored electronically on the researcher's password-protected laptop. All the consent forms will be destroyed after 10 years from the completion of the research. Data collected will only be used for academic publications in the future. You can request a copy of the publication from the researcher.

Should you have any further questions about this research, please contact Fuk Ying TSE at [phd14ft@mail.wbs.ac.uk](mailto:phd14ft@mail.wbs.ac.uk). You may also contact the WBS Research Office should you have wish to make a complaint about the conduct of the researcher ([Farat.Ara@wbs.ac.uk](mailto:Farat.Ara@wbs.ac.uk)).



## List of research participants

Interviewees and subjects of participant observation quoted in the thesis (in alphabetical order of codename):

Category	Codename	Company	Gender	Date of first interview
Other	A	Consultancy Firm-1	F	December 2016
Worker	DJW	Factory D	M	30 April 2017
Manager/HR	GF	Factory F	F	6 January 2017
Manager/HR	GQC	D-Factory C	M	12 April 2017
Manager/HR	HBL	J-Factory G	M	24 March 2017
Manager/HR	HQM	Factory D	F	19 February 2017
Manager/HR	JYJ	Factory F	M	27 September 2016
Other	KC	Consultancy Firm-1	F	January 2017
Worker	LDJ	Factory F	F	20 March 2017
Worker	LJM	Factory D	M	30 April 2017
Manager/HR	LKH	Factory H	F	16 November 2016
Worker	LSH	Factory F	M	9 January 2017
Worker	LXJ	Factory F	M	11 January 2017
Worker	LYZ	Factory F	F	11 January 2017
Manager/HR	NU	Factory U	M	January 2017
Manager/HR	NXC	J-Factory Y	M	23 March 2017
Worker	RGM	Factory H	M	15 November 2016
Worker	SDJ	Factory F	F	9 January 2017
Manager/HR	TH	Factory H	F	9 November 2016
Manager/HR	TQ	Factory H	M	18 November 2016
Worker	TSX	Factory F	M	20 March 2017
Worker	TSY	Factory H	F	28 November 2016
Worker	TXS	Factory F	M	11 January 2017
Worker	TY	J-Factory T	M	13 October 2016
Worker	WDJ	Factory H	F	10 November 2016
Worker	XXS	Factory D	M	8 April 2017
Worker	YXS	Factory D	M	25 February 2017
Manager/HR	YXY	Factory H	M	9 November 2016
Worker	ZGB	Factory D	M	25 February 2017
Manager/HR	ZHT	J-Factory A	M	27 April 2017
Manager/HR	ZJH	T-Factory H	M	27 April 2017
Manager/HR	ZJP	D-Factory S	F	27 April 2017
Manager/HR	ZK	Factory H	M	27 September 2016
Worker	ZLP	Factory H	F	16 November 2016

Manager/HR	ZTX	J-Factory P	M	27 December 2016
------------	-----	-------------	---	------------------

Other interviewees (order by first interview date):

Category	Codename	Company	Gender	Date of first interview
Manager/HR	PT-1	C-1	F	21 May 2016
Worker	PT-2	C-2	M	22 May 2016
Worker	PT-3	C-3	F	27 May 2016
Worker	PT-4	C-4	M	27 May 2016
Worker	PT-5	C-4	M	27 May 2016
Other	PT-6	Consultancy Firm-2	M	7 June 2016
Worker	PT-7	C-5	M	22 June 2016
Manager/HR	PT-8	C-6	M	7 August 2016
Worker	PT-9	C-7	M	9 August 2016
Worker	PT-10	C-8	M	16 August 2016
Worker	PT-11	C-9	M	19 August 2016
Worker	PT-12	C-10	M	10 September 2016
Worker	PT-13	C-11	M	12 September 2016
Worker	PT-14	C-5	M	24 September 2016
Manager/HR	PT-15	C-12	M	27 September 2016
Manager/HR	PT-16	C-13	M	27 September 2016
Worker	PT-17	Factory H	M	11 November 2016
Worker	PT-18	Factory H	M	16 November 2016
Worker	PT-19	Factory H	F	16 November 2016
Worker	PT-20	Factory H	M	16 November 2016
Worker	PT-21	Factory H	M	16 November 2016
Worker	PT-22	Factory H	M	18 November 2016
Worker	PT-23	Factory H	M	18 November 2016
Worker	PT-24	Factory H	F	19 November 2016
Worker	PT-25	Factory H	F	22 November 2016
Worker	PT-26	Factory H	F	23 November 2016
Worker	PT-27	Factory H	M	24 November 2016
Worker	PT-28	Factory H	M	27 November 2016
Manager/HR	PT-29	Factory H	M	27 November 2016
Worker	PT-30	Factory H	F	27 November 2016
Worker	PT-31	Factory H	M	28 November 2016
Worker	PT-32	Factory H	M	29 November 2016
Other	PT-33	Consultancy Firm-1	F	December 2016
Manager/HR	PT-34	C-14	M	8 December 2016
Manager/HR	PT-35	C-15	F	22 December 2016
Manager/HR	PT-36	C-15	M	22 December 2016

Worker	PT-37	Factory F	M	9 January 2017
Worker	PT-38	Factory F	M	9 January 2017
Worker	PT-39	Factory F	M	10 January 2017
Worker	PT-40	Factory F	M	11 January 2017
Worker	PT-41	Factory D	M	25 February 2017
Worker	PT-42	Factory D	M	25 February 2017
Worker	PT-43	Factory D	F	25 February 2017
Worker	PT-44	Factory F	M	20 March 2017
Worker	PT-45	Factory F	M	20 March 2017
Worker	PT-46	Factory F	M	20 March 2017
Other	PT-47	C-16	F	April 2017
Other	PT-48		M	April 2017
Other	PT-49		M	April 2017
Manager/HR	PT-50	C-17	F	26 April 2017
Manager/HR	PT-51	C-18	F	26 April 2017
Manager/HR	PT-52	J-Factory P	F	27 April 2017

Data codes generated during open coding

Name of code	Description	Files	References
Additional job requirements	Qualifications for workers to deliver extra duties on the job	6	7
Advantage of working here	What makes working here appealing to workers	1	1
Alternatives in employment	Part-time jobs, other options for work, other income sources	17	25
Becoming skilled	How to become skilled, how being skilled affects productivity	17	36
Calculation of unit price	Description of the determination of unit price	5	10
Capital source understood	What the interviewee understands as the capital source of the company	15	20
Career progression in the company	Path of career progression, prospect	23	39
Change in HR system in the company over time	Changes that interviewees saw during employment	5	9
Clientele of the company	Descriptions of the product market and requirements from clients	20	32
Collecting opinions on pay	How workers' opinions of pay were gathered	13	18
Collective resistance	Descriptions of workers' collective resistance (e.g. strikes)	6	12
Comments on automation	Observations of automation implemented in the workplace	7	9
Comments on colleagues	Comments and gossips about colleagues	3	8
Comments on company performance	Observations on corporate development and performance	19	25
Comments on management style	Comments on management style and dynamics at the upper management level	22	46
Comments on the current pay system	Its strengths and weaknesses, interviewees' personal preferences and perceptions of the justice and fairness of the pay system	34	90
Comments on the workforce	Comments on the characteristics, quality and supply of labour force from the interviewee's perspective	13	17



Name of code	Description	Files	References
Comments on workload	Descriptions and comments on work schedule and intensity	16	28
Comparing pay level with colleagues	Episodes of pay comparison with colleagues	9	15
Comparing pay level with other companies	Episodes of comparing pay with other companies	41	70
Control of labour cost	Factory needs to control labour cost, measures taken by the factories to control labour cost and difficulties in execution	10	12
Current pay level	How much interviewees said they earned	36	67
Difficulties in recruitment	Complaints about difficulties in filling vacancies	11	22
Discussing pay with colleagues	Episodes of pay discussion among workers, including why they did not discuss	18	19
Enquiry on pay	Episodes and comments on making pay-related enquiries	15	18
Environment in Town S	Infrastructure, public services and living conditions in Town S	17	28
Expectation on pay system	Expected earnings under the current pay system, to what extent the expectation was met	24	48
Expectation on the factory	Initial impression on the factory, whether it fits their experience during employment	14	18
Family background	What interviewees told about their family	13	32
Financial needs	What interviewees said they needed to spend their money on	14	25
Fines	Situations in which workers were fined in the factory	6	6
Gender discrimination	Observations of employment practices which discriminated against female workers	1	2
HR deviation from related companies	Interviewees' observations of different HR practices among companies and within the company	15	25
HR job responsibility	Duties of the factory-level HR departments	8	12
HR professional experience	Background and past working experiences of HR officers and managers	8	8

Name of code	Description	Files	References
Ideal composition of employee rewards	Managerial perspective on what the pay package should cover	2	2
Industry characteristics	Descriptions and analysis of the Chinese automobile industries	6	9
Influence on HR system from related companies	How parent companies influence factory-level practices	4	6
Info dispersion and support within the locality	Channels of information circulation among factories in Town S	11	18
Intervention in labour costs by clients	What clients did to control labour costs for the factory	4	4
Interviewees' impression of me	Personal interactions with interviewees during the establishment of rapport	1	15
Involvement of authorities on HR practices	Government intervention in shaping the labour market and HR practices	4	7
Job searching methods	How interviewees knew about this job and applied; methods that HR used to recruit workers	38	71
Kaizen	Factory requirements on workers' contribution to Kaizen; workers' responses and outcomes	10	11
Knowledge on increasing productivity	Workers' knowledge on how to increase productivity on the job	2	2
Knowledge on pay adjustment	Knowledge of how pay had been adjusted in the factory and for how much	22	33
Knowledge on pay calculation	Workers' understanding on how their pay was calculated	15	43
Knowledge on practices in other companies	What interviewees heard about situations in other factories	25	47
Knowledge on productivity	To what extent workers know about how much they have worked; Whether the knowledge is shared by the management	8	9
Labour shortage on the shop floor	Labour reserve required, consequences of labour shortage	12	19
Labour turnover in the company	Descriptions of labour turnover in the factory	29	46
Learning about corporate development	How workers knew about development and performance of the factory	5	9
Linkage of pay between workers and line manager	To what extent the pay of line managers was affected by the performance of the subordinates	8	8

Name of code	Description	Files	References
Living provisions	Anything about food, accommodation and amenities	25	76
Loopholes in the pay system	How workers found loopholes in the pay system and took advantage of them, so that they could earn more	8	13
Management from parent company	Involvement of the parent company in factory-level management	25	46
Managing the employment relationship	Description of the labour contract and dispatch status from workers	16	27
Measures to retain workers	Managerial practices of retention	19	21
Method of payment calculation	Official accounts of pay calculation methods	21	35
Non-wage benefits in the company	Including social insurance, accommodation and other non-monetary subsidies and welfare items	18	23
Noticing fluctuation in pay	When interviewees realised that their pay level fluctuated throughout the year	19	22
Operational cost increase	Cost increase for factories and their coping strategies	3	4
Opinion on wage guidelines	To what extent interviewees found wage guidelines as a benchmark for pay levels	18	20
Opposing management-employee perspectives	Mismatch of perspectives from employees and management	3	3
Pay adjustment package	Different ways to achieve a pay rise in a variable pay system	15	24
Pay components	Pay components in interviewees' pay package	29	57
Pay equity	To what extent interviewees' thought their colleagues were paid at a similar level than they were	10	16
Payscale	Description of pay grades and how they are dispersed in the factory	8	8
Perceived replaceability	Workers' perception of whether their job could be done by someone else or by machinery	4	4
Performance assessment	Description of performance assessment practices in the factory	12	14
Personnel structure on the shop floor	Ranks and positions of workers in different shops, bureaucratic hierarchies	13	16

Name of code	Description	Files	References
Practices on pay communication	How workers were told about pay during recruitment and on the job	29	63
Previous work experience	Workers' past working experience	31	59
Principles of HR system	What interviewees thought about the qualities that the HR system particularly rewarded	34	56
Procedure of pay adjustment	Descriptions of pay adjustment and bonus allocation in the factory	22	41
Process of being employed	How the interviewees got into this company	19	24
Reasons for quitting the job	Reasons for quitting, or reasons why they had not managed to quit yet	30	57
Reasons why productivity was affected	Factors affecting their productivity (e.g. machinery stoppage)	14	30
Recruitment procedures	Description of the process of recruitment, from screening, training and placing new recruits in specific positions	8	12
Recruitment requirements	Descriptions of the factory requirements for new recruits	22	42
Relationship with clients	Measures taken by the factory management to sustain the relationship with their clients (i.e. assembly plants)	16	40
Relationship with colleagues	Descriptions of interviewees' relationship with their colleagues	13	23
Reluctance to hire people who worked nearby	Factories' reluctance in hiring people who worked in neighbouring factories	6	6
Seniority	How long interviewees had been working in the company or industry	35	63
Shop floor conflicts	Conflicts observed and how they were resolved	4	13
Shop floor discipline	Managerial practices to supervise workers on the shop floor and penalise them for breaking the rules	11	25
Shop floor environment	Description of the working environment	8	13
Shop floor facilities	Description of facilities on the shop floor; automation	9	21
Skill training	Skill training available to workers	25	34
Sources of pay	How interviewees knew about pay levels	21	33

Name of code	Description	Files	References
information for comparison	in other companies		
Staffing	Number of workers on a production line, in a shop and in the factory	33	65
Union presence	Whether there was a union in the factory, what the union did, whether it mattered in the pay setting process	21	31
Variation in pay calculation method intra-shop floor	Differences in pay calculation methods within the company, between different production lines and departments	7	10
Voicing pay demands	Interviewees' past efforts in making pay demands, or ways which they knew could be used for pay demands	14	16
Work and motion study	Description of how work and motion study was conducted in the company	3	3
Work descriptions	Descriptions of duties and tasks in the production line	26	78
Work intensity	Descriptions of how fast or intensively work was required to be	21	50
Workforce composition	Demographic descriptions of the workforce	29	60
Working time	Descriptions of working hours and work schedules	34	87
Worries of breaking the law	To what extent interviewees thought practices in the factory were compatible with labour laws and regulations	8	11