Ingrained interests and path-dependency
Employees’ acceptance of new management systems in a Chinese state-owned enterprise

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ABSTRACT
This study is a sociological exploration of changes and interrelationships between production systems, management systems and employment relations through a case study of a Chinese state-owned enterprise (SOE) which has undergone substantial restructuring and reforms in an agriculture-dominated region that has witnessed rapid industrialisation. It draws on data collected through qualitative interviews, focus group discussions and workplace observation and participation. The findings suggest that while market, efficiency and performance have become the dominant discourse in China’s SOEs, various organisational actors have reconstructed their identities, engaged in constant negotiations and continued formal and informal rules that supported their interests.

KEY WORDS
China, employment relations, employee resistance, lean production, SOE

Introduction
In recent decades, China has seen the adoption of neoliberal economic policies, systems and practices at both economic and enterprise levels (Wu & Ma, 2016). The expansion of market forces and the associated socioeconomic changes have far-reaching implications for employment relations. The legitimacy of employment relations in the SOE sector, in particular, where various economic, social and political ties connecting
workers with SOEs remain strong (Zhu et al., 2012), has increasingly relied on the neoliberal discourse which emphasises efficiency and supports a unitarist relationship between workers and employer (Ding et al., 2000).

Employment relations comprise multi-dimensional relationships representing social, economic, cultural, psychological and political links between workers, employers and the state (Budd & Bhave, 2010). However, the economic and psychological links have increasingly moved to the centre of the employment relationship. The scholarship on China's employment relations also shows the phenomenon of the dominance of the economic over the social (Friedman & Lee, 2010; Liang et al., 2010). As interpreting employment relations solely from an economic dimension can at best bring a partial picture, it is necessary to go beyond the interpretation of exchange relations to explore the social, political, institutional and cultural forces that have together influenced the actions and interactions of workers (Budd & Bhave, 2010).

Following the sociological and institutional tradition in the study of China's employment relations, this study aims to explore employee resistance to new management systems by presenting evidence from a case study of a coal-mining SOE that has undergone extensive organisational changes, including the implementation of lean production. A sociological perspective highlighting the socially embedded nature of employment relations is particularly relevant to the Chinese context, where the persistence of strong and coherent cultural and social norms is resilient to the institutional changes brought by economic reforms (Coase & Wang, 2012). In so doing, this study responds to recent calls to adopt a more accommodating framework of employment relations and to incorporate social and organisational contexts into the research design (Cooke, 2014; Gollan & Xu, 2014).

Employees’ acceptance of new management systems

The issue of employee resistance to change is well reflected in the debates on lean production that focus on its implications for work intensification and workplace power relations (Conti et al., 2006; Mackenzie et al., 2020; Neirotti, 2018). Built on the ideas of ‘continuous improvement’, the core of lean production is to standardise and optimise work procedures and processes to enhance efficiency, quality, flexibility and reducing operational cost (Womack et al., 1980). While advocates of lean production argue that lean production promotes the participation and involvement of workers, various studies show that employees respond to the newly implemented management systems with negative or mixed feelings, as they suffer from insecurity, coercion and loss of autonomy (Neirotti, 2018; Vidal, 2007a), which in turn affects how they perceive the psychological contract between employees and employer (Fuchs & Edwards, 2011; van den Heuvel & Schalk, 2009). Critical theorists contend that work standardisation and constant peer monitoring are the reflections of intense managerial domination (Carter et al., 2014; Graham, 1995; Lewchuk & Robertson, 1997) and that lean production usually leads to work intensification and job stress (Bouville & Alis, 2014; Conti et al., 2006; Mackenzie et al., 2020).

The resistance of the working class to the imposition of modern management strategies such as lean production has also been approached through the lens of labour process theory (Braverman, 1974; Thompson & Smith, 2017). Researchers following
the labour process perspective have presented evidence to suggest that multi-skilling and greater worker participation exist under lean production (Delbridge, 2003; Stanton et al., 2014). According to Smith and Vidal (2021), work intensification may not be the inherent outcome of lean production systems, but rather inherent to the broader capitalist labour process. Attention should therefore be directed to examining whether lean systems are implemented in a way that includes substantive worker participation and genuine multi-skilling and to understanding how work intensification and control of labour are moderated by macroeconomic and institutional forces, power relations between capital and labour, and management perceptions and tactics (Smith & Vidal, 2021).

The literature on China’s employment relations in general has been dominated by management, social psychological and behavioural approaches. Management scholars focus on how Western human resource management (HRM) policies and practices have been transplanted to China and often refer to the convergence and divergence debate (Ding et al., 2000; Wang et al., 2016; Warner, 2008). Organisational behaviour and workplace relationships are also investigated by examining the impact of management practices on psychological and behavioural outcomes of employees (Chen et al., 2004). For example, in their study using a sample of 605 matched cases of workers and their immediate supervisors in a reformed SOE in China, Hui et al. (2004) indicate that perceived organisational support relates to affective commitment more strongly than to organisational citizenship behaviour. Analysts following a culturalist perspective have explored how Chinese culture influences the adaptation and implementation of HRM practices (Farh et al., 2007). Si et al. (2008) show that Chinese managers do not react negatively to the breach of the organisational psychological contract due to the influence of the collectivistic culture. Supervisor-subordinate guanxi, in particular, constitutes an important workplace relationship and provides resources for career development (Guan & Frenkel, 2021).

With a few exceptions (Li, 2012; Zhang, 2015a; Zhang & Frenkel, 2018), the topic of employee resistance to change has not been adequately studied from a sociological perspective in the context of China. The extant literature fails to discover the underlying mechanisms embedded in culture and may oversimplify the complexity and dynamics of China’s employment relations (Cooke, 2009; McKenna et al., 2010), as Chinese SOEs’ choices of employment relations institutions are path-dependent and context-ridden (Chen et al., 2016). The contribution of social dimensions to economic actions is taken up rigorously by the new economic sociology and the new sociological institutionalism, which provide useful accounts of how economic behaviours are constructed and located in social and institutional contexts (Beamish & Biggart, 2005; Scott, 2001). The acceptance of and resistance to new production and labour regimes such as lean production can be explained from a social and institutional perspective through several analytical concepts and dimensions discussed below.

Biggart and Castanias (2001) argue that social relations and structures have economic functions that can be used by actors to reduce uncertainty and risks in

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1 Guanxi literally means ‘relationships and networks.’
economic actions and to advance their interests. Swedberg (2004:11) similarly maintains that ‘interests drive actions, while social relations give them their direction’. In the field of employment relations, Bélanger and Edwards (2007) question the assumption that industrial relations agents always behave according to a predetermined set of interests and argue that interests are constantly constructed in specific contexts through the evolution of the employment relationship. In China, for example, workforce dualism in SOEs has influenced workers’ collective resistance, as formal workers driven by their interests were largely restrained from actively supporting temporary workers (Zhang, 2015a). Thus, a sociological concept of interest must investigate how their interests are pursued by actors through the means of social relations. Social structural and network positions, as well as cultural beliefs embedded in institutions, are key to understanding actors’ perceptions of self-interest (Fligstein, 1990).

In complex economic activities and when actors’ repertoires have to be re-established due to profound social institutional changes, the strategies of action have to be constructed in the context of social interaction and with the availability of cultural tools and resources (Swidler, 1986). Biggart and Beamish (2003:457) refer to this emergent process as a performance of rationality ‘constructed in interaction with others and [is] rational in the sense that it appears rational to self and others within a social setting but not necessarily in some objective external sense’. As shown by Hayton et al. (2012), social relations structure the web of relational roles for employees and the quality of employees’ networks and the reciprocal exchange relationships with colleagues are likely to direct how employees perceive organisational support.

Organisations pursue and acquire legitimacy rendered by institutionalised expectations rather than efficiency and adopt the expected structures and management practices (DiMaggio & Powell, 1991; Scott, 2001). Organisational forms and behaviours are shaped more by formal and informal rules and enforcement mechanisms and less by actors’ utility-maximising rational choice (North, 1990). As described by Plankey-Videla (2006) in the case of Moctezuma, it was the ‘community of fate’ ideology that underpinned the implementation of lean production. Legitimacy tends to be a more acute problem for both joint venture firms and SOEs in China, where strong socialist legacies still exist (Zhang, 2015a).

The new sociological institutional theory highlights the conflict and power in institutional changes and describes the intentional efforts of actors that affect institutional change (DiMaggio & Powell, 1991). Empirically, managers are well positioned to manipulate the rhetoric of lean production on employee involvement and empowerment (Jones et al., 2013). Plankey-Videla’s (2006: 2116) research showed that managers constructed the ideology of loyalty and sacrifice, which together with workers’ welfare programmes ‘convinced workers to extend their physical, intellectual and emotional labour to the firm’. Lean production also offers managers a technology of power to use to influence the conduct of workers (Mackenzie et al., 2020). The role of front-line managers under lean production has been transformed from knowledge support to output monitoring and employee supervision (Carter et al., 2014). Workers, on the other hand, contest managerial power with their interpretations of solidarity and teamwork (Vallas, 2003). The agency of workers should not be ignored, as workers are capable of negotiating and consolidating individual concerns and taking individualistic actions (Ayaz et al., 2019).
Organisational outcomes are seen to have path dependency, organisational isomorphism and structural inertia (DiMaggio & Powell, 1983). Research has shown that new management systems and work practices are often selected and implemented in a way that is shaped by the social and organisational forces surrounding their implementation (Vidal, 2007b). The tension between work standardisation and participation could be viewed as socially constructed, based on the historical context of the workplace (Rothstein, 2016). In China, those established organisational routines that SOEs have maintained may be opposed to the rapid changes in formal rules, giving rise to both opposition norms and structural inertia (Nee, 2005).

Thus, researchers need to consider more fully the interests, actions and power relations of the workforce in the study of employee resistance to change and pay greater attention to the institutional factors and social relations that accompany the implementation of new management systems.

Research context and methodology
This research was a case study, employing a combination of qualitative interviews, focus group discussions and workplace observation and participation in its fieldwork. The case study company, X Group, is a major SOE in S city of H Province of China. S city is a medium-sized city where the majority of workers are in the agriculture sector and a substantial presence of the coal mining industry. Characteristic of the central and western part of China, this is an environment where both residues of ‘pre-modern’ societies and elements of ‘modernising’ societies can be observed. X Group is one of the largest companies in H Province with 17 subsidiaries and combined total assets of 30 billion Yuan. Chiefly engaged in coal extraction, it has diversified its business portfolio into coal-electricity, coal logistics and non-metal material development. X Group employed over 30,000 employees in 2011.

Fieldwork was conducted in 2012, focusing on the headquarters of X Group and its main business – coal mining. Two out of a total of 12 operating coal mines were chosen for the fieldwork at the workplace level. Although the fieldwork was conducted several years ago, this research could contribute to the extant literature given its focus on the influence of cultural, social and institutional forces, which remain largely unchanged, on employee perceptions and behaviours. Furthermore, there are theoretical and methodological gaps in the literature on China’s employment relations and employee resistance that this research offers analytical perspectives and interpretations to help bridge. Context-embedded data, which are difficult to collect through surveys, remain scarce, especially in China’s central and western regions.

Qualitative interviewing was the main data collection method. An interview protocol was developed based on the main research questions and the literature, covering a range of employment relations issues, including workplace relations between management and workers, identity as an SOE employee, and pay and benefits. Respondents were asked to provide detailed examples of typical events that occurred during the introduction of major new management systems and employment relations policies and practices. The specific aim was to explore the perceptions of those who were experiencing and observing the implementation of employment relations changes in their particular locale in the firm.
The selection of interview participants largely followed the principle of theoretical sampling, to include in the study employees who had the experience relevant to the inquiries. Twenty four unstructured interviews were conducted. At the headquarters, top executives, the group HR manager, trade union officials, as well as several employees working in the field of employment relations were interviewed. At the coal mines, in-depth interviews were conducted with some participants of the focus groups and a few workers. All interviews were conducted in Chinese and lasted from 30 minutes to three hours.

During the visits to the two coal mines, work organisation and workplace practices, including underground coal digging and extracting, were observed. In each coal mine, a focus group discussion was conducted. The researchers also attended several management brainstorming sessions, two meetings on workers’ welfare matters, one worker education committee meeting and an employee training session on organisational culture. Company records, annual reports, internal policy manuals and documents were collected for detailed document analysis. Field notes of workplace observation were taken daily. Important observations were highlighted and explored in the following interviews and discussions.

Following grounded theory procedures (Strauss & Corbin, 1990), the analytical process began with a systematic reading of the data by the authors separately to identify common themes. Broad themes were further refined in the light of the organisational context and literature review on employment relations and employee resistance to change. Themes and data were reviewed and selected based on their theoretical significance. The authors started coding based on analytical research questions and engaged in constant comparison with the categories from the data, following the content analysis methodology (Krippendorf, 1980).

Findings
The introduction and implementation of new management systems at X Group had accelerated since 2004. In the process of re-engineering work organisation, X Group investigated several Western and Japanese management systems and began to reform its business models and operational structures featured by centralised corporate governance at the group level, lean production at the enterprise level and self-directed teams at the workplace level (Interview, Group HQ, No. 2; Interview, Group HQ, No. 4). The lean production system implemented at X Group had several typical principles and mechanisms, including process standardisation and efficiency and continuous improvement in addition to an emphasis on people development, workforce flexibility and organisational learning. Through these performance-driven reforms, X Group aimed to strengthen its competitiveness in the market. From 2005 to 2010, coal production increased from 10.5 to 16.2 million tons and sales revenue grew from 6.2 to 20 billion Yuan (X Group, 2011a) and all coal mines maintained a good safety record (X Group, 2011a).

Increasing workload and changed routines
The lean production model was considered the key pillar for achieving flexibility and efficiency at X Group. X Group followed the principles of procedure standardisation
and efficiency of lean production. There were standards for ‘everyday’, ‘everyone’, ‘everything’ and ‘everywhere’ (4Es) (X Group, 2008). Practices such as ‘shou zhi kou shu’ (describing while pointing) and on-site job demonstrations were widely and regularly implemented to improve workers’ skills and consciousness of continuous improvement. Underground in the mines, four management techniques were used: coding, positioning, marking and board checking. Workers, procedures and materials were constantly monitored and assessed.

Lean production and its associated systems of flexibility and teamwork were demanding. Given the reduction of the workforce and increasing work quotas, workload and pressure were unavoidably on the rise. M, a 25-year-old miner, had joined coal mine B two years previously. Having recently become a father, he was fired due to absences from work for private matters. The union official interviewed showed his sympathy towards M. To him, although workplace discipline had to be followed, the system-driven regulations seemed too relentless and harsh on M. Another miner similarly complained:

> Everybody has emergencies and sometimes it is too urgent to ask for leave. If that happens, we are at risk of losing the job. Can the management be a little more patient? We are risking our lives working for you. (Interview, coal mine Q, No. 6)

Before the economic reform, the labour relations system in SOEs was characterised by reciprocal employment relations reflected through the ‘three old irons’ (Bray, 2005; Walder, 1986). Unlike the old days, job security for SOE workers was no longer guaranteed in the form of lifelong employment. At X Group, the labour contract stipulated that if a worker did not turn up for work a few times his/her contract would be terminated. Power rested primarily with the rules and regulations, with relationships coming only in second place.

Not only miners and manual workers but also managers complained about the mounting work pressure (Focus Group Discussion, coal mine Q). In addition, the new management systems brought changes to work ethics and practices. In the past, managers were like government officials, sitting in the office, reading documents and giving instructions. Under lean production, managers were required to participate in continuous improvement processes. Their physical presence in the front production lines was mandatory. While some managers and office clerks wanted to remain ‘tea drinkers’, others feared that they could not adapt to the new systems (Interview, coal mine B, No. 7).

Reforms represent a challenge to the routinised ideology and behaviours of employees. The management had to make adaptations to the implementation of lean production and other management systems to reduce the resistance of workers. In the early stages of the implementation, initial targets were often lowered to bring comfort to the often-anxious employees and full implementation would proceed only after the approval of the majority of workers. The historical and local context of X Group also

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2 The phrase ‘three old irons’ refers to lifetime employment and welfare provided by the state (the ‘iron rice bowl’), centrally administered and fixed wages (the ‘iron wage’), and state-controlled appointments and promotion (the ‘iron chair’).
played a role in explaining how the management and workers made their cases, where the management often highlighted the hardships and problems of the past.

_We cannot afford to go back to the old system...Do we still remember all the troubles in the old days? This is what reform is all about. There are gains, and there are pains as well._ (Interview, Group HQ, No. 2)

**Workplace safety as a performance management strategy**

X Group had attempted to elicit the commitment of workers to lean production through a common goal – mining safety. Mining safety is the top priority in the coal mining industry and is a concern in which both the management and miners have a major stake. One of the justifications by the management for introducing lean production was that it could help greatly reduce workers’ errors in the underground operations of coal mining.

Under lean production, procedures and rules always come first in miners’ daily work. The standard preparation procedures for miners to go and work underground are as follows (Interview, coal mine Q, No. 7; X Group, 2008): Before descending into the underground tunnel, workers first perform safety routines. The team leader provides a briefing on the safety and production record of the last unit and distributes production tasks to every worker. Potential safety concerns are analysed and countermeasures are described in detail. The team leader also checks whether miners are wearing their uniforms and equipment correctly. At the work site, the safety monitoring officer demonstrates the work procedures once again through ‘shou zhi kou shu’. After the work is completed, the team leader makes the on-site assessment of the quality and quantity of work and summarises the safety issues again.

By and large, the safety consensus appeared to work well to reduce workers’ resistance to lean production. But sometimes the safety justification turned out to be not enough to reduce the grievance of some miners.

_We appreciate that (safety objectives). But even if it is for safety, it (lean production system) is too strict. A few mistakes will make you unpaid for the whole month, and it will affect the year-end bonus as well. ….. Underground we must be on constant alert. There is no time to be absent-minded, not mention to relax._ (Interview, coal mine Q, No. 7)

Indeed, despite the efforts to improve conditions in the underground tunnel, it was still a very harsh work environment, which made the claimed benefits of lean production for empowering workers somehow irrelevant. The interviews with miners and the focus group discussions generally pointed to a reduced level of interest in controlling work execution among workers in the face of heavy workloads and harsh working conditions. As workers had endured, on a daily basis, the pressure from lean production, they expected in return not only enhanced workplace safety but also secured monetary and material benefits. Therefore, apart from mining safety, the management and workers were seeking different things under the same banner of safety.

**Workers’ core interest in reforms: income and job security**

The new business strategy aimed to make X Group the most competitive energy company in the region through improving coal mining and sales as the core business
and developing new growth engines along the value chain. Since early 2000, China had entered another round of fast growth and coal had been in high demand with coal prices soaring year by year. In such a macroeconomic context, some workers initially questioned such a business expansion plan, as the acquisition and development of coal-chemical and coal logistics businesses required substantial investment and would take many years to reach a turnaround.

For workers, their core interest in the reforms was simple and clear – higher income. SOE reforms would not gain workers’ support if the reforms failed to improve their income and living conditions. One worker interviewed put it this way:

_We ordinary workers work for the salaries to support our families…… X Group often ignores the inflation as well as the increasing work pressure that we bear every day._ (Interview, coal mine Q, No. 6)

Material support is an important aspect of a labour regime in China (Nichols et al., 2004). In its restructuring process, X Group started to off-load welfare and social responsibilities. For example, the free medical system was replaced by a medical insurance scheme; and its affiliated kindergarten and schools that offered free schooling to the children of X Group’s employees were either closed or transferred. In light of the loss of welfare and benefits, workers were anxious to see whether the reforms could bring them higher income and better welfare arrangements. The previous social bond between workers and X Group had gradually shifted to a more materially-oriented relationship.

Nevertheless, workers in general, and rural workers in particular, were thankful for the coal mining jobs which improved their lives. Formal industrial work after all is still far better than rural farming and urban informal jobs. The fear of falling into the rural and informal labour market operated as a powerful driving force to make workers concur more generally with the management of X Group. To them, all the hardships of work intensification and job stress were outweighed by the employment gains.

**Organisational culture and training as trust-building measures**

In addition to changes in the production process, the management understood that lean production required the skill development of people and a cultural change. Organisational culture and staff training were introduced to complete the integrated management systems.

X Group’s building of organisational culture started in 2004. A 12-item value system was identified and promoted through four identification systems: ideological, visual, acoustical and behavioural (Interview, Group HQ, No. 1). The Group produced and distributed a series of organisational culture-related brochures to employees and requested staff to wear ID badges at work. Every Monday, a flag-raising ceremony was held at the headquarters and all coal mines. With these practices, X Group aimed to establish a new identity as a modern corporation.

In 2006, X Group started a new phase of cultivating value concepts, to improve the loyalty of employees and unite them under the banner of company development.

_The top management clearly recognise the importance of organisational culture. If the Group can not win the heart and mind of workers, the introduction of lean systems will fail._ (Interview, Group HQ, No. 1)
Among the organisational cultural values, X Group identified ‘integrity and trust’, ‘cooperation’ and ‘innovation’ as the core values, which corresponded to both efficiency objectives and managerial interests. ‘Heroic action’ was another core value concept that had been brought alive from the past when it referred to individual cases of personal sacrifice for the benefit of others and the group. It was redefined to reflect exceptional work achievement and performance excellence and linked to monetary rewards. To promote a culture of excellence, X Group introduced an annual conference on best work practices. Every year, there were awards for six best-performing teams, nine-star team leaders, and 30-star employees. Each mine had its own ‘chief engineer’ and ‘chief employee’ competitions, which were held monthly and the winner was awarded a lump sum ranging from 10,000 to 500,000 Yuan3 (X Group, 2011a).

In the official discourse, staff training was treated as holding strategic importance in the production of a skilled and flexible workforce (X Group, 2011a), which is required for the successful implementation of lean production. There was a variety of on- and off-the-job training provisions covering the areas of management skills, technical skills and work practice. Training became intensive at the unit and team levels. Units and working teams were required to have daily training 365 days a year. All units had to follow the training objective of ‘one theme every day, one case study every week, one exam every month, and one evaluation every quarter’ (X Group, 2011a).

X Group transformed its production and labour processes from human supervision to rational lean systems. These changes were facilitated by the development of organisational culture, employee skills, performance-based rewards and employee participation schemes. X Group’s endeavour to promote its organisational culture and staff training, therefore, could also be seen as an effort to align workers’ individual goals and identity with those of the Group, and ultimately to produce a motivated and skilled workforce compatible with lean production.

The power and social aspects of teamwork
Self-directed teams were promoted at X Group. A common strategy in self-directed teams is to give employees more control of their job and a sense of empowerment. X Group’s experience, however, suggested that the top management was keen to strengthen managerial power while striving for efficiency and it was the team leaders rather than team members who were empowered.

At X Group, team leaders were responsible for production safety, quality control, on-site management, cost control and team development matters. Team leaders had the power to allocate work among team members, evaluate the performance of team-mates and decide on rewards and punishment (Interview, Group HQ, No. 9). While workers were encouraged to apply their skills and abilities in carrying out their jobs, their discretion remained constrained, as they had to follow the instructions as to where to work and with whom. Given that team leaders had the final say over the performance evaluation of team members, one more layer of managerial authority was added to the structure. Self-directed teams thus tended to resemble the practice of delegating management authorities to line managers. Whereas in the past a large power distance

3 Approximately from 1,600 to 80,000 US dollars.
had been maintained between workers and senior managers, a power distance now also existed at the team level.

The empowerment of team leaders reflected several organisational considerations of X Group. One explanation was that the senior management wished to restrict the social relations side of work to the lower organisational hierarchies so that they could focus more on business strategies and claim that modern systems of people management had been implemented at X group. This was consistent with the view held by many reformers that social relations at work were trivial and ran against the perceptions of a modern enterprise (Interview, Group HQ, No. 4). As team leaders are empowered, they are at the forefront of adapting managerial authority and control to the social relations prevailing at the workplace. Team leaders could also act as a buffer between the management and workers in the events of conflicts.

Distances between and among workers were also created when the new management systems stressed individual performance competition and resulted in enhanced managerial authority and income disparity. Teammates at X Group, while collaborating, competed for performance and rewards. Thus, the introduction of the new management systems attempted to switch the dense interpersonal relationships of the past to impersonal relationships. The objective of bringing in impersonal, rational and scientific systems to the management of people and business operations appeared to be at odds with the conventional values and routine practices that people inherited in a rural society where kinship customs and rituals are followed and goal-orientation disregarded. Lean practices such as peer monitoring also did not fit well into the local culture and customs that underscore interpersonal relations. Within a team at X Group, competition among teammates somehow was downplayed and group goals were emphasised by the team leader.

The personal influence of the team leader, while increasingly based on expertise, came also from seniority and experience. Z commented,

I don't think a team works well if we only highlight the rules and policies. I personally appreciate the traditional mentor-pupil style of relationship. When I was a team leader down in the tunnel before, I loved to hear my team members call me ‘Lao Z’ or ‘mentor’ rather than ‘boss’. It was interpersonal relationships and how long we had worked together that linked us closely, not the rules and policies. (Interview, coal mine Q, No. 5)

At X group, where seniority was still highly respected, workers were inclined to look for guidance and advice from their team leaders and senior staff, rather than to follow established work manuals and systems.

We have now developed volumes of work procedures and codes, but many workers in the field don’t read them. They still rely on their mentor or team leader, they prefer word of mouth…… (Interview, coal mine Q, No. 5)

The difficulties that workers experienced in following those work manuals may be partially attributed to the low education level of miners. But, perhaps more importantly, both Chinese traditional culture and work practice in coal mines emphasise the role of interpersonal relationships over impersonal systems.
Discussion

This study observed some radical changes to shop-floor work practices due to the introduction of a wide range of new management systems and methods. The process of introduction and implementation of new management systems was fraught with power struggles, and often invoked open and surreptitious resistance from employees (Ybema & Horvers, 2017). Competing interests of different organisational actors were revealed as X Group strived for operational efficiency. For management, business expansion and increasing market shares were the hallmarks of success. Through these achievements, they could strengthen their managerial authority and justify the monetary reward they received. Workers, on the other hand, expected higher salaries, better welfare and job security. Thus, from a pluralist perspective, organisational changes are shaped by how the competing interests of different organisational actors are articulated and pursued (Smith & Pun, 2018; Vidal, 2007b). The implementation of new management systems depends not only on managerial authority and power, but also on the institutional arrangement that organises workers’ interests, and on the outcome of workers’ interpretation that should be understood in the context of workplace routines and relations (Freeland, 2001).

While organisational isomorphism at X Group was shown in the establishment of work mechanisms and performance standards, the implementation of lean production and other new systems was, to some extent, contingent on the cultural and institutional contexts in which X Group operated. The field findings of this study showed that social institutions, including norms, interpersonal relationships and political ideology, which together consisted of the institutional enforcement mechanisms and environment, were at play in shaping the way new management systems were adopted and practised. The political and social responsibilities of X Group as an SOE pushed the management to withdraw from efficiency objectives. Similar findings have been reported elsewhere in China’s SOEs and joint-venture establishments (Zhang, 2015b; Zhao, 2010).

In the course of China’s reforms and economic development, various agents have sought to embrace Chinese cultural roots (Coase & Wang, 2012). Consistent with the findings of some social institutionalist studies (Nee, 2005; Taylor, 2002), this research shows that X Group’s adoption of modern management systems has been influenced to a great extent by the local context, including traditional culture, social relations and organisational norms. At both enterprise and team levels, social relations at work were confronted with the emphasis on rules and efficiency. More often, however, at the team level, workers still followed the local culture and customs and their interpersonal relationships were maintained among teammates. While the employment relationships between workers and X Group have become efficiency- and exchange-oriented, in the social sphere, economic transformation has brought the fracturing of the collective identity of SOE workers and the decline of employee-management trust (Li, 2012). In this context, the practice of empowering team leaders was not only the requirement of the production system but also an intended remedial measure by the management to address the decline of employee-management trust (Zhang et al., 2008).

Some negative impacts of lean production on employees were detected, which supports the pro-labour critiques of lean systems (Bouville & Alis, 2014; Graham, 1995; Lewchuk & Robertson, 1997). Consistent with the findings of Carter et al. (2014),
Mackenzie et al. (2020), and Zhang (2015a; 2015b), field evidence of this present study suggests that the new work organisation had the effect of boosting the power of line managers and team leaders at the workplace, and marginalising the role of workers as a form of human capital. Thus, a critical lens is required to reveal the managerial intention of controlling labour relations through the power of new management and production systems.

X Group’s implementation of lean production was pursued by the management in the context of a largely compliant workforce and with a view to becoming a modern corporation, which helped minimise the level of resistance. Similar to the findings of several authors (Delbridge, 2003; Stanton et al., 2014), multi-skilling and greater worker participation were observed at X Group. Moreover, national employment relations institutions and power balances between capital and labour shaped the extent of work intensification and the nature of worker participation within the lean labour process (Smith & Vidal, 2021). Successful organisational restructuring requires ideological change, which serves to acquire and sustain ‘ideological’ or ‘cultural’ legitimacy (Plankey-Videla, 2006). With all the efficiency-oriented management systems and practices in place, X Group presented itself as a modern and competitive business corporation, attempting to acquire legitimacy by complying with the neoliberal discourse. Workers, on the other hand, cautiously embraced the power and superiority of market forces and had a propensity to refrain from direct criticism and accusation of market-oriented reforms per se, especially when those reforms were able to bring X Group positive and tangible results. The way workers at X Group gradually accepted lean production and other new management systems could also be interpreted as an indication of workers’ surrender to utilitarianism prevalent in contemporary Chinese society (Li, 2012; McKenna et al., 2010).

**Conclusion**

The changes in management systems at X Group have emerged in the context of reforming work organisation and people management in the interests of efficiency and flexibility. Despite their different concerns, management and workers used organisational norms and traditional values as the justification for reforms or resistance. The empirical findings of this study suggest that, while capable of achieving efficiency, lean production and other new management systems implemented at X Group should be seen as contested terrains in which various groups attempt to maintain their interests by negotiating what is rational and legitimate.

Resistance to organisational change can prevent the change process from achieving its intended objectives and produce negative outcomes for both organisations and employees. A better understanding of the organisational conditions under which resistance occurs is therefore an important and necessary exercise for HRM researchers and practitioners. As demonstrated by this study, SOE workers in China resorted to the historically and culturally justified informal rules and norms in interpersonal trust building and derived their interpretative scheme from the wider context of historical and institutional changes. Thus, in the study of employees’ resistance to change,
attention should be paid to the institutional factors and social relations that accompany
the introduction and implementation of new management systems.

Due to the nature of this case study of a single SOE, caution should be exercised
when applying the findings to other SOEs that have different localities and structures.
Nevertheless, as S City and X Group offer a typical environment in central and western
China, this research provides useful insights into the changing employment relations
and workers’ resistance for comparative analysis in China. Future studies adopting
more ethnographical techniques to further examine long-term human interactions in
their natural habitat at X Group or in similar contexts will be beneficial to provide more
in-depth analyses of workplace relations in China.

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