DID UNIONIZATION MAKE A DIFFERENCE?

Work Conditions and Trade Union Activities at Chinese Walmart Stores

Jonathan Unger, Diana Beaumont, and Anita Chan

In the wake of the unionization campaign described in the previous chapter, have the new union branches taken any form of action to improve working conditions at Walmart stores?

To address this question we sought out the help of an indigenous labor NGO (nongovernmental organization) in Shenzhen City, which sent researchers to three of the twelve Walmart superstores in the city to interview blue-collar employees. We also separately engaged the services of several researchers from the Beijing municipal union federation, who conducted interviews on our behalf with union branch committee members and junior managerial staff at all three Walmart stores in Beijing, as well as with relevant Beijing union officials. While information was sought in both cities regarding work conditions at the stores and the union branches’ functions, the differences in the types of interviewees meant that the interviews in Shenzhen provided considerably more information about ordinary employees’ work conditions and their knowledge of the union, while the interviews in Beijing revealed more about the formation and internal operations of the Walmart stores’ branch unions.

Work Conditions and Union Branches at Three Stores in Shenzhen

To appraise the situation in this large south China city where Walmart’s China operations are headquartered, researchers from the labor NGO carried out investigations on our behalf between November 2006 and May
2007. In June 2008 they again visited two of the three stores to find out whether there had been new developments, and again visited one of the stores in July 2009. In between, they telephoned several of the employees periodically to elicit the latest news.

The stores are named after the districts in Shenzhen City where they are located—Xixiang Walmart, Buji Walmart, and Shekou Walmart. Xixiang Walmart and Buji Walmart are huge stores in the rapidly developing industrialized outer districts of the metropolis, in what is known as the Shenzhen Outer Zone. Shekou Walmart is in an exclusive suburb in the western part of the city, with leafy streets, expensive real estate, and a Western expatriate ghetto.

Shekou Walmart is financially the most important for Walmart. Business there is among the best of any Walmart store in China. It employs about 600 staff, including approximately 300 full-timers (60 of whom are part of the managerial staff), 150 part-timers, and 150 casual staff. At Xixiang Walmart there are approximately 500 staff, of whom 300 are full time, and the Buji store’s numbers are similar.

During 2006 and 2007 the researchers went twenty times to the Buji and Shekou Walmart stores and four times to the Xixiang store. All interviews were conducted with shop-floor workers without the knowledge or permission of Walmart management or the trade union, and were carried out mostly outside the stores. The researchers found that these workers were generally quite hesitant to talk about any concrete details of their work or the union because they had been warned by management that they were not to release any information, especially about their wages, to outsiders and co-workers. Their wage slips are sealed and stamped “Confidential.” Despite this, the researchers were able to find out enough information about wages and work conditions to piece together a picture.

The researchers gained information by seeking out acquaintances employed in the store and chatting with them and their co-workers. Sometimes they also posed as shoppers or inquisitive members of the public, and chatted with Walmart staff at restaurants, parks, and other public places after the workers finished work. At the Buji store, one of the researchers had an existing friendship with a woman working there, who provided a particularly detailed account of her experience with the union.

In June 2008, follow-up research was conducted at the Buji and Shekou stores on how the union branches were faring.

Working conditions at Walmart generally adhere to occupational safety and health regulations and other relevant regulations that apply to daily
work conditions. As one of the Chinese researchers remarked to us, “Walmart doesn’t mind cheating workers, but doesn’t dare cheat the government” in terms of material conditions at the stores. Walmart also pays workers on time, which is much welcomed by the stores’ employees. Many of them are migrants from the countryside, and in previous jobs they often encountered serious problems of delayed payments and owed wages. Like all big companies, to low-paid workers Walmart symbolizes security, as they are aware of their vulnerability in the labor market.

The overwhelming problem facing Walmart employees was the low salary, and many of the interviewees complained about this. Shenzhen city is divided into an Inner and Outer Zone with different officially set minimum wages. As stipulated by national law, the minimum legal wages are calculated by the local government in keeping with the local cost of living. In the Shenzhen Inner Zone (which is mainly commercial) the legal minimum wage was 810 yuan (US$110) per month between June 2006 and June 2007, while in the Shenzhen Outer Zone (which is mainly industrial) the minimum legal wage was 690 yuan per month. Walmart’s full-time shop-floor employees in Shekou, located in the Inner Zone, received a base wage of 750 yuan, plus a 400 yuan housing subsidy and a 200 yuan bonus for good performance. Shop-floor employees in the Xixiang and Buji Walmart stores, which are located in the Outer Zone, were paid a base wage of 550 yuan a month, with the same 400 yuan housing subsidy and 200 yuan bonus. Walmart’s pay structure was in fact illegal, because article 13 of the Shenzhen Regulation on Employee Wages stipulates that workers’ base wage must be equal to or more than the legal minimum wage, independent of any additional bonuses or subsidies. The Walmart base wages of 750 yuan and 550 yuan per month are both lower than the official minimum wage, by 160 yuan and 140 yuan respectively.

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The housing subsidy is not paid to store employees in cities with a considerably lower cost of living. Why is it paid in the form of a “housing subsidy” in Shenzhen, rather than simply paying the Shenzhen employees an additional 400 yuan in their wages? Making rents affordable for employees from out of town is not in fact the real purpose—interviews at Walmart’s stores in Beijing reveal that employees who are locals living free-of-charge in their family homes and employees who are outsiders renting rooms in Beijing all equally receive the same “housing subsidy.” Why then, in both Beijing and Shenzhen, does Walmart pay an illegally low base wage and then provide this extra money as a subsidy? In these two cities, paying employees this way appears to be a deliberate effort to avoid paying the full employer’s contribution to the employees’ social security premium, which is calculated as a percentage of the worker’s wage. Thus Walmart gets away with only paying about half the legally required social security premium.

From Walmart’s perspective, there are also other good reasons to manipulate the wage package by allocating close to half as a subsidy and bonus. First, since the subsidy and bonus are fringe benefits, Walmart does not violate the labor law in not adjusting them each year to catch up with inflation. Thus, when the official minimum wage in Shenzhen goes up every year, Walmart often adjusts only the base wage. Here is what the wage package of a full-time Walmart worker at the Buji store looked like in the years 2006–8.

In short, as seen in table 10.2, only 50 percent of the wage package in 2006 was being indexed for upward adjustment. The result was clear—a worker’s wage package at the Buji store rose between 2006 and 2008 at only half the percentage rise of the legal minimum wage.

The Buji store was not unusual. Across China, the wages of workers at Walmart stores failed to keep pace with rises in the legal minimum wage. As shown in table 10.3, in five of the six other cities for which we have obtained

<table>
<thead>
<tr>
<th>Year</th>
<th>Legal minimum wage</th>
<th>Base wage</th>
<th>Housing subsidy</th>
<th>Bonus</th>
<th>Wage package</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>700</td>
<td>600</td>
<td>400</td>
<td>200</td>
<td>1200</td>
</tr>
<tr>
<td>2007</td>
<td>750</td>
<td>675</td>
<td>400</td>
<td>200</td>
<td>1275</td>
</tr>
<tr>
<td>2008</td>
<td>900</td>
<td>775</td>
<td>400</td>
<td>200</td>
<td>1375</td>
</tr>
<tr>
<td>Percent change, 2006–08</td>
<td>28.6</td>
<td></td>
<td></td>
<td></td>
<td>14.6</td>
</tr>
</tbody>
</table>

Table 10.2
Declining real value of workers’ wage packages, Buji Walmart Store, Outer Shenzhen 2006–08 (yuan per month)

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Table 10.3
Legal minimum wages and Walmart store wages in six Chinese cities, 2006–08 (yuan per month)

<table>
<thead>
<tr>
<th>City</th>
<th>Legal minimum wage</th>
<th>Walmart’s base wage</th>
<th>Housing subsidies</th>
<th>Bonus</th>
<th>Wage package</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nanchang</td>
<td>360</td>
<td>510</td>
<td>580</td>
<td>61.1</td>
<td>500</td>
</tr>
<tr>
<td>Quanzhou</td>
<td>600</td>
<td>650</td>
<td>760</td>
<td>26.7</td>
<td>700</td>
</tr>
<tr>
<td>Nanjing</td>
<td>690</td>
<td>750</td>
<td>850</td>
<td>23.2</td>
<td>700</td>
</tr>
<tr>
<td>Daqing</td>
<td>390</td>
<td>620</td>
<td>680</td>
<td>74.4</td>
<td>850</td>
</tr>
<tr>
<td>Wuxi</td>
<td>690</td>
<td>750</td>
<td>850</td>
<td>23.2</td>
<td>750</td>
</tr>
<tr>
<td>Luoyang</td>
<td>400</td>
<td>510</td>
<td>550</td>
<td>7.8</td>
<td>Not yet opened</td>
</tr>
</tbody>
</table>

Source: These data were collected on our behalf by a former Walmart store employee in March 2009, largely through e-mails from current employees who had access to store records. The local government data about minimum legal wages were acquired through the Internet.

* The minimum wage and wage percent change in Luoyang are for the single year between 2007 and 2008, whereas the percent change for other five cities cover the two years from 2006 to 2008.
information, the percentages by which the wage packages of Walmart employees increased were far outpaced by the percentage increase in the local legal minimum wage.

Even including the bonus and subsidy, Walmart employees' overall wage package was low by Shenzhen city's standards—not just because Walmart avoids keeping abreast of inflation but also because Walmart's working hours are short, since employees are not given any overtime work. Walmart's practice of not providing overtime is a big problem for its employees, who have difficulty making ends meet in a region where it is normal for assembly-line workers and service-industry employees to rely on overtime for about 30 to 40 percent of their wage package. Walmart avoids paying the legally required higher pay rates for overtime work, which are 1.5 times the normal hourly rate for weekdays and twice the normal hourly rate on weekends. If a Walmart worker has to work overtime, he or she either is told to "volunteer" to do the work for free (we will return to this later) or is given time off in lieu of overtime pay.

Another method that Walmart uses to cut back on the wage bill is to employ a large percentage of its workforce as part-time or casual staff, who receive lower pay and no subsidies. They work an average of four to six hours per day, six or more days a week. They are rostered during busy times, and their work schedule may change from day to day. A part-time female employee at the Buji store complained that she worked four hours a day, thirty days a month. For this she was paid 5.5 yuan per hour, which amounts to only 500–600 yuan take-home pay each month, even though she had only one full day of rest. She received one free meal each day. To make ends meet, she took up several part-time jobs and found that she rarely had any free time. At some stores, a new nonskilled employee like her has to work on a casual or part-time basis for a year before getting a chance to sit for an exam for promotion to full-time status.

Walmart imposes very detailed rules and disciplinary procedures, and closely monitors workers' compliance. Workers interviewed at both the Buji and Shekou stores complained that they work under enormous pressure. In this environment, many workers are focused on working hard and winning a promotion: for full-time staff, a promotion to low-level management; for part-timers and casuals, a chance to become a full-time Walmart employee. Many of these workers do not want to jeopardize their prospects by making a fuss about their own situation.

Several companies rent retail space from Walmart to sell their products in the Walmart stores, and they employ their own staff, who receive
considerably higher salaries than do Walmart’s employees. A salesperson for one of these companies at the Xixiang store claimed that she was making two thousand yuan per month, as well as ten thousand yuan in commissions per year. In the Buji store, another said that she earned up to ten thousand yuan per month! Though they work in close proximity to the Walmart workers on the shop floor, their take-home pay is far higher.

According to an interviewee, if an employee from a Walmart store in the Outer Zone is transferred to the Inner Zone, his or her wage does not increase in line with the latter’s higher wage scale. This is clearly illegal, since it violates the minimum legal wage in the Inner Zone. It also makes it virtually impossible for these employees to meet the higher cost of living in the inner districts. At the same time, employees who had been transferred from the Inner to the Outer Zone claimed that they had seen their pay reduced.

Walmart might seem attractive to low-skilled workers looking for a service industry job, as the company presents a sophisticated face and is known as the world’s largest corporation. However, the turnover rate of shop-floor employees is very high, suggesting employee dissatisfaction.

**Trade Union Branches**

Has the arrival of trade union branches in these stores helped the staff in any way? The Xixiang and Buji Walmart unions were established covertly on August 4 and 8, 2006. Xixiang was the second store in Shenzhen and the fourth in the whole of China to have a union branch. The Shekou store did not gain a union branch until early September, after the national memorandum had been signed on August 16, 2006. The previous chapter suggested that the memorandum was a critical watershed in how branches got organized, so we might expect the Xixiang and Buji trade unions to be different today from the branch at Shekou.

The Xixiang Walmart union branch was established as a result of secretive organizing, and the inaugural ceremony was held covertly at 1:00 a.m. with the support of the local and district trade union organizations. The elected chair was the twenty-four-year-old head of the store’s electrical appliances department.

Three months afterward, in October 2006, one of the Chinese NGO staff members who conducted research for this chapter saw a female employee entering the home appliances department with several trade union recruitment forms. The employee gave these to several of the staff there,
saying, “Fill them in. Our wages are really too low. We need the help of the union.” Four workers filled in the forms. The researcher pretended that he was a curious customer and approached one of the workers who was filling in the form:

Q: Union? What’s a union?
A: You don’t even know what a union is?
Q: No.
A: Let me tell you. A union helps workers to defend their rights. It’s a voluntary workers’ organization.
Q: Oh, so you’re filling in the form to join the union. Is it that everyone has to join?
A: No, not everyone. It’s voluntary. If you want to join, you fill in the form.
Q: Are there membership fees then?
A: No need.
Q: Why is it only the guys who are filling in the form? How about the women?
A: Oh, women don’t dare to. It’s because they want to advance their careers. In any case we have no chance for a promotion.
Q: How many union members are there now?
A: I heard that there are more than a hundred.
Another worker joined the conversation:
A2: What’s the function of the union? Well, if you come across bosses who don’t pay you your wages, you can lodge a complaint.
Q: Do you have to go to trade union meetings?
A2: I’m not sure. But the union can organize the workers to go on an outing, or organize some entertainment activities during festivals, or hand out some goodies and benefits. If your factory doesn’t have a union, you can go and apply to set one up. Then you might become the trade union chair. The employer will give the union an amount equal to two percent of the store’s wages for union expenses. If the union has 200 workers or more, you can become a full-time union cadre.
A: Then where is this union money?
A2: With Huang Guoliang, the chairman. When the union needs money to do things or organize activities, he uses that money.
Q: Do you know how the union really works?

None of the workers present said they knew how the union operated.
In short, three months after the union was formally set up, the membership recruitment drive was still going on, and the union activist who was doing the recruiting appears to have seriously believed that the union would help to secure higher wages. Some workers thus had some knowledge about the trade union, but it is noteworthy that Chinese workers, unlike American workers, expect a union to organize social activities and give away festival gifts, much as Chinese trade union branches have done in state enterprises during and since the Maoist era.

Events at the Shekou store, where the union branch was established some three weeks after the memorandum was signed, unfolded quite differently. A staff meeting was called where one of the store managers announced that a trade union branch had already been created a week earlier. Employees were told that, if they wanted to join, they should speak to the store manager. Our researcher in January 2007 was able to talk to a few workers outside the store. Two of them were trade union members. According to the researcher’s report:

This Walmart trade union is an empty shell. The person who’s really in charge of the union is the store’s general manager. It seems the way this union works is different from the way unions work in our hometown. [This researcher had once worked as a production-line worker in a state enterprise in Hubei Province]. Our unions back home have an elected trade union chair, a deputy chair, and several other executive committee members. But here the Walmart manager told the employees that the trade union branch’s staff actually is located at the Walmart headquarters for China and that the branch chairperson is also over there. That means no one actually knows who the trade union chair is.

A full-time female worker said that she knew nothing about the union, and became a member only because her supervisor signed her up. Seven out of sixteen interviewees were union members, but only three of them had “actively” signed up. Two full-time workers who had not signed up thought that the only people interested in the union would be those who want to impress their managers and get a promotion. Another employee—a woman who was a low-level manager—described the union as “hollow”: “What does this union do? It has nothing to do with us. After the union was set up, no one any longer mentions it, and there have been no meetings.”

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Despite the early enthusiasm at the Xixiang store, as of 2007-8 interviewees there and at the other two stores knew of almost no union activities. At Buji, during the mid-autumn festival in October 2006 the union gave each worker a box of small festival cakes. Buji was also the only store where interviewees could recall any instance of the union taking action on workplace problems. In 2006, the union had negotiated with the company to secure ten thousand yuan as workplace injury compensation for two workers who were beaten up by a customer. Walmart had initially refused to class the incident as a case of occupational injury.

At the Xixiang store, on May Day 2007 the union organized a basketball match and an outing to another Shenzhen district. The Shekou store similarly had an outing on May Day. However, these activities had also taken place before the union was established. At both stores the so-called union outing was still open to all employees, including part-timers, casuals, and the in-store marketing staff employed by vendor companies, all of whom are excluded from joining the union. The only difference now is that union members are not charged a tiny fee to take part.

This appears to be a well-thought-out policy on Walmart's part. The outings were listed as union activities but the participants knew that the company was responsible. By sideling the trade union as the actual organizer of these traditional Chinese trade union activities, Walmart deprived the new trade union branches of the only credit they could claim for doing something for the workers. Handing out small gifts at festival times or organizing an outing may be the most innocuous of activities, but in the Chinese context these acts help employees to identify with the union, especially among low-paid workers who have almost no chance of spending a day out at a scenic spot and who do care about a box of festival cakes. Such workers, mostly migrants, envy state enterprise workers who bring home all kinds of gifts distributed by their unions during festivals. Walmart management well understands the potential significance of these benefits in the eyes of the workers and tries to deprive the union of this traditional function.

Of the three trade union branches, Xixiang's is the only one that deducts 5 yuan from union members' pay package every month. This is the union that, after having emerged secretly, continued to try to recruit members in the hope of strengthening itself. At the other two stores, interviewees who were union members expressed surprise at the fact no union fees were deducted or collected. We believe this could be another one of Walmart's ploys to try to downplay the presence of the trade union, or indeed to expunge
the idea of trade unionism among its workers: when there are no union fees, there are no expectations of union activity. This explains why many of the interviewed workers tended to be confused about whether there even was a union branch at their store. One worker interviewed at the Buji store in July 2008, almost two years after a union branch was established there, observed that “with or without a union, it makes no difference.” Even though interviewees were highly dissatisfied with their low wages, they had virtually no expectations of the union. Even the union branch that had been set up secretly at the Xixiang store in a democratic election no longer attempted to represent workers or to stand up to Walmart.

The Union Branches at Three Beijing Superstores

We have secured a thick pile of interview transcripts conducted on our behalf by several researchers associated with the Beijing Municipal Federation of Trade Unions in mid-2007 at three Beijing Walmart stores. Taped interviews were carried out with twenty-seven store employees at the Xuanwumen, Zhichun Road, and Jianguo Road superstores. At two of the stores, interviewees included the store’s union branch head, and in all three stores a member of the union branch committee as well.

All of the interviews at the Walmart stores were prearranged through official channels. One consequence was that every one of the store employees who were interviewed had been selected by Walmart management. All but six of these twenty-seven interviewees held a junior or middle-level managerial post, usually as the supervisor of a section of the store or as a member of the store’s human resources department. As would be expected, given that they were selected by Walmart, all but one felt positively about Walmart as an employer.

All of the twenty-one junior and middle-level Walmart managerial staff members—including the union branch heads and branch committee members—were young. The eldest was thirty-three, and most were in their mid-twenties. These Walmart stores had been recently established, and Walmart preferred to recruit its supervisory staff within a few years of their entry to the job market. Most were recent graduates of lesser-known provincial universities, where most often they had majored in management studies. Most were relatively new to Beijing. They were happy to be employed at an internationally significant company like Walmart. They had faith in the company’s goodwill and looked forward to shaping their
Table 10.4
Interviewees’ status at each of the three Beijing stores

<table>
<thead>
<tr>
<th>Store name</th>
<th>Total number of interviewees</th>
<th>Number of junior/mid-level managers</th>
<th>Number of union members</th>
<th>Union head interviewed?</th>
<th>Number of other union committee members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jianguo Road</td>
<td>7</td>
<td>7</td>
<td>4</td>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>Xuanwumen</td>
<td>15</td>
<td>11</td>
<td>10</td>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>Zhichun Road</td>
<td>5</td>
<td>3</td>
<td>2</td>
<td>No</td>
<td>1</td>
</tr>
</tbody>
</table>

Careers there. They saw themselves very much as part of the Walmart management team. This was true of all of the union branch heads and committee members who were interviewed.

The researchers in Beijing also sought out officials from the urban trade union who had played a part in the establishment of the Walmart union branches. The trade-union structure is in line with Beijing’s administrative divisions. The city is divided into eight large districts (qu), each containing about 2 million people, and each district is in turn divided into subdistricts (jiedao) containing approximately 100,000 residents. The researchers were able to secure interviews with the heads of the trade union federation in two of the large city districts that contain Walmart stores, as well as with the leading union official at each of the three city subdistricts in which the three Walmart stores are located.

**The Selection of Union Branch Committees**

Beijing was not among the areas which had sought to organize Walmart stores prior to the memorandum in August 2006 between Walmart and the national union federation. Nevertheless, during the following weeks the mission to establish union branches at the Beijing Walmart stores was regarded as so important, recalls the union head of one of Beijing’s subdistricts, that three task forces were formed by the city-level union, one for each of the three stores, to push through the program. The chair of the Beijing city-level union came to hold strategy meetings every day with the district and subdistrict union leadership.

In these strategy meetings they anticipated that they would encounter resistance from store management. How should they go about reaching out to store employees? How could they get hold of the employee name lists? In the end, though, they fell back on the well-tested method of requesting an exploratory meeting with the store managers. The union head of the subdistrict containing the Xuanwumen store recalls that a meeting was
granted, but a mere deputy store manager received the subdistrict union head, and told her that Walmart's China headquarters had instructed the store managers to be supportive and to help the union to set up branches. Thereafter, the union head communicated with the store's human resources department, rather than with the managers.

It might have been expected that in the weeks that followed, the union officials at the district and subdistrict levels would have followed the wishes of the city-level union federation, but that was not what occurred. The head of the union of another of the subdistricts noted proudly, "Each trade-union district has some independence." The lower levels of the union tended to be more pro-company than the city union federation, and they simply followed their own preferences in deciding what steps to take. The deputy head of the Haidian District Trade Union, where the Zhichun Walmart superstore is located, recalls:

The city-level trade-union federation and the district trade union were in conflict. . . . The city-level union prepared application forms, and wanted to have the staff vote as though it was secret. We [the district-level trade union] felt it was necessary to cooperate with Walmart and seek its support. We wanted to be more accommodating to Walmart. We felt that we didn’t need to act like an underground union. . . . We felt that in establishing union branches we ought to . . . discuss and come to a consensus with the leadership of the store, and have mutual empathy, mutual support. . . . In establishing the store's union branch we [in the district level union] were able to coordinate and cooperate with the Walmart store's human resources department, and smoothly talked through it step by step. The city union put up posters soliciting candidates [for the store's union branch committee], but we disagreed. We wanted it all done within the store, and to let the store arrange which employees we spoke to. We let the store's human resources department choose the nominees, and we were in accord with the store management as to who among these nominees should be the union branch's chair.

The head of the trade union of the large Xuanwu District noted that his district union went a step further. The city-level trade union had provided awards of 100,000 yuan to each of the three trade-union districts that contained Walmart stores, but in his own district, his union office kept half of this amount, and passed on the other half to the Walmart management as
a “start-up fund” (jidong zijing) for the company to use when it supervised the union branch’s establishment.

The head of the union subdistrict containing the Xuanwumen store claimed that she played at least some role in selecting the nominees for the store’s union branch committee. But the district and subdistrict union officials who oversaw the other two stores admitted frankly that they had simply handed all of the decisions on the composition of the union branch committees to the Walmart stores’ management. Why did they do so? For one, their own concept of a union branch is that it should serve as a welfare arm of management in providing leisure-time activities for employees and charity to employee hardship cases. For another, the district and subdistrict unions come partly under the jurisdiction of the district and subdistrict government administrations, most of which were in awe of a large corporation like Walmart and were pleased to have a superstore in their territory. A substantial number of union officials at these levels had made their careers in these local governments, not in the trade union structure, and they were sensitive to the local government’s wishes. Third, the local levels of the union were understaffed, and therefore preferred to relinquish to Walmart much of the work involved in setting up the branches. For instance, the union officer in charge of the subdistrict level of the union that was supposed to oversee the Xuanwumen superstore noted that her office has seven staff members, but six of these are there only part-time, and this is not their main job. She is the only full-time staff member. Until assigned to head the union subdistrict office, she had served in various other offices of the same city subdistrict government. Her subdistrict contains sixty full-scale enterprises, of which the Xuanwumen Walmart is the biggest. The Walmart superstore, she added, is quite important to the subdistrict government.

Despite having let the stores’ human resources departments take over the lion’s share of the responsibility for setting up the union branches, various levels of the union organization punctiliously went through the motions of introducing the union to employees through recruitment meetings, and subsequently held formal elections for the union committee as specified in union regulations. At the recruitment mobilization meeting held in the Jianguo Road store’s employee canteen, the store management was in charge of keeping order and handing out union materials and application forms, and the store’s general manager was the main speaker. However, at the other two Walmart stores the speeches at the recruitment meeting were presented by union leaders from the city level, and some of these introduced
the union as safeguarding the workers vis-à-vis management. A member of the audience at the Xuanwumen store recalls, "We were told that the union protects the staff's interests and that the union will help defend their rights if these are violated—for example, if they don't get their wages." One participant recalled that at the Zhichun Road store, "We were told the union will provide funding and organize outings, and I understood the union is the workers' organization, and that if you join the union you can go to it, that if you encounter trouble you could seek it out. The union would resolve it, the union would speak for you." (She did not join, saying she was too busy.) Another member of the audience remembers that the speakers "said the union would enable employees to speak up." At the Xuanwumen store, two recruitment meetings were organized, one for each work shift. The head of the subdistrict union recalls,

We distributed union membership application forms and asked those who wanted to join to fill them in right there. We even circulated a piece of paper asking the employees to write down their names and mobile telephone numbers. The moment the store’s human resources department saw this, they took away the list from us. Then they themselves made out an attendance list for us, and so we were not able to have a grasp of the situation.

The perception of the union presented by the city-level union speakers at the Xuanwu and Zhichun Road stores, that the union branch would defend employees, was nullified in the weeks that followed. As has been noted, the district and subdistrict levels of the trade union simply let the human resources departments at two of the stores entirely determine the nominees in the elections for the union branch committees.

The subsequent committee elections were merely a matter of eliminating a few of the human resources departments' choices. At the election meeting at the Jianguo Road store, the employees who had signed up to join the union were provided with a ballot sheet of eight preselected nominees, every one of them a middle-level manager, of whom seven were to be elected. The "election" consisted merely of a chance to eliminate one of the nominees. At the Zhichun Road store, seven union committee members were elected out of a list of ten nominees selected by the store's human resources department. This process of eliminating a few candidates from a preselected list has been standard election procedure in China from the days of Mao onward.
The Branch Committees’ Operations

The new branch heads and union committee members had little idea of what they were supposed to do. The union branch head at the Jianguo Road store says that her training in trade-union work after her appointment was in Walmart’s hands, and that it entirely concerned “Walmart’s enterprise culture” and company policies. At the Zhichun Road store, the new branch committee participated in a single training session organized by the district union. At the Xuanwumen store, no training session of any kind was held.

In interviews, branch heads and committee members said that a lack of knowledge hampered their work. A couple of them noted that their conception of a union was based on their parents’ employment at a state enterprise. One recalled that the trade union had given her parents small gifts at Chinese New Year; the other observed that “a union sometimes organizes things that are fun,” and she foresaw the union branch “helping out employees facing emergencies through gifts of money, carrying out social activities, and giving little gifts to members.” Neither the branch heads and committee members nor any other interviewee reported that their Walmart union branch had handled any case of an employee’s workplace grievance. As a union member at the Zhichun Road store noted, “We’d originally been told [by speakers at the recruitment meeting] that you can go tell the union your problems, but it seems no one does so.” The union branch head at the Zhichun Road store had initiated the only action of any kind that addressed a workplace problem at any of the three stores, and it was not the type of problem that normally involves a Western trade union. He was trying to obtain a secure parking place for the staff’s bicycles and was talking with the subdistrict government about this.

Despite the recruitment-meeting speeches about defending workers, almost all of the interviewees perceived a union largely to be a sort of social club, and they judged its effectiveness in those terms. They thought that a union should organize occasional outings on staff members’ days off, hold a party to celebrate the Chinese New Year, organize sports competitions, and the like. Interviewees who had not joined the union usually said it was because they were too busy with their work and often were too tired afterward to engage in organized social activities.

The three stores’ unions were almost totally inactive even in arranging for social activities. One of the only concrete events involved the distribution by the Xuanwu subdistrict union of free movie tickets at the Xuanwumen
store. At the Jianguo Road store, the branch made plans for an outing to the Great Wall, but—similar to what occurred in Shenzhen City—the company ultimately preempted the branch and itself organized an outing there. In several other cases, the Walmart store's human resources department added the union's name as a cosponsor of an activity that the company was providing, but (again like the stores in Shenzhen) all employees, union and nonunion members alike, could equally participate, and it was obvious to interviewees that these were not actually union-sponsored activities.

Union branch heads and committee members complained that a lack of funds was the major reason for the near-absence of branch-organized events. Up to mid-2007, Walmart's China headquarters had not provided the Beijing union branches with any of the 2 percent of the total wage bill stipulated by law for all unionized enterprises. For the Jianguo Road store alone, the unpaid funding already amounted to more than fifty thousand yuan. The head of the district union in the large Xuanwu District explained approvingly that the union federation needs to treat Walmart with kid gloves: "Walmart isn't the same as other foreign-invested enterprises. Walmart is a very significant transnational chain, and so we need to have a special policy in terms of it having to hand over funds." In the absence of any funds from Walmart, the Beijing-level union stepped into the breach and provided ten thousand yuan apiece to the three district unions overseeing the Walmart stores. Of this, five thousand yuan (US$720) was supposed to be handed down to each of the three stores' branch unions, but even this small amount was not forthcoming. The head of the Jianguo Road store branch reported that less than two thousand yuan had arrived from the subdistrict level of the union, and a branch committee member at the Xuanwumen store reported that no funding at all had reached his own branch.

Nor were any union membership fees (0.5 percent of a member's salary) being deducted and handed over by Walmart. Almost all of the union branch heads and committee members complained that their lack of funding stymied efforts to do anything. Walmart was obviously playing it extra safe. Despite having stacked the Beijing union branch committees with its own junior and middle-level managerial staff, Walmart was keeping the branches starved of funding and was itself still directly running the various social activities that in China are associated with unions. Walmart was quietly undermining even the low-key, entirely innocuous union branches that it itself had largely created and still controlled.

Nor have the higher levels of the union reached out directly to store employees. Even after the establishment of the branch at the Jianguo Road
store, the subdistrict union never initiated any contacts with the store’s staff members. It had contact only with branch committee members, and even then generally only with the branch chair, while the store union itself had very little contact with its own members. In interviews with both ordinary union and nonunion members, they all responded that they did not know who the union chair is.

The branch committee members put in relatively little effort. A committee member at the Xuanwumen store noted, “Besides the fact that there are no funds, we committee members are too busy to put in much time. My regular work has to take precedence over my union work,” and the store provided no time off for the latter. At the Zhichun store, the committee of seven members met once a month, but within the first half year of its establishment three of its members had already left—one had been promoted out of the store, and two had quit Walmart. They had not been replaced.

In the absence of funding, a committee member at the Jianguo Road store said that all that the branch does is seek to recruit new members, and it has no other function. However, the number of members was dropping at all three stores. The Jianguo Road store had signed up ninety members at that initial mobilization meeting, but within half a year the branch was down to seventy members. The Xuanwumen store branch initially had seventy-three members, but it had now declined to fifty. The reason for this is the high employee turnover rate at Walmart stores—a committee member at the Zhichun Road store who is a department head estimated a 30 to 40 percent annual turnover rate at the store. An official in the human resources department of the same store said that many ordinary employees quit because of low salaries—which are lower in Beijing than in Shenzhen. After deductions, he said, as of mid-2007 store workers took home only about eight hundred to nine hundred yuan (US$110–$125) a month, plus any overtime pay; and an official in another store’s human resources department estimated the take-home pay was eight hundred yuan. The pay was so low that the Walmart stores in Beijing relied largely on migrant workers from other parts of China to fill the blue-collar jobs. A department head at the Zhichun Road store noted that only one out of the twenty-two workers in his section was from Beijing, and he noted that many of the migrant workers stay at the Walmart store only until they can find a better-paying job. The union branch committees faced the task of repeatedly informing new intakes of workers about the branch’s existence.

When asked about the initial recruitment meetings, several interviewees favorably recalled the speeches of higher-level union officials about the
union protecting the rights of employees. However, not one of the branch heads or branch committee members subsequently perceived this to be one of their roles, nor did the five local district and subdistrict union officials who were interviewed. In their hands, at best the union would serve as a social club, a dispenser of small gifts, and a source of charity for individual hardship cases. Only one interviewee had developed a vision that a union ought to play a proactive role on behalf of workers by helping them to raise their consciousness and by organizing them to defend their rights. A twenty-four-year-old university graduate who said he had not bothered to join the branch union confided,

What I hope is that the union will care about employees who have real needs. . . . The union ought to give training to the employees to improve their consciousness [yishi]. The employees don’t have a consciousness about the laws, and don’t understand government policies, etc., and we need the union to publicize these. The social security umbrella is used chaotically. The employees’ rights need to be protected by the union. The employees need to be organized.

Collective Contracts

In 2008, the national government and the national union federation finally pushed forward one role for the union to play at Walmart that is commonly associated with genuine trade unions: collective bargaining. As observed in the previous chapter, the first Walmart store to sign a collective contract was in the northern city of Shenyang. The third Walmart store to sign one was, coincidentally, the Buji superstore in Shenzhen that is one of this chapter’s case studies. The branch union chair at Buji signed a contract with a high-level Walmart human resource manager on behalf of sixteen regional Walmart stores on July 24, 2008. Later in the afternoon a ceremony was held to formalize the collective contract, attended by officers of the Shenzhen City Federation of Trade Unions and of the union branch of the Walmart Headquarters for China that is located in Shenzhen City. It was claimed in a major official newspaper that the city trade union had previously consulted with Walmart workers, who had reportedly nominated forty-eight trade union chairs, officials, and representatives, of whom ten were allegedly elected as collective consultation representatives by secret ballot. It was reported in the newspaper that there were two rounds of
bargaining. Agreement of a contract was reached on July 12, 2008, and on July 22 and 23 a Walmart trade union congress was allegedly convened to approve the contract, which covers more than eight thousand employees. It was reported in the official press that five and a half thousand employees (66 percent) voted affirmatively for a 9 percent increase in wages for the remainder of the year and into 2009. In an interview the city trade union chair told a reporter that initially the union asked for a 12 percent wage increase, but failed to achieve this.5

In light of our knowledge of what has transpired in union affairs since 2006 at six of the Walmart stores, including the Buji store, we hold serious doubts about the reported consultation process. Most of the employees at the superstores did not even know the identity of their own store's union chair, let alone know who were the union committee members, so how could the workers possibly nominate forty-eight trade-union representatives from the sixteen Walmart stores? And since most of the trade union chairs and committee members in these stores are management staff appointed by Walmart, how meaningful could the union congress exercise possibly be?

Nor can much credence be given to the supposed vote of approval by some fifty-five hundred Walmart employees. Workers at the Buji store told our researchers in 2008 that they were simply informed about the outcome of the collective bargaining in a thirty-minute meeting and were asked at the meeting to provide their pro forma assent, but they were not given an opportunity to read the contract draft's contents. According to a Buji store worker, management announced at the meeting that the 9 percent raise would begin in 2009, not the latter half of 2008. Although Walmart was not bothering to honor the collective contract, employees were not aware of this because the contract was not shown to them.

The contractual promise in mid-2008 of a (delayed) 9 percent increase was low, compared to raises being offered elsewhere in Guangdong. In March 2008, the Guangzhou City Labor and Social Security Council declared that the city's employees should be given a minimum increase of 12 percent for the coming year.6 In Shenzhen itself, in the face of a rapidly rising consumer price index, the legal minimum wage was raised in July 2008 by 17.6 percent in Inner Shenzhen and by 20 percent in Outer Shenzhen, yet the inclusion in the contract of a (delayed) 9 percent increase at the Walmart Buji store that same month was hailed as a success. At the time, it appeared that Walmart's employees in Shenzhen were being short-changed.
In the event, what the signatories to the contract could not foresee was that, several months later in the autumn of 2008, the United States and Europe would be stricken by a banking-sector meltdown and ensuing recession. The export industries of Shenzhen consequently suffered deep cutbacks in purchase orders and financial losses starting in the latter part of 2008, and the Shenzhen city government responded in July 2009 by freezing the following year's legal minimum wage at the 2008 level. But Walmart, having signed a contract in Shenzhen guaranteeing a 9 percent wage rise, granted the raise in July 2009. An employee of the Buji store who was interviewed that month reported that she had just received a 150 yuan increase in her wage package, in line with the promised 9 percent raise.

**Union Representation of Mid-level Store Management: A Niche Role**

Walmart’s retail business had expanded rapidly in China, and by April 2009 the country contained 121 supercenters, 3 Sam’s Club outlets, 2 Neighborhood Markets, and 101 Trust-Mart chain stores. Walmart employment in the retail sector reached more than seventy thousand. But the company had overexpanded and was now finding its profit margin squeezed. In early 2009, plans were in progress to demote or fire ten thousand employees, including about twenty-five hundred of the stores' managerial staff. Walmart moved to force out most of the latter through a stratagem, ordering them to transfer to stores in other parts of the country. Transferring or demotion, the company told them on April 10, 2009, were their only alternatives to resignation. *China Daily* quoted a mid-level manager at one store: “The company actually wants us to leave, because few will find the first two options acceptable.”

As this chapter has noted, the union branch committees at the Beijing and Shenzhen stores, and elsewhere in China, were stacked by Walmart with junior and middle-level managerial staff. Other mid-level staff at the stores loyally signed up as members of the tame branch unions that had been shaped by the stores’ human relations departments. As a result, they comprised much of the branches’ constituency, as well as the leadership. Now, in the face of company efforts to maneuver them out of their jobs, groups of mid-level managers from the stores, their jobs threatened, approached the city-level unions for help. The director of the labor department of the municipal union in Changchun, the capital of Jilin Province, told *China
Daily, “We invited the general managers of four chain stores in the city to our office immediately and expected them to negotiate with the [junior store] executives on equal terms. We don’t think it right for the company to announce such a decision without consulting the employees.” It was, she said, the first time that her trade union had become involved in Walmart’s internal affairs. The city union also contacted its counterparts in several other cities, including Shenzhen, and these city-level unions began operating in coordination. Walmart quickly backed down. The director of the law department of the Changchun union said that three mid-level store management staff “came to my office this morning and told me the plan was shelved and they’ve resumed their work.” A spokesperson of the Shenzhen union spoke of his union’s “positive role in helping settle the dispute.” The union had for the first time successfully acted like a genuine trade union—although, ironically, on behalf of managerial personnel.

In the first sentence of this chapter we asked whether the union branches at the stores have taken actions to improve work conditions, and the answer to date is very obviously “No.” In this case, it was the city-level unions that acted, and that had clout. Nonetheless, despite the very discouraging experiences at the six Walmart stores in Shenzhen and Beijing, Walmart has begun to face in China what it has always dreaded elsewhere in the world: union representation. While the branch unions within the Walmart stores are in the company’s pocket, Walmart has only limited influence at the city and national levels of the union federation, and there is potential at those levels for the union to take the corporation on. The remaining question is whether or not the city and national levels of the union will, in future, decide to take up the gauntlet for ordinary Walmart store workers, and not just for managerial staff. Will the national union organization take a tougher stance on wages and work conditions on behalf of store workers in the next round of collective bargaining? Will city-level unions take concerted action if store workers, rather than managerial staff, come asking for help? Only time will tell.