The Institutional Development of Employment Protection and the Perception of Western Concepts and Values in China

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Abstract: This research addresses a challenging issue, employment protection in China, including unemployment insurance, work accident insurance and the concept of co-determination. Although the ideology of Sino-communism seems to share some elective affinity with the comprehensive arrangements of labor protection in modern welfare capitalism, in reality, the mainstream economic elites of post-Mao China enthusiastically embraced neoliberal ideology in the 1980s and 1990s, maintaining a critical attitude towards employment protection policies through the lens of economic efficiency and productivity. However, since the millennium, the ruling elites of China have started to promote a certain version of an inclusive and social market economy, and Western ideas and discourses on employment protection have become prevalent. This paper outlines the institutional reforms, dynamics, mechanisms and constraints in the development of employment protection arrangements in China since the millennium. Further, emphasis is placed on the ideational level, with a special focus on domestic discussions, debates, discourses and interpretations of “co-determination” from several major Western nations including Germany, the Nordic countries, the Anglo-Saxon nations and Japan. Through the academic “barometer,” the future development of employment protection in China is discussed.

Keywords: employment; protection; constraints; co-determination; implementation; perception

1. Introduction

Since the reform and opening up period, China has continued to integrate market mechanisms into its economic system, eventually incorporating the concept of a “socialist market economy” into the reform target in the 14th national congress of the Chinese Communist Party (CCP) in 1992 [1]. Narratives of “market” and “marketization” became contagious and prevalent in the 1990s, evolving into an exclusive and hegemonic discourse in the first two decades of economic reform. The worldwide diffusion of neoliberal ideology in the same period has provided Chinese market-liberal elites with powerful ideational endorsement. An advocacy coalition of international and national liberal politicians and scholars has led to the penetration of market-centered ideology into many different social and public policy areas. The primacy of economic developmentalism has relegated the issue of employment protection in China to a difficult development stage since labor issues have been widely defined as an unbearable load for Chinese economic modernization. Comprehensive state regulation and employment protection have been simply interpreted as negative factors for economic rational development in this context. Employment protection has been politically, ideationally and academically marginalized in the grand economic transformation in China [2].
However, after the millennium, and especially after the Hu-Wen government came into power in 2004, a historic turning point in labor market policy and social policy emerged [3]. Accumulating social problems and escalating social conflicts have undermined solid, sound and long-term socioeconomic development, posing an acute and realistic threat to the Chinese “economic miracle” and political stability. Against this backdrop, national elites have started to rethink the Chinese development model, and concurrently, elites and scholars from social fields such as social protection, labor protection and social welfare have begun to recapture the power of discourses on social affairs. The neoliberal hegemony has begun to stagger, and social ideas on inclusion and balanced development have returned to the knowledge market since the Hu-Wen government [3].

In the past two decades, a series of reforms in China have been introduced to expand labor rights, including the establishment of a social insurance system to protect employees from work accidents and occupational diseases, the launch of policies to protect employees from arbitrary dismissal by employers and the assurance of continuous remuneration payments for different reasons, such as sickness, maternity leave and occupational or further training. However, some key aspects, such as self-administration and co-determination by employers and employees have been constrained because of political and ideological limitations. Despite the stagnating development of “co-determination,” this research has found an ideational “enlightenment” promoted by Chinese social experts and intellectuals. Tracing the perception and interpretation of Western concepts on “co-determination” and “social partnership” has revealed that an advocacy coalition in China has emerged and many scholars from this coalition have proactively explored, elaborated and interpreted international scripts related to employment protection, advocating learning from abroad and applying useful ideas to make the Chinese model of socio-economic modernization more humane, harmonious and sustainable.

The aim of this paper is to trace the evolution of employment protection programs in China on the institutional and semantic levels, reconstructing the uneven and heterogeneous development dynamics of different branches, including work accident insurance, unemployment insurance and co-determination between employers and employees. We have chosen to focus on these three subfields of employment protection because they address the major risks, contingencies and uncertainties in the employment process, mitigating the power asymmetry between employers and employees. Work accident insurance compensates for the hazards, injures and diseases related to work; unemployment insurance protects workers from fluctuations and periodic cycles in the labor market, creating a social safety net for employees in the market economy. The mechanisms of co-determination contribute to incorporating employees into the policy decision process on wages, social protection and welfare, improving workers’ social status and social entitlements. In this vein, social insurance programs benefit tremendously from the established institutional arrangements of co-determination.

A portion of the data for this investigation came from interviews conducted by one of the authors with professional experts in the field of work accident insurance in China and Germany between 2008 and 2010. The same author additionally conducted interviews with labor experts and unemployment insurance experts in China in 2018. The interviewees mainly included academics from various Chinese universities, research institutes and think tanks like the Chinese Academy of Social Sciences (CASS), as well as government officials from government units and state departments like the State Council. Scholars and officials who have long been engaged in labor protection and social insurance have been chosen as interviewees, including renowned experts who exerted great influence on agenda setting and the production of discourses in the field of labor protection in China. The majority of the data for the analysis consisted of secondary documents, including reports from newspapers, magazines and statistics from state departments such as the Ministry of Human Resources and Social Security (MHRSS). This research is based on interview transcripts and documentary analysis with a special focus on the interpretation of the development of labor protection in China by relevant actors and their cognitive understanding and judgement of these issues. Through the analysis of the discourses of labor and social experts, the social semantics of employment protection in China have been analytically reconstructed.
The following section offers a theoretical reflection on the nexus between the perception and interpretation of ideas and the concrete implementation of political and institutional concepts.

2. Societal Structure and Semantics: A Discussion on Institutional Developments and Ideas

Sociological theorists like Luhmann and Stichweh [4,5] have investigated the nexus between societal structure and semantics during the process of societal transformation from premodern to modern society. Semantics encompass ideas, values, discourses, notions and concepts that are usually mirrored in condensed written documentation such as literature, texts, poetry, narratives and other documentary forms, including archival materials, grey documents, unpublished documents and anecdotal narratives [4]. Luhmann uses cultivated (gepflegte) semantics to outline the high-level generalizable and relatively situation-independent meaning created through condensed and confirmed abstract knowledge stored in the scripts of textual forms. Luhmann has constructed the nexus between societal structures and semantics in his multi-volume series on the topic. According to Luhmann’s system theory, semantics usually reflect the societal structure, and correspond to institutional and structural change within society [5]. In the course of the transformation of Western society, from a society of stratification to functional differentiation, social semantics have changed appropriately. For instance, from the Middle Ages to modern times, the ideas of the hierarchical classes have been gradually substituted by ideas of inclusion and equity. Use of language, vocabulary and semantic concepts are closely linked to social transformation from a historical perspective [6,7]. According to Luhmann, semantics cannot trigger societal change directly; however, they play a catalyzing role in creating favorable conditions for causing societal transition [8]. From this angle, ideas and concepts can be considered causes and stimulations for change in societal structure. Ideas are firstly received and conceived by social elites; then, they can contribute to creating social environments for implementing these ideas.

Although semantics have the potential to provide leverage on social institutional transitions, they can also remain written communication without any practical effect and legal validity. Concepts such as “decoupling,” proposed by neo-institutionalist “world-polity” theory [9], have revealed the discrepancy between ideas and their institutional fulfillment. Despite the worldwide diffusion of values, norms, standardized scripts and narratives in various social fields [10–12], the social phenomenon of decoupling has widely persisted in many countries of the Global South [9]. However, although the declaratory proclamation of advanced ideas and scripts is simple, the implementation of these ideas is highly demanding, requiring institutional capacity and organizational and financial resources to make semantics tangible and feasible in everyday life. Thus, the decoupling between semantics and social reality (mirrored in social institutions and structures) is prevalent in many developing countries. Regularly, “talk” (in the forms of ideational self-claims) and “action” (institutional fulfillment) are disconnected in many fields, and in many Southern countries, they can coexist without a consequential interface between the two. Research in the Global South has verified the decoupling and disconnection between semantics and social structure. Sun and Liu have, for instance, proposed the concept of “ornamental institutions” to highlight the discrepancy between formal social laws for labor protection and their wide neglect by employers and employees at the local level in China; formal institutions function like a “decoration” of the legal order [13].

However, even though there exists a decoupling of semantics and social reality, semantics are not dispensable in social reality. Semantics refer regularly to an independent domain that has developed its own coherent and inherent logic in an ideational world. Moreover, semantics are able to assert influence on social transformation over the long term. Discourses and ideas act as spiritual “weapons” that construct the theoretical, cognitive and behavioral frameworks for social actors and agencies, legitimating and socializing their interaction and communication patterns. Even when the diffusion of advanced ideas is disconnected from current social reality, incremental knowledge accumulation and a cascading diffusion of new ideas may drive quantitative social changes step-by-step toward a qualitative change in the entire society. As the Korean scholar Kim [14] has argued, the proclaimed
targets of the constitution of the Korea Republic in 1948, such as democracy and human rights, served initially only as a political and administrative “decoration” for the dictatorial military governments from the late 1940s to the 1970s. However, in the course of democratization, oppositional movements in South Korea have re-connected to these anchored tenets in the old constitutions in 1948 and urged the military government to implement them; thus, semantic reconnection resulted in successful political transformation in the 1980s (ibid). This process of “recoupling” with old ideas provided a spiritual impulse to the rapid political and social change in South Korea. This scenario shows that previously “silent” semantics can be reactivated when social conditions reach a more mature level, resulting in the fulfillment of these initially “decorative” semantics.

Within the research domain of social policy and social welfare in China, some international scholars have discussed the role of ideas in the development of social protection in China. Lin [15] has elaborated the perception of Chinese economic and social scientists on the Scandinavian model of the welfare state, highlighting the generally negative and critical attitudes of Chinese elites towards the Scandinavian model. Shi [16] has investigated the shifting discourse on the nexus between state and market and the leverage of market-related discourses over the development of piloted rural old age pension programs. Liu and Leisering [17] have reconstructed the travelling social ideas from international organizations and Western social insurance countries to China, facilitating the establishment of a Bismarckian social insurance program in China since 2004. Leisering, Liu and ten Brink [18] have elaborated how disparate welfare ideas from different social assistance programs in the Western world have been transferred to and perceived by Chinese scholars and officials; moreover, these “alien” ideas have been creatively combined and synthesized by Chinese recipients [18]. These studies have shown that domestic perceptions of Western ideas and concepts in the domain of social and labor protection have played a significant role in the socio-economic modernization of China.

The present research grapples with issues of employment protection, including unemployment insurance, work accident insurance and co-determination in China from the level of social institutions and social semantics. It demonstrates that notwithstanding some progressive but limited developments in social protection institutions and mechanisms, such as the creation of social work accident insurance and unemployment insurance, co-determination and workers’ free association and self-administration remain “blind spots” in the Chinese labor regime. Beyond the uneven and sometimes contradictory developments in the field of employment protection and labor rights, ideas, models and values on “co-determination,” “collective negotiation” and “social partnership” from Western welfare states have been broadly circulated, reflected and perceived by Chinese elites and experts in this field. Various Chinese elites have endorsed learning from Western ideas and values, including “co-determination” and “social partnership”; however, these Western values must be adjusted and adapted to the Chinese social and political reality as the elites understand it. The wide diffusion of social semantics may have a latent and hidden effect on the internal change of societal structures over the long term.

3. Employment Protection in China: Institutional Developments, Barriers and Social Semantics

3.1. Institutional Developments and Major Deficits

3.1.1. Work Accident Insurance

In the 1950s, China emulated the Soviet model of labor insurance, which protected the workers of state-owned enterprises (SOE) from invalidity, work injuries, disability and illness. This model represented the origin of insurance programs protecting against work accidents and occupational diseases. After the onset of economic reforms, the model of SOE-centered protection collapsed, resulting in an institutional vacuum in labor protection against the risks of work accidents in the 1980s and 1990s. At the same time, work accidents and industrial injuries have become a salient social problem that has attracted public and social attention during China’s economic rise. State retrenchments from the public sector, deregulation in the area of employment protection, an
extensive economic development model based on the massive use of high-polluting resources such as coal-fired power and fossil fuels, and economy-centered narratives in the form of GDPism are among the most notable explanations for the substantial increase in work accidents in China [19,20]. Work accidents in the coal mines have elicited public anger and national and international concern, and in the last decades, Chinese coal mines have become the deadliest sector in the Chinese economy [20]. Disputes over compensation for work injury victims and their family members have been easily transformed into mass disturbances and violent group protests, posing a challenge to social and political stability in China [19–21].

Since the 1990s, a small intellectual fraction in the domain of social protection has begun to explore programs of work accident protection in advanced Western countries. The key think tank for labor and social protection—the Institute for Social Insurance Studies (IfSS)—has pioneered studies on this issue. Through delving into various international documents, such as treaties, reports and guidelines, and also through networking with major social insurance “early-bird” countries like Germany, Chinese experts, scholars and officials have jointly constructed an internationally influenced, highly rationalized and standardized social insurance branch—work accident insurance [17,21]. This system had initially stemmed from the experiences of Germany at the end of 19th century, evolving into a global model that has been advocated by two major international organizations—the International Labour Organization (ILO) and the International Social Security Association (ISSA) [21,22].

Influential social think tanks such as IfSS have published reports calling for reform, which would involve learning from the German model of work accident insurance. Eventually, the Chinese government signed a cooperation agreement with the German government in 2004, aiming at the transfer of the German model of social assistance to China [17,21]. According to a bilateral governmental agreement, not only the core mechanisms of the Bismarckian social insurance model have been transferred into China, such as contribution-financed work accident insurance, but also sector-differentiated contribution rates based on different incidence rates for risks and hazards. Even some sophisticated and technical mechanisms have been imported into China, such as the inter-sectorial nexus and mediation of prevention, compensation and rehabilitation. The new reform ideas from Germany, such as the change of the order of precedence of three major tasks in work accident insurance, into “prevention before rehabilitation, rehabilitation before compensation,” have also been noted by Chinese experts. In the conventional system of work accident insurance, monetary compensation has been regarded as an overarching task of the program. Over the course of the institutional evolution of work accident insurance, prearranged prevention measures to protect insured groups from the risks of accidents and comprehensive rehabilitation programs after the occurrence of work accidents have been gradually upgraded to become an institutional preference of this system [22].

Notwithstanding the policy learning and institutional transfer, some institutional concepts from the German system have not been transferred to China, such as the organizational carriers of work accident insurance [17,21]. In Germany, work accident insurance has been administrated by intermediary agencies of public law (öffentlich-rechtliche Körperschaften)—“employers’ liability associations” (Berufsgenossenschaften). This organizational pattern is based on the European tradition of self-administration, still “alien” and “incompatible” with authoritarian China. In this area, China still adheres to its own organizational traditions—a nationwide top-down structure consisting of ministries, departments and offices, with the Ministry of Human Resources and Social Security (MHRSS) on top of the hierarchy. Another feature of “Chineseness” is that work accident insurance remains a traditional form of social insurance, covering only employees, and not social groups without “employment-status,” such as peasants. In contrast, in Germany, some non-working populations have been included in the statutory work accident insurance system, including students and kindergarten children. Even a special work accident insurance program for farmers has been launched [22].

Despite institutional knowledge transfer, the implementation of statutory work accident insurance has only been partially achieved and remains restricted by coverage gaps. Although the degree of coverage has continued to rise since the early 2000s, compared to other branches of social insurance, it is
still low. According to annual statistics from the MHRSS, some 227.24 million employees in China have been covered by work accident insurance, including approximately 78.07 million migrant workers [23]. Since pension and medical insurance programs have been extended from urban employees to most urban and rural residents, these two forms of social insurance have nearly achieved universal coverage. In 2017, some 1.1768 billion Chinese employees and residents have been covered by different kinds of medical insurance programs, and some 915.48 million Chinese employees and residents have been included in different kinds of old age pension insurance programs [23]. If selecting employees’ social insurance coverage for comparison, some 303.23 million urban employees and some 62.25 million migrant workers have participated in the urban health insurance program, and some 402.93 million urban employees and some 62.02 million migrant workers are part of the urban old age pension insurance program (ibid). Compared to these two core social insurance branches, work accident insurance has still many loopholes. It covers the rather formal sectors and employees in large- and medium-sized enterprises; many small enterprises have not yet taken part in work accident insurance programs. However, the number of participating migrant workers in work accident insurance is higher than the number of participants in the old age pension insurance and medical insurance (see Figure 1). Despite the mandatory character of this program, many employers at the local level evade their statutory obligations to make work accident insurance contributions, leaving their employees and migrant workers unprotected from the risks of work accidents and occupational diseases. In many cases, migrant workers do not know about the legal obligation mandating their participation in social insurance programs, and are thus not covered by work accident insurance programs. When work accidents occur, employers and migrant workers instead rely upon private settlement channels (such as informal negotiation between employers and employees) to resolve legal disputes and conflicts, instead of relying on the relevant laws [13,24].

![Figure 1](image-url)  
**Figure 1.** The number of urban employees and migrant workers participating in the five social insurance branches in China in 2017 (in millions). Source: Authors’ own compilation according to [23].
3.1.2. Unemployment Insurance

In the 1950s, the new Chinese communist government claimed proudly that China had eliminated one of the biggest problems of the “decadent” capitalist system—unemployment—since under the communist command economy, nearly all urban residents were assigned jobs, sometimes artificially, by local party committees. This utopian model of “full employment” has persisted for nearly three decades. Since economic reform in the 1980s, China’s ruling elites have gradually disconnected themselves from the orthodox communist ideology of tenure-employment and increasingly introduced market elements and mechanisms into the economy. The orientation towards a market economy has, on the one hand, improved productivity and economic dynamics enormously; on the other hand, there has been much demand for enterprises to remove “excess” employees from the labor force in the course of economic rationalization. Urgent social problems such as laid-off workers and working populations who cannot find jobs have sprung up, seriously endangering the country’s fragile social stability [25]. These socio-economic developments require new social protection systems to respond to such problems.

Against this backdrop, newly created social protection agencies—the MLSS (Ministry of Labor and Social Security) and its subordinate organ, the Department for Unemployment (shiye baoxiansi)—have started to glean examples and lessons in the domain of unemployment protection from advanced OECD countries. Through studies on unemployment arrangements and newly thriving contacts with international organizations like the World Bank and the ILO, Chinese social experts have targeted a special branch of social insurance—unemployment insurance—and conferred great significance to this scheme for its key function of protection against unemployment risks. The drastic diffusion of unemployment insurance to China since the 1980s has additionally benefited from penetration of social insurance concepts in the initial periods of the economic reform [26,27].

In 1986 and 1993, the State Council of China adopted, respectively, the “Preliminary Provision on Laid-off Insurance for Employees of State-Managed Enterprises” and the “Provision on Laid-Off Insurance for Employees of State-Owned Enterprises.” The introduction of these two administrative decrees symbolized hallmark events in Chinese social protection history, since for the first time the state had attempted to launch an institutional program to cope with employment-related variability in the labor market and protect workers from the soaring risks of dropping out of the labor market. However, these two decrees contained a semantic limitation; they used the terms “laid-off workers” and “laid-off insurance,” rather than “unemployed workers” and “unemployment insurance,” according to international common practice. This semantic choice demonstrated that the socialist republic was still cautious about formally recognizing the existence of “mass unemployment.” Another major limitation was that the scope of protection was merely confined to state-managed and state-owned enterprises, and not to private enterprises, foreign companies and joint ventures. This embryonic form of unemployment protection was directed originally towards resolving problems in the reform of state-owned enterprises, not towards an establishment of a universal labor protection scheme to cover all employees [28].

The most significant development emerged in 1999, when the state council adopted the “Regulation of Unemployment Insurance” (shiye baoxian tiaoli) [29]. Semantically, the previous term “laid-off insurance” was replaced by “unemployment insurance,” bringing the Chinese unemployment protection system considerably closer to international semantics and concepts. Based on the degree of coverage, this new regulation stretched the insured units and insured groups from state-owned enterprises to all kinds of enterprises, including private companies, foreign companies and TVEs (township and village enterprises), all of which were legally obliged to take part in the unemployment insurance program. A modern unemployment insurance scheme like that in Bismarckian social insurance states had thus been enacted [29]. Furthermore, a social insurance law was enacted in 2010 covering five branches of social insurance—old age pension insurance, medical insurance, work accident insurance, maternity insurance and unemployment insurance [30].
Notwithstanding the institutional construction and incremental expansion of the unemployment insurance program over the last two decades, the unemployment insurance program in China remains the most underdeveloped among the five social insurance branches. The degree of coverage is not only far below that of old age pension insurance and medical insurance, but also lower than work accident insurance and maternity insurance (see Figure 1). By 2017, some 187.48 million urban employees and 48.97 million migrant workers had been covered by the unemployment insurance program [23]. More than half of urban employees and most urban migrant workers are still excluded from the program despite the legal prescription mandating participation. Although financed by the social insurance contributions made by employers and employees, the eligibility requirements for unemployment insurance benefits in China is not linked to income level and contribution level, as international common practice. In contrast, the benefit level of Chinese unemployment insurance is linked to local minimum wages, which are set up by lower levels of government, such as counties, prefectures and municipalities [28]. This feature means that the benefit levels of unemployment insurance are highly variable according to regional variation, imbuing it with a hybrid character blending social insurance (contribution payments) and social assistance (benefit levels adjusted to local minimal wages instead of a Bismarckian wage-replacement benefit).

3.1.3. Mechanisms for Mediating Interest Disputes between Employers and Employees

In comparison to unemployment insurance and work accident insurance, the fulfillment of co-determination in China lags far behind. Due to the sensitivity of this issue in the Chinese political environment, comprehensive adoption of mechanisms for “co-determination” has not reached a mature stage of implementation as in Western countries. However, in China, other forms of mediating between the interests of employers and employees are practiced in different local contexts.

In 2010, in Foshan city, Guangdong province, a location in the Pearl-River-Delta in which the economy is fueled by mass foreign investment, some workers in the Japanese Honda Corporation called upon their Japanese employers to comprehensively promote collective wage negotiations and to establish and improve collective bargaining mechanisms. They also urged the employers to establish a regular wage growth and wage payment guarantee mechanism, especially for front-line employees. Furthermore, the workers held the view that the employee congress should play a role in elevating the rights of information, participation, expression and supervision by employees. These demands would serve to safeguard the workers’ legal rights and facilitate a harmonious relationship between employees and employers [31]. However, the demands have not been fulfilled in practice, triggering a heated debate on sustainable labor relations among labor experts (ibid).

Compared to the verbal declaration of the Foshan workers, a special local model of “co-determination” gradually appeared in many cities in Zhejiang province around 2010. The Zhejiang-model of “co-determination” is based on three pillars: (1) wage-negotiation at the enterprise level; (2) coordination and consultation on wage standards at the level of professional sectors; and (3) negotiation of the minimum wage standards for a region at the sub-national level. At the enterprise level, individual wages are linked to the benefits of enterprises and are determined by the collective negotiation of employees and employers. At the level of professional and occupational sectors, local professional trade unions and the business owner committees consult and negotiate wage standards, and the standard setting is closely linked to the working hours and working wages of a whole sector. Moreover, the entire sub-national region is responsible for establishing the regional minimum wage standard, and all enterprises in a region must abide by the minimum regional standards. In cases of non-compliance, the trade unions will send a formal, written letter to enterprises who have not carried out the wage negotiation and co-determination, as well as to those who have not fulfilled the employee–employer agreements without providing justifiable reasons, urging them to fulfill the obligations set forth in the collective negotiation and bargaining on wages. The Zhejiang model of “co-determination” is the first institutional form of negotiation, consultation and bargaining.
on wages, working hours and other welfare benefits in China, even though it remains a single case at the sub-national level [32].

Although there are very few developments in the domain of “co-determination” at the national level, at the regional and provincial levels, we’ve noticed some exploratory acts and policies in probing the regional model of “co-determination,” especially in the economically and socially advanced areas in China like Zhejiang province.

3.2. Semantics: Perception and Interpretation of Western Ideas and Concepts

During the Maoist period, the totalitarian party-state had nationalized all types of enterprises, controlling all economic and social resources in Chinese society and eliminating any independent spaces for labor movements and civil society. Against this backdrop, the mechanisms for mediating interests had never come onto the agendas within political and academic circles. However, since the adoption of reform and opening up policies, China has adopted the economic model of a market economy, the ownership forms of enterprises and the interests of different social groups have pluralized and differentiated, and conflicts regarding wages and labor-related disputes have become common. Propelled by the soaring number of disputes and conflicts, discourses and narratives on co-determination have emerged in Chinese academic circles and in media reports [33].

At the semantic level, both Chinese academics and public opinion have responded proactively to Western ideas about employment protection, not only regarding unemployment insurance and work accident insurance, but also sensitive topics such as the “co-determination” model and other forms of interest mediation and collective decision-making. Different models of “co-determination” mechanisms in the Nordic countries, Continental Europe, Anglo-Saxon countries and Japan have been noted by Chinese scholars. Preeminently, the German concepts of “co-determination” and “social partnership” have been embraced and interpreted by Chinese intellectuals and scholars.

Co-determination has not reduced the efficiency of German enterprises; in contrast, it makes employees getting opportunities to proposal opinions and suggestions (for enterprises) as well as supervising (the operation) of enterprises, and it makes up for what enterprises’ managers have failed to care about, evaluating the cohesion of enterprises on the one hand and efficiency on the other hand.

Authors’ own translation of [34].

A very important idea contained in the various core components of the “German model” is the social consensus. There are even German scholars who define the “German model” from this direction: the “German model” can refer to the social and political stability of Germany in a broad sense. This stability is often achieved through dialogue mechanisms and it ultimately secures the cohesion of the entire society.

Seeking social consensus is closely related to mobilizing the power of social groups. As a typical country of corporatism, many areas of Germany are governed by social groups or they are subject to autonomy, social capital is mobilized, and the state achieves burden reduction. The participation of social groups and social autonomy ensure the acceptance of the outcome of the negotiations and facilitate the implementation of the results of dialogue.

This kind of consensus culture is reflected in many aspects, especially in the autonomy of German labor relations. Labor and management as a “social partnership” reached a consensus through negotiations, thereby achieving stability in the labor market and ease of labor relations. Since the determination of wages is the autonomous sphere of both employers and employees, the government can free itself from daily labor conflicts and better play the role of mediator in labor conflicts. It is precisely because of the social cooperation between employers and employees that when economic development becomes critical, the trade unions are willing to adopt wage-tempering measures to maintain the competitiveness of German companies; as the economic situation improves, the trade unions will re-submit salary growth requirements. As a result, economic growth and the stability of the labor market can be mutually reinforced.
Pang attributes the efficiency and cohesion of Germany enterprises to the system of “co-determination,” incorporating the employees into the management and supervision of modern enterprises. According to the ideas of Zheng, a journalist for the Wenhui Daily—the renowned intellectual newspaper in China—the German model is characterized by social partnership and the equal determination of employees and employers, with mechanisms for interest mediation such as negotiation, cooperation, dialogue and finally, the formation of social consensus that contributes to political stability and social cohesion. The autonomy of social groups is another perspective to understand how the German socio-economic model works. The significance of co-determination and cooperation in the socio-economic development of Germany has been highlighted. Not only the German model of co-determination, but also the mechanisms of interest and conflict mediation from other advanced countries, and particularly from Scandinavian countries, are conceived and reflected by Chinese scholars.

Over the years, this mode of negotiation (in Scandinavian countries) has shown certain advantages:
(1) social distribution is more just. Studies have shown that countries with centralized collective bargaining have smaller wage gaps and greater equality than those with decentralized wage negotiations. The workers consulted on national wages, so they must first reach an internal agreement. Trade unions often have a more realistic wage requirement after internal coordination.
(2) Many people think that a loose wage system may be more conducive to improving the competitiveness of a country or an industry, but the ILO survey shows that a highly centralized wage negotiation system is also conducive to enhancing competitiveness. The Nordic countries are a typical example.

Employee representatives can also negotiate with employers on issues such as hiring, dismissal, vacation, training and new technology applications. If employees have any work problems or feel that they have been treated unfairly, they can contact the employee representatives, submit the questions to the employer and the trade union, and on the basis of full discussion and communication with the employers, they produce a plan acceptable to both parties. If the two sides are in dispute, their conflicts can be mediated by the mediation committee and can also be decided by the labor court. With increasingly fierce competition in the current society, both employers and employees pay more attention to the double-win of labor and capital.

The labor expert Bin Zhu from the International Department of the All-China Federation of Trade Unions (zhonghua quanguo zonggonghui) has clearly outlined the advantages of the Nordic model of negotiation and collective bargaining and attributed the lower wage gap and higher levels of social equality to the more centralized bargaining mechanisms in the Scandinavian countries. According to Zhu, the success and competitiveness of Scandinavian economies closely dovetail with the Nordic model of centralized negotiation, which, in his understanding, is superior to decentralized negotiation. He even uses the ILO survey to justify this Nordic example. Multiple interest-mediation mechanisms, including discussion, bargaining, deliberation and mediation through comprehensive mediation mechanisms, help to create a “double-win” environment for both employers and employees. Besides the examples of Germany and Nordic countries, the Japanese experiences of conflict mediation have also been frequently noticed and interpreted by Chinese intellectuals:

Japan’s employers and employees have also established regular channels for institutional communication. The “Shuntō”—the collective bargaining method—is full of Japanese characteristics and is most effective. The main format is that the trade unions begin collective bargaining with the employers in February each year. Japan legally ensures the status and effectiveness of collective
bargaining and stipulates procedures for collective bargaining. Collective bargaining is mainly carried out within the enterprise.

National trade unions and industrial trade unions basically do not participate, which largely avoids the politicization of trade union activities. Because of the “Shuntö,” most workers can enjoy moderate growth in welfare benefits without having to participate in various trade union struggles, which essentially plays a role in reducing labor disputes. Song Yefeng has pointed out that the “Shuntö” mechanism enables employees to express their demands on a regular basis, and labor and capital often coordinate relations to maintain a long-term “dynamic stability” situation.

After interviewing various legal experts on labor relations, the journalist Huangpu has highlighted the special form of Japanese labor relations—Shuntö—literally translated as “spring (wage) offensive,” connoting that the employees use a regular time period each year—at the start of spring—to undertake bargaining with employers on wage- and labor-related issues. This negotiation mechanism, based on a distinctive Japanese tradition, provides a very special way to settle labor conflicts and mediate the interests of employers and employees. The fixed period of the “spring offensive” provides a regular time for negotiation, deescalating the potential for conflict at other times of the year. According to Huangpu, this spring offensive is favorable for maintaining long-term “dynamic stability” of the Japanese society [37]. Experiences from Anglo-Saxon countries like the United Kingdom and the United States have also been used as examples to justify an independent interest-mediation system for resolving labor disputes:

Britain is the birthplace of the industrial revolution, and various labor disputes and strikes have run through the history of British capitalism. After long-term struggles and compromises among the government, trade unions and employers, especially since Mrs. Thatcher’s administration, the labor disputes and the strikes that had spread throughout the country have diminished. Labor negotiations, mediation by specialized agencies, collective bargaining between trade unions and employers, and judgments by the employment court have become the mainstream means for resolving disputes. The non-governmental institution—the Institute for Advisory, Conciliation and Arbitration, funded by the UK Department for Business, Innovation and Skills, has established special agencies dealing with collective bargaining disputes, playing an important role in easing labor relations.

The US labor dispute resolution system is worthy of reference for China, [which should]: (1) Establish an independent enterprise trade union system and change the role of trade unions in the labor dispute resolution system. (2) Improve the common negotiation system for handling labor disputes, stipulate that laborers and employers shall coordinate their obligations and responsibilities for resolving disputes, give consultation and mediation agreements legal enforcement power and establish a sound consultation mechanism. (3) Improve the legal status of collective bargaining and collective agreements, and stipulate that collective bargaining is the obligation of employee representatives and enterprises to determine labor relations, not just the way to resolve disputes of interests in the event of interest disputes.

Authors’ own translation of [38].
Chinese scholars have used the practical experiences from the United Kingdom and the United States, placing emphasis on the significant role of independent third-party organizations (in the case of the United Kingdom) and the courts (in both countries) in the mediation and conciliation of conflicts between employers and employees as well as in the arbitration of legal disputes. According to the U.S. example, Mei appeals to establish an independent trade union and legal enforcement framework to guarantee the institutional mechanisms of interest-mediation between employers and employees—an unusual and a courageous appeal based on Western examples.

Despite the delayed real development of “co-determination” and “capital-labor-negotiation” at the institutional level, ideas and ideational concepts in these areas have been circulated, perceived and theoretically discussed by Chinese scholars and experts, advocating various forms of co-determination including dialogue, negotiation, agreement-making and deliberation. Such dynamic ideational circulation and communication represent a semantic transition and enlightenment in the ideational-discursive field.

4. Conclusions

This research has reconstructed the autonomous sphere of employment protection characterized by limited progressive developments. Since the end of the 1990s, China has gradually created unemployment social insurance and work accident insurance programs at the national level, which are both derived from the ideal type of Bismarckian social insurance. Unlike the rapid expansion of old age pension insurance and medical insurance extending to most Chinese residents, however, these two programs have undergone only slow and limited development, covering less than half of urban employees. Compared to the gradually institutionalized unemployment insurance and work accident insurance, the arena of institutional mechanisms for mediating interests and conflicts between employers and employees in the forms of “co-determination” and “collective bargaining” are still situated in a premature stage; no national programs have been launched yet. Only in some subnational regions like Zhejiang province have local governments tolerated the employer and employee associations that have established some institutional mechanisms to negotiate the disputes and conflicts between both sides, fostering an emergent Zhejiang-model of “co-determination” [32].

At the ideational level, mainstream academic opinions advocate for the establishment and continuous extension of key labor protection programs such as unemployment insurance and work accident insurance. Moreover, even regarding sensitive topics such as “co-determination,” the “articulation of workers’ interests” and “collective negotiation” and “bargaining,” various Chinese scholars, journalists and experts have expressed their ideational preferences for adoption of these key institutional mechanisms of “co-determination.” Through interpretative references to different variations of “co-determination” in advanced OECD welfare democracies, they are regarded as essential institutional arrangements for sustainable and harmonious socio-economic development. Collective bargaining and negotiation between employees and employers are conceived and interpreted as “economy-promoting,” “competitiveness-intensifying” and “effective” from a long-term perspective. Surprisingly, mechanisms of co-determination are not regarded as time-consuming, anti-productive and efficiency-decreasing by Chinese interpreters. In the interpretation of Chinese scholars, in a socio-political sense, “co-determination” assumes the function of maintaining stability and facilitating balanced and sustainable development. According to their cognitive perceptions, “co-determination” in forms of “negotiation” and “dialogue” represents an alienable institutional mechanism of modern society, and this model is compatible with the establishment of harmonious society advocated by Chinese government [33–38]. These interpretative discourses show that Chinese intellectual elites fully realize that complete labor protection and equal rights of labor and capital can truly promote long-term socio-economic developments, so as to achieve the social targets of sustainable development. In this vein, labor protection, social safety net for all employees and equalization of the rights between employees and employers are closely linked to social sustainability. Without labor protection and co-determination, there is no real social sustainability for a threshold country like China.
In terms of the nexus between societal structure (i.e., the institutional development of employment protection) and semantics (ideational perception) [5,8], this research has revealed the trends of “asynchronicity” and “incongruence” between the expression of ideas and their institutional fulfillment. The ideational perception of co-determination and other mechanisms for mediating interests reveals that semantics can precede institutional development. Ideas can be circulated at an independent, cognitive-discursive level without being linked to authentic legal-institutional development. This is not the case, as Luhmann proposed that semantics adapt to social transformation and societal structure [5,8]; on the contrary, ideas and narratives get ahead of the actual development of society. According to the temporal perspective, practice lags far behind the rhetoric. The temporal inconsistency between ideas and real social developments reflects the supercomplexity of contemporary Chinese politics and society. Connecting to the theoretical concept of “decoupling” proposed by the Stanford School, this research [9,10] has revealed the discrepancy between “talk” and “action.” The ideational expressions remain at the discursive level and verbal communication does not necessarily result in acute institutional and legal validity. At the semantic level, scholars and labor experts in China have addressed the necessity and significance of “co-determination” and the capacity of workers to articulate their interests, additionally suggesting that the adoption of these mechanisms would benefit sustainable socioeconomic development. The narrative of labor-interest-related “sustainability” is diametrically opposed to the short-term nature of GDPism, in which economic developmentalism takes precedence over other semantics and scripts on social development. The semantic primacy of economic developmentalism over other spheres has been partially deglamorized over the course of the post-reform period in China because massive social problems since the inception of the economic reform have elevated social awareness among the Chinese public substantially. The social semantics concerning equal and balanced development have become more salient and visible in the Chinese public discourse space [39]. However, due to political constraints, semantics on “co-determination” remain mired in scripted documentary records and literal words, unable to be put into practice and acute institutional development so far. Nevertheless, semantic advancement has its own unique social meaning and development logic. It can enlighten the public and citizens in the communication field, encouraging the social commitment to empower atomized individual workers in the market economy to organize themselves through their representative bodies and articulate their interests. Written ideas contain also their own discursive “power,” exercising their clout in the authentic socio-political world. Thus, semantics can foster social changes over the long term, functioning as a social catalyst to create and stimulate institutional change when social and political conditions become more conducive to such change.

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References


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