A comparative study of employment relations in low-end service sector work in China and the UK: The case of the McDonald's Corporation

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Abstract

In recent decades, globalization has been associated with the growth of service sectors, the considerable expansion of multinational enterprises and the increasing prevalence of precarious jobs worldwide. This thesis presents a comparative study of employment relations practices at one leading multinational enterprise in a low-end service sector - the McDonald's Corporation in two different countries (China and the UK). In order to examine the interactions between employers, employees, trade unions and the state, this study applies Burawoy's notion of 'workplace regime' (1985) to understand workplace dynamics around 'control-consent-resistance' and the connections between the labour process and national institutional settings.

The data for the thesis is derived from a qualitative study in China and the UK, based on participant observation, semi-structured interviews and analysis of documents. The research reveals two workplace regimes which not only represent the workplace dynamics between employers and employees, but also illustrate the mediating role played by national societal arrangements in the two countries. In both workplace regimes, employment contracts and working time are manipulated by McDonald's managers to seek greater flexibility and control over employees. However, different control styles and different employee responses are displayed in the workplace regimes in the two countries, which are influenced by institutional factors. McDonald's has adopted divergent strategies to respond to these national institutional systems, yet similarly developed its managerial despotism to achieve profitability, flexibility and legitimacy. The thesis concludes that in both countries McDonald's jobs converge around a set of 'low-road' outcomes for workers, with low pay, insecure working hours, and a powerful suppression of employee voice, which allows little space for workers interests.

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Selected Abbreviations

ACFTU	All-China Federation of Trade Union
BFAWU	Bakers, Food and Allied Workers Union
CER	Comparative employment relations
CME	Coordinated market economy
ER	Employment relations
FIE	Foreign invested enterprise
HRM	Human resource management
LME	Liberal market economy
LPT	Labour process theory
MNE	Multinational enterprise
MOHRSS	Ministry of Human Resources & Social Security
MOLSS	Ministry of Labour and Social Security
NPC	National People's Congress
POE	Private-owned enterprise
SME	State-led market economy
SOE	State-owned enterprise
VoC	Varieties of Capitalism
ZHC	Zero-hour contract

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Declaration

I declare that this thesis is a presentation of original work and I am the sole author. This work has not previously been presented for an award at this, or any other, University. There are no prior publications of any of the work within this thesis. All sources are acknowledged as References.

Chapter 1 Introduction

1.1 A tough new world of work: Globalization, MNEs and 'McJobs'

Globalization and Multinational Enterprises (MNEs) [1] are two closely interlinked phenomena and play dominant roles in our lives. From the 1980s and the election of the Reagan and Thatcher governments in the USA and UK, economic globalization has been driven by neo-liberal economic orthodoxy encouraging supply-side economics, promoting unfettered markets, the privatization of state enterprises, and the removal of trade barriers (Heywood, 2007; Stiglitz, 2007). Furthermore, from the 1990s the opening up of the BRIC economies - Brazil, Russia, China and India created a 'great doubling' in the available global labour force altering the world's capital labour ratio (Freeman, 2007), or as Standing (2009, p.63) puts it, '…raising the returns to capital and lowering those [returns] to labour'.

All of these developments promoted the interests of MNEs and allowed MNEs to expand their markets rapidly across the world (Robertson, 2003). The last decades have witnessed a sharp growth in investment by MNEs, which is reflected in the levels of foreign direct investment (FDI) (Rees and Edwards, 2017). Particularly, some developing countries in Asia and Latin America have attracted an increasing amount of FDI (Mercado, 2008). For example, in 2019, China was ranked the world's second largest FDI recipient. MNEs use the FDI to organise the production of goods and services through global supply chains, which operate on an increasingly sophisticated transnational basis. At the same time, the investments from MNEs have helped to generate economic growth, jobs and prosperity, especially in emerging markets (Meyer, 2004). Not only do MNEs produce 'global goods', such as Coca Cola, Nike's running shoes and McDonald's Big Mac, but they also play an important role in transmitting capital, knowledge, ideas and even value systems across borders arguably creating some positive spillovers involving technology and human resources development (Meyer, 2004; Mercado, 2008).

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[1] There are different terms used for multinational organisations. Transnational corporations (TNCs) are said to be less common because they are genuinely footloose capital with no particular national identification (Hirst and Thompson, 1996). The term MNE is a broader term encompassing all forms of multinationals and is the term normally used by bodies such as the OECD and the United Nations Conference on Trade and Development. Therefore, I use the term MNE in this thesis.

Meanwhile, under the increasingly tense market competition, MNEs' drive for more profitability has led to both anti-competitive monopolistic behaviours and increasing downward pressure on labour costs, which, in the last 40 years, has taken place in the context of a manufacturing decline in the Western 'developed' economies and the rapid expansion of service sectors (Stiglitz, 2007). Some MNEs have become so powerful that they are larger in terms of revenues than some countries, for example Walmart's revenues exceed Belgium's GDP in 2017 (Belinchón and Moynihan, 2018). MNEs have used this power to manipulate national politics through lobbying, political contributions and the media (Standing, 2009; Ruggie, 2018). For some commentators MNEs symbolize much of what is wrong with the global economy (Stiglitz, 2007). They have been directly or indirectly responsible for environmental and labour rights violations. The violation of labour standards in the supply chains of MNEs is a continuing and persistent problem with many examples ranging from the collapse of Rana Plaza in Bangladesh (Burke, 2013), benzene poisoning, death, injuries and child labour in McDonald's and Disney's Chinese toy factories (China Labor Watch, 2015) to worker suicides at Apple's Foxconn (Merchant, 2017). However, violation of labour rights and precarious and low paid work is a major issue not only in the supply chain of MNEs but also for those directly employed in MNEs; particularly those in service sectors such as retail (Lichtenstein, 2009).

It is indicative of these trends that the two of the world's largest private employers are MNEs in the low-end service sectors (retail and fast-food), namely, Walmart with 2.2 million employees world-wide and McDonald's with around 2 million employees[2] (Forbes, 2020). McDonald's, with its striking 'Golden Arches' logo, is the world's largest food service company, the world's best-known brand and a cultural icon. It is also the market leader in the fast-food sector in nearly every country where it operates. In 2019 it had over 38,600 stores in over 120 countries and a market value of $129.9bn in 2018 (McDonald's, 2020).

McDonald's influence as a global brand has also been the basis for the development of an academic concept: 'McDonaldization' in George Ritzer's book (1993) *The McDonaldization of Society*. McDonaldization applies Weber's (1958) concept of

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[2] This figure includes McDonald's franchise operations.

rationalization of production, work, and consumption that are found in McDonald's, but rose to prominent adaption across a service-driven market-led society. Ritzer (1993) highlights four main organizing principles drawing from the characteristics of McDonald's - efficiency, calculability, predictability and standardization, and control. These four principles are not only observable in production, work, and consumer experience, but also have ripple effects throughout different aspects of society (Ritzer, 1998b). Ritzer (1993) pointed out the rationality entailed by McDonaldization has numerous irrational outcomes, while Smart (1999) made important arguments about 'resisting McDonaldization'.

Critical voices come not only from academia, but also from environmentalists, 'healthists' and various other activists. In the mid-1980s for example, a campaign was launched against McDonald's by some Greenpeace activists in London as it symbolized everything that they considered wrong with the prevailing corporate mentality. In their distribution of the "What's Wrong with McDonald's" leaflet[3], they accused McDonald's of promoting an unhealthy diet, exploiting labour, damaging the environment and the ill treatment of animals (Ritzer, 2009). This campaign led to the infamous 'McLibel' trial between McDonald's and two unemployed activists in the 1990s (Vidal, 1997). Other protests have included the bulldozing of a McDonald's store in France and petrol bombing of a store in Rome at the end of the 1990s (Royle, 2000). There has also been considerable criticism of the food supply chain and its environmental and health implications for workers and customers alike (Schlosser, 2002).

Although there has been much protest against McDonald's in terms of what it symbolizes (especially for the environment and health), its jobs and its employment relations have not received as much attention. Nevertheless, it has already been argued by other authors that the employment relations approach adopted by the McDonald's Corporation and other US-owned MNEs in the fast-food sector drives a form of 'low-road Americanization' of employment relations across different countries (Royle, 2000, 2010). It has been argued that McDonald's has created a system of 'McJobs' which promotes poor wages and conditions, low skills, few opportunities for career progression and the avoidance of trade union representation (Ritzer, 1998b; Royle,

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[3] See https://www.mcspotlight.org/campaigns/translations/trans_uk.html

2000). Moreover, the majority of jobs in the fast-food sector are precarious (part-time or relying on other non-standard forms of employment). Existing research on McDonald's and its 'McJobs' in Europe and the USA has suggested that there are common grievances raised by workers which include: no effective or independent voice (including a deep-rooted anti-unionism); health and safety standards; management bullying of hourly-paid workers; no protection against aggressive customers; low wages and wage theft (Royle, 2000, 2018).

Wage theft is not a new phenomenon nor exclusive to McDonald's (Leidner, 1993; Reiter, 1996; Tannock, 2001). As well as the common practice of 'off the clock work' where workers are persuaded to work after or before they clock out or clock in, there have also been several reported incidents of 'shaving' in different countries (Royle, 2010). In 2010 a documentary video called 'Mcfusk & Co'[4] made by a Swedish national public TV broadcaster STV, revealed that McDonald's stores were regularly cheating workers by 'shaving' their hours, that is store managers electronically altered working hours reducing the time worked by several minutes on each shift. In April 2007, an undercover investigation in McDonald's, KFC and Pizza Hut in China also revealed several incidences of wage theft, where these restaurants were paying workers less than the local statutory minimum wage. The majority of the employees concerned were part-time, with most being students. More than half of workforce did not have labour contracts, which resulted in widely reported 'low-wage scandal' (News Express, 2007).

According to Kalleberg's typology of job quality, 'McJobs' offer a perfect example of a 'bad job', also fit into his category of 'precarious work' (Kalleberg, 2009, 2011; Kalleberg and Vallas, 2017). 'Precarious work' refers to the uncertainty, instability, and insecurity of work in which employees bear more of the risks related to work and receive few social benefits and statutory entitlements (Kalleberg and Hewison, 2013; Kalleberg and Vallas, 2017). The main employment forms in precarious work include part-time and temporary employment, temporary agency work, contracted-out activities, dependent self-employment and undocumented labour (Benassi and Tekeste, 2018).

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[4] See https://www.youtube.com/watch?v=jGfUrdjVNwk

Under neo-liberal economic globalization, the last 40 years has seen a considerable growth of precarious work on a global scale and an increase in income inequality within countries (Keeley, 2015; ILO, 2016). In the USA, the percentage of workers in non-standard employment, namely, temporary agency workers, on-call workers, contract workers, and freelancers, increased from 10.7 per cent in 2005 to about 15.8 per cent in 2015 (Katz and Krueger, 2019). In the UK alone, in 2016, more than one in five workers relied on precarious employment and it is estimated that there were 7.1 million workers in precarious jobs compared with 5.3 million in 2006 (Institute of Employment Rights, 2016). In China, the increasing precarious work is heavily linked to informal employment as a result of the shift towards a more market-based economy (Kalleberg and Hewison, 2013). Moreover, precarious work is increasingly common in the low-end service sectors, such as retail, accommodation and the food service sector (Grugulis and Bozkurt, 2011; Ikeler, 2016b; Kalleberg and Vallas, 2017; Vosko et al., 2017); and in the last few years, it has become a dominant feature of the gig economy (Duggan et al., 2020).

The rise of 'bad jobs' or 'precarious work' is not only concerned with the working life of labour, but also affects broader macro-social issues such as economic and social policy and the welfare state (Kalleberg and Vallas, 2017). Given such practical significance, the study of 'bad jobs' or 'precarious work' has become a central concern (see Vosko, 2010; Standing, 2011; Kalleberg and Vallas, 2017; Doellgast, Lillie and Pulignano, 2018; Kalleberg, 2018; Conen and Schippers, 2019). Much current research on precarious work focuses on the incidence and forms of precarious work in labour markets (e.g., Arnold and Bongiovi, 2013; Olsthoorn, 2014; Broughton et al., 2016; Eichhorst and Tobsch, 2017; Lewchuk, 2017; Katz and Krueger, 2019; World Bank, 2019). However, these studies tend to overlook its manifestations and interactions with actors in precarious jobs at workplace level and fail to grasp the connections between workplace dynamics in precarious jobs and broader social, economic and political factors (Aroles, Mitev and de Vaujany, 2019). Furthermore, the prevalent forms and manifestations of precarious employment vary significantly across countries and is influenced by national regulations and institutions, but how institutions impact on precarious work arrangements at workplace level is not well understood.

This thesis will focus on 'McJobs' as an exemplary case of 'bad jobs' or 'precarious

work' and present a comparative analysis of employment relations practices at one leading MNE in a low-end service sector: the McDonald's Corporation in two different countries (China and the UK). Employment relations institutions in the UK and China provide very different national contexts in which to explore employment relations practices in this highly standardized fast-food MNE. This comparative study not only reveals the interactions among actors in workplace and the outcomes for workers at McDonald's, but also examines the impact of institutions on employment relations practices at McDonald's in the two countries. In order to undertake a comparative analysis at different levels in different national settings, a multi-scalar analysis framework is provided in the thesis.

1.2 Multi-scalar analysis in comparative employment relations (CER) study

Comparative studies enable researchers to examine particular issues or phenomena in two or more countries with the express intention of comparing their manifestations in different sociocultural settings (institutions, customs, traditions), or to gain a deeper understanding of social reality in different national contexts (Hantrais and Mangen, 1996). In the field of employment relations (ER), a majority of existing comparative research puts more emphasis on national employment relations systems and compares similarities and differences in employment relations institutions and their outcomes across different countries. This assumes that employment relations systems have generally been institutionalized either by national states directly, or within clearly distinct economic and political spaces (Ferner and Hyman, 1998; Morley, Gunnigle and Collings, 2006; Bamber et al., 2016). In terms of the level of analysis, most CER studies focus on the national level (Kaufman, 2011), and less research has analysed employment relations (especially applying qualitative methods) in one particular sector or industry and across countries. Furthermore, studies which engage in detailed, firm-level exploration of employment experiences are especially limited in number (Bryson and Frege, 2010). It has been suggested that differences in employment relations systems, process and outcomes can be examined at a firm, industry, regional, national or international level (Kaufman, 2011). Wright et al., (2017) also suggest that there is a need to move beyond a focus on national systems as the main level of analysis and instead take into account global and sectoral level, but perspectives from work

dynamics at workplace level are still missing in this analytical framework. Therefore, the level of analysis in CER study should be extended and broadened. As Frege and Kelly (2020) suggest, CER research should conceptually link micro- and macro-levels of analysis and compare across different national settings, as its core function. Wilkinson, Wood and Deeg (2014) call for trends in firm-level work and employment relations to be placed more centrally in comparative institutional studies.

Moreover, CER literature has focused on mapping out the relationships between national institutions, management strategy, and worker outcomes; but less research places emphasis on the interaction among actors (employers, employees, trade unions and states) and how national institutions shape and interact with actors' behaviours in the workplace (Doellgast, 2012). Thus, CER theory should advance the understanding of how the strategies of actors in ER systems are channelled through national institutions, but also actively interact with the ER institutions (Frege and Kelly, 2020). In addition, national culture is an underestimated variable in CER study, whilst institutions, markets and politics have been suggested to overwhelmingly influence employment relations (Black, 2005).

To address these gaps, this study suggests a multi-scalar analysis framework for CER study in terms of the levels, actors and variables. First, this study seeks to make connections between workplace, sector, state and broader social structures, linking the macro-level and the micro level. Second, this study puts more emphasis on interactions among actors in ER systems, including employers, employees, trade unions and states in two countries. Third, macro-level variables (national institutions) have been placed in workplaces to explain similarities or dissimilarities of ER practices at McDonald's between two countries. Finally, it goes back to the core debate in CER study, which is the nature and extent of convergence and divergence, through examining outcomes for workers (Barry and Wilkinson, 2011).

To fulfil this multi-scalar comparative analysis, the concept of 'workplace regime', which combines labour process theory (LPT) with institutional perspectives, is applied in this thesis. LPT helps to capture workplace dynamics and interactions among employers and employees (and trade unions) at the micro level. Furthermore, institutional perspectives help to explain the functions that institutions play in shaping

the labour process and how firms respond to the national employment relations institutions.

1.3 Research objectives and questions

This thesis examines the nature of work in the global fast-food sector, by examining and comparing employment relations practices at McDonald's in China and the UK. Through a comparative analysis, this thesis aims to explore how institutions impact on the power relations between employers and employees, the features of the labour process and the outcomes for workers. Applying the concept of 'workplace regime', the research questions for this thesis are as follows:

1. What kind of workplace regimes exist at McDonald's China and McDonald's UK?
2. How do institutional factors shape the ER practices and the interactions between actors in the workplace regimes at McDonald's China and McDonald's UK?
3. How do the local subsidiaries of McDonald's respond to the external local ER institutions in China and the UK respectively?
4. What are the outcomes for workers in terms of pay and working conditions at McDonald's China and McDonald's UK?

1.4 Thesis structure and overview

This thesis consists of nine chapters. Chapter 2 sets out a political economy approach for the CER study, which not only centres on the institutional embeddedness of employment relations, but also highlights the processes and changing relationships between actors in the employment relations systems. Following this approach, the notion of 'workplace regime', which combines LPT with institutional perspectives, is applied to provide a multi-level CER analysis.

Chapter 3 outlines the research methodology. Following the ontological perspective of critical realism, a multi-sited single-case study was conducted. The two main strands of data were collected from participant observation and interviews, which are supplemented by documentary data, and these empirical data were analysed by template (thematic) analysis technique. As a form of covert research was adopted in the participant observation, this chapter discusses the ethical issues relating to this and also

reflects on my identities, the ethical justification for the study and the emotional challenges during the process of data collection, analysis and writing.

Chapter 4 provides an institutional analysis of the employment relations systems in China and the UK respectively and focuses on the regulatory framework, the role of actors in employment relations systems, and the employment relations practices and processes.

Chapter 5 briefly describes the development of the global fast-food market, with a focus on China and the UK, and introduces McDonald's history, operational model and organizational hierarchy. More emphasis is placed on explaining the McDonald's job characteristics and McDonald's global employment relations practices.

Chapter 6 presents the empirical findings from the workplace regime at McDonald's *China*. It first presents my personal experience and observations of McJobs; then describes the workforce characteristics among different types of hourly-paid employees and examine the dualist contractual arrangement that exists between full-time hourly-paid employees and non-full-time hourly-paid employees at McDonald's China. Then this chapter explains how managers take advantage of labour flexibility to exercise their prerogatives in a time-based control mechanism and analyse the issues of low pay and hazardous work. Subsequently, this chapter examines worker responses to managerial control, the outcomes for workers and the way in which McDonald's responds to union establishment and the union function in China.

Chapter 7 presents the empirical findings on the workplace regime at McDonald's *UK*. The findings are similarly structured as Chapter 6, personal experience and observation, workforce characteristics, contractual arrangements, working time, pay and working conditions, employee responses, and the interactions between McDonald's and trade unions.

Chapter 8 offers a comparative analysis of the case company in the two different national contexts. First, it compares and contrasts managerial control strategies and employee responses in the workplace regimes, around 'control-consent-resistance', and the institutional variables at the macro level are placed into the understanding of the

workplace regimes to help explain the similarities or dissimilarities. Then the chapter discusses how McDonald's has responded to the external institutional environments in both countries and revealing powerful forms of 'low-road' convergence.

Chapter 9 concludes the thesis by revisiting and answering the research questions and highlights the contribution of the thesis. This chapter also discusses some implications for precarious work, particularly in the gig economy. Finally, this chapter discusses the theoretical and methodological limitations of the study. In a nutshell, the thesis claims that, despite the significant differences in institutional and cultural settings, a precarious and deeply worker-unfriendly regime exists at McDonald's in the two countries, allowing little space for workers interests, workers voice and workplace dignity. McJobs, worker exploitation and managerial prerogative are able to survive and prosper in quite different national settings.

Chapter 2 Theoretical framework

This chapter introduces the theoretical framework for this study. The theoretical framework builds on the concept of 'work regime' which combines LPT with institutional perspectives. To begin with, this chapter presents an analysis of theories and concepts in CER study.

2.1 Comparative perspectives on employment relations

Since the late 1980s, there has been a growth of comparative studies in employment relations, leading to a number of well-known textbooks, e.g., Bamber and Lansbury (1987), Bean (1994), Ferner and Hyman (1994, 1998). Others have followed since that time, for example, several updated editions of Bamber and Lansbury's and more recently Bamber et al., (2015); and others, such as Morley, Gunnigle and Collings (2006), Barry and Wilkinson (2011), Frege and Kelly (2013). These comparative employment relations studies offer an international analysis of work and employment relations in different institutional settings. However, comparative employment relations are not just about a particular method of comparison. Comparative research on employment relations has advanced some paradigms and theoretical perspectives about the nature and processes of employment relations. Frege and Kelly (2013) summarized two underlying 'philosophies' in comparative employment relations analysis. The first one places emphasis on market forces. This approach focuses on the markets and firms, highlighting an economic functionalism as the main driving forces in employment regimes with the potential to reach a stable equilibrium. This dates back to the concept of 'convergence' (Kerr et al., 1960), which suggested that national systems of industrialized economies would converge around similar sets of practices. The convergence theory has been criticized as functionalist, deterministic and ethnocentric and Maurice, Sellier and Silvestre (1986) provided a counter argument of 'divergence' to the convergence thesis, which suggested that modern industrial societies were likely to remain diverse due to the fact that employment relations systems are strongly embedded in national institutional arrangements. Katz and Darbishire (2000) advocate a conception 'converging divergences', which refers to the increased variation (divergence) within each country in terms of employment patterns but co-existing with

increased similarity of workplace practices in advanced countries. The focus on firms and market forces remains central to the paradigm of strategic choice theory. Although markets and institutional factors can influence and shape actors' behaviours, there remains a degree of latitude within which firms or employers as the core actors, can make strategic choices to respond to the international competition. Following this, some studies suggest that convergence can takes place on two basic forms, namely 'high-road' and 'low-road'. 'High-road' refers to the functionally flexible work arrangements that produce complex goods and services, with high pay and team-based work, whilst the 'low-road' takes place at numerically flexible workplaces where produce simple goods and services and is usually characterized by non-unionization and Taylorist work practices (Frenkel and Kuruvilla, 2002). The 'Varieties of Capitalism' (VoC) approach (Hall and Soskice, 2001) follows such line of argument that firms and financial markets are seen as the core actors within capitalist economies. Hall and Soskice's (2001) point out the role of institutional arrangements in shaping how market societies function. National models of capitalism are characterized by distinctive institutional arrangements and these institutional arrangements help firms to solve several coordination problems in five spheres: employment relations, vocational training and education, corporate governance, inter-firm relations and the workforce. Hall and Soskice identify two major ideal-typical capitalist models that resolve these coordination problems and produce economic outcomes with a different set of institutions, namely, liberal market economies (LMEs) and coordinated market economies (CMEs). In brief, in LMEs, employers tend to rely upon market forms of coordination to resolve coordination problems, such as pay determination and skills developing; in CMEs, employers tend to coordinate external and internal relationships through non-market mechanisms, such as collective bargaining (Hall and Soskice 2001). The USA is a prime exemplar of an LME, and the UK, Australia, Canada and Ireland are often included in this category. Germany is seen as a typical example of a CME, and some other countries, such as Sweden, Demark, are often included in the CMEs as well (Bamber et al., 2016). However, the VoC approach has been criticized for its difficulties in accounting for the full diversity of national capitalisms and in explaining institutional change (Schmidt, 2007). As such, Schmidt (2007) called for bringing the state back into the VoC and introduced a state-led market economy (SME) as a third category to highlight the greater importance of state's action. Asian countries, such as Korea, Japan, can be included in the category of SMEs, due to the influential role of the state (Schmidt,

2009). In addition, given a traditionally strong role for the state, it is suggested that China is equivalent to a model of a SME (Berghahn, 2010; Wilkins, 2010; Witt, 2010; Witt and Redding, 2014; Hsueh, 2016). Although institutional arrangements enter the analysis of VoC, the state and organized labour still play less prominent and less strategic roles in its analysis (Frege and Kelly, 2013).

The second is a political economy approach that fosters the historical and institutional embeddedness of employment regimes in the wider political economy, which highlights processes and changes rather than a stable social order. In this approach, more emphasis has been placed on the social and political forces into which market forces are 'embedded' (Granovetter, 2005). Labour markets and employment relations are embedded in, shaped or constrained by the economic, legal and cultural and political sphere in societies. These ideas are drawn on in depth in the so-called 'VoC' and 'Comparative Business Systems' literatures (Whitley, 1999; Hall and Soskice, 2001). Moreover, employment regimes are regarded as fluid social orders, shaped by multiple actors with differing interests and power resources as well as by institutional path dependencies, long-standing norms, political and economic cultures and traditions. Therefore, the fluid power relations and potential of conflicts between employment relations actors are emphasized in this approach. The theoretical trajectory is related to the political economy theory, power resource theory, corporatism, and institutionalism (Thelen, 2004; Mahoney and Thelen, 2009; Frege and Kelly, 2013). The latter approach, highlighting the social and political forces, is favoured in this study as it is assumed in this thesis that the power relations and conflicts between employment relations actors are inevitably shaped by the institutional factors, especially from the perspectives of comparative analysis.

Apart from the paradigm set for the comparative research, the other issue concerns the level of analysis in CER research. It has been suggested that the similarities and differences on process, interactions, and outcomes in employment relations systems, could be explored at a firm, industry, regional, national or international level (Kaufman, 2011). Most CER studies focus on the national level and examine the differences in employment relations institutions and their outcomes among different countries. However, many countries show distinct variations in ER practices across firms, industries and regions as well. Wright et al. (2017) develop a multi-level analytical

framework for CER study, pointing out the influence of the institutional dynamics of industrial sectors and global production networks as well as national systems. However, the analysis at the micro level has often been disregarded. As suggested, the macro-theory of cross-national comparison in employment relations should be built on a micro-version from firm or sector level (Kaufman, 2011). Therefore, in this study, I set the comparative basis on one MNE (McDonald's) as the market leader in one specific sector (fast-food) in China and the UK. This thesis will not only analyse and compare the features of employment relations practices at workplace level in the fast-food sector in China and the UK but will also illustrate and explain the role of national institutions in explaining similarities and differences of employment relations practices in the fast-food sector and its leading organization, McDonald's. In doing so, this thesis attempts to link micro- and macro-level of analysis on employment relations practices in the workplaces and compare them across two different national settings in China and the UK. Labour process theory is employed to illustrate work dynamics in the workplace and the notion of 'workplace regime' which is nested with institutional perspectives, is applied to illustrate the role of institutions on shaping the labour process and explain for the comparison between China and the UK.

2.2 Labour process theory

The framework of labour process theory derived from Marx's analysis of the capitalist labour process, which was updated and revitalised by Braverman (1974) as the first wave of labour process theory. Following that, the second wave of 'labour process' theorists included Edwards, Burawoy and Friedman, who developed 'typologies' of control strategies and workplace regimes around a 'control-resistance-consent' dialectic from the late 1970s to the late 1980s (Smith, 2015b). The third wave over the following decades embraces a number of "new production and society" perspectives (Thompson and O'Doherty, 2009). This covers new developments of 'alternative paradigms' to Taylorism and Fordism, which are derived from the new work and employment forms in the era of new economy or from different national models.

The concept of labour process is taken from Marx's political economy. Marx (1976) defined the labour process 'in its simple and abstract elements' as 'purposeful activity aimed at the production of use values' (p.284). The labour process refers to the labour

activity in which the raw materials are transformed into useful products. Meanwhile, in this transformation process, when the labour power of workers is added into the production process, the use, exchange and surplus value are produced accompanied with the commodities or services. Thereby, the labour process is a process in the cycle of commodity production. Before entering production, labour power must be reproduced and hired; before money earned can re-enter the cycle of commodity production, a commodity is produced, circulated and exchanged (Smith, 2015b).

Although restating Marx's ideas about the nature of the labour process under capitalism, Braverman extended his thoughts through analysing the degrading effects of technology and scientific management on the nature of work in the twentieth century in his classic work *Labour and Monopoly Capital* (1974). In Braverman's argument, the twentieth century saw the tightening of managerial control and control was exercised in two main ways. The first one was through the application of Taylorism and scientific management strategies. This involved a division of labour, a separation of conception and execution and systems of surveillance. The second was the use of mechanised production systems that paced and guided production. He suggested that the drive for efficient production equals to the drive for control over workers in management. Braverman (1974) argued that there is a single logic in management, in which employers reduce the autonomy that flows from worker's possession of skills and knowledge with the aim of controlling work and employees in workplaces and management is considered as an agent for controlling employees. Therefore, during this time, control is the core theme in the labour process analysis. Taylorism was deepening the fragmentation and deskilling of labour, thus weakening the capacity of workers to retain some form of control over production. Likewise, through the assembly line, Fordism was invented with the aim of controlling and pacing the actions of workers. Control in the labour process focuses attention on the working environments where there is low trust, coercion, limited worker responsibility and a directed and regulated working environment.

However, some criticisms came around the Braverman's work afterwards, which mainly focus on three issues. First, Braverman's analysis of the nature and development of control failed to recognise the complexity of the control in the workplaces. Second, Braverman's account underplayed the role of conflict in the nature of employment relations and thus failed to discuss the employee responses to managerial control

strategies. The control of the labour process becomes a more complex and contradictory matter and there are some deficiencies in Braverman's analysis on securing control by different combinations of means and at different levels. The third important criticism is that Braverman's work largely ignored the role of institutions in shaping the features and outcomes of labour process (Harley, 2019). Accordingly, the developments of LPT grew largely out of criticisms of Braverman's work. In the post-Braverman era, the core theme of the second wave of LPT focuses on the conflictual interaction between labour and capital around issues of 'control, consent and resistance' (Thompson and Newsome, 2004) and scholars mainly discussed the complexity of control strategies and employee responses to managerial control strategies and developed typologies of labour process regimes connected with broader social and political contexts.

2.2.1 Control forms

Although there is always a control imperative in the labour process as employers are under competitive pressure to cut costs and raise productivity, control is not normally a goal or an end of management. Control is a means embodied in management strategies to transform the capacity to work into profitable production. Personal control by employers exercising direct authority in nineteenth century evolved into more complex structural forms of control, accompanied with the transition from small business, competitive capitalism to corporate monopolies (McHugh and Thompson, 2003b). Control forms tend to be more diverse and more dynamic in the workplaces. The means of control can be through technical, financial or bureaucratic controls combining with personal controls by managers of an extreme nature (Edwards, 1979). Edwards (1979) distinguishes three elements in a system of control, including direction and specification of work tasks, evaluation, monitoring and assessment of performance, the apparatus of discipline and reward. The first of these is most commonly associated with technical control, with the supervisory powers of managers to control the direction and speed of work being replace by the production line. Such control form is embedded in Taylorism and Fordism, through using of the assembly line that direct and monitor the labour process. Bureaucratic control is embedded in the social and organisational structure of firms, such as internal labour markets and job security, and offers management impersonal rules and regulations to influence, monitor and assess labour process (Callaghan and Thompson, 2001). Furthermore, control forms can shift from technical,

financial or bureaucratic controls to cultural coordination, internalized commitment and self-discipline to engage, not simply coerce the workers (Friedman, 1977). Cultural or normative control is essentially concerned with the development of an appropriate social order which provides the basis for desired behaviour and relies on acceptance of values and peer enforcement. As Kunda (1992) described, "Under normative control, members act in the best interest of the company not because they are physically coerced, nor purely from an instrumental concern with economic rewards and sanctions…rather, they are driven by internal commitment, strong identification with company goals, intrinsic satisfaction from work…" (p.2). In addition, with the growth of front-line service work, customers may mediate the standard management-employee relationship and act as agents in the management control system (Fuller and Smith, 1991). Management uses customer to enhance control and discipline in service sector workplaces; they seek to monitor and control employees' performance and make sure that employees provide proper service quality in the most efficient manner. Thus, customer control may increase the complexity of authority and power arrangement at the workplace. But Gamble (2007) argues that the power source of such control is from managers rather than customers. Moreover, based on the labour process analysis some research on service work puts more emphasis on 'emotional labour' (Nixon, 2009; Hampson and Junor, 2010; Bélanger and Edwards, 2013). The concept of emotional labour derives from Arlie Hochschild's (1983) work. She described that service work would, '…induce or suppress feelings in order to sustain the outward countenance that produces the proper state of mind in others.' (p.7). Emotional labour that makes workers more vulnerable to the social engineering of their emotions and reduces their control over their work, is more commonly found in consumer-oriented interactive service work, such as in retail, hospitality, call centres, and flight attendants (Nixon, 2009; Curley and Royle, 2013; Bélanger and Edwards, 2013; Taylor and Moore, 2015; Ikeler, 2016b; Guiamet, 2019).

2.2.2 Employee responses: consent and resistance

The choice of control forms by managers is affected by the variations in the stability of labour and product markets and also mediated by the interplay of employee responses (McHugh and Thompson, 2003b). Employers are necessarily involved in trying to secure workers' consent whilst at the same time retaining the control. In Burawoy's

classical work *Manufacturing Consent* (1979), he argued that in producing commodities, work also reproduces the conditions and social relations that make the production of commodities possible, and that include the 'manufacture' of their own 'consent' to their (concealed) exploitation. In the light of such an argument, Burawoy (1979) illustrated the complexity of control and the ways in which control may be secured. He indicated the contradictory nature of the capitalist production process when writing about the needs for capitalist owners/managers to obscure and secure surplus value. He suggested that this problem is met by the institutional separation of 'ownership and control', the dislocation of the relations in production from the relations of production, which could make the capitalists generally invisible; and the labour is divided in terms of skill or other differences so that it fails to develop a 'collective consciousness' among the labour force. In addition, Burawoy (1979) stressed some other ways in which consent is secured but these were inherent in the labour process. From his arguments, workers in practices adapt to the demands of industrial work and they are involved in playing 'games' in the workplaces. In the 'make out games', workers gain 'relative satisfaction' from manipulating the rules to achieve their own goals regarding pay, level of effort, how they spend their time at work, and so on. Through participating this game, the consent could be generated to the exercise of capitalist control; plus, the relations of production could be concealed, and the interests of workers and management could be coordinated. Although coercion always lies at the back of any employment relationship, the erection of a game provides the conditions in which the organization of active cooperation and consent prevails. As Burawoy (1979) suggested, there are two main consequence of game-playing,

> *"First, game-playing obscures the relations of production in response to which the game is originally constructed; second, game-playing generates consent to the social relations in production that define the rules of the game."* (p.82)

Apart from the underdeveloped analysis of consent in his labour process analysis, Braverman (1974) discounted the question of the willingness and ability of workers to resist managerial control. The managerial relationship associated with employment is argued to produce a 'structured antagonism' between employers and employees and this produces sustained overt and/or latent conflict over both the distribution of the surplus and the organization of work (Edwards, 1986). According to Hodson (1995), workplace

resistance can be classified in four major agendas: deflecting abuse, regulating the amount and intensity of work, defending autonomy and expanding worker control under worker participation schemes. These agendas are parallel to but no reducible to the systems of management control of the labour process based on direct personal control, technical control and bureaucratic control. In most cases, worker's resistance can be often subtle, frequently secretive, and sometimes carried out on an individual and everyday basis at the level of workplace (Scott, 1985; Hodson, 1995). This is more likely to take forms of employees' misbehaviours or disengagement, such as subversion, sabotage, absenteeism, pilferage, using humor, etc., (Jermier, Knights and Nord, 1994; Hodson, 1995). In addition to the subtle forms of resistance, the system of control can give rise to structured conflicts as struggles between labour and capital always exist in employment relationship, which are mainly around the use values of workers, working time, rewards to workers, etc. Under certain circumstances, the structured antagonism generates collective actions (Edwards, 1986), such as collective bargaining, striking and union organising.

The possibility of worker resistance to managerial control introduces an important dynamic element into the discussion of control of the labour process (Storey, 1985). The 'recalcitrance' of labour and the unwillingness to accept employment controls are obstacles for managerial discretion; but the degree and ability to resist varies in different workplaces or sectors and is arguably dependent on workers' consciousness. If recalcitrance can be minimised, control will be easier. Control can be more effectively exercised by limiting or removing as far as possible employees' means of resistance. This refers to the ambivalent nature of employment relationship and also shows the dynamic change between employers' control and employees' resistance. Therefore, the need to control in the workplace arises not just because of the technical requirements for the coordination of workers' activities, but also because of the inherent and ambivalent nature of employment relationship (Brown, 1992).

As the recalcitrance of labour is empirically variable, the needs and the forms of control can also vary depending on the degree to which employees accept managerial authority and have internalized obligations to work for the cash nexus. Worker's potential or actual resistance to managerial control is likely to be a factor in whether management exercise direct control or adopt an indirect way to control (Friedman, 1977). If

employees and potential employees can be persuaded to accept the legitimacy of managerial authority, then managerial control will be very much easier and more deliberate (Brown, 1992). Moreover, the firms which are important sources of employment can create dependence of employees and potential employees which is likely to reduce resistance in the workplaces. Control can therefore be secured by means which assist the creation, maintenance, recruitment and reproduction of labour force which is less 'recalcitrant' (Brown, 1992). However, securing a 'cooperative' workforce does not just depend on creating a consciousness among employees and potential employees which is favorable to management; or on establishing ideological hegemony for capitalist values in the wider society. Employers could also make use of ambiguities which are inherent in the relations between employers and employees and try to maximize the elements of cooperation and consensus, minimize the elements of conflict and obscure control (Brown, 1992). Therefore, managerial control strategies and employee responses are intertwined in the dynamic labour process and the employment relations with 'structured antagonism'. On the one hand, managers seek ways to maximum the productive labour and thus seek to impose control mechanism; on the other hand, employees respond as active agents rather than simply acquiesce and there has been a continuum of employee responses to a diversity of managerial control strategies, which can vary across resistance, accommodation, compliance and consent (Harley, 2019).

2.2.3 The development of labour process analysis

The post-Braverman 'labour process' theorists stress and supplement some other factors that Braverman had neglected in his work, in addition to the 'control-consent-resistance' model as the core theme of the labour process analysis. For example, gender, which was studied by Rubery (1978), Pollert (1981) and Knights and Willmott (1986); emotional labour (Hochschild, 1983; Bolton and Boyd, 2003; Bolton, 2009; Brook, 2013); space as a tool for capital, see Peck (1996), McGrath-Champ, Herod and Rainnie (2011) and mobility as a resource for labour (Smith, 2006; Elger and Smith, 2010); workers' subjectivity which emphasises on workers' identity and work orientations to examine the managerial control (Knights and Willmott, 1989; O'Doherty and Willmott, 2001; Alvesson and Willmott, 2002; O'Doherty and Willmott, 2009); and the role of managerial strategy and national diversity within capitalism (Littler, 1982; Smith and

Meiksins, 1995), and especially the ideas of national institutions, which will be adopted into the labour process analysis in this thesis.

Furthermore, the first and second wave of labour process analysis have a strong base in the UK or USA; however, the emergence of some new international players, like China and South Korea, offers some new perspectives for labour process analysis within different contexts in the third wave of labour process analysis (Nichols et al., 2004). In addition, the development of labour process analysis is connected with the macrostructural forces for change since the 1980s. The technological change facilitates the development of production modes in the workplaces. Hence, the third wave of labour process analysis embraced some new forms of job designs, such as 'flexible specialization', 'lean production', 'total quality management' and 'innovation-mediated production' (Thompson and O'Doherty, 2009; Smith, 2015a). Meanwhile, some new forms of occupational structures and work process also emerged. On the one hand, accompanying the accelerated pace of technological innovation, knowledge-intensive work increased. On the other hand, service industries became the main source of work as the economy shifted from manufacturing-based mass production to an information-based economy organized by flexible production. Thus, the labour process analysis has been extended to various occupations and sectors (especially the service sectors), not mainly limited to the manufacturing sector, and new control practices are emerging and linked to the changes in occupational structures and work relations alongside the development of technology (Thompson and Smith, 2009; Thompson and van den Broek, 2010). For example, Sewell (2005) present the control and disciplinary mechanisms in knowledge work. The most debate based on LPT is around the call centre, which is one of the most rapidly expanding forms of work (Glucksmann, 2004). These labour process analysis presents the surveillance and resistance, work degradation, emotional labour and the 'electronic panopticon' in call centres (see Taylor and Bain, 1999; Korczynski et al., 2000; Callaghan and Thompson, 2001; Desai, 2010). Moreover, some recent researchers assess the ability of LPT to account for the configuration of managerial control in other service sectors, such as retail, hospitality, and home care sector (Deery and Mahony, 1994; Askenazy et al., 2012; Bolton and Wibberley, 2014; Ikeler, 2016a; Price, 2016; Bilsland and Cumbers, 2018; Grimshaw et al., 2019).

The globalization of capital accumulation and the increasing neoliberalism bring about shifting paradigms in the labour process analysis as well. The perspectives of LPT have been brought into the global value chains due to the relocation of services jobs by offshoring (e.g., Taylor and Bain, 2005; Poster, 2007; Mccann, 2014; Hammer and Plugor, 2019). In addition, the globalization, technological and organizational changes also led to a polarization in job quality and the spread of precarious work (Kalleberg, 2011). The increasing service industry is heterogeneous and polarized as well, which includes the high-end services, such highly skilled professional and business services, and the low-end services, such as retail, hospitality and fast-food services. As the market-driven approach in neoliberalism intensified economic integration and price competition globally, employers tend to seek more flexibility in their relations with workers to reduce cost and gain competitiveness to a greater extent, especially in the low-end service sectors (Streeck, 1987). The standard employment relationships, where workers were assumed to work full-time for particular employers at the employer's place of work, began to severely weaken, and more non-standard work is rising. Those basic and certain features of being a worker in standard employment relationships, such as knowing the hours of work, continuity of work and regularity of wages, have become uncertainties, in some contractual arrangements, such as ZHCs (Smith, 2015a). In addition, managerial controls are not just related to job roles or work process, but also more linked to the employment status (or contracts) and labour market broadly (Nichols et al., 2004; Price, 2016; Grimshaw et al., 2019). As a result, it has seen an expansion of flexible and precarious work in the low-end service sectors and especially in the gig economy in the last few years. As Smith (2015b) suggested, some issues in the flexible and precarious work, such as different contracts within the workplace, difficulties entering waged work, fragmented working time, have been the new trends and directions in the labour process studies, in low-end service sectors (e.g. Ikeler, 2016b; Price, 2016; Grimshaw et al., 2019; Wood, 2020b) and in the gig economy (e.g., Lehdonvirta, 2018; Gandini, 2019; Wood et al., 2019).

In this thesis, the labour process analysis on the work relations in the fast-food sector will join and contribute to the debate on flexible and precarious work in low-end service sectors and provide some broader implications of work relations in the gig economy, against the backdrop of globalization and neoliberalism. The jobs at McDonald's have been seen as part-time, low-skilled, low-paid jobs but with flexible employment (which

will be elaborated in Chapter 5). The coining of the term 'McJobs' has been applied to refer to the flexible and precarious jobs in the low-end service sectors and 'McJobs' have been seen as the exemplars of 'bad jobs' (Kalleberg, 2011). Building on the core theme of 'control-consent-resistance' from LPT, this thesis will focus on the flexible and precarious work at McDonald's and examine the dynamic relationship between employers and employees, in terms of the employers' control strategies and employee responses. However, the nature and forms of managerial controls and the interactions between employers and employees cannot be understood without the wider social structures, especially in a CER study (Thompson and van den Broek, 2010). Thus, extra attention needs to be put on explaining the similarities and differences on the labour process in the fast-food sector in two different national contexts, through combining the labour process analysis with institutional perspectives.

2.3 Workplace regime: connecting labour process and institutional perspectives

LPT is useful in understanding the workplace dynamics and antagonistic interests of capital and labour; however, Elger (2001) characterizes the core of LPT as a 'regional' theory of the labour process, as it is a conceptual framework designed to explain the capital-labour dynamic 'within the enterprise, rather than developing a general critique of the social relations of capitalist societies'. In Jaros's (2010) view, the core LPT is bounded by a focus on capital-labour relations in the workplace; in other words, the scope is limited to the capital-labour relations and the level is limited to the workplace level. However, companies are not monolithic organizations but heterogenous organizations where the managerial strategies regarding labour process are implemented in a context of workplace politics and culture (Vidal and Hauptmeier, 2014). Although the findings from the labour process analysis suggest that national institutions generate a strong tendency toward different forms of management control strategies in different contexts, LPT has not advanced a systematic understanding of how institutions structure and affect the capital-labour dynamic. Especially in CER empirical research which usually highlights the diversity of labour processes within different institutions, this deficiency is found to be more obvious. LPT is not able to provide an analytical tool to fully grasp the managerial strategies across countries with different institutions.

Therefore, an institutional perspective should be integrated into the labour process analysis, towards a multi-level analysis. As Jaros suggests (2010), LPT research is not only limited to 'micro-level' analysis of single workplaces or abandon efforts to describe relationship between the labour process inside the organizations and broader social institutions. Burawoy (2009) suggests that studies on the micro labour process is insufficient and more attention should be given to the macro drives of dynamics and changes at the micro level. Thompson and Newsome (2004) suggest that a great strength of LPT is its capacity to connect the workplace to a broader political economy. Thus, it is possible and desirable to integrate institutional perspectives for analysing workplace relations and the function that the 'nationality' of capital plays in shaping labour process practices (Elger and Smith, 2005). In doing so, it will help to answer questions regarding how actors, including managers and employees, react to and reconfigure the institutions within firms, industries, and historical and societal contexts in the models of production. Especially for CER research across different countries, this will enable to explain how managerial control and employee responses present in different political-economic contexts and how different national institutions impact the workplace dynamics. In CER studies, there are some research works that locate labour process analysis in different institutional contexts. For example, in Burawoy's (1985) study in American and Hungarian factories, despite some similar control strategies to be found in the factories in two countries, the disciplinary regime is harsher in Hungary as the ideology of 'control' from the Communist Party affects management at the workplace. Through case studies of engineers in six industrial economies, Meiksins, Berner and Smith (1996) examine engineering labour in six major industrial economies: Japan, France, Germany, Sweden, Britain and the United States and developed an approach to national differences which both retains the place of historical diversity in the experience of capitalism and accommodates the forces of convergence from increasing globalization and economic integration. In addition, the development of the system, society, and dominance (SDD) framework and its applications to the transfer of work practices between countries made contributions to the comparative studies on labour process analysis (Smith and Meiksins, 1995; Elger and Smith, 2005). Beyond the debate on cross-national divergence and convergence in organizations, the SSD framework not only emphasizes the importance of national legacies and institutional patterns (society effect), but also highlights the centrality of systemic and dominant effects – the economic mode of production and the 'best practice' or universal

modernisation strategies generated, imposed and diffused across societies. Elger and Smith (2010) edited a volume of work reorganization and workers' experiences within both Japanese companies and those of their competitors in diverse sectors and national settings. Doellgast's (2012) comparative findings show the importance of policy choices in promoting broad access to good jobs in service industries in Germany and the USA. Likewise, in this thesis, perspectives of institutions will be integrated into the analytical framework and particularly, the approach of 'workplace regime' is adopted to connect labour process theory and institutional perspectives.

The analytical extension connecting labour process and the wider institutional environment is exemplified by Burawoy's notion of the 'factory regime' in his book *The Politics of Production* (Burawoy, 1985). Burawoy suggested that the process of production has two political moments, first, "the political and ideological effects of the organization of work (labour process); and second, the political and ideological apparatuses of production which regulate production relations" (Burawoy, 1985, p. 8). He terms this as a 'factory regime' to embrace both dimensions of production politics, including both the political effects of the labour process and the political apparatuses of production. Using the notion of 'production regime' or 'factory regime', he distinguishes the labour process ("the coordinated set of activities and relations involved in the transformation of raw materials into useful products") from the political apparatuses of production ("the institutions that regulate and shape struggles in the workplace") (Burawoy, 1985, p. 87). The changing and varied forms of managerial control within the labour process are an outcome of the political apparatuses of production, which reflect the parameters of interaction between capital, labour and state in the workplaces. In doing so, the levels of analysis in Burawoy's theory moves from dealing with management control techniques to descriptions of labour process regimes, which intermediate categories between micro politics within workplaces and macro politics in productions at the societal level.

Burawoy aruges that the basic character of a workplace regime or factory regime is determined by the form of the labour process, competitive pressures among firms and state intervention. In his work *The Politics of Production,* Burawoy categorizes different types of workplace regimes in capitalist industries. The different categories or patterns of workplace regimes presented by Burawoy draw on his comparative analysis on the

industrial relations in nineteenth century in Britain described by Marx, the ethnographic study on a Chicago machine factory in 1944-1945 by Donald Roy, and his own ethnographic investigation in the same factory after 30 years (1974-1975). Then he presents the development of capitalist work organization in terms of the transition from market despotic regimes (from the mid-eighteenth century to the mid-twentieth century) to hegemonic regimes (from the mid-twentieth century to the late twentieth century).

The first one to appear historically is *market despotism*. This concept owes its theoretical origin to Marx's notion that "anarchy in the market leads to despotism in the factory and the market is constitutive of the apparatuses of production" (Burawoy, 1985, p.89). *Market despotism* is "constituted by the economic whip of the market and the state regulates only the external conditions of market relations" (Burawoy, 1985, p.12). Burawoy suggested that there are four conditions of existence of market despotism. The first one is competition among firms and the second condition is the real subordination of workers to capital, the separation of conception from execution. The third is about workers' dependence on their employers by the sale of labour power for a wage. The fourth condition of market despotism is that state would preserve only the external conditions of production and it would not directly regulate either relations among capitalists or the process of production and its apparatuses. Market despotism effectively undermined working-class resistance to managerial domination. In such a regime, coercion clearly prevails over consent, especially in the absence of collective forms of organization and workers also lack the ability to effectively resist arbitrary coercion (Burawoy, 1985). The second type of factory regime is *hegemonic regime* in the post-war period. In hegemonic regime, the most crucial factor is the active role of the state in the reproduction of labour power. The state social insurance reduces the dependence of the workers' livelihood on wage employment and the labour legislation facilitates the resistance to arbitrary coercion. Therefore, in the hegemonic organization of work, consent predominates over coercion and subordination of the market leads to hegemony in the factory. But the specific forms of those intervention in hegemoic regime is influenced by the character of the state itself, which can vary among countries. Burawoy claimed that after 1980, an international economic crisis had given rise to a new form of workplace regime – '*hegemonic despotism*'. Workers' vulnerability to capital's national and international mobility leads to a new despotism, built on the foundations of the hegemonic regime. Workers face the constant and greater

threat of losing their jobs due to capital mobility and fragmentation of labor processes. Under the hegemonic despotism, "the interests of capital and labour continue to be concretely coordinated, but whereas before labour was granted concessions on the basis of the expansion of profits, it now makes concessions on the basis of the relative profitablity of capitalist." (Burawoy, 1985, p.150). The hegemony in the workplace has been reproduced through the aggressive and authoritarian imposition of market discipline. Irrespective of state interventions, there are signs that "all the advanced capitalist hegemonic regimes are developing a despotic face" (Burawoy, 1985, p.152).

Burawoy' conceptualization of the categories of workplace regimes in capitalist development has ignited debates in the field of ER and this concept has been extended into differnet national contexts, including some developing countries. More studies in different national contexts suggest the models of 'despotic' and 'hegemonic' can play around with hybrids and makes up new typologies. Taking China as an example, Lee (1998) conceptualizes the factory regime in foreign-owned factories in South China as 'localistic despotism'; Chan and Zhu (2003) presented disciplinary labour regimes in Chinese factories and Pun and Smith (2007) introduced the concept of 'dormitory labour regime' to construct the interaction between the reproduction of labour power and the production process in China. Although the hegemonic regimes remain an important reference to research on SOEs in China (Lin, 2016; Jia, 2016), Chan and Hui (2016) contend that the workplace regimes in China are more despotic than hegemonic but as a form of 'contested despotism'. In addition, Zhang (2014) presented the paradox of labour force dualism in workplace regimes, mixing hegemonic consent rooted in more stable and secure labour relations with temporary workers' struggles.

Not only workplace regimes are influenced by their national institutional environments, but also workplace regimes are reflective of the changing patterns of control, consent and resistance and the dynamic interactions interaction between capital, labour and state at particular historical junctures. The factory regimes during the post-war period (but before the 1980s) are charaterised by the security of long-term employment, the internal labour market and welfare system, and the stronger trade unions, which contribute to maintaining higher wages and improving working conditions and industrial democracy. However, as Burawoy admitted himself, he failed to anticipate the changing forces of market and state after the 1980s (Burawoy, 2015). Since the 1980s, the increasing

competition pressure from globalization, the rapid development of technological change, and the Neo-liberalism revolution have created a significantly different macroeconomic context over the forty years. The service sectors have been developing repaidly and replacing the traditional manufacturing sector in the competitive global markets. Compared to the factory regimes described by Burawoy, there are some significant changes in the workplace regimes in the service sectors, especially in the low-end service sectors. First, employers are seeking more forms of flexibility in organizations, such as flexibility in the employment relationship and flexibility in the scheduling of work (Spreitzer, Cameron and Garrett, 2017). More short-term, non-standard employment forms prevail in service sectors and working time has been fragmented to a greater extent (Ikeler, 2016b). Second, the developing technology has been creating a more rationalized and exploitive working environment (see Callaghan and Thompson, 2001; Bain et al., 2002). Based on 'services on the assembly line', it is argued that 'digital Taylorism' has overtaken Braverman's account of change in office work (Huws, 2014; Neufeind, O'Reilly and Ranft, 2018). Third, workforce shows more diversity in service sectors. In contrast to the masculinity in manufacturing workplaces, more female and young workers entered labour markets, especially in the service sectors (Nixon, 2009). Fourth, much lower level of unionization exists in the workplaces in service sectors. Thus, the changed macro contextual trends over the forty years not only contribute to the industrial restructuring, but also transform the employment relations practices at workplace level. Moreover, the forms of workplace regimes are changing, in which hegemonic forms of control are increasingly replaced by more despotic forms of control. As Burawoy (2015) suggested when looking back at the 'forty years of labour',

> *"I failed to anticipate the demise of U.S. manufacturing, of the trade union movement (at least in the private sector), and, of course, of the hegemonic regime of production"* (p.7)

Subsequent literatures following Burawoy's notion of 'workplace regime' did pay some attention to the changing employment relations practices at workplace level and most of them tend to focus on how the non-standard employment relations display in the workplace regimes, to distinguish from the standard employment relationship as a core element in factory regimes in the post-war decades. For example, Chun (2001) coins a

term 'flexible despotism' to refer to a labour regime which expose the despotic character of flexibility. Employers in flexible despotic regimes attempt to mask the coercive character of their labour control strategies through some contractual arrangement in the core/periphery workforce segmentation model; at the same time, the flexible production regimes create, maintain, and reproduce workers' consent to the stress and insecurity associated with the drive for flexibility. Based on the idea of 'hegemonic despotism', Nichols et al., (2004) studies the changes in factory regimes in three regions of East Asia and suggested that the dismantling of established labour were the main similar and significant change, following the analysis on three aspects of labour regimes: labour control, material support and contracts. Similar attempts are also found in Degiuli and Kollmeyer's research on temporary agency contract in Italy (2007) and Zhang's study on the paradox of labour force dualism in Chinese automoblie industry (2014). In doing so, it directed attention to the significance of employment contracts and how employment contracts modify the wage-effort relationship in workplace regimes.

However, these studies are still mainly located in manufacturing sectors and relatively much less attention has been paid on the workplace regimes in service sectors, especially in the low-end service sectors, despite the contraction of the manufacturing sector and the rise of the service sectors in the competitive global market during the post-industrial era. One recent study by Wood (2020b) brings the notion of 'workplace regime' into the retail sector and suggests that control in the contemporary flexible despotism regimes tend to be enabled by temporal flexibility, not by numerical flexibility. He put more emphasis on flexible working time (or temporal flexibility) in the flexible despotism, arguing that working time provides a powerful means for employers to both secure and simultaneously obscure exploitation. However, he underestimates the presence of employment contract (or numerical flexibility) in the flexible despotism.

This thesis will employ Burawoy's influential approach of 'workplace regime' and extend this concept in the context of a low-end service sector, to address these research gaps and present an updated picture of workplace regimes in McJobs. First, the concept of 'workplace regime' will be conducive to conducting a multi-level CER analysis in this study. 'Workplace regime' connects the micro workplace with macro politics of

capital-labour relations in a national or global context. At the macro level, it helps to understand what the ER institutions are, how the ER institutions operate and compare the ER systems in the two countries. It also helps to understand the broader global context where ER systems evolve. Moreover, not only ER practices at workplace level will be presented, but also the impact of ER institutions on ER practices in workplace regimes will be analysed in this study.

Second, 'workplace regime' approach will help to develop a dialogue between actors, such as managers, workers, trade unions, and state in this study. It will help to present the dynamic employment relationship between managers and workers at flexible and precarious work in contemporary workplaces in the fast-food sector. Apart from managerial control and worker response around 'control-consent-resistance', interactions between management and trade unions will be analysed in the workplace regimes.

In addition, drawing on perspectives of institutionalism, this study will examine employer strategic response to national ER institutions in the workplace regimes. From perspectives of institutionalism, organizations as social entities are socially constructed by the social and political environment and organizational practices and structures can be deeply shaped by institutional forces (Scott, 2013). In addition to the pursuit of efficiency, organizational behaviours are driven by the need to conform to the rationalized myths of the social environment or to achieve legitimacy (Meyer and Rowan, 1977). Based on three central concepts – institutional rules, legitimacy, and isomorphism suggested by Meyer and Rowan (1977), DiMaggio and Powell (1983) captured the notion of 'isomorphism' and distinguished three kinds of isomorphic mechanisms, including coercive, mimetic and normative isomorphic mechanisms. Coercive isomorphism stems from both formal and informal pressures that are exerted on organizations. Such pressures can originate from other organizations, such quality standards, or from the cultural expectations of society that are reflected in the legal environment. Mimetic isomorphism derives from standard response to uncertainty. Uncertainty is an important motive that encourages imitation. Organizations tend to model themselves on similar organizations in their field to enhance the legitimacy. Normative mechanism is associated with professionalization. Professionalization is understood as the collective definition of the conditions and methods of work of the

members of an occupational group. Scott (2013) illustrated three factors that generated the cognitive, normative and regulative bases of legitimacy and defined them as three institutional pillars, including regulative, normative and cultural-cognitive pillars. Regulative pillar refers to rule setting, monitoring, and sanctioning activities. Normative component reflects the values and norms that specify the moral, prescriptive, evaluative and obligatory dimensions of social life. Cognitive pillar is associated with the shared conceptions that constitute the nature of social reality and create the frames through which meaning is made. Accordingly, organizations might enact strategic responses to these institutional pressures towards conformity with the institutional environment. Oliver (1991) proposed five types of strategic responses, which vary in active agency by the organization from passivity to increasing active resistance: acquiescence, compromise, avoidance, defiance, and manipulation (see Table 2.1).

Table 2.1 Strategic response to institutional pressures

Strategies	Tactics	Examples
Acquiescence	Habit	Following invisible, taken-for-granted norms
	Imitate	Mimicking institutional models
	Comply	Obeying rules and accepting norms
Compromise	Balance	Balancing the expectations of multiple constituents
	Pacify	Placating and accommodating institutional elements
	Bargain	Negotiating with institutional stakeholders
Avoidance	Conceal	Disguising nonconformity
	Buffer	Loosening institutional attachments
	Escape	Changing goals, activities, or domains
Defiance	Dismiss	Ignoring explicit norms and values
	Challenge	Contesting rules and requirements
	Attack	Assaulting the sources of institutional pressure
Manipulation	Co-opt	Importing influential constituents
	Influence	Shaping values and criteria
	Control	Dominating institutional constituents and processes

Source: Oliver (1991)

Thus, organizational practices, including HRM and ER practices, not only forms the reflections of the rules and structures of the national institutional environment, but also are the results of response to the institutions. The response from organizations lead to the 'institutional fit' to deal with institutional pressure (Boon et al., 2009). With regard to HRM and ER practices, the goals for employers' strategic responses to institutional pressure are not only to achieve profitability or organizational flexibility, but also to require social legitimacy (Paauwe and Boselie, 2003).

Particularly, MNEs and their subsidiaries are faced with 'institutional duality' where managers and employees are subjected to dual pressures (Kostova and Roth, 2002). On the one hand, MNE subsidiaries are pressured to retain parent company practices (referred to as the home country effect); on the other hand, they have to be faced with the local institutional pressure to gain the legitimacy in the host environments. Thus, more research works on MNEs show how the dual institutional pressure are shaped by the powers exerted by various actors within the organizational setting of MNEs and in the home and host countries and how MNEs respond to both parent company demands and host country pressures to reconcile the challenges of 'institutional duality' and attain 'legitimacy' (Chung, Bozkurt and Sparrow, 2012; Ahworegba, 2018). Kostova and Roth (2002) put forwarded the different 'adoption responses' of subsidiaries to parent company's attempts to transfer practices, including active, minimal, assent and ceremonial adoption, depending on the institutional distance between home and host country environments. Ferner, Almond and Colling's (2005) study of American-owned subsidiaries in Britain suggests that subsidiaries have the ability to mobilise and deploy the micro power resources to allow themselves to resist the full implementation of corporate policy, leading range of compromise and accommodation. Likewise, Morgan and Kristensen (2006) argue that although local subsidiaries face the pressure of transferring practices from parent company, local subsidiaries still have differential capacities to resist these transfers or to develop them in their own interests depending on their institutional context. In addition, some comparative institutionalist perspectives have also given more emphasis to the importance of the host national context (e.g., Zeitlin and Kristensen, 2005; Gomes et al., 2015). It has been suggested that MNEs subsidiaries will not be simply affected by the home-based practices but can build their organizational practices based on the institutional foundations in host countries, especially in distinct local institutional settings, as subsidiaries have the ability to draw on the institutional advantages of the host countries.

Third, control forms adopted by managers is not only affected by the interactions between employee responses, but also mediated by the national ER institutions and broader global context (McHugh and Thompson, 2003b). Considering the shifting from standard employment relations to non-standard employment relations in the changing global context, this study will examine diverse control forms which are not just related

to job roles or work process and put more emphasis on employment contracts and working time as more significant elements for managerial control in workplace regimes (Smith, 2015b).

Fourth, to examine the nature and extent of convergence or divergence in this CER study, the outcomes for workers in terms of pay and working conditions will be examined in the workplace regimes in two countries.

2.4 National culture: an underestimated factor in CER study

Despite the fact that the dominant theoretical wellspring of CER study is based on institutional perspectives, it is argued that the main strands in CER theories generally downplay the role of national culture on explaining the employment relations practices among different countries (Black, 2005). There are only a few exceptions suggesting that culture should not be excluded in CER studies. For example, based on the Dunlop's system theory, Meltz (1993) suggested that the role of cultural value is one of the environmental determinants in industrial relations system. Poole (1986) extended the strategic choice model suggesting that variations in industrial relations institutions and practices across countries have impact on the strategic choices of the actors in industrial relations and these choices are influenced by cultural values, ideologies, economic policies and legal policies. Moreover, the empirical studies on CER focus on the economic, political and regulatory factors as the main variations in ER institutions but largely underestimate or ignore the role of national culture (Black, 2005; Almond and Gonzalez Menendez, 2014). The main reason behind these is that culture is a complex and abstract concept which makes it more difficult to measure in academic research and culture is usually mixed up with other factors, such as institutions. However, in this thesis, I will argue that national culture should not be ignored as an explanatory factor behind differences in employment relations practices across nations. Cultural norms and values are strongly nationally embedded, deep-rooted and slow to change. National culture not only affects individual's or groups' behaviours at organizational level, but also can be a force for institutional stability or diversity in employment relations (Black, 2005).

It is difficult to come up with one standardised definition of culture, but culture has a

few distinct characteristics agreed by scholars. Culture is a multi-layer construct and usually depicted as an 'onion' with three layers, the outer layer embodies the explicit artefacts and products of the society, the middle layer symbolizes the norms and values that guide the society, and the inner layer represents all the implicit assumptions that guide people's behaviour (Hofstede, 1980; Trompenaars and Hampden-Turner, 1997; Schein, 2010). Culture is shared among a group or society, developed over a long period of time and relatively stable (Vaiman and Brewster, 2015). In this thesis, I adopt the definition of culture by Vaiman and Brewster (2015), who suggest culture as 'acquired knowledge that shapes values, originates attitudes and affects behaviour, and which members of a society (or a social group) use to interpret experience and generate social behaviour' (p.152), and focus on the national culture.

It is worth noting that institutionalism suggests that the cultural-cognitive elements are included in the main three institutional bases and organizations should conform to the cultural rules for normative adaptation (Scott, 2013). But Black (2005) pointed out that institutional culture is not exactly the same as the national culture, as institutional culture is described as an invisible web of actors' perceptions and strategies in institutional processes and national culture is mental constructs carried about in group's mind. According to Child and Warner (2003), culture mainly affects individual attitudes and behaviours, including interpersonal behaviours among groups and society; institutions have direct influence on the formal structures and rules. In contrast to institutions, cultural values are more likely to be long-lasting and stable and are less likely to converge. Meanwhile, culture and institutions are interrelated and complementary (Jackson, 2011). Institutions and institutional change can be presented as the outcome of the deeply rooted values and difficult to distinguish from the cultural heritage. In the field of employment relations, national culture can influence the shape of some industrial relations institutions, such as the structure of bargaining, the amount of government involvement and workers' participation (Black, 2005). Moreover, institutions and culture can interactively influence managerial practices at enterprise level. For example, the hierarchical and collective orientation has become commonly regarded as an inherent characteristic of Chinese culture. The management style with 'Chinese characteristics' are influence by both the Chinese culture and institutions (Child and Warner, 2003). On the one hand, some characteristics of management practices in China, such as the authority, conformity, collectivism and dependence on

the organization, could be seen as the most distinctive feature of the historical Chinese institutional regime (e.g., feudalism); on the other hand, Confucianism is acknowledged to have a huge and strong effect on Chinese managerial style as well. The common characteristics of managerial practices in China, including centralised control, collectivism, harmony and paternalistic leadership, are all embedded in the ideas of Confucianism (Child and Warner, 2003). Given that Chinese culture with the hierarchical and collective orientation is intrinsically and distinctly different from the UK culture, national culture seems unlikely to be ignored in this comparative study to explain managerial control strategies and employee responses at workplace level.

2.5 Chapter summary

This chapter sets out political economy approach for the CER study in this thesis, which fosters institutional embeddedness of employment relations practices in a wider political economy. Following this, the concept of 'workplace regime' is employed in this study, to explain how the core elements of LPT play out in two difference political-economic contexts and how the national ER institutions impact the workplace dynamics. Thus, this thesis will focus on the flexible and precarious work in the fast-food sector and examine the workplace regimes around employers' control strategies and worker response at McDonald's in China and the UK. Moreover, through a comparative analysis, it will explore how the national ER institutions impact the power relations between employers and workers, the features of labour process and worker outcomes in the low-end service sector in two different contexts.

Chapter 3 Research methodology

This chapter first discusses how the stratified ontology of critical realism is consonant with the theoretical framework and this ontological approach indicates research design and research techniques applied in this study to address the research questions. The process of data collection and data analysis will be presented, followed by explaining the ethical consideration and reflecting on the process of data collection.

3.1 Critical realism

This research is based on an approach from critical realism to discover the operation of social mechanisms in the field of employment relations. Critical realism developed from the work of philosopher Roy Bhaskar (1978). Critical realism sits between positivism and interpretivism, as an alternative paradigm both to scientistic forms of positivism and also to the strong interpretivist or postmodern with a focus on hermeneutics and description at the cost of causation (Archer et al., 2017). Critical realism agrees with positivists that there is an observable world independent of human consciousness; but, at the same time, it suggests that knowledge about the world is socially constructed (Eriksson and Kovalainen, 2008). On the epistemological basis of realism, it asserts that the study of the social world should be concerned with the identification of the structures that generate the world (Bryman and Bell, 2011). Moreover, this approach is neither a constructionist nor an objectivist ontology but takes the view that the social world is reproduced and transformed in daily life. Under this approach, only when we are able to identify and understand the reality of natural orders and events, we can change them. Therefore, what makes critical realism 'critical' is that the identification of generative mechanisms offers the prospect of introducing changes that can transform the status quo (Bryman and Bell, 2011).

Critical realism ontology is characterized by stratified, emergent and transformational entities, relations and processes (Fleetwood, 2014). For critical realism researchers, reality is a stratified, open system of interrelated parts or entities that interact over time. The entities are things which make a difference in their own right and could be material or immaterial. The properties of entities can be conceived of as essences and casual

powers. Then powers could be possessed, exercised, or actualized. The social world is full of powers and powers depend on mechanisms that relate entities to other entities as the entities are related to each other and they generate physical or social structures. Moreover, many stratified causal powers exist, and these powers interact as they affect the pattern of events. As critical realists adhere to a stratified or depth ontology, it facilitates a better understanding of how powers operate in different locations and at different hierarchical levels. Therefore, critical realism researchers tend to involve two intertwined activities: first a description of empirical things and events, and second, an analysis to theorize the mechanisms and structures. Entities, events, power, mechanisms and structures are the main elements of the critical realism analysis.

In the field of work and employment relations, under the approach of critical realism, organizations are socially, conceptually, and artefactually real entities (Fleetwood, 2014). In an organization, the social structures (mechanisms, relations, powers, rules, resources, institutions) enable and constrain the actions of the organization's agents and are also consciously and deliberately reproduced or transformed by these agents. In details, the agents who reproduce or transform these social, conceptual, and artefactual entities simultaneously reproduce or transform themselves as the organization's agents, for example, employers form a social structure in their relationships with employees. At the same time, the rules are unconsciously reproduced or transformed by agents and consciously or tacitly followed by agents; the mechanisms (e.g., recruiting, employment contracts, strikes) are consciously reproduced by agents; the laws and regulations that enable and constrain the actions of the organization's agents are followed and are consciously reproduced by agents as well. Thus, the task of the researchers in employment relations is to work out an accurate and reliable explanation for these patterns of events via the more adequate accounts of the entities, agents, powers, and mechanisms in the workplaces and in the employment regimes, and critical realism offers a sophisticated understanding of the interactions between agents and structures in organizations and through uncovering power relations and socio-political agendas, researchers can transform the status quo in employment regimes and lend voice to relatively powerless (Fleetwood, 2014).

In line with this, the ontology of critical realism is consonant with our theoretical framework which incorporates the interactions among the workplace, structural,

national and institutional dynamics. First, labour process theory and institutional perspectives are both essentially realist and their particular fields of employment relations have a long and impressive tradition of materialist and realist-informed research (Rees and Gatenby, 2014). The task of LPT is to develop an account of the potential casual powers of the structures and their effects, around dialectical relations between control, consent and resistance in the employment regimes and from the institutional perspectives, it assumes that organizations as social entities are socially constructed by the social and political environments and organizational practices and structures can be deeply shaped by institutional forces. The critical realism focuses on process and interaction and enables a view of the organization as a political arena, in which social interaction, power and political maneuvering become more central in the analysis; at the same time, these processes are in turn shaped by the wider institutional context (Ackroyd and Karlsson, 2014). Second, a layered ontology of critical realism can conduce to conduct a multi-level analysis in this study. The concept of 'workplace regime' reflects the complex and interrelated layering of social experience and encompasses the capitalist political economy, work and employment relations. Under this theoretical framework, some attempts to account for broad, global, political, economic and cultural dynamics should be done and some effort to describe relationships between agents inside the organizations and broader social institutions should be made. The layered ontology from critical realism implies an approach to social inquire that encourages us to identify the dynamics of these interrelations and make more meaningful connections between the political economy and the social agencies or actors situated within the labour process (Thompson and Vincent, 2010).

Furthermore, critical realism's influence goes beyond ontology itself as one's ontology can influence one's epistemology, methodology and choice of research techniques. Critical realism not only presents an ontology framework consonant with the theoretical framework, but also provides the guidance on research methods and techniques in this study. One goal of critical realism research on organizations and employment relations is to identify the sequence of causation or casual mechanisms at work. Following the critical realism ontology, Ackroyd and Karlsson (2014) suggest two dimensions to set the realist research designs, one between intensive and extensive research and the other between detachment from and involvement with research subjects. The first dimension is related to whether the mechanism and context do interact, and the context decisively

shapes the outcome of the mechanism. The second dimension refers to a dichotomy between involvement and detachment of the researchers in the situation under investigation. Thus, a typology of eight usable realist research designs is constructed. The detached research designs include case studies, comparative case analyses, generative institutional analyses, and research using survey and census data. The extensive research designs cover action research, intensive realist evaluation, barefoot historical research, and extensive realist evaluation. As this study aims to examine how the institutions shape the employment relations in two different national contexts, comparative case study is a suitable vehicle to examine the operation of a mechanism or a process and identify the contexts in which the specific casual mechanism is identified and explored. Case study accounts of the processes can involve the conceptual interpretation of mechanisms and outcomes, and explain the way mechanisms and contexts have intersected to produce unique outcomes (Ackroyd and Karlsson, 2014). In this thesis, a comparative case study not only can identify the nature of the mechanism at work and the range of variations in labour process and outcomes that can occur, but also can clarify the extent to which outcomes are attributable to a mechanism or its context or their interactions.

In terms of the research techniques, critical realists suggest that ethnography is a suitable basic method to recognise the precise nature of the mechanisms and understand the extent of their effects at work. A critical realist ethnography would aim not only to describe events, but also to explain them by identifying the influence of structural factors on agents. The value of the micro-level data gathered through ethnographic studies can only be realized when they are situated and interpreted in their historical, economic, and social contexts and critical realism is well placed to provide the links between these subjective understandings and their structural social origins (Rees and Gatenby, 2014). Therefore, ethnography also suits my study to link the individual ethnographic accounts with multi-layers of contexts and social structures and helps to explain rather than merely describe the social phenomenon. Moreover, critical realism ethnography is particularly useful to analyse the dynamics of employment relations and labour process within MNEs, as it can provide the link between the agency of managers and workers at the MNE level and the structured context of global, national, and sector-level constraints (Rees and Gatenby, 2014).

In sum, critical realism as the ontology framework in this study not only is consonant with the theoretical framework, but also indicates the research design and research techniques to address the research questions. Accordingly, a critical realism ethnography located at one MNE in two different national contexts is designed and conducted in this study to understand the labour process and the institutional impact on work and employment relations.

3.2 Ethnographic research: understanding the labour process

The essential core of ethnography is the concern with the meaning of actions and events to understand. Through ethnographic research, people's actions and accounts could be studied in everyday contexts by researchers. Ethnography enables researchers to take part in daily activities, interactions and events in one setting with the aim of exploring the explicit and tacit social life and culture within a social setting (Dewalt and Dewalt, 2011). Ethnographers who mainly engage in participant observation could gain insight into cultural practices, phenomena and social relationships in the field sites. Hammersley and Atkinson (2007) define ethnography as follows:

> *"Ethnography usually involves the researcher participating, overtly or covertly, in people's daily lives for an extended period of time, watching what happens, listening to what is said, and/or asking questions through informal and formal interviews, collecting documents and artefacts – in fact, gathering whatever data are available to throw light on the issues that are the emerging focus of inquiry."* (p.3)

With rich sources of data and in-depth understanding of the field sites, ethnography could also be of great significance for the research on industrial relations at worksites. In the study of organizational settings, ethnography can offer the opportunity to be involved in the daily operation of organizations and be engaged in the fieldwork at workplace level, providing an insider's point of view (Bryman and Bell, 2011). The studies on management and organizations focusing on how people in specific work settings making sense of their day-to-day actions and situations form a methodologically specific field of research called 'organizational ethnography'

(Schwartzman, 1993). Organizational ethnographies provide in-depth descriptions on a wide range of topics within the field of management and organizations, such as managerial actions, organizational cultures, human resource management practices, interaction of professional groups, work behaviour and worker relations. Therefore, ethnography has been widely utilized in the field of industrial sociology and organizational management. A range of researchers have conducted ethnographic research in different industries and organizations. For example, Beynon (1975) spent five years in the Ford Motor Company's Halewood assembly plant in Liverpool to understand the experience of the workers on the assembly lines and their perceptions on industrial politics; Pollert (1981) studied working class women's experiences on the production line in a tobacco factory; Watson (2000) studied the lives of managers in the ZTC Ryland plant; Holgate (2005) explored working conditions and unionization in a London sandwich factory; Ho (2009) described the working life at a Wall Street investment bank; Bernstein (2012) revealed a 'Transparency Paradox' in a Chinese factory.

As introduced in the part of theoretical framework, the core labour process analysis has an empirical interest in the experience of work at the point of production and a theoretical concern with the contradictory relationships between capital and labour. In terms of the research method, a majority of LPT empirical research is done using case-study and qualitative methods and is especially well-suited to ethnographies. Ethnographic method not only allows a close observation of work tasks and working conditions, but also a deep understanding of the workplace dynamics between actors. Especially, observation at work sites can reveal important information about the nature of labour process and some key issues, such as the ways in which managerial controls are deployed.

In terms of research techniques, the focus of ethnography is usually on a few cases, generally small-scale, perhaps a single setting or group of people. Such research approach is to facilitate an in-depth study. In terms of data collection, the data are generally gathered from a range of sources, including documentary evidence of various kinds, but participant observation and/or interviews are usually the main avenues of data collection and generation. The analysis of data involves the interpretation of the meanings, functions, and consequences of human actions and institutional practices, and

how these are implicated in local and wider contexts.

Taking account of the functions and techniques of ethnography, a single-case ethnography is applied in this study. McDonald's is chosen as a revelatory and representative case company, as it is a leading global foodservice MNE in the world and its model is emulated by other fast-food companies. The single case design helps to control some variables in the organization (such as the production process) to focus on the comparison on the key issues in the labour process and the institutional contexts between the two countries. Furthermore, the ethnographic data is derived from multi-sited fieldwork in two different national contexts where the institutional variables at macro level can be examined. Thus, the ethnography based on the same MNE – McDonald's – in two field sites facilitates the comparative analysis in this study to examine the realities of working conditions and employment relations practices at McDonald's and contrast the interaction among actors (capital, labour and state) in the structured context of global, national, and workplace-level constraints.

3.3 Data collection

Multiple research strategies are adopted, and various sources of data are collected in this ethnographic study. First, participant observation was conducted at McDonald's stores in both countries, which enabled me to gain a deep understanding of working conditions and employee relations practices at the workplace level at McDonald's. Second, semi-structured interviews were undertaken with employees, ex-employees and some (ex-) store-level managers at McDonald's in both China and the UK, in addition to some unstructured interviews with some officials from trade unions and Chinese government. Third, an analysis of documentary materials, including reports and newspaper articles in the media, operation reports from McDonald's companies, and documents from governments or trade unions, regulatory and policy documents relating to labour standards in both China and the UK has been carried out.

3.3.1 Participant observation

Participant observation is well established as an important element of ethnographic research (Dewalt and Dewalt, 2011). Gold (1958) classified the role of ethnographer into four categories: complete participant, observer-as-participant, participant-as-

observer, and complete observer, which represent points on a dimension from 'internal' to 'external'. Roulet et al., (2017) suggest a two-dimensional continuum of participant consent in participant observation: who knows the researcher's purpose (breadth of the consent), and how much is known (depth of the consent). According to Gold (1958) and Roulet et al., (2017), in this study, I conducted a fully covert participant observation as a complete participant. Covert participant observation describes researchers becoming embedded in the group or organization where they are studying, while the researchers conceal their true identities and purport to play some other roles (Gephart, 2004). In my case, I worked at two McDonald's stores in two countries as an ordinary employee, while I concealed my research intention to all other co-workers and managers.

Inevitably, covert participant observation entails some elements of deception, which sparks constant debates in social sciences and the main dispute around covert participant observation is about its ethical grounds (Spicker, 2011). Researchers using covert methods usually mislead other participants about their identities and/or their intent to research and observe participants without their informed consent (Homan, 1991). It is argued that such behaviours violate the principle of informed consent based on research ethics and betray the trust of participants. Also, it has been viewed as a breach of participants' rights and privacy and concerns arise around the potential harms to participants (Bloor and Wood, 2011). Moreover, another criticism of covert approaches is that researchers may have to engage in morally risky behaviours to gain access and to avoid being discovered. Thus, not only researchers' behaviours, but also their emotions can be adversely affected by performing covert research (Lugosi, 2006; Maguire et al., 2019). These impacts on researchers not only happen in the research settings but can also last even after researchers exit the field. For instance, Warden (2013) delineates the risks of emotional trauma in ethnographic research based on her own ethnographic experience with vulnerable groups in dangerous environments. Maguire et al. (2019) analyzed the emotional challenges in the whole process of doing covert research within antagonistic organizations. These controversies around covert participant observation have tended to make this approach more unacceptable and less common, especially under the stricter ethical scrutiny that have developed in universities in recent years (Spicker, 2011). The exemplar studies on covert participant observation are mostly drawn from the 1950s to the 1970s (Bloor and Wood, 2011). For example, Roy (1958) studied the everyday life of factory workers, Dalton (1959) acted

as an administrative assistant to collect data on the informal culture of organizational life, Van Maanen (1975) was enrolled in a training program of the police to experience firsthand the process of how trainees socialize with each other. Since the 1970s, covert research has become increasingly controversial and less common.

However, some researchers have in recent years called for a rehabilitation of covert research (Lugosi, 2006; Spicker, 2011; Roulet et al., 2017; Calvey, 2019). They argue that covert participant observation has played a profound role in shaping studies in social science and has yielded important theoretical contributions. Additionally, they assume that the ethical considerations should not always outweigh the practical and methodological benefits of covert or semi-covert investigation. Arguably, covert participant observation offers three main benefits (Roulet et al., 2017). First, it can provide access to institutions or organizations that would otherwise remain excluded from researchers. Second, the role as a covert observer can reduce participants' reactivity to a great extent, so that the participants under study will not modify their behaviours or reveal their (secretive) behaviours on purpose. Third, being a pure insider allows the researchers to experience firsthand the phenomena under study in pretty much the same way that the participants experience it. Therefore, covert participant observation can provide an alternative and creative perspective for social science studies. Moreover, it has been argued that all forms of observation rely on some degree of deception as the concealment is sometimes necessary and unavoidable considering the practical realities of observational work in a 'messy' real world (Lugosi, 2006; Spicker, 2011). Some recent examples demonstrate that researchers who managed to conduct covert participant observations could benefit from the covert approach and still justify their work on ethical grounds. For instance, Calvey (2000) acted as a bouncer or nightclub doorman and explored the everyday world of bouncers in the night-time economy of Manchester, arguing that that covert observers can engage in 'situated ethics', through constant reflection on the morality of the researcher's actions in the field (Calvey, 2008). Postuła and Postuła (2011) studied liminal actions through covert observation in a state-owned enterprise in Poland as they were concerned about employees' reaction to the imposition of 'strange' and perhaps unwelcome observers. Bernstein (2012) revealed the 'transparency paradox' in a Chinese factory where the organization was the gatekeeper but the co-workers had no idea about his research intention and he admitted that taking the role of a covert observer helped to avoid

contaminating the environment and the behaviours under study. Therefore, doing covert research is not impossible. With careful consideration, it can be feasible and reasonable given certain practical considerations. Researchers should evaluate its practical and methodological benefits and its costs or risks to participants or even to researchers themselves based on their own research projects and research settings. Clearly, the central challenges of employing covert participant observation need to be strongly addressed by the researchers, including developing a cover story, collecting data surreptitiously, reducing harm to participants, leaving the site of study, receiving approval from ethical boards and dealing with potentially troubling emotional impacts (Roulet et al., 2017; Maguire et al., 2019).

Based on my own research project, I believe I can justify the reasons of choosing the covert research as follows. First, gaining access to workplaces in the fast-food sector to examine employment relations practices is extremely difficult as related studies have shown (Leidner, 1993; Reiter, 1996; Royle, 2000, 2010). In general, researchers in this sector have avoided the difficulty of securing research access directly from employers as most salaried store-level managers in the fast-food sector are not likely to welcome researchers asking about or observing employment relations practices in their stores; especially if some of their activities are non-compliant (Royle, 2000; Allan, Bamber and Timo, 2006). Adopting a covert role therefore gets around the access problem for this study and provides me with the access to otherwise unavailable data. Second, unlike some covert studies where the organizations or managers might act as gatekeepers, I employed fully covert observations which means my researcher identity was not known to any other workers and managers in the stores. The fully covert approach reduces the risk of adjusting or altering participants' natural behaviours (Bulmer, 1982), whereas in the case of overt research, the possibility of getting information on hidden issues might be impossible (Vaus, 2001). In my case, I would be more concerned that managers' attitudes or behaviours towards employees would be disturbed or inhibited even if they agreed to accept me as an observer doing my research (which is unlikely in reality). Third, a role as a complete participant allowed me to understand and interpret the data firsthand and gain rich insights into a normal working day and conditions of work in work site. I found that my own working experience during the participant observation helped me to establish rapport with interviewees and communicate with them more efficiently as I shared some similar experiences with the interviewees. Moreover, the

participant observations in two countries are combined to provide with in-depth insights and comparative thinking on the employment relations practices at McDonald's both in China and the UK. Apart from these methodological merits, the ethical consideration of the research project will be discussed in more details in the section 3.5, which helped to minimize the potential harm to participants. In the section 3.6, I will also reflect on my covert participant observation to show how I dealt with the challenges.

The detailed information about my participant observation in two stores are shown in Table 3.1. In China, I had been working as a full-time worker at a McDonald's store in city A for 5 weeks. During the five weeks of a full-time job in China, I worked there for 29 shifts and 199 hours totally with only one day off in each one week. The average daily working hours were 6.86 hours. In the UK, I had been working as a part-time worker at a McDonald's store in city B for 15 weeks. During the fifteen weeks of the part-time job in the UK, I worked there for 20 shifts equivalent to 132 hours. The average daily working hours were 6.6 hours.

Both of the stores in China and the UK are Drive-thru stores and open for 24 hours. In both stores, I usually worked on the tills and took orders for customers. As the work is fast-paced and often unrelenting, it was very difficult to take notes whilst working in such research settings; thus, I had to write up my field notes at the end of each working day.

Table 3.1 Participant observation

Research site	China	UK
Type of McDonald's store	Drive-thru	Drive-thru
Position	Full-time crew member	Part-time crew member
Duration	5 weeks	15 weeks
Number of shifts	29	20
Total working hours	199	132
Average daily working hours	6.86	6.6
Job tasks	Working at the till and taking orders	Working at the till and taking orders

Access to the research sites

The key criteria for selecting the research settings of ethnography should be relevant to the research questions; however, in practice, researchers should balance what is desirable and what is possible (Bryman and Bell, 2011). In this part I will briefly introduce how I access to the research sites based on my personal situation and experience. In both countries, I applied for jobs at McDonald's in China and UK as a normal applicant. In 2017, I applied for a job in a McDonald's restaurant in A city where I used to live for several years. Initially, I had assumed this would be easy as seeking part-time employment as a student at McDonald's is very common and McDonald's is well known for its flexible employment practices in most countries (Royle, 2000). However, it is found that the process of getting a job at McDonald's in China was not that straightforward for me as McDonald's set different requirements on different types of hourly-paid employees (see Chapter 6). This turned out to be true even though all of the recruitment advertising post or online advertising stated that anyone with flexible time and even no working experience was welcomed to work at McDonald's. I made some calls and asked the shift managers in three stores whether there was any possibility to apply for a job as a part-time student working during the summer holiday. However, I was rejected by three stores for a combination of different reasons: first, because they already had enough staff in the store; second, because they preferred to recruit workers who would guarantee to work for at least one year; or lastly, because I was older than the maximum age for what McDonald's China defines as a 'part-time student' (23 years old). In the fourth store where I tried to apply for a job, the shift manager replied,

> *"...If you already have social insurance paid by another company, yes, you can apply for a part-time job. If not, you cannot apply for a part-time job. If you really want to find a job at McDonald's, the only position you can apply for is a full-time job. Also, you should promise that you can work at the store for no less than one year."*

At that moment, I had no social insurance as I had no other employment in China, which meant that I was not 'qualified' to be a part-time worker there either. Therefore, I had no choice but to change the original plan and I had to promise that I would work for

at least one year as a full-time crew member[5] in order to get the job. After speaking to the human resource manager in that store, she agreed to offer me a trial work period of two hours (unpaid) to see whether I could handle the job there. In the two hours, I was told to help one crew member to clean the tables and empty the bins, that is the most basic job at McDonald's. Whilst I was emptying the bins, one crew member said, "This job is boring and dirty. If you can't stand it now, I suggest you leave and find another job." This trial period seemed to be a test to see if the applicant really wanted to work at McDonald's. Following the trial period, I had an interview with the business manager in the store. The business manager introduced the basic information about the job, and he asked the reason why I wanted to work at McDonald's. I explained that the job was relatively flexible, and the store was not far away from my home, which would help me to look after my son at home. But I concealed that I was doing a PhD abroad in order not to arouse his suspicion. After I promised that I could work for one year and work on the morning shifts (usually from 6 am to 1 pm), the job was offered. At McDonald's, managers are more likely to hire workers who can fit into their scheduling needs (this point will be illustrated in section 6.2.2). Before formally notifying the starting date, the human resource manager asked me to submit some personal information and gave some documents providing a brief introduction about working at McDonald's in China. The human resource manager asked me to sign a document which stated to be informed of the regulations and policies set by McDonald's. Then I started to work at McDonald's as a full-time crew member after submitting the ID information, bank information and certification of health. Although the original plan as a part-time student was changed, I found that taking the role as a full-time crew member at the store allowed me to have more opportunities and more time working at the store to understand the employees, the employment practices and working conditions at McDonald's in China. The detailed working time distribution in these five weeks is shown in Table 3.2.

Table 3.2 My working hours at McDonald's in China

Duration	5 weeks
Total working days	29
Times for sick leave	1
Total working hours	199
Average daily working hours	6.86

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[5] The main categories of hourly-paid employees at McDonald's are called as 'crew members' and 'crew trainers'. The hierarchy at McDonald's will be explained in Chapter 5.

6.5 hours	12 shifts
7.5 hours	14 shifts
8 hours	1 shift
6 hours	1 shift
2 hours	1 shift

In 2018, I applied for a job at McDonald's in B city in the UK. As a Tier 4 visa student in the UK, I was only allowed to take a part-time job with the maximum working time of 20 hours in one week during term time. Thus, the only position that I could apply for was as a part-time student at McDonald's. The application for McDonald's was processed online at the first step. Before the applicants filled out the application forms on the McDonald's website, some questions should be answered on the website. All these questions were designed to test whether the applicant's attitude to work could satisfy the corporate values of McDonald's, such as whether you are willing to stay and work for a longer time when it is busy at stores, whether you are willing to sacrifice your own time and work for one more shift when one crew member could not attend and you are asked by the manager to work and whether you are willing to help other crew members when you are not that busy. At the first time, I answered the questions, but I did not pass the test because I gave the 'wrong' answers; at the second attempt, I adjusted my perceptions and attitudes to work to get the 'right' answers and passed the test. This process was an instant indicator of the company's employment culture – I was being made aware that being suited to teamwork and being obedient towards management are two key issues at McDonald's. Following the test and application form, I got the call from one manager but was informed that I would be considered at another store other than the one I had applied for, and an interview was arranged. In the interview, the business manager was quite happy with that I had some working experience at McDonald's China, and she asked me some basic information about the customer relationship. Just a few days later, I was offered a part-time job there. This part-time job lasted for 15 weeks. After gaining employment and accessing the research sites, I worked as a fully functioning crew member at McDonald's without any differences from others.

3.3.2 Interviews

In addition to participant observation, my study involved gathering extensive interview data. As Clarke (1996) suggest, observation can provide firsthand data and insights, which can be used to guide the researchers to discuss some aspects of working experience more overtly and efficiently in interviews. The data from covert participant observation can be enriched and validated through other overt approaches such as interviews.

In total, there are 55 interview respondents in this study, including 51 McDonald's (ex-) staff, two officials from central government and one official from All-China Federation of Trade Union (ACFTU) in China, and one union organizer from the Bakers, Food and Allied Workers Union (BFAWU) in the UK. The main bulk of interview data is derived from employees or ex-employees at store level in McDonald's in different cities in both countries. Interview respondents mostly focus on the hourly-paid employees and shift managers which take up 90 percent of McDonald's employees and include both current employees and ex-employees. McDonald's has a high level of labour turnover so there are many ex-employees of the company represented in my interviews. In addition, I also interviewed some salaried managers or ex-salaried managers. The research design for the interview part of the study was based on convenience sampling and snowballing sample which began with some personal contacts; some other interviewees were sought through the social media platforms (such as WeChat, Weibo in China; Facebook, LinkedIn in the UK). In accordance with the ethical approval, I applied for and received from the University of York faculty ethics committee, I intentionally chose to interview people from stores where I had not worked as an observer. This was done in order to protect the staffs and myself from any problems that might arise from people learning about the covert research that I had conducted.

Initially, I had already made some contacts and established some rapport with some ex-employees at McDonald's in China. Through searching keywords like 'McDonald's' and 'wage' in the messages posted from 2015 on the Chinese version of Twitter known as "Weibo", I found several people who stated that they had worked in McDonald's. I contacted them to make some conservation about their working experience. Based on the established contacts with these ex-McDonald's employees more interviewees were found. In addition, some more interviewees were accessed through social media (such

as WeChat and Weibo in China). In the UK, the main interviewees were found via LinkedIn. Through searching those who had working experience at McDonald's, I contacted these potential interviewees to gain their consent to conduct the interviews. In addition, some interview respondents were contacted through personal contacts.

27 semi-structured interviews with McDonald's staff have been conducted in 20 McDonald's stores among 12 cities in 10 provinces across China and 24 semi-structured interviews have been conducted in 19 McDonald's stores among 15 cities across the UK. These interviewees were located in different cities in China and the UK. 19 interviews were conducted face-to-face close to the places where they worked, 32 interviews were made via online voice calls when a face-to-face interview was not possible. Of the 27 interviews in China, two interviews were not audio recorded as the interviewees were not comfortable about being recorded. The unrecorded interviewees spoke slowly, allowing me to write down what they said. The interviews lasted from half an hour to one and a half hours. The interview questions were developed from the research questions to address the research aims and since the type of interview is semi-structured, the order of the questions that were put to interviewees varied among interviewees. Additional questions were also asked when necessary, depending on the interviewees' responses. In general, these semi-structured interviews focused on the employees and managers' working experience at McDonald's, including payment, working time, working conditions, and employee-manager relationships. The list of interviewees from McDonald's in China and the UK are shown in the Table 3.3 and Table 3.4. For the convenience of data analysis, seven types interview respondents from McDonald's China are identified, including full-time employee (FT), part-time worker (PT), part-time student (PS), retired worker (RW), shift manager (SM), assistant manager (AM) and business manager (BM)[6]. In the UK part, four types of interview respondents from McDonald's are identified, including crew member (CM), shift manager (SM), assistant manager (AM) and business manager (BM)[7]. Nine of the interviews of UK McDonald's employees were involved in the McStrikes that took place in 2017 and 2018.

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[6] There are four types of hourly-paid workers at McDonald's China, who signed different contracts or agreements. This point will be explained more in Chapter 6.

[7] There are blurred distinctions between full-time crew members and part-time crew members, and a large majority of hourly-paid employees are employed on ZHCs no matter whether they are part-time or full-time. Thus, they are all coded as CMs (crew member).

Table 3.3 List of interviewees with McDonald's (ex-)staff in China

	Code	Gender	Age (by the interview date)	Still working or not (by the interview date)	Position
1	CN-PS-1	Female	19	Yes	Part-time student
2	CN-PS-2	Male	19	Yes	Part-time student
3	CN-PS-3	Male	18	Yes	Part-time student
4	CN-PS-4	Male	19	Yes	Part-time student
5	CN-PS-5	Male	22	No	Part-time student
6	CN-PS-6	Female	23	Yes	Part-time student
7	CN-PS-7	Male	23	No	Part-time student
8	CN-PS-8	Female	22	Yes	Part-time student
9	CN-PS-9	Female	22	No	Part-time student
10	CN-PS-10	Male	23	No	Part-time student
11	CN-PS-11	Female	23	No	Part-time student
12	CN-PS-12	Male	20	Yes	Part-time student
13	CN-PS-13	Female	20	No	Part-time student
14	CN-PS-14	Male	21	Yes	Part-time student
15	CN-PS-15	Female	21	Yes	Part-time student
16	CN-PS-16	Male	30	No	Part-time student
17	CN-PT-1	Female	50	No	Part-time crew member
18	CN-FT-1	Female	30	Yes	Full-time crew member
19	CN-FT-2	Female	24	Yes	Full-time crew member
20	CN-SM-1	Female	24	Yes	Shift manager
21	CN-AM-1	Male	24	Yes	Assistant manager
22	CN-AM-2	Male	24	No	Assistant manager
23	CN-AM-3	Male	24	No	Assistant manager
24	CN-AM-4	Male	26	No	Assistant manager
25	CN-BM-1	Female	29	No	Business manager
26	CN-BM-2	Female	28	Yes	Business manager
27	CN-BM-3	Female	31	Yes	Business manager

Table 3.4 List of interviewees with McDonald's (ex-)staff in the UK

No.	Code	Gender	Age (by the interview date)	Still working or not (by the interview date)	Position
1	UK-AM-1	Female	22	Yes	Assistant manager
2	UK-AM-2	Male	39	Yes	Assistant manager
3	UK-CM-1	Female	22	No	Crew member
4	UK-CM-2	Female	-	Yes	Crew member
5	UK-CM-3	Male	-	Yes	Crew member
6	UK-CM-4	Female	-	Yes	Crew member
7	UK-CM-5	Female	-	No	Crew member
8	UK-CM-6	Female	-	No	Crew trainer
9	UK-CM-7	Male	22	Yes	Crew member
10	UK-CM-8	Male	-	Yes	Crew member
11	UK-CM-9	Female	36	No	Crew member
12	UK-CM-10	Male	22	Yes	Crew member
13	UK-CM-11	Female	21	Yes	Crew member
14	UK-CM-12	Male	20	Yes	Crew member
15	UK-CM-13	Female	19	Yes	Crew member
16	UK-CM-14	Female	20	Yes	Crew member
17	UK-CM-15	Female	21	Yes	Crew member
18	UK-SM-1	Female	-	Yes	Shift manager
19	UK-SM-2	Male	22	Yes	Shift manager
20	UK-SM-3	Female	-	Yes	Shift manager
21	UK-SM-4	Female	-	Yes	Shift manager
22	UK-SM-5	Male	25	Yes	Shift manager
23	UK-SM-6	Male	23	No	Shift manager
24	UK-SM-7	Female	27	No	Shift manager

In addition to interview respondents from McDonald's, I interviewed one ex- and one current official from the Ministry of Human Resource and Social Security (MOHRSS). The main questions were about the impact of government on employment relations in MNEs. I contacted some officials in the ACFTU and obtained some documents on employments relations at some relevant MNEs, focusing on Walmart, McDonald's and KFC. I also interviewed one trade union official in the Nanchang branch of ACFTU, as

I discovered that workplace branches of the ACFTU were involved in McDonald's stores in Nanchang city. The interview questions were mainly focused on the trade union involvement at McDonald's and in the fast-food sector in Nanchang city. In addition, I interviewed one union organizer from BFAWU in the UK. In total, all the interview respondents are listed in Table 3.5.

Table 3.5 List of interview respondents

	China	UK
Crew member	19	15
Shift manager	1	7
Assistant manager	4	2
Business manager	3	0
Others	2 officials from central government 1 trade union official from a city branch of the ACFTU	1 union organizer from BFAWU

3.4 Data analysis

In qualitative research, data collection and data analysis are not completely separated and accordingly, the aspects of data analysis are referred to in the presentation of data collection. As the data collections covered different phrases, different locations and different channels in this study, the data collection and data analysis stages were undertaken concurrently, and the data analysis was an iterative and reflexive process. The data analysis follows a structured logic of identification of themes, patterns and connections. Thematic analysis is applied as a main method for identifying, analysing, and interpreting patterns of meaning ('themes') within qualitative data (Boyatzis, 1998). It is a form of pattern recognition within the data, where emerging themes become the categories for analysis. Thematic analysis can be applied across a range of theoretical frameworks and research paradigms, including the critical realism outlook which acknowledges the significance of both social context and agencies (King and Brooks, 2017). Also, thematic analysis can be used for both inductive (data-driven) and deductive (theory-driven) analyses, and to capture both manifest (explicit) and latent (underlying) meaning (Clarke and Braun, 2017). In particular, I used a template

approach (King and Brooks, 2017) in thematic analysis to analyse my data. Template analysis involves the development of a coding template for data analysis. Themes in the template are stipulated in advance of coding to reflect specific areas of research aims, but the themes and the template can be modified as researchers are getting to understand the data better during the process of coding. Moreover, this approach is flexible regarding the forming of the coding template and it takes a pragmatic approach to inductive versus deductive coding. Therefore, it enables to use a process of thematic coding that involves a balance of deductive coding that derived from the theoretical framework and inductive coding emerging from the raw data (Fereday and Muir-Cochrane, 2006).

Following the data collection from participant observation, interviews and document analysis, all the interview transcripts, field notes and documents were entered into the QSR NVivo data analysis software, and a comprehensive process of data coding and identification of themes was undertaken, following the template analysis approach. Before commencing an in-depth analysis of the data, priori themes were identified into a template as potentially helpful and relevant to the analysis by corresponding to key concepts and perspectives for the research (King and Brooks, 2017). In this study, the template was developed based on the research questions and the theoretical framework and I organized a priori top-level themes around main issues related to employers' control strategies, employees' response (consent and resistance), workers outcomes and ER institutional arrangement, for the purpose of my study. Then I started to do the preliminary coding through reading the data and becoming familiar with the data. These themes were transferred to hierarchically organized codes. Higher-order codes were listed under each of these heading themes and were defined based on the literature and raw data. For instance, some control strategies, such as personal control, repressive, technical or bureaucratic controls have been suggested in previous literature (Edwards, 1979) but if some sections of the text that seems to offer something of relevance or contribute to the control strategies, it will be highlighted and new codes might emerge from these section. Also, lower-order codes were developed through a more iterative process of reading through the data. Furthermore, parallel coding (classifying the same segment of text under two different codes) was conducted as well. In this study, there is another parallel theme line that is related to the employment relations management practices, where the main issues include workforce characteristics, employment

contracts, working time, pay, working conditions, employee voice and trade unions, as I assumed that the main themes that derived from theoretical framework are intersected with these aspects of employment relations practices.

In template analysis, the initial version of the template was used to code a subset of data first and modified and then was used to code subsequent data. Following these, hierarchical relationships between codes and themes are identified and the initial template has been constructed, modified and developed. When inadequacies in the initial template were revealed, modifications were made and gradually, many new themes were inserted into the original template including higher and lower order codes. This process of developing template continues until the template can provide a rich and comprehensive representation of the interpretation of the data (King and Brooks, 2017). Then the final template was used as to structure the writing up of data. It is worth noting that I divided the data between Chinese part and UK part and did the coding separately. I did the coding on the Chinese part first and the template was developed from the Chinses cases. This template was used as the initial template for data analysis in the UK part and then was modified and developed. In doing so, through comparing the two final templates from two countries, this approach was served as the basis for the comparative analysis.

3.5 Ethical considerations

In much of the research in the fast-food sector, researchers have avoided the difficulty of securing the research access directly from employers (Allan, Bamber and Timo, 2006), as the management of fast-food firms are not likely to welcome researchers asking about employment relations in their stores (especially if some of their activities are non-compliant). It is very difficult to get sufficiently close to employment relations practices in the fast-food sector to access the meanings and information assigned to the researchers by the participants, other than through covert observation or through interviews with workers outside the workplaces (Leidner, 1993; Reiter, 1996; Royle, 2000). Therefore, I conducted a fully covert participant observation as one part of my data collection. This approached required very detailed exploration and discussion of the ethical justifications of taking this approach, and of ways to minimize any possible harms it might create to participants and myself.

Being a covert observer means that I could not provide participants with the opportunity for 'informed consent'. I would not therefore be asking for informed consent from the organization or from individuals to undertake the participant observation element of the study. Nobody I observed in the stores would be identified. In that respect, there is some deception involved in the project. Although some ethical issues (no informed consent and deception) arise in this covert research, Vaus (2001) remarks that if the behaviours to be observed are in public, then there is hardly any invasion of privacy of those participants. In this study, I only focused on the reality of employment relations practices in the workplaces to understand the way in which workers are managed and I was not focusing on individuals. The observation from the perspectives of institutions and management in this study is thus not especially problematic and there should be no danger of harm or risks to privacy for individual participants, as these individual persons are not identifiable and remain anonymous. All the locations are anonymized as well.

Furthermore, a clear separation was established between the participant observation and the interviews. Interview respondents were each given an information sheet and consent form. As the covert participant observation was conducted in two stores, no one in the stores were informed that they were observed. However, in the interview strand in this study, I complied with the ethical principles regarding informed consent and explained the aim of the project to each interviewee and gained their consent and permission. There is no deception involved with regard to the interviews. Therefore, the participant observation strand was kept completely separate from the interview strand. In this study, the participants involved in interviews were from different stores in different research locations. In other words, no participants from the stores where participant observation took place were included in the interview sample.

Moreover, my research settings are only located in the fast-food stores and are different from some dangerous environments which can be engaged in criminal behaviours or antagonistic groups (e.g., Warden, 2013; Goffman, 2015; Maguire et al., 2019). In my case, I was not exposed to violence or any criminal behaviours during my covert participant observation. I was also not exposed to any serious 'emotional trauma' during or after the covert research (Warden, 2013), although I was faced with some emotional challenges (see section 3.6.3).

Last but not the least, I engaged in 'situated ethics', through constant reflection on the morality of the researcher's action to justify my choices or my behaviours as an observer during my covert participant observation, as Calvey (2008) suggested. 'Situated ethics' pays more attention to ethics in the ongoing research setting and assumes that the ethical principles should be more decided by the contextual factors instead of universal, abstract codes (Nyberg, 2008). Therefore, in the process of my covert participant observation, I kept thinking about how I constructed an appropriate identity, how I acquired familiarity within the research setting, how I recorded my data and how I dealt with my emotional difficulties, to address the challenges of covert research as Roulet et al. (2017) pointed out. These reflections are discussed in the next section.

3.6 Reflexivity

In an ethnographic study, the researcher is a core figure who is responsible for the production and representation of ethnographic knowledge. To increase the integrity and trustworthiness of ethnographic study, the researchers need to explain the social phenomena and behaviours they observed and also construct their own interpretations of ethnographic experience to evaluate how intersubjective elements influence the data collection and analysis (Hertz, 1997; Gilmore and Kenny, 2015). Reflexivity offers a tool for evaluation and a space where researchers engage in a self-aware analysis of their own roles in their studies. During a dynamic process of subjective self-awareness, the researcher 'examines the impact of the position, perspective and presence of the researcher, promote rich insights through examining personal responses and interpersonal dynamics, and evaluate the research process, method and outcomes' (Finlay, 2002, p.532). Moreover, as my study involves some elements of covert research, the reflexivity helped me to reflect on the process of data collection through participant observation to justify my understanding of 'situated ethics'. The following section presents the researcher's self-awareness analysis, focusing on the identities in fieldwork, the notion of 'going native', and the emotional challenges of doing covert research.

3.6.1 Different identities in different settings

As Roulet et al. (2017) suggested, a researcher engaged in covert participant

observation needs to be prepared to construct an appropriate identity and develop and sustain a cover story. Also, the personal characteristics of a researcher, such as gender, age, and nationality, would inevitably affect the role or identity and shape the relationship with other participants in the fieldwork (Atkinson and Hammersley, 2007). I am a Chinese female researcher who is studying for a PhD in the UK and also a mother of a young son. In my covert research, I did not build a new false identity, but parts of my personal characteristics were presented differently in different settings and contexts. The 'ascribed characteristics' of mine helped me to shape my identity in the fieldwork and fit into the groups in the workplace of the case company and develop a rapport with the participants. In the Chinese setting, I was acting more as the role of a mother who needs a flexible job to look after my son; in the UK setting, I was acting more as the role of a student immigrant who needs some money abroad. I found it was easier and more natural to 'get in' and 'settle in' the field when the various parts of my personal identity were accepted by other participants in two stores.

At McDonald's China, the majority of hourly-paid part-time employees are part-time students, middle-aged female residents or retired female workers. When I applied for the job at a McDonald's store in China, I explained that I am a mother and needed a job which is near my flat and also flexible so that I could work around looking after my son. But I did not mention that I was working on a PhD at the same time. In order to fit into the setting, the PhD student part of my identity was suppressed in order to avoid distancing and suspicion from the co-workers and potential participants. Instead, my identity as a full-time female employee and a mother was adopted. At the schedules I worked, there were three full-time employees, including a female middle-age local resident, a young migrant female employee who has a young kid, and me. The half rest of the hourly-paid employees were retired female workers. Naturally I found it easy to fit into a group of mothers in this store. There is a staff room at each McDonald's store, which is used for staff breaks. Very often, at break time, we talked about motherhood and parenting in that room. These women tended to be curious as to why I worked here with such low pay despite the fact that I have a degree. Some of them even encouraged me to leave and find other jobs. They would make comments such as the following "I heard that you have graduated from a university. I suggest that you should find a better job with more pay and more skills as you are still young and have more opportunities." However, for themselves, they seemed to believe that there was no point in trying to

find a better job, as they were accustomed to working here or it was difficult for them to find another with their low skills and low levels of education.

During the working experience at McDonald's in the UK, my personal identity of a mother was not that obvious although I did not really cover it and some of the participants knew it. The participants were more aware of my identity as a student immigrant who needs some extra money to support my study, just like most part-time students did. More often, I would like to chat with the other part-time students, talking about the university and working experience here. However, as I was the only Asian in the store, my Asian face was more noticeable. Some immigrant employees were more willing to talk with me. They often asked me about what I was studying in the UK and whether I would stay in the UK after graduation and they shared their immigrant experiences with me as well. Also, several middle-aged female employees showed more care for me as a foreigner here and lent me some help when I had problems on the job. However, generally as a foreign student, I felt a considerably degree of distance from the local residents and students in the store.

The identities I constructed not only helped me to 'get in' and 'settle in' to the research settings, but also helped me to leave the field. After working as a full-time worker at one store for five weeks in China, I have developed a detailed understanding of workplace relations at McDonald's store and the embedded workers. I decided to leave and explained that I need to leave that city as I had to take my son with my family back to my hometown. In the UK, I resigned and told the business manager that I need to spend more time on my studying, after working as a part-time student for fifteen weeks. In addition, as the labour turnover is generally high and the work is fast-paced at McDonald's, workers did not show much interest in others' individual life and not many colleagues cared about why and when I left the settings.

3.6.2 Going 'native'

In the previous covert research, having relevant kinds of knowledge and skills is essential to playing particular roles in the workplace and 'being native' in fieldwork, for example, Calvey's (2000) research experience as a bouncer and Holdaway's (1983) research on the police. In my case, I did not have any work experiences in the case

company or even in the fast-food sector before applying for the first job at McDonald's in China. However, the jobs at McDonald's are deskilled to the extent that in some stores there is no need for applicants to have any relevant skills or experiences. The managers who were responsible for recruitment at McDonald's in China tended to be more concerned about the availability of potential workers than their skills and experiences. They were likely to hire those whose working time could fit into the scheduling (this point will be described in detail in Chapter 6). Unlike several other forms of covert research, I entered the working setting in China without any relevant skills or experiences. With no prior experience, I had to start from zero to learn the working content at McDonald's. Therefore, my working experience at McDonald's store in China was a process of going 'from an outsider to an insider'. During a process of 'becoming a native', I developed a better knowledge of the process of production and the labour process at McDonald's as a role of complete participant in the workplace. I found the job at McDonald's to be intensive and tiring for me. I worked at tills to take orders and I was often asked to help to make fried chips or make beverages as well when it was busy. Every day, I had to stand there for the whole shift (about 7 or 8 hours a day) until the break and my legs were sore after the shift. When thirsty or needing to go to toilet, I had to get permission from managers. At McDonald's, the expectation is that each drive-thru order should be completed in 180 seconds. The information of all the orders is showed on a screen and a timer is set to remind of the left seconds for each order. When I was preparing the beverage and seeing the screen full of orders and the clock ticking, I often felt stressed. I pushed myself to work like a machine to get the orders done. Although I felt mentally and physically exhausted in this job, I was fully embedded into the labour process at the research site and I endeavoured to understand the work from the perspective of hourly-paid employees. Experiencing the work directly was extremely valuable in this regard.

When I was working at McDonald's in the UK, the previous working experience at McDonald's China helped me to fit into the unfamiliar surrounding where people speak another language instead of my native language. As I used to work on the till and take orders at McDonald's China, the business manager asked me to do the same jobs, which made me adapt to the working environment more quickly. At the same time, working at the same company but in a store in the UK encouraged me to reflect on the working experience in China. I found the job contents and working procedures in the UK to be

exactly similar to the one in China. Although there are some slight differences on the menu, the process of production and service at McDonald's is highly standardized and the jobs among various positions are highly similar at McDonald's across different countries. However, as we shall see (in Chapter 6, 7 and 8), there were some powerful differences in regard to workforce characteristics, management strategies and workers responses between these two countries.

3.6.3 Emotional challenges in the fieldwork

In the participant observation, researchers should involve living simultaneously in two worlds of participation and research and also they should maintain a marginal position to balance the dual of researcher and participant, from which naturally rise a sense of insecurity (Hammersley and Atkinson, 2007). Insecurity and anxiety are amplified in covert research. In my case, I made more efforts to maintain my role of researcher covered and minimise potential harms to participants, and at the same time to make the most of whatever research opportunities arise, which caused more strains and stresses for me.

First, deception always plays some role in covert research. I couldn't tell the whole truth about who I was. It was also inevitable that I had, on occasion, to tell some lies about my own stories. I always did this in as cautious a way as possible. Although some parts of my personal identity were recognised and accepted by other participants in the settings, some other parts were suppressed by me to minimize suspicion among observed co-workers and managers. In the store in China, I rarely mentioned that I am currently studying abroad; in the store in the UK, I avoided talking about my subject or research project although other participants knew I was studying a PhD. The small lies or evasive answers I gave in conversation with other participants caused me some degree of fears, guilt and anxiety.

Moreover, through the fieldwork, I developed not only more knowledge of employment relations at McDonald's, but I also gained some intimate relationships with other colleagues. However, I needed to be careful about the personal issue of the relationships formed with other participants in the covert fieldwork due to the powerful ethical considerations circulating my study. On the one hand, I was grateful that some of

colleagues shared their stories with me and showed more care for me. On the other hand, I felt deeply guilty that I was not 'allowed' to be their true friends ethically. If these people were to realize or find out that a person whom they might have trusted was a researcher studying them, they would likely suffer from feelings of betrayal. To avoid such potential harms to them (and possibly to me by being exposed and criticized), I had to remain to a degree held back, in order to keep some 'social distance'.

Issues of managing personal relationships formed with participants still exist when leaving research settings. As Taylor (1991) points out, leaving the field also means that researchers have to deal with a change of personal relationships. It is suggested that researchers should 'ease out' of the study, which means that researchers gradually reduce the frequency of their interactions with the field, as cutting off contacts too abruptly might alert the participants to the absence of the researcher. However, in my case, as the labour turnover rate in the fast-food sector is extremely high, the formal co-workers at McDonald's were not at all surprised about my leaving. Low-wage fast-food environments are, to a large extent, workplaces where many workers invest only a small proportion of their personal emotional effort. After I resigned and exited the field, it was unlikely that I would bump into some formal co-workers. However, as some of them followed me on Facebook or added me on WeChat (Chinese version of WhatsApp), I had to be very careful about anything I posted online, just in case that they would know my real role as a researcher and my real intentions to work with them. Therefore, getting close to the participants but not letting them get close to me in a sustained manner was something full of emotional challenges. However, to be honest, although I confronted some emotional difficulties mainly because I wanted to minimise the potential harms to participants in this covert research, my emotional challenges were much less compared to those who conducted covert research in dangerous environments and suffered far more intensely (e.g., Warden, 2013; Goffman, 2015; Maguire et al., 2019).

Another major problem that the workplace setting imposed on my method of research was the huge difficult it posed for me to write field notes. One of the reasons is obvious, because my research was covert, which clearly prevented me from recording data in more conventional ways (Roulet et al., 2017). Recording data needs to be done without raising any suspicions of others. As it was against company policy to use a phone when

working, the only chance for me to write down field notes was that when I went back to the staff room in the break period. There I could get my phone and write very basic scratch notes. I would then write down some more details when I finished the shift and got home, which means that I had to rely quite heavily on my memory.

Like many other observational studies, my covert research was an adventure with many emotional and challenging endeavours. I found it to be a mixture of curiosity and thrill, alongside stress, fear and anxiety. Before I studied my PhD, I had little clue how participant observation should be conducted and what covert research is, so I was excited and felt like I was about to start a creative experiment before I did my fieldwork. During the fieldwork, I felt more about the strains and stress oriented from the attempt to be a 'marginal native' in a covert way. After leaving the field, despite the previous negative feelings, I felt that the immersion in the research settings in an incognito way was also enabling. It allowed me to avoid the trouble of access, obtain a powerful degree of insider knowledge and free of the expectations and bias that often derives from respondents giving a varnished performance to a researcher in an overt academic research role. Moreover, thanks to this difficult and exhausting approach, such a vivid experience and an embodied activity provided me with a unique opportunity to gain deep insights into employment relations practices at McDonald's that I would otherwise be difficult to achieve.

3.7 Chapter summary

This chapter sets out the ontological perspective of critical realism, which frames the research methods applied in this study. The data for the thesis is derived from a qualitative study in China and the UK, based on participant observation, semi-structured interviews and analysis of documents. These empirical data were analysed by template (thematic) analysis technique. Due to the difficulty of gaining access to the research sites with the permission of store managers in the fast-food sector, a covert approach was employed in participant observation. Given the ethical issues in the covert research, I preserved anonymity and made a clear separation between participant observation and interviews. Moreover, I engaged in 'situated ethics', through constant reflection on ethical justification in my choices or my behaviours, to reduce potential harms to

participants. Although covert approach in participant observation brought about some challenges (such as identity construction, recording data and emotional challenges) for me, I contend that this approach is worthwhile when conducted responsibly, considering the vivid and deep insights that it can provide.

Chapter 4 Employment relations systems in China and the United Kingdom

Following on from the theoretical framework, this chapter provides an institutional analysis of the employment relations systems in China and the UK, which will locate the later analysis of workplace regimes at McDonald's China and McDonald's UK in different national contexts. This chapter focuses on regulatory frameworks, the role of actors and employment relations practices and processes in each country. I begin with an analysis of the Chinese employment relations system.

4.1 Employment relations system in China

Since Chinese Communist Party (CCP) leader Deng Xiaoping initiated national economic reforms in 1978, China has undergone a transformation from a planned economy to a market economy. Following some experimental reforms in some Special Economic Zones and temporary regulations which were trialled at the national level in the 1980s, in 1992, the CCP officially announced the blueprint for a 'market economy with socialism'; China then quickly accelerated its process of economic reform (Warner and Zhu, 2000). This economic reform stimulated major changes in different aspects and different areas in China. In terms of employment relations, the introduction of a new legislative and institutional framework was accompanied by these reforms. State-owned enterprises (SOEs) were faced with enterprise reforms to break the 'iron rice-bowl'[8] and enhance efficiency, which meant a replacement by a system of contracts and a large scale dismissal of employees (Warner and Zhu, 2000). Seen from Table 4.1, from 1990 to 2000, more than 23 million workers in SOEs were laid off. At the same time, there was a rapid development of foreign-invested enterprises[9] (FIEs) and domestic private-owned enterprises (POEs), through the removal of policy restrictions and operational barriers (Cooke, 2016). These two types of enterprises provide

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[8] 'Iron rice bowl' is a Chinese term used to refer to an occupation with guaranteed job security, as well as steady income and benefits.

[9] A foreign-invested enterprise is a corporate legal person invested in China by a foreign enterprise and an economic organization or individual with sole proprietorship or joint venture or cooperation with China and incorporated as per the laws of China with legal capacity for civil rights. Foreign-invested enterprises include joint ventures, cooperative ventures and foreign-funded enterprises which includes all forms of Multinational Enterprises. See http://www.ebeijing.gov.cn/feature_2/ForeigninvestedEnterprise/

employment opportunities for those displaced from SOEs, and new workers from urban areas and rural migrant workers (Cooke, 2016). In addition, the number of self-employed persons is increasing within the flexible labour market in the last three decades (see Table 4.1). Furthermore, regarding the employment structure, over the last thirty years, the number of people employed in the primary sectors (such as mining, farming and fishing) was falling and the number of employees in secondary industry (such as manufacturing) fluctuated with a slight drop in the last five years, whilst the employment in tertiary industry (mainly service sectors) maintained growth momentum.

Table 4.1 Employment statistics by ownership in urban and rural areas in China (million)

Ownership type	1978	1980	1985	1990	1995	2000	2005	2010	2015	2018
Total	402	424	499	648	681	721	758	761	774	776
Urban employed persons	95	105	128	166	191	232	273	347	404	434
SOEs	75	80	90	104	113	81	65	65	62	57
POEs	-	-	-	0.57	5	13	35	61	112	139
FIEs	-	-	0.06	0.62	2	3	7	11	14	12
Self-employed persons	0.15	0.81	5	6	16	21	28	44	78	104
Rural employed persons	306	318	371	473	489	489	485	414	370	341
POEs	-	-	-	1	5	11	24	33	52	74
Self-employed persons	-	-	-	15	31	29	21	25	38	56

Sources: Adapted from National Bureau of Statistics of China[10]

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[10] See: http://www.stats.gov.cn/english/Statisticaldata/AnnualData/
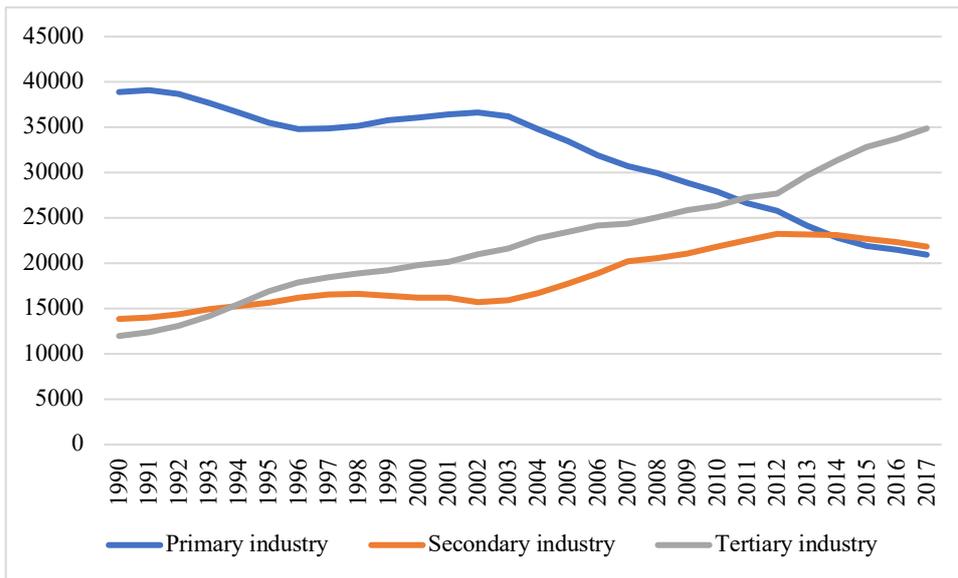
Figure 4.1 Employment structures in China (1990-2017)
Source: China Labour Statistical Yearbook 2018

This increasing diversity of enterprise ownership and the changing employment structure are accompanied with an increase in labour violations. In the 1990s and the early 2000s, many employers violated legal provisions and subjected employees to unpaid or underpaid wage or wage arrears, excessive overtime and health and safety risks (Cooney et al., 2007). At the same time China witnessed an increase in collective disputes, wildcat strikes and even worker suicides, which gained considerable attention from the international media and became a considerable concern for the central government (Cooke, 2008; Chang and Brown, 2013; Elfstrom and Kuruvilla, 2014).

As a result, from around the start of the Millennium, the CCP then led by President Hu Jintao and Prime Minister Wen Jiabao played an increasingly interventionist role in an attempt to promote industrial stability and reduce tensions in workplaces through the creation of labour legislations and industrial relations institutions (Lee, 2009; Kuruvilla and Liu, 2016). In the era of Hu-Wen (2002-2012), more pragmatic approaches were adopted which resulted in a cautious attempt to develop capacity for labour and trade union, first, by increasing the union membership base of the All-China Federation of Trade Unions (ACFTU) (see section 4.2.2) and secondly, by developing an experimental and decentralized approach to promoting collective negotiations and collective contracts (see section 4.2.3) (Kuruvilla, 2018; Howell and Pringle, 2019).

It is worth noting that in the Chinese context there is no uniform term to describe the notion of 'collective bargaining' in the academic literature on employment relations. The terms 'collective negotiation', 'collective bargaining' and 'collective consultation' have all been used in academic studies. However, I argue that the term 'collective negotiation' is the most appropriate in the Chinese context and is the term that is applied in this thesis. Although 'collective bargaining' is adopted by some of the existing literature (see Chan and Hui, 2014; Lee, Brown and Wen, 2016), it is important to understand that collective negotiation in China is different from collective bargaining in the Western context. Firstly, the term 'negotiation' is preferred to 'bargaining' because negotiation more accurately reflects the nature of relations in the Chinese communist state, that is a diminution of the adversarial features of the relationship between labour and capital and a cultural and institutional context which at least rhetorically promotes 'harmonious relations' (Warner and Hong, 1999). Secondly, the nature of the 'bargaining' relationship in China represents a power imbalance which is skewed in favour of the ACFTU which enjoys considerable power over employers as a 'transmission belt' for the CCP. Some researchers have also adopted the term 'collective consultation' in their analysis of Chinese employment relations (e.g., Clarke, Lee and Li, 2004; Wu and Sun, 2014; Wang and Liu, 2016). However, in Western context, collective consultation is more frequently associated with redundancy and collective consultation does not have to end in an agreement (for example in the UK). Furthermore, in Western context, the term 'consultation' suggests a power imbalance in favour of employers. In legal terms in China, the *Provisions on Collective Contract 1994* defined it as the negotiations between enterprise union branches or employee representatives and enterprise representatives to conclude a collective contract regarding workers' wage and working conditions. Likewise, collective contracts in China cannot be the equivalent of collective agreements (which in Western context are concluded from collective bargaining), because there is a lack of independent representation of employees and employers on any kind of equal basis. Furthermore, according to Chinese labour laws, collective contracts are legally binding on both the employers and the employees, like individual employment contracts. Therefore, I adopt the term 'collective negotiation' and 'collective contracts' so that these terms are more suitable in the Chinese context and are adequately distinguish from the traditional Western concepts.

Arguably, from the 1990s, the legal framework for employment relations and the pragmatic institutional approach to promoting industrial stability generated some degree of optimism and progress for the development of labour rights in China (Kuruvilla, 2018; Howell and Pringle, 2019). However, since 2010, China has been faced with lower economic growth, as the rate of GDP growth fell from 10.6 percent in 2010 to 6.6 percent in 2018 (Congressional Research Service, 2019). Under the leadership of President Xi Jinping from 2012 onwards, considering the state's macro-economic interests, the development of employment relations may no longer be seen as a priority for the central government (Kuruvilla, 2018). In addition, the role of central government is now more closely linked to ensuring economic development, political and social stability and the transmission of CCP policy through more centralized control (Liu, 2020). In the 2010s, there have been no major policy changes in the field of the employment relations in China (Howell and Pringle, 2019). The central government still reinforces the ACFTU's representation and capacity in workplaces arguably as a means of shoring up the CCP's legitimacy. Meanwhile, the promotion of collective negotiation has been less active and labour activism and labour NGOs are arguably faced with more control (Kuruvilla, 2018). The following section will present the legal and regulatory framework regarding employment relations since the 1990s and then discuss the roles of the ACFTU, labour NGOs and employment relations practices and processes, including the statutory minimum wage and collective negotiations and collective contracts in China.

4.1.1 The legal and regulatory framework of employment relations in China

With the unprecedented momentum of reform towards a market economy, a series of new laws and regulations were promulgated in the early 1990s. Before introducing the detailed laws and regulations in the field of employment relations in China, different kinds of laws and regulations are explained according to their levels of legal authority as shown in Figure 4.2, with laws taking precedent over all other legal instruments. The National People's Congress (NPC) is responsible for enacting and amending national laws and the State Council enacts administrative regulations in accordance with the Constitution and national laws. The judicial interpretation of laws by the Supreme People's Court of China is seen as legally binding in China. In addition, various ministries enact departmental rules within the scope of their authority. In the sphere of

employment relations, the Ministry of Human Resources & Social Security (MOHRSS) is the ministry responsible for enacting departmental rules. Local provinces, autonomous regions and municipalities directly under the central government can also enact local rules provided that these rules do not contravene any provision of the Constitution, national laws and administrative regulations.
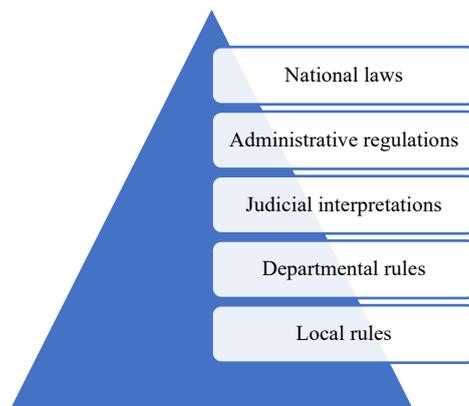
Figure 4.2 Level of authority of Chinese legal instruments
Source: Author's adaptation from *Legislation Law of the People's Republic of China (2015)*

In 1992, the first law in the field of employment relations after launching the economic reforms was the *Trade Union Law,* which established the notion of trade union in the Chinese 'market' economy. In July 1994, the first *Labour Law* of the People's Republic of China was issued by the NPC which aimed to build contract-based labour relations in the market economy (Kuruvilla and Liu, 2016). Specifically, it offers legal provisions for labour contracts and collective contracts, regulations on working time, wages, work safety, and labour dispute settlement and so on. These two laws were major steps for employment relations on the pathway to the market-driven system (Zhu, Warner and Feng, 2011). The process was initiated by creating and legalizing individual labour contracts and collective contracts (Warner and Hong, 1999). In addition, the *Provisions on Minimum Wage (1994) and Provisions on Collective Contracts (1994)* were established to introduce a system of statutory provincial minimum wage[11] and the legal basis for collective contracts for the first time. However, some serious shortcomings of the *1994 Labour Law* became evident in practice (Cooney et al., 2007). First, the *1994 Labour Law* was not detailed enough, and some rules were too ambiguous to be implemented in practice. Second, the *1994 Labour Law* did not mention informal

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[11] The development of statutory minimum wage will be illustrated in Section 4.2.4

employment and precarious work which, although rare in the early 1990s, increasingly emerged in the late 1990s and the 2000s. Furthermore, the Chinese government was always far more interested in economic performance than employment rights so progress regarding the enforcement of these laws was poor in the 1990s. Indeed, some local governments actually encouraged a 'race-to-the-bottom' in the pursuit of economic development, which resulted in a downward pressure on labour costs and poor conditions for workers (Lee, 2009). These developments resulted in an increase in labour disputes from the mid-1990s onwards (see Figure 4.3).

Labour disputes cases accepted for mediation, arbitration and court
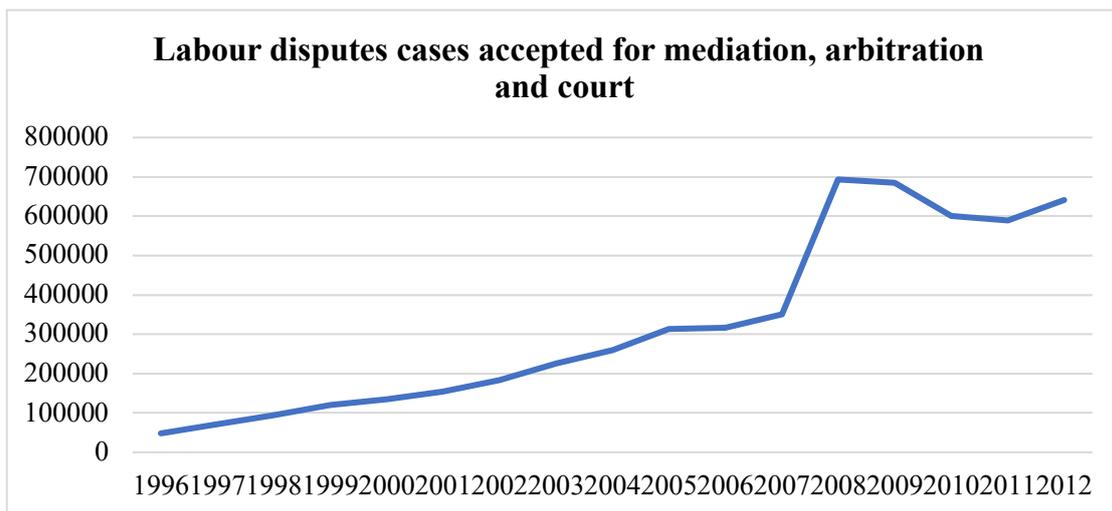
Figure 4.3 Labour disputes cases accepted for mediation, arbitration and court in China

Sources: China Labour Statistical Yearbook (1997-2013)

The labour unrest arising from the late 1990s, and particularly during the 2000s, became of growing concern for the Chinese government. As a response, the new leadership of the CCP at that time, led by President Hu Jintao, put forward the political agenda 'building harmonious labour relations' (MOHRSS, 2010, no. 32), which was aimed at trying to reduce labour unrest and maintain social stability. Under the rhetoric of 'harmonious labour relations', China's supreme legislative organ, the NPC, formulated a series of laws and revised some previous laws to adjust employment relations through a number of administrative labour market interventions (Chan and Nadvi, 2014). For example, these included the *Labour Contract Law (2007)* and its Amendment (2013), the *Employment Promotion Law (2007)*, the *Labour Dispute Mediation and Arbitration Law (2007)* and the *Social Security Law (2010)*. In addition, more regulations that were

issued by administrative agencies, such as the Ministry of Labour and Social Security (MOLSS)[12], were coupled with these laws, such as the *Minimum Wage Legislation (2004)*, *Revision of Provisions on Collective Contracts (2004)*, the *Regulations on Consultation and Mediation for Labour Disputes in Enterprises (2011)* and the *Interim Provisions on Labour Dispatch (2014)* (see Table 4.2). Furthermore, the provincial-level and local governments also have the authority to promulgate some rules and pronouncements to fill out the details of national laws and administrative regulations to take into account any regional disparities.

Table 4.2 Chinese legislations in employment relations since the 1990s

Issued Year	Legislation	Issuing authority	Level of Authority
1992 /2001 revised / 2009 revised	Trade Union Law	NPC	Law
1994/ 2009 revised/ 2018 revised	Labour Law	NPC	Law
1994/ 2004 revised	Provisions on Collective Contracts	MOHRSS	Departmental rule
1994/ 2004 revised	Provisions on Minimum Wage	MOHRSS	Departmental rule
2002	Law of the People's Republic of China on Work Safety	NPC	Law
2007/ 2012 revised	Labour Contract Law	NPC	Law
2007	Employment Promotion Law	NPC	Law
2007	Labour Disputes Mediation and Arbitration Law	NPC	Law
2010	Social Security Law	NPC	Law
2011	Regulations on Consultation and Mediation for Labour Disputes in Enterprises	MOHRSS	Departmental rule
2014	Interim Provisions on Labour Dispatch	MOHRSS	Departmental rule

Source: adapted from http://www.mohrss.gov.cn/index.html

These legislative provisions created a comprehensive structure of basic rights and obligations of employees and employers in employment forms, and established employment relations institutions, such as minimum wages, collective negotiations and dispute resolution processes, with the aim of settling labour unrests and ensuring peaceful and uninterrupted economic development (Brown and DeCant, 2014).

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[12] Before 2008, it is called as Ministry of Labour and Social Security; in 2008, it is renamed as Ministry of Human Resources & Social Security due to institutional restructuring plan in China.

Among these laws and regulations, the *2007 Labour Contract Law* had a high profile because of its urgent aim of attempting to build and develop harmonious and stable employment relations through improving the labour contract system (Cooney, 2007). It has been described as 'the most significant reform to the law of employment relations [in China] in more than a decade' (Cooney, 2007). Compared to the *1994 Labour Law*, the applicable scope of the *2007 Labour Contract Law* is expanded to all state authorities, social organizations, enterprises, individual economic organizations, and private organizations. Also, one of the major elements of the *2007 Labour Contract Law* was to clarify issues that had only been vaguely defined in the *1994 Labour Law,* particularly on the types, contents and formations of labour contracts. Indeed, one chapter of the *2007 Labour Contract Law* provides the details on regulating part-time employment and sectoral and regional collective contracts to address some issues that were not included or specified in the *1994 Labour Law*. In 2012, the *2007 Labour Contract Law* was amended and most of the amendments were centred on labour dispatch (also known as temporary agency work) because the *2007 Labour Contract Law* had not addressed the issues caused by labour dispatch (or temporary agency work) as an emerging employment form.

In the aftermath of these legislations coming into operation, considerable concern was expressed about how the legal framework of industrial relations would be put into practice and to what extent the enterprises and organizations would comply with these legislations. A frequent argument in this respect is that the lack of effective law enforcement is a chronic problem in China (Zheng, 2009). In other words, there is arguably a major disconnection between the law and the reality on the ground as the enforcement of labour laws tends to be weak. There are some important reasons for this. First, although the coverage of these laws is intended to be national, in practice, the local labour administrations have the legal authority to enforce labour laws. If these labour laws and regulations are likely to have an adverse effect on business and investment in the local regions, it might not be in the best interests of local officials to enforce these laws and regulations as local economic performance far outweighs the enforcement of labour laws and regulations (Cui, Ge and Jing, 2013). Even if some local officials were minded to enforce laws, they would face severe resource constraints, such as the lack of labour inspectors and labour arbitrators in local regions (Cheng, Smyth and Guo, 2015). Second, employers are more likely to refuse to take

laws and regulations seriously and instead adopted a flexible approach to managing labour relations as there are some institutional voids within labour laws and regulations (Zheng, 2009). Third, a majority of workers, especially in low-skilled and low-paid sectors, lack awareness of labour rights, although a rise of awareness of rights has been found in some individual workers (Zheng, 2009).

4.1.1.1 Employment status and working time

In this section, I will introduce some relevant regulations on employment status and working time systems in China. In doing so, it can help to better understand different employment status and working time arrangement at McDonald's in practice.

Employment status

Although the *1994 labour law* attempted to build contract-based labour relations and regulate formal employment status, there was no legal definition or interpretation provided for 'labour relations' or formal employment status in the *1994 labour law*. Meanwhile, the diversification of employment forms, especially the increase in flexible employments, such as part-time employment and labour dispatch (or temporary agency work), created more complexities within the surging Chinese economy. Thus, *1994 Labour Law* could not cope with the changing nature of labour market as it was extremely vague and weakly enforced. In 2005, in order to address these issues, the MOHRSS published, "*the Notice on Identifying Labour Relations*" in order to clarify when a 'labour relation (劳动关系)' exists between an employer and an employee (*the 2005 Notice*). It states that, even in the absence of an employment contract, a legal labour relation exists when: 1) both employers and employees meet the requirement established by laws and regulations for being a qualified subject; 2) all labour rules and regulations established by employers apply to employees, employees are subject to labour management by employers, and employees perform paid labour under the arrangement of employers; 3) labour provided by employees is a component of employers' business.

The *2005 Notice* sought to determine when 'labour relations' exist that would qualify a

worker for protection under contemporary labour laws and regulations. Employees who are qualified as having 'legal labour relations' are covered and protected by labour laws and regulations; and they are entitled to join state welfare and social insurance scheme. The Chinese welfare and social insurance scheme consist of five social insurances, including pension, medical, maternity, work-related injury and unemployment insurances; in addition, some employers would offer a housing fund for employees. The housing fund in China is a particular kind of social insurance that is different from other types of welfare as it allows employees to save money towards purchasing or constructing their own houses. In addition to social insurances, employees who deemed to have 'legal labour relations' can be referred to legal dispute resolution procedures in accordance with both the *1994 Labour Law* and the *2008 Labour Dispute Settlement Law*.

It is worth pointing out that part-time employment is included in the sphere of 'legal labour relations' in China. In 2003, as a response to the increasing part-time employment in China (Yao and Zhong, 2013), the MOLSS made another ruling 'Opinions on part-time employment' (the *2003 Opinion*); this *2003 Opinion* was intended to regulate part-time employment and protect part-time employees' rights. Part-time employees can have labour relations with one or more employers and labour contracts should be signed with employers. Part-time employees are hourly paid and should also be covered by social insurances.

However, the existing labour laws and regulations are targeted primarily at the formal labour relations in formal employment sectors but there is still considerable ambiguity about the informal employment status where workers are not deemed to have the legal status of 'labour relations' (Cooke, 2016). Such employees are unable to conclude formal labour contracts with employers, but they can still work and provide employers with labour. These workers tend to experience several disadvantages in workplaces, such as few labour protections, no employer contribution for social insurances, and no labour dispute resolution protections. These workers include those who have already retired, students doing part-time jobs and internships. *The 1995 Opinion on the Implementation of the Labour Law* established by the MOLSS specifically excludes students: "…when students work in their spare time, it is not considered as

employment, and they may not sign labour contracts" (Article 12, Section 2) [13]. The text of the *1995 Opinion* refers to students carrying a substantial academic load with casual or part-time work outside their academic schedules to help with their living costs. Likewise, the Supreme People's Court issued a further clarification in 2010, *Explanation on adjudication of labour dispute*, to help clarify the relations between employers and employees who are retired and have pensions, but still choose to work. This *2010 Explanation* is a legal interpretation to supplement the law in this regard[14]. The *2010 Explanation* states that:

> *"...in cases of disputes taken by employees to the court, who have already been retired and enjoyed pension benefits, the people's court shall not see the relationship between retired workers and employers as labour relations."*

Although part-time students are not protected by labour laws, there are some other regulations regarding students working part-time. In 2007, the Ministry of Education and the Ministry of Finance made a joint statement, 'Regulations on college students working part-time' (the *2007 Regulation*) and in 2016 also provided some 'official answers' to explain some of the practical problems regarding college students working part-time. According to the *2007 Regulation* and the *2016 official answers*, students can apply for part-time jobs as long as this does not interfere with their studies; universities and colleges should also set up a special department to provide guidance for students working part-time. In addition, tripartite agreements should be signed between schools, employers and students and these agreements should clarify the rights and obligations of these parties, including accidental injury and dispute resolution. In addition, the wage for part-time students should not be less than the minimum wage set by the local government. However, these regulations tend to exist on paper and have extremely limited authority and enforceability in practice.

Working time

According to labour laws and regulations in China, there are three types of working

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[13] In Chinese legal system, the authority level of opinion on laws set by departments or ministry equal to that of departmental rules.
[14] In Chinese legal system, the authority level of legal interpretation statement equal to laws.

time systems, categorized as standard working time, flexible working time and integrated working time (see Table 4.3). The standard working time system is specified in the *1994 Labour Law.* According to the Article 36 and the Article 38 of the *1994 Labour Law*, employees in the *standard* working time system should not work more than 8 hours per day, the average weekly working time should not exceed 40 hours and employees should have at least one unpaid day off per week. In practice, the *standard* working time system is widely accepted and used in China. The *1994 Labour Law* also explains that if an enterprise cannot adopt a *standard* working time system due to the special characteristics of its operation, it may adopt other working time systems, including the *flexible* working time system or the *integrated* working time system, providing that they have the approval of the local labour administrative department. The 'Provisions on flexible the working time system and integrated working time system' issued by the MOLSS in 1995 provided more details on these systems and explains the conditions under which these systems can be approved. The *flexible* working time system is applied when the time schedule in some jobs is not fixed, such as for senior executives. The *integrated* working time system is a comprehensive calculation of working hours, within a weekly, monthly, seasonal or yearly period. In the *integrated* working time system, enterprises can enjoy the flexibility of arranging their employees' working hours in a particular period and they do not have to pay overtime as long as the total working hours in one particular period do not exceed the total statutory working hours in that period. The statutory working hours in different periods are illustrated in the Table 4.4.

The *1994 Labour Law* also provides detailed explanations regarding overtime work. For example, an employer can prolong employees' working hours due to the needs of the operation after consultation with trade union and employees. In the *standard* working time system, overtime working includes prolonged working on weekdays and working at weekends and on public holidays. If working time is prolonged, it should be no longer than one hour per day, or no more than three hours per day in the case of specific operational needs, but this should also take into account the health and safety of employees and the total prolonged working time should not exceed 36 hours in one month. Employees who work more than the statutory working hours should be paid overtime rates. Employees should be paid a minimum of 150 per cent of their wages for working longer hours than that required by law; double time if working at weekends;

and triple time for working on public holidays.

In the *integrated* working time system, even though there is no limit on the working time per day or per week, the total working time in one period should not be more than the statutory working time in that period. Prolonged working time is classified as overtime, but employee's weekend working is not classed as overtime. The maximum prolonged working time in one month should not be more than 36 hours, which means that the maximum working time is 196 hours in one month. Once the total working time in one certain period exceeds the statutory working hours in that period, employees should be paid overtime rates. The payment for overtime work in *integrated* working time system are the same as that in the *standard* working time system. However, overtime rates are not applicable in the *flexible* working time system in China.

It should be noted that these working time systems only apply for full-time employees. In accordance with *2007 Labour Contract Law*, for part-time employees who are hourly paid, the average working hours per day should not exceed 4 hours and the average working hours for one week should not exceed 24 hours. There are no national regulations on part-time employees' overtime hours or overtime rates. However, different local governments have different rules on overtime hours, overtime rates or unsocial rates for part-time employees. For example, in Beijing city, part-time employees are not allowed to work more than 24 hours in one week, if they do, they automatically become 'full-time employees'; in Zhejiang province, part-time employees are not entitled to have paid annual leave.

As explained above, part-time students are not entitled to have the legal status of 'labour relations' and are therefore not subject to legal working time regulations set by the MOLSS. Their working hours are restricted by the 2007 Regulation issued by Ministry of Education. The weekly hours for part-time students should not exceed 8 hours, the monthly working hours should not exceed 40 hours and they cannot work overtime or be paid overtime rates. In addition, there are no regulations on retired workers; their working hours are entirely at the discretion of employers; in other words, if retired workers are asked to work additional (overtime) hours, they cannot get overtime rates.

Despite the growth of non-standard employment in China, the working time regulations

are still based on the *1994 Labour Law and 1995 Provision on flexible working time system and integrated working time system* and only apply to full-time employment. Moreover, the implementation of working time regulations is problematic, especially the overtime regulations. In practices overtime limits have often been ignored by many companies, especially private companies, and local governments have little motivation to implement, inspect and enforce legal overtime limits due to the tendency to prioritize local economic growth over workers' rights (Cooney et al., 2007).

Table 4.3 Working time system in China

	Standard system	**Flexible system**	**Integrated system**
Basis	Based on working time	Based on duty and task	Based on working time
Requirements	8 hours per day; 40 hours per week	No fixed time	On average, 8 hours per day; on average 40 hours per week in one certain period
Approval	No approval needed	Approval needed	Approval needed

Table 4.4 Statutory working time in China

Period	Total working days	Statutory maximum working hours
Year	254	2032
Season	63.5	508
month	21.16	169.28
week	5	40

4.1.2 Trade union in China

There is only one trade union officially recognised in China - the ACFTU, which is directly controlled by the CCP. Historically, the ACFTU, as a crucial state-dominated institution, dates back to the 1920s, when the CCP was established. The ACFTU was founded by the CCP in the second National Labour Congress that took place in 1925. Since then, the 'Party-led Chinese labour class' has been said to be a coherent national union entity and Chinese trade unionism has been ruled by the doctrine of 'classic dualism' from Leninist theory (Hong and Warner, 1998). 'Classic dualism' means that the roles of Chinese trade union are to protect workers in the state and to protect the state by bringing workers together. Since the founding of the People's Republic of China in 1949, the first *Trade Union Law* (1950) entitled the ACFTU and its affiliates to

represent workers and to sign collective contracts, to mobilize workers to be involved in production, and to implement pertinent policies to support and steady the socialist regime. The dualist role of trade union is still legally safeguarded in the later version of *Trade Union Law (1992)* and its amended versions in 2001 and 2009, although some new duties were included as part of economic reform to adapt to the market-driven system. The *Trade Union Law* issued in 1992 and amended in 2001 and 2009 stipulated that trade union in China should safeguard the legal rights and interests of staff members and workers in addition to safeguarding the overall interests of the people of the whole nation (Article 6). The 2001 amendment also enjoins trade union to 'take economic development as the central task'. As an apparatus of the CCP, the ACFTU and its affiliations should help the CCP to achieve the economic goals in line with the agenda of the CCP. In addition, two sentences that were added into Article 6 in the revised *Trade Union Law* in 2001 endowed trade union with a crucial role in collective negotiation and democratic management, 'trade union can be involved in collective negotiation to build up harmonious labour relations and safeguard the rights of workers' and, 'trade union can be involved in undertaking democratic management in enterprises.' Under Chinese trade union laws, trade union should undertake a dual role of connecting party-state's interests with the interests of labour and have a dual identity as a state agency and a labour organization (Taylor and Li, 2007; Wu and Sun, 2014).

As an organ of the CCP, the ACFTU is integrated into China's party-state structure. Since the ACFTU has become the sole union federation in China, trade union branches affiliated to the ACFTU are the legally recognized unions and any other independent worker organizations are legally prohibited. According to *the Constitutions of Trade Unions in PRC (2018)*, local trade union branches and industrial trade union branches are the main components of the affiliations of the ACFTU and the combined organizational leaderships of local trade union branches and industrial trade union branches are the main organizational principles in the ACFTU. The ACFTU's hierarchy are in line with that of the Communist party committee (see Figure 4.4). Local branches of provincial federations of trade union and industrial union are established at each government level correspondingly, from city, county, district to town. Currently, there are seven national industrial trade union branches of the ACFTU[15]. Although the

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[15] Seven national industrial trade union branches in China include trade union branch of education, science, culture, health and sports, trade union branch of seamen, trade union branch of energy, chemistry and geology, trade union

ACFTU adopts a vertical administration mode, local branches of trade union should be supervised by party committees at the same level as well.

Workplace trade union branches are normally located in enterprises and public sector institutions[16]. The 2009 *Trade Union Law* specifies that all waged and salaried workers have the right to join trade union (Article 3). Workplace trade union branches are under the leadership of both the upper-level union branches and the relevant industrial trade union branches. In the enterprises or organizations that have party committees, workplace trade union branches should be supervised by party committees at organization level. In addition, the 2009 *Trade Union Law* suggests that a local trade union committee should be established when there are at least 25 employees in an organization or enterprise; when there are fewer than 25 employees, a local trade union committee can be established, or a joint union committee can be set up with one or more similar enterprises (Article 10). Once a local union committee is formed, it should report to the ACFTU to get approval and operate under the guidance of the upper-level union branch.

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branch of machine, metallurgy, construction and materials, trade union branch of military, posts and telecommunications, trade union branch of finance, textile and tobacco and trade union branch of agriculture, forestry, water conservancy and meteorology.

[16] In this thesis, the term 'workplace trade unions' is used to refer to the trade unions established by the ACFTU in enterprises or public institutions. Some researchers (Howell, 2008; Liu, 2010) tend to use 'grassroots unions' instead but we argue that 'grassroots' in Western context – usually suggests a bottom-up movement, in which workers organize themselves with help from outside. In the Chinese context, 'grassroots unions' is not accurate term to describe the ACFTU at enterprise level. This is because in China there is only one officially recognised trade union and any other independent worker organizations are legally prohibited. In addition, trade unions at enterprise level are organized top-down in which the ACFTU tells companies that they need to comply with trade union laws to set up a trade union at the workplace. Therefore we adopt the term 'workplace trade union' as is also used in some other studies (Hui and Chan, 2015; Qi, 2010).
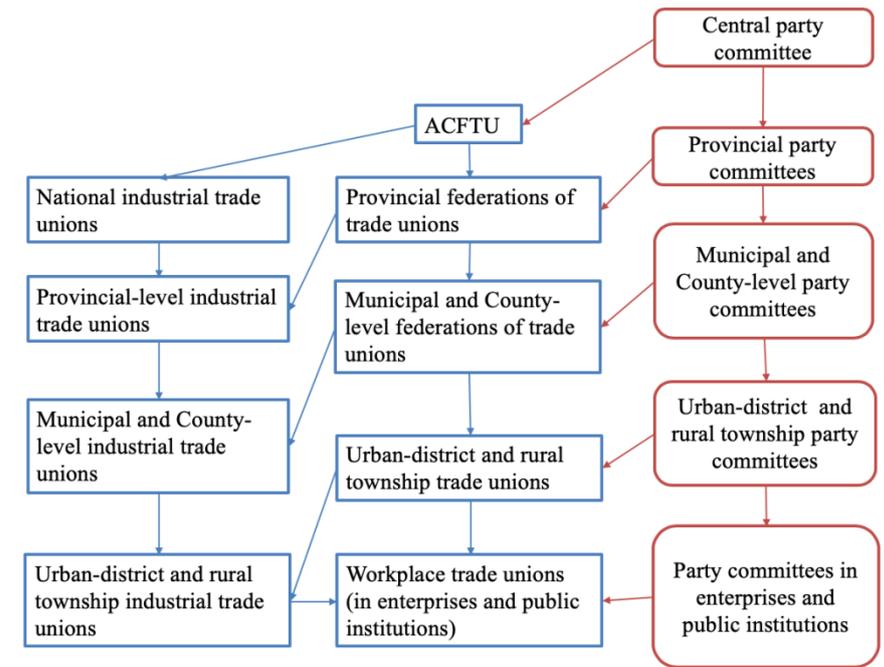
Figure 4.4 Organizational structure of the ACFTU

Source: Author's adaptation from the Constitutions of Trade Unions in PRC (2008) and Qi and Huang (2016)

In accordance with the 2009 *Trade Union Law*, membership dues and mandatory employer payments are the main funding sources for the ACFTU and its branches. Employers should deduct two per cent of total payroll as union fees monthly and union members are also required to turn in 0.5 per cent of their wages as membership dues. In addition, a small level of funding is obtained through subsidies from the government. A 'top-down' approach is the main approach for union establishment in most instances in China. Normally, local branches of the ACFTU, with the assistance from party committees at the same level, put pressure on employers to establish workplace trade union branches at enterprises (Chan and Hui, 2012).

Like the trade union model in what was the Soviet Union, the ACFTU is an organ of state control and retains the traditional dualist functions restricting its functions in employment relations (Clarke, 2005; Taylor and Li, 2010). As a CCP instrument, the ACFTU is ideologically and institutionally intertwined with the party-state and is more likely to conform to CCP's interests of economic development and social stability, rather than defend workers' rights and interests (Taylor and Li, 2010; Chang and Cooke, 2018). In the era of Hu-Wen, under the rhetoric of 'harmonious labour relations', the ACFTU adopted three main measures - extensive union building, workplace collective

negotiation (which will be explained in section 4.2.4) and union elections – in order to strengthen their roles in workplaces and control any labour unrests (Hui and Chan, 2015). In Figure 4.3, the number of workplace union members increased rapidly during the decade of the 2000s. However, arguably, the efficacy of trade unions in representing workers' interests and rights is questionable (Taylor and Li, 2007). First, union building mainly focuses on the quantity of trade union members and ignores the quality of representation or its genuine functions (Zhu, Warner and Feng, 2011). Many branches of the ACFTU are likely to be 'paper unions', that exist in name only and do little to represent workers interests in practice, or 'welfare unions', that are only responsible for employees' welfare or benefits and social or recreational activities (for example, they organized staff parties or prepare holiday gifts for employees) (Child and Warner, 2003). However, there have been some cases where some individual union representatives have on occasion tried to act as genuine worker representatives for workers (see Li and Liu, 2016; Chang and Cooke, 2018). Second, local branches of the ACFTU at enterprises level tend to result in management-controlled or co-opted workplace unions. They have to follow the CCP's policies and often tend to side with the management to maintain 'harmonious labour relations' in order to avoid any labour disputes. At higher administrative levels, the ACFTU officials and the CCP cadres closely overlap. At enterprise level, workplace trade union representatives are usually selected by employers and the person chairing the union committee of union representatives is likely to be a senior manager (this is also the case in McDonald's see Chapter 6). Third, the Chinese Union Law does not provide the right to strike for workers or protect them from retaliation by their employers if they go on strike.

In the 2010s, the ACFTU was still urged by the central government to develop a reform programme to increase union representation and consolidate the CCP's leadership; however, the three main goals of the ACFTU – expanding union membership, collective negotiation and union elections have become less of a priority and less urgent. Accordingly, the number of workplace union members has levelled off since 2012 (see Figure 4.5). Even though some provincial branches of the ACFTU put forward plans to promote collective negotiation, the response from the higher levels of the ACFTU was inaction. It is notable that the ACFTU's leading group made only a passing reference to workplace collective negotiation and trade union elections in its report on trade union reform in 2017 (Howell and Pringle, 2019).
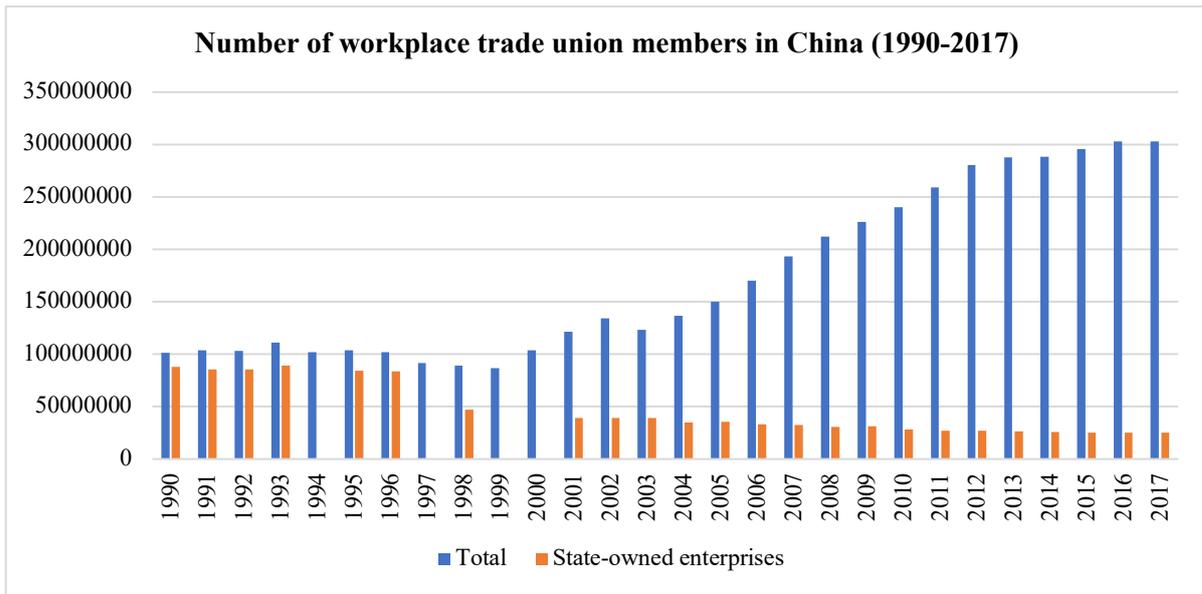
Figure 4.5 Number of workplace trade union members in the whole nation and state-owned enterprises in China (1990-2017)[17]
Source: China Labour Statistical Yearbook and China Trade Union Yearbook

4.1.2.1 Union establishment in FIEs

Before the 1990s, foreign investment in China was still at a low level and the establishment of trade union in FIEs was rare. Where they did exist, they were at a small scale and mostly established in Shanghai which is one of the main cities attracting foreign investment (for example, in 1989, workplace trade union branches were set up in KFC covering its Shanghai stores (Xinhua News, 2007a)). Shanghai is unique in this respect and seen as a pioneer and role model of union establishment for other local provincial and city local branches of the ACFTU (Chen, 2004).

In the early 1990s, the *Trade Union Law (1992)* was rarely enforced in non-state-owned enterprises, particularly in POEs and FIEs that were more likely to resist the establishment of trade union (Chan et al., 2017). From the mid-1990s, the reform of state-owned enterprises, which was accompanied by a high level of staff downsizing, created considerable additional challenges for the ACFTU's union membership (Taylor and Li, 2010). There was a rapid decline in union membership and the ACFTU's organizational base both in SOEs and across the whole nation. Figure 4.5 shows that by

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[17] The figures on number of workplace trade union members in state-owned companies in 1994, 1997, 1999 and 2000 are not shown in the yearbooks.

the end of 1999, the number of workplace union members was around 87 million, a decline of 17 million from 1995 when the number was about 104 million; the number of workplace union members in SOEs dropped to 47 million in 1998 from 85 million in 1995. At the same time, with the acceleration of economic reforms, the number of POEs and FIEs had been growing rapidly in mainland China. Nevertheless, union membership is still at very low level in POEs and FIEs (see Figure 4.6 and Figure 4.7), which is mainly attributed to the lower awareness of employees about trade union in POEs and the avoidance of trade union by management in FIEs (Zhang, 2009; Liu and Li, 2014). Confronted with a rapid decline in its organizational base in SOEs and the low union base in POEs and FIEs, the ACFTU's response was to launch a national campaign in 2000 to improve the enforcement of the *Trade Union Law* and try to increase its union membership (Taylor and Li, 2010; Chan et al., 2017). This campaign's emphasis was to increases the ACFTU's presence in more workplaces and increase the number of ACFTU members in POEs and FIEs. Apart from the lower union base in FIEs, the other reason why FIEs became the main targets in this campaign is the increasing labour disputes in FIEs. In the late 1990s, the labour disputes were disproportionately high in FIEs and worker protests in FIEs were more likely to take the form of wildcat strikes and collective work stoppages (Cooke, 2008). Therefore, to cope with the pressures from escalating workers' unrest, the CCP urged the ACFTU to expand union membership in FIEs to control the rise in worker grievances, wild-cat strikes and other labour disputes (He and Xie, 2012).

Number of workplace union members in POEs in China (1990-2017)
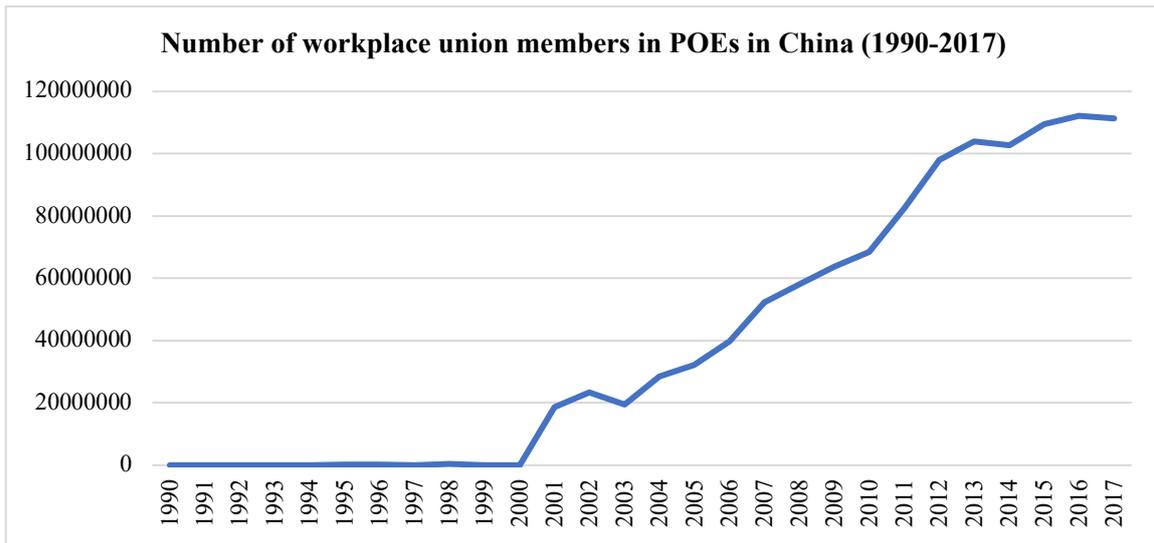
Figure 4.6 Number of workplace union members in POEs in China (1990-2017)[18]
Source: China Labour Statistical Yearbook and China Trade Union Yearbook

Number of workplace trade union members in FIEs in China (1990-2017)

Figure 4.7 Number of workplace trade union members in FIEs in China (1990-2017)[19]
Source: China Labour Statistical Yearbook and China Trade Union Yearbook

Within this national campaign, different provinces had different policies regarding the

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[18] The figures on number of workplace trade union members in POEs in 1994, 1997, 1999 and 2000 are not shown in the yearbooks
[19] The figures on the number of workplace trade union members in FIEs in 1994, 1997, 1999 and 2000 are not shown in the yearbooks. The number of workplace trade union members in FIE in 2010 is recorded as 4,365,247, which is more than the recorded employee number (3453 thousand) in FIEs in the yearbook. We presume that this data on the number of workplace trade union members in FIEs in 2010 is not correct, therefore we have omitted this data.

formation of local unions and the extent of union establishment varies by the support from the local communist party committees (Budd et al., 2014). Compared to the other cities and provinces, Shanghai took more initiatives for union establishment in FIEs. For example, in 2000, the party committee of Shanghai held a conference with the Shanghai branch of the ACFTU to discuss how to promote union establishment in POEs and FIEs in particular. In addition, the Shanghai branch of the ACFTU set up 'United Trade Unions in FIEs' whose aim is to deal with and pressure employers to establish workplace branches of ACFTU in FIEs (mainly by a 'top-down' approach). However, in contrast to Shanghai, the actions to establish workplace union branches in FIEs in other cities and other provinces have been far less active (Taylor and Li, 2010). Therefore, in 2004, the ACFTU announced a 'blacklist' of some FIEs that had not complied with the *Trade Union Law* to establish workplace trade union branches, after an investigation and these FIEs included Walmart, Kodak, Samsung, KFC and McDonald's (Xinhua News, 2004). ACFTU officials suggested that they would apply mixed strategies to urge these blacklisted companies to establish workplace trade union branches by cooperating with the relevant local governments through a 'top-down' channel, whilst encouraging employees to join the union through a 'bottom-up' channel. As we will see later in Chapter 6, the Shanghai branch of the ACFTU was active again in this respect in the case of McDonald's China; in 2005, it negotiated an agreement to establish workplace trade union branches covering McDonald's stores in Shanghai; and Shanghai was the first city to set up trade union at McDonald's.

Furthermore, in March 2006, the then President Hu urged the ACFTU to set up trade union branches and party committees in FIEs, which prompted the ACFTU to take immediate action (Lee, 2009). As a result, Walmart stores in Fujian Province became the first target, as management in headquarters at Walmart had insisted that it would not set up unions at all (He and Xie, 2012). With the support of the central government, the ACFTU negotiated with the China headquarters of Walmart to pressure Walmart to comply with labour laws and to cooperate with the Chinese government in establishing a union branch at Walmart. At the same time, the local branch of the ACFTU encouraged employees in Walmart stores to vote for union representatives who would then negotiate with local mangers to set up trade union representation in the stores (Zhu, Warner and Feng, 2011; He and Xie, 2012).

In July 2006, the first union branch was set up in a Walmart store in Quanzhou city in Fujian Province, which was seen as a 'breakthrough' for the ACFTU in its national campaign (Zhu, Warner and Feng, 2011). The ACFTU saw the unionization of Walmart as a model which would trigger a broader campaign to unionize more FIEs in China (Brown, 2010a; Wu, 2010). The Walmart case created a ripple effect over the next few years with an increase in the number of workplace trade union members in FIEs in China (see Figure 4.5). The rate of union establishment among FIEs increasing from 25.9 percent by the first half of 2006 to 73.4 percent by the first half of 2008 (Workers Daily, 2012). According to the documents from the ACFTU, union establishment in FIEs took place in three phrases. The Walmart case was the first stage, and this was followed by union establishment at McDonald's and KFC as the second phrase; the third phrase was to establish union branches in more other FIEs. Drawing on the experiences of the first and second phrases, more local trade union branches of the ACFTU in different cities and provinces started to push more FIEs to establish workplace trade union branches (Chan et al., 2017). As in the Walmart case, some local unions approached employees to negotiate with local mangers to set up trade union representation; some local unions used the occurrence of work grievances or collective actions, as a negotiating point to seek to persuade managers to allow the establishment of unions at enterprises, for example, in the McDonald's case (see Chapter 6), a 'low wage scandal' which had been revealed in Western fast-food companies in 2007, allowed the ACFTU and its regional branches to use this disclosure to pressure McDonald's management in more cities and provinces to set up workplace trade union branches. In addition, some local branches of the ACFTU threatened managers that they would fine enterprises if they did not establish a union for breaking Chinese law; others offered promotional discounts on union fees to enterprises that were reluctant to set up unions; and some persuaded employers to establish trade unions through claiming that Chinese unions were a 'middle-person' in adjusting employment relations and reassure management that they would not organize strikes against employers (Taylor and Li, 2010). As a result, more FIEs established workplace trade union branches in the 2000s in China (see Figure 4.6). However, as suggested before, during the era of Xi, union establishment seems not be a priority for the central government and the ACFTU and officials in local government and local union branches lost their motivations and interests in establishing workplace trade union branches. Arguably therefore, union establishment in FIEs started to slacken off. Figure 4.6 clearly illustrates that after 2013

the number of workplace union members in FIEs drops and this is also partly because employment in FIEs decreased from 2013.

Figure 4.8 presents the development of union establishment in FIEs in China as a timeline. In Chapter 6, I will focus on the union establishment in the case of McDonald's in this context.
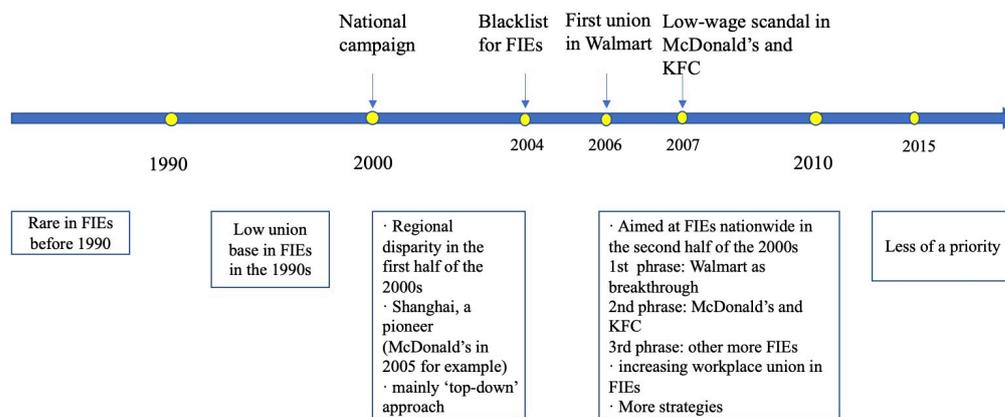
Figure 4.8 The development of union establishment in FIEs in China

4.1.3 The role of labour NGOs in China

Labour NGOs emerged in China during the mid-1990s mainly in the Pearl River Delta in Southern China and their emergence is ascribed to the growing number of labour conflicts and demands for labour services (Franceschini, 2014). Their development in particular was heavily influenced by Hong Kong activists because of the proximity of this area to Hong Kong, and the fact that Hong Kong capitalists rapidly increased their investments in the Pearl River Delta from 1992 onwards (Pringle, 2018). Labour NGOs are now located across China, but mainly in the most developed and industrialized areas, and most are run by former worker plaintiffs, lawyers, and academics (Xu, 2013). However, the development of labour NGOs in China varies not only by locations but also by organizations themselves (Chan, 2012). Some NGOs were registered as a business while some were not registered at all due to the government's strict registration of and censorship of social organizations. Small and medium-sized labour NGOs have been frequently harassed or repressed by the government, as the government is concerned that activists in such NGOs would be a negative factor for 'social stability'.

Large labour NGOs have often had close connections with some government agencies or institutions since the 2000s (Friedman and Lee, 2010). The major activities of labour NGOs include providing workers with various legal services and labour education, helping workers get back unpaid wages, and participating in the corporate social responsibility movement (Chan, 2012; Xu, 2013). Some labour NGOs have supported some labour movements or performed as a trade union-like role and promoted worker-led collective bargaining in some workplaces (Chen and Yang, 2017; Zhou and Yan, 2019). Through these activities, labour NGOs have played an important role in raising workers' awareness of labour laws, building up informal networks that can provide workers with mutual support and help, and protecting workers' legal rights and interests (Chan, 2012). Generally, labour NGOs are more involved in the labour services or labour protests in manufacturing and construction sectors where rural migrant workers are the main workforce (Xu, 2013) but it seems less likely that labour NGOs have taken an interest in the fast-food sector. However, in general, labour NGOs in China have been exposed to a wide array of control and threats by the CCP and particularly the movement-oriented labour NGOs embodies a fundamental predicament of the Chinese labour movement, as strikes are legally prohibited by the party-state (Chen and Yang, 2017).

4.1.4 Employment relations practices and process in China

On paper, at least, there have been major developments and changes in employment relations institutions in China since the Millennium, with a good deal of administrative promotion from the CCP. The following section focuses on the regulations on minimum wages and the promotion of collective negotiations through the development of a series of rules and administrative guidance in China.

4.1.4.1 Minimum wage

Before 1994, China had no minimum wage regulations. In 1993, the first regulation on minimum wage (the '*Enterprise Minimum Wage Regulations*') was issued by MOLSS and then minimum wage regulation was written into China's new version of the Labour Law in the same year. However, this policy did not have substantive effect as it was poorly implemented (Xu and Xing, 2016). In 2004, the revision of Provisions on the Minimum Wage was issued by the MOLSS with the aim of safeguarding the legitimate

economic rights and interests of workers. The old version was modified as follows: 1) the coverage of minimum wages was extended to employees in town-village enterprises, privately or individually owned enterprises and staff in government agencies and public sectors; 2) hourly minimum wages were now applicable for part-time employees; 3) minimum wage rates should be adjusted at least once every two years; 4) penalties for violations were increased substantially from an earlier range of 20-100 per cent of the wage that was owed to a new range of 100-500 per cent of the wage that was owed. This version of the legislation offered more detailed regulations and then minimum wage became a part of the *2007 Labour Contract Law*.

Under the current minimum wage system, provincial governments play a dominant role in the process and they are allowed a considerable degree of flexibility in setting their own minimum wage rates based on five principles, including the local minimum cost of living, the average wage level, local productivity, unemployment and local economic development. In practice, there are no unified minimum wage rates for the whole country. As economic development level varies even within provinces, the provincial government sets several different minimum wage rates that could be adopted by municipal governments, according to the factors in different cities and regions mentioned above. Furthermore, the modes of calculation are also different among different provinces. For example, in Beijing, hourly minimum wages include social insurance contributions, however, in Shanghai, hourly minimum wages do not include social insurance contributions. As a result, the minimum wage rate varies considerably across China.

Since 2004, the revised provisions on minimum wages led to a substantial increase in minimum wages as well as in the frequency of minimum wage rates adjustment across the nation. However, although this sounds positive there are some considerable concerns. Firstly, minimum wages in China are low compared to average wages. Although the minimum wages rates have been increasing in recent years, their increases tend to be lower than increases in average wages or per capita GDP (Ye, Gindling and Li, 2015). It has been argued that most existing minimum wage rates are not high enough to cover basic living expenses (Ye, Gindling and Li, 2015). Secondly, monitoring and enforcing minimum wages is weak or non-existent. Due to the weak enforcement of minimum wages, it is difficult to provide an accurate answer as to the

exact coverage and the effect of statutory minimum wages in China. Thirdly, the compliance or non-compliance of minimum wages in workplaces is also affected by employers who may adopt some cost-neutral compliance strategies which avoid the effect of the regulations. Employers are likely to make some adjustments to respond to minimum wages, such as reducing fringe benefits or non-wage elements of the overall remuneration package, increasing overtime work without overtime payment or switching from employing full-time workers to part-time and temporary workers.

4.1.4.2 Collective negotiations and collective contracts

The first legislative foundations for collective contracts were laid down in the *1992 Trade Union Law*. The *1994 Labour Law* offered all the employees the right to sign collective contracts with employers on wages, working hours, rest and leaves, work safety and so on. Also, these provisions on collective contract in the *1994 Labour Law* were supplemented by *the Provisions on Collective Contract* issued by the MOLSS in the same year. Some other regulations and administrative guidance were issued in the 1990s. These included the *Gradual Promotion of Collective Negotiation and Collective Contract* in 1996, the *Collective Wage Negotiations in FIEs* in 1997 and the *ACFTU Participation in Collective Wage Negotiation* in 1998. However, progress in promoting collective negotiations in the 1990s was slow as businesses were reluctant to sign collective contracts without the pressure from local governments (Clarke, Lee and Li, 2004).

Since the Millennium, the development of collective negotiation has gained considerable momentum, helped by the improved legal framework and the pressure from the central government and the ACFTU (Clarke, Lee and Li, 2004; Lee, 2009). It is argued that the central government and the ACFTU saw collective contracts as an effective way to regulate labour relations during the transition period towards a market economy (Clarke, Lee and Li, 2004). Therefore, in the 2000s, more laws, regulations and administrative guidance regarding collective negotiations and collective contracts were brought forward (see Table 4.5). The *Revision of Trade Union Law*, adopted in 2001, emphasized that the ACFTU's main role in the promotion of collective negotiations is to safeguard the rights and interests of workers.

In 2004, the *Provisions on Collective Contract* was revised to provide general instructions on the procedure for collective negotiation and the form and content of collective contracts. The *2007 Labour Contract Law* contained six articles on the issues of collective contracts, specifying the content of collective contracts and the ratification of collective contracts by workers' congress. Two of these articles suggest that regional and sectoral collective contracts can be signed in the construction industry, the mining industry and the restaurant service industry. In addition, the MOHRSS, along with the ACFTU, China Enterprise Confederation and All-China Federation of Industry & Commerce, launched a series of rules to promote collective contracts. These rules were aimed at promoting collective wage negotiations and regional/sectoral negotiations as well as promoting collective negotiations in general. In 2008, the MOHRSS and the ACFTU launched a 'Rainbow Plan' to urge the local governments and local trade union branches to play a leading role in expanding the coverage of collective contracts. In 2010, the special targets for coverage of collective contracts were set out in the *Guidance Plan on In-depth Promotion of Collective Contract.* This plan laid down a target on the coverage of collective contracts: by the end of 2010, no less than 60 percent and by the end of 2011, no less than 80 percent.

Table 4.5 Legislation on collective negotiation and collective contract in China

Year	Legislations or regulations on collective negotiation or collective contract	Issuing authority	Level of Authority
1994	Provision on collective contracts	MOHRSS	Departmental rule
1996	Notification of gradual promotion of collective negotiations and collective contracts	MOHRSS, ACFTU and China Enterprise Confederation	Departmental rule
1997	Guidance plan on collective wage negotiations in FIEs	MOHRSS	Departmental rule
1998	Guidance plan on trade union's participation in collective wage negotiations	ACFTU	Group provision
2000	Temporary law on collective wage negotiations	MOHRSS	Departmental rule
2004	Revision of provisions on collective contracts	MOHRSS	Departmental rule
2005	Guidance plan on promoting collective wage negotiations	MOHRSS	Departmental rule

2006	Guidance plan on promoting regional/sectoral collective negotiations	MOHRSS, ACFTU and China Enterprise Confederation	Departmental rule
2009	Guidance plan on promoting sectoral collective wage negotiations	ACFTU	Group provision
2010	Guidance plan on in-depth promotion of collective contracts	MOHRSS, ACFTU and China Enterprise Confederation	Departmental rule
2011	Work plan on in-depth promotion of collective wage negotiations (2011-2013)	ACFTU	Group provision
2014	Guidance plan on in-depth promotion of collective contracts	MOHRSS, ACFTU, China Enterprise Confederation and All-China Federation of Industry & Commerce	Departmental rule

Source: adapted from http://www.mohrss.gov.cn/index.html and http://www.acftu.org

In the second half of the decade of the 2000s, under the pressure from these administrative goals, the ACFTU launched a 'bureaucratic campaign' to encourage its provincial affiliates to use their own initiatives in signing collective contracts (Lee, 2009; Wu and Sun, 2014). In Figure 4.9, the number of general collective contracts and enterprises covered by collective contracts increased in the period from 2007 to 2013[20]. In Figure 4.10, the number of collective wage agreements increased after the *Provisions on Collective Contracts* was revised in 2004. The Figure 4.11 shows that regional and sectoral collective contracts have also grown since the mid-2000s. Some regional and sectoral collective contracts negotiated higher minimum wage rates than the local minimum wage rates for some occupations and provided annual wage increases for workers. Some examples were the collective negotiations in the restaurant industry in one district in Nanjing city, in the sweater industry in Wenling city, in the ceramics sector in Yixing city and in the plywood industry in Pizhou city. These regional and sectoral collective contracts tend to be more common in the service sector. The main aim of these regional or sectoral collective contracts was to avoid large-scale collective disputes and high labour turnover (Lee, 2009).

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[20] The statistical indexes regarding collective contracts are not consistent before 2005 in the China Trade Union Yearbook. Since 2007, the number of *general collective contracts* and *enterprises covered by collective contracts* in China have been published in the China Trade Union Yearbook, while the number of *collective wage contracts* has been published in the China Trade Union Yearbook since 2005. However, the China Trade Union Yearbook has not been published since 2015. Therefore, the data after 2013 is not currently available.

Number of collective contracts and enterprises covered by collective contracts in China (2007-2013)
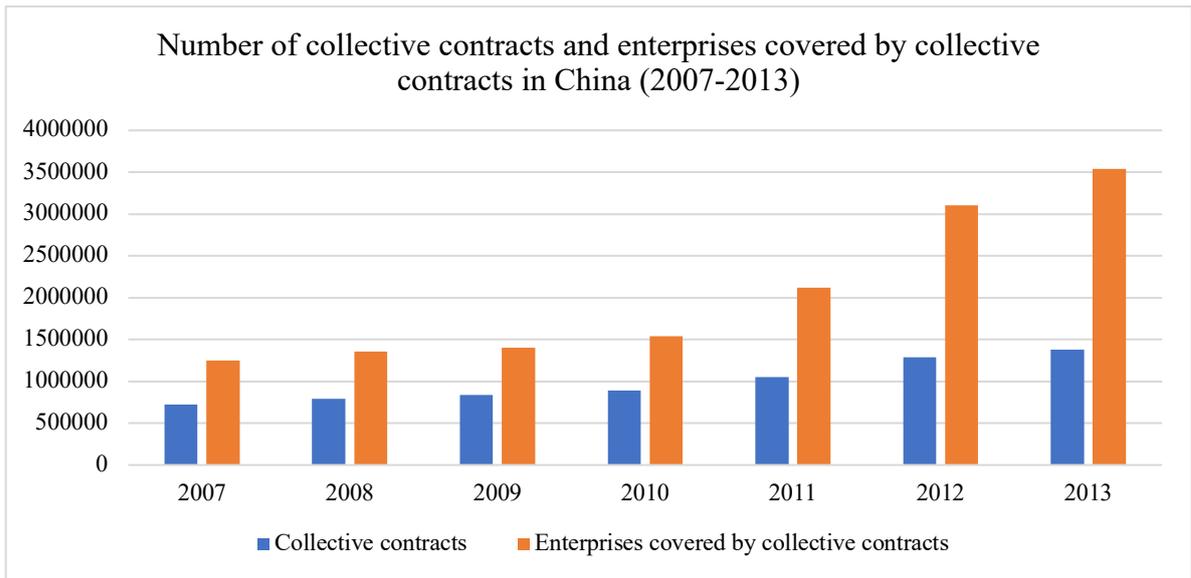
Figure 4.9 Number of collective contracts and enterprises covered by collective contracts in China (2007-2013)
Source: China Trade Union Yearbook

Number of collective wage contracts in China (2005-2013)
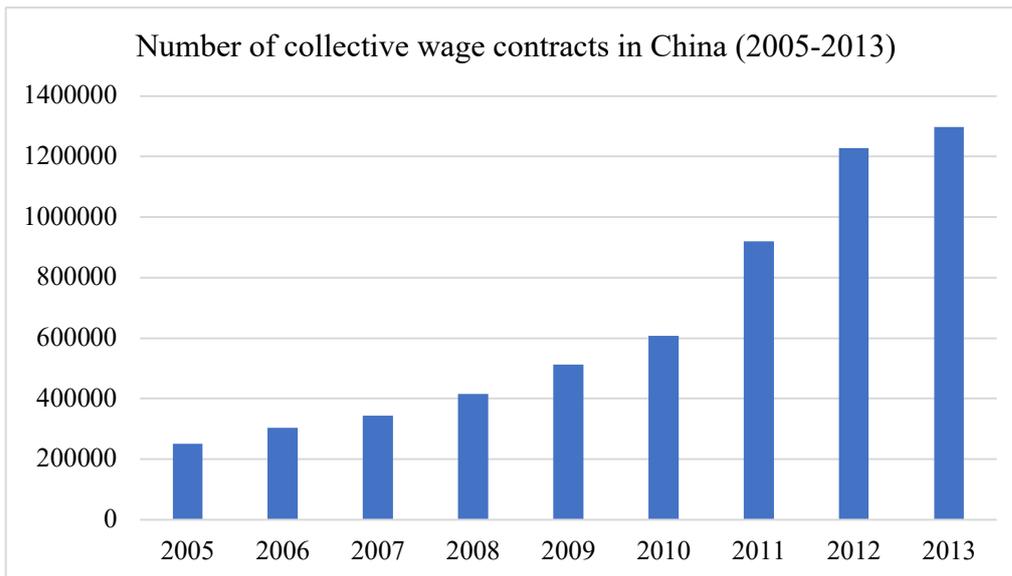
Figure 4.10 Number of collective wage contracts in China (2005-2013)
Source: China Trade Union Yearbook
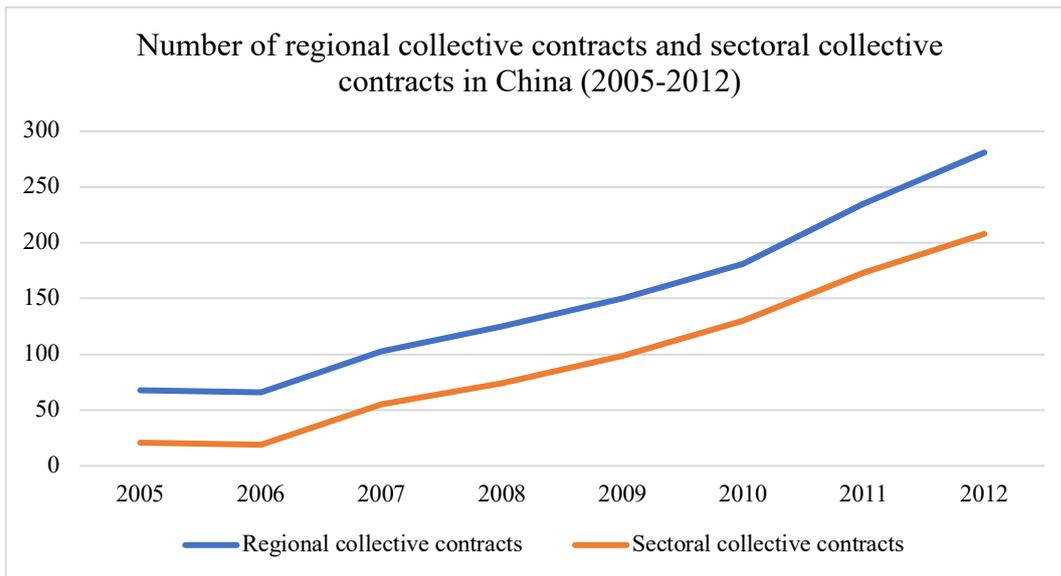
Figure 4.11 Number of regional collective contracts and sectoral collective contracts in China (2005-2012)
Source: adapted from Wu and Sun (2014)

At the same time, this campaign was also extended to the FIEs on the basis of the considerable 'statistical' increase in union establishment in FIEs. Walmart retook the lead in signing collective contracts. In July 2008, the first collective contract was signed at Walmart in Shenyang city and then more collective contracts were signed at Walmart in other cities. In September 2008, McDonald's signed the first collective contract in Shanghai. In July 2010, KFC signed the first collective contract in Shenyang city. To expand the coverage of collective contracts among more FIEs, in January 2011, the ACFTU issued another work plan called 'Guidance Plan on promoting collective negotiations in Fortune Global 500 enterprises in China'. The *2011 Guidance Plan* suggested that all the Fortune Global 500 enterprises in China should sign collective negotiations in accordance with Chinese laws and this plan set specific goals for this. By the end of 2011, more than 80 percent of Fortune Global 500 enterprises should be covered more than 80 percent; by the end of 2012, more than 90 percent; and by the end of 2013, 100 percent. However, the slowdown in economic growth coupled with industrial restructuring made it difficult for the ACFTU to achieve these targets (Wu and Sun, 2014). Then in 2014, another work plan - *Guidance Plan on In-Depth Promotion of Collective Contracts* was jointly issued by MOHRSS, ACFTU, China Enterprise Confederation and All-China Federation of Industry & Commerce to improve upon the current result and revise the strategic aim. The *2014 Guidance Plan* aims to enhance the quality of collective negotiations and the efficacy of collective contracts at enterprise

level. However, since 2012, central government does not appear to show the same enthusiasm for the promotion of collective negotiations and collective contracts as previously. As suggested already, the ACFTU no longer saw the promotion of collective negotiations and collective contracts as the priority in its reform program. Furthermore, the main statistical yearbook about trade unions - China Trade Union Yearbook - has not been published since 2015. Therefore, it is difficult to obtain the figures regarding collective negotiations or collective contracts in the years since then.

In the era of Hu-Wen, the concerted efforts by governments and the ACFTU played a crucial role in promoting collective negotiations and collective contracts both in legal and practical terms. Despite the increasing number of collective contracts, in practice, there were some serious issues with the efficacy of these contracts at the workplace (Lee, 2009; Wu and Sun, 2014). Within the system of bureaucratic performance appraisal, local governments tend to cooperate with local trade union branches in promoting collective negotiations in order to achieve the targets as a form of bureaucratic competition (Wu and Sun, 2014). Local governments usually designed templates for collective contracts; then, the local branches of the ACFTU worked with the local governments to put pressure on companies and managers to conduct collective negotiations or even to sign collective contracts without any genuine negotiation (Kuruvilla and Liu, 2016). Most companies simply replicated the template of collective contracts with a few modifications (Clarke, Lee and Li, 2004). Thus, the substantive content of these collective contracts cannot be applied to the business operation for management, let alone improving workers' working conditions. Furthermore, in most cases, employers signed collective contracts without any representation and involvement of employees (Wu and Sun, 2014). Some studies suggest that some genuine collective negotiation emerged, some of which were initiated by workers' individual actions (Chan and Hui, 2014; Lee, Brown and Wen, 2016; Wang and Liu, 2016). In a small number of cases (such as sectoral collective negotiations in the wool sweater manufacturers in Wenling city and in the plywood industry in Pizhou city), collective negotiations did have a substantive impact on wages and other conditions of employment (Lee, Brown and Wen, 2016). However, the majority of collective contracts and contract negotiations are more likely to be faced with the dilemma of formalism (Chang and Brown, 2013; Wu and Sun, 2014; Kuruvilla and Liu, 2016). Furthermore, it is suggested that the prospects for the growth in genuine collective

negotiation and collective contracts is getting dim in the late 2010s. (Kuruvilla, 2018).

In sum, as China is a socialist country with the legacy of a state-planned economy, heavy and frequent state's intervention is a key feature in the Chinese employment relations system as well as in the Chinese market economy. The main objectives of the party-state in China is economic growth and social stability (Liu, 2018). Thus, in addition to its role as an employer and an economic manager, the role of the state is also dominated as a legislator, arbitrator and mediator, inspector and welfare provider in the Chinese employment relations system. Despite the evolving legal framework for employment relations and the pragmatic ER institutional approaches (such as minimum wage and collective negotiation), the lack of effective enforcement remains problematic and there is considerable ambiguity about labour rights on informal employment status (Cooke, 2016). In addition, as the ACFTU remains an instrument of the party-state in maintaining social stability, in practice, its increasing membership and promotion of collective negotiations may not improve workers' rights.

4.2 Employment relations system in the UK

Employment relations in the UK have undergone a considerable transformation since the Second World War with three distinct phases. In the first phase from 1945 to 1979, the tradition of 'voluntarism' was still largely in evidence in the context of a Keynesian economic agenda, which to some extent enhanced the bargaining power of workers. Between 1979 and 1997 consecutive Conservative governments beginning with Margaret Thatcher, adopted a neo-liberal agenda which along with market orthodoxy included the introduction of legislation aimed at weakening the power of trade unions. Although the 'New Labour' government (1997-2010) took some initiatives to bring some formal changes to the institutions of employment relations, the institutional continuity and the legacy of Thatcher could still be found in the period after 1997 (Howell and Givan, 2011; Beynon, 2014). This section examines the institutional evolution of employment relations in the UK in the post-war period, by analysing the role of actors, processes and practices in the employment relations system.

4.2.1 The role of state in the UK

The traditions of employment relations in the UK from the late nineteenth century were characterised as 'voluntarism', in which the state kept a distance from the relationship between employers and employees with a low level of legal regulations. However, these traditional characteristics had been altered after the Second World War and were particularly 'interrupted' by the Thatcher's Conservation government after 1979. The period of Conservative government after 1979 witnessed a profound erosion of institutions of collective regulations (Howell and Givan, 2011). Therefore, the last half century has witnessed the rise of decentralization and individualization of employment relations in the UK, although coupled with some increased legal regulations (Howell and Givan, 2011). This interventionism attempted to facilitate a neo-liberalization of the labour market (Howell, 2016). A summary of the laws and legislations affecting employment relations introduced after 1945 is provided in Table 4.6.

Table 4.6 Main legislations on industrial relations after 1945 in the UK

Year	Legislation	Main points
1965	Trade Dispute Act	Provided union members with protection from employer threats when contemplating strike action
1971	Industrial Relations Act	Reduced trade union immunity during disputes by defining certain union practices and actions as unfair Statutory provisions for trade union recognition Introduced an employee's right to claim unfair dismissal Powers for Secretary of State to order a 'cooling-off' period if a dispute was likely to damage the economy
1974	Trade Union and Labour Relations Act	Repealed most of the *1971 Industrial Relations Act* provisions Redefined trade union immunities with respect to strikes and industrial disputes
1975 and 1978	Employment Protection Act	Established the tripartite employment relations processes (i.e., including TUC, CBI and government) Established an Advisory, Conciliation and Arbitration (ACAS) Service to investigate, report, and make recommendations for union recognition Set up Central Arbitration Committee with enforcement role in recognition procedure and to hear claims from unions in support of extension of terms and conditions of collective agreements Entitlement to written particulars of employment contract
1980	Employment Act	Statutory union recognition procedures abolished Employer able to take legal action against individual employees who were believed to be engaged in unlawful industrial action New union membership agreements required to be approved in secret ballot by at least 80 per cent of those entitled to vote

		Removed immunity for those engaging in secondary industrial action
1982	Employment Act	All union membership agreements required to be approved in secret ballot every five years, again by not less than 80 per cent of those entitled to vote, or 85 per cent of those voting Disputes could only relate 'wholly or mainly' to terms and conditions of employment or bargaining machinery Industrial action to compel union membership or trade union recognition made unlawful Fair Wages Resolution (requiring government contractors to pay union rates) rescinded
1984	Trade Union Act	Introduced secret ballots for election of union executive council members Secret ballots required for union executive elections every five years and political funds every ten years Trade union liability for damages established, enabling unions to be sued for unlawful industrial action
1985	Industrial Tribunal Regulations	Burden of proof about the 'reasonableness' of unfair dismissal placed equally on employer and employee, and no longer solely on employer
1988	Employment Act	Established a Commissioner for the Rights of Trade Union Members to assist union members with advice and in applications to the High Court Union members given the right not to be disciplined by their union for failure to support industrial action Make it automatically unfair to dismiss a worker for non-membership of a union irrespective of whether the closed shop had been supported by a ballot
1990	Employment Act	Trade unions made liable for all industrial action, unless measures taken to repudiate the action Legal right for employers to dismiss an individual engaged in unofficial industrial action, with no right to claim unfair dismissal Industrial action in support of other employees dismissed for taking unofficial industrial action made illegal
1993	Trade Union Reform and Employment Rights Act	Established a Commissioner for Protection against Unlawful Industrial Action to advise and finance individuals claiming to have been affected by unlawful industrial action who could apply to the High Court for an order against the union to discontinue that action Introduced legal provisions to ensure ballots for industrial action Requirement of union to give employer seven days' written notice prior to commencement of official industrial action;
1998	National Minimum Wage Act	Established a statutory basis for the low pay commission set the first national minimum wage rate
1999	Employment Relations Act	Established a statutory union recognition procedure for firms employing more than 20 workers restricted employer discrimination on the basis of union or non-union membership; make it automatically unfair to dismiss strikers during first 8 weeks of industrial action revised the role and duties of ACAS Statutory right to unpaid parental leave of 3 months for all

		employees; 18 weeks' maternity leave
2002	Employment Act	Sets out minimum standard for organizational discipline and grievance procedures Rights for fixed-term workers Obligation for employers to seriously consider requests from parent employee for flexible working arrangements Statutory roles, duties and time off with pay for trade union learning representative
2004	Employment Relations Act	Defines an 'appropriate bargaining unit' for the purpose of collective bargaining for trade union recognition Provides rights of access for the purpose of trade union recognition ballots Provides employee protection from detrimental action in circumstances relating to union membership
2008	Employment Act	Allows trade unions to discipline/expel members under certain conditions Outlaws the blacklisting of trade unionists by employers Revised dispute resolution arrangements Power to ensure national minimum wage compliance by employers Regulations for the activities of employment agencies
2016	Trade Union Act	Ballots: 50 percent turnout requirement; 40 percent support requirement in important public services Unions have to give 14 days' notice of any industrial action (unless the employer agrees that 7 days' notice is enough)

Source: mainly from http://www.legislation.gov.uk; adapted from Addison and Siebert (2002) and Dundon and Rollinson (2011)

The post-war consensus: 1945-1979

Since the end of Second World War, Keynesian economic policies were adopted by consecutive UK governments to try to ensure the full employment and stable economic growth through managing the demand side of the economy, despite changes in Conservative and Labour governments (Dundon and Rollinson, 2011; Kelly, 2013). A series of employment protection regulations in this period gave employees legal rights at work and specified employers' obligation to workers, including the 1965 *Trade Disputes Act*, 1974 *Trade Union and Labour Relations Act* and *Employment protection Act* (1975 and 1978). During the 1970s, a 'social contract' was agreed between unions and government, in which unions were invited to help government to resolve some economic problems, whilst in return government tried to promote social and economic equality through various reforms. However, the period was still plagued with economic and employment relations tensions, partly due to rising inflation, unemployment and wage demands. During the so-called 'Winter of Discontent' (1978–79), there were

widespread strikes by public sector trade unions demanding larger pay rises, following the ongoing pay caps of the Labour Party government (against Trades Union Congress opposition) to control inflation. This in part led to the election of the Conservative Party in 1979 under its leader Margaret Thatcher, who outlined her proposals for restricting trade union power.

The radical shift:1979-1997

UK employment relations changed considerably after Thatcher conservative government came to power. The Conservative governments of 1979-97 embarked on a radical monetarist experiment in which trade unions were seen as obstacles to the free and efficient operation of labour market. Following neo-liberal economic policies, their reforms aimed to deregulate the labour market, restrict the power of trade unions, foster a competitive enterprise culture, privatise state industries, and reduce the 'bureaucratic burden' on business (Howell, 2005; Dundon and Collings, 2011).

Furthermore, a series of laws were introduced by Thatcher and her successors with the intention of restricting union power and activity, including the *Employment Act* (1980, 1982, 1988, 1990) and the 1984 *Trade Union Act* as illustrated in Table 4.6. These legislations aimed to limit the ability of unions to organize lawful industrial actions, narrow traditional union immunities through legal actions, outlaw secondary strike actions, impose a secret ballot of union members before they take industrial actions, prohibit the 'closed shop' and remove statutory procedures to facilitate union recognitions, all of which made it much more difficult for trade unions to extend union membership and organize industrial actions (Addison and Siebert, 2002).

Forward or backward: Post 1997

The 'New Labour' government from 1997 to 2010, still retained much of the same economic policies introduced by the conservatives and continued to promote increased private sector involvement in the public services. They did not use the opportunity of being in government to rebuild the relationship with trade unions (Brown, 2011). In fact, from the mid-1980s onwards the New Labour Party leadership under Tony Blair increasingly distanced the party from trade unions and had become increasingly

'business friendly' and tried to break the traditional reliance on trade unions' financial support by finding alternative sources of finance (Brown, 2011). New Labour did not fundamentally change the main framework of employment relations laws introduced by the Conservatives, especially those that constrained the power of trade unions to regulate standards across labour markets through closed shops, secondary industrial actions and multi-employer collective bargaining (Addison and Siebert, 2002; Smith, 2009; Wright and Brown, 2014). However, New Labour did implement some reforms to support social justice in workplaces, whilst promoting economic competitiveness and labour market flexibility at the same time, which is the so-called 'Third Way' agenda (Dundon and Rollinson, 2011). One of the first initiatives of New Labour was to establish the Low Pay Commission to investigate and report on a proposed national minimum wage. The *National Minimum Wage Act* was passed in 1998 which established for the first time in the UK a national statutory minimum wage for all workers. The Blair government also signed up to the European Union Social Chapter for workers' rights (the previous Conservative government had 'opted out' in 1991), which led to the enactment of a range of new employment rights in British laws. This included the right to parental leave, equal treatment for part-time workers and greater protections for fixed-contract workers (Wright and Brown, 2014). The *Employment Relations Act* (1999) (see Table 4.6) introduced a statutory trade union recognition procedure for firms employing more than 20 workers, new maternity and paternity rights and a renewed role for the Advisory, Conciliation and Arbitration Service (ACAS). The subsequent legislation in 2002, 2004 and 2008 extended the scope for collective representation and increased the capacity of trade unions to represent workers in workplaces to some extent; however, due to the remaining constraints on multi-employer bargaining and secondary industrial action, trade unions' power to regulate wages and conditions were still limited (Wright and Brown, 2014). It is generally accepted that the statutory recognition procedure did not significantly affect the existing balance of power relations between trade unions and employers (Smith, 2009).

In 2010, a Conservative-Liberal coalition government was elected. In the wake of the economic crisis, the Coalition government adopted an 'austerity' program, with further private sector involvement in public services and further labour market deregulation, continuing the approach of New Labour and previous conservative governments since 1979 (Waddington, 2015). In its review of employment-related laws, the Coalition

government stated that it aimed to '…ensure that they maximise flexibility for both parties (employers and employees) while protecting fairness and providing the competitive environment required for enterprise to thrive' (Dickens, 2014). Thus, there were some changes made to statutory individual employment rights and enforcement mechanisms, in the area of flexible working, shared parental leave and pay, work/life balance (Hepple, 2013). In addition, the 'Red Tap Challenge' was launched by Coalition government, arguably in an attempt to abolish some specific employment and equality rights and make employers 'free' from the burdens or barriers to employment, flexibility and competitiveness (Hepple, 2013; Dickens, 2014). This limits the capacity of individuals to seek legal redress and restrict employees' collective rights. Therefore, the Coalition government's promotion of 'flexibility, effectiveness and fairness' resulted in a further deregulation of the labour market, which echoes back to the ideology of the Conservative government in the 1980s. Arguably, the 'austerity' economic agenda plus further deregulation have resulted in the availability of cheap, insecure labour with weakened employment protections in the UK (Waddington, 2015).

4.2.2 Trade unions in the UK

The UK was the first country to industrialise and the history of UK trade unionism can be traced back to the nineteenth century (Waddington, 2015). In 2016, the total UK union membership was 6,865,056 and union density was 23.5 percent (BIS, 2017). Union membership in the UK is increasingly concentrated in large, multi-occupational, multi-industry unions (Certification office, 2018). By March 2018, there were 146 trade unions totally in the UK (Certification office, 2018). There are thirteen unions with a membership of over 100,000, which accounted for 5,824,111 members or 84.7 per cent of the total, and the three largest trade unions represent almost 48 per cent of the total membership (see Table 4.7).

There is one main union confederation in the UK: Trades Union Congress (TUC), which was formed in 1868. The TUC is a national organization which co-ordinates the activities of its member unions, but it does not have a direct role in collective bargaining and had no specific authority over the affiliated unions. TUC brings together more than 5.6 million working people who make up 48 member unions in 2018 (TUC, 2018). Owing to the hostile political and legal environment towards trade unions in the late

nineteen centuries, the TUC formed a parliamentary committee in 1871, which later became what is today's Labour Party. On behalf of its affiliate unions, the TUC's main roles include: co-ordinating common policies for British trade unions; lobbying the government to implement policies that benefit employees; conducting economic and social campaigns; representing the interests of British employees at an international level; providing training and education for union representatives; helping unions to avoid clashes with each other (Dundon and Rollinson, 2011).

Table 4.7 Trade unions with 100,000 members or more in 2016 in the UK

Trade union with 100,000 members or more	Membership
UNISON: The Public Service Union	1,397,803
Unite the Union	1,282,671
GMB	617,213
Royal College of Nursing of the United Kingdom	452,669
Union of Shop Distributive and Allied Workers	434,790
National Union of Teachers	372,937
National Association of Schoolmasters Union of Women Teachers	318,700
Association of Teachers and Lectures	192,646
Communication Workers Union	190,628
Public and Commercial Services Union	185,785
British Medical Association	161,708
Prospect	112,576
University and College Union	103,985
Total for above unions with 100,000 members or more	**5,824,111**

Source: BIS (2017)

In the late-nineteenth century, it was mostly skilled crafted workers who formed the earliest unions, and later membership became more common amongst semi-skilled, unskilled and women manual workers, which resulted in a rise of union membership until 1920 (Waddington, 2015). There was a fall in union membership between 1920 and 1932 and then an increase in the next half century. The period after the Second World War witnessed a fluctuation in the trade union membership levels (see Figure 4.12). In the period from 1948 to 1969, trade union membership grew from 9.3 million to 11.2 million and union density was around 43 percent. In the 1970s, trade union membership grew sharply, peaking to 13.2 million in 1979 from 11.1 million in 1970 with union density peaking at almost 56 percent (BIS, 2017). However, after the election of the Conservative government in 1979, union membership began a long-term

decline from the early 1980s until the first half of the 1990s. Decline continued but at a relatively lower rate after 1995, with some stability in membership levels between 1995 and 2007, and 2011 to 2015. From 1980 to 2016, union membership fell by nearly half from 12.6 million to 6.9 million; and union density fell from about 56 percent to 23.5 percent in 2016 (Certification office, 2018).

Furthermore, there are variations in trade union membership levels across different workforces and sectors. The proportion of employees who are trade union members is much lower in private sectors (13.4 percent) than public sectors (52.7 percent) in 2016 (BIS, 2017). Trade union density is now higher for women than for men, because a greater proportion of women work in public sectors. The rate of union membership in manufacturing, which has traditionally been seen as a high union membership industry, has fallen substantially in recent years and now has a below average proportion of trade union members, falling by 15 percent from 1995 (32.8 percent) to 2016 (17.8 percent). Accommodation and food services (of particular relevance in this thesis) had the lowest union density at 2.5 percent (see Figure 4.13). Permanent employees were more likely than those in temporary jobs to be union members; however, many workers in accommodation and food service sectors are part-time. The proportion of permanent employees who were trade union members was 24.2 percent in 2016, compared with 13 percent for temporary employees. Full-time employees (24.9 percent) were also more likely than those in part-time work to be union members (19.7 percent). Older workers account for a larger proportion of union members than younger workers. About 39 percent of trade union member employees were aged over 50 in 2016, while union density is less than 5 percent for the employees who are younger than 24 (BIS, 2017).
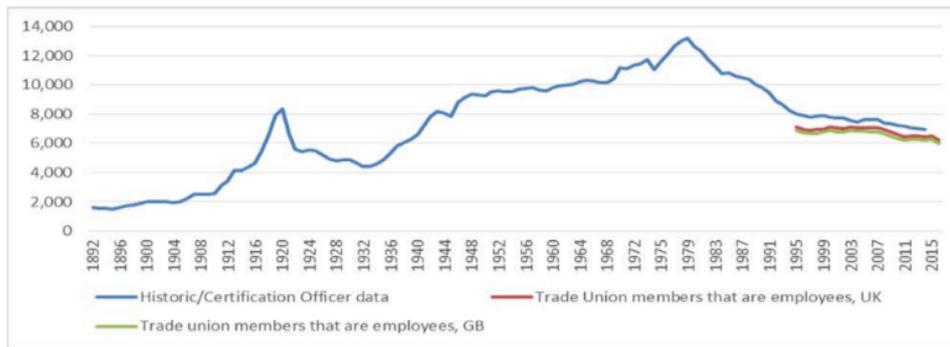
Figure 4.12 Trade union membership levels in the UK (1892 – 2016)
Source: BIS (2017)

Figure 4.13 Trade union density by sectors in the UK, 2016
Source: BIS (2017)

Several explanations have been put forward to explain the decline of union membership in the UK. First is about the legal and political interventions of the UK government (Brown, 2011). Trade unions faced a political and legal assault from 1979 with a raft of legislation aimed at curbing union power under the leadership of Margaret Thatcher. When New Labour were elected in 1997, the Labour Party increasingly distanced itself from trade unions, which further diminished union influence. Moreover, structural changes in the UK economy and labour market also had an impact on union density. The wave of privatizations from the early 1980s diminished trade union power in public sectors. In addition, due to the decline of manufacturing employment (and associated full-time, often male-dominated jobs), which had been the heartland of UK unionisation, such jobs were now being replaced with service-sector based atypical

employment, making it more difficult for trade unions to organize and represent workers (Waddington, 1992). Furthermore, management practices also increasingly had an adverse effect on union membership, in particular the increasing emphasis on individualism associated with the growth of human resource management practices and more assertive and aggressively hostile attitudes towards unions and collective forms of employment relations (Beynon, 2014; Kirk, 2018). Apart from such external factors as legal intervention, economic context, the changing composition of labour force and management resistance, there are some internal union issues that have also arguably contributed to the decline of membership and these include for example inadequate union recruitment programs, union failure to deliver benefits effectively to employees and, the commitment of senior officers to reform union policy to fit with the interests of potential members (Waddington, 2015).

Accompanied with the decline in union density, there has also been a decline in days lost through strikes in the UK in the last three decades (see Figure 4.14). At its peak 29.5 million days were lost in strikes in 1979. At that time, there were widespread public sector strikes, with unions demanding larger pay rises following government attempts to cap pay in a bid to tackle inflation, known as the so-called 'winter of discontent' (Hay, 1996). These strikes arguably led to the election of Thatcher's Conservative Party. However, one of the most significant strikes during the Thatcher period was the coal miner's strike. Between 1984 and 1985, there was a strike by coal miners; at its peak, 142,000 miners went on strike over pit closures and pay (ONS, 2015). It was seen as a watershed in British industrial relations and a test of Thatcher's anti-union policies. Due to the new anti-strike laws (such as the abolition of secondary picketing) and heavy-handed police tactics, the strike was eventually broken. The strike was the scene of considerable violence and ended in the deaths of three workers, the defeat of National Union of Mineworkers and the victory for Thatcher government. Breaking this strike enabled consecutive conservative governments to consolidate their neo-liberal economic agenda in the following years. Moreover, the next three decades witnessed a dramatic fall in the number of days lost through strikes, with public sector strikes accounting for 85 percent of all strikes on average between 2006 and 2015 (ONS, 2018b). Public administration sector, Education sector and the Transport, Storage, Information and Communication sector have seen the most working days lost to strikes per 1,000 employees since 2006, while the lowest working days lost to strikes

per 1000 employees are found in the agriculture forestry and fishing and personal and household goods and accommodation and food services (ONS, 2018b).
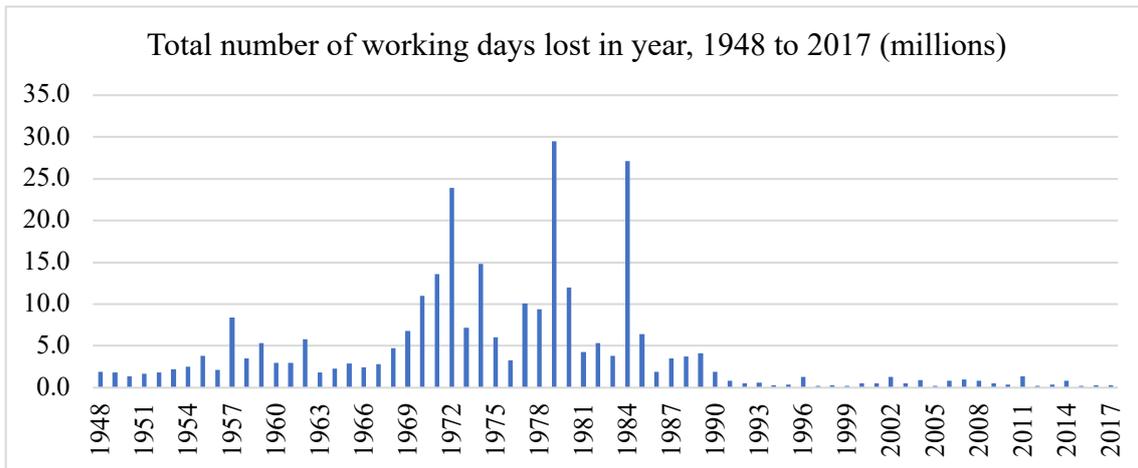
Figure 4.14 Total number of working days lost in the UK (1948-2017)
Source: ONS (2018)

4.2.3 Employment relations practices and process in the UK

This section illustrates the development of minimum wage and collective bargaining in the UK. In addition, the usage of zero-hour contracts (ZHCs) will be discussed as ZHCs are predominant at McDonald's in the UK.

4.2.3.1 Minimum wage

In April 1999, New Labour government introduced a statutory national minimum wage (NMW) for the first time in the UK following the recommendation of the Low Pay Commission (LPC). Previously, there had been a voluntary system of industry-based Wages Councils focusing on low wage industries which had historically not been covered by collective bargaining. However, along with other neo-liberal reforms, this was abolished in 1993. The LPC was created by the New Labour government on the notion of 'social partnership'. The personnel of the LPC is made up of nine people, namely, three from trade unions, three from employers, two academics and a Chair (Brown, 2009). It is argued that the rate at which the national minimum wage should be set needs to balance the interests of social partners on the basis of consultation and the LPC should remain independent of the government whilst maintaining legitimacy with the government (Brown, 2009).

In the UK, almost all workers are entitled to the national minimum wage except self-employed people and children who are still of compulsory school age (under 16). However, the British national minimum is tiered with different rates for different age groups. Table 4.8 shows the different minimum wage rates from 2010 to 2019 in the UK.

Table 4.8 Minimum wage rates in the UK (2010-2019)

Year	25 and over	21 to 24	18 to 20	Under 18	Apprentice
2019	8.21	7.70	6.15	4.35	3.90
2018	7.83	7.38	5.90	4.20	3.70
2017	7.50	7.05	5.60	4.05	3.50
2016	7.20	6.95	5.55	4.00	3.40
2015	6.70	6.70	5.30	3.87	3.30
2014	6.50	6.50	5.13	3.79	2.73
2013	6.31	6.31	5.03	3.72	2.68
2012	6.19	6.19	4.98	3.68	2.65
2011	6.08	6.08	4.98	3.68	2.60
2010	5.93	5.93	4.92	3.64	2.50

Source: http://www.minimum-wage.co.uk

4.2.3.2 Collective bargaining

Collective bargaining has had a long history in the UK. Industrial-level bargaining developed in several industries in the late nineteenth century. In the early twenty century, a system of 'voluntarist' collective bargaining had developed, which was referred to as 'collective laissez-faire' (Brown 2010). By the early 1920s, multi-employer bargaining was established for some manual workers. By the time of the Second World War, industry-wide bargaining had become the norm as a mechanism for establishing orderly employment relations through agreeing wages and ensuring predictable industrial relations behaviour. In the 1950s, collective bargaining covered almost all public sector workers, but it covered over half of workers in private sectors (Brown 2010). After the Second World War in the 1960s, with shop stewards in workplaces increasing in both number and influence, shop stewards were becoming more active in workplace bargaining with plant managers, which eventually supplemented and amended industry-wide agreements conducted between union officials and employers (Dundon and Collings, 2011; Waddington, 2015). In addition, the centralized agreements failed to specify workplace rules in sufficient detail at

enterprise level. Thus, the power and influence of shop stewards was increasingly seen as a major 'industrial relations problem' in the UK (Waddington, 2015). In order to control the shop stewards, remove the disorders created by uncoordinated workplace agreements, promote collective bargaining effectively, the Donovan Commission, set up in 1965, recommended that workplace collective bargaining should be formalized (Donovan 1968). This signified a shift from centralized multi-employer/industry-wide bargaining, to single-employer negotiated agreements, especially in private sectors.

Figure 4.15 shows the growth of single-employer bargaining in private sectors, especially in the 1970s. However, the overall trend of collective agreement coverage in the last four decades has been downwards (see Figure 4.16). In 1973, the collective bargaining coverage was 72 percent; in contrast, by 2016, only less than a third (26 percent) of all employees in the UK were covered by collective bargaining. However, collective bargaining coverage is unevenly spread across the UK. In 2016, 59 percent of employees were covered by collective bargaining in public sectors while only 14.9 percent were covered in private sectors (see Figure 4.17). Moreover, the main level of collective bargaining is at the company level in private sectors while the industry-wide agreements remain common in public sectors. The proportion of public sector workplaces covered by multi-employer bargaining fell from 58 percent in 2004 to 44 percent in 2011 (Wanrooy et al., 2014). In addition, the low level of collective bargaining coverage is more likely to be founded in the low-skilled industries, such as wholesale and retail, accommodation and food service, which are dominated by private employers (see Figure 4.18). Not only has the coverage and level of collective bargaining shifted, but also the scope of collective bargaining has contracted. The WERS 2011 survey suggests that the percentage of all unionized workplaces negotiating over pay, hours and holidays (covered by the statutory union recognition procedure) declined from 32 percent in 2004 to 25 percent in 2011 (Wanrooy et al., 2014) and this fall was concentrated in private sectors where the percentage declined from 27 percent in 2004 to 18 percent in 2011 (Wanrooy et al., 2014). Furthermore, there is no legal requirement for employers to negotiate with trade unions. Thus, the diminishing power of unions plus the undermining of employment protections has led some commentators to argue that UK collective bargaining has become a 'hollow shell' in the workplaces (Blanchflower, Bryson and Forth, 2007; Waddington, 2015). In practice, for the increasing numbers of workers not covered by any collective

bargaining, especially often those in low-skilled jobs in private sectors, the prospects for terms and conditions of employment contracts look bleak, with management unilaterally setting pay and working conditions for employees (Brown, 2010b).
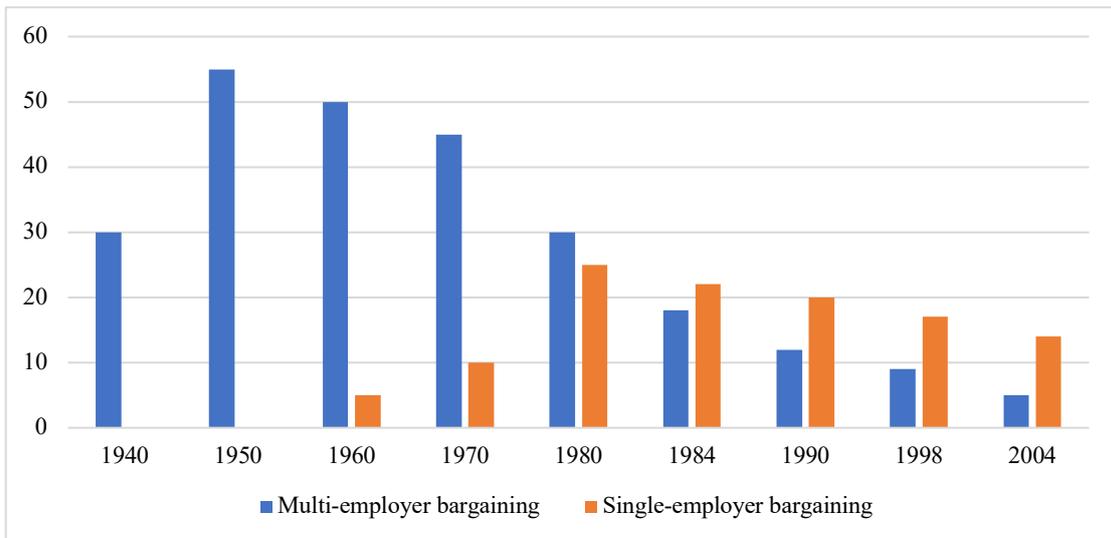
Figure 4.15 The approximate coverage of collective bargaining determining pay for employees in the private sector in the UK, 1940-2004 (%)
Source: adapted from Wright and Brown (2014) and BIS (2017)
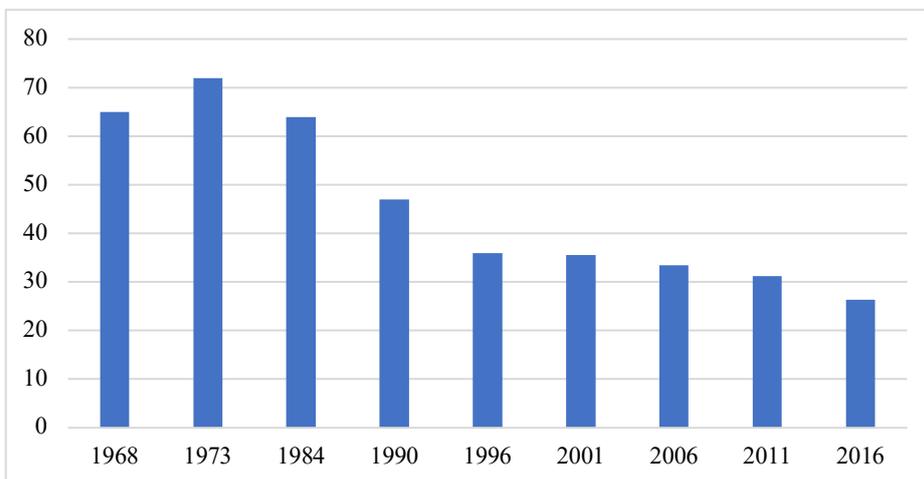
Figure 4.16 Collective agreement coverage in the UK (1968-2016)
Source: BIS (2017)
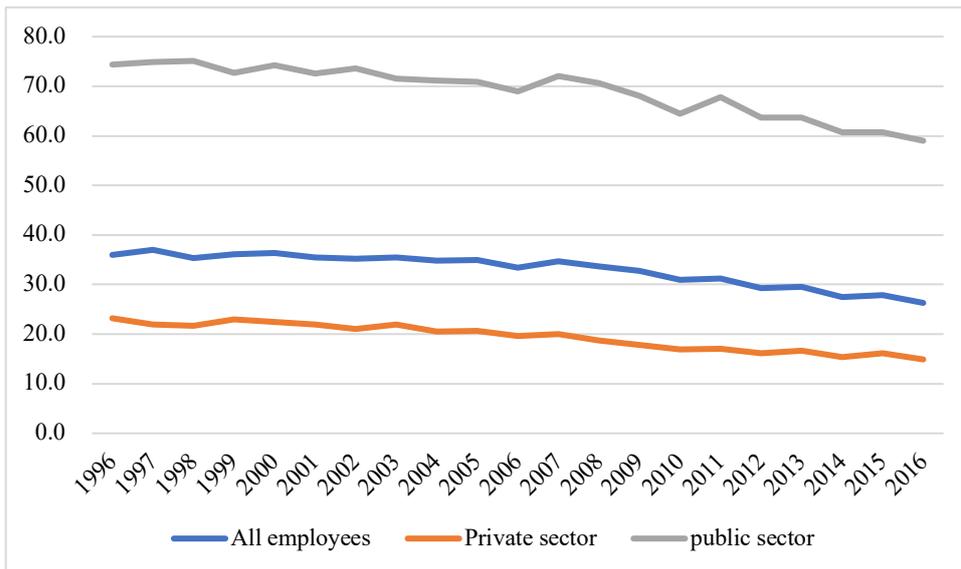
Figure 4.17 Collective agreement coverage by sectors in the UK (1996 – 2016)
Source: BIS (2017)
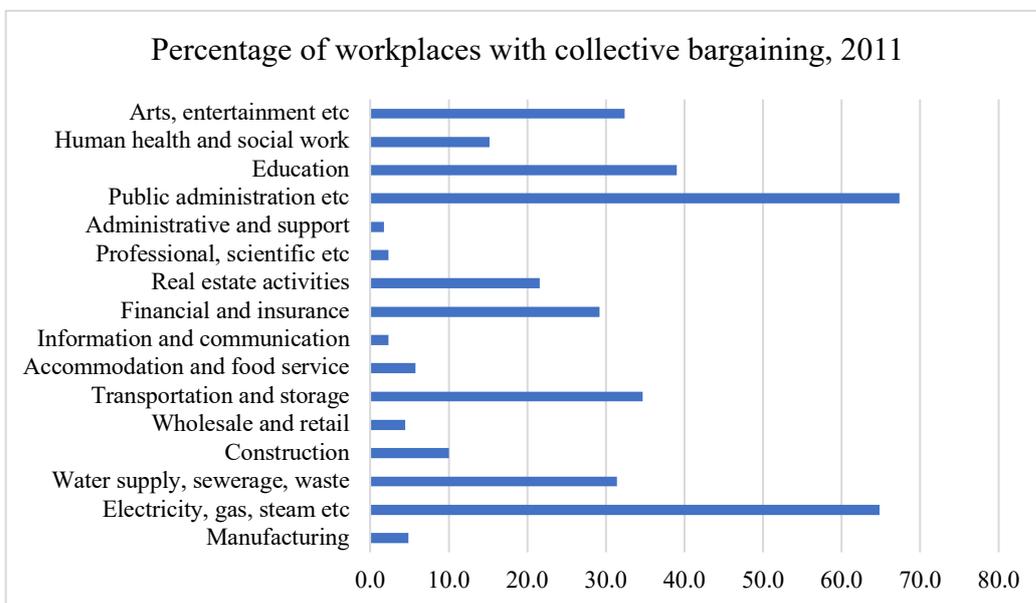
Figure 4.18 Percentage of workplaces with collective bargaining in the UK, 2011
Source: WERS (2013)

4.2.3.3 ZHCs

One of the results of the deregulation of the labour market is the increasing prevalence of ZHCs in the UK. However, ZHC is not a legal term and there is no conclusive definition of ZHC in the UK. The Department of Business, Innovation and Skills (BIS) defined a ZHC as 'an employment contract in which an employer does not guarantee the individual any work and the individual is not obliged to accept any work offered'

(BIS 2013).

According to the figures from the labour force survey, in November 2017, there were 1.8 million ZHCs that did not guarantee a minimum number of hours, which represented 6 percent of all employment contracts (ONS, 2018a). In the period from October to December 2017, the number of people employed on ZHCs as their main jobs was 901,000, which represented 2.8 percent of all people in employment (ONS, 2018a). Although ZHCs are prevalent among a relatively small proportion of the labour force, there has been a constant increase in such contracts since the 2000s, with an increase of 50 percent from 2000 to 2017 (see Figure 4.19). The sharp increase mostly occurring between 2012 and 2013 is due partly to employees' increased recognition and awareness of ZHCs, following the explanation by ONS report (2018a). The groups employed on ZHCs are more likely to be young, part-time and women. Such workers might see the flexibility of ZHCs as an advantage, for example, young people who combine flexible working with their academic commitment, or women who need to balance work and family life. Furthermore, ZHCs are closely tied to non-standard employment such as part-time and temporary work in labour intensive service sectors, such as retail, food and accommodation sectors (ONS, 2018a). In the accommodation and food industry, there are 11.8 percent of employees who are employed on ZHCs (see Figure 4.20). In addition, workers employed on ZHCs in the accommodation and food industry ranked the highest in 2017 (see Figure 4.21). The major users of ZHCs in the UK are usually the big companies in these low-paid service sectors, such as McDonald's, Subway, Wetherspoons and Sports Direct (Adams, Adams and Prassl, 2019).

There has been much public discussion and debate around ZHCs. The proponents mostly put an emphasis on the flexibility ZHCs afford to both employees and employers. Meanwhile, such contracts are facing increasing criticism in terms of their association with fewer entitlements and employment protection rights, insecurity of working hours and inferior job quality (Farina, Green and Mcvicar, 2019; Felstead et al., 2020). The prevailing ZHCs are related to the UK labour market that is increasingly dominated by unilateral management prerogative, and characterised by more demands for flexibility, and more uncertainty for employees regarding the scheduling and pay

(Grady, 2017; Adams and Prassl, 2018; Koumenta and Williams, 2018). All these are well reflected in the case of McDonald's where the ZHCs predominate, especially in terms of the contractual and working time arrangements (see Chapter 7).
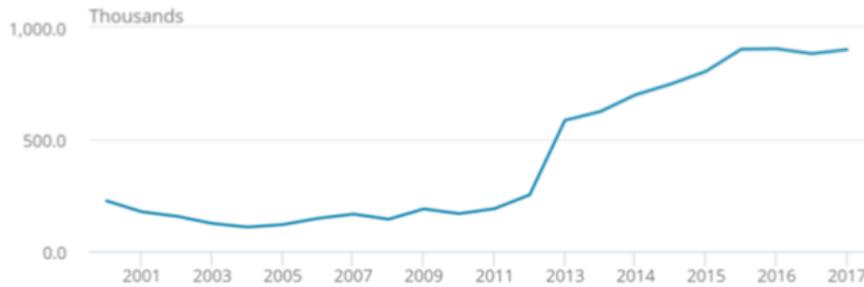
Figure 4.19 Number of people in employment reporting they are on a ZHC in the UK, October to December 2000 to October to December 2017
Source: ONS (2018a)
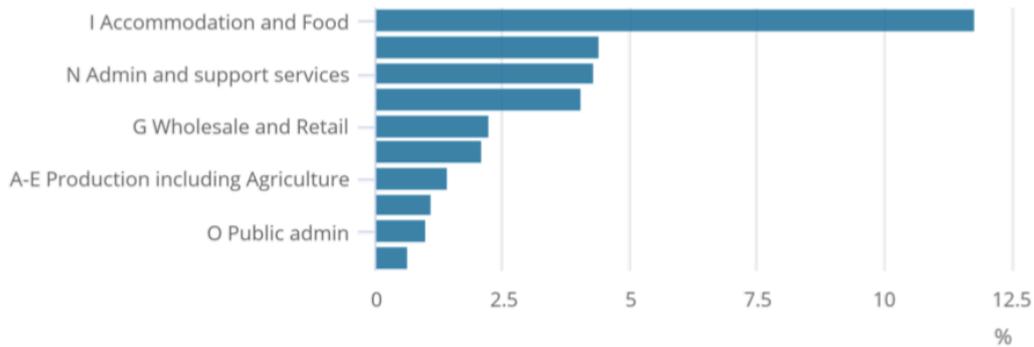
Figure 4.20 Percentage (%) of all people in employment in each industry who are on a ZHC in the UK, October to December 2017.
Source: ONS (2018a)
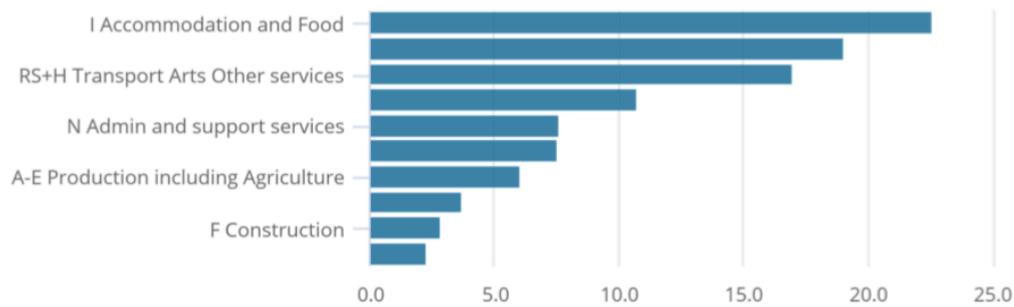
Figure 4.21 Percentage (%) of people on a ZHC by sectors in the UK, October to December 2017
Source: ONS (2018a)

4.3 Chapter summary

Under the 'VoC' approach, China is a state-led market economy with great emphasis on state intervention in its liberalising economy (Berghahn, 2010; Wilkins, 2010; Witt, 2010; Witt and Redding, 2014; Hsueh, 2016), whilst UK is a typical LME, characterised by deregulation in its labour market. After the economic reform, China might be developing an employment relations system with 'Chinese characteristics', a mix of elements of both capitalist and socialist employment relations. Whilst the transformation of Chinese employment relations has been mainly driven by market forces, the state has overwhelmingly regulated, shaped, and managed the employment relations process to promote economic growth and gain its legal authoritarianism. Although a series of labour laws and regulations has provided a legal framework to regulate the emerging labour market in principle, there are considerable ambiguity about labour rights in informal employment status and employers might tend to take advantage of the regulatory loopholes; also, the lack of effective enforcement is a chronic problem. In addition, as the state instrument, the ACFTU at all levels has made efforts to increase its membership and promote collective negotiation within the party-state political framework; however, workplace unions branches tend to be subordinated to management control and are impotent to represent workers (Liu, 2018).

In contrast, since the 1970s, the UK adopted more features of an LME through weak

institutions of employment relations and more deregulations in the flexible labour market. Due to the regulatory assault launched by the Conservative governments, the union density, the level of industrial actions and the coverage of collective bargaining have diminished, which are accompanied by declines in unions' power and influence. Thus, the power balance in employment relations has shifted dramatically towards employers, within the increased market competition and deregulated and flexible labour market (Kelly, 2013).

Chapter 5 McDonald's and the fast-food sector

This chapter provides an overview of the global food service industry with a particular focus on the fast-food sector. This is followed by an overview of McDonald's corporation's history and development, which includes its operations, organizational hierarchy and job characteristics. Finally, this chapter presents McDonald's global employment relations practices.

5.1 The global fast-food sector

Fast-food restaurants are a key segment of the food-service industry. Accompanied with globalization, the fast-food industry has developed rapidly and expanded globally (Reiter, 1996; Ritzer, 1998b; Schlosser, 2002). Despite the 2008 financial and economic crisis fast-food was one of the few sectors that was able to maintain growth. In 2019, the fast-food sector's revenue was US$ 856 billion with an annual growth of 2.9 percent over the previous five years (IBISWorld, 2019). Fast-food restaurants outperformed full-service restaurants in the same period and average consumer fast-food spending increased due to increasing demand from emerging economies, its relatively low-priced food options and its convenience (IBISWorld, 2019). Fast-food sector has also been a significant source of employment growth in the industrialised countries in the last three decades (Royle, 2018). In 2019 employment in the industry reached 14.7 million with a 3.8 per cent rise over the previous five years. The number of fast-food businesses increased over the same period by 3.2 percent representing a total of 969,000 businesses worldwide (IBISWorld, 2019).

The fast-food sector is largely dominated by US-owned fast-food brands including McDonalds, Subway, Burger King, KFC, Pizza Hut, Starbucks and Dominoes. Figure 5.1 sets out the first ten most valuable fast-food brands in 2018 in the world. With a brand value of over US$ 126 billion, McDonald's was the most valuable fast-food brand in 2018, surpassing its closest competitor Starbucks by a massive US$ 82 billion (Statista, 2019a) and is by far the largest fast-food company in terms of revenue.

McDonald's	126 044
Starbucks	44 503
Subway	18 766
KFC	15 131
Domino's Pizza	7 446
Pizza Hut	7 372
Tim Hortons	6 904
Burger King	6 555
Taco Bell	5 213
Chipotle	4 422

Brand value in million U.S. dollars
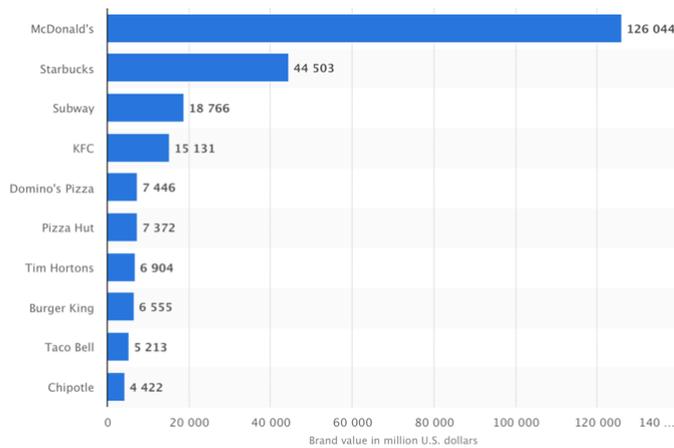
Figure 5.1 Brand value of the 10 most valuable fast-food brands worldwide in 2018 (in million U.S. dollars)

Source: Statista (2019)

5.1.1 The development of the Chinese fast-food market

The food service industry in China has developed rapidly in the last two decades. Figure 5.2 shows that in 2018, the sales revenue of the food-service industry amounted to around RMB 4.35 trillion (about US$ 628 billion), which was more than 700 times the amount 40 years ago following the market reforms in China (Ministry of commerce in China, 2017). Due to the economic slowdown in 2013 the number of employees in the food-service industry decreased that year, which followed a consistent increase in employment from 1999 onwards (see Figure 5.3). In 2016, the food-service industry employed 2.25 million people in China (see Figure 5.3). The last two decades have seen a growth of sales revenue in the fast-food sector especially in the 2010s (see Figure 5.4). In 2016 sales revenue accounted for 20.8 percent of the food service industry (Ministry of commerce in China, 2017). Although it is difficult to obtain accurate data on employment in the fast-food sector in China, labour turnover is relatively high compared to full-service restaurants at 44 per cent (Association of Chinese restaurants, 2018), but relatively low in comparison to countries like the USA (Royle and Towers, 2002).
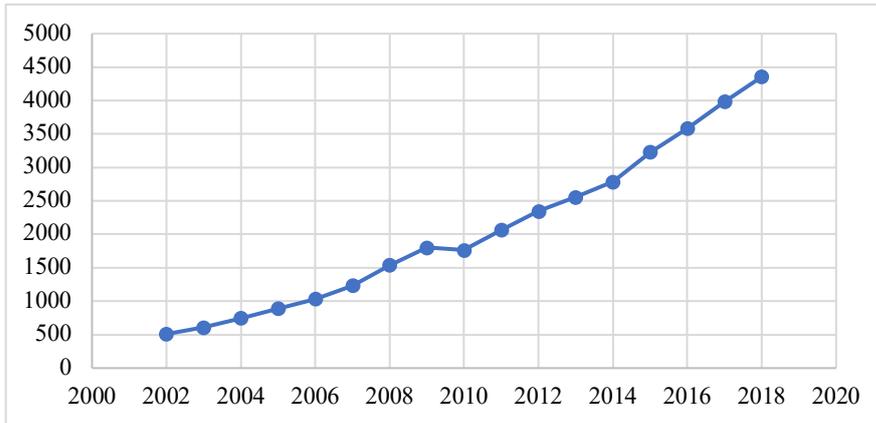
Figure 5.2 Sales revenue in food-service industry in China (in Billions RMB)
Source: adopted from annual reports from Ministry of commerce of the People's Republic of China
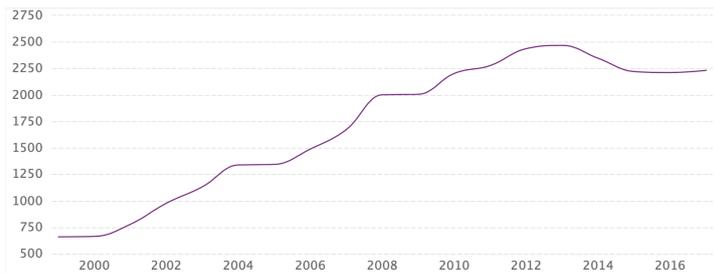
Figure 5.3 Number of employees in the food-service industry in China (Thousands)

Source: CEIC (2018b)
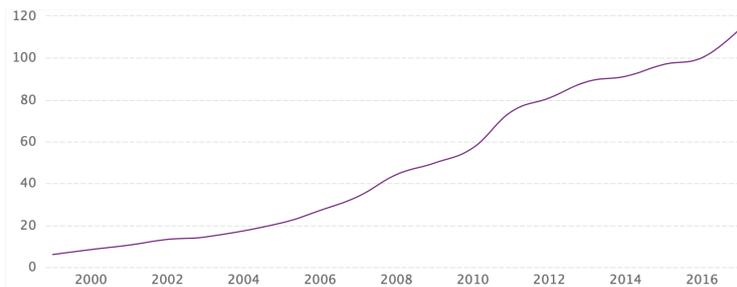
Figure 5.4 Sales revenue in fast-food sector in China (in Billion RMB)
Source: CEIC (2018a)

The fast-food sector in China consists of franchises and chain stores, dumpling stores, rice-based products, quick-service and take-away outlets and Chinese-style noodle stores. Among these, the franchise and chain operation has become the fastest expanding business model for the food-service industry in China (Association of Chinese restaurants, 2018). Western food-service chains have benefited from the fast-growing market in China in the last three decades and especially the fast-food companies, which include KFC, McDonald's and Starbucks. These foreign fast-food brands started to enter the Chinese market in the late 1980s and the early 1990s. It is

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KFC that pioneered the trend when it opened its first Chinese store, which is a three-story building on the edge of Tiananmen Square, in Beijing in 1987. It was reported that the store sold 2,200 buckets of fried chicken with a turnover of RMB 83,000 (about US$ 11,995) on the first day (Gao, 2013). KFC has nearly 5,500 restaurants now and is still expanding in China. McDonald's entered the Chinese market by setting up its first restaurant in Shenzhen, a Special Economic Zone in southern China in 1990 and opened its restaurants in Beijing two years later (Seattle Times, 1990). When McDonald's was hiring employees for its 500-seat restaurant in Shenzhen, thousands of Chinese people flooded its office with applications, with more than 6,000 applicants for the 240 part-time jobs (Seattle Times, 1990). In 2020 McDonald's has nearly 3,500 restaurants in China (McDonald's China, 2020). McDonald's owns less restaurants in China than KFC but is ambitious to expand its Chinese market and it is likely to become McDonald's second largest market in the world in the next few years. Western fast-food brands have largely driven the development of the Chinese sector. McDonald's operating model has been emulated by most Chinese chain fast-food restaurants. However, due to Chinese' dietary habits, Chinese-style fast-food restaurants tend to be more popular. In 2018, Chinese-style fast-food restaurants accounted for 78.9 percent of the fast-food market (Zhonghua NET, 2018).

5.1.2 The development of the fast-food market in the UK

The food-service industry in the UK has also undergone a period of growth. In the UK, the food service business includes restaurants and mobile food services, beverage serving sectors (pubs, bars and licensed clubs), event catering and other food services. In 2017, food services generated a total turnover of about £71.5 billion; restaurants; mobile food services generated the highest proportion of this at around £38.3 billion (Statista, 2019f). The number of restaurants in the UK has been steadily increasing after a decline in 2009. In 2017, there were 86,627 businesses operating in the restaurant and mobile food service industry; consumer expenditure on restaurants and cafés amounted to about £88 billion (Statista, 2019e). Close to a million people were employed in the UK restaurant industry was in 2017 (Statista, 2019d).

The fast-food sector is a key segment for the food-service industry in the UK and the UK now is the largest European market for fast-food. In 2018, the revenue in the UK

fast-food sector is approximately £10.6 billion (IBISWorld, 2018). The UK saw a 34 percent increase in fast-food outlets from 2010 to 2018 (BBC, 2018b). The average number of fast-food outlets per 100,000 people was 47 in 2010 and increasing to 61 by 2018 (BBC, 2018b). In 2018, there were approximately 41,396 fast-food restaurants and 31,584 full-service restaurants in the UK (Statista, 2019c). 44 percent of consumers visited a fast-food restaurant at least once a week in 2015 in the UK and the American fast-food giants, such as McDonald's, KFC, and Subway, topped the list of restaurants that consumers visited most often (Statista, 2018). Although it is difficult to obtain accurate figures on employment in the fast-food, employment in takeaway & fast-food restaurants was said to be around 390,000 by 2018 (IBISWorld, 2018).

The first American chain to enter the UK market was Wimpy in the mid-1950s. KFC opened its first outlet in the UK in 1965 and Pizza Hut followed in 1973, McDonalds arrived in 1974. McDonald's stores were first concentrated in the London area, but soon started to spread to the counties and other areas across the UK (Royle and Towers, 2002). Although there are many independent outlets, the fast-food sector is largely dominated by US global brands.

5.2 The McDonald's Corporation: the fast-food factory

McDonald's was founded in California by brothers Richard and Maurice McDonald, who began by selling hotdogs and milkshakes in a carhop in 1937. They opened their first proper drive-in in San Bernardino in 1940, which had no inside seating only stools on the outside for customers. A key feature of this restaurant was that the kitchen was completely visible from the outside, they called this building the 'fishbowl'. The brothers decided to make speed low prices and volume the essence of their service and developed what they called their 'Speedee Service System', and this became the basic principles of the modern system still used today (Love, 1995; Royle, 2000). The famous 'golden arches' of McDonald's has now become a familiar spectacle all over the world. Its products include a variety of burgers, sandwiches, French fries, chicken nuggets, ice cream, soft drinks, and hot beverages. McDonald's, as a global MNE, is the largest and best known of the fast-food brands and its model is emulated by other fast-food companies. The number of McDonald's stores across the world is still increasing, showing a pattern of year-over-year growth over the past 10 years, seen from Figure

5.5. By 2019, McDonald's has over 38,600 stores in over 100 countries (McDonald's, 2020).

McDonald's is based on a mixture of directly owned and operated stores and a format franchise system. From 2008 to 2018, the franchising rate of McDonald's has risen steadily (see Figure 5.6). In 2018, about 93 percent of its stores were operated by franchise owners and its franchise stores generated a total of US$86.13 billion in sales (Statista, 2019b). McDonald's plans to franchise more stores with a long-term goal of approximately 95 percent (McDonald's, 2019).

As McDonald's does not include its franchise employees when calculating its total employment, the company's number of employees worldwide, including its corporate offices and company-owned and operated (McOpCo) stores, was approximately 205,000 by the end of 2019 (McDonald's, 2020). This number fell by 15,000 on the previous year and has more than halved in the past five years as franchising has increased (see Figure 5.7). However, if all its franchise employees are included, McDonald's became the second largest private sector employer in the world after Walmart (Forbes, 2020). At McDonald's, nearly 90 percent of employees are on hourly-paid contracts.
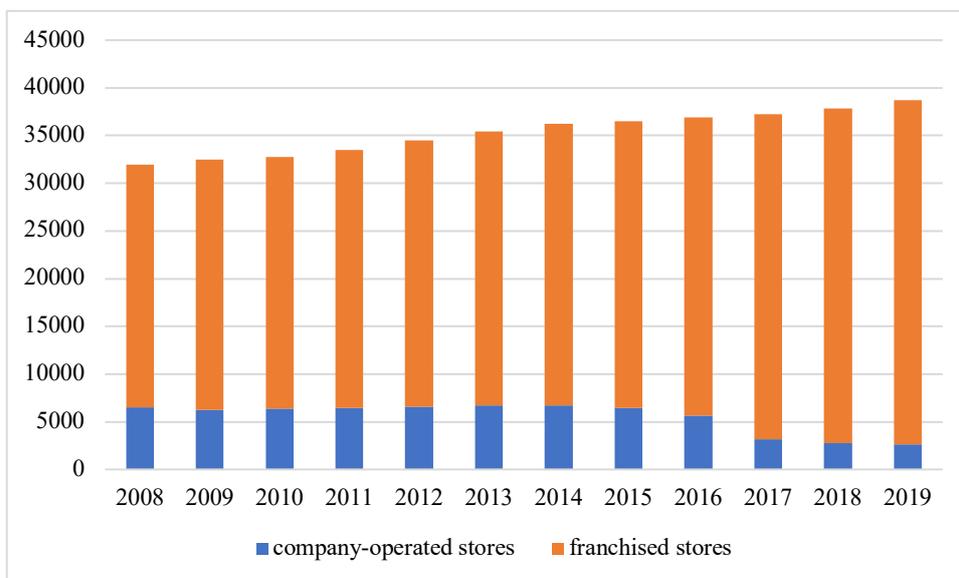
Figure 5.5 Number of McDonald's stores worldwide (2008 - 2019)
Source: adapted from McDonald's Annual Reports

Franchising rate of McDonald's worldwide (2008 - 2019)

79.7% 80.7% 80.5% 80.8% 80.9% 81.0% 81.5% 82.4% 84.6% 91.6% 92.7% 93.2%
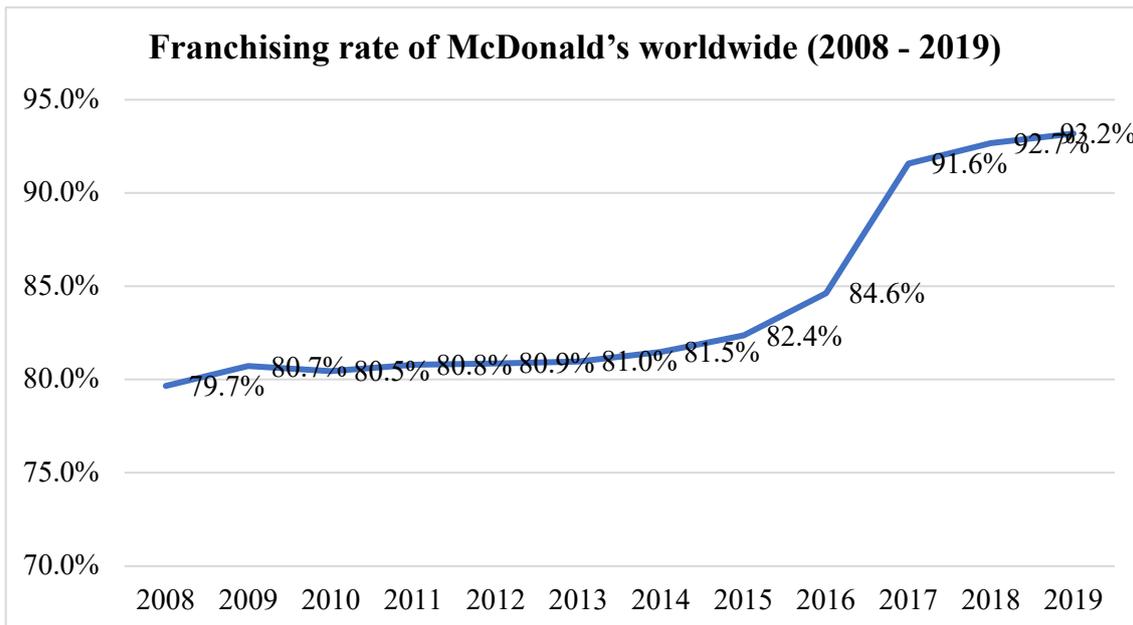
Figure 5.6 Franchising rate of McDonald's worldwide (2008 – 2019)
Source: adapted from McDonald's Annual Reports

440,000 420,000 420,000 375,000 235,000 210,000 205,000
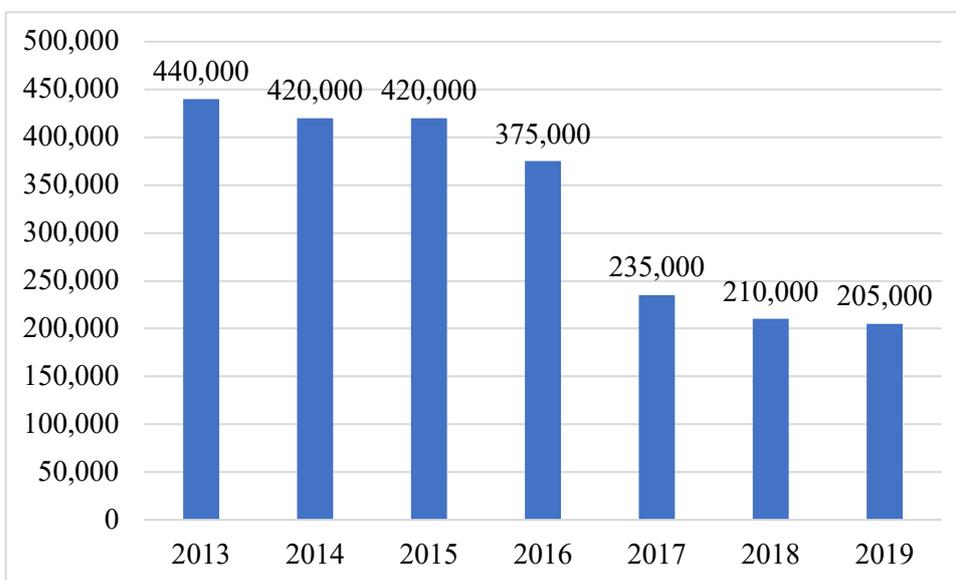
Figure 5.7 Number of employees at McDonald's company stores worldwide (2013 – 2019)
Source: adapted from McDonald's Annual Reports

In 2018, the market value of McDonald's is US$ 129.9 billion and is nearly double that of its nearest rival Starbucks (Forbes, 2018). It had revenues of US$ 21 billion and a net income of US$ 5.9 billion (Forbes, 2018). Its return on capital has been consistently high, more than double the industry average in recent years and was 28 percent in 2018 (McDonald's, 2019). The company has even implemented a growth strategy called "Velocity Growth Plan" for its emphasis on the speed of expansion (McDonald's, 2019).

McDonald's is still expanding internationally and plans to open around 1,000 new stores in 2018, around 75 percent of which will be franchises (McDonald's, 2019).

There are four different marketing segments reported by McDonald's according to the reviews and evaluation of operating performance by management (McDonald's, 2019). The first is the USA, which is the McDonald's largest market, the second are the so-called 'International Lead Markets', which include Australia, Canada, France, Germany and the UK. The third are the 'High Growth Markets' as these are seen as having relatively higher restaurant expansion and franchising potential, these include China, Italy, Korea, Poland, Russia, Spain, Switzerland, the Netherlands. The fourth is called 'Foundational Markets & Corporate' – which include the remaining markets, most of which operate under a largely franchised model.

After the USA and Japan, China is McDonald's third largest market and, the fastest growing market in the McDonald's global system. In March of 2016, McDonald's China stated it planned to open another 1300 restaurants by 2021, by which time it will be its second largest market after the USA (BBC, 2016). This Chinese expansion proposal is based on the new business model to restructure its holdings via franchising, with the aim of increasing the rate of franchised stores beyond the 30 percent in 2016 (Burkitt, 2016). In July 2017 McDonald's formed a strategic partnership with the China International Trust Investment Corporation (CITIC) that is a state-owned company, and Carlyle company (an American multinational private equity company). After the transaction, CITIC would own a 51 per cent controlling stake, while Carlyle would own 28 percent; and McDonald's would keep a 20 per cent interest (Yu, 2020). The new partnership would act as the master franchisee responsible for McDonald's businesses in mainland China and Hong Kong for the next 20 years and these two companies (CITIC and Carlyle) would take over to operate and manage the business in mainland China and Hong Kong (McDonald's China, 2020). By February 2020, there were over 3,500 McDonald's stores with more than 180,000 employees in mainland China (McDonald's China, 2020). In 2005, McDonald's China opened the first 24/7 store and most stores in big cities in China open 24/7.

The UK is McDonald's second largest market among European countries. In 2019, McDonald's had over 1,300 stores and approximately 110,000 employees in the UK

(McDonald's UK, 2020b). McDonald's stores open at a variety of times across the UK, with over 600 of them open 24/7. McDonald's has been one of the biggest users of ZHCs in the UK (Adams, Adams and Prassl, 2019).

5.2.1 McDonald's franchise system

In 2016, the rate of franchised stores in China was still at a lower level (about 30 percent) compared to the Western countries, but the franchising system in the UK is relatively mature, compared to that in China. Nearly 85 percent of McDonald's stores in the UK are operated as franchises. In legal terms, franchise operations are independent operators. They sign a commercial lease contract with McDonald's Corporation and have to pay rent and a percentage on their sales to the McDonald's Corporation. However, previous research has shown that the McDonald's Corporation retains extremely tight controls over its franchisees (Royle, 2000). Franchisees are monitored and controlled by the McDonald's Corporation in many respects, from the recruitment and training of franchisees, all aspects of operations management and product quality. Franchises are monitored through visits by from field consultants, mystery customers and the regular monitoring of sales, labour costs and wastage through sales terminals and other reports (Royle, 2000).

It has been argued that franchise operators are more like employees motivated by profits rather than independent operators. Through the franchise operations, McDonald's not only brings new capital into the business to expand its markets, but retains its highly standardized mode of operation management and shares the risk of expansion, while distancing itself from any 'wrongdoing' of its franchisees (Royle, 2000, 2018). McDonald's is willing to turn a 'blind eye' to the franchisees' activities providing its return on sales is adequate. Thus, the level of staffing, and the pay and conditions of employees is one key area where franchisees can push down labour costs and maximise labour output. It means that franchisees have the discretion to determine the number of hourly-paid employees on each shift and where there is no effective union presence and no collective agreement, they have some control over any additional benefits (such as additional rates for night work).

5.2.2 McDonald's hierarchy

The hierarchy in McDonald's stores is remarkably similar in all countries where it operates. There is usually a head office based in the capital city and some regional offices. The basic hierarchy in a store is shown in Table 5.1. At store level, the hierarchy is similar to that of a ship at sea; there is a 'captain' who is known as the business manager (or store manager), a small number of salaried assistant managers, while the majority (around 90 percent) are hourly-paid employees. Business managers are mostly concerned with business performances of stores and lead the management team. There are some variations in the job titles of salaried assistant managers in different countries. For instance, there are usually three assistant-level managers in Chinese stores, responsible for human resource management, brand management and production and operation management respectively, while in the UK assistant managers are normally labelled at two levels (1st and 2nd assistant manager) although they carry out the same roles as in China.

Shift managers are hourly paid, who are different from salaried managers; but they share some of the same responsibilities as salaried managers, for example running a shift by themselves, distributing cash-register drawers and dealing with customers. The remainder are 'crew members' and 'crew trainers'. Crew members make up a majority of employees in every store and they are the lowest paid. Crew members are located in different areas, including service area and production area, with various job roles. Several employees with good knowledge of different job roles are sometimes promoted to crew trainers. Crew trainers are responsible for training new employees and monitoring the work of crew members.

The number of salaried managers, shift managers and hourly-paid workers depends on the size of stores. A medium sized store might have around 50-70 employees on its books; however, only about 30-40 employees are working in any one week. In a medium sized store, there are usually three to four salaried managers. There might be 100 to 200 hourly-paid employees and probably more than five salaried managers in larger stores which are usually located in big cities or are incorporated with drive-thrus.

McDonald's has a strong preference on internal labour market for management teams,

including firm-specific training, a job ladder and succession planning (Royle, 2000; Butler and Hammer, 2020b). Shift managers at McDonald's are more likely to be promoted from crew members or crew trainers by business managers and a majority of shift managers are part-time students who choose to stay after they graduate. Thus, the team of shift managers at McDonald's is generally young. Salaried managers are largely promoted from shift managers by regional managers. Salaried managers tend to have longer working experience at McDonald's. At the same time, McDonald's does accept graduate trainees, but these people start as Trainee Assistant Managers and have a salaried monthly paid contract from the beginning (Royle, 2000).

On the flip side, occupational movements to positions above the low hourly-paid threshold are relatively rare and only a tiny proportion of workers can enter the management team. (Butler and Hammer, 2020b). This is because positions of salaried managers are fixed at certain numbers in one store and there are also some limitations on the hierarchical distance from store managers to regional managers. Moreover, due to the high levels of turnover at store levels, only a minority of highly driven individuals can be promoted.

Table 5.1 Job titles and hierarchy at McDonald's stores

Job title	Position	Type
Salaried manager (monthly salary)	Business manager	Full-time
	Assistant manager	
Hourly-paid manager	Shift manager	Part-time or full-time
Hourly-paid worker	Crew trainer	Part-time or full-time
	Crew member	

Source: adapted from Royle (2000)

5.2.3 'McJobs': Taylorism, flexibility and precarity

As discussed in the introdcution, Ritzer (1998) adopted the term 'McDonaldization' to describe a sociological and management phenomenon typified by McDonald's systems. There are four main dimensions of 'McDonaldization', including efficiency, calculability, predictability and control. McDonald's is famous for its highly controlled and standardized production system. 'Cost-controlling' is prevalent in the fast-food sector and in particular, a central feature of McDonald's work system is its consistent downward pressure on labour costs, as one area in its standardized system where

savings can be made. The performance of salaried store management is largely measured by their ability to keep labour costs as low as possible in proportion to sales, usually between 15 and 20 per cent of sales (Royle, 2000).

As a result, 'McDonaldization' is not only manifested in its production system, but also affects its employment relations practices. McDonald's jobs have been called 'McJobs', but the term was first coined by sociologist Amitai Etzioni (1986) in an article "McJobs are Bad for Kids" in the *Washington Post*, which described the jobs in the fast-food sector in general. 'McJobs' are characterised as highly automated, routinized and de-skilled along the classic Taylorism principles. Food production and services have been broken down into the smallest of steps in each station (e.g., kitchen area, front counter, till and dining area). Every step of each operation is detailed in the 'operation and training manual' and in theory at least each task at each station is monitored by managers on a regular basis using the 'station observation checklist' (Royle, 2000). Moreover, such organization of work has been copied in nearly every store in every country where McDonald's operates (Royle, 2000). These routinized, de-skilled, Taylorism jobs within classical scientific management add to the control and surveillance over all aspects of the operations (Braverman, 1974), this is referred as 'technical control' and is often used in conjunction with assembly lines that can pace and direct the labour process (Edwards, 1979).

In addition, similar to other hospitality workers, some evidence shows that workers at McDonald's are faced with pressure from customer services. Leidner's (1993) study uncovered the service triangle in the fast-food sector, where another source of control over workers derives from customers. Royle (2000) suggest that customers play a significant role in the labour process. For example, the see-through buildings have been introduced at the very beginning, bring customer into the work process; in this way customers can act as informal supervisors. Moreover, customers can direct workers by specifying their preferences, and evaluate workers' services through customer surveys or customer reviews. The surveillance provided by customers, through customer surveys or reviews, acts as 'modern panopticons' for front-line service workers (Kearsey, 2020). Such means are also used as much to control store-level managers as to control workers, as customer service quality is related to salaried managers' performance, as well as sales, waste, labour costs (Royle, 2000). Some workers have

reported customers abuse, however these customers were often pandered to by management and there was little protection from managers (Royle, 2018; Kearsey, 2020).

Furthermore, McDonald's tends to play a publicity gimmick of offering flexible working time to make these jobs seem more attractive. McDonald's relies heavily on flexible employment and most workers at McDonald's are employed on short-term, part-time contracts, including college or university students, housewives or retired workers. On the one hand, flexibility advertised in such jobs as providing opportunities for those seeking to balance study or childcare, or for those seeking to enhance retirement income. However, on the other hand, employers achieved two forms of flexibility in employment relations practices to reduce labour costs and respond to market fluctuations more efficiently: numerical flexibility (by employing workers on short-term contracts) and temporal flexibility (where working time arrangements occur outside standard working day, week, month or year) (Richbell et al., 2011). These forms of flexibility are more related to contingent work commonly found in low-end service sectors, such as the retail and fast-food sector (Grugulis and Bozkurt, 2011; Richbell et al., 2011).

Such jobs combing Taylorism within flexibility fall into the category of 'neo-Taylorism' (Lipietz, 1997). 'Neo-Taylorism' means a return to pre-Fordist flexibility with low wage and high job insecurity. Neo-Taylorism work is connected with the external labour market flexibility, but still maintains strict hierarchies and direct control of workforce (Lipietz, 1997). Since the late 1970s, the traditions of Taylorism and Fordism have been shifted to or blended with the flexible accumulation (flexible production, casual labour, deregulation and privatization), leading to a 'post-Fordist' scheme (Crowley et al., 2010; Peaucelle, 2000). At the same time, the institutional changes of employment relations have shifted into a flexible and neoliberal regime of governance in many countries (Muller-Jentsch, 2004). Arguably, neo-Taylorism work positions in the low-end services are connected with the context of increasing levels of non-standard employment and more labour market flexibility in neoliberal regimes (Henly, Shaefer and Waxman, 2006; Richbell et al., 2011).

Following the 2008 economic crisis, non-standard employment and more strategies for

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employment flexibility have been adopted by policymakers and companies (Richbell et al., 2011). Such labour market tendencies can be found in both China and the UK. The Chinese labour system underwent a transformation towards more flexibilization to boost employment and promote economic development under the market reforms (Warner, 2010b). In the UK, the 'austerity' economic agenda plus a further deregulation of the labour market have resulted in the availability of more cheap labour as the number of flexible or casual jobs has increased (Waddington, 2015).

Therefore, the production process at McDonald's has not changed substantially since the beginning and still relies heavily on the Taylorism principles, but its employment contracts and working time arrangements have become more flexible for management. However, arguably, both numerical flexibility and temporal flexibility primarily benefits employers and transfers more risks to workers, increasing exploitation and precariousness for workers in these low-end jobs (Spreitzer, Cameron and Garrett, 2017; Benassi and Tekeste, 2018). Short-term, non-standard contracts (such as the ZHCs in the UK) allow employers numerical flexibility and avoid the application of statutory labour rights and protections; as a result, this has had a negative impact on workers' security (Adam, Freeland and Prassl, 2014). In addition, employer-controlled temporal flexibility tends to dominate in workplaces (Chung and Tijdens, 2013) and control emerges in the process by which schedules are set, negotiated, and changed (Henly, Shaefer and Waxman, 2006). Scheduling flexibility controlled by employers is strongly related to scarce or fluctuating hours and deepens the unpredictability of working time for workers (Lambert, Haley-Lock and Henly, 2012; Wood and Burchell, 2014). Unpredictability in working time has become another important dimension of precarious employment, as it excludes the initiative of workers to shape their work patterns and increases the risk of low earnings for workers (Henly and Lambert, 2014).

5.2.4 McDonald's global employment relations practices

The McDonald's Corporation has put massive effort into portraying itself as a good employer and has reported that it values and respects its employees and promotes diversity. Some researchers argue that McJobs could offer human resource advantages and career opportunities and that both employees and managers perceive such jobs positively (Gould, 2010). It was also suggested in a survey of fast-food student

employees in Australia that these workers were generally satisfied with HRM practices and social relations aspects of their jobs, although they were dissatisfied with the industrial relations and work organization at work (Allan, Bamber and Timo, 2006). A small qualitative study of young fast-food workers (under 21s) in the UK also suggested that these workers (mostly students) showed some satisfaction with their jobs (Butler and Hammer, 2020a). However, more substantial qualitative research on ER practices in the fast-food sector, especially at McDonald's, across different countries suggests that whilst young workers who do not rely on their jobs for their livelihood were more likely to show some satisfaction with their work others were likely to be more critical (Leidner, 1993; Reiter, 1996; Royle, 2000; Royle and Towers, 2002). The common grievances raised by workers include low wages and wage theft; insecure working hours, health and safety standards; management bullying of hourly-paid workers; no protection against aggressive customers (Ritzer, 1998a; Royle, 2018). Moreover, McDonald's corporate culture remains strongly grounded in anti-unionism and its 'anti-union' strategy generally results in low levels of unionisation in most countries, which means little union representation and collective protection for workers (Royle, 2000).

Some evidences have shown that McDonald's ER practices in different host countries may vary considerably, which are mediated by national societal arrangements, regulatory systems and ER institutions (Royle, 2000; Royle and Towers, 2002; Royle, 2010; Royle and Urano, 2012). In Western mainland European countries, especially the Coordinated Market Economies (CMEs), e.g., Norway, Sweden, Denmark, trade unions and or the legal system have been strong enough to enforce sector-level collective agreements to cover McDonald's and other fast-food chains. These have achieved higher basic hourly wages, payment for unsocial hours, public holidays and guaranteed weekly or monthly hours (Royle, 2000, 2018). However, in the Liberal Market Economies (LMEs), like the UK and Ireland, collective bargaining is decentralized and there are no collective agreements in the fast-food sector (Royle, 1999). In these countries, McDonald's employees are entirely reliant on the national minimum wage and they are not entitled to additional payment for unsocial hours and public holidays.

However, national employment relations systems can arguably be undermined by sectoral characteristics and a considerable power imbalance created by MNEs like McDonald's (Royle, 2006). The general ER practices at McDonald's have been

described by Royle (2004) as a 'five-lane low-road Americanization' - 'increasing rationalization and standardization of products and work organization, with the consequent emphasis on low skills and low wages and pressure to keep them low, low trust and increasing union antipathy' (p. 68). As Roche (2000) suggests, national systems are likely to become increasingly attenuated by sectoral characteristics and organizational contingencies.

In the fast-food sector, the nature of the workforce characteristics can undermine the efficacy of national institutional settings. Workforces in fast-food sector mainly consist of young college or university students, second income-earners, workers with poor educational records or economic migrants. Most such workers know little about their employment rights. Some workers (like college or university students and housewives) only see such jobs as temporary or these jobs might not be their only source of income. Economic migrants may have little knowledge about labour policies or unions due to the limited job opportunities and are unlikely to question managerial prerogative and are more likely to be 'acquiescent' (Royle, 1999).

More importantly, although McDonald's is under some pressure to adapt to the social frameworks of host countries, it has been found that McDonald's, as a leading MNE in the fast-food sector, is able to take advantage of weakness in national legislation in order to reduce labour costs and protect its profitability, which has worsen power imbalance and led to exploitative employment practices in many countries (Royle, 2000). Especially, in the context of global capitalism, more strategic choices are available for such giant MNEs to establish or retain a competitive advantage and they have more discretionary power to adopt or adjust managerial strategies in HRM and ER practices, such as taking advantage of institutional voids or avoiding or undermining the effectiveness of national industrial relations systems (Royle, 2004). As McHugh and Thompson (2003b) suggest, MNEs are able to adopt their control strategies and practices, appropriate to particular institutional environment and workforce characteristics.

This echoes the 'low-road' convergence arguments that MNEs are more likely to facilitate low-cost strategies in the highly competitive global market, leading to poor working conditions and low pay, regardless of the national regimes (Barchiesi, 2014).

However, Royle (2010) argues that the extent to which McDonald's is able to impose the 'low-road Americanization' in different countries is not only related to the home-country effect, but also the host legal systems, norms and institutions and more importantly the actors at different levels within the firm and outside the firm, such as the influence of local subsidiary management. Therefore, beyond discussing the dichotomy of convergence and divergence, the CER analysis in the thesis will focus on the changing relations of actors, such as capital, labour and state, through exploring the interaction among national institutions, management strategic choices, and employee responses and examining the outcomes for workers in two different national contexts.

Existing research on employment relations practices at McDonald's, and in the fast-food sector more broadly mostly focuses on developed countries, such as European countries, Japan, Australia, Canada and the USA (Leidner, 1993; Reiter, 1996; Royle, 2000; Tannock, 2001; Royle and Towers, 2002; Allan, Bamber and Timo, 2006; Gould, 2010). While there is some research on Western fast-food companies in China, it mostly focuses on marketing and operational management. There has been no systematic research on employment relations issues on McDonald's China, nor even on the Chinese fast-food industry more generally.

Furthermore, extant comparative ER research studies have concentrated on the manufacturing or high-end services as these are viewed as central to sustaining competitive advantage in international markets (Doellgast, 2012). In contrast, there is still a paucity of comparative ER research in the low-end service sectors (such as retail, hospitality or fast-food). Hereby, it has been called for more academic attention on work relations at the low-end service sectors that has been understudied so far (Grugulis and Bozkurt, 2011). Particularly, this study focuses on work and employment relations in the fast-food sector for following reasons. The first is the growing importance in terms of the industry size and employment growth. As noted in this chapter, the share of workforce employed in the fast-food sector is constantly on the rise in recent decades. Jobs in low-end service sectors seem to be an alternative against the backdrop of the declining job opportunities. Analyzing the employment relations in the fast-food sector can help to better understand the working conditions in such flexible and precarious jobs. Second, in contrast to skilled workers in manufacturing or high-end services, workers in the fast-food sector have lower skills, lower status and lower levels of

discretion, which is likely to aggravate the power imbalance at the workplace. Employers in the fast-food sector also inhibit workers' propensity to speak up in the workplace and suppress the potential for collective actions by workers. Therefore, another interesting avenue for research is the way in which workers and unions have responded to these ER practices and their impacts on the working conditions in these two different institutional contexts.

5.3 Chapter summary

This chapter first provided an overview of the fast-food market worldwide, with a particular focus on China and the UK. This is followed by a review of McDonald's history, development and structure. Then more emphasis is placed on McJobs, which are characterised as highly automated, routinized and de-skilled. Moreover, McJob offers a perfect example of 'precarious work' and this thesis will focus on the 'flexible-control-insecurity' dialectic in labour process, beyond analysing the 'technical control' alongside the Taylorism production process. Finally, this chapter presents McDonald's global employment relations practices, points out the current gaps in ER research on fast-food sector and highlights the importance of conducting a comparative study in this sector. Next chapter will present the findings of workplace regimes at McDonald's China.

Chapter 6 Findings from McDonald's China: seeking 'exits' in hegemonic despotism

As suggested in Chapter 4, the state plays an important role in the Chinese employment relations system. Since the 1990s, the evolving legal framework for employment relations has made some progress for regulating employment and building up the state welfare scheme. In addition, the ACFTU at all levels has made efforts to increase its membership and promote collective negotiations within the party-state political framework. Through the labour law system and the promotion of unionization and collective negotiations based on the monopolistic official union, the Chinese government has attempted to foster hegemony among working class (Hui, 2016; Li, 2020). However, under the pressure on economic growth, there are some leeway for employers' despotism due to the limited enforceability of laws and ineffective workplace trade unions. Thus, under the hegemonic legacy, workplace regimes in China remain its despotism (Lee, 1999; Chan and Zhu, 2003; Chan, 2010; Chan and Hui, 2016). Meanwhile, management strategies are always changing and responding to different patterns of institutions.

Taking the interrelations between institutional setting and management strategies into account, this thesis argues that the workplace regime at McDonald's China equates closely to Burawoy's notions of 'hegemonic despotism'; at the same time, McDonald's China is seeking various 'exit options' in its workplace regime of hegemonic despotism, looking for more space for managerial despotism (Klaveren and Voss-Dahm, 2011). These 'exiting' strategies consist of taking advantage of institutional voids in employment status, diluting the institutional pressure on working time, and cooperating with trade union to support its management prerogative.

This chapter first briefly describes my personal experience and observation about working at a McDonald's store in China, which focus on work procedures and work pace. Then, based on my field notes and interview data, it presents the workforce characteristics among different types of hourly-paid workers and laying out the dualist contractual arrangement between full-time hourly-paid workers and non-full-time

hourly-paid workers at McDonald's China. The expanding employment of unregulated labour gives McDonalds more leeway to extricate itself from legal restraints. Apart from contractual arrangements, working time arrangements are another tool for McDonald's to exert the control over workers and promote more flexibility and profitability. Following this, issues of low pay and hazardous work are analysed. It is found there to be a form of labour dualism at McDonald's China, which has divisive effects on wage setting, along with significant degrees of employers' negligence and workers' acquiescence towards health and safety risks. The chapter proceeds to examine workers' response to managerial control and the unsatisfying outcomes. The final section investigates managerial responses to union establishment and union functioning and whether workplace trade union branches of the ACFTU improve workers' working conditions at McDonald's China.

6.1 My McJob: personal observation and experience at McDonald's China

I worked at a McDonald's store in city A for five weeks. City A is located in the north of China and is one of the largest cities, attracting large numbers of migrant workers. The McDonald's store where I worked is located in a district covering the southern suburbs. This store is a company-operated store, a Drive-thru, open for 24 hours a day, close to an underground exit with some residential communities nearby. McDonald's stores are always conspicuous with their 'golden arches' on the roof and their indoor layout and design are highly standardized, with four main areas including dining area, front counter, kitchen area, stock rooms and rest/office rooms. There are tills, packing areas and beverage areas at the front counter. Their kitchens are mainly divided into frying areas and burger making areas. In my store, the business manager's office is near to the front counter with a video recorder, monitor, and computer.

There were five salaried managers in that store, including one business manager, one human resource manager, one brand manager and two production and operation managers. The business manager, a 26-year-old male, had worked at McDonald's since he was in the second year at university. After he graduated, he decided to stay at McDonald's as a trainee manager and was promoted step by step. Last year, he was appointed as a business manager. In addition, there were two hourly-paid shift managers

in the store. One of these shift managers used to be a part-time student and was promoted to shift manager after graduation; the other shift manager is a middle-aged female. There were 62 normal crews and 3 crew trainers listed on the work schedule. As I worked on the morning shift, I was better acquainted with the hourly-paid workers on that shift. The profile of salaried and shift managers and hourly-paid workers on the morning shift is shown in the Table 6.1. On the morning shift, there were just three full-time employees, including me. In addition, thirteen part-time students and six retired workers usually worked on the morning shift. Six part-time students had been working at McDonald's for more than one year and three of them were male. All the retired workers on the morning shift were female and three of them had been working for McDonald's for more than a year.

Table 6.1 Profile of managers and workers from my participant observation at McDonald's China

Number	Position	Gender	Age	Working period
BM1	Salaried manager	Male	20-30	six years
AM1	Salaried manager	Female	20-30	-
AM2	Salaried manager	Male	20-30	-
AM3	Salaried manager	Female	30-40	-
AM4	Salaried manager	Male	20-30	-
SM1	Shift Manager	Female	40-50	-
SM2	Shift Manager	Male	20-30	two years
FT1	Full-time employee	Female	40-50	five years
FT2	Full-time employee	Female	20-30	one month
PT1	Part-time worker	Female	40-50	one year
PS1	Part-time student	Female	18-23	one year
PS2	Part-time student	Female	16-23	one month
PS3	Part-time student	Female	16-23	six months
PS4	Part-time student	Male	16-23	two months
PS5	Part-time student	Female	16-23	three months
PS6	Part-time student	Male	16-23	six months
PS7	Part-time student	Female	16-23	two months
PS8	Part-time student	Male	16-23	one month
PS9	Part-time student	Female	16-23	one year
PS10	Part-time student	Female	16-23	one year
PS11	Part-time student	Female	16-23	one year
PS12	Part-time student	Female	16-23	two years

PS13	Part-time student	Female	16-23	two years
RW1	Retired worker	Female	50-60	one year
RW2	Retired worker	Female	50-60	two years
RW3	Retired worker	Female	50-60	three months
RW4	Retired worker	Female	50-60	six months
RW5	Retired worker	Female	50-60	five years
RW6	Retired worker	Female	50-60	six months

As a full-time employee, I worked at McDonald's for six days a week, from 6am to 2pm. Usually managers decided which day would be my rest day in any given week and I would know my scheduling for the following week each Saturday or Sunday. On the first working day, I was excited and curious about what it would be like to work at McDonald's. After I watched a video about food preparation and processing, a crew trainer showed me how to make fried chips and then I was asked to make fried chips straightaway. The procedure is not difficult. After putting frozen chips into a deep mental basket and lower it into the deep fat fryer, the lights and buzzers would tell me when to turn the chips over and when to get them out; the fried chips would then be packed into bags. However, as it was a busy lunch time with large number of orders, I had to make several baskets of chips and pack them into bags at the same time. I burnt the skin on my hand several times with hot cooking oil; however, there was no time to deal with this, especially when managers were shouting at me to speed up. After the first shift making fried chips for three hours, the novelty soon wore off and I felt totally exhausted. Additionally, I felt sick as all my clothes and skin smelt of oil. I spent three more shifts/days making fried chips and I was becoming very familiar with it; the work had become very quickly routine and I increasingly felt detached from the work process, like a robot without any feelings repeating the same tasks over and over again. After four days I was trained to work at tills, taking orders and making beverages. I learned the food on the menu which was shown on the touchscreen of the till and followed the order-taking process. I then spent most of time communicating with customers and placing orders. When it was breakfast time and lunch time, there was no chance to stop for a rest even for a second and I kept taking orders on the till or helped to make beverages to speed up the orders. The worse thing was that I could not decide when I had a break and could not go to toilet when I wanted to as this was decided by managers. Even during quitter periods, it was not possible to stand the till doing nothing

as managers would shout, "Go, get more ketchup", "Go, stock up", "Go, clean the table". In other words, the work was fast-paced, unrelenting and intense and it did not provide the opportunity for any break unless this was officially authorized by managers.

Drawing on my experience and observations, no matter which job roles you took, 'McJobs' require only the most basic skills but do require consistently hard work. These jobs can be learnt with little previous experiences and workers' training starts by learning on the job. Workers usually learn the routinised jobs in the first few days and crew trainers are responsible for training them. Workers were then arranged to work in a specific role for several weeks or even longer until managers asked them to do something else. Workers are supposed to obey all the procedures without making mistakes. Furthermore, the assembly line and information technologies (technical control) are applied to produce, serve and monitor the whole operation and service. For example, the lights and buzzers tell workers in kitchens when to turn burgers, when to take fries or chicken wings out of the hot oil; timers on screens warn workers at front counters how many seconds are left for an order (normally, an order should be finished in 180 seconds); cash registers do most of the calculation for workers at till stations. Therefore, apart from being repetitive, boring, low-skilled and intellectually unchallenging, these jobs have very little or no discretion for workers.

In addition, customer interaction is part of the labour process at McDonald's. From my experience and observation, workers at front counter and dining area are more customer-facing and tend to be under some pressure when dealing with customers, especially when there are difficult customers. I was working at tills most of time. Very often, I was reminded by managers about the rules of 'service quality'. For example, I should smile all the time, greet customers immediately when they entered the store, make sure that I order the correct things for each customer, especially for those who have specified preferences, and give back the correct change. I would be told off by managers when I made any mistakes. Moreover, I felt stressed when customers were impatient or grumpy. In contrast, workers in other areas (such as in the kitchens) did not experience much pressure from customers or the same level of emotional labour requirement. However, surveillance by customers through customer reviews or complaints caused greater pressure for salaried store-level managers. A McDonald's phone app could be used by customers to order food or takeaways. After completing

orders, a survey about customer experience will pop out on the phone screen automatically for customers to complete. If McDonald's received any negative reviews or customer complaints, the regional management team would call salaried store-level managers about the negative customer reviews. Such occurrences would negatively affect store-level managers' performance evaluations and bonuses. In addition, it is usually managers who have to deal with customers' complaints.

> *One day, an angry lady customer came to the store. She complained that her son was very disappointed at not getting a McDonald's toy as promised. A week before, a crew member told the little boy that he would get the McDonald's toy this week as it was out of stock last week; however, the toy that the little boy wanted went out of production. Thus, this lady wanted to know which crew member had made this promise, however the crew member was not working that day. The customer then shouted at an assistant manager and told her off. The assistant manager kept explaining that this toy has been out of stock for a long time and it is impossible to get one for the little boy. However, the customer did not listen and continued to shout at her for twenty minutes, threating her with an official complaint to the head office. In the end, the assistant manager started to cry. Instead of supporting the assistant manager, the business manager spoke to the customer and successfully appeased her with the offer of free meal vouchers. (Field Notes, 2017, CN)*

The above situation was described in my fieldnotes and suggests that in some cases store-level salaried managers are more likely than hourly-paid workers to experience greater pressure from customers as very often they have to deal with more serious customer complaints. Due to the fact that customer service quality is related to salaried managers' performance (as well as sales, waste, labour costs), they are likely to pass this on to workers and to monitor customer-facing workers more closely.

In summary, my personal experience and observation illustrates some basic characteristics of McJobs. The technical control embedded in Taylorist/Fordist production processes is still predominant at McDonald's, which makes McJobs standardised and routinised. In addition, customers play a significant role in the labour process with their emphasis on 'service quality'. My personal experience and

observation suggest that, regards customer control over workers, the source of control derives from store-level managers who care about their performance. In that sense, salaried store-level managers are under much greater pressure from customer service quality. The next two sections will illustrate how employment status and working time are exploited as tools for managerial control.

6.2 Workforce characteristics and contracts at McDonald's China

FT1 is a 43-year-old local resident. She was my trainer when I first worked at McDonald's in China. She had worked full-time at McDonald's for about ten years. She mainly worked at the front counter and drive-through. She was familiar with all the content and process around the front counter and could recite all the food and their prices on the menu. She seemed satisfied with working at McDonald's. As she stated,

> *"I could not be bothered to find another job now. I have a flat here and my husband has a stable and better job. I have social insurance here. When I am retired from here in the next few years, I could have pension, which is not bad."*

FT2 was a 28-year-old female rural migrant working with me full-time in the morning shift. She just came to A city for a month and her husband had been working in A city for one year. She quit her job at her hometown, and they thought they could make more money when both of them were in a large city like A city. McDonald's was the first job she found in the first month. She explained why she chose to work at McDonald's,

> *"My husband is a migrant worker in A city for one year. I had a kid who is looked after by his mother at hometown. We came to A city and wanted to make more money to raise the family. But I found it is difficult to find a good job straight away, so I chose to work here first."*

However, she seemed not happy with this job. She was often asked to do cleaning or make beverages, but she was often scolded by mangers for what appeared to them as poor performance in these basic tasks. During breaks in the crew room, very often, she complained to me about the intensive, boring and 'meaningless' nature of her job and

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told me that she was looking for another job opportunity.

In contrast to FT1 and FT2, PT1 was working part-time at McDonald's. She also worked full-time in a supermarket as a cashier and came to work at McDonald's for a few shifts a week. Usually, she worked the afternoon shifts. Every time I saw her coming to work, she always rushed into the store carrying her uniform, waving to me and saying, "I am going to change my uniform now. Just one minute." She was just off from the morning shift in the supermarket and cycled to the store to work for another shift. As she explained,

> *"I really needed more money and came to work at McDonald's when I was off duty in the supermarket. But I preferred to work full-time in the supermarket rather than working at McDonald's because the workload at McDonald's was much heavier. I just could not stand a full-time job at McDonald's."*

PS12 was a third-year student in a university nearby when I first met her in the store. She started to work a part-time job at McDonald's since the first year in the university. Very often, she worked at the front counter with me during the shifts. She saw working at McDonald's as a way to earn some 'pocket money'. When I started work at the store, she had just come back from her summer holiday trip. She shared me with the experience during the journey and was proud to tell me that she paid for this trip on her own with the wage she gained at McDonald's over the last few months. She had some schoolmates from the same university who worked here as well. She often mentioned that it was nice to have friends working together. However, she would not stay working at McDonald's for a long time as she needed to find a 'proper' job that was related to her university major.

RW5 used to be a bus driver in A city. After retiring in her fifties, she thought she needed to keep herself busy and found a job at McDonald's. She has been working at McDonald's for about five years. She mainly worked at the kitchen areas making burgers. She was a 'super star' in the store, not only because she could make burgers quickly, but also because she got along well with the other young students.

> *"My son is living at America; my husband is still working. I felt alone when*

staying at home. So, I found this job for myself. I like working here and my performance was recognised by others. Also, I enjoyed working and talking with these girls and boys here, they are young and energetic."

The five snapshots of FT1, FT2, PT1, PS12 and RW5 in the store I worked at epitomize different types of hourly-paid worker and different workforce characteristics at McDonald's stores in China. Basically, hourly-paid workers at McDonald's are classified into two main types: part-time and full-time. There are three kinds of part-time hourly-paid workers particularly classified at McDonald's China, namely part-time workers (non-students), part-time students and retired workers. Therefore, in total there are four types of hour-paid workers at McDonald's stores in China. Table 6.2 shows the basic information for these four types of hourly-paid workers. Each type of hourly-paid worker signs a different contract or agreement with employers. Among these four types of hourly-paid workers, only full-time hourly-paid employees are employed based on formal labour contracts and are entitled to have legal labour rights and join the Chinese social insurance scheme (see section 4.1.1.1), whilst other three types of hourly-paid workers signed service agreements with managers (this will be explained in the following section)[21]. The students who work at McDonald's during their study are referred to as part-time students. McDonald's is also a choice for some retired workers who want more money or need to find further employment after they are retired and have already had pensions. McDonald's China sets an age restriction for both part-time students and retired workers. The ages of part-time students range from 16 to 23 and the maximum age for retired workers is 60. In China, mandatory retirement age for male workers is 60; the mandatory retirement age for female workers is 50 and for female cadre 55. In other words, all the retired workers at McDonald's are female. The workforces at McDonald's stores are mostly made up of part-time hourly-paid workers, especially the part-time students. On average, about one third of hourly-paid workers at stores are full-time employees and a tiny portion are part-time workers (non-student). In accordance with the monthly operation report of McDonald's China in north region in 2015, nearly 60 percent of hourly-paid workers were part-time students and retired workers accounted for about 10 percent of hourly-paid workers, whilst about 30 percent

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[21] The term 'worker' is used for those who signed service agreements with managers, as they did not have legal labour relations in the Chinese context. The term 'employees' is particularly used for those who work full-time, hourly paid, and signed labour contract with managers.

of workers signed labour contracts as full-time employees and only nearly 1 percent of hourly-paid workers were part-time workers (non-student).

Table 6.2 Types of hourly-paid workers at McDonald' China

Types of hourly paid workers	Requirements
Full-time hourly paid employee	Full-time employees should sign a labour contract with the employer according to the *2007 Labour Contract Law*
Part-time worker (non-student)	Part-time workers should have another full-time or part-time job in other organizations and should be offered social insurance by their other employer, in accordance with the recruitment requirements and the service agreement.
Part-time student	Part-time students should be enrolled in a college or a university. Their ages range from 16 to a maximum of 23.
Retired worker	Older workers can apply for a job when they have retired, providing they are not over 60.

I found that there tended to be several basic workforce characteristics among these four types of hourly-paid workers at McDonald's China. Usually, the majority of full-time hourly-paid employees are local married women as second income earners; and in some big cities, such as A city, several female rural migrant workers can be found in the stores. Local married women are more likely to be secondary income earners and highly dependent on their partners financially, and with low-level education, they are less likely to be able to find another better job. Although the jobs at McDonald's are fast-paced and intensive, they found that they had already been accustomed to the work pace and the content at McDonald's and they did not have to think much about intellectual input or creativity at work as the jobs are highly standardized and repetitive. More importantly, they would prefer a job at McDonald's because they valued the social insurance at McDonald's. Compared to other types of workers at McDonald's, only these full-time employees could be entitled to join the state welfare and social insurance scheme[22] and McDonald's would pay the social insurance contributions for them. It is worth pointing out that the coverage rate of social insurance in small or medium private companies in the low-paid and low-skilled sectors is extremely low in China, as these companies have been underpaying social insurance contributions, or even not paid the social insurance at all for employees (China Labour Bulletin, 2019). In contrast,

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[22] As mentioned in Chapter 4, in China, employees who are qualified as having 'legal labour relations' are entitled to join the social insurance scheme, which includes pension, medical, maternity, work-related injury and unemployment insurances.

McDonald's tends to comply with the social insurance policies in China and pays full-time employees social insurance contributions on a monthly basis. Therefore, for these local married women, they valued such stability and welfare from the social insurance scheme in this job despite the low wage and intensive work. Another case that is similar to FT1 is another female full-time worker I interviewed. She used to work at a local fridge manufacturing company, but the company failed, and she was faced with wage arrears for several months. Then she found a job at McDonald's when a new McDonald's store was opened in a major shopping mall. She stated that she felt 'settled down' after working at McDonald's as she explained,

> *"At least it is a famous multinational company. I can get my wage on a monthly basis here, no wage arrears anymore. Plus, I have social insurance. I can have a guarantee here." (CN-FT-1, female, Interview)*

For rural migrant female workers, McDonald's can offer a first job chance when they step into the big cities because of its low entry barriers. Unlike some manufacturing or other high-end sectors where the household registration system (hukou) might affect rural migrant workers' work status (Peng, 2011), McDonald's China does not set restrictions on hukou when recruiting workers and this is another reason why McDonald's can be a workable first option for these rural migrant workers, especially female ones, to settle down in this low-end service sector, whilst male rural migrant workers are inclined to enter industries requiring manual labour, such as construction.

The low entry barriers to McDonald's jobs are also attractive to another type of hourly-paid workers - part-time students. They came to work at McDonald's for some 'pocket money' or some working experience. In addition, they valued the flexibility that McDonald's offers so they can work at stores whenever they don't have classes. For most of part-time students, money is not the main driver for them to work at McDonald's. As they can still obtain some financial supports from their families, they do not have to rely on the jobs at McDonald's to live. Generally, the part-time students working at McDonald's were from second-rate universities or colleges as students at first-rate universities tend to find high-skilled or high-paid internships or part-time opportunities more easily; some of part-time students just graduated from high schools and found a part-time job during summer holiday before entering universities or

colleges. In a store, it is very likely that most of the part-time students are from the same college or university nearby. However, it cannot be ruled out that some part-time students saw working at McDonald's as a career option, although they account for a small proportion.

As is typically found in other countries, female young part-time students are more likely to work in service area, such as working on the till and beverage making and male young part-time students are mainly responsible for monitoring fries or grills in the kitchen area (Royle, 2000). Usually, retired workers shared some tasks with the young male workers in the kitchen area and help to garnish the burgers and monitor the bread machines. Some retired workers also clean the tables and empty the bins. These female retired workers have pensions and applied for a job at McDonald's near their homes. Some of them want to gain more money for their retired life; some of them see working at McDonald's as keeping active and a way to socialise with colleagues, a means to get them out of the home. As another retired worker I used to work with talked to me in the crew room,

> *"My grandson has gone to nursery and I don't have to help to look after him at daytime anymore. But I just wanted to find something to do, otherwise I will be bored at home on my own. I have pension and don't work here for money honestly." (quotes from RW1, Field Notes, 2017, CN)*

Part-time workers (non-student) account for the smallest proportion among the workforce at store level. Usually, they have another job at other companies in some other low-paid sectors, such as retail sectors and hospitality industry, and they come to work at McDonald's when they have no shifts in their other organizations. To earn more money to support themselves and their family is the main reason why they choose to find a second job at McDonald's. In sum, young students and middle-aged female workers (usually married women as secondary income earners) are the two dominant components of workforce at McDonald's China. A tiny minority of middle-aged male workers are found in the stores, and usually they work part-time for some supplementary income.

6.2.1 Labour dualism: employer tactics to exit from the regulated labour market

At McDonald's, only full-time hourly-paid employees are employed based on formal labour contracts. A newly recruited full-time crew member at McDonald's China will sign a labour contract that is for a fixed term 3-year contract with a probation period. A labour contract covers terms of contract, job description and workplace location, payment, working time, social insurances and welfare, working conditions and labour protection, confidentiality clauses and discipline in the workplaces. The other three kinds of hourly-paid workers, that are over 65 percent of all McDonald's hourly-paid workers in China, are all employed on so-called 'service agreements'. As suggested in Chapter 4, being employed on a service agreement (instead of a labour contract) means that these workers have no guaranteed (local statutory) minimum wage, no statutory working time protections and are not entitled to social insurances and grievance procedure in relations to dismissal or other disputes.

Table 6.2 Contract or agreement for hourly paid workers at McDonald's China

Types of hourly-paid workers	Legal relations	Law or regulations	Contract or agreement at McDonald's
Full-time employee	Labour relations	*1994 Labour Law* *2007 Labour Contract Law*	Labour contract
Part-time worker (non-student)	Labour relations	*2007 Labour contract law* *Opinions on part-time employment* (issued by MOHRSS in 2003)	*Service agreement
Part-time student	Not legal labour relations	*Opinions on the implementation of the labour law of People's Republic of China* (issued by MOLSS in 1995)	Service agreement
Retired worker	Not legal labour relations	*Explanations on adjudication of labour dispute cases* (issued by Supreme People's Court in 2010)	Service agreement

Under the Chinese legal framework, full-time employees and part-time workers (non-students) are in legal 'labour relations' (see section 4.1.1.1) and should be covered and protected by labour laws, whilst part-time students and retired workers are not covered and protected by labour laws. In other words, in accordance with Chinese labour laws and regulations, part-time workers (non-student) literally should be employed on formal labour contracts instead of "service agreements". Yet McDonald's appears to be ignoring these regulations in respect of part-time workers (non-student) and thus the

employment of these normal part-time workers does not comply with Chinese labour laws and regulations. Moreover, McDonald's recruitment policy for part-time workers (non-student) requires that applicants should have a full-time job in another organization and already have social insurance paid for by their other employer. In the duration of recruitment, whether a part-time worker's other job is full-time or part-time was of no interest to McDonald's managers; they were only interested in whether workers have social insurance paid by other organization and whether they have enough time to work at McDonald's. As long as the applicants can show a certificate of social insurance contribution from another organization, they are qualified to apply as part-time workers; otherwise, applications will be refused and will not even be granted a selection interview. In this way, McDonald's is able to avoid the cost and responsibility for social insurance payments of these part-time workers, shifting this to other organizations.

Unlike part-time workers (non-student) who are supposed to be covered by Chinese labour laws, part-time students and retired workers are not protected by any labour laws or regulations in China. Although Chinese labour laws and regulations have developed a broad inclusion of workers into legal coverage and more employment relations are formalized in the legal framework since the mid-1990s, employment status of workers in China is still segmented (Smith and Chan, 2015). Part-time students are one kind of the segmented workforce, who fall outside Chinese labour law and regulations. As noted in Chapter 4, although the working rights of part-time students are regulated by the Ministry of Education, these regulations exist only on paper without real implementation, and the labour inspection and enforcement of students' working conditions are extremely rare in China (Brown and DeCant, 2014). In practice, few part-time students are aware of their labour rights and even both McDonald's managers and their universities or colleges do not appear to take any notice of these regulations. In addition, in terms of work-related injuries and labour dispute resolution, the regulations on employment of part-time students are extremely vague in the service agreements. Furthermore, there are no labour laws and regulations applying to retired workers as they are classified as self-employed.

These two types of part-time workers who are exempt from the legal process and excluded from the regulated labour market seem to be more attractive to McDonald's

management, especially the part-time students. They are employed as core workers with service agreements and make up about two third of workforce in McDonald's stores. McDonald's China has exerted considerable effort to attract and retain young workers through various recruitment channels and promotion mechanisms targeted at part-time students, especially after the expansion plan in China. In 2015, McDonald's introduced the slogan "we trust the young". In 2016, in cooperation with the National Open University, McDonald's introduced a recruitment campaign called 'chasing the dream' in which workers could earn credits towards their degree education by doing training and courses on business and management at McDonald's. In 2017, a 'student manager' program was put forward to offer part-time students more promotion opportunities. In this 'student manager' program, even though part-time students have not graduated yet, they could be promoted to shift managers after passing training tests. At store level, managers encourage part-time students with cash bonuses to introduce more schoolmates to work at McDonald's. The successful marketing operation emphasizing 'youth', 'vitality' and 'flexibility' arguably attracts more young workers, especially part-time students without any skills or working experience, to work at McDonald's. By November 2019, about 66 per cent of workers were born from 1995 onwards, and also above 35 per cent of workers were the 'post-00s' (McDonald's China, 2020).

The interviews suggest that the workforce structure is not haphazard but closely related to a deliberate recruitment strategy on the part of McDonald's. At store level, the recruitment plan and the proportion of each type of hourly-paid workers are set by regional management. Managers in stores are encouraged to hire more part-time students and retired workers, whilst the proportion of full-time hourly-paid employees is strictly maintained at a fixed and relatively low level. The recruitment of part-time workers (non-student) is extremely cut down or even avoided in some cities, which is different from many other countries. This is related to the legal working time restrictions set on part-time employment (this will be explained in section 6.2) and reducing the legal risk of non-compliance with the regulations on part-time employment.

McDonald's seems to take advantage of the 'avoidance' of regulations on employment status and attempts to exit the regulated labour market with little legal restraint from Chinese labour laws and regulations, through hiring more unregulated and unprotected

labour. Clearly, as a result, the 'labour force dualism' is formed between full-time hourly-paid employees (with labour contracts) and non-full-time hourly-paid workers (with service agreements) in stores at McDonald's China. On the one hand, full-time hourly-paid employees are entitled to have labour protections and social insurance and McDonald's tends to comply with labour regulations in terms of the full-time employees. Thus, in practice, they have relatively stable working time and wage (this will be explained in the next sections). On the other hand, part-time students and retired workers are not entitled to any legal labour protections and managers at McDonald's can have an overwhelming level of control and supervision over these workers, such as in terms of working time and payment. Moreover, although a very small number of part-time workers (non-students) are hired by McDonald's, the non-compliant behaviour of McDonald's deprives them of legal labour rights; in this way, managers not only save the labour cost on social insurance, but also have complete control over the terms and conditions of employment for workers on service agreements.

In this section, I portrayed the workforce characteristics among the four types of hourly-paid workers at store level and examined the dualist contractual arrangement between full-time hourly-paid employees and non-full-time hourly paid workers. While full-time hourly-paid employees can be entitled to greater levels of employment protection and social insurance, McDonald's actively recruits a high proportion of unregulated labour as an exit strategy to avoid legal restriction and guarantee more leeway for its managerial despotism. In the next section, I will show how managers turn working time into a control tool. Also, some notable distinctions between full-time hourly paid employees and non-full-time hourly paid workers under the labour force dualism will be found regarding working time arrangement.

6.3 Working time: employer-controlled flexibility

Besides relying on the technical control embedded in the Taylorist production process, managers at McDonald's place great emphasis on working time-based control mechanisms. This section will present how managers use working time as a control tool to relieve the pressure from labour cost control and operations and to 'exit' from the legal constraints on working time.

As suggested in Chapter 4, there are three legal working time systems in China and legal maximum working hours are set for full-time employees, part-time workers and part-time students respectively. At McDonald's China, the integrated working time system is applied for full-time employees and the company establishes different working time policies for the four types of hourly-paid workers. Different types of hourly-paid workers have different maximum working hours in a shift or during one week or month period (see Table 6.3). The policy set by McDonald's China complies with national regulations on paper, with regard to the full-time and part-time workers (non-student). However, part-time students' maximum working hours set by McDonald's China are far longer than the legal regulated maximum. This is largely related to the fact that there is little implementation and inspection on the working time regulations regarding part-time students in China. Retired workers' maximum working hours are the same as those of part-time students.

Table 6.3 Working time policy at McDonald's China

Types of hourly paid workers	Policy set by McDonald's China in 2012	Chinese labour laws and regulations
Full-time employee	Integrated working time: maximum daily working hours: 11; maximum monthly working hours: 196; one day off per week	Integrated working time: statutory working hours per month: 160; maximum monthly working hours: 196
Part-time worker (non-student)	Maximum daily working hours: 4; maximum weekly working hours: 24	Maximum weekly working hours: 24
Part-time student	Maximum daily working hours: 8; maximum weekly working hours: 40; maximum monthly working hours: 120, but 160 in summer and winter holiday	Maximum weekly working hours: 8; maximum monthly working hours: 40
Retried worker	Maximum daily working hours: 8; maximum weekly working hours: 40; maximum monthly working hours: 160	Non-regulated

6.3.1 Pressures on working time arrangements

The interview data suggest that management at McDonald's China exercises strict control over compliance with the policy on maximum working hours. All the interviewed managers in stores were familiar with the policy on maximum working

hours very well. Assistant managers in stores who are responsible for scheduling should make sure that each worker's working time would not exceed the maximum working hours in accordance with McDonald's policy, especially in relation to full-time employees and part-time workers (non-student). The regional human resource managers would monitor each store's records on working time to check whether working time exceeded maximum working hours, and whether the managers in stores comply with the policy is considered into performance management for them. The interviewed managers in stores claimed that if non-compliance with this policy on maximum working hours is discovered by regional human resource managers, the bonus of salaried managers in stores would be deducted. Therefore, managers in stores frequently stated that they felt under pressure to comply with the policy regarding the maximum working time and they called this policy as the 'red line'.

> *"We should comply with the national regulations on working time. Especially, the maximum working hours for full-time and part-time are a red line. Never cross the red line! Once an employee's working time that is recorded in the timecard exceeded the maximum working hours, we would receive a warning from our office automated system." (CN-SM-1, female, Interview)*

> *"We were suggested not to cross the red line on maximum working time. The company requires that the working hours should not exceed 196 for the full-time employees." (CN-AM-4, male, Interview)*

Furthermore, managers are also faced with internal pressure to control labour costs. As in McDonald's stores in other countries, controlling labour costs is one of the most important factors for managers' performance management (Royle, 2000). As a majority of workers at McDonald's are hourly paid, working time is a direct factor affecting labour costs; controlling labour costs means controlling working hours. A sophisticated system with algorithmic analysis has been applied by McDonald's to calculate the budget on labour costs. Based on the order number and sales in the previous month, the system predicts the number of working hours and the staff allocated to each shift each day. The system suggests to managers how many staff should be arranged in which positions and the maximum working time that can be deployed in one shift or one day in order not to exceed the budget. However, although scheduling is predicted based on algorithmic analysis, the daily operational needs and customer demands cannot exactly

be foreseen. In stores which are especially busy such as stores near railway stations or big shopping malls or when sales promotions are going on, the system tends to underestimate the number of staff required and as a result manager would then struggle with staff shortages and workers would face increased workload.

6.3.2 'Never cross the red line?' Working time as a mechanism of control

In the integrated working time system, managers at the store level at McDonald's have the flexibility to arrange the scheduling for workers but in principle they need to make sure that the average working hours in one month do not exceed the maximum working time set by the company (which they call 'the red line'). At the same time, managers are faced with the exigencies of the daily business operation and customer demands, which increase pressure and difficulty on scheduling. Additionally, they have to bear controlling labour cost in their mind. In this situation, managers take advantage of the flexibility to a great extent to exercise their prerogative to control the workers in a time-based mechanism. This time-based control mechanism covers hiring, making schedules, changing schedules and even reward and discipline.

6.2.2.1 Employer's control through hiring

As seen in Table 6.4, part-time students and retired workers contribute nearly more than half of working time in stores, whilst part-time workers only work for less than 5 percent of the total working time in stores. As suggested above, McDonald's China imposes restrictions on the recruitment of part-time workers (non-student) and the legal maximum daily and weekly working hours of part-time workers (non-student) are much less than the other three types of hourly-paid workers. In other words, less working hours could be deployed by managers in the case of the employment of part-time workers (non-student). In addition, some local rules (for example, in Beijing) determine that once working hours of part-time workers exceed the maximum working hours, employers should hire those workers as full-time workers, which means increased labour costs because there is a higher pay rate. Therefore, McDonald's China tends to hire much fewer part-time workers (non-student) than in other countries. It is even the case that in some regions, management does not allow the stores to hire any part-time workers. One business manager stated,

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"If we hire part-time workers, it means that we are limited as to how many hours we can employ them for and the hourly payment for part-time workers are higher than part-time students. We are not given any quota by regional managers to hire part-time workers and we could not be bothered to hire them when we can hire enough part-time students." (CN-BM-1, female, Interview)

Table 6.4 Distribution of working time among different types of hourly-paid workers at McDonald's China

Year 2016	Full-time hourly-paid employees	Part-time workers (non-student)	Part-time students	Retired workers
January	46.65%	0.03%	36.80%	16.52%
February	49.99%	0.00%	31.50%	18.51%
March	49.42%	0.43%	32.50%	17.65%
April	47.94%	0.01%	34.00%	18.05%
May	47.57%	1.56%	31.50%	19.37%
June	42.46%	0.39%	39.70%	17.45%
July	42.33%	1.03%	41.40%	15.24%
August	45.10%	1.06%	39.50%	14.34%
September	48.20%	1.10%	39.20%	11.50%
October	51.89%	3.06%	32.90%	12.15%
November	47.78%	2.92%	37.40%	11.90%
December	42.87%	1.59%	42.40%	13.14%
Total	46.79%	1.19%	36.80%	15.22%

Source: Monthly operation report of McDonald's in north region in year 2016.

In contrast, managers are encouraged to hire more part-time students and retired workers. Little implementation and inspection on working time regulations for part-time students and no regulations on retired workers give the employers considerable leeway to increase their control over working time arrangement.

Additionally, based on an algorithmic analysis which controls labour costs, store managers should make sure that there are exactly enough staff for each shift. Too many staff on a shift raise costs, so managers always try to have the minimum number needed to meet business demands. Managers therefore adjust staffing by hiring people who fulfil gaps for specific shifts. In job interviews candidates are asked to state their preferences for particular shifts. In reality, they are less likely to be hired if the preferences do not meet managers needs for particular shifts and there is little or no room for negotiation. From my own experience, I was rejected three times; in the fourth

interview, I did not get the offer until I agreed that I would be able to do the early morning shift starting from 6am and work for at least one year. Few workers like to take the early morning shift, so managers prefer to hire several full-time workers to make sure there are fixed staff for early morning shifts. Indeed, managers are more likely to hire workers based on the vacancies on particular shifts. In some cases, university students would be asked to submit a copy of their university timetable when applying for a job, so that managers could check whether the availability could fit their scheduling. As the managers explained,

> *"We only hire people who are willing to work on morning shifts or at weekends as we have a shortage of staff for that particular shift at the moment. Otherwise, we won't hire them. Skills or experience does not matter at all honestly." (CN-AM-1, male, Interview)*

> *"If we need some staff on Monday, we will only hire workers for that day. We can ask the students to show their university timetables. If one student does not have lectures on Monday, it is more likely I will hire that student." (CN-BM-1, female, Interview)*

6.2.2.2 Employer's control through scheduling

McDonald's managers usually make the schedules with one- or two-weeks' notice for hourly-paid workers. These hourly-paid workers are requested to report which time and day(s) they would not be able to work one week ahead, and then the assistant managers make records of workers' unavailability. The weekly scheduling information is presented by managers to all the staff in a group chat via WeChat (Chinese version of WhatsApp), instead of an online scheduling system which is used in the UK. All the workers in one store have been added into this online group chat. Such a group chat becomes an online managerial platform for managers, where they can post any notifications or contact workers whenever they want.

In effect, instead of claiming the available time, claiming 'unavailability' increases the control for managers to arrange the scheduling, because managers assume that workers could come to work at any time except for the unavailable time. Therefore, student timetables allow managers a considerable level of control over students working time

and free time. In some cases, even though some students said they were unavailable, the managers just ignored it and persuaded them to work more shifts. As one student stated,

> *"At the beginning, I suggested which day and when is better for me to come to work. But the managers just ignored it and made shifts as they needed. Then I just gave up and could not be bothered to tell them about my availability. Now I just do the shifts they arranged unless I have some emergency." (CN-PS-1, female, Interview)*

Usually, full-time hourly-paid employees had relatively fixed shifts and stable working hours (on average, about 160 hours) in a month. In theory, they could have one day off per week; however, in practice, it is unlikely that they could decide for themselves which day they can be off. Managers seldom ask for full-time employees' availability or unavailability unless the full-time employees told the managers that they needed to be off on certain day in a week. Therefore, some full-time employees might have to work for more than one week without a day off, especially when there are not enough staff in the stores.

> *"One time I worked for two weeks without a day off. In the first week, I did not ask but just took the shifts. I was wondering whether it is because the manager forgot that I did not take one day off. But as the manager had already made the shifts, I feel uncomfortable to ask that manager. In the second week, I asked but was told by the manager that there were no enough staff at store and part-time students were not willing to take the morning shifts, which means I had to work anyway." (CN-FT-1, female, Interview)*

Compared to full-time hourly-paid employees, non-full-time hourly-paid workers are more likely to experience unstable or unreasonable shifts. For example, the amount of working days in a month is unpredictable and unilaterally decided by managers. As one part-time student stated,

> *"If there are enough staff, probably the manager would not need you so (you will get) less shifts in a month; if understaffed, you can get more shifts. Very unstable. You might need to work for 30 days in a month or you just got several days in a month." (CN-PS-3, male, Interview)*

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Not only the amount of working days, but also the number of working hours in a shift are at the managers' discretion. The working hours for a shift could be either too short or too long. Usually the normal shifts are about 7 or 8 hours, but some part-time students claimed to experience some shifts with long working hours (for instance, over 9 or 10 hours), especially when stores are busy. Managers can also make the shifts much less than 8 hours (for example, only three or four hours) just to fill a temporary vacancy between two shifts. However, they still have to spend the commuting time and pay the commuting cost to work for a short shift.

> *"I worked for only four hours in a shift, but I have to pay for the underground, it is RMB 8 Yuan; and I need to have meals; it was RMB 10 Yuan. But I only got about RMB 50 Yuan for the short shift. So I can only earn RMB 30 Yuan. It's not reasonable. If the shift could be longer, I can earn more and it would be much better for me." (CN-PS-4, male, Interview)*

In addition, according to the policy at McDonald's China, workers can have one unpaid break for food and rest when working for more than 4 hours and have two unpaid breaks when working for 7 hours. It is worth noting that there are no legal rules regarding the break or rest time in China. Thus, at the workplace level, it is the managers that decided when and who can have the break. Usually workers were asked to have break when it was not that busy, such as from 10:00 am to 11:00 am, from 2:00 pm to 4:00 pm or from 8:00 pm to 9:00 pm, which means they cannot have meals during normal lunch time or dinner time. At the weekends, when it was busy, some workers were not allowed to have break at all until they were asked to clock-off, even though they had already worked for more than four hours.

Apart from managerial prerogative on making schedules, managers own the discretionary control over real-time adjustments to schedules. When it is not busy, or the lunch time or dinner time is over, managers tend to ask workers to clock-off earlier to save labour costs. They are more likely to ask full-time workers to clock-out earlier and keep some part-time students on shifts to satisfy the current demand levels. In this way, management is not only able to cut down labour cost to a great extent due to the lower pay rate for part-time students, but they can also avoid exceeding the maximum working hours for full-time employees. In addition, managers could cancel or alter shifts with very short notice and without providing any explanation. However, if

workers suggest changing the shifts due to some personal reasons, it is workers' responsibility to find someone else to replace them. The managers might allow changes of shifts only if they think the substitutes are competent for the relevant position; otherwise, managers just reject workers' requests. In some cases, mangers might permit some requests by workers to change shifts as a favour, but they expect these workers to take some additional shifts or some less-desirable shifts in exchange. This is what I term as a 'scheduling debt' for workers. With a scheduling debt, workers feel as if they owed managers a favour and they would not refuse a request to do additional shifts later on. As one manager stated,

> *"If some workers asked for absence, I would agree and could allocate someone else to take the shift. It is fine this time, but they need to highly cooperate with me next time when I need them for some shifts in the future. This is one kind of managerial style." (CN-BM-1, female, Interview)*

Last-minute adjustments to schedules are a common strategy for managers at store level to meet changing customer needs; but it is not enough for managers in busy stores. The higher volume of customers puts more pressure on scheduling. In such situations managers asked workers (even full-time workers) to work for longer hours, even if it resulted in exceeding the maximum working hours. In some stores, in order to avoid crossing this 'red line', managers used a 'ghost card' to 'remove' overtime working hours on timecards. Managers registered a timecard for a non-existent person or an ex-worker, which they called a 'ghost card'. Once workers worked more than the maximum working hours, these workers would be asked to use a ghost timecard to record their excessive working hours. In this way, the working hours recorded on their own timecards would not exceed the regulated maximum working hours and the additional working hours would not be recorded. Workers who used ghost cards were told by managers that the overtime pay would be retroactively paid in the next month. However, managers would not pay for the overtime work unless workers asked for it. Even if the workers asked for it, managers often remained evasive and tried to avoid paying it. Workers found it difficult to claim this money because there was no 'evidence', only managers had access to the 'ghost cards'. As the implementation and inspection of working time regulations is chronically problematic in China, these store

managers use such tactics to avoid exceeding maximum working hours, even though the use of 'ghost cards' is illegal.

6.2.2.3 Employer's control through reward and discipline

Working time is also used by managers as a tool for reward and discipline. Workers were told by managers that if they worked hard or behaved well, they would be given more stable shifts or desirable shifts. And 'good' workers in managers' eyes would be rewarded by more and regular hours on days and times.

> *"If the managers like one worker or reckon that one worker did very well at work, they would give them more hours. If they were not satisfied with your work, they would not give you any shifts or give you less hours in a shift." (CN-PS-11, female, Interview)*

In accordance with Chinese labour regulations, workers are supposed to receive triple pay for working on public holidays. Managers are more likely to schedule more hours on public holidays as a reward for those workers who 'behaved well'. This 'triple holiday pay' is utilised to encourage workers to work harder, behave better or as a means of retention. As one assistant manager stated,

> *"One of the strategies to retain the workers is the triple holiday pay. Three times payment is relatively considerable, and workers love it. If we want to retain some workers, or some workers' performances are good, we will give them more chances to work on public holidays." (CN-AM-4, male, Interview)*

Meanwhile, workers who challenge or question management about their employment rights are more likely to have hours cut or changed at very short notice or their working time becomes more unstable and unpredictable, which I term 'scheduling discipline'. However, it is difficult for workers to prove that the change to more unstable hours is directly related to their 'unpleasant' experience with managers. Mangers might excuse it as a means to adjust to business demands, making it difficult for workers to resist. One part-time student stated,

> *"One day I cooked the chicken wings a bit more than ordered. The business manager found out and made a fuss about it, then he got very angry with me. I*

heard that he was not in a good mood that day. He took it out on me. After that day,
I just got 3 or 4 shifts a week while I used to have 5 or 6 shifts a week. I guess it is
related. But I could not do anything about it." (CN-PS-4, male, Interview)

On top of these ambiguous and personal forms of discipline, manager could also apply a deliberate form of discipline. According to the employee handbook, workers should clock out in time without any delay. In some stores, if workers delayed clocking out, they would be warned in the first time and the second time, but in the third time, managers would deduct one hour from their recorded working time as a punishment. If workers did not show up for some shifts, they would get less shifts or undesirable shifts as discipline. One assistant manager stated,

"There are no written rules and regulations to punish such bad workers, when they
did not show up for their scheduling or they did not work properly. So, we had to
use working time as a tool to discipline them." (CN-AM-1, male, Interview)

In sum, at store level, managers take advantage of working time flexibility to exercise their prerogative on controlling workers in a time-based mechanism. This time-based control mechanism covers hiring, making schedules, changing schedules and even reward and discipline. Compared to non-full-time hourly-paid workers, full-time hourly-paid workers have remarkably stable shifts and monthly working hours. Part-time students are the worst affected in this time-based control mechanism where they are more likely to have to put up with unpredictable and unstable shifts, inconsistent break time, unilateral shift adjustment by employers and scheduling discipline. Although managers are under pressure on the 'red line' of maximum working hours, managers can still exert their control on working time arrangement (such as using 'ghost cards') to avoid crossing the 'red line' so that they can dilute the institutional pressure and effectively 'exit' from legal constraints.

6.4 Low pay and hazardous work

The effect of the labour dualism is also found in the wage setting among full-time hourly paid workers and non-full-time workers. Table 6.5 shows the pay structures at McDonald's China. The key component is the basic wage which depends on the working hours and hourly pay rate. Apart from the basic wage, both full-time hourly

paid employees and non-full-time workers can get night shift pay with a slightly higher hourly pay rate when working on night shifts and during national holidays. The national holiday allowance is referred to as 'triple public holiday pay' (see Chapter 4). Theoretically, the policy of 'triple public holiday pay' is only applicable to those who are employed on labour contracts in the Chinese legal realm, but McDonald's China extends it to other non-full-time hourly-paid workers. In other words, all the four types of hourly-paid workers would be paid the triple holiday pay when working at national public holidays. However, as suggested in section 6.2.2, the 'triple public holiday pay' has been used by managers as a tool to manipulate people management through rewarding those 'good' workers.

Table 6.5 Pay structure for hourly-paid workers at McDonald's China

	Basic pay		Performance pay
China	Full-time hourly paid employees	Pay = basic wage + night shift pay + overtime pay + national holidays allowance + full-time allowance + holiday pay + bonus	Annual adjustment by regional-level management
	Non-full-time workers	Pay = basic wage + night shift pay + national holidays allowance	

In contrast to non-full-time workers, full-time hourly paid employees are entitled to overtime payment. As noted in Chapter 4, in the integrated working time system, workers would be paid 1.5 times wages as overtime pay for working longer hours than that required by law[23]. In theory, the integrated working time system is only applicable to full-time employees in China which means only the full-time hourly-paid employees at McDonald's would be paid overtime rates (1.5 times) when their working hours exceed the statutory working hours in a month (which is 160 hours). However, in practice, as explained in section 6.2.2, managers tried not to cross the red line of maximum working hours or used 'ghost cards' to avoid paying overtime work. Therefore, even though overtime payments are theoretically possible, they tend to be rarely paid in practice. Moreover, in contrast to non-full-time hourly-paid workers, full-time hourly-paid employees could enjoy more allowances and bonuses, such as full-time allowance, holiday pay and annual bonus. Normally, the annual bonus largely

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[23] As noted in Chapter 4, in integrated working time system, prolonged working time is classified as overtime, but employee's weekend working is not classed as overtime.

depends on the stores' annual operational performances.

The hourly pay rates vary among cities and provinces due to the disparity of economic development and living costs. For example, in 2017, in A city, the hourly pay rate for full-time crew members is RMB 15.8 (about £1.77), RMB 14.8 (about £1.65) for non-full-time crew members, and RMB 18.2 (about £2.04) for full-time crew trainers. The extra pay rate for working at night shifts is RMB 1.5 (about £0.17) per hour. These figures came from my own working experience in A city in 2017; however, the hourly pay rates are lower in other cities. For example, RMB 13 (about £1.51) for full-time hourly paid workers in Nanchang city in 2017, RMB 9.5 (about £1.11) for non-full-time workers in Zhengzhou city in 2018.

In September 2017, the local minimum wage in A city was adjusted. Before September of 2017, the minimum wage is RMB 10.86 (about £1.27) per hour and RMB 1890 (about £220.16) per month; after the September of 2017, the minimum wage was raised to RMB 11.49 (about £1.34) per hour and RMB 2000 (about £233) per month. According to the minimum wage regulations in A city, the overtime payment and social insurance contributions are not covered in the minimum wage for full-time employees. The minimum wage rate for part-time workers was RMB 21 (about £2.45) per hour before the September in 2017 and was raised to RMB 22 (about £2.56) per hour; the minimum wage rate for part-time workers when working on public holidays was RMB 49.9 (about £5.81) per hour before the September and RMB 52.6 (about £6.13) after the September in 2017. For part-time workers, the social insurance contributions are included in the minimum wage. The hourly pay rate for full-time hourly-paid employees at McDonald's in A city was just above the minimum wage and labour contracts for full-time hourly-paid employees specified the monthly gross wage should not be lower than RMB 2000 (about £233), which just equalled the minimum wage. However, in practice, after deducting tax and social insurance contributions[24], the net wage would be lower than RMB 2000 (about £233). In addition, the hourly wage for part-time workers (non-students) at McDonald's is less than the minimum wage for part-time workers. As already suggested, McDonald's does not see the relationships with part-time workers

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[24] In most of cases of hourly-paid employees at McDonald's in China, the gross wage is much lower than the taxable income. Therefore, no tax should be deducted.

(non-students) as legal 'labour relations' and does not pay any social insurance contributions for part-time workers (non-students).

Apart from the basic approach to pay determination, McDonald's adopts a pay rise mechanism based on performance. In China, the pay rise is decided by the regional management. Usually at September, region-level management at McDonald's will adjust the hourly pay rate for all the hourly-paid workers with a small increase based on the annual business performance (mainly marketing sales) in the region. The yearly pay rise is around RMB 0.5 (£0.06), which is too tiny to make any difference.

> *A notification letter about pay rise was posted on the information board on the 26th August. FT1 could not be bothered to have a look at it. I mentioned it to her. She did not show any interest, saying, "They increase the pay every September. Only 0.5 Yuan every year. I know that even before I read the letter. Nothing new. It will not change anything. The payment is still too low." (Field Notes, 2017, CN)*

In addition, suggested from the interviews, only some full-time hourly-paid employees who worked there for long had experienced a performance pay rise. The performance pay rise seems irrelevant for a majority of non-full-time workers. This is could be explained by the high labour turnover, especially among the part-time students.

Comparing the monthly wage, non-full-time workers' monthly wages vary widely depending on working hours, whilst full-time employees' monthly wages are relatively stable with more stable working hours. From my account of working experience in A city in 2017, normally, full-time hourly-paid employees' monthly wage after deducting tax and social insurance contributions was around RMB 2000 (about £233) on average but less than one third of the average wage in A city (RMB 7706, £909). Assistant managers would be paid above RMB 3000 (about £350) per month after deducting tax and social security contributions, with the basic monthly salary approximately RMB 2600 (about £305) and other allowances and bonus. The net wage for business managers would be more than RMB 5000 (about £592) a month. However, non-full-time workers' wages varies with the individuals. Part-time workers (non-student) and retired workers tend to see the wage from McDonald's as supplementary income. For

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part-time students who do not rely on this job, they did not see the low pay as a problem. This is because most of them could still get some financial support from families and they were mostly working to gain some working experience.

The division of wage security between full-time hourly-paid workers and non-full-time hourly-paid workers are highlighted during the outbreak of COVID-19 in 2020. Due to the disruptive COVID-19, the ILO (2020) estimated that 1.25 billion workers, representing almost 38 per cent of the global workforce, were employed in sectors that faced a severe decline in output and a high risk of workforce displacement. These sectors mainly include manufacturing, retail, accommodation and food services sectors and a majority of job losses and declining working hours are likely to happen in these sectors. Inevitably, McDonald's is also severely affected during this pandemic. McDonald's China closed its stores for about a month from the end of January. Following this, I did some follow-up interviews with some workers to examine how the virus outbreak affect workers' jobs at McDonald's. I learnt that, during the closure in China, full-time employees would still be paid with the amount of local minimum monthly wage; but non-full-time workers who are employed on service agreements would not be paid. At the end of February, McDonald's China started to open its stores in most of cities, but it faced a steep decline in demand. Also, interviews suggest that only full-time employees went back to work at the stores, and they were paid for their working hours, but few non-full-time workers came back to work. Particularly, most of the part-time students just quit this 'stopgap' job during the pandemic.

Apart from the low pay, 'wage theft' was found. Managers utilized their managerial authority to access to the electronic clock-in system and adjust workers' working time, in order to reduce the wage bill and save labour costs. Very often, managers shaved a few minutes off electronic working time records, such as shaving from 2:03pm to 2:00pm on the working time records. In some cases, they even cut down a few hours from the records or carried out deliberate pay miscalculation. However, it is difficult for workers to discern the pay discrepancies as working time records and pay calculation is not transparent. Only when workers recorded working hours from every shift by themselves and checked the pay roll, they would find out the pay discrepancies. Even though being aware of the pay discrepancies, workers are less likely to confront the managers about the reduced wage, as one interviewed worker (CN-PS-14, male,

Interview) claimed that "it was not necessary to bother the manages if it was just about a few hours". When some workers tried to question the managers about the pay discrepancies, managers would show the 'official' working time records calculated by the clock-in system and asked workers to show their evidence and prove the pay discrepancies. However, for workers, it was more difficult to prove this covert 'wage theft' manipulated by managers as workers often lacked the confidence or knowledge to challenge managers over these issues. As these two workers claimed,

> "I recorded my working hours on paper by myself. I found they cut a few minutes for some shifts, but at the end of the month, it would build up to an hour or so. I asked a manager about that. He just gave me the working time records, saying 'These are all recorded by system, which could not be wrong.' When I showed my own records, he just argued that I must adjust the records and he could not trust me. Then I didn't know what I could say to contradict him." (CN-PS-3, male, Interview)

> "I used to work at night in one month. I supposed the wage in that month could be more than usual because of the night shift pay. But I found out it was the same as before, so I asked the manager. The manager gave me a big pile of working time records and asked me to show the evidence. But I had no idea of how to check it honestly. When I was looking at these messy records, I just got headache. I guess the missing pay might be just RMB 200 (about £24) and it is not massive. So, in the end, I just gave up." (CN-FT-1, female, Interview)

The work at McDonald's is not only low paid, low skilled and fast paced, but it can also be hazardous. From the interviews, common health and safety issues include working on slippery (or oily) floors, equipment not properly repaired and maintained, workers being asked to climb dangerous ladders or lift heavy staff, air conditioning being turned off in hot weather to save money, skin burns from hot oils and hot surfaces leading to permanent scars. In addition, although workers have to deal with hot oils and some dangerous chemicals or work in freezers, managers don't ensure that workers wear protective clothes and, in some cases, no or inadequate safety clothing or gloves for working are provided for workers. As a result, workers tended to be exposed to

hazardous working environments and be faced with undue risks of workplace injury. However, few workers or even managers knew about the accident books and let alone reporting or recording the accidents in the workplaces. It was quite common for workers to carry on working with some burns or injures.

In addition, some workers also reported that they had to work when sick. Even though workers were ill at home, managers would phone them to check whether they were really sick, asking 'are you sure, you sound okay', and pressure workers to come into work. Instead of caring about workers' health, managers were more worried about the sales in stores and made sure there were enough staff at shifts. Therefore, managers tended to keep workers working as long as they could. When I was working in China, a female retired worker who was responsible for making burgers was not feeling well because of kidney stones, when working at lunch time with high customer demand. She reported it to the business manager and asked to go to hospital; however, the business manager rejected it and asked her to finish that shift. She had to stand in the kitchen, making burgers and complaining to her co-workers until she finished that shift. The pain was visible on her face.

Health and safety issues are long-ignored problems in China. Arguably, China is different from Western developed countries with regard to societal attitudes and workers' attitudes to occupational health and safety (OHS) (Fan et al., 2020). In the more highly-developed countries, the standards of technology, policy, and legislation provide relatively high levels of protection for workers, whereas in China, labour standards regarding health and safety are often absent (Zhu et al., 2010). Moreover, there is a lack of rigorous implementation of OHS legislations and regulations in China, despite some regulation attempts to improve work safety (Pringle and Frost, 2003; Wei, Cheng and Zhou, 2016). Local governments have relaxed labour standards and control protective measures to develop the economy and attract foreign direct investment (Chen 2003). As a result, the domestic small private enterprises and labour intensive FIEs are especially more susceptible to OHS hazards and accidents (Chen and Chan 2010). Apart from the regulation weakness, Chinese workers also have vague OHS-related perceptions and poor knowledge of occupational hazards. Due to the low awareness of OHS protection, Chinese workers were less likely to regard entitlements to health and safety at work to be part of their legitimate workplace rights. At McDonald's, most of

the workers assumed that getting burns or other injuries could not be avoided in these jobs with fast pace and intensive workloads, and/or that it is largely the workers' own fault if they got burnt or injured. Thus, in most of the cases, workers would deal with burns or wounds by themselves without reporting. These interviewed workers did not realise that their health and safety in the workplaces were supposed to be protected by the employers, until I talked about the health and safety issues with them during the interviews. The majority of interviewed workers had no idea of the existence of accident books or policies on OHS, as managers seldom mentioned the protective measures or policies regarding the OHS, and little relevant training was provided by managers. Therefore, few Chinese workers would report any accidents or challenge managers on the health and safety issues.

> *"I never noticed or was told about any protective measures when I was working in the Kitchen. They just told us about some cooking skills. That's all. When getting burns, I just dealt with myself and did not even tell the managers. I thought it was not necessary to let them know." (CN-PS-14, male, Interview)*

In some other cases, instead of protecting workers, managers even 'complimented' workers on workplace injuries that, telling workers that getting burnt was an evidence of hard working. A female full-time employee (CN-FT-1, female, interview) got burnt very often but just kept quiet and accepted it in such situation, as she knew her managers would not care about it.

> *Interviewer: "Would you report the burns or injuries to managers?"*
> *CN-FT-1: "What should I report? Skin burns? Something like these should not be reported. And it would not help anyway."*
> *Interviewer: "You just dealt with it on your own?"*
> *CN-FT-1: "Yes, usually I would put some ice on the burn skin, but it got blisters there next day. It was sore."*
> *Interviewer: "Did you tell manager about that?"*
> *CN-FT-1: "No, no one would actually. Managers said something like that, you got burn only because you worked hard, if you didn't work hard, you would not get burns at all; it showed you worked very hard. Then, what could I say?!"*

6.5 Coalition consent, employee silence, subtle resistance and exit

From the course of my fieldwork, it became clear that part-time students are the group of workers most negatively affected by employers' control mechanisms. Hiring these unregulated labour gives employers more leeway to exert control over them. For example, if the stores are shorthanded on some shifts, it is part-time students that are more likely to be required by managers to fill the gaps, whilst full-time hourly-paid employees are less likely to be asked to work overtime. This is partly because managers want to avoid crossing the 'red line' of maximum working hours.

More importantly, these part-time students are more likely to be obedient to managerial discretion. Part-time students tend to maintain a profile of 'good students' to be obedient to managers in the workplaces just as they are to teachers in school. Very often, these Chinese students tend to obey orders and are afraid and unwilling to question or challenge management. For example, in the store I worked at, only one part-time student knew about the working time regulations regarding part-time students because she was told by her mother that part-time students should not work more than four hours one day; however, she never questioned the managers about it and also explained,

> *"I know managers would be unhappy if I told them I could not come to work tomorrow. And they would judge me saying I am not thoughtful, or I didn't respect them. I have been used to working long-hours and other part-time students were working for the same hours as well, so it should not be wrong."* *(quotes from PS7, Field Notes, 2017, CN)*

In most cases, part-time students are less likely to say 'no' to managers. When managers need some workers to do extra shifts, they would first ask for 'volunteers' in the group chat to see who is willing; if few people responded or it was urgent, managers would just call part-time students.

> *It was a busy lunch time, but one full-time employee was off today. The business manager was very anxious and looking for more workers to fit in the shift. He took out the university timetable submitted by the students, picked one student and called him, "I have already checked your university timetable and I know you don't have to attend class today. Come to work!"* *(Field Notes, 2017, CN)*

In such cases, it is less likely for these part-time students to refuse such requests. As one part-time student explained,

> *"I would be very embarrassed to say 'no' in such situation where managers have already asked you personally." (CN-PS-14, male, Interview)*

One extreme case is from my fieldwork, where manager would call part-time students to pressure them to attend the shifts.

> *A young student complained to other students when having break in the crew room. She said, "One time the manager called her mum to ask me to attend the shift. My mum thought that I skipped the shift, but actually it was not my shift at all. So, I had to come to the store." (Field notes, 2017, CN)*

When some part-time students challenged managers or expressed discontent, managers would talk to these students and attempt to indoctrinate them with Chinese 'work values'. They persuaded the young students that it is a sense of responsibility to be obedient and work hard. Through such a form of normative control, managers elicit the consent and acquiescence from these young students with little previous working experience.

> *In this week, a few students did not attend the shifts for some personal reasons, so it was stressful at the lunch time. Today was another hectic and tiring day. One assistant manager got annoyed with students' absence. She wrote a long message in the group chat in the WeChat, telling them off and lecturing them. She said, "Those who did not attend shifts or asked for leave with short notice are very irresponsible. Since now, you should ask for leave in a formal way with five days in advance and only when this is approved by managers, you can be on leave. This is your first job. You, young kids, should learn something from this job, and first of all, show more respect for your work and managers!" (Field Notes, 2017, CN)*

The acquiescence of these young students reduces the likelihood of resistance to managerial discretion and make the control for managers much easier. The following quotes from managers are representative:

"At McDonald's, we don't need smart person. We only need those who could be obedient, do what the handbook suggests and whatever we say. If you as a crew member have too many ideas, you will be taken as a troublemaker." (CN-AM-1, male, Interview)

"As long as you are obedient and don't make troubles, everything should be fine. Most of students are quite obedient, which is good." (CN-AM-2, male, Interview)

In addition to part-time students who are more likely to be obedient and docile, the female middle-aged workers, especially retired workers, tend to be more tolerant. In the store I worked at in China, several retired workers have already worked at McDonald's for three to five years. Although they were not full-time employees, they still worked seven or eight hours a day with a heavy and unrelenting workload and usually had only one day off per week just like full-time employees. However, they seldom refused the shifts scheduled by managers and the workload that managers had arranged.

I found RW4 was already cleaning the floor when I arrived at the store at 6:30am. But I know she was not scheduled to work. I asked her why you were working today. She told me, "Yesterday, I was asked by one manager to replace another staff who could not come. I agreed. Sometimes managers did ask to do more shifts in a very short notice because I live nearby. If I was free at that time, I would just come to help them. There is no harm to do that. I don't like arguing or bargaining with the managers." (Field notes, 2017, CN)

Furthermore, the divisive effect of the labour dualism or dualist contractual arrangement did not create any visible social distance or conflicts among the hourly-paid workers at McDonald's China. Usually, young students and female middle-aged workers (either full-time employees or retired workers), who make up the main workforce, get along with each other very well, despite the age gap or differential treatments on working time or wage setting. Usually, they treated each other like family members; the middle-aged female workers would like to call the young students 'kids' and the young students called the middle-aged female workers 'aunties'. These young students tended to talk

about their worries or discontents with their 'aunties' or seek help from the 'aunties', when they encountered problems from their work or study. When young students expressed their discontents about their jobs, these middle-aged female workers would play a role of 'peacemaker' to comfort these young students and avoid any troubles or arguments.

It was 1:30pm, and there were less customers. We just got through a busy lunch hour. PS3 was standing near the front counter, then a manager saw her and said, "Why did you stand there doing nothing? Get the mop, clean the floor. Don't stand there doing nothing." She felt annoyed, saying "I just catch a break and get my breath back. What is wrong with that?" Then RW2 pulled her over into the kitchen, saying "He just asked you to do a bit more work. This is not a big deal. Don't let this trifling matter affect the harmonious relations in stores. Kid, let us go to get the mop." (Field notes, 2017, CN)

Very often, part-time students would complain about their work, when having break at the crew room, such as how tiring it was, managers pushed them hard, or they were asked to do a more shift. When hearing about these complain, those 'aunties' would say, "kids, there is nothing to complain about and there is no need to argue with managers. We are here just doing our jobs as they ask. It is better to avoid troubles." (Field notes, 2017, CN)

Therefore, I term the consent built between the hourly-paid workers at store level as a 'coalition consent'. Although there is a labour dualism among hourly-paid workers, they seem to form an alliance to show their consent to managerial prerogative. Part-time students tend to be obedient in stores, similar to those who show respect to teachers at school by not misbehaving or not challenging authority; and middle-aged female workers tend to avoid troubles. Moreover, female middle-aged workers as the elders who highly value harmonious work relationship tend to indoctrinate the young students with the idea of tolerance and harmony. Thus, these two groups were 'bonded' together as family members and 'encouraged' to enact a harmonious work environment with 'coalition consent'. I argue that such a form of 'coalition consent' is strongly related to the traditional and enduring forms of Chinese Confucian values, which encompass moral cultivation, family and interpersonal relationships, respect for age and hierarchy,

harmony (Fu and Kamenou, 2011) and these traditional Chinese Confucian values influence workers' mindset and attitude in the workplaces (this point will be elaborated in Chapter 8).

The coalition of consent is not only built up based on the cultural or value elements, but also reinforced by workers' low awareness of work rights. A great majority of hourly-paid workers are unaware of their rights and obligations in the agreements or contracts and they knew so little about relevant laws or regulations. This is largely related to these workers' low education level or limited working experience. During the time I worked in China, I asked five part-time students and three retired workers about their service agreements. All of them told that they signed some paper as the managers asked them to do, but none of them were sure what they had signed and neither did the managers give a copy of the agreements to them. Some retired workers claimed that the agreements were useless for them as these jobs were temporary. In some cases, managers would frighten and threaten the young students not to leave the jobs, making a lie that they have to work for at least one year otherwise they would violate the agreements and it is against the law, as these students had no idea of their rights to submit a resignation with the required notice period. Due to the workers' ignorance, employment practices are largely manipulated by managers.

Evidence from my fieldwork also shows some grievances among workers, mainly derived from unpredictable and unstable working hours, low pay and intensive work. However, they seldom report their concerns or grievance to managers, and they tended to keep silent to management. At McDonald's, there are some individual voice mechanisms on paper, such as the open-door policy, employee survey and crew meetings. According to the open-door policy, crew members can talk to salaried managers directly. In addition, in theory, each year managers would send each hourly-paid worker an anonymous survey to fill out on their experience and concerns by email, and crew meetings are held by salaried managers on a regular basis at stores. However, hourly-paid workers stated that these channels were not effective or irrelevant in practice.

First, few crew members would fill out the employee surveys by email. Some workers were not really interested in using computer technology and had no wish to fill out the

surveys by email. Most workers felt that managers did not take the survey results seriously or give any feedback. Second, at the crew meetings that were led by business managers, the main subjects were always about the sales and marketing promotion in stores and workers would be not given the chances to voice their opinions and concerns. Moreover, most of time, only full-time employees were asked to attend the meetings. Part-time workers rarely attended the meetings because they were not notified. Furthermore, in most of workers' eyes, their opinions or complains would not make any difference to management. They explained that "managers are bosses and have the final call no matter what we said" or "managers just didn't take what they said seriously so it would not be helpful at all". As some workers observed, managers are more likely to be dismissive of the opinions from workers, especially part-time students.

As a result, these workers tended to complain to their co-workers, friends or family. For example, some interviewed workers stated that they created a special group chat with their co-workers via WeChat (Chinese version of WhatsApp), where they could air complaints about work, vent their grievances and make fun of managers. I argue that this might be related to the high-power distance embedded in Chinese culture. On the one hand, management in high power distance cultures is less likely to disfavour any formal voice channels; on the other hand, workers are more likely to access to interpersonal relationships to deal with problems or complaints in the workplaces, instead of any formal voice channels, thus, silence might be the norm in the workplaces with high power distance and hierarchical cultures, such as Confucian Asian countries including China (Pyman et al., 2016; Kwon and Farndale, 2020).

Furthermore, instead of open defiance to challenge management authorities or seeking formal voice channels, workers at McDonald's China were more likely to resort to 'everyday forms of resistance' (Scott, 1985) to vent their grievances. The 'everyday forms of resistance' range from slacking off, skipping work, sabotage, to playing and joking at work. Slacking off was the most common strategy that workers used. Especially for those workers who had worked at McDonald's for a long time, they have learned a series of sophisticated tactics from their daily work, such as when to slack off and how to slack off. For example, when I was working at McDonald's in China, I was asked to work in the dining area and did some cleaning with another retired female worker at the first couple of days. Very often, the business manager shouted at me to

clean the bin or mop the floor, once he found that I stood there and rested. One day, this retired female worker could not stand his shouting at me again and then she told me there was a blind spot in the dining area where managers could not notice easily and asked me to stay in the blind spot when I needed a bit of rest. She told me that "I usually stay there with a broom, just avoiding managers' shouting and then would pretend to clean the floor if he found me" and "you don't have to work so hard for them, you need to learn to slack off, because they would think about exploiting you anyway."

Another common form of resistance was skipping work, which was more common among part-time students. These part-time students were more likely to skip work when they knew they have to work with a 'bad' manager, or they would not turn up at the next shift when they had an unpleasant time with the managers. An interviewed part-time student talked about an extreme example, where all the part-time students skipped work, pretended to sick, or asked for another shift when they were scheduled to work with a particular 'bad' manager because they were unhappy with this manager. In addition, workers also used sabotage to vent their grievances. For example, some workers broke hash browns into two pieces so that these hash browns could not be sold to customers, but the staff could eat them for their breakfast. Or they did not operate the ice cream makers properly and made the machines out of order so that they did not need to make more ice cream. It was not difficult for workers to 'break' them as these machines or equipment were not well maintained at McDonald's.

Furthermore, workers would play or joke to dissolve their unhappiness in the workplaces. For instance, crew members would play with food or food packages when there were no managers regulating their behaviours. Or they would amuse themselves through mimicking the voice or actions of unpopular managers.

However, these 'everyday forms of resistance' were more likely to be utilized by those working at McDonald's for a long time. Most of the younger workers chose to 'exit' these flexible jobs. Exiting tends to be the coping strategy of the young workers, especially the part-time students, responding to the dissatisfying work situations. McDonald's has been at a high level of labour turnover (Royle, 2000). There is no exception in China. Table 6.6 shows the turnover rate and the reasons for hourly-paid workers' leaving in the north regional market at McDonald's China in 2014 and 2015.

Based on the documentary data and interview data with Chinese salaried managers, the group of part-time students had the highest labour turnover rate among the hourly-paid workers and the three most common reasons for hourly-paid workers' leaving are study, other job opportunities and being dissatisfied with wages.

Table 6.6 Turnover rate in north regional market at McDonald's China

Year		2014	2015
Annual turnover rate	salaried managers	11.48%	9%
	full-time hourly-paid workers	37.75%	35.80%
	hourly-paid workers	60%	45%
Reasons for hourly-paid workers' leaving	study	43.20%	34.60%
	other job opportunities	13.40%	13.50%
	dissatisfied with wage	7%	8.50%
	fired by company	0.80%	0.40%

Source: the yearly operation reports of McDonald's in north region in 2014 and 2015

Most of the interviewed part-time students admitted that they were satisfied with the work atmosphere where they could work with other colleagues of the same age, the same background and the same interests. These part-time students usually had good relationships with the middle-aged workers, whom they usually called 'aunties' or 'uncles'. Despite these, during the interviews, more frequently, the younger generation of workers not only expressed their discontent about the jobs, derived from low pay, heavy workload, repetitive work, bad attitudes of managers and so on, but also stated that they had no intention to work at McDonald's for long. For these young workers, they have relatively fewer financial burdens and have more chance for better alternatives. Therefore, exit might be a viable and sensible option for them. The following quotes are representative.

"The pay is too low. The work is tiring and boring. Some managers are so bad. Of course, there are always some rude customers. I need to give it up very soon. Why should I stay here? I don't have any reasons to stay here. I cannot persuade myself." (CN-PS-1, female, Interview)

"Some part-time students stayed for just one month, and then left. They could not stand the managers' exploitation, especially the way the managers talked to them." (CN-PS-2, male, Interview)

Furthermore, the flexibility advised in the job means that these part-time students can leave this form of McJob more easily. In China, in theory, part-time students will give employers one week's notice when resigning, whilst full-time employees have to give one month's notice after a probationary period. In practice, part-time student tended to use their university study as an excuse for resigning and in some other cases, some workers just stopped showing up or refused to show their availability to managers in order to demonstrate their intention to leave.

Apart from part-time students, even for some full-time employees, especially those in their 20s or 30s, they were desperate to 'exit' and as long as there were some outside options available to them, they were highly likely to leave. For example, FT2, the full-time employee working with me at the same shift, complained about the low wage frequently. As she just came to A city with her husband, this job at McDonald's was her stop-gap job and she expressed she was ready to leave, "when my family settle down, I will search for a better job, actually I am looking for some job ads now. I can stand here for a while, but definitely not forever."

In sum, a form of 'coalition consent' has been forged among hourly-paid workers at McDonald's China, which is related to managers' normative control, workers' mindsets and low awareness of labour rights. At the same time, the coalition consent is accompanied with employee silence in the workplaces, despite some individual grievances and negative opinions. Also, I observed some subtle and individual resistance from workers to vent their discontent, but more often, exit is an easier option for these young workers with less financial burdens and more opportunities.

6.6 A 'cooperative' game but without employees: McDonald's and trade union in China

As detailed in Chapter 4, in the 2000s, the CCP and the ACFTU undertook a national campaign to increase union membership and promote collective negotiations in FIEs in China. McDonald's was one of the targeted FIEs that established the trade union in this campaign. How did McDonald's, at the company level, respond to the trade union in

China? What role did the trade union play in workers' rights or voice at McDonald's? To answer the first question, section 6.6.1 and section 6.6.2 present the development of union establishment and collective contracts at McDonald's and how McDonald's, at company level, respond to the union establishment and collective contracts following the pressure from the ACFTU. These two sections are based on documentary analysis of news articles and ACFTU and its branches' reports. This is because the main fieldwork data and interview data is mainly from workers and managers at store level and it is not possible to gain access to senior managers from regional management or headquarters or ACFTU officials. To answer the second question, Section 6.6.3 examines the impact of workplace unions on workers' rights and voice at store level and workers' perception about them, which is largely based on the analysis of the fieldwork data and interview data.

6.6.1 Union establishment at McDonald's in China

As suggested in Chapter 4, Shanghai has been a pioneer and role model for union establishment and undertook several initiatives for union establishment in FIEs. In April 2005, Shanghai became the first city to establish the ACFTU branch at McDonald's in China. This branch only directly involved about 100 McDonald's regional office managers at company level, rather than the hourly-paid workers at store level, despite the fact that there were 80 McDonald's stores and more than 5,000 hourly-paid workers in Shanghai city (ACFTU, 2007a). By 2006, McDonald's in Shanghai city and Jiangsu and Anhui provinces had also set up workplace trade union branches (REUTERS, 2007). These union establishment are mainly based on a 'top-down' approach in which the local branches of the ACFTU took the initiative to pressure management to set up workplace branches of the ACFTU. Nevertheless, at that time the ACFTU had not tried to set up workplace trade union branches at McDonald's in other cities or provinces. This is because different provinces have different policies regarding the formation of local union branches at enterprise level and the extent of union establishment varies according to the level of support from the local communist party committees (Budd et al., 2014). Without urgent pressure from the central government and the ACFTU headquarters, there were no serious initiatives to establish union in FIEs in other cities and provinces in the first half of 2000s (Taylor and Li, 2010).

However, this 'stagnant' situation changed after the ACFTU headquarters was urged by the central government to set up more trade union branches and party committees in FIEs in 2006. Especially after the first workplace trade union branch was established at Walmart in 2006, more initiatives were adopted by local branches of the ACFTU to establish workplace trade union branches in more FIEs. In the case of McDonald's, the Guangdong branch of the ACFTU took advantage of the 'low-wage scandal' involving Western fast-food companies, including McDonald's, KFC and Pizza Hut, as an opportunity to put pressure on these firms to establish ACTFU branches.

As noted in the introduction chapter, on the 28th March 2007, an undercover investigation into McDonald's, KFC and Pizza Hut in Guangdong Province was published by a Chinese newspaper 'New Express'. The investigation suggested that 80 per cent of workers with part-time jobs at McDonald's were paid RMB 5.4 (about £0.62) per hour, which is less than the local minimum wage. Furthermore, these workers worked about 300 hours a month without any formal labour contracts (News Express, 2007). In addition, a majority of these part-time workers were students and some of them experienced unpaid wages and excessive overtime working (News Express, 2007). The 'low wage scandal' not only revealed illegal employment activities, but also the absence of a workplace trade union at McDonald's. The ACFTU claimed that the lack of trade union presence was the main reason why the workers' rights could not be protected. As a response, the Guangdong provincial branch of the ACFTU immediately cooperated with the Guangdong government to conduct a campaign on union establishment to the Western-owned fast-food employers in Guangdong Province. During this campaign, the labour inspection department of Guangdong government joined with the Guangdong provincial branch of the ACFTU to start an in-depth investigation into workers' working conditions at McDonald's and KFC and pressured them to comply with the regulations on local minimum wages and provide hourly-paid workers with retroactive payments; at the same time, the Guangdong provincial branch of the ACFTU met with the senior managers of McDonald's in Guangdong province and pressured them to set up workplace branches of the ACFTU. The vice-chairman of the Guangdong provincial branch of the ACFTU claimed that,

> "McDonald's and KFC have already been included in our list of key FIEs where we
> will establish our branches…Helping FIEs to establish the branches of the ACFTU

could help to build good labour relations. The establishment of trade union at McDonald's is one part of our step-by-step plan to set up trade union in FIEs." *(Legal Daily, 2007; China Daily, 2007)*

Under pressure from the Guangdong provincial branch of the ACFTU, the management at McDonald's in Guangdong promised to establish a workplace trade union branch by the first half year. In May 2007, a trade union congress was held and a trade union committee, which covered 116 stores and 16 cities, was elected by the worker representatives at McDonald's in Guangdong province; an operation manager at McDonald's in Guangdong was elected as the chairperson of the trade union committee (Guangzhou Daily, 2007). In addition, the Guangdong provincial branch of the ACFTU suggested that these 116 McDonald's stores should build store-level trade union branches or trade union committees (Luo and Ou, 2007). However, there is a lack of further detail on these worker representatives and the trade union committees from the secondary documentary data.

Not only the branches of the ACFTU in Guangdong Province but also those in other provinces (e.g. Zhejiang Province, Fujian Province and Shanxi Province) started to investigate working conditions at McDonald's and began pressuring McDonald's companies to establish the workplace branches of the ACFTU (Xinhua News, 2007b). McDonald's in Zhejiang province with the support from Director of Human Resource at middle regional market in McDonald's China Co Ltd. promised the Zhejiang provincial branch of the ACFTU that they would establish workplace trade union branches to cover all the 40 stores by the end of the year (ACFTU, 2007c).The promise from McDonald's was welcomed by ACFTU officials, who deem this behaviour as gaining the legitimacy in the Chinese context:

"This shows that KFC and McDonald's started to understand the trade union [ACFTU] in China. FIEs, like KFC and McDonald's, should realise that they should comply with Chinese laws and regulations, including the laws in terms of trade union…The establishment of trade union [branch] at McDonald's China will help to build harmonious labour relations, promote business development, improve the company's image and fulfil corporate social responsibility." (ACFTU, 2007c; Workers Daily, 2007)

However, there was a divergence of views on the forms of trade union establishment between some McDonald's local companies and the local branches of the ACFTU. The previous trade union branches set up in places such as Shanghai city were only established at headquarters level in one city or one province or regional market, mainly covering regional office managers instead of hourly-paid workers working in stores. In other words, there were no workplace trade union branches in stores. These local McDonald's companies insisted that they would stick to this form of trade union establishment and that this structure could cover all the stores in the regions. However, the ACFTU pointed out that this form of trade union establishment was an 'empty shell' and would violate the principles of localized union presence set by the ACFTU and could not protect workers in the stores. Accordingly, ACFTU senior officials announced that,

"Trade union in China should not be established by employers. Employers have the obligation to establish trade union by Chinese law, but don't have the right to interfere with it and especially not to violate the principles of trade union establishment." (Workers Daily, 2007)

In addition, whether the part-time students and retired workers could join trade union was another controversial matter. According the Article 1 of the trade union constitution in China, those who have 'labour relations' with employers can join the trade union. The management argued that these two types of workers could not join trade union as they don't have recognised labour contracts and labour relations under Chinese law. However, the ACFTU insisted that these types of worker are under the employers' management and control and they should join the trade union. One senior official of the ACFTU explained,

"Who can join the ACFTU is an internal affair of the ACFTU and is decided by the ACFTU, not the employers. It is our own business. We represent workers and have to protect our workers, including workers who signed agreements not labour contracts." (Workers Daily, 2007)

The ACFTU took a hard line on the trade union establishment at McDonald's, in terms

of the forms and structures, insisting that the ACFTU itself, supported by the central government, is totally in charge and McDonald's and other FIEs should follow the orders and comply with the regulations in Chinese context. To regulate the trade union establishment at McDonald's and KFC in different cities in China, the ACFTU emphasised the main principles for establishing trade union branches at a press conference as a set of guidelines for the officials of local ACFTU branches (Workers Daily, 2007). First, KFC and McDonald's should support the trade union establishment. A trade union committee should be set up in each unit of the corporate headquarters, regional market, company and store levels, under the guidance of the ACFTU. Second, trade union committees at a unit of corporate headquarter, regional market, company and store at KFC and McDonald's should be under the localisation management from local branch of the ACFTU. Third, all the hourly-paid workers, including full-time, part-time, student workers and retired workers, can join the union at store level. Fourth, trade union committees at a unit of corporate headquarters, regional market, company and store at KFC and McDonald's should be elected in accordance with the relevant regulations. Executive manager and their relatives and human resource managers should not be the candidates of trade union committees. Fifth, the trade union branches at a unit of corporate headquarters, regional market, company and store at KFC and McDonald's should pay two percent of total wages bill as union dues to the ACFTU. Finally, all the trade union branches must adhere to the principle of localization management.

Accordingly, the trade union branches which were only established at McDonald's headquarters regional level violated union establishment principles. Therefore, following ACFTU guidelines, the Shanghai branch of the ACFTU took action to suggest that McDonald's Shanghai should alter its previous form of union establishment and set up trade union 'branches' at store level and should include all the hourly-paid workers (ACFTU, 2007a). In addition, it is reported that the ACFTU had suggested that all the McDonald's and KFC stores in China should establish workplace trade union branches by the end of February of 2008 (ACFTU, 2007b). More and more local branches of the ACFTU in different cities and provinces, such as Shandong province, Hebei province, Hubei province, Shenyang city and so on, claimed that all the local McDonald's stores had set up workplace trade union branches by 2008.

I suggest that during this campaign of union establishment at McDonald's, the ACFTU

with the support from the central and local governments adopted a 'top-down' approach and played an overriding leading role. However, it is difficult to verify exactly how many workplace trade union branches have been established and examine the genuine scale at McDonald's in China.

6.6.2 Collective contracts at McDonald's in China

The ACFTU followed the national campaign for union establishment in FIEs with a national campaign to promote collective negotiations and collective contracts. The first collective contract at McDonald's China was said to have been signed with Shanghai McDonald's Corporation in September 2008. According to the news report from the Shanghai branch of the ACFTU, the Shanghai branch of ACFTU initiated collective negotiations with McDonald's management (Shanghai branch of ACFTU, 2008). A senior official at the Shanghai branch of ACFTU met with the Director of Human Resources at McDonald's Shanghai and put forward some suggestions regarding collective negotiation and collective contracts. Then workers' representatives from each store attended the first workers' representatives' congress and signed the first collective contract with the management. The contract contained issues such as recruitment provisions, remuneration, working time, rest time, training and workers' benefits. The contract stated that McDonald's Shanghai should guarantee average wages rise by no less than 5 percent in 2009. In addition, procedural rules were established and approved by workers' representatives and employers at the conference, which regulate the principles of collective negotiation and the rights and obligations of workers' representatives in the future negotiation process.

Other news reports suggest that collective contracts were also signed with McDonald's in other cities and provinces. In 2009, McDonald's in Shenyang city signed a collective contract at an workers' representatives' congress (Liaoning provincial branch of the ACFTU, 2009). This collective contract contained similar items to that of the Shanghai agreement with a specified rate of wage increase. This collective contract covered all the 24 stores in this regional market and about 500 employees. In 2011, the Guangzhou city branch of the ACFTU made an offer to carry out collective negotiations in six MNEs in Guangzhou city, including McDonald's and KFC and these six MNEs were reported to respond positively and promised to undertake collective negotiations

(Workers Daily, 2011).

In addition to the collective contracts signed at enterprise level, in 2014, a sectoral collective contract was signed by the Beijing branch of the ACFTU and the Beijing Hospitality Association. This collective contract covered more than 500 restaurant companies, including McDonald's, and which included sectoral minimum wage rates and a mechanism for wage rises.

Unfortunately, it is difficult to obtain detailed figures on how many collective contracts have been signed at McDonald's in China. Whether these collective contracts have been renewed, or whether more collective contracts have been signed at McDonald's China is less likely to be observed, especially when the promotion of collective contracts no longer appears to be a priority for the ACFTU. Moreover, the secondary data is also difficult to reflect the genuine process of collective contracts signed at McDonald's.

6.6.3 Compliance but formalization at McDonald's in China

Although McDonald's had set up some trade union branches in some cities before 2007, these trade union branches were more likely to be at the regional company level and not at store level. After 2007, the more extensive establishment of union branches and collective contracts at McDonald's were the outcomes of the ACFTU/CCP national campaign. The 'low-wage scandal' became a legitimate 'excuse' for the ACFTU to pressure McDonald's and KFC to establish workplace trade union branches in accordance with the ACFTU's union establishment principles. While some local McDonald's management in some cities were initially reluctant to accept some principles, the 'top-down' approach by the ACFTU and the party-state put considerable pressure on McDonald's to comply.

Liu and Li (2014) identify three managerial responses to union establishment in China: ignoring, circumvention and compliance. In the case of McDonald's China, the management largely adopted the 'compliance' response. However, the establishment of trade union branches and signing collective contracts at McDonald's in China are more likely to represent a form of 'co-operation' between the ACFTU and McDonald's management. McDonald's complied with the legal obligations and guidelines in setting

up workplace trade union branches at store level; at the same time, the ACFTU achieved its 'statistical' and political goals for its national campaign to extend its union organization base. As suggested, McDonald's has a well-documented anti-union stance and attempts to avoid unions wherever it can. So why does McDonald's allow workplace trade union branches to be established and sign collective contracts in China? I argue that there are two main reasons for this. First, there is the pressure for legitimacy in the Chinese context. Under the pressure from the government and the ACFTU following the national campaign, McDonald's may arguably have seen trade union establishment as a political necessity to maintain a good relationship with the Chinese government and to gain broader legitimacy for its business and maintain good public relations in China. The second reason is in relation to the practical effect of trade unions in China. On the one hand it may be seen as a form of pointless bureaucracy for management, but it may also be seen as supporting management prerogative as in most cases Chinese workplace trade union branches tend to side with management and lack the autonomy and capacity to genuinely represent workers' interests.

In fact, in this 'co-operative' game, the workplace trade union branches at McDonald's were established by the ACFTU and its local branches and employers, but without the genuine involvement of employees in the process. Furthermore, even after they were established, they did not involve employees and were dominated by local management with no real role for employees. This scenario was also borne out in my interview data.

The vast majority of (24 of the 27) respondents in this study (19 hourly-paid workers, 4 assistant managers, 1 business manager) did not know about the existence of the ACFTU at McDonald's, although it was reported that all of the local McDonald's stores had set up workplace trade union branches by 2008 (ACFTU, 2007b). A majority of the part-time students did not even know what a trade union was. Only two store (business) managers and one hourly-paid shift manager knew about the ACFTU presence in McDonald's stores. These three managers' perceptions about the ACFTU give us some insights into the roles of the ACFTU at store level. The following dialogue between me and a business manager (CN-BM-1, female) in Nanchang city, revealed that the ACFTU played no role at the stores level other than to collect trade union subscriptions.

INTERVIEWER: Was there a trade union in your store?

CN-BM-1: Yes.

INTERVIEWER: How about other stores in Nanchang city?

CN-BM-1: Actually, I don't know what a trade union is. What I know about a trade union is that we have to pay trade union dues. That is all.

INTERVIEWER: Do you know what the trade union is for?

CN-BM-1: I don't know actually. I heard that this money [subscriptions] would be useful for us and would come back to staff.

INTERVIEWER: As a business manager, you had no idea of what a trade union is and what these subscriptions (money) are for?

CN-BM-1: No one told us where this money went. I know we just paid the fee, but I have no idea of where these moneys went and whether they came back to us.

In an interview with one official in Nanchang city branch of the ACFTU, the official acknowledged that four McDonalds' stores have established trade union branches in Nanchang city, but these branches were set up before 2010. He could not find any recorded information about the process of the trade union establishment at McDonald's. What is on record is only the current number of ACFTU branches at McDonald's and a contact telephone number of one McDonald's trade union representative. I tried to phone this number but was told that this number has already expired. From the interview with him, he stated that there are 16 workplace trade union branches in FIEs while there are 167 workplace trade union branches set up in SOEs in Nanchang and trade union establishment in FIEs is not the priority anymore for the officials at local branch of the ACFTU. Especially because the labour turnover is high in the fast-food sector, it seems that they lost interest on union establishment in this sector. Therefore, I argue that the workplace branches of the ACFTU in McDonald's Nanchang are little more than 'paper unions', that exist in name only but without any effective or genuine functions for workers.

The other business manager (CN-BM-3, female) in Guangzhou city seemed to know about the ACFTU branches at store level. It was reported that workplace ACFTU branches at McDonald's in Guangdong province (which includes Guangzhou city) were established after the 'low-wage scandal' in 2007. The manager acknowledged that there were now ACFTU representatives in stores in Guangzhou, but when this was originally established several years ago only the managers working in office could be trade union

representatives. Talking about the role of the ACFTU, she explained,

> *"I heard that some trade union representatives attended a trade union representatives' congress to vote on a revised version of the employee handbook. But generally speaking, trade unions are more responsible for employees' benefits in stores, for example giving some gifts at holidays or on employees' birthdays."* (CN-BM-3, female, Interview)

In this case, different from the 'paper union', the ACFTU's role is that of a 'welfare union', which is only responsible for workers' welfare or benefits and social activities (for example, they organized some parties or prepare holiday gifts for workers), but with little involvement in labour disputes or collective voice for workers (Chan et al., 2017).

In another example, a shift manager (CN-SM-1, female) from Henan Province, stated that she was aware of the existence of the ACFTU at McDonald's because she noticed that trade union fees were deducted from her wage every month. There were some workers' representatives' congresses in that region, but only the business managers or the managers in head office (the only union representatives) attended these congresses and the president of trade union branch in McDonald's Henan was one of managers from McDonald's regional head office. However, the majority of workers (the hourly-paid shift managers and crew) were likely to be isolated from the trade union. The feelings of frustration were expressed by this shift manager (CN-SM-1, female, Interview),

> *"I just know I paid the trade union fee every month, but I still don't know what the trade union is for. One employee who used to work at Walmart told us that trade union [the ACFTU] at Walmart were responsible for employees' welfare and holiday gifts. I heard about the trade union giving holiday gifts, but only the union representative – the business manager had received these gifts. I could not see any benefit for the employees from the trade union branch at McDonald's."*

> *"If we pay the fees, we should know what these fees are used for. But no one will ask about it, and no one will question it. I really would like to know actually."*

From my interviews, although some collective contracts were reported to be signed at McDonald's in some cities where the respondents worked (for example, Dalian, Beijing, Guangzhou), none of the 27 respondents (19 hourly-paid workers, 1 shift manager, 4 assistant managers and 3 business managers) heard about collective negotiations or collective contracts. It has been argued that a majority of collective contracts and contract negotiations in China are more likely to be faced with the dilemma of formalism as a result of bureaucratic campaign (Chang and Brown, 2013; Wu and Sun, 2014; Kuruvilla and Liu, 2016). There is no exception in the case of McDonald's China. The collective contracts at McDonald's are usually made between the ACFTU and the regional or city McDonald's management. There was a lack of the representation and involvement of workers in the process of negotiations as the workers' representatives tended to be salaried managers and most of workers are not even aware that they are 'represented' by the ACFTU. Furthermore, it seems that these collective contracts did not have a substantive impact on wages and other conditions of employment. Although some collective contracts set the wage rise, in practice, the regional management have the discretion on the pay rise.

Overall, a 'formalization' strategy was applied for union functioning at McDonald's China (Liu and Li, 2014). I argue that the workplace trade union branches at McDonald's China are 'paper unions' or 'welfare unions' that do not represent workers' interests. The ACFTU branches exist in name only without any genuine functions or only performing some traditional functions such as providing small gifts to managers or signing some standardized collective contracts in some cities. Although the 'welfare unions' maintain some traditional welfare functions, the union chairpersons are nearly always senior managers rather than ordinary workers. Therefore, in this 'cooperative' game between the ACFTU and McDonald's management, the ACFTU achieved its political goals to extend its union organization base; and McDonald's not only gained the 'legitimacy' in the Chinese context, but also support its management prerogative as trade union branches tended to be side with management, through adopting the 'compliance' and 'formalization' strategy. However, due to the lack of involvement of ordinary workers, the most important function of a trade union as the collective voice of workers is missing and the effect of trade union and collective contracts on improving workers' working conditions is extremely limited.

6.7 Chapter summary

This chapter examines the workplace regime at McDonald's China, which is one of hegemonic despotism. As some hegemonic features derive from the legal framework and welfare system in standard employment status, full-time hourly-paid employees at McDonald's are entitled to more employment protections and more security. However, McDonald's China is continuously seeking various 'exits' in its workplace regime of hegemonic despotism, to reinforce managerial despotism and shrink the space for state-driven hegemonic features. First, it took advantage of institutional voids around employment status through recruiting more unregulated labour and, deepened the labour dualism between full-time hourly-paid workers and non-full-time hourly paid workers in order to save labour cost and guarantee more leeway for managerial control. Second, McDonald's manipulated the flexibility in working time arrangement to dilute the institutional pressure to escape the 'red line' of working time. Third, McDonald's China played a 'cooperative' game with Chinese trade union to gain its legitimacy in the Chinese context. The AFCTU workplace branches at McDonald's did not improve employees' rights but supported the management prerogative.

Meanwhile, in addition to low pay and hazardous work being common outcomes for hourly-paid workers, the divisive effect of labour dualism on working time arrangement and wage setting is found between full-time hourly-paid workers and non-full-time hourly-paid workers. The labour dualism did not cause the distance between full-time workers and non-full-time workers; on the contrary, the 'coalition consent' among different types of hourly-paid workers is fostered. In addition, hidden resistance and exit are other options for workers to respond to managerial control and the unsatisfying working conditions. Next chapter will present findings of workplace regime at McDonald's UK.

Chapter 7 Findings from McDonald's UK: flexible despotism and workers' struggles

As noted in Chapter 4, in recent decade, the austerity economic agenda plus further labour market deregulation has resulted in the availability of cheap and flexible labour with weakened employment protections in the UK. When left to market forces, where there is minimal state regulation or no effective collective bargaining, the despotism regime has emerged. In the UK context, this thesis argue that the employment system at McDonald's in the UK tends to be a 'flexible despotism' regime, where flexibility is manipulated as a despotic form of control and the despotism operates in the drive for both flexibility and profitability in turn (Chun, 2001; Wood, 2020b).

This chapter illustrates how managers exert control in the workplaces and how employees respond in this flexible despotism regime. First, this chapter describes my personal experience and observation about working at a McDonald's store in the UK and similarities are found around work procedures and work pace in these routinised jobs with technical control. Then, based on my fieldnotes and interview data, this chapter depicts workforce characteristics at McDonald's UK and explain the contractual arrangements of the substandard and involuntary ZHCs in stores. Following this, this chapter explains how the scheduling of working hours is manipulated and secured as a mechanism for controlling employees under the legitimacy of ZHCs in the UK context. Then, whether the same issues of low pay and hazard work exit at McDonald's UK will be examined in the third section. It is found that workers at McDonald's tended to be more plagued by wage precarity and the abusive and unequal treatment, which are caused by the arbitrary exercise of managerial authority. Through analysing employee responses, the following section indicates that on the one hand some employees compromised themselves to survive; on the other hand, the intensified grievances and resentment from the unequal treatment and the suppressed voices became the catalyst sparking workers' struggles through collection actions. The last section investigates the organizing of 'McStrikes' and its challenges and the counter-mobilization strategies of McDonald's. Overall, it is argued that under the arbitrary control from employers, workers' acquiescence and struggles coexist in this flexible despotism regime at

McDonald's UK.

7.1 My McJob: personal observation and experience at McDonald's UK

The McDonald's store I worked in the UK was a Drive-thru, located in a retail park in city B. City B is a medium-sized city in the northern England. This store was a franchise store and there were ten people in the management team. This included a female business manager around 30 years old, two assistant managers and nine hourly-paid shift managers. Most shift managers were in their twenties and the youngest shift manger was just 19. There were 92 crew members listed on the roster but only about 15 to 20 crew members are usually working on any one shift. More than half of crew members were part-time and most of them were university and college students (including a small number under 18) and second income earners (housewives). Apart from local residents, there were a small number of economic migrants. The profile of managers and hourly-paid workers who were usually on my shifts is shown in Table 7.1.

Table 7.1 Profile of managers and workers from my participant observation at McDonald's UK

Identification	Position	Gender	Age
BM1	Business manager	Female	30-40
AM1	Assistant manager	Male	30-40
AM2	Maintain manager	Male	30-40
SM1	Shift manager	Male	20-30
SM2	Shift manager	Female	20-30
SM3	Shift manager	Female	18-20
SM4	Shift manager	Female	40-50
SM5	Shift manager	Female	20-30
SM6	Shift manager	Male	20-30
SM7	Shift manager	Female	20-30
SM8	Shift manager	Female	20-30
SM9	Shift manager	Male	20-30
CM1	Crew trainer	Female	30-40
CM2	Crew trainer	Female	20-30
CM3	Crew member	Male	30-40
CM4	Crew member	Female	40-50
CM5	Crew member	Female	50-60

CM6	Crew member	Female	60-70
CM7	Crew member	Female	30-40
CM8	Crew member	Male	20-30
CM9	Crew member	Female	20-30
CM10	Crew member	Female	50-60
CM11	Crew member	Female	16-20
CM12	Crew member	Male	20-30
CM13	Crew member	Female	20-30
CM14	Crew member	Female	20-30

As a part-time student, I told managers that I could not work on Thursdays and Fridays, this meant that I would not be scheduled to work on those days; but I would not know on which days and at what time I would need to work until I saw the weekly timetable, which was usually provided a few days in advance. Due to my previous working experience at McDonald's in China, I was given a job at front counter, taking orders and again packing orders at the same time. I could hardly find any significant differences, between McDonald's UK and McDonald's China, in terms of the food production and service, the equipment, procedures, and even the appearances of stores. The only exception was some variation in the food menus to cater for the different tastes in the two countries. Regardless of job role, the majority of work procedures were standardised and routinised, whether making burgers, chips, packing food, or cleaning procedures. Moreover, the Taylorist/Fordist production line and information technologies intensify the control over work procedures.

In addition, the jobs were fast paced with a high level of demand from customers, exacerbated by minimum staffing level. I remembered a particularly busy shift on a bank holiday in May (demand is higher on bank holidays), when I was scheduled to work from 8am to 4pm. More shift managers than usual were in the store (five instead of two) and in addition, there were more experienced workers scheduled. They were busy with preparing frozen food ready for cooking and stocking additional items. It was as though they were preparing for a military campaign. As usual, I worked on the tills. Around 11:30am, I noticed there were more customers coming to the store and I began taking orders without any break. It was even more intense in the kitchen. The orders shown on the screen were increasing, the buzzers were ringing, and burgers were passing quickly from one worker to another one. The business manager came to the

kitchen; like a commander, she shouted to the workers in the kitchen, pointing out the order numbers and the time on the screen, "Why is a cheeseburger not ready yet? It has been more than 3 minutes. I got more staff scheduled today. Why is it still slow? Hurry up." It was hectic at the front counter as well; we were already struggling to keep up the orders and had no time to pack food. Despite this, managers still asked us to make chips and beverages at the same time. Managers shouted at us if we made a mistake with the orders, whilst some customers got impatient, asking about their orders. As a result, if we were not able to process orders quickly, we immediately came under more pressure, which was both physically and mentally exhausting. After 2:30pm, there were few customers and the pace slowed down. At that point, several workers (including me) were asked to clock out before 4pm. I worked for seven hours with 40 minutes' break to eat something in the crew room and felt utterly drained.

Customer service procedures are also very similar. UK managers often reminded me of the same rules relating to customer services, such as smiling, being patient and giving back the correct change. As in China, store managers experienced high level of stress in dealing with the more difficult customers. As I described in my field notes below.

> *I started to work at tills as usual. Around 10:30am, AM1 came to me and showed me a picture of a man. He said, 'Remember this man's face. He might come to our store this week. Not sure on which day. If he comes, please follow all the rules on customer service and all the steps about taking orders. Be polite and patient!' I was told by a crew member that he is a 'mystery shopper' and comes to the store to evaluate the service quality which is part of the annual evaluation of management performance. (Field Notes, 2018, UK)*

In summary, my own personal experience and observation at McDonald's UK suggest many similarities in relation to work procedures, the pace of work and its standardisation and routinisation. The next two sections focus on employment status and working time as two main elements in both workplace regimes.

7.2 Workforce characteristics and contracts at McDonald's UK

CM4 is a 17-year-old college student and just started to work at McDonald's as a part-

time student.

> *"I studied at a college and it is not busy. I know one shift manager. She recommended me to work here. She told me that this job is good for students. This is my first job so I can earn some money. Yesterday was my first day. It was much busier than I imaged."*

CM11 is a mother with two daughters. She lives nearby and has been working part-time at this store for more than two years. She mostly worked at dining area.

> *"This job is suitable for those who need to look after kids. I used to work at another store when my kids are little. Now they have grown up, and I am doing a part-time here. Two days a week, Wednesday and Thursday. At weekends, I will go to W city to do some cleaning jobs."*

CM3 is a male full-time worker from Turkey and have worked at McDonald's for more than six years. He worked at the kitchen and was experienced in making burgers. Very often he worked for more than 9 hours a day. He stated that he stayed at McDonald's because it was difficult to find another job and he was familiar with the job at McDonald's and earned more money than in Turkey.

> *"I haven't been back to Turkey for several years. This year I fixed my roof and would not have enough money to go back again. I only have three days for annual leave. I will take an annual leave next year. To be honest, the days not working here are my holidays for me and always happy."*

SM3 is a 19-year-old girl. She dropped out of colleges and chose to work full-time at McDonald's. She was just promoted to as a shift manager.

> *"I have about £900 after tax and need to pay about £400 for bill. Then I still have £500. It is not bad. The store needs a more shift manager and they asked me. I said, 'why not?'"*

CM4, CM11, CM3 and SM3 were my co-workers at the store I worked, and they are

typical examples of different workforces at McDonald's stores in the UK. Like CM4, most young students from universities or colleges choose to work at McDonald's as their first jobs. Similar to McDonald's China, part-time students have made up much of the workforces at McDonald's UK. The rapid expansion of higher education alongside cuts in student grants and the introduction of student loan systems, has meant a significant increase of university or colleges students seeking part-time employment whilst undertaking full-time study to seek more earnings (Fagan, 2009). Due to its flexibility and low barrier to entry, the jobs at McDonald's seem to be attractive to these students under great pressure from mounting student loan debt. It is found that some of these young part-time students are highly educated, well qualified undergraduates and sixth formers. McDonald's has been one of the biggest providers of first-time jobs for these young people who have very little previous job experience and place more emphasis on the flexible working time. At McDonald's UK, 60 percent of the workforce is aged under 21 and the average age of hourly-paid employees is 20 (McDonald's UK, 2020a). The following quote from a part-time student is representative, regarding why she came to work at McDonald's,

> *"I just wanted to find a job for some extra money after I just graduated from high school. The easiest job I can think about is at McDonald's. The working time is flexible so I can continue this job to pay my student loan, when I go to university."* (UK-PS-4, female, Interview)

However, these young students might be interested in the opportunities provided by such jobs for balancing study and working lives and for earning money, but these are not sufficient to keep these young students engaged as a long-term goal or career. Apart from the university or college students, some young people who have dropped out of universities or colleges (like SM3) or could not find other jobs after graduation see McDonald's as an easy start point for a career. Some young employees are waiting for other 'proper' job opportunities but have to work at McDonald's for some income, while some young employees stay employed there hoping for promotions to become crew trainers and shift managers.

Moreover, there are some local residents working at McDonald's. Among them, some

are housewives who usually come from the communities nearby as second income earners and need the part-time jobs to fit into their family arrangements, like CM11. In some cases, these housewives were introduced by salaried managers to work at McDonald's because of some personal relationship; some of these housewives knew each other well and sometimes they talked about their kids and family life when not busy in the stores. In addition, some middle-aged local residents have been working full-time for a long time. Few qualifications and skills are the largest obstacle for them to access to other better jobs and the initial reason for them to choose to work at McDonald's, but later on they felt 'comfortable' to work at McDonald's and lost the motivation to find other jobs. Moreover, compared to working at other jobs with fixed monthly salary, the workers employed on ZHCs at McDonald's could work for more hours and earn more money as long as managers allowed them to work for longer hours. One interviewed shift manager gave a detailed explanation as to the reason why these middle-aged local residents worked at McDonald's for years.

> *"If they had qualifications and skills, they would just tend to go elsewhere and find a better job. However, McDonald's is just normally like a stopping point where they just make money for the time being. Especially when they are nearly 30, they don't really want to find another job, they are comfortable where they work, so that is what tends to happen to a lot of people. If they were to leave this job and go for a another low-skilled job which is paying fixed salary, they might be making like £1100, but it's not going to pay them enough to live on per month, whereas at McDonald's with a ZHC they can work seven days a week and they can carry on making money, money, money, money, money." (UK-SM-6, male, Interview)*

In addition to part-time students and local residents, overseas immigrant workers are another component of the workforce at McDonald's UK. The immigrant workers are usually from countries with 'weaker economies' than the UK (for example, Turkey, Hungry, and Pakistan). They got these jobs to help to 'settle' in the UK but still could barely find other better jobs due to their low skills. As most of them could not speak English fluently, they are more likely to be arranged to work in the kitchen area.

7.2.1 Voluntary ZHCs for all?

Nominally, there are two main types of hourly-paid employees at McDonald's in the UK, including full-time and part-time. McDonald's default position for these two types of hourly-paid employee is that full time equates to a minimum 21 hours per week and part time would be anything up to 20 hours per week (McDonald's UK, 2020a). However, in practice, there are blurred distinctions between these two types of hourly-paid employees, and a large majority of hourly-paid employees are employed on ZHCs no matter whether they are part-time or full-time. Whether they were defined as full-time or part-time would not make any difference to their working hours. It is common that some part-time employees work longer than 30 hours weekly and some full-time employees work less than 20 hours weekly in some weeks. Some interviewed hourly-paid employees said that they could switch between part-time and full-time depending on the time they could commit; but they did not change or renew any contracts. For example, university or college students were seen as full-time workers during holidays and then worked part-time during term time. This is because the managers have the discretion on the scheduled working hours no matter workers were employed as part-time or full-time. As one interviewed shift manager said,

> *"One thing with McDonald's is the ZHCs, so it's up to them [managers] whether or not they give you any shifts to do any work. For example, I could be on a part-time contract but I could have full-time hours if I wanted to have more hours; or I could be full-time and then they can say 'oh we only want to give you one day a week' so that's totally up to them, it's not up to me. The reality is only because of ZHCs." (UK-SM-6, male, Interview)*

However, the ZHCs emerged at McDonald's about seven or eight years ago. Before the application of ZHCs, there used to be different contracts for part-time employment and full-time employment, which specified different working hours. One crew trainer, who had worked at a company store for nearly ten years, stated that when she got a part-time job at McDonald's in 2008, she signed a part-time contract with the minimum working hours (4 hours) and maximum working hours (16 hours), but in a full-time contract, the minimum working hours is 4 hours and maximum working hours is 40 hours. As she

explained,

> *"When I started to work at McDonald's in 2008, there were two sets of contracts, full-time and part-time contracts. But after around 2012, all staff at McDonald's had ZHCs. It (ZHC) becomes more prominent. I'm assuming it becomes a change in the business, and many big businesses were doing that as well, like Costa, KFC, Starbucks, they all started to use ZHCs." (UK-CM-5, female, Interview)*

As noted in Chapter 4, the year of 2013 saw a dramatic growth in ZHCs in the UK (ONS, 2018a), which seems to be consistent with my evidence from the interviews about when McDonald's started to widely use the ZHCs and abandon the previous contractual arrangement. It has been argued that the incidence and the growth of ZHCs is symptomatic of the erosion of institutional structures of labour protection and the diminished union role in the governance of employment contracts (Koumenta and Williams, 2018). At the same time, ZHCs became an extremely attractive proposition for big companies in labour-intensive service sectors, such as McDonald's, to allow for maximum flexibility to meet changing demand and facilitate the management of risk.

The use of ZHCs has been criticised as a way for employers to buy themselves more flexibility, but not to guarantee any set hours for employees and leave them vulnerable to being out of work. Under the pressure from Fast Food Right Campaign which aims to abolish ZHCs and the youth minimum wage, in April 2017, McDonald's UK stated that it would offer all its UK employees the choice of fixed contracts by the end of 2017 and it would cover the franchised stores through a process of training with its franchisees, to help some employees with some guaranteed hours and more financial security (McDonald's UK, 2019). Fixed contracts mean that employees who prefer minimum guaranteed hours can work for a minimum of 30 hours, 16 hours or 4 hours a week, but the franchised stores may offer a slight variation in guaranteed hours in contracts in certain locations (McDonald's UK, 2019). However, McDonald's said that it had been trialling the fixed term contract in 23 stores, but that only 20 per cent of workers were interested (Rodionova, 2017). In addition, McDonald's UK announces on its website,

"the majority of our people are choosing to stay on their existing flexible contracts, valuing the ability to work around their other commitments" (McDonald's UK, 2019). McDonald's UK has tried to portray this as a positive message for its ZHCs.

Indeed, my findings suggest that even though fixed contracts have been offered by the company, only a relatively small proportion of employees have signed fixed contracts. In most of stores, only a few employees signed the fixed contracts and those who signed the fixed contracts are more likely to be full-time employees or those who highly depend on this job financially. A large majority of part-time students are still employed based on ZHCs and they are reasonably satisfied with the flexibility of the ZHCs, considering their study commitments. However, most employees saw both the ZHCs and the fixed contracts on offer as entirely based on McDonald's terms and employees did not choose the ZHCs voluntarily. It is difficult to get fixed contracts from managers, which is not like the announcement claimed by McDonald's UK on the website. In reality, a large amount of power is still placed in the hands of managers in stores over contractual arrangements.

First, employees have not been given the choice and most of them have no idea of the existence of fixed contracts. Once employees get a job at McDonald's, they will be asked to sign the ZHCs automatically but are not informed with the option of fixed contracts. Fixed contracts were not actively advertised, and store managers have provided very little or no information to employees about them. Some employees even stated that store managers have tried to keep the offer of minimum guaranteed hours a 'secret'. At the store where I worked in the UK, a poster about fixed contracts was pasted at an inconspicuous place on the information board and employees could hardly notice it. In some cases, where some employees were aware of the fixed contracts, unless employees asked for the fixed contracts, the managers would never suggest the fixed contracts to employees.

In addition, managers in stores would try to make employees feel bad or under pressure when employees make a suggestion about wanting fixed contracts. In one company store, some employees stated there was a crew meeting about fixed contracts. In the

crew meeting, apart from informing them of the existence of fixed contracts, managers asked employees to answer two questions about the fixed contracts, including 'how do you think the fixed contracts will affect other colleagues in the store?' and 'why do you need guaranteed hours?'. After being asked about these questions, employees stated that they were under pressure for being 'different' from other colleagues if they signed a new form of contract and were told by managers that fixed contracts would affect their relationship with colleagues. It seems that they were not allowed to suggest the fixed contracts unless they could show some 'justified' reasons or evidence that they needed the fixed contracts.

> *"They (managers) tried to make you feel guilty as though you are doing something wrong. There is still someone up there playing little games on it."* (UK-SM-3, female, Interview)

Even if employees knew about it and had requested it, managers would persuade the employees that it had been easy for employees already to get more hours with ZHCs once they asked for more hours, so it is not necessary to sign fixed contracts to guarantee more hours. However, in practice, managers have complete discretion over working time arrangement (this will be elaborated in next section).

Furthermore, managers had complete control over the circumstances and to whom they would be offered. When some employees submitted their applications for fixed contracts, in some stores, managers would state that this depends on the decision of the business manager and that there was no guarantee that workers could get such a new contract. The business managers have the discretion to decide whether they offer fixed contracts or not. In addition, in some stores, managers would ask employees to show proof of their needs for fixed contracts, for example a proof of their incomes. In some other cases, employees might have to show that they had been working for certain number of hours on average for the last several months already. As one employee stated,

> *"Imagine you wanted a 30-hour contract, before they introduced them, you have to have done 30 hours on average for the last six months. They were saying if*

you did not work that amount of hours on average, you cannot have that contract." (UK-CM-8, male, Interview)

However, in practice, as employees were employed on ZHCs, it was more difficult for employees to get more shifts when they wanted and proved or guaranteed that they had worked for a certain number of hours on average in the past. Additionally, in some other cases, if employees had not worked for a certain number of hours they wanted to apply for in the past months, managers only allowed employees to get the maximum hours employees worked in the past months for the fixed contracts.

In sum, at McDonald's UK, there are blurred distinctions between these two types of hourly-paid employee, and a large majority of hourly-paid employees are employed on ZHCs regardless of whether they are part-time or full-time hourly-paid staff. Managers in stores had absolute control over the contractual arrangement to exercise its restraints upon the employment on fixed contracts. The fixed contracts were not actively advertised and not correctly informed by store managers and additionally the 'difficulties' or 'excuses' created by managers made employees forget any plans they might have had about gaining fixed contracts so that managers would offer the fixed contracts as infrequently as possible. At the same time, managers tended to try to incentivize the ZHCs. In these ways, managers can reinforce their power over working time arrangements with more employer-controlled flexibility, which will be elaborated in the next section.

7.3 Secure control on working time under the legitimacy of ZHCs

Similar to McDonald's China, at McDonald's UK, the distribution of employees' working time (scheduling) also is heavily restrained by management's cost-controlling principles. At the same time, the unpredictability of daily business operations and customer demands also increase the difficulties of daily scheduling for managers. However, compared to China where there are detailed working time regulations, in the UK context, the derogation is outlined in the legislation on working time, which affects the working time policy and the working time arrangement at enterprise level. The working time policy at McDonald's UK is shown in Table 7.2, including maximum

working hours, break times and rest times. The working time policy is different for employees aged under 18 and employees aged 18 and above. It is worth noting that there is no maximum shift length for employees aged 18+. This is related to the fact that there is no regulation that provides any protection concerning scheduling or rostering of time in the UK. In addition, the Regulation 5 of *The Working Time Regulations (1998)* 'agreement to exclude the maximum' stipulates that employees who have agreed with their employers can choose to opt out of the maximum 48 hours a week in the UK. Therefore, the derogation of working time regulations has handed considerable discretion over employers to influence individual working time arrangements at store level. Moreover, the flexibility embedded in the formal contractual process of ZHCs help the management to secure the control of working time arrangement at McDonald's in the UK.

Table 7.2 Working time policy at McDonald's UK

Rules	Under 18	Over 18
Minimum break	Minimum of 30 minutes break for shifts > 4.5 hours	Minimum of 20 minutes break for shifts > 6 hours
Max. shift length	8 hours	N/A
Daily rest period	12 hours	11 hours
Weekly rest period	48 hours (+ daily rest)	24 hours (+ daily rest)
Weekly hours	Max. 40 hours	Max. 48 hours (Average)

From my fieldwork account, a time-based control mechanism that covers hiring, making schedules, changing schedules and even reward and discipline also exists in the UK cases, but some different forms are found compared with the Chinese cases. Moreover, the fieldwork data suggest that the control over working time arrangement is actually more secure and arbitrary under the legitimacy of ZHCs at McDonald's UK than it is at McDonald's in China.

7.3.1 Time-based control mechanism

Unlike Chinese managers who tend to hire fewer part-time employees (non-student) and more part-time students deliberately, managers in the UK don't have a recruitment preference for any particular type of hourly-paid employees. The boundaries between full-time hourly-paid employees and part-time hourly-paid employees are blurred and a majority of employees are employed on ZHCs. However, similarly, managers at McDonald's UK tended to recruit employees whose availability can best fit into some

particular scheduling needs or those with more available shifts. As one assistant manager commented,

> *"It is at the discretion of store manager. I think he is planning on getting rid of people who can only work one or two shifts a week. Getting rid of them completely and getting somebody in who can work any day of the week." (UK-AM-1, female, Interview)*

At McDonald's UK, there is an online system called 'myschedule', where hourly-paid employees should register their availabilities and managers can post or change the shifts. Employees usually select several available days and time in a week on 'myschedule'; then managers pick employees who are available to arrange the shifts. As one interviewed employee stated,

> *"We have some control of when we do not work, but we do not have much control over when we do work." (UK-CM-10, female, Interview)*

It is the managers that have the discretion to decide when and how long employees work. The employer-controlled flexibility causes more working time uncertainty for employees. Different from full-time hourly-paid employees who are more likely to have relatively fixed shifts and stable working hours at McDonald's China, both part-time and full-time hourly-paid employees tend to experience unstable shift patterns at McDonald's UK. A part-time student commented,

> *"From week to week, it can be really different hours, so you never get the same shifts every week or you do not normally get the exact same number of hours every week." (UK-CM-10, female, Interview)*

An hourly-paid shift manager (UK-SM-4, female) told me that she used her schedule records of the previous two years to show her business manager that she had been scheduled five days a week all the time and the business did need her in the store. In this way, she protected her own hours and made sure that she could have relatively stable

and regular shifts. However, she admitted that she could access to the schedule records in the clock-in system only because she was a shift manager, but for the hourly-paid employees they are unlikely to access these records to show similar evidence and protect themselves. In other words, these hourly-paid employees have to accept unpredictable and unstable working hours. In addition, employees also have to adjust their daily life routine to fit into these irregular shifts (for example, too late or too early, too long or too short). As one shift manager commented,

> *"Sometimes you find that the work is hard. Imagine you got four late shifts and two days off and then two early shifts. You are going to be knackered on your first day, and then you need to get into bed very early on your second day to get up for work the next day. You end up feeling just worn-out. That is so hard."* (UK-SM-5, male, Interview)

Some employees also claimed to have some experience of long working hours. As suggested before, in the Chinese McDonald's cases, managers tried to keep employees' working hours below the maximum working hours because of the pressure of the 'red line'. However, in the UK, more cases are found that some hourly-paid employees voluntarily asked for longer hours; even though their working hours had exceeded the legal maximum working hours, such requested would be approved by the managers. These employees are more likely to be experienced who rely on the income from McDonald's, such as economic migrants and middle-aged local residents. The consent by employees to work longer hours is related to the UK 'opt out' of maximum working hours. The derogation in working time regulations gives managers more leeway in extending individuals' working hours.

In addition, daily rest time and break time is also decided by managers. According to the policy at McDonald's UK, the minimum daily rest time is 11 hours for employees over 18. In some cases, managers even made sure that employees only had 11 hours between each shift. Some employees argued that they did not have enough rest time.

> *"I do get 11 hours between shifts. That is the minimum. I do quite often finish at 6:00 in the morning, and then they will put me on at 5:00 in the evening. They (managers) do quite often do that to the overnighters. So [I] really do not have*

much time to do anything. It is just literally sleeping and then [I] get up and go

back to work." (UK-CM-7, male, Interview)

Break times are also inconsistent as the managers decide when employees have their breaks and usually this depends on customer demand. Managers might send employees on break very early into a shift when it is not busy at stores, which means employees had to work for long hours until they were off duty. Very often, managers ask employees to have their break outside of 'normal' mealtimes.

> *"You just go onto the shift, and then the manager will eventually come and tell you that you have to go on break, which people are never happy about. It is all at the discretion of the managers. We could suggest that we want a break, but it would all still be down to the managers, as to whether they would give us the break then or not." (UK-CM-10, male, Interview)*

Furthermore, managers tended to create 'forced availability' for employees, especially during the busy seasons, like Christmas holidays and the New Year. Managers would ask employees to choose to work either during Christmas or New Year's Day. Suggested from the interviews, it seems compulsory for employees to work either on Christmas days or on New Year's Day in most of the stores. As one crew member commented,

> *"We have a piece of paper in the office. It says Christmas or New Year. Then you just write your name on it to choose whichever day you want to be off. If you do not write your name on the paper, you will be scheduled all through." (UK-CM-12, male, Interview)*

Managers would change employees' availability into full-time availability on 'myschedule' even without employees' consent in busy seasons, like in December. In this way, managers could get more flexibility from the 'forced availability' on the allocation of working time to match the demands for business operations in busy seasons.

Managers' prerogative is also exercised on adjusting the shifts to match their scheduling arrangement with the exigencies of business demands. Similar to McDonald's China,

managers can ask employees to be off or clock out earlier to save labour costs; however, they are more likely to keep younger employees (typically aged below 25) in stores as the younger employees have lower hourly pay rates. This is the same logic as that employed by Chinese managers asking part-time students to stay so that managers can take advantage of their lower labour costs. However, differently, the UK managers would not notify employees about the shift adjustments at all when they changed the shifts on the 'myschedule' even just a very short time ahead. They assume that it is employees' responsibility to regularly check the scheduling on the online system. If employees did not check the scheduling in time and did not show up at the shifts just added in a short time, they would be blamed for that or even they would get disciplined for a 'no-show'.

> *"On Thursday I got a phone call on my day off, and they asked, 'Where are you? You are meant to be here.' Then I checked the online website, and they have already put a shift up on Thursday. Because I have not checked it for a while, I did not know about that at all." (UK-CM-7, male, Interview)*

In reality, it is unreasonable to expect employees to keep checking their shifts via the online 'myschedule' all the time. As a result, some employees had thought about some ways to protect themselves. During my work experience, I was given some suggestions regarding this.

> *I was checking my timetable on the public computer at the crew room during the break. He (CM8) was having break as well. When he saw me checking the timetable, he asked me whether I made a screen shot of timetable. I was confused and asked why. He explained, 'You had better to make a screen shot of your timetable once it is posted online on 'myschedule'. This is the evidence of your shifts arranged just in case that the managers change them later. I have been tricked by the mangers many times. They changed my shift with a short time but no notification. Then they blamed me of not showing up. Now I learnt the lessons. I took the screen shot every time as the evidence to argue with managers. We should learn to how to protect ourselves!' (Field Notes, 2018, UK)*

It is much more difficult for employees to change shifts. If employees are unable to attend a shift that has been posted on 'myschedule', employees should log onto the 'myschedule' to advertise the shifts and seek someone else to take over the shifts within two hours' notice or employees can find out a replacement themselves for the shifts. Only when managers approve the advertisement or the replacement, employees no longer need to attend the shift; otherwise employees still have to go to work anyway. As one shift manager (UK-SM-2, male) stated, "essentially, we (managers) have the final say over the shifts, even if employees can find the replacements themselves". In particular, compared to other shifts (morning shifts, afternoon shifts and evening shifts), night shifts[25] are less desirable. Usually, it is those with a particular preference who are allocated night shifts; however, the number of such workers are small. Very often, it is the same workers (about 3 or 4) on night shifts. This means that if someone was off sick or absent, it would put much more pressure on other crew members and managers. Therefore, even though workers asked for absence or sick leave, they would often be refused by managers and there might be some 'forced night shifts' for them.

Similar to McDonald's China, working time is used as a tool for discipline at McDonald's UK. For example, when noticing some crew members used being sick as an excuse to be off work, the managers set a rule in the stores that they would cancel their shifts that have been arranged already in the next weeks if employees asked for sick leave. One assistant manager (UK-AM-2, male) explained that if the workers were too sick to work, there is no need to keep the shifts for them anyway; if the workers were faking ill health, then they run the risk of not getting any shifts during a later period. This approach, however, was regarded by the workers as unfair for those workers who were genuinely sick but recovered and then need the subsequent work and payment to live on. As one crew member commented,

> *"If you called in sick, he (a manager) then decided that he would not give you any hours the next week because you were sick. I remember I was off sick for two days and then I did not get any shifts for two weeks." (UK-CM-8, male, Interview)*

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[25] In the stores that open 24/7, there are night shifts (usually from 10pm to 6pm). Only a few workers work at night shifts and their main jobs are cleaning and stocking, apart from taking some orders.

Moreover, the managers can easily cut the shifts or reduce the working hours as a punishment if the employees challenged or argued with the managers in the workplaces.

> *"This is one occasion where a girl I used to work with had a falling out with the store manager, so the store manager changed all her shifts and took all of them off. She used to have five shifts a week and because they had a falling out, he got rid of all her shifts." (UK-SM-6, male, Interview)*

In the interviews, employees tended to attribute the employer-controlled flexibility to the contractual arrangement of ZHCs at McDonald's. When employees were experiencing unstable shifts, the forced availability and the scheduling discipline, they stated that the reason why employers can make and change the schedules arbitrarily is because they were employed on ZHCs and managers do not need to guarantee a minimum number of hours. As the interviewed employees made such comments,

> *"If you are on ZHC, in particular, you probably get maybe one shift or two shifts a week as opposed to that four or five shifts if they (managers) do not like you. They can change it anyway because of our contracts (ZHCs)." (UK-CM-7, male, Interview)*

> *"Cos it is zero hours so he (business manager) can do whatever he wants. When I was trying to get extra shifts from managers, they (other managers) had been told not to give me any more shifts by him (business manager). When I confronted him (business manager) about it, he said that McDonald's picks the hours that suit them and not the other way round so I shouldn't be able to pick my own hours, but of course it is based on flexibility, that is what McDonald's advertises itself on." (UK-CM-8, male, Interview)*

Arguably, the proliferation of ZHCs is the product of the increasing flexibility in the UK labour market. However, this flexibility tends to be increasingly dominated by the unilateral management prerogative at workplace level, which leads to greater uncertainty and insecurity for employees regarding working time. But will the fixed

contracts resolve these issues? Next section will analyse how the fixed contracts work at McDonald's in the UK.

7.3.2 'McFixed' Contracts: the continuing control of working time

At McDonald's, only a relatively small proportion of hourly-paid employees have signed fixed contracts, which is largely to do with the managerial power over contractual arrangements. I contend that for those who have signed fixed contracts, the working time arrangement is still dependent on the discretion of managers to a great extent.

First, in some cases, once employees signed fixed contracts, managers would ask employees to be available for more hours than the amount of guaranteed hours. For example, McDonald's fixed contracts could offer 30 hours per week but an employee who had been offered this contract would typically have to promise to be available to work for 60 hours per week. In this way, it is easier for managers to make schedules. However, it is difficult for employees to make such a promise and this is why most of the part-time students give up trying to secure a fixed contract.

> *"It is guaranteed hours but not guaranteed fixed availability, so what they want you to do is put in 50 percent more availability than what you actually will take, so if you want a 30-hour contract you should give them an availability of 45 hours, and then they will choose from the 45 hours."* (UK-SM-3, female, Interview)

> *"I opted out of it as it would not fit in my university. If I would have to be contracted for 16-hour contract, I bet I have to be available for 32 hours a week, which I could not do."* (UK-CM-12, male, Interview)

Second, although fixed contracts could guarantee some working hours in one week, the shifts are not fixed, so managers could still use their discretion to organize the shifts. The managers are more likely to arrange the weekend shifts or unsocial hours to these who signed the fixed contracts and decrease the shifts on weekdays for them. In order to finish the minimum working hours in one week, these employees who signed the fixed

contract have to take such undesirable shifts at weekends or on unsocial hours.

> *"When there were not enough staff at weekend, we would lie to employees with guaranteed hours that the shifts for weekdays have already been scheduled for them. So, they had to take the shifts on weekends, which was what we wanted."* (UK-AM-2, male, Interview)

In theory, the guaranteed hours in the contracts are the minimum working hours agreed between managers and employees; however, it could turn out to be maximum working hours in reality in some cases, as managers would not arrange more working hours for employees when the working hours reached the guaranteed hours. As a result, the total working hours of employees on ZHCs could actually exceed those of employees on fixed contracts.

To some extent, fixed contracts impose some restrictions on the working time for employees as they are likely to be expected to work on less desirable shifts, or it would set a cap on their working hours. This is part of the reason why some interviewed employees refused to apply for the fixed contracts, in addition to the way fixed contracts are offered by managers. As a result, fixed contracts could not provide more guarantees but some restrictions and might not resolve the negative effect of ZHCs on hour insecurity and wage precarity.

In sum, in the UK, the deregulation of working time gives more unilateral management prerogative at enterprise level and the flexibility embedded in the formal contractual process of ZHCs help the management to secure the control of working time arrangements at McDonald's. Hourly-paid employees, no matter full-time or part-time, have no set work schedules at all and thus are vulnerable to inconsistent scheduling. In addition, employees have to put up with forced availability and shift adjustment without notification. Arguably, this is largely because of the arbitrary exercise of managerial authority on working time arrangement under the legitimacy of ZHCs in the UK. The employees' demands of flexibility in ZHCs have been damaged by the arbitrary management control of working time. Although fixed contracts have been introduced at

McDonald's UK, these fixed contracts might not resolve the negative effect of ZHCs on working time insecurity with the imbalance of power between employers and employees. Therefore, I argue that it is a flexible despotism regime at McDonald's UK, where flexible scheduling is manipulated as a despotic form of control and secured by the legitimacy of ZHCs. In this regime, the managerial despotism operates in the drive for both flexibility and profitability.

7.4 The same story? Pay and working conditions

In the previous chapter, my evidence presented issues of low pay and hazardous work at McDonald's China. Does the same story happen at McDonald's in the UK? This section will investigate the pay and working conditions at McDonald's UK.

At McDonald's UK, the wage system consists of basic wage, night shift pay, holiday pay and sick pay and it is the same for all hourly-paid employees. In theory, employees are entitled to holiday pay and sick pay, which are specified in the employee handbook. According to the employee handbook, hourly paid employees are entitled to 28 days holiday per year which is pro-rata for part time hourly-paid employees and holiday pay can be accrued as employees work and paid to them when they take their holiday. If employees are absent due to sickness for four or more consecutive days, employees may be eligible for the Statutory Sick Pay (SSP). However, it is clarified in the employee handbook that the SSP might be payable for scheduled days only if employees' average weekly earnings over the previous eight weeks exceeded minimum requirements, which is at least £118 per week in the UK. In reality, few interviewed employees got sick pay. This is because a majority of hourly-paid employees are employed based on ZHCs and their unstable wages could not be guaranteed to exceed the minimum requirements. Furthermore, as there are no regulations on additional payment for working at public holidays and no collective agreement in the UK, the employees at McDonald's UK miss out on the additional rates of pay for unsocial hours and public holidays.

Similar to McDonald's China that pays just above the local minimum wage, McDonald's UK pays a few pennies over the national minimum wage rates for its hourly-paid employees. The statutory minimum wage rate is used by McDonald's to set

a floor for basic wage; in practice McDonald's UK rarely pays much above statutory minimum wage and the minimum 'official' or 'recommended' pay rates set by McDonald's company are usually just higher than the statutory minimum wage rate. In the UK, the statutory minimum wages are set differently among different age groups (under 18 yrs., 18-20 yrs., 21-24 yrs., above 25 yrs.). Accordingly, the 'official' hourly pay rates at McDonald's UK are different among these different age groups. The 'official' hourly rate at McDonald's UK for under 18 was £5.10 in 2017 and £5.75 in 2018, whilst the national minimum wage in 2017 was £4.05 per hour and £4.20 per hour in 2018.

Furthermore, there appears to be no consistency in the amount paid across different stores. This is largely dependent on the policy of the franchisees. In the UK, the hourly pay rate for the workers in franchise stores tends to be between the statutory minimum wage rate and the 'official' rate. This is because the franchise stores are not obliged to pay the 'official' McDonald's rate; rather, the franchisees have the discretion to decide payment for employees, and they don't have any motivation to pay a higher rate when bearing profit and cost control in mind. From the interviews, some employees under 18 in franchisee stores reported that they only received £4.35 per hour in 2017, which is thirty pence higher than the minimum wage youth rates (£4.05 in 2017) and less than half of the wage rate for workers above 25 years (about £8). McDonald's UK takes full advantage of the UK minimum wage youth rates. This could partly explain why McDonald's UK are inclined to hire more school students or college students. These young workers are paid much less than older counterparts even while doing the same job. In addition, franchisees are not obliged to pay other recommended or official rates for night shifts. The official additional payment for night shifts (usually from 12:00 midnight to 5:00 am) set by the company is £1 per hour; however, unless workers are employed in company stores, they would not get this extra £1 per hour as the official additional rate for night shift work. As suggested from interviews, most of the franchisee stores usually pay a lower rate of 50 pence per hour extra for the employees working night shifts.

At McDonald's UK, pay rises depend mostly on the performance review by managers at company level. In theory, performance appraisals will be conducted by store managers each year after workers have completed the probationary period and the second annual

performance appraisal and subsequent ones will be pay-related. Managers in stores are supposed to review workers' performances based on the operational checklist and grade them from one to four. When employees get a grade three or grade four, they could get a performance pay rise. As more than 80 per cent of stores in the UK are under franchise operations, it is more likely that the franchisees will make final decisions about pay increase rates. In other words, different franchisee might adopt different performance pay rise rates. However, in general, the pay increase in any case tends to be tiny. For example, one shift manager (UK-SM-2, male, Interview) claimed that in his store, "If employees get a grade three, it is about 2.5 per cent pay rise on the current wage per hour. If employees get a grade four, it is about 4.75 per cent pay rise per hour". Therefore, in practice, employees can only get around 20 pence or 40 pence per hour as a pay increase. At the same time, there are maximum pay rates for each position and pay rate increases will be capped at certain positions. In practice, it is entirely at the managers' discretion as to when and whether workers get any pay rises. The decisions to award such rises are based on managers' subjective judgement, much depending on the relationship between the employees and the employers; and in some other cases, managers did not take it seriously and filled in performance review forms very casually. As some employees commented,

> *"[During the performance review,] the managers write down whatever they want. Half of it is untrue. Then they just say, 'Well, you have only scored grade two or grade three.' There is nobody at that time, there is no union there, there is nowhere to go for help." (UK-CM-2, female, Interview)*

> *"They would have a template [for performance review] but they would not go through it with you. They would just fill it out themselves and then just expect you to sign it and be happy with it. That is it. It is not a proper performance review, no, very casual." (UK-SM-6, male, Interview)*

What's worse, the performance pay rise is more likely to be 'nominal'. In many cases, the time for pay rise based on performance review is coincidence with or just after the time of setting the new statutory minimum wage rates. It means that the performance rise is subsumed within the statutory rise of minimum wage and not added on as

expected.

> *"The way McDonald's used to do the performance pay rate was that they used to do your performance review at the same time the minimum wage was getting raised, so they were acting as if they were giving you pay rise but in reality, they were forced to give you the pay rise because the minimum wage is rising"* (UK-SM-6, male, Interview)

Furthermore, in contrast to McDonald's China, workers at McDonald's UK are more likely to be plagued by the problem of wage precarity, in addition to the problem of low wages. In China, full-time hourly-paid employees have a relatively stable monthly wage and part-time students tend to less care about wages as they tended to enjoy some form of financial support from their families. However, in the UK, the low pay rate combined with unstable and unpredictable working hours means both low and inconsistent pay, causing increased financial pressure on those who are struggling with paying bills, paying student loans or caring for their families. Therefore, even though these employees were asked to show up to work with very short notice or work some very undesirable shifts, they tended to be acquiescent because they needed more working hours and more incomes. During the outbreak of COVID-19, McDonald's closed all 1,270 of its restaurants since the 23rd March in the UK. After the announcement of the closure of stores, the company promised that workers employed directly by the company would receive full pay for their scheduled hours until 5 April and they would receive full sick pay for the first two weeks of closure (BBC, 2020). Although McDonald's expected its franchisees that decide their own pay policies could follow this as well, an interviewed community organizer of BFAWU stated that the franchisees stores had been exceptionally vague after the company's announcement. In other words, for McDonald's workers, the majority of whom are employed on ZHCs in franchisee stores and get irregular monthly wage, whether their wage would be paid at all and how much they would get would still be a problem. Therefore, these low-paid, low-skilled workers are more likely to face a drastic reduction in working hours, wage cuts and even layoffs and the wage precarity is magnified for these workers during the pandemic.

Apart from the wage precarity, health and safety issues are constantly raised as the other major grievance among workers at McDonald's in the UK. My fieldwork data in the UK

shows some similar issues to those found in the Chinese cases, for example, oily and dangerously hot working environments in the kitchen, lack of protective clothes, etc. Besides these common issues, some employees also complained about a lack adequate security at night shifts in the case of rude and drunk customers or even attempted store robberies. As suggested from the interview data, in addition to the 'usual' and 'minor' issue of skin burns, there were some cases of quite serious injuries, for example, accidentally stabbing one's back on the grill, fracturing an arm when stocking, and falling on the grills and receiving severe burns. Although such accidents and injuries are supposed to be recorded in accident books according to McDonalds' policy, many were not reported in practice; or employers just recorded some minor incidents instead of some serious accidents or injuries. As one employee commented,

"Even if you get a little paper cut off a happy meal box, it is recorded in the book. They [managers] do not need to put every accident in, but paper cut is in it. Out of this massive thick folder there might be one page where it is actual genuine accidents. The rest of them are all just bloody paper cuts." (UK-CM-12, male, Interview)

Usually in the case of skin burns or scratches from hot oils or hot surfaces, managers were very unlikely to provide any treatment or assistance. Very often, workers had to put up with such injuries, simply dealing with it themselves while carrying on working. Even in the case of serious accidents, managers would still ask the injured workers to stay at work or asked them back to work after a very short rest. This is mainly related to the control over labour cost. At McDonald's, the scheduling is linked to the projections to the business and there is a severe limitation on the numbers of worker on each station in every shift. If an employee was off from a certain station or position, the store would be shorthanded. Therefore, managers tended to 'exploit' workers even though workers were injured, which are manifested in the cases below.

"She (a crew member) ended fracturing her arm because she carried a very heavy box in the stock room. Believe it or not, that is not the worst part. What happened was that they (managers) did not even record it in the accident book. They did not even let her go to hospital. They made her carry on at work." (UK-CM-3, male, Interview)

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"One Friday, I was on the overnight shift with two crew members and one manager. I stabbed my back on the grill. I had to go to the hospital…. I went back to the store [from hospital] at five o'clock in the morning. The hospital is only about a mile away, so I went back. That night, it was just two people, and then a manager who has been working at twelve midnight, and he was still there when I got back at about five. He had to stay there for the extra five hours. It was really busy on a Friday. He was not happy." (UK-CM-7, male, Interview)

Overall, employees at McDonald's UK endured a similar experience of being asked to work when sick to those at McDonald's China.

"In terms of giving you time off for a funeral or whatever, they [managers] allowed it. However, what used to be weird was that if you were ill, they would not let you go home, and they would try to keep you on shift until, for as long as they can. Even though you are really ill, and you are vomiting or whatever, they will try to keep you on as long as they can until you really complain, really complain, really complain! When you start really complaining, then they will let you go. But if they can get away with it for as long as they can, they will try to do it as long as they can." (UK-SM-6, male, Interview)

In addition to the health and safety issues, several employees at McDonald's UK complained about what they saw as an abusive and discriminatory work climate. Different types of bullying by managers are reported in many of the UK interviews. The types of bullying behaviours seem to vary by personality of managers in stores. Very often, managers would shout and swear at employees, or even throw objects at employees to push employees to speed up the food process, especially when these managers were stressed out with massive orders in stores. Furthermore, managers would blame employees brutally in front of customers when customers complained or threaten to fire employees on the spot by saying "you had better be scared or you are going to lose your job" when employees made a mistake. In some cases, managers would just 'take out' their frustration on employees when they themselves were not in a good mood personally, through picking holes in crew members' work and telling them off. Moreover, in the UK, workers alleged some cases of unequal treatment to disabled

employees or economic immigrants and sexual harassment in some stores. Workers have developed intense grievances and a keener sense of injustice against the unequal and arbitrary treatment they received at work, and these became triggers of collective action, as I shall discuss later in this chapter.

In sum, the same general story of low pay and hazardous work exists in both Chinese and British McDonald's stores. Furthermore, due to the insecure working hours, my evidence shows that workers at McDonald's in the UK are more likely than those in China to be plagued by wage precarity, especially for those who rely entirely on their earnings from their employment. Besides the common health and safety issues, the abusive and discriminatory work climate are highlighted in the workplaces at McDonald's UK. These are manifest in the arbitrary exercise of authority by managers with the inherent power imbalance and the weak external legal employment protections. The next section will discuss the employee responses to the arbitrary management control.

7.5 Compromise, accumulated grievances and suppressed voices

In the flexible despotism regime, the arbitrary power of management over issues such as contractual arrangement, working time arrangement and wage setting does not just restrict the employees' inputs and choice as regards individual working time, but also adversely affects their financial implications and their health and safety, which make these low-paid jobs at McDonald's very insecure and precarious. For most of the part-time students, exiting is a feasible option to escape from the dissatisfying regime at McDonald's. One assistant manager (UK-AM-2, male, Interview) stated that the labour turnover rate in every 12 months was about 55 per cent and in every 90 days was about 8 or 9 per cent in the store. Part-time students are the most difficult to retain. Also, an hourly-paid shift manager (UK-SM-2, male, Interview) explained that these part-time students left because they had moved to university, or because they had got a new job or an internship, or because they did not want to work anymore.

In contrast to the part-time students who could have more other chances or choices after leaving McDonald's, some employees' prospects for finding improved jobs are slim without gaining higher educational degrees or skills. Precarious work seems to be a ubiquitous trend in the UK labour market and recent decades has seen the growth of

low-paid insecure work (Benassi and Tekeste, 2018). It is estimated that in 2016, more than one in five workers (about 7.1 million people) face precarious employment conditions in the UK (Booth, 2016). Amid such a degraded employment environment (Thomas, McArdle and Saundry, 2020), some employees who entirely rely on their earnings at McDonald's without better opportunities tend to compromise themselves to keep the job for their subsistence, despite the jobs being insecure and precarious. A crew member expressed her frustration during the interview,

> *"I have always had to just soldier on at McDonald's the best I can, because I needed hours of work for my son and this is for our lives. It is hard to get another better job for me. At least it is quite local from where I live to. Since my son was young, I have to soldier on the best I could." (UK-CM-2, female, Interview)*

The fear of being trapped in a cycle of poverty not only strengthens employers' control, but also elicits employees' consent. For example, in some cases, employees chose to work even if they were sick. Some of them claimed that they did not want to lose the money. Moreover, employees were worried about the 'scheduling discipline', which meant that they would get fewer shifts or some undesirable shifts, if they asked for sick leave. Therefore, they stayed at work, in order not to 'upset' managers.

> *"I know there have been a couple times where someone has become ill on shift. Maybe they were vomiting or something during a shift. The managers would be really upset with us for not being able to work even though we were ill. Obviously, when you vomit you have to go home, but the managers would be mad at you basically for being ill. That means they are losing staff. So, we have to hang on there" (UK-CM-11, female, Interview)*

In this flexible despotism regime, the inherent power imbalance and the weak external legal employment protections not only foster compromises from some employees, but also encourage the 'bad' managers in the workplaces. The arbitrary powers of these 'bad' managers often caused more personal control over employees, such as wage theft, bullying, abusing employees and even sexual harassment. My evidence shows that more intense grievances are growing among some workers, especially in the stores where they received unequal treatment from the 'bad' managers, apart from the common

grievances derived from low pay, little discretion over working time, health and safety issues.

On the one hand, over the course of fieldwork, I also observed some informal, subtle and individual resistance from workers at McDonald's UK to vent their discontent, similarly at McDonald's China. For example, employees claimed that they were more likely to slack off deliberately or make fun of managers when working with a 'bad' manager. As crew members described,

> *"She always expedites order to us, like when one bags up the order and then someone else takes it to the counter and passes it to the customers. She always was shouting like that 'you should run, not walk. Go faster.' She would say it over and over again. I would just go slower on purpose every time she said that." (UK-CM-3, male, Interview)*

> *"If they (employees) are annoyed with the managers, they may say something about their weight or their behaviours, just because they (managers) have been horrible to them. Just behind their backs so they cannot hear so it does not actually offend them." (UK-CM-14, male, Interview)*

On the other hand, due to the keener sense of resentment among these workers under arbitrary and capricious styles of supervision, some grievances had been raised formally by workers to management. However, very often, workers who raised any concerns or grievances tended to be ignored by managers. An example was narrated by an interviewee (UK-CM-8, male, Interview) in one store (S1)[26]. In this store S1, a worker with special needs swore at a customer because she had been continually abused by that customer; instead of supporting the worker, a salaried manager asked her to resign immediately without any explanation. This was not the only case where employees were treated unfairly by this salaried manager in the store S1. The salaried manager also altered employees' clocks arbitrarily very often, asked employees who he did not like to work and stand over grills for four hours without rotating other employees, cancelled a crew trainer's training course for promotion as this crew member asked for two-days'

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[26] I anonymise the location of the stores, which were involved in strikes from 2017 to 2019.

sick leave. Most of employees in this store were indignant about this salaried manager. At the end, as this interviewed crew member said, "there were about 25 grievances against him, but McDonald's was just not doing anything, and the head office didn't care as well."

In some cases, managers would say they would investigate their concerns but in practice no investigation would be conducted, or the investigation did not follow a fair procedure. For example, in another store (S2) where a 17-year-old girl got inappropriate messages sent by one store salaried manager, she complained about it and employees help her to make a grievance; however, in the grievance investigation, the regional managers who held the investigation were obviously partial to the manager. An interviewed crew member who was the witness in the investigation meeting commented,

> *"I think the managers can be really biased against crew members, especially if the crew members are complaining about another manager. They try and protect themselves... I was in the hearing as her witness. The questions that the manager was asking her during the hearing were like, 'are you sure she did not provoke him or invite this kind of behaviour or do anything to....' She was 17 and he was like 30. I thought it was really inappropriate and really badly handled. [They are] trying to say it was basically her fault that he was sending her really inappropriate sexual messages." (UK-CM-11, female, Interview)*

In addition, managers tended not to recognise collective grievances at McDonald's. What is worse, in some other cases where workers are persistent, they are likely to face disciplinary proceedings, or be transferred or dismissed. Another example is from a store (S3) where employees raised a formal grievance and signed a petition about the dangerous night work with many drunk and aggressive customers but without adequate security and staff. However, their collective grievances were not recognised by the management and were not resolved because managers tried to deny and cover up the issues. It ended up with workers' getting disciplined as they were accused of lying about the alleged understaffing in the store. As a crew member who was involved in this case described,

"A (a co-worker) and I requested a grievance to HR department of McDonald's head office, however, this was redirected to the HR manager of the franchisee, as McDonald's head office will not deal with grievances from franchisees. They (the franchise owner and his HR person) did a hearing with us but insisted on interviewing us separately, A first and then me. They then said they would do an 'investigation', that involved the franchisees HR manager, the security firm owner (who employs security guards on the doors at night), the franchise owner and the business manager. They all took part in one-night shift, but they picked a night in January that was really quiet, and they put additional staff on! Obviously, there were no problems that night... afterwards their response was that the HR manager said she felt 'safe' the whole time and that we had lied, and we had manipulated other workers into signing the petition. So, A and I would face disciplinary! When asked about her comment about transferring us to another stores, the business manager said she thought we were 'genuinely interested' in a transfer!" (UK-CM-1, female, Interview)

Managers in stores tend to suppress workers' voice and opinions, and this is more related to a common coping strategy adopted by the management system at McDonald's regarding workers' grievance. As a crew member remarked,

"I think the company expects stuff to be done in a certain type of way and that is how they teach their managers to manage in that way. You cannot say it is just managers' fault directly. I think it is bigger than that, it is the company. That is how they are told to deal with that incident. If someone walked off shift, they are clearly unhappy or unsatisfied with their working conditions. Their first thing that they [managers] are told to do is to discipline them or give them a warning..., instead of finding out why that person was unhappy, why they walked off shift. The managers are trained by the company. The company would first discipline people, rather than ask like what the problem is. They advertise, like you can progress with them, like they are very open, like we can speak to them, but when you [employees] are actually in certain instances, they [managers] are not like that at all..." (UK-CM-5, female, Interview)

The unequal and arbitrary treatments plus the suppressed voices intensified the anger

and the sense of injustice among these workers. The accumulated grievances and the keener sense of injustice had fermented into collective struggles by these workers. The three stores (S1, S2, S3) just mentioned were those that got involved in the strikes organized by McDonald's workers. In the next section, I will demystify the organizing of 'Mcstrikes' and the counter-mobilization strategies of McDonald's.

7.6 A zero-sum game? McDonald's and trade unions in the UK

As noted in Chapter 4, union power in the UK has been constrained by a weak system of employment protection legislation and a statuary recognition procedure (introduced in 1999), which makes union recognition difficult in sectors where union organization is not the norm. Moreover, collective bargaining in the UK is decentralized and there is very little sectoral level bargaining except in some parts of the public sectors (Wright and Brown, 2014). Figure 7.1 shows union density and collective agreement coverage in different sectors in the UK in 2016. The lowest union density and collective agreement coverage is found in the accommodation and food service sector. Moreover, the union density of accommodation and food service has been in decline in the last decade (see Figure 7.2). Apart from the institutional constraints, the tradition of anti-unionism is a long-established feature in the accommodation and food service sector in the UK (Royle and Towers, 2002). McDonald's, as a market leader in the quick food service sector, is well known for its 'anti-union' stance, which is arguably a 'home country effect' and has transferred to other countries. Some previous research has suggested that its operations show no difference in this regard, since McDonald's entered the UK market 40 years ago (Royle, 2000; 2010). In 1980, for example, the GMB union tried to have a dialogue with McDonald's about union recognition, but McDonald's simply replied 'No' (Royle, 2000). As the findings in this study suggest, nothing has changed in this respect and McDonald's seems to play a 'zero-sum' game with trade unions in the UK, despite the recent wave of strike actions by some of its employees, as I will discuss in the following section.
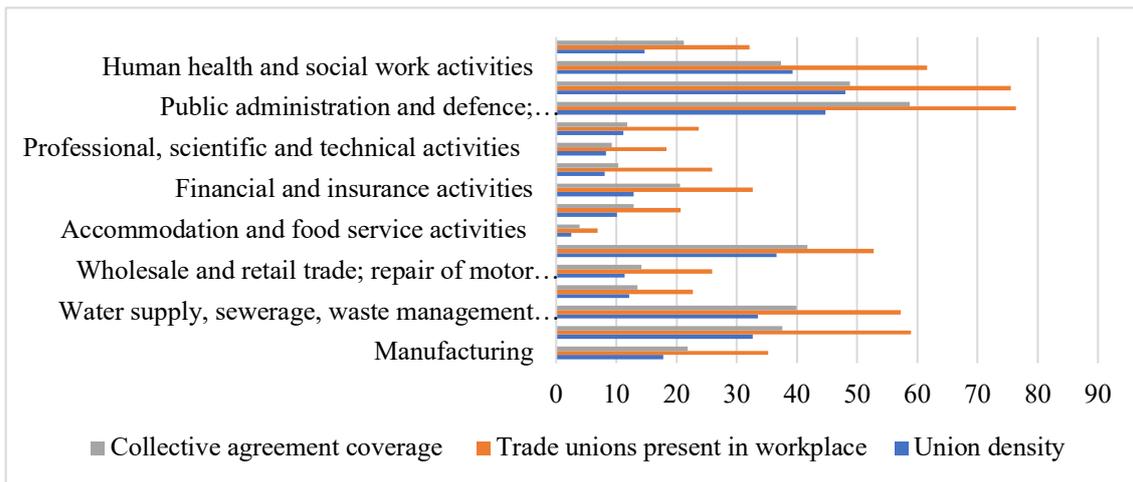
Figure 7.1 Trade union presence and collective agreement coverage by sectors in the UK in 2016

Source: Annual National Statistic report of trade union membership 2016
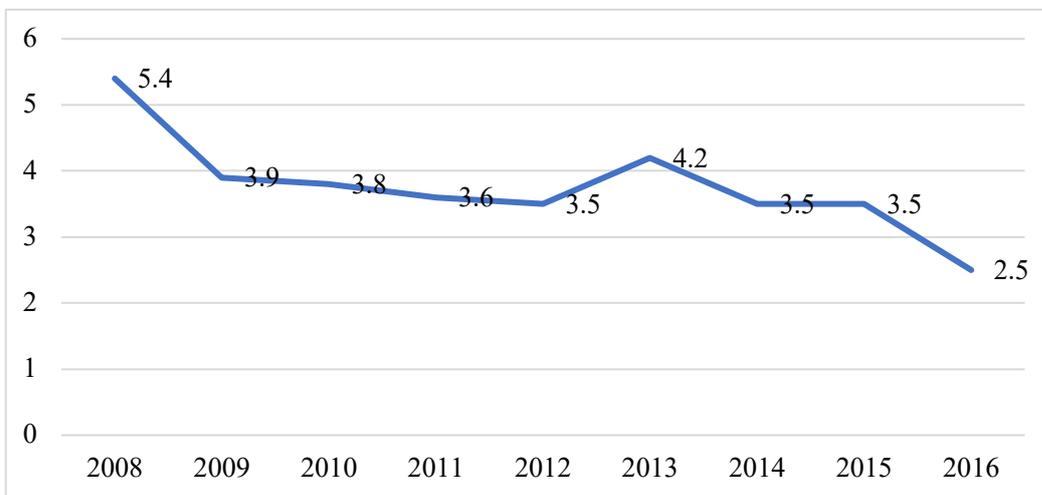
Figure 7.2 Union density at accommodation and food service sector in the UK (2008-2016)

Source: Annual National Statistic report of Trade union membership 2016

7.6.1 McStrikes: 'hungry for justice'

According to Kelly's mobilisation theory (1998), the process of interest collectivisation involves how individuals acquire a sense of injustice, how the individuals realise their collective identity and how grievance becomes collectivised. As indicated in the last

section, the accumulation of grievances plus the suppressed voices intensified the sense of injustice among workers and this enabled the workers to raise the collective consciousness that something had to be done. As some workers commented,

> *"We need to organize to change that precarious work for everyone." (UK-CM-8, male, Interview)*

> *"I have always been quite a people person. When they got upset, they would all come to me and tell me their problems…This is what I can do. I can go out on strike and I can help them." (UK-SM-4, female, Interview)*

> *"[I] just wanted to do the right thing. If it is difficult for others, at least someone had to stand up for them." (UK-CM-11, female, Interview)*

The intensified sense of injustice and collective consciousness played a role of a catalyst in sparking the collective actions. More importantly, it is the external supports, such as from trade unions and Labour Party, that provided the opportunity for workers to take collective action. In 2014, the UK 'Fast-Food Rights' Campaign was launched by the BFAWU, with the initial aim of the abolition of ZHCs and the youth minimum wage. This campaign happened in the broader context of ongoing 'Fight For 15' campaign led by the American Service Employees International Union (SEIU), which aims to mobilize fast-food and other low-wage workers in the USA. Thus, the UK 'Fast-Food Rights' Campaign gained considerable encouragement and support from SEIU and International Union of Food (IUF), which attempted to set up a global campaign. Also, the campaign was supported by some senior Labour Party figures (e.g., shadow chancellor and MP John McDonnell). Later, the SEIU funded to pay for one full-time BFAWU national fast-food organizer and provided continual training to the national organizer regarding organizing workers. This national organizer from BFAWU turned out to be the key figure in reaching out to the workers and help some work activists to mobilise other workers in stores. As one crew member stated,

> *"He (the BFAWU national organizer for the FFR campaign) started to teach us how to address issues and how to help people. It was about how you would grow a union in a store. He taught us so much. I would not know even a quarter of the stuff*

I know now if it was not him." (UK-CM-4, female, Interview)

With the support from the trade unions and the Labour Party, the intense grievances and the keen sense of injustice among workers eventually fermented into collective actions. On 4th September 2017, McDonald's faced its first ever strike since it opened in the UK in 1974. About 40 staff went on strike at two stores in Crayford and Cambridge as members of BFAWU (Kollewe and Slawson, 2017). Their concerns over low wages, ZHCs and mishandling of sexual assault claims were at the root of this labour unrest (Kollewe and Slawson, 2017). These workers demanded a minimum hourly rate of £10, an end to ZHCs and union recognition. In May 2018, McDonald's employees at Crayford, Manchester, Cambridge, one central London branch and two outlets in Watford were involved in a second strike with the same demands. In October 2018, McDonald's employees from four stores, Cambridge, Crayford, Watford and Brixton, joining with Wetherspoon's and TGI Friday's workers, held another strike again demanding a pay rise and workplace justice for hospitality workers. In November 2019, the fourth strike was organized by employees from six McDonald's stores in London, including Balham, Catford, Crayford, Deptford, Downham and Wandsworth Town, this time demanding a minimum wage of £15 an hour, an end to youth rates, the choice of guaranteed hours (up to 40 hours per week), notice of shifts four weeks in advance and trade union recognition.

Table 7.3 Strikes organized by workers at McDonald's UK

Time	Stores	Demands
Sep 2017	Cambridge, Crayford	£10 an hour wage, the end of ZHCs
May 2018	Manchester, Watford, Crayford, Cambridge	£10 an hour wage, a choice of fixed-hour contracts, the end of unequal pay for young workers, and union recognition
Oct 2018	Cambridge, Crayford, Watford and Brixton	a minimum £10 an hour wage, an end to ZHCs and union recognition
Nov 2019	Wandsworth Town, Downham, Balham, Deptford, Catford and Crayford	wages of £15 an hour, an end to youth rates, a choice of guaranteed hours of up to 40 hours a week and notice of shifts four weeks in advance and trade union recognition

Although the employees and the stores in the strikes are relatively small in number, the significance of these strikes should not be underestimated. First, this is a significant achievement in the fast-food sector, which is an extremely difficult sector for organizing

workers. Even in the private sector, there have not been a lot of remarkable union activities in the past few years in the UK. The strikes have been undeniably successful at raising the issues of low wages and inequality in the fast-food sector at a wider societal level. Moreover, this is the first time that employees' collective voices have been heard by management. Although the strikes have not yet achieved union recognition or significant changes in pay and conditions generally, in the stores where workers have been on strike the working conditions and management attitudes towards workers have been improved to some extent. Workers found a channel to express their grievances and resist the managerial prerogative in a formal and collective way and they felt 'empowered' through the process of organizing. As one employee stated,

> *"[I feel] empowered, that word that everyone likes, because I used to conform a lot more and see a lot more going on that I was not happy and I would just not speak out, now I feel that I can speak out." (UK-SM-3, female, Interview)*

Second, these strikes produced a demonstration effect on more employees at McDonald's. These strikes not only boosted the confidence of those who were involved in strikes, but also changed some workers' perception on unions and strikes. The workers involved in the strikes and union organizing suggest that some co-workers have started to realise and trust in the importance of solidarity and shown more interest in and become less sceptical about trade unions.

7.6.2 Challenges for deep organizing at McDonald's in the UK

Four strikes have been organized by McDonald's workers so far and these campaigns gained some impressive success. McAlevey (2016) makes a distinction between 'shallow mobilising' and 'deep organizing'. By contrast to 'shallow mobilising' that is incapable of building more support among wider colleagues or communities, 'deep organizing' puts more emphasis on organizing those who were not previously engaged or who would not normally consider themselves to be activists to expand the scale of the campaign so that workers might confront and rebalance the power structure in the workplace (Holgate, Simms and Tapia, 2018; Wood, 2020a). There remain major challenges for sustainable 'deep organizing' at McDonald's or in the fast-food sector more widely in the UK. Apart from the external institutional constraints to union

recognition and organizing in the UK context (Heery and Simms, 2007), the inherent characteristics in fast-food sector contributes to the difficulties of organizing workers at McDonald's UK. Accordingly, the union organizing tactics needs to be adjusted based on previous experience to achieve sustainable deep organizing. Meanwhile, the biggest challenge is that McDonald's is well versed in union busting, as I will analyse below.

The main structural barriers to union organization at McDonald's are related to the characteristics of jobs and workforces. McDonald's flexible employment practices rely on hourly-paid, temporary and part-time contracts and with low skilled jobs in which workers are easy to replace. Therefore, these workers in low-skilled and low-end service sector lack structural economic power (Wood, 2020a). At the same time, the high level of labour turnover is another obstacle to developing a solid sense of collective identity. Also, the widely dispersed geographical locations among stores increase the difficulty to expand the workplace and community social networks for organizing.

Furthermore, the characteristics of the workforce itself are also an important issue for organizing. As indicated previously, the main bulk of the workforce is made of young students, part-time housewives, and local residents and economic migrants. For these young workers and housewives, most of them are more likely to see the jobs as temporary and they lack motivation to get involved in strikes or union organizing. For local residents and economic migrants, who are highly reliant on the jobs, they might be more worried about keeping their jobs so in some cases they won't join the trade union and strike either. Moreover, the different social identities among workers results in different groupings and cliques in the workplaces. It is often difficult for organizers to build a sense of collective identity across these different cliques. As one organizer stated,

"It was like groups. If you had a friend in one group, you could ask his or her friend in that group to join. But generally, it was hard to organize from different groups." (UK-CM-8, male, Interview)

The structural barriers to union organization are also underpinned by employees' consciousness of trade unions. A majority of employees at McDonald's have little idea

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about the current status and roles of unions at work. Especially for young employees, trade union is a very unfamiliar concept, partly because of a lack of education about trade unions, because many have few previous job experiences and even those that do were often non-union workplaces. Some young workers may also have been influenced by their parents who may see joining unions as unnecessary and risky given their decline since the 1980s. In addition, migrant workers have very little knowledge of UK trade unions and are more likely to be misled by managers that trade unions would be very dangerous and even 'illegal'. Furthermore, some workers have some misperceptions about union organizing. Some stated that although they had heard about the strikes, they did not think that strikes would resolve the problems at work or improve working conditions, leading some to conclude that they could not be bothered to join trade unions. This low level of awareness and lack of knowledge about unions generated more difficulties for organizing. In the interviews, most of the employees had no idea of which trade union would be responsible for the fast-food sector and how to approach a trade union if they needed it. Although there were only three interview participants who heard about the McStrikes or trade unions on the news or social media, they made such comments suggesting they thought that these strikes were far away from them and they could not see the relevance.

"I cannot relate a lot with why people strike. I do not think it is something that is really been discussed at my store. I have not really heard anyone talking about it at my store." (UK-CM-13, female, Interview)

Apart from the structural barriers related to jobs and workforces and employees' mindset towards trade unions, some other constraints for deep organizing are connected with union organizing tactics. First, organizing at McDonald's largely relies on the key leaders in a store. If key leaders leave employment in a store, it is more difficult to maintain the previous supporters and encourage other workers to join unions in that store. Second, there are real challenges associated with union communication tactics. As most of the workers do not know what trade unions are and what trade unions can do, organizers found it difficult to encourage workers to join trade unions in an educational or moralising way, such as saying 'you're not going to change it unless you join the unions' or 'you have to join the union as unions could help you'. Such statements often made workers feel pressured rather than encouraged. As such, organizers had to adjust

their communication tactics. Organizers would focus on a workplace-specific grievance in some stores and map the workers to identify the existing embryonic solidarities. Usually, they would talk about the actual issues or concerns related to employees themselves, such as bad behaviours of managers, employees' safety issues or unfair treatment and this could help to build the empathy and the sense of injustice and foster collective identities amongst workers. Then they built it towards strike actions from specific small grievances towards larger-scale grievances, such as low pay rate, ZHCs and union recognition. These tactics were effective in practice, but it might also result in differences in expectations between employees and the union regarding the organizing drive, which would be another issue affecting the sustainability of deep organizing. The demands from BFAWU during the 'Fast-Food Rights' Campaign mainly focused on pay rises, banning ZHCs and union recognition; however, these demands are not necessarily a priority for some employees who supported the strikes. They might focus more on injustice in the workplaces, for example, bullying or ending youth pay rates. In some cases, workers felt like they were being used by the trade union to reach a bigger audience and get more supporters without listening and respecting their exact demands.

Holgate *et al.* (2018) suggest that some decisive factors needed for deep organizing are broadening the base of organizing, leaders' capacity to frame the sense of injustice and increasing the power resources of workers. Accordingly, in the case of McDonald's, to achieve a long-term, sustainable and transformative 'deep organizing', it is worthwhile thinking about how to overcome the structural barriers in the fast-food sector to engage the highly 'unorganized' workforce and expand the scale, how to maintain and develop more leaders, how to conduct a more effective communication approach and how to balance the gaps on demands or expectations of organizing between supporters and the trade union.

7.6.3 Anti-union strategies by McDonald's in the UK

The challenges and difficulties for organizing have been discussed, from the points of view of structural characteristics, worker awareness and union organizing tactics. However, the other main difficulty for mobilising strikes and union organizing at McDonald's UK is the union-busting strategies by management. McDonald's corporation has a well-documented and long history of anti-unionism and sophisticated

union avoidance strategies have are said to be well entrenched (Royle, 2002). Gall (2004) classifies seven types of managerial control approaches against union recognition based on a framework devised by Roy (1980) in the US, including 'fear stuff, sweet stuff, evil stuff, fatal stuff, awkward stuff, tame stuff and harm stuff'. Heery and Simms (2010) presented eight types of employers' negative responses to union organizing, including threat of legal or police involvement against union, denying organizers access to the workplace, discouraging employees from joining the union, distributing anti-union information, victimisation of union activists, improving pay and conditions to reduce demand for union membership, setting up or strengthening alternative channels of worker participation to substitute for union, using management consultants to advise on avoiding unionisation. Although these typologies of union avoidance tactics have gone beyond the 'suppression - substitution' dichotomy, it is argued that they fail to present the complex, dynamic and interactive processes where the tactics are embedded. Based on the process of organizing at McDonald's in the UK, a configuration of union avoidance tactics at different stages will be elaborated.

7.5.3.1 Trade unions – a taboo topic at McDonald's?

At McDonald's, anti-unionism is deeply grounded into its corporate culture which see unions as an unwarranted interference. Trade unions have successfully been blocked by the McDonald's management in the UK for four decades (Royle, 2010). From the interviews, employees acknowledged that managers never mentioned trade unions at work, which seems to be a taboo topic. It is impossible for employees to get any information about trade unions in the workplaces. Managements tend to treat trade unions as a virus and try to contain the 'epidemic' of union organizing from the very beginning. One interviewed employee asked about whether there was a trade union in a store when he had just joined McDonald's. The manager just explained that 'no way, we are not allowed to have a trade union unless we have more than 50 percent of staff in the store that want to join a union, but you can make your own if you can get 50 percent of stores', a kind of deliberately debilitating language designed to put the employee off even thinking about union organizing. In addition, once employees asked about trade unions in the stores, managers tended to give the workers some lessons that trade unions are unnecessary and useless, such as, 'you don't want to join the union as it is a waste of money', 'don't trust trade unions, you won't get paid more anyway'. Basically,

employees are unlikely to access any information about trade union in the workplace and managers try to brainwash employees through misleading or negative information about trade unions to discourage employees. However, when managers noticed that there were some signs of 'union organizing', managers tended to employ more sophisticated tactics to stop strikes and avoid union organizing at different stages of strikes. The tactics applied by management at each stage, namely, before the strikes organized, during the strikes and after the strikes, will be presented.

7.5.3.2 Before the 2017-2019 strikes

Before the strikes, the main strategy adopted by managers is 'divide and conquer'. The managers would try to identify employees' attitudes towards trade unions and then try to persuade employees using different tactics not to take actions or support the strike depending on the extent to which employees have a propensity for unions.

Back in the mid-1970s in America, McDonald's routinely used lie detector tests to rule out union sympathisers when recruiting employees and among existing employees to test their attitudes towards unions (Royle, 2002). However, although the lie detector was abandoned when it ran into trouble in the American courts in the mid-1970s, similar techniques are still in use by McDonald's to identify employees' attitudes to unions but in a covert way in the UK. For example, in the S3 store, some employees put a grievance and signed a petition about health and safety issues during night shifts but after no response from managers workers announced the ballot for a strike. Almost immediately, managers organized a meeting to interview all the crew members with the aim of figuring out who might be potential union activists in the store. In that meeting, the managers asked some questions, such as, 'how do you feel about working here', 'anything you would improve here'. Being careful to avoid asking, 'are you in the union, are you going to strike?', management tried to test whether employees had any serious grievances and employees' attitudes towards trade unions.

From the fieldwork data, I found that there are three main groups of employees with regard to attitudes towards trade unions. The first group are those who have little awareness about trade unions and are 'innocent' in managers' eyes. The second group are the employees who show some interests in trade unions but are yet undecided. The

third group are the leaders and supporters of union organizing. Accordingly, McDonald's management adopts different tactics towards these three groups to suppress the strikes and try to avoid trade unions.

For the employees who were 'safer', the managers were more likely to plant some doubts into employees' minds that trade union would not do anything to get a pay rise and even give some 'economics lectures' that it would be bad for the economy as a pay rise would end up with inflation. On some occasions, the managers portrayed the word 'trade union' as an evil thing. As one organizer stated,

"The management made out that it is like a dirty thing to join the union. And they made it very much like us versus them, so I think a lot of people just thought they do not want to get involved." (UK-SM-4, female, Interview)

This brainwashing tactic seems to be effective for the employees who are not well-educated. Especially for the migrant workers who have little knowledge about the UK laws, managers misled them, telling them that trade unions and strikes are 'illegal' in the UK. For example, in the S2 store, one Portuguese manager told all the Portuguese employees in the store that they would go to jail if they joined a union in the UK.

Once the managers identified employees who showed an interest in unions, they would try to pick the 'weak-minded' ones and make them 'rebel' against the union through bribery or intimidation. In the S3 store, a key leader was, for example, accused by managers of manipulating colleagues into signing the health and safety petition. Management organized an investigation meeting regarding this issue and an employee was put under pressure from managers and the franchise owner, who was a friend of the key leader and who had signed the petition, lied about being harassed and forced by the key leader to sign the petition and join the union. It later emerged that managers had promised to promote this worker to an area leader in the store. This employee 'justified' herself at the investigation meeting by saying that 'I do not want to be involved in the union, but I want to become a crew trainer'. As a result, this key leader was faced with a disciplinary action. In addition, the managers in that store had offered as many staff promotions as they could not matter whether those promotions could be taken place or not and some of employees did get actual promotions from management but dropped

out from the strike in exchange.

Apart from this kind of bribery, managers are more likely to adopt a tactic of managerial intimidation to pressure employees against unions. Managerial power was used as a weapon to threaten employees, hours would be cut, and promotions would be refused if they supported the strike or joined the union. As a result, employees were fearful of potential managerial reprisals and rejected the trade union. A crew member articulated the fear caused by managers' intimidation,

> "The management might look down on them (employees) and then managers will not let them progress further [if they join the union]. They know they will not get promoted or get more money. They will not take the risk so they can keep their jobs and the chance of a promotion in the future." (UK-CM-14, female, Interview)

In the S2 store, the managers pressured and persuaded an employee who was interested in joining the union to attend a meeting about union organizing and then report what was being said at the meeting back to the managers. Under the pressure of managers, this employee acted as a 'spy' for management and did not join the trade union.

Furthermore, the leaders and supporters of the strikes were the main targets for management. Monitoring and isolating employees who were involved in the strikes were the main tactics by managers. Once the managers identified the key leaders who tried to organize workers, they would monitor what the organizers were doing and who they contacted and try to restrict their activities in the stores. In the S3 store, three weeks before the strike, a female senior manager from the franchise was transferred into the store. This manager barely did any jobs but took smoke breaks frequently. In reality, she pretended to smoke standing outside the store, but spent most of time watching what the organizers were doing. One key leader (UK-CM-1, female, Interview) in that store recalled,

> "She was just chain-smoking, pretending to be on a smoke break. There is one point, I was going to pick up B (a co-worker)'s grievance. Our union reps came and picked me up from outside the store. Basically, I also wanted to ask for some moral support from them as she (B) was nervous. The store is on a corner. This manager

stood there, and we walked past her. I did not look at her or anything, but she followed me around the corner. I got into the car, but she was just staring into the window, trying to see who was picking me up. When we were going back inside the store, she was following and said, 'What did they say to you?'"

The similar situation happened to a key leader (UK-CM-8, male) in another store, which was described as follows,

"I finished my shift, I stayed in the crew room talking to people and getting people to sign union cards to join. Then the area manager was there, he came in and asked, 'why have you been here so long'. I just answered that I am just waiting for my friend. He said, 'You do not have a bus or train to catch, you should go now. I do not think you should wait in here'. But he obviously knew what I was doing but he could not prove it."

In addition, managers tried to isolate those who were involved in the strikes from other employees and separate those organizers. The organizers would be arranged by managers to work in different areas to increase the difficulties for them to communicate among themselves and with other employees. For example, some organizers were asked to work at drive-through windows or in the dining area on purpose, where they were more likely to communicate with customers instead of employees.

7.5.3.3 During the strikes

On the day of strikes, employers tended to deny organizers' access to the workplace. In the S1 store, managers did not schedule those who they thought were going on strike, which means that these people would not show on the scheduling list. Then the managers could declare that none of their employers that are rotated to work on that day were actually going on strikes and they were not their 'real' employees on the picket line. At the same time, these employees would not be allowed by managers to get into the store. In the S3 store, the key strike leaders were suspended for three weeks. After suspension, these key leaders were banned from the store and could not talk to other workers, they were then fired the day just after the second strike.

Apart from denying organizers access to the workplace, some senior managers from area level were sent to the relevant stores to monitor the situation and made sure that there were enough staff for the normal business operation in stores on the day of strikes. At the same time, they also threatened workers to picture the organizers and activists as a 'dangerous group' and tried to 'protect' the workers from these 'dangerous' organizers. For example, the managers said to the workers in one store that, "You know the strike is happening tonight. If any of them (activists) come in the store, let me know and then we can usher everyone back to the crew room for safety".

7.5.3.4 After the strikes

After the strikes, the immediate reaction by McDonald's in media was to dismiss the collective actions and deny employees' grievances. After the first strike, as a response to the grievances from employees that mainly focused on banning ZHCs and gaining pay rises, a McDonald's spokesman explained that they have already provided employees with fixed contracts and McDonalds' and its franchises had awarded three staff three pay rises since April 2016. However, fixed contracts were only offered on a very restrictive basis in which store managers had complete control over the circumstances and to whom they would be offered. The pay rises that were referred to were still banded by position, region, and age and only company-owned McDonald's restaurants were affected. In addition, after the first strike, all the McDonald's store managers received emails from senior management informing them that they should explain to other workers that the strike took the form of some individual behaviour by a tiny minority of staff and that their appeals could not be said to be representative of any broader condition or problem among the national McDonald's workforces. Likewise, after the fourth strike in 2019, a McDonald's spokesman said (Chapman, 2019),

> *"We are extremely disappointed that a very small number of our people in just a handful of our restaurants are considering industrial action. We believe only 13 people are involved across six restaurants, which is a tiny proportion of our 130,000 workforces. Their potential actions do not represent our people."*

Therefore, senior management tried to downplay the numbers involved in strikes and attributed the strikes to personal behaviours and portray them as actions which were not

representative of the majority of workers.

At store level, it was found that the employees who were involved in strikes have been 'punished' by managers in different ways. On several occasions, these employees have been dismissed, given unpleasant duties, transferred to other stores or had their hours changed to times when they could not or did not want to work.

In addition, managers tended to set up 'sweet' things for employees so that employees were less likely to want unions anymore. Since the first strike, McDonald's created a brand-new managerial role called 'people manager'. The people managers would visit stores every three months and hold 'listening sessions' where employees can go and talk about any complaints. The people managers and listening sessions were designed not only to obviate the perceived need for trade unionism, but also for management to identify any 'troublemakers' in stores. Apart from the 'so-called' employee voice channels, managers tried to resolve some grievances or get rid of bad managers to keep employees 'quiet' and away from unions. In the S3 store, managers were told to be stricter to follow correct procedures around health and safety and night shifts employed more staff on shifts after the strike. In the S1 store, a bad manager was fired after first strike, and a 'nice' manager took over the role. This new business manager, who used to work in that store previously and knew most of employees, told employees that they did not need unions anymore as they would be well looked after and whilst at the same time the new manager tried to persuade one key worker leader to think differently by stating that, 'you won't cause more trouble for me because we are friends'.

In sum, the main strategies and tactics adopted by managers at different stages during the process of organizing in this 'zero-sum' game are presented in Table 7.4. I contend that the strategies of resistance to trade union recognition are intertwined with the dynamic process of organizing which made the anti-union strategies more complex and interactive, as Gall (2004) suggested that the use of one or more approaches at any one point is important and possible for management. Also these strategies derive from the McDonald's Corporations' ideological opposition to unions and managers are trained and guided by the head office regarding how to respond to unions and what strategies to use (Royle, 1998). The effective practices of these strategies can be attributed to managerial prerogative and the power imbalance in favour of the employer at the workplace level.

Table 7.4 Anti-union strategies by McDonald's UK

Stage	Strategy	Tactic
Before the strikes	Divide and conquer	'Safer' employees – brainwashing via misleading and negative information about trade unions
		Employees who showed interests in unions – pressure against unions through bribery or intimidation
		Monitor and isolate organizers and supporters
During the strikes	Denying organizers access to the workplace	
	'Protecting' the workers from organizers	
After the strikes	Dismissing collective action and denying employees' grievances	
	Punishing employees who were involved in the strikes	
	'Sweet' substitutions to unions	

Source: author's own research.

7.7 Chapter summary

This chapter examined how managers exert control in stores and how employees respond in what amounts to a flexible despotism regime. In the UK, the 'austerity' economic agenda plus the deregulation of employment not only resulted in cheap and flexible labour with weakened employment protections in the labour market, but also contributed to the widening of the power imbalance in the workplaces. The wide power imbalance and the weak external legal employment protections provided managers with a high level of arbitrary control over contractual arrangement, working time arrangement and wage setting at McDonald's UK. The thesis argues that this is a flexible despotism regime, where flexibility is manipulated as a main despotic form of control and the despotism operates in the drive for both flexibility and profitability in turn. First, managers in stores had absolute control over the contractual arrangement to incentivize the ZHCs among hourly-paid employees and also exercise its restraints upon the employment on fixed contracts. Second, the flexibility embedded in the formal contractual process of ZHCs help the management to secure and strengthen the control on working time arrangement at McDonald's in the UK. In addition, the arbitrary managerial power also manifested itself in abuse, bullying, inhibition of employees' propensity to speak up and an ineffective grievance procedure in the workplaces.

As a result, in this flexible despotism regime, on the one hand, workers experienced

higher levels of employment insecurity with unpredictable and unstable working hours and precarious wages and they settled on a compromise for themselves by keeping the jobs for their subsistence within a degenerated employment environment. On the other hand, the unequal and arbitrary treatments plus the suppressed voices intensified the anger among some workers. With the external support from trade unions and the Labour Party, the accumulated grievances and the keener sense of injustice had framed and fermented into collective struggles by McDonald's workers. Despite four high-profile strikes, there remains some very major challenges to establishing sustainable 'deep organizing' at McDonald's or in the fast-food sector more generally, in order to help strive for enhanced labour rights and interests. However, perhaps the most challenging aspect is McDonald's hostility towards, avoidance of, and conflict with trade unions. Next chapter will conduct a comparative analysis of workplace regimes and compare the outcomes for workers at McDonald's in two countries.

Chapter 8 Discussion

The previous two chapters have presented the findings from the workplace regimes at McDonald's in China and the UK respectively. At McDonalds China, the workplace regime equates closely to Burawoy's notion of 'hegemonic despotism' as some hegemonic (state intervention) features derive directly from the legal framework and welfare system as in the example of standard labour contracts for full-time employees. However, workplace regimes are not static, and McDonald's China is continuously seeking ways to reinforce managerial despotism and shrink the space for state-driven hegemonic features. At McDonald's UK, the system resembles flexible despotism, which reflects the more deregulated and flexible UK labour market. Nevertheless, as we have seen in Chapter 7, forms of worker resistance have emerged within this flexible despotism.

Workplace regimes not only represent the workplace dynamics between employers and employees, but also reflect wider institutional rules, cultural norms and political dynamics. This chapter provides a comparative analysis to draw out the significance of the main themes embedded in the theoretical framework. First, it compares employers control strategies and employee responses within the workplace regimes. The institutional variables at the macro level will be applied to the workplace regimes in order to analyse how the elements of LPT play out in two different societal and cultural contexts and how institutions impact on the power relations between employers and employees. Second, employment relations practices not only reflect the rules and structures of the external institutional environment, but are also a result of employers' responses to the institutional environment. The findings suggested that McDonald's local (national) subsidiaries adopted different response strategies in the two different national institutional settings, but they developed the same despotic face at workplace level, producing a form of 'low-road' convergence as has been found in other countries (Royle, 2010). The chapter also links the growth of precarious work in low-end service sectors with the global level of macrostructural changes. Lastly, this chapter illustrates the impact of national culture on actors' behaviours in these different employment relations systems. Although it is argued that national culture is not an explicit determining factor in the analysis of CER, it should be considered as an important

explanatory variable. This chapter therefore attempts to bring the labour process in these two workplace regimes together with the external historical, institutional and cultural process, in order to understand and compare the changing relations of capital, labour and state.

8.1 Comparison of workplace regimes

This thesis applies the concept of 'workplace regime' from Burawoy (1985) to identify and understand the workplace dynamics around 'control-consent-resistance' between employers and workers in two different societal and cultural contexts. This section will compare and contrast three main aspects of the workplace regimes, namely, employer control, worker responses and McDonald's management attitude towards trade unions.

8.1.1 Employment contracts and working time as components of workplace regimes

Labour process analyses of McDonald's work has been conducted in some research (Leidner 1993; Ritzer, 1998b; Royle, 2000). According to these studies, direct or personal control was exercised by the constant presence of managers; the production process strictly follows Taylorist/Fordist principles with the information technologies in these systems adding to the level of surveillance and technical control over workers, whilst another source of control over workers derives from customers, forming a service triangle in the fast-food sector. Such research is echoed by the findings. Drawing on my own personal experience and observations, there has been little change of work procedures, work pace and work rules at McDonald's in both countries over last decades. However, the thesis argues that in addition to original personal control, technical control and customer control, store-level managers are also compelled by the McDonald's system to exploit employment contracts and working time to extend the control over workers beyond the technical frontier of control.

Burawoy's analysis of employer control in factory regimes mainly focuses on the wage and non-wage welfare benefits, paying much less attention to employment contracts or working time. This is because 'standard' employment relations were assumed to be the norm in the employment regimes in that period. However, since the late 1980s, with

technological developments, the globalization of capital accumulation and neoliberal reforms, employers have tended to seek more flexibility in their relations with workers. Non-standard employment relationships have risen dramatically, resulting in the emergence of different employment forms and more segmented labour markets, with atypical work becoming the new norm. Thus, later writers have place very considerable emphasis on contracts in LPT analysis, with the rise in contract differentiation with workers doing the same job in the same organization, but with different employment status. For example, Chun (2001) highlights subcontracting as the main control strategy in the labour regime of flexible despotism; Nichols et al. (2004) analysed the transformation of contract composition towards a 'fragmentation of labour' in labour regimes in four Asian areas; Taylor and Moore (2015) show that employers in the British airline sector degraded contractual arrangements to intensify managerial control and erode working conditions. Finally, Price (2016) identifies a configuration of controls which intersects with different employment statuses and employment contracts in the food retail sector. Contractual arrangements enable employers to achieve numerical flexibility, transferring this into managerial control. In addition to numerical flexibility facilitated by contracts, some studies also stress the importance of temporal flexibility related to working time in workplace regimes. Working time has been taken by management as a variable that can be manipulated to increase productivity through making workers work for longer or shorter periods according to business demand (Rubery et al. 2005). Wood (2017, 2020) contends that managerial control in contemporary flexible firms is enabled by temporal flexibility rather than the numerical flexibility that was stressed in previous accounts of flexible despotism. Flexible scheduling therefore offers managers a powerful mechanism not only to secure, but also to obscure control.

The findings suggest that both employment contracts and working time exist as two important components of control in the workplace regimes at McDonald's in China and the UK. The thesis argues that through contractual arrangements, managers are able to reinforce their power over working time arrangements with more employer-controlled flexibility. At McDonald's China, managers are faced with strict statutory limits on full-time employment, and therefore choose to hire more student labour and retired workers who are employed on service agreements and therefore are legally excluded from employment protections. McDonald's are able to do this because there is no or little

enforcement of part-time employment law. As a result, these dualist contractual arrangements allow McDonald's China to 'avoid' regulations regards employment status by recruiting unprotected and poorly regulated labour.

Up until around 2012, McDonald's UK normally employed a small number of workers on full-time contracts in each store (McDonald's definition of full-time being 35 hours per week). Whilst the majority of workers were employed on part-time contracts (usually providing some minimum weekly hours). Since 2012 McDonald's has offered only ZHCs for all hourly-paid employees. This was also the time when the use of ZHCs became more common in the UK (Koumenta and Williams, 2018). In the UK context, the ongoing growth of ZHCs is a result of a deliberate policy choice by the UK government in the pursuit of a 'flexible' labour market'. The employment on ZHCs is a manifestation of the deregulation of the labour market and the removal of the floor of rights that labour laws had once provided (Adams, Adams and Prassl, 2019). There is minimal employment legislation regulating ZHCs, which has encouraged and legitimised their use. Given the nature of contractual agreements, those employed on ZHCs are more likely to fall outside the scope of key employment rights, whilst at the same time, the lack of regularity in the work pattern of ZHCs strips security from workers while handing greater prerogative to management.

After the first UK McDonald's strike in 2017, McDonald's began formally offering fixed contracts under the pressure from the BFAWU-led Fast Food Rights Campaign (Royle and Rueckert, 2020). However, respondents suggest that McDonald's did not want a large proportion of its employees to take up such contracts, and, as such, the new offer was established and communicated to employees in a way (including the final decision being in the unilateral control of the business manager) which would limit its take up (see section 7.2.1). The fixed contracts offer was never likely to resolve the negative effect of ZHCs on working time insecurity, given the imbalance of power between employers and employees.

Although the forms of employment contracts are different in McDonald's China and McDonald's UK, in both countries, managers were able to establish contractual arrangements to guarantee their legitimisation of workplace control with minimal legal constraints. Furthermore, through such contractual arrangements, a greater level of

discretion is handed to managers with regard to working time, through these arrangements' minimal regulation of working time. One of the main job characteristics at McDonald's is 'flexible working hours', which in some cases caters for the need of some workers who need to balance work and study or childcare. However, in practice, in both countries, McDonald's managers take advantage of flexible scheduling to exercise their prerogative to control workers via a time-based mechanism.

In both countries, workers have to put up with unpredictable and unstable shifts, inconsistent break times, insufficient rest time, unilateral shift adjustments by employers and the prospect of having to clock-out from shifts early due to weak demand. Employees' working time is manipulated by employers to minimize labour costs and to pursue maximum temporal flexibility. Moreover, the control engendered by flexible scheduling has become a powerful reward and discipline tool for employers. For example, at McDonald's China, managers tended to reward 'good' employees with shifts on national holidays so that they could get statutory 'triple holiday pay'. However, the discipline of workers through scheduling is more subtle. When employees who challenged management were confronted with reduced working time or undesirable shifts, it was difficult for them to tell whether the adjustment of working time is related to business demand or a form of punishment by managers. In this way, managerial control could be both obscured and made much easier as employees can never fully appreciate when they are being penalized and exploited and thus are less likely to resist such exploitation and risk challenging management.

With the rise of flexible employment and non-standard work, wage or non-wage welfare benefits are no longer the only control tools for employers. In contemporary workplace regimes, employers are more likely to seek flexibility (numerical and temporal flexibility) in different forms and convert it into managerial control. Unlike the previous studies that analyse either employment contracts or working time as a component in workplace regimes, it is found that both of these critical elements of the employment relationship have been manipulated by managers at McDonald's to simultaneously achieve enhanced levels of control and managerial flexibility.

8.1.2 Control styles

Although both employment contracts and working time are manipulated as two major control mechanisms across the two workplace regimes, the control styles are different between McDonald's China and McDonald's UK. I argue that a type of paternalistic control operates at McDonald's China, whilst McDonald's UK is characterized by arbitrary control.

Previous studies on Chinese enterprises have suggested that paternalistic managerial styles are prevalent given that workplaces are embedded in broader Chinese cultural traditions. Paternalistic management practices arguably originated from Confucianism, which includes familism, paternalism and hierarchical relationships (Child and Warner, 2003). As an ideology, paternalism embraces a certain type of exchange principle in power relationships, namely, leaders' absolute authority would be obeyed by subordinates when it comes with fatherly benevolence. Farh and Cheng (2000) explain paternalistic leadership as a leadership style providing individualized care, maintaining moral standards and implied authority over subordinates. I refer to 'paternalism' here to frame the power relations between managers and workers, especially part-time students, at McDonald's China. On the one hand, managers frequently indoctrinated part-time students with Chinese workplace values, such as hard work, teamwork, and respect for hierarchy. Managers expected extremely tight obedience on the part of young students to obey any orders from them. As noted in Chapter 6, part-time students were requested to show their university timetable to managers on the first day of working and managers assumed that they were willing and ready to work anytime except for scheduled time on the university timetable. Students who appeared late for work, asked for leave or were deemed to be behaving 'badly', would be scolded by managers. This paternalistic management style could also be personally intrusive; it was not uncommon for some managers to contact students' parents to pressure their children to attend shifts.

On the flip side, when part-time students encountered personal problems, managers would often show individualized care to them and talk to them personally to help them resolve their problems. For instance, some students saw these managers as their first career mentors who would share some information or experience on job hunting with them. As one business manager claimed,

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"These part-time students do not have much working experience and most of them are single kids [have no siblings]. They have been spoiled. But they need to be lectured by us. Thus, we teach them, and we discipline them as well."

Managers were more likely to be polite to middle-aged employees and retired workers who were usually considerably older than them. This appeared to be because of long-ingrained cultural norms about respect for elders in China. Furthermore, these older employees tended to be more compliant and less likely to question or challenge management. This paternalism has its despotic side and the paternalistic control at Chinese stores seems to be effective. Under paternalistic control, the direct consequence is the willing obedience and diligence exhibited by cheap and docile labour. This situation makes student workers particularly vulnerable to managers' exploitation, but in a subtle way.

In contrast, at McDonald's UK, workers faced a higher level of arbitrary control, while managers had few constraints placed on them by legal regulations. Managers have absolute control over the contractual arrangement to minimize the amount of employment on fixed contracts. The fixed contracts were not made available for some workers or were only made available on the basis that workers would have to work undesirable shifts. The extensive use of ZHCs in stores provides employees with few legal protections, but together with a high degree of surveillance, ZHCs offer managers a huge amount of coercive arbitrary power over employees in many respects, such as working time arrangements, performance review and health and safety issues. As a result, workers in the UK were more likely than Chinese workers to experience forced 'availability', shift adjustments without notification and scheduling discipline (see section 7.2.1).

Moreover, in the UK, the proportion of stores held by small and medium sized franchise owners is much higher than in China. The franchise structure encourages franchisees to avoid or undermine labour standard, driven by the need for profitability and the pressure to maintain sales and low labour cost ratios (Ji and Weil, 2015; Kellner et al., 2016). Furthermore, the franchisor is not interested in labour violations unless these have a sustained negative impact on the brand (Royle and Rueckert, 2020). In this study as has

been shown elsewhere the McDonald's Corporation uses the franchise system to distance itself from any franchisees' exploitative behaviours (Royle, 2000, 2010). Thus, the heavily lopsided power imbalance and weak external legal employment protections encourage 'bad' manager behaviours. The arbitrary powers of these managers often create a greater level of personal control over employees, encouraging wage theft, abusive and exploitative behaviours and in some cases sexual harassment.

In tandem with the McDonald's system, salaried store-level managers also actively suppress employee voice in the workplace, and also create a climate in which raising grievances about working conditions will either result in no action or workers being penalised with abuse and harassment, reduced hours or undesirable shifts. Therefore, compared to the paternalistic control in China, this thesis suggests that more blatantly despotic methods of control were found in the UK. Under arbitrary control, McJobs presents the normalizing of 'extreme' work behaviours and working conditions (McCann, Morris and Hassard, 2008; Bozkurt, 2015; Burrow, Smith and Yakinthou, 2015; Granter, McCann and Boyle, 2015).

8.1.3 Employee responses

In *Manufacturing Consent,* Burawoy (1979) discussed whether and how workers' consciousness affects the labour process. He applied Goldthorpe, Lockwood and Bechhofer (1968)'s concept of 'orientation to work' and analysed the role of workers' social status and social relations in the transformation of labour power in the labour process. Based on an account of his fieldwork, Burawoy (1979) claimed that consciousness moulded in practices outside the factory can affect the way employees respond to work relations, but with narrow limits, and where the, 'labour process is relatively autonomous and may itself determine the effect of imported consciousness' (p. 152). He also suggested that the behaviours of workers are in accordance with the organization of the labour process and largely independent of the consciousness they carry. Thus, it has been criticized that worker subjectivities, especially workers' identity and work orientations, were downplayed in Burawoy's labour process analysis (Knights and Willmott, 1989). Moreover, in contemporary firms, an instrumental or cash orientation that prevailed before the 1980s might be less relevant; there are arguably a greater variety of work orientations in the workplace due to a greater heterogeneity in

labour markets and different forms of employment status, which are likely to affect employee responses to managerial control (Alvesson and Willmott, 2002). Therefore, the next section applies the concept of 'orientation to work' to consider workers consciousness or ideologies in explaining and contrasting employee responses in workplace regimes at McDonald's in the two countries.

The model of 'orientation to work' suggests that work orientation that is affected by social status of employees could explain employees' behaviours and work relations to some extent (Whelan, 1976). Martin (2006) explored the employees with different orientations to work in the hospitality industry, including instrumentally-orientated employees, craft-orientated employees, socially-orientated employees and professionally-orientated employees. According to Martin there are four types of work orientation: short-term instrumental-orientation; long-term instrumental-orientation; social-orientation and professional-orientation.

The findings suggest that all of these four types of work orientations were visible in both countries at McDonald's. However, there are some differences in the distributions of different work orientations among the two workforces (see Table 8.1). Workers' perceptions of McDonald's jobs are arguably related to their social status and their positions in the broader job market in two countries.

Table 8.1 Work orientation at McDonald's stores

Work orientation	China	UK
Short-term instrumentally orientated	Part-time students Part-time workers (non-student)	University or college students
Long-term instrumentally orientated	Full-time employees who live on the wage or value social insurance	Hourly-paid employees who live on the wage
Solidaristically orientated	Retired workers who have pensions	Some part-time second income earners (e.g., housewives)
Professionally orientated	Hourly-paid shift managers	Hourly-paid shift managers

A majority of part-time students are short-term instrumentally orientated employees in both countries, who see working at McDonald's as a means to earn some money and gain some working experience. In China part-time workers (non-student) also exhibit

short-term instrumentality as they largely see McDonald's jobs as a means to supplement their earnings. However, as mentioned in Chapter 6, student workers at McDonald's China are usually from lower-ranked universities or colleges. In contrast to students from high-ranked universities, they are less likely to find high-skilled or high-paid internships or part-time opportunities. McDonald's in China aggressively markets its jobs to students, emphasizing their 'youth', 'vitality' and 'flexibility'. In China, although students still rely on financial support from their families, they often want their own pocket money. In the UK, part-time students are from various universities (even from the Top 20 universities). This is arguably because many university or college students in the UK are under greater pressure to pay the student loans, and the jobs at McDonald's provide flexible hours and are easily accessed.

The long-term instrumentally orientated employees are those who need the wage from McDonald's in order to live. In China, falling into this category are full-time hourly-paid employees, including local residents and some migrant workers in big cities. Although full-time is less likely to work additional hours for more money because of working time regulations (see Section 6.3), they value the social insurance contribution provided by McDonald's. In contrast, small or medium private-owned companies in low-end service sectors often break the law not to pay social insurance contributions (Gallagher et al., 2015). In the UK these tend to be economic migrants and those marginalised in the labour market, with few other job opportunities, because they have few qualifications or recognised skills. These workers often have few better job opportunities and may find it too disruptive and stressful to look for other work, then they are more likely to be 'stuck' for long periods at McDonald's. Full-time hourly-paid employees can work additional hours if managers offer such hours. According to respondents, they could earn more than in some other low-paid sectors based on fixed salary. However, any additional hours are totally at the discretion of management.

Retired workers (in China) who draw a pension but work in order largely to pass time and maintain social connections are more likely to be 'socially orientated'. In the UK, some second income earners (such as housewives) are also solidaristically-orientated. They usually live in the neighbourhood of the store and work at McDonalds' to fit in their family arrangements.

It is worth noting that in both countries professional orientation to work can be applied to most of the shift managers and a small proportion of young workers who may have an eye on promotion. As mentioned before, McDonald's has a strong preference for internal recruitment for its store-level management teams (very few make it to senior management roles). Such professionally orientated employees value the perceived promotion opportunities and viewed the jobs at McDonald's as part of a career path.

Furthermore, similar compositions of work orientations are shown at McDonald's stores in both countries, with short-term instrumentally orientated workers accounting for more than half of both workforces. Long-term instrumentally orientated workers make up smaller proportion of the workforces, but most stores have this small 'core' of long serving workers who are relied on to keep the stores going. Socially orientated workers and professionally orientated workers account for the smallest part of the workforce in McDonald's in both countries. The orientations to work might affect worker response to managerial control in a general way. For example, for workers with short-term instrumental orientations or the socially orientated employees, the cash nexus is relatively loose in the short-term work relations and they have very low motivation to challenge management for any reason. 'Exit' is likely to be the same common coping strategy when confronting dissatisfying working conditions in both these countries. This factor helps to explain the high labour turnover and the difficulty of union organizing at McDonald's (especially in LMEs) generally. Meanwhile, as Harley (2019) suggested, there has a continuum of worker responses to a diversity of managerial control strategies, rather than simply acquiesce or resistance. The findings suggest workers show different responses to managerial control, which vary within and across distinct institutional and cultural contexts in China and the UK.

At McDonald's China, hegemonic consent is found among full-time hourly paid employees. Despite the low pay, full-time hourly-paid employees do receive basic employment rights, such as the statutory minimum wage, social insurances scheme, and employment protections. In contrast, some small or medium private-owned companies in low-end service sectors are more likely to violate Chinese labour regulations, such as refusing to sign labour contracts and underpaying or not paying social insurance contributions (Gallagher et al., 2015). In addition, due to few qualifications or limited skills, full-time hourly-paid employees in China are less likely to find other job

opportunities. Therefore, the relative job security arguably created a sense of belonging among full-time employees, a majority of whom are middle-aged females working as second income earners, and these hegemonic features in the workplace regime are effective in eliciting their consent.

Although these hegemonic features are exclusive to the full-time employees, the divisive effect of the labour dualism did not create significant conflict between full-time workers and non-full-time workers. Instead, a coalition of consent was formed among hourly-paid employees, particularly among part-time students and middle-aged female employees, who are the main workforce at McDonald's China. This is in contrast to the visible conflicts between formal workers and temporary workers in the Chinese manufacturing sector (Zhang, 2014). This is partly because part-time students at McDonald's are largely short-term instrumentally orientated and have less competitive relations with other employees. More importantly, workers' consciousness and ideologies help to elicit worker consent. Compared to the young workers who have a fuller sense of rights in the manufacturing sector (Zhang, 2014), McDonald's part-time students with little previous work experience have an extremely low consciousness of employment rights. They still maintain the habits and characteristics of 'students' at work and tend to be obedient. Furthermore, the middle-aged female employees are inclined to act as 'peacemakers' and usually wish to avoid any trouble in the workplace, which reflects the Chinese Confucius values. Confucian values encompass moral cultivation, family and interpersonal relationships, respect for age and hierarchy, reciprocity and harmony (Fu and Kamenou, 2011). Respect for hierarchy means that students should show respect to teachers by behaving well at school, employees should respect their managers by not challenging them and by obeying the orders in the workplace. More importantly, it is argued that the notion of 'harmony' is rooted within the Chinese mindset (Warner, 2010a). Very often, the female middle-aged employees at McDonald's China, who value harmonious work relationships, indoctrinated young students with the idea of tolerance and harmony to help avoid any workplace conflicts. As a result, coalition consent is built among hourly-paid employees. In addition, managers are inclined to play the roles of the bosses and the first career mentors and request that students follow orders and comply with traditional Chinese 'work values'. Under this paternalistic control, the coalition of consent is guaranteed at store level. Moreover, in the paternalistic system with high power distance and hierarchical

cultures, formal voice channels are more likely to be disfavoured and ignored by managers. At McDonald's China, the grievance procedures were undeveloped or ineffective and employees with grievances were inclined to keep silent in front of managers in their workplaces. Instead of defying, challenging, or even engaging management authorities or seeking formal voice channels, employees were much more likely to silently comply or to resort to individualized and subtle forms resistance to vent their grievances, for example, slacking off, skipping work, sabotage, and playing or joking at work (see section 6.4). Such organizational mischief and humour are used by employees to resist boredom, the organizational status system and managerial control (Roy, 1958; Collinson, 1992; Ackroyd and Thompson, 1999; Taylor and Bain, 2003).

In contrast, employee responses to managerial control were more polarized at McDonald's UK. I found the coexistence of supine acquiescence and strikes among employees. Precarious work is arguably a ubiquitous trend in the UK labour market as recent decades have seen a considerable growth in low-paid insecure work (Benassi and Tekeste, 2018). Amidst the degraded employment environment and weak legal protections (Thomas, McArdle and Saundry, 2020), a majority of long-term instrumentally orientated employees, who rely entirely on their earnings at McDonald's (having few other opportunities), where exhibited acquiescence to managerial control given the fear of 'scheduling discipline' (see section 6.2.2) and job loss. Only in a few cases did long-term workers challenged management strongly (Royle and Rueckert, 2020).

The condition of arbitrary control plus suppressed voice has sparked outrage among some employees and awakened their sense of injustice. Nevertheless, until the launch of the UK 'Fast Food Rights' campaign in 2014 McDonalds UK workers found no vehicle to express their sense of injustice. The UK union the BFAWU together with Labour Party MPs, labour activists and some international unions created a platform for McDonald's workers which resulted in the first UK McDonald's strike in 2017. Three more strikes in 2018 and 2019 followed, but these only involved a small number of workers in a small number of McDonald's stores. The opportunity provided by the campaign, the consciousness and the social capital of these workers played an important role in their decisions to take action and development of a collective identity (Royle and Rueckert, 2020). Amongst those taking actions, some were young students with a higher

education level and stronger political consciousness, and some were previous union members in other organizations.

8.1.4 McDonald's and trade unions: cooperation or confrontation?

The most notable difference in the two workplace regimes was the way McDonald's interacted with trade unions. It is well known that most American employers in the fast-food service sector resist union organization as they regard unions as an unacceptable restriction on their 'right to manage', and it is argued that McDonald's is a pioneer in the fast-food industry in developing practices which are emulated by other fast-food firms (Royle and Towers, 2002; Royle, 2004, 2006). The McDonald's corporation has a well-documented anti-union stance which it tries to adopt in most countries where it operates (Royle, 2000, 2004, 2010; Royle and Urano, 2012).

There is no exception in the UK from the evidence in this study. However, in China, McDonald's is confronted by the ACFTU, a state sponsored union and not an independent trade union as in other countries. As a necessity therefore it had to adopt a more cooperative posture towards the ACFTU. It has accepted workplace branches of the ACFTU in its stores in most Chinese cities. The thesis argues that this compliance to allow a trade union 'presence' at McDonald's is derived from coercive pressure and mimetic processes in the Chinese context. The coercive isomorphism is related to the political regulatory pressures from the ACFTU and central government. The establishment of workplace trade union branches at McDonald's can be traced back to the mid-2000s, when the ACFTU, with the support of central government, launched a national campaign to expand its union base, especially among the FIEs, as a major political priority. The ACFTU exerted great efforts and pressures in this campaign, utilizing a 'top-down' approach. At the same time, the 'low-wage scandal' put McDonald's under huge pressure from bad publicity and this became a window of opportunity for the ACFTU to pressure McDonald's to establish workplace trade union branches in compliance with Chinese laws and the ACFTU's union establishment principles. Moreover, it is related to the mimetic process. DiMaggio and Powell (1983) suggest that when organizations faces problems with ambiguous causes or unclear solutions, they tend to 'model themselves after similar organizations in their field that they perceive to be more legitimate'(p. 152). During the campaign, Walmart, which is

also famous for its anti-union stance, was the first FIE where the ACFTU set up its workplace branches. The unionization of Walmart was seen as a breakthrough for the ACFTU and it created a ripple effect among more FIEs. After the breakthrough in Walmart in the first phase, McDonald's followed suit in setting up the ACFTU's workplace branches.

Arguably, through coercive isomorphism and mimetic isomorphism, McDonald's adopted a cooperative attitude towards trade union in China and saw union establishment as a political necessity to gain broader legitimacy for its operations and to maintain good public relations in the Chinese context. However, the workplace trade union branches at McDonald's did not change the fundamental power relations between McDonald's management and their employees, as 'cooperation' in this context is only between management and the ACFTU and no involvement for ordinary employees. Workplace trade union branches are in effect controlled by management and is a legacy and a feature of trade unionism in China. Similar to the model of the former Soviet Union, the ACFTU is an organ of state control, and a 'transmission belt' for the Communist Party to transmit its values to workplaces and workers (Clarke, 2005; Taylor and Li, 2010). As a CCP instrument, the ACFTU is much more likely to conform to the CCP's interests of economic development and social stability, rather than to defend or promote workers' rights and interests (Taylor and Li, 2010; Chang and Cooke, 2018). Thus, in practice, workplace trade union branches tend to side with management to maintain 'harmonious' labour relations at enterprise level and utterly lack the autonomy and capacity to genuinely represent workers' interests. The most important function of a trade union as collective voice of employees is missing in China, and its collective actions are highly inhibited. Therefore, McDonald's, by interacting with the ACFTU, not only gains social legitimacy, but also reinforces its management prerogative in the Chinese context, through adopting the 'compliance' and 'formalization' strategy in a cooperative game with the union.

It is worth noting that there have been some significant industrial collective actions in China. These have included, for example, the Honda strike in southern China in 2010 (Lyddon et al., 2015), a strike by a shoemaker - Yue Yuen in Guangdong province in 2014 (Schmalz, Sommer and Xu, 2017), labour protests by workers at Walmart in 2014 (Li and Liu, 2018), and another series of strikes at Walmart again in 2016 (Yang, 2016).

But these collective actions were 'wildcat' in nature and whilst they obtained some support from some labour NGOs (Chen and Gallagher, 2018) they were mobilised by grassroots workers as there is no legal right for the trade union or workers to strike in China. These collective actions According to the report by China Labour Bulletin (2018), during the period of 2015-2017, the proportion of collective actions cases in the service industry has recently increased, with most cases occurring in the restaurant sector; a majority of them were in POEs focusing on grievances relating to wage arrears. The strikes organized by Walmart in 2016 was seen as, '…the most substantive example of sustained, cross-workplace, independent worker organizing in China's non-state-owned sector' (Hernandez, 2016). These strikes were organized by workers at Walmart against the integrated working time system that replaced the previous standard working time system. Strikers made use of the mobile messaging platform WeChat to mobilise other workers in different stores and different cities. These strikes arguably found resonance with the 'Fight For 15' campaign in the USA (Yang, 2016).

Despite the growth of industrial collective actions (although informal and wildcat in nature) to fight for labour rights in the low-end service sector (such as at Walmart) in China, I contend that it remains unlikely that the workers at McDonald's would resort to such collective actions to demand better working conditions in a similar way to workers at Walmart in China. This is related to the composition of the workforce at McDonald's China, where there are far more part-time students and retired female workers compared to Walmart. As I have discussed, these workers' orientations to work, ideologies and awareness of rights affect their behaviours in the Chinese social and cultural context. These become the most significant structural barrier for independent worker organizing when the trade union lacks legal rights to organize strikes for better working conditions in China.

In the UK, the inherent characteristics of jobs and workforces also contributes to the difficulties of organizing workers at McDonald's and the broader fast-food sector as analysed in Section 7.6. Trade union density in accommodation and food service sectors has declined in the last decade. However, with the support from other international trade unions and the Labour Party, BFAWU managed to employ some effective tactics to engage and organize workers (see Chapter 7). As a result, four strikes were organized by employees at McDonald's from 2017 to 2019. However, these strikes have not yet

achieved union recognition or significant changes in pay and working conditions generally, as McDonald's management in the UK applied different anti-union strategies and tactics at different stages during the process of organizing in a 'zero-sum' game with trade unions (see Chapter 7). This accords with McDonald's inherent attitude of union suppression and flows from a management system in which managers are trained by the head office to respond aggressively to union organization in any form (Royle, 1998, 2010).

Furthermore, the UK strikes took place in an increasingly hostile institutional environment for worker organizing. In the UK context, union power has been constrained by a weak system of employment protection legislation and by complex and demanding statuary recognition procedures. Thus, employers' anti-union strategies can be highly effective in practice, due to weak legal protections for union organizing and very limited political support for unionism in the UK context. The external institutional constraints on union recognition and organizing in the UK, the structural barriers in the fast-food sector and management's ideological opposition to unions make organizing extremely challenging at McDonald's UK.

Arguably, McDonald's adopts a pragmatic approach towards trade unions in the host countries where it operates, while the basic ethos of union antipathy never changes. McDonald's only accepts trade unions and cooperates with them when it has been forced to do so under the institutional pressure, and/or where recognizing trade unions cannot genuinely protect workers' rights but can help to improve the company's image and to reflect local social norms (Royle, 2010). Otherwise, McDonald's will fight any unionisation attempts by any possible means. In essence, whether it resists unions via 'cooperation' or confrontation, management aims to strongly reinforce its managerial despotism at the workplace level in both countries.

This section compares employer control, employee responses and McDonald's attitudes towards trade unions in the two workplace regimes (see Table 8.2). The variables at the macro level (institutions and national culture) accompany the workplace regimes by way of comparative explanation. At McDonalds China, the regime is one of hegemonic despotism as a powerful degree of hegemonic features still remain in the form of considerable state intervention on standard employment. At McDonald's UK, the

regime is flexible despotism, which is reflective of the external deregulated and flexible labour market in the UK. With regards to similarities, employment contracts and working time are manipulated as control tools for managers to seek more flexibility at McDonald's in both countries in keeping with the rising flexible employment and non-standard work globally in the last decades. Also, similar compositions of work orientations are found in both countries and employees with different orientations to work made different responses towards managerial control. Meanwhile, different control styles and divergent employee responses have been revealed in the two countries. The coalition of consent is forged under the paternalistic control in China, whilst a co-existence of significant resistance and supine acquiescence is generated under the arbitrary control system of the UK. Employee responses interact with employers' control styles in the labour process in my cases, but the labour process is not as autonomous as Burawoy (1983) claimed. Control styles and worker responses vary with the social and cultural contexts, and workers' consciousness and ideologies that are moulded by external institutional and cultural factors play an important role in their attitudes and behaviours in workplace regimes. Moreover, the different attitudes towards trade unions (either cooperation or confrontation) are McDonald's pragmatic choices given that the legacy of trade unions in the two contexts differs substantially.

Table 8.2 Comparison of the workplace regimes at McDonald's in China and the UK

	McDonald's China	McDonald's UK
Workplace regime	Hegemonic despotism	Flexible despotism
Employers' control	Employment contracts and working time as control tools	
	Paternalistic control	Arbitrary control
Worker response	Similar compositions of work orientations • Short-term instrumental orientation or social orientation: exit (high labour turnover) • Long-term instrumental orientation: acquiescence	
	Coalition consent Subtle resistance	Co-existence of supine acquiescence and strikes
Management attitude towards trade union	Cooperation	Confrontation
Worker organizing	No Unlikely in the future	Four strikes (2017-2019) Challenging for deep organizing in the future

8.2 Developing a similar despotic face

Through a comparative approach, the thesis reveals two different workplace regimes where employers control strategies and employee responses are interplayed at McDonald's in China and the UK, despite the operation of essentially the same production system. The divergent workplace regimes are reflective of the external contextual differences between China and the UK. In turn, variations and gaps in state intervention in different contexts imply scope for employers to respond to the institutions in their own interests. In the context of globalization and increasing neoliberalism, McDonald's shifted its workplace regimes towards more despotism in China and the UK, in order to increase profits, promote flexibility and maintain global competitiveness. This section will examine the changing relationships between national institutions, management strategies and worker outcomes.

8.2.1 Exit vs. capture

This section analyses the interactions between regulatory institutions and employers' strategies by linking the workplace regimes with the external institutions. Oliver (1991) proposed five main types of strategies responding to institutional pressures, including acquiescence, compromise, avoidance, defiance and manipulation (see Chapter 2). Drawing on Oliver's work (1991), it is found that the subsidiaries of McDonald's adopted different responsive strategies in two different institutional environments, but in both workplace regimes McDonald's subsidiaries developed the same despotic nature to achieve profitability, flexibility and legitimacy.

Burawoy (1985) examined two forms of state intervention in hegemonic regimes: one is social insurance legislation, the other is forms of structure that limit the scope of managerial domination and exploitation of employees, such as employment protection laws, trade union recognition, grievance machinery and collective bargaining. In accordance with Burawoy's analysis of state intervention in factory regimes (1985), McDonald's China more closely resembled those synonymous with hegemonic despotism, given the development of labour protection legislation and social insurance and the expansion of trade union establishment. McDonald's China superficially at least

complies with labour regulations regarding full-time employment, such as in terms of statutory minimum wage and social insurance scheme. However, its management seeks various 'exits' to reinforce managerial despotism and shrink the space for the state's hegemonic features. First, McDonald's China takes advantage of an institutional void on employment status to expand the gap of the labour dualism at the workplace level. A segmented labour market and labour force dualism are outcomes of economic development in China. On the one hand as China's market reform deepened from the mid-1990s, a series of laws have been enacted to regulate the employment status and the labour market. For example, the *1995 Labour Law* codified a universal labour contract system for formal employment in China. On the other hand, the compromise in the legislative process still leaves some regulatory lacunae to support rapid economic growth, which allows employers to continue using labour outside the formal contract system to cut costs and gain flexibility. For example, the *1995 Labour Law* has allowed for the fast growth of labour dispatch (or temporary agency work) as an irregular and informal employment form in China (Zhang, 2014). Also, the use of student workers is still currently a grey area in China without a clearly defined legal conditions. Part-time students lack 'worker' status and are not protected by labour laws. Thus, this labour force dualism has been formed in the Chinese labour market, between formal workers within the labour contract system and other workers outside that system. Such institutional arrangements provide employers with wide access to an unregulated labour force. Labour dispatch is widely used in manufacturing sectors, while part-time students are mainly employed in the low-end service sectors (Zhang, 2014). McDonald's China takes advantage of this institutional void to hire large numbers of unprotected and poorly regulated workers. Student labour is particularly attractive to McDonald's as a cheap and disposable labour supply. Student labour has become a growing insecure workforce in China in recent years with an increasing level of informal employment. This is different from student labour in developed countries who are more likely to be provided with basic legal and formal employment protections (Brown and DeCant, 2014). Chinese students retain the legal status of students rather than employees according to the Chinese legal framework. Previous studies on student labour have mainly focused on student interns. With the expansion of vocational education, interns are deployed by vocational schools to take up internships in some manufacturing and service sectors (such as hotels and metro stations) (Brown and DeCant, 2014; Smith and Chan, 2015; Chan, 2017; Hou et al., 2020). Such studies suggest that these student

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interns are constrained labour who are subject to dual control in the workplace from managers and teachers as they are under considerable pressure from their teachers not only to take up internships, but also to meet their expectations regards their work performance. However, in this thesis, unlike students interns, student at McDonald's chose to work there because of working time flexibility and the opportunity to earn some pocket money. Due to the weak regulations on student work, students at McDonald's are also trapped in 'precarious work' by overwhelming discretion from managers with low pay and insecure working time, although they are not constrained by teachers or schools.

This allows McDonald's to easily exit the regulated areas in the labour market and enjoy reduced legal restraint from Chinese labour laws and regulations, such as wage setting, working time, and social insurance, to cut their labour costs and promote maximum managerial flexibility. In addition, McDonald's China chooses not to sign labour contracts with part-time employees (non-students) and the employment of normal part-time employees does not comply with Chinese labour laws and regulations, although there are only an extremely small amount of part-time employees (non-student) in stores. This is related to poor implement and inspection of part-time employment regulations in China (Ho, 2009b).

The second exit strategy is represented by management manipulating the flexibility in working time arrangements to dilute the institutional pressure around the 'red line' of maximum working time. Despite the regulated maximum working time, the implementation of working time regulations is problematic in China, especially as regards overtime. In practice, local governments have been reluctant to enforce the legal overtime limit because of the priority given to economic growth over employees' rights (Kim and Chung, 2016). Although managers in stores described significant pressure to comply with the policy regarding maximum working time, they used 'ghost cards' to 'remove' overtime working hours on their records. Store managers use this subtle tactic to exit the regulatory scope while pretending not to cross the red line. The third exit strategy is linked to its response to union establishment and union functioning in China. After the ACFTU informed McDonald's China that it would have to accept the union, it set up the workplace branches of the ACFTU and signed collective contracts in some cities. However, union recognition and collective contracts did not provide workers with

any associational power and did not protect workers' rights or thus further, '…enhance the autonomy of the reproduction of labour power' (Burawoy, 1985, p. 589). Conversely, the formalized and management-biased trade union helped McDonald's China to obtain social legitimacy and facilitate its despotic nature at workplace level.

McDonald's UK adopted a 'capture' strategic response towards the British institutional environment. The British government's policies in the field of employment relations represent a 'de-institutionalised' neo-liberal approach (Williams and Scott, 2014). The government relinquishing its own influence in setting employment standards and regulating labour market, has significantly weakened workers' legal rights, underpinned by a deliberate strategy to develop flexible and deregulated labour market and to limit trade union influence. Thus, employers are more dominant in power relations at the workplaces. In such a context, McDonald's is able to capture the (de)regulations and norms in the field of ER to build its flexible despotism. First, McDonald's UK takes full advantage of ZHCs with the normalisation and legitimation of the ZHCs in the UK context. The minimal regulations of ZHC make ZHC arrangements ever more legitimate and viable for managers (Adams, Adams and Prassl, 2019) and the use of ZHCs allows for maximum flexibility to meet changing business demands and reduce labour costs. It also enables managers to avoid particular employment obligations such as sick pay. Second, McDonald's captures the derogation of working time regulations. The derogation of working time regulations is manifested in the lack of regulatory protection concerning scheduling and the 'agreement to exclude the maximum'[27] (Hadjisolomou, Newsome and Cunningham, 2017). The derogation of working time regulations hands considerable discretion over managers to influence individual working time arrangements at store level. Third, the limited union influence was captured by McDonald's to deny union recognition and suppress all trade union activities in the UK context. In spite of the strikes organized by BFAWU at McDonald's and the food service sector, these strikes were mainly located in a few particular stores and cities and the structural economic power of the workers in the fast-food sector remain very weak. Moreover, UK union power continues to confront a political and ideological assault from consecutive Conservative governments since 1979, which has restricted unions and provided only a weak system of employment protection (Martínez

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[27] It refers to the Regulation 5 of *The Working Time Regulations (1998)* in the UK.

Lucio, 2018). In these circumstances McDonald's UK is unlikely to be faced with any meaningful institutional pressure regarding trade unions.

Different strategic responses have, therefore, been identified in the two countries (see Table 8.3). The thesis argues that in China, McDonald's adopted an 'exit' strategy to reinforce the managerial despotism and shrink the space for its hegemonic features, derived from the regulatory lacuna on employment status, the lack of effective law enforcement and the innate defects of the ACFTU in the Chinese institutional environment. In the UK, McDonald's captured the weaker institutions of employment relations of the British deregulated and flexible labour market to legitimize its despotic nature and exercise stronger managerial prerogative in a workplace regime of flexible despotism. Whether the strategy is one of 'exit' or 'capture', McDonald's attempts to achieve profitability, flexibility and legitimacy and, demonstrates a strongly despotic face in both countries.

Table 8.3 Different strategic response to the national ER institutions

	McDonald's China	McDonalds' UK
Strategic response in workplace regimes	Exit	Capture
ER institutional characteristics	1.Regulatory lacuna on employment status 2.Lack of effective law enforcement 3. Innate defects of trade union	1.Weakened legal underpinning 2.Fexible and deregulated labour market 3.Limited trade union influence
Goals	To achieve profitability, flexibility and legitimacy	

8.2.2 Divergent strategies towards 'low-road' convergence

The results of these different strategies in terms of worker outcomes in the two workplace regimes are similar. First, workers are faced with heavy workloads and intense work pace with standardised, repetitive and tedious job tasks. Second, employees have little discretion over working time arrangements. The outcomes of employer-controlled flexibility include unpredictable shifts and inconsistent break times. Third, low pay is a common issue for employees at McDonald's in both

countries. Minimum wages are usually used by managers as the baseline for setting the basic pay level in both countries. Those who entirely rely on their earnings from their employment are more likely to face wage precarity due to the unpredictable and unstable working hours. Except for the small number of full-time hourly-paid employees in China, in both countries workers receive extremely limited social benefits and statutory entitlements. Fourth, common health and safety issues are found in both countries, for instance, working on slippery (or oily) floors, equipment not properly repaired and maintained, air conditioning turned off in hot weather, and employees being asked to work even when sick or injured. In the UK stores, a more abusive and intimidating work climate is also found. Fifth, collective voice was denied no matter whether trade unions existed or not and workers were also deprived of individual voice as there is no effective grievance procedure.

My findings of worker outcomes echo that of much of the previous research on fast-food sectors (Royle, 2000; Royle and Towers, 2002; Royle, 2010, 2018). It seems that nothing has changed at McDonald's in the last decades amid the convergence of 'low-road' outcomes for workers in this sector. Royle (2004) argued that US fast-food MNEs have adopted the underlying principles of their US ER practices – 'five-lane low-road Americanization' wherever their stores are found, such as increasing rationalization and standardization of products and work organization, low skills, low wages, high turnover and low trust, and union antipathy, even if the practices themselves could not be imposed in their entirely. This logic follows the institutional perspective in MNE human resources literature suggesting the subsidiaries of MNEs are faced with 'institutional duality' (Kostova and Roth, 2002), that is, not only are they faced with the local institutional pressure to gain the legitimacy in the host countries, but also they are pressured to retain parent company practices (referred to as the home country effect). However, in this study, the extent to which ER practices of McDonald's in host countries are influenced by the home country principles is a complex matter. On the one hand, McDonald's is ambitious to implement its growth strategy with a high speed of expansion globally (McDonald's, 2019); on the other hand, similar to other MNEs, McDonald's is facing great pressure to reduce labour costs in global markets. As a leading MNE in the fast-food sector, McDonald's has more discretionary powers to adopt some common HRM and ER practices, such as standardised work organization and low wages. Meanwhile, ER systems are the least likely to be internationally

standardized as they are highly embedded in national institutional frameworks (Ferner and Hyman, 1998). Thus, the local subsidiary managements are affected by legal systems, norms and institutions (such as trade unions and related legislation). More importantly, management in the subsidiaries have the ability to mobilise and deploy micro power resources which allow them to build their HRM and ER practices especially by drawing on the institutional advantages of the host countries (Zeitlin and Kristensen, 2005). The findings suggest that local subsidiaries of McDonald's have capacity to develop divergent responsive strategies depending on the different institutional contexts in China and the UK. They have been able to capture or deviate from national institutions to retain despotic features at workplace level. Through the divergent responsive strategies in different national contexts, McDonald's is developing a same despotic face at workplace level and driving forms of 'low-road' convergence. Under these despotic workplace regimes, managers can exert their authority to exploit workers' rights, reduce labour costs and deny worker voice. Thus, the degrading working conditions in the flexible and precarious work are part of a converging 'low-road' trend that can be accomplished by employers through rather than against the existing institutional arrangements.

Moreover, the desire of MNEs to take a 'low-road' ER approach across their operations is less a reflection of home country effect, but more closely related to their desire to reproduce work practices as firm-specific sources of competitive advantage in globalization (Katz and Wailes, 2014). Therefore, it is possible to understand the 'low-road' ER approach adopted by MNEs and precarious work within a broader global level of macrostructural changes rather than just attributing it to employers' strategies under institutional pressures (either from host countries or home countries). Undoubtedly, frontline work at McDonald's is plagued by a series of problems, including high work intensity, low pay, low skill, poor working conditions, and lack of employment protection, fitting squarely into the categories of 'bad jobs' and 'precarious work' and is associated with the rise and expansion of global neoliberalism (Kalleberg, 2009).

Given global production and competition, in order to establish competitive advantages in global markets, states have actively encouraged the liberalization of labour markets and growing employment flexibility. For example, in the UK, as a typical neoliberal economy, the state is weakened in the ER system with the deregulation of market and

social protection institutions (Kalleberg, 2018). After the 2008 financial crisis, the government not only carried out the austerity agenda, but also further deregulated already highly flexible labour markets (Williams and Scott, 2014). The growth of ZHCs has taken on a notorious status in symbolizing the UK labour market's extreme flexibility (Rubery and Grimshaw, 2016). Furthermore, such neoliberal policies promoting flexibility have led to unions losing members and influence, especially in low-end service sectors characterized by high labour turnover. In China, although the ER legal framework has developed further since the 1990s, there is an inherent contradiction between the two aims of Chinese state, namely, economic growth and social stability. The concern of social stability and political monopoly calls for more state intervention in the ER system (such as through trade union establishment), whilst economic growth necessitates market-oriented reforms which work against employment rights (Liu, 2018). The Chinese government has created boundaries and inequalities in its labour market, providing some workers with standard employment and more protections to shore up its political authority, while excluding others to promote flexibility and economic growth (Zhang, 2014). As a result, alongside the great success in economic development over the past three decades in China, there has been rapid growth in informal employment in both the formal and informal sectors, such as part-time work, temporary agency work, labour dispatch, self-employment and student labour (Kalleberg and Hewison, 2013; Zhou, 2013; Smith and Pun, 2018). Moreover, the contradiction between economic growth and regime (and social) stability has led to the lack of effective law enforcement and the limited efficacy of trade unions to protect labour in workplaces (Liu, 2018). Thus, the past decades also have seen on-going violations of labour rights and the growing prevalence of precarious work across all sectors of the Chinese economy (Zhou, 2013).

Neoliberalism is also mirrored within the workplaces as employers are seeking greater flexibility (both numerical and temporal flexibility). Employers tend to adopt various labour flexibility practices (contractual and working time arrangements) to bypass the application of the standard employment relationship, reinforcing managerial despotism and minimizing the expenditures of labour. Especially after the 2007-8 financial crisis, many MNEs have tended to adopt a cost-cutting 'low-road' approach that involved low or reduced pay and a greater use of non-regular and contingent employees as such 'low-road' flexible practices might offer firms a competitive edge in the face of economic

crises and intensified global competition, especially in low-end service sectors with more low-skilled and highly rationalized jobs (Katz and Wailes, 2014). Therefore, arguably, the financial crisis accelerated the 'race to the bottom' that was already underway as a result of globalization and also accelerated the pace of convergence in the erosion of labour standards and the degradation of work (Piketty and Goldhamme, 2014).

Under neoliberal policies, the balance of power has shifted heavily away from workers and towards employers, with ever greater managerial discretion being handed over to capital. In a neoliberal world of intense competition, MNEs as dynamic and powerful actors not only have the motivation, but also have the capacity to shift their workplace regimes towards despotism and adopt a convergent 'low-road' ER approach, to increase their relative profit and maintain global competitiveness. The proliferation of precarious work arrangements is therefore associated with increased international competition and flexibilization, especially in the low-end service sectors. Workers are suffering from degrading working conditions under these conditions of flexible and precarious work.

8.3 The role of national culture in CER research

In addition to the focus on institutional structures, the role of 'national culture' is likely to play an important role in structuring employment relations differently across national economic systems. Chinese capitalism is seen to be intrinsically different from Western capitalism and the high power distance and collectivism are inherently rooted and characterised in Chinese culture, which has been infiltrated in many respects in Chinese organizations and the broader Chinese community (Child and Warner, 2003). It has been argued that culture plays an important role of explaining the peculiarities of employment relations in East Asia countries, especially in China (Fry and Mees, 2014). In this study, the findings suggest that distinctive Chinese cultural elements (both hierarchical and collectivist orientation) have a considerable influence on actors' attitudes and behaviours in the workplace regime at McDonald's China. The core element of Chinese culture is from Confucianism, which encompasses the encouragement of moral behaviour, 'appropriate' family and interpersonal relationships, respect for age, hierarchy, reciprocity and harmony (Fu and Kamenou, 2011). Child and Warner (2003) suggest that modern Chinese management has sprung from deep cultural

roots of Confucianism, even as the economy and institutions have shifted and evolved over the last half century. Existing research has noted the existence of a 'Chinese culture shadow' in FIEs that is not easily removed (Fu and Kamenou, 2011; Chen, Su and Zeng, 2016). In this study, such 'Chinese culture shadows' are also found in both the Chinese employment relations system and the workplace regime at McDonald's China.

The ideology of 'harmonious society', which the Chinese government in the Hu-Wen era (2002-2012) promoted in their political agendas, is based on Confusion values (Warner, 2010a). Under the banner of the 'harmonious society', the Chinese government has tried to legitimate its single-party rule through embedding it into a long-standing Chinese tradition of a benevolent and enlightened ideal society, ensuring that social order is maintained and controlled. In the field of employment relations, the party-state attempts to 'build harmonious labour relations'. Under this rhetoric, the Chinese government has placed strong emphasis on building a legal framework, establishing a trade union presence in organizations and conducting collective negotiation, in order to ease social tensions and control workers' protests. In essence, the political slogan of 'building harmonious labour relations' was reflective of the party-state's concern of social stability and political monopoly, which result in more state intervention in the Chinese employment relations system. In practice, trade union and collective negotiations tend to be formalized at workplace level and the workers' collective voices and actions are generally suppressed.

Moreover, at store level, the actors' attitudes and behaviours in Chinese workplace regimes are also affected by Chinese culture. Through comparing the workplace regimes between China and the UK, different control styles and divergent employee responses are revealed in the workplace. As the thesis has already argued, paternalistic control and the coalition of consent between workers evident in the workplace regimes in China are related to Chinese Confucian values. In a high-power distance culture, workers tend to accept that the power is distributed in terms of certain hierarchical status or positions. The main workforces, namely part-time students and middle-aged female workers, at McDonald's China are more likely to conform to such norms and values rooted in Chinese culture, such as respecting hierarchy and valuing harmony. Thus, they tend to be obedient and diligent in the workplace. More importantly, these two groups were 'bonded' together as family members and 'encouraged' to comply with

the notion of a 'harmonious' work environment. Furthermore, with the power distance and hierarchical culture, 'employee silence' seems to be the norm in Chinese workplaces (Pyman et al., 2016; Kwon and Farndale, 2020). In contrast to workers at McDonald's UK, workers at McDonald's China were unlikely to seek any formal voice channels to express opinions or grievances. Instead, Chinese workers were more likely to access interpersonal relationships to deal with workplace problems or grievances. Furthermore, managers shape and take advantage of employees' subjectivity to control workers in a subtle way and gaining legitimacy for a paternalistic control style. For example, managers deliberately used the 'scheduling debt' (see section 6.2.2) to make employees feel guilty and to encourage the idea that workers owed something to managers and, so that workers would not refuse other requests by managers. Managers frequently indoctrinated part-time students with typical Chinese workplace values, by strictly defining their subservient role in the hierarchy.

In contrast, the culture in the UK (or of Western countries more broadly) tends to be associated with individualism, a cultural trait that could be said to have intensified considerably since the spread of neoliberalism since the 1980s. In the UK, Prime Minister Margaret Thatcher claimed that there was "still too much socialism in Britain", arguing that the logic of social relations should be subordinated to that of market relations, leading to the rise of market-driven 'solutions' to the problems of Britain's 'decline', such as the privatization of public services and the minimization of government regulations and protections (Beynon, 2014). As a result, a much greater proportion of responsibility for economic risk has been shifted onto individuals and families. With the governmental, corporate and social responsibility all diminished, individuals are more isolated or atomized and less inclined to regard themselves as obliged to support others or contribute to their communities (Bauman, 2000, 2001). Under the notion of 'you are on your own', such extreme forms of individualism not only dominate, but also underpin Western neoliberalism (Bernstein, 2006). Consequently, Western society has moved towards increasing fragmentation, and in turn, fear and precariousness; in other words, there is very little collective action or solidarity, and a high degree of uncertainty and a low level of trust between people (Giddens, 1991; Bauman, 2000; Bude, 2017). In the field of work and employment relations, Hyman defines 'Anglo-Saxon individualism' (2004, p.275) by emphasising the freedom of contract, voluntarism and individualised industrial relations. These

features shape the current challenges in the UK employment relations system, for example increasing workforce casualization, growing managerial unilateralism, declining union membership, weakening collective bargaining and decreasing collective action (Brown et al., 2000; Hyman, 2004; Kirk, 2018).

At the UK workplace level, management tends to be free to exercise wide managerial prerogative in the neoliberal context within the context of a deregulated labour market, flexible employment, the self-reliance of individuals and the absence of organized labour. Lucas (1996) termed such management style as 'unbridled individualism', that is, '…*ad hoc*, authoritarian, reactive or strict on financial control' (p.270) and within which employees are regarded as commodity to be controlled and constrained (Head and Lucas, 2004). Blatant despotic methods of control were found at McDonald's UK, which I argue are a form of arbitrary control. Moreover, due to the individualism and heavy self-reliance in society, the fear of being trapped in a cycle of precariousness and poverty not only strengthens employers' control, but also elicits employees' consent (Sukarieh and Tannock, 2015). For instance, nominally, ZHCs are based on voluntarism, short-term and contractual relationships shaped by business demands and individualized incentives. However, in practice, ZHCs are used by employers to reinforce the individualistic nature of the UK employment relationship and are arguably reflective of workers' supine compromise to take personal responsibility for work and family life in a degraded employment environment. Individualistic values are very common in such highly 'individualised' employment relations systems such as at McDonald's where collective voices are suppressed and mostly missing. Given individualistic values, it is more difficult to build a collective identification amongst workers and frame the sense of injustice collectively for organizing (Heery and Simms, 2007). In addition, quite apart from the bonding or 'coalition' among different groups of workers at McDonald's China, there was very little evidence in the study of workplace community feeling as a community. There was little reciprocity and fraternity among the workers at McDonald's UK.

In this comparative ER study, it is argued that the impact of culture on employment relations practices is a significant explanatory factor. Cultural factors have helped us to understand and explain the dissimilarities in employment relations practices (especially actors' behaviours) that were observed in the workplace regimes in both countries. As

Pot (2000) suggested, in the comparative ER study, the influence of national culture on employment relations can be examined and elucidated through observing and contrasting actors' activities that draw upon the norms and values embedded in national culture.

> '...[A]ctors have sufficient strategic choice to enable them to adjust the employment relationship in a manner that is more in line with their cultural predisposition...' (p.5).

Therefore, it can be argued that as well as institutional variations, national culture is an important explanatory factor underpinning differences in the behaviour of actors and interactions among actors in national employment relations systems. Culture is one variable that should not be ignored when comparing very different employment relations systems (for example between Asia and Europe).

8.4 Chapter summary

This chapter provides a comparative analysis of two workplace regimes at McDonald's in the two countries. The thesis demonstrates that workplace regimes not only represent workplace dynamics between employers and employees, but also reflect wider institutional rules, cultural norms and political dynamics. In both workplace regimes, employment contracts and working time are manipulated as control tools for managers to seek greater flexibility. However, a coalition of consent is formed under a paternalistic style of control in China, whilst the co-existence of supine acquiescence and strikes is generated with the arbitrary control system in the UK. Different control styles and divergent employee responses in the two workplace regimes are influenced by national ER institutions and national culture.

McDonald's adopted divergent strategies to respond to these differing institutional settings, but developing the same despotic nature to achieve profitability, flexibility and legitimacy in both countries. As a result, there is strong evidence for a convergence of 'low-road' outcomes for workers, with low pay, insecure working hours, and suppressed employee voice. The chapter also highlights the role of national culture in influencing

actors' behaviours in the workplace regimes given the cultural distance between China and the UK and the significant legacy of distinct cultures and values in these workplaces. Overall, McDonald's divergent strategies resulting in converging 'low-road' trends and precarious work is not only related to MNE's responses to institutional duality, but also associated with the ability of MNEs to use their economic power to shape the employment relationship in their own interests and the case of McDonald's to maximise their control, suppress labour costs and spread the growth of insecure work in a context of neoliberal globalization.

Chapter 9 Conclusion

This thesis compares employment relations practices at McDonald's in China and the UK and examines how institutions shape employment relations practices in the fast-food sector in these two countries. To address these questions, covert participant observation and semi-structured interviews were conducted to gain deep insights into workplace ER practices at McDonald's. This chapter will summarise the main findings and answer the research questions, then outlines the contributions of this thesis. The findings of the thesis also offer some implications for work in a gig economy. Finally, the limitations of the study will be discussed.

9.1 Answering the research questions

This thesis is a comparative study on employment relations at McDonald's in China and the UK. Drawing on the concept of 'workplace regime', this thesis sets out to answer four main research questions:

1. What kind of workplace regimes exist at McDonald's China and McDonald's UK?
2. How do institutional factors shape the ER practices and the interactions between actors in the workplace regimes at McDonald's China and McDonald's UK?
3. How do the local subsidiaries of McDonald's respond to the external local ER institutions in China and the UK respectively?
4. What are the outcomes for workers in terms of pay and working conditions at McDonald's China and McDonald's UK?

Burawoy's concept of 'workplace regime' is adopted in this thesis to identify and understand workplace dynamics around 'control-consent-resistance' at McDonald's store level. The two workplace regimes in China and the UK were presented respectively in Chapter 6 and Chapter 7. Chapter 8 compares the workplace regimes and explains how the variables (national ER institutions and culture) at the macro level are applied for comparative analysis; the thesis also examines the dynamics of the relationship between management response strategy and national institutions and highlights the concept of 'low-road' convergence in the broader context of neo-liberal

globalization.

As an answer to the first and second research questions, this thesis argues that the workplace regime at McDonalds China is one of hegemonic despotism as some hegemonic features remain given the considerable level of state intervention on standard employment; at McDonald's UK, the workplace regime is one of flexible despotism, which reflects the deregulated 'flexible' UK labour market. Regarding the similarities, besides the technical control embedded in the Taylorist production process, both employment contracts and working time are manipulated as control tools for managers to seek greater flexibility at McDonald's stores in both countries. Similar forms of work orientations were found at McDonald's in both countries affecting worker responses to managerial control in a general way to a significant extent. Nevertheless, control styles and worker responses vary within the social and cultural contexts, and the interactions between actors in the workplace regimes are influenced by the national institutions and culture. The coalition of consent is forged under the paternalistic control in China, whilst co-existence of supine acquiescence and strikes is generated under the arbitrary control in the UK. Furthermore, McDonald's different approaches towards trade unions (cooperation in China and confrontation in the UK) are a pragmatic choice in two very different national contexts.

In answering the third and fourth questions, it is argued that in China McDonald's adopted an 'exit' response strategy to reinforce managerial despotism and shrink the space for state's hegemonic features. This is derived from regulatory lacunae regarding employment status, the lack of effective law enforcement and the innate defects of a 'transmission belt' style trade union in China. By contrast McDonald's UK 'captured' the weaker institutional intervention of employment relations in the UK's deregulated 'flexible' labour market, to legitimize its managerial despotic nature and allow it to exercise stronger managerial prerogative. Whether using 'exit' or 'capture' strategies, McDonald's develops the same despotic nature to achieve profitability, flexibility and legitimacy in both countries. Moreover, there is a convergent 'low-road' outcome for workers, with low pay, insecure working hours and the powerful suppression of employee voice.

The summarised findings from this comparative study are illustrated in Figure 9.1. Two

main similarities were revealed in this study and these are shown in the dotted boxes. The dissimilarities are shown in the solid line boxes. The first area of similarity relates to the control tools adopted by managers at workplace level. In addition to the technical control associated with the Taylorist production process, employment status (or employment contracts) and working time are manipulated by managers to control labour, in which both numerical and temporal flexibility has been converted into employers' control over workers, leading to more insecurity for labour. The second commonality is that McDonald's has created workplace regimes of despotism, despite the divergent response strategies in different national contexts, leading to a 'low-road' convergence in the context of neoliberal globalization. At the same time, workers are plagued by degraded working conditions in these low-paid precarious jobs. The solid line boxes present the workplace regime dynamics and the interplay between institutions and management strategies. These dissimilarities suggest that the interactions between actors in the workplace regimes and employment practices are mediated by the embeddedness and enduring nature of national institution and culture.

To sum up, workplace regimes not only represent the workplace dynamics between employers and workers, but also reflect and are influenced by wider institutional rules, cultural norms and political dynamics. Facing intensifying pressure in global markets, McDonald's has adopted different response strategies through reinforcing their managerial despotism within different institutional systems to achieve profitability, flexibility and legitimacy. In the context of neo-liberalism, the degrading working conditions in precarious jobs turn out to be a converging trend that can be accomplished by employers through, rather than against, institutional arrangements.
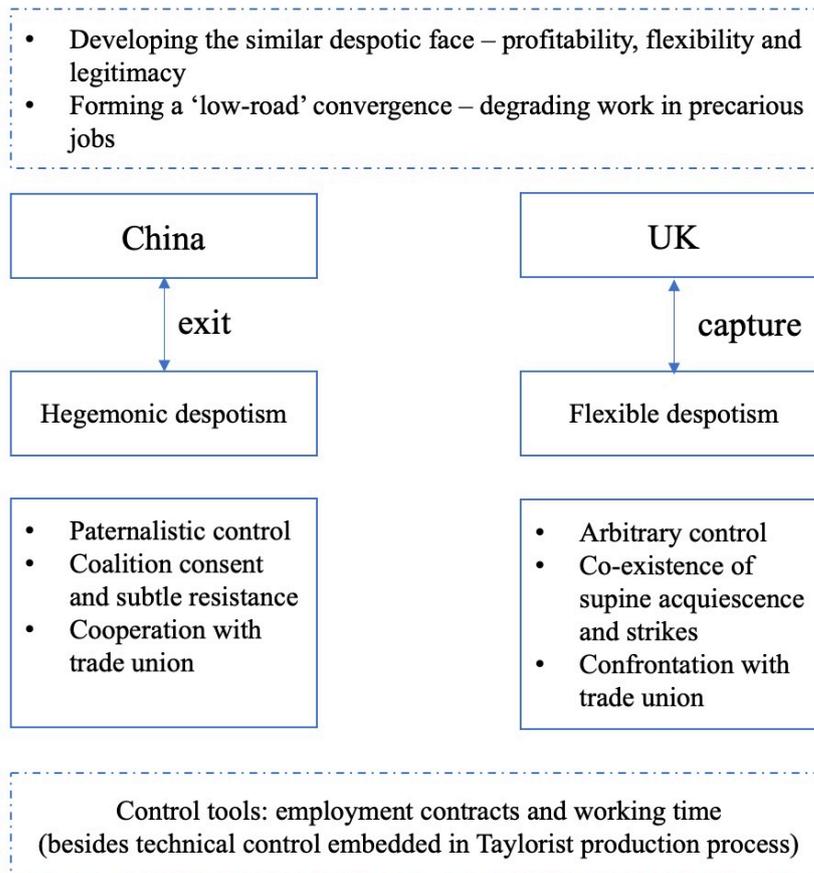
Figure 9.1 Summary of findings

9.2 Contributions of the thesis

This thesis makes several contributions: empirically, theoretically and methodologically. From an empirical perspective, this thesis provides an updated picture of employment relations in a low-end service sector (fast-food). More significantly, previous studies on employment relations in the fast-food sector are mainly located in developed countries and there is little relevant research in terms of employment relations in the fast-food sector in China, despite the fact that China is McDonald's third largest market and will soon be its second-largest market according to the company's ambitious expansion plans. Furthermore, although previous research offers insights into employment relations practices at McDonald's in the UK (Royle, 1999, 2000), which are taken as a typical case of a LME, there has been little recent published work on the UK.

Thus, in this study, China, as a state-led market economy, is included in the comparative

analysis to provide various insights from a different institutional context. Although the ER legal framework has developed further since the 1990s with considerable state intervention in the Chinese ER system, there are labour dualism and rapid growth in informal employment. In particular, this thesis highlights one group of informal workers – student workers, as a cheap and disposable labour supply at McDonald's in the Chinese context. They as the main workforce at McDonald's China are interested in the 'youth' and 'flexibility' labelled by McDonald's jobs but trapped in 'precarious work' due to the weak regulations on student employment. Moreover, in the UK context, this study put some emphasis on the discussion on flexibility/control/insecurity around the use of ZHCs and fixed contracts and on the interactions between McDonald's and trade unions.

Furthermore, in contrast to previous CER studies mainly focusing on the manufacturing or high-end service sectors, this comparative study puts more emphasis on examining everyday work relations in a low-end service sector. The share of the workforce employed in the fast-food sector has been on the rise in the last three decades. On the one hand, jobs in such low-end service sectors seem to be an alternative against the backdrop of declining job opportunities during the economic slowdown; on the other hand, such jobs are undoubtedly 'bad jobs' and precarious work as workers have low skills, low pay, low status, low levels of discretion, and little workplace voice. This study offers a dynamic and unique lens to examine the interactions among actors in the organizational domain of flexible and precarious work, not just employment practices and outcomes for workers. The rise of precarious work is arguably linked with management's strategic response to the global production and the spread of neoliberalism; however, the manifestation of precarious work in different contexts are influenced by different employment relations institutions, such as employment status, working time regulations, trade union laws, trade union influence and collective bargaining systems. Employers' control strategies and worker responses vary within social and cultural contexts. Despite the significant differences in institutional and cultural settings the outcomes for workers are similar in both countries, with low pay, insecure working hours and a powerful suppression of employee voice. It appears that with increasing management discretion and the degradation of working conditions McJobs are not only able to survive but also to prosper.

From a theoretical perspective, the contribution that this thesis offers to CER study is multifaceted, in terms of levels, actors and variables in CER analysis, beyond the convergence and divergence debate. First, it is related to the level of CER analysis. Most CER studies focus on the national level and examine the differences in employment relations institutions and their outcomes among different nations. Thus, Wright et al. (2017) develops a multi-level analytical framework for CER study, pointing out the influence of the institutional dynamics of sectors and global production networks as well as national systems. However, the analysis at the micro level has often been disregarded. Through applying Burawoy's concept of 'workplace regime', this thesis has developed a multi-level analysis of employment relations at a leading MNE in the fast-food sector. 'Workplace regime' helps to connect the micro workplace dynamics with macro politics of capital-labour relations in a national and global context. Therefore, this study seeks to make connections between workplaces, sectors, the state and broader social structures at different levels in the context of neoliberal globalization.

Second, contemporary debates on convergence and divergence focus overwhelmingly on employer strategies (Kaufman, 2011). This thesis goes beyond this focus putting more emphasis on the interactions among actors in workplace regimes, including employers, workers, trade unions and states in two countries. Through adopting the notion of 'workplace regime', this multi-level comparative study not only presents the interplay of despotism/hegemony and control/consent/resistance at the workplace level in the two countries, but also examines the actors' response to the national institutions. In doing so, this study extends the notion of workplace regimes in the context of a low-end service sector which is different from the manufacturing sector described by Burawoy (1985) given the transformative contextual changes over the last forty years. The two different workplace regimes under investigation present similarities and dissimilarities on control strategies and employee responses in the two countries. In both workplace regimes, employer controls remain diverse, ranging from technical, normative control to personal controls. More importantly, the thesis stresses that employment contracts and working time have been manipulated by employers as control tools and as a result, the numerical and temporal flexibility has been transformed into employers' control and workers' insecurity. Moreover, the labour process is not as autonomous as Burawoy (1985) claimed, as a range of external

institutional and cultural factors mediate control strategies and worker responses and shape the power relations between capital and labour (McHugh and Thompson, 2003c; Thompson and van den Broek, 2010). Therefore, workplace regimes not only represent the workplace dynamics between actors, but also reflect and are influenced by wider institutional rules, cultural norms and political dynamics. In addition, different managerial strategic response to the national ER institutions in the two different workplace regimes are analysed to present the interplay of capital and state. It is argued that the extent to which ER practices of McDonald's in host countries are influenced by the home country effect or host country adaption is a complex matter. As a leading MNE in the fast-food sector, McDonald's has more discretionary powers to adopt some common ER practices, such as standardised work organization and low wages. Meanwhile, management in the subsidiaries have the ability to mobilise and deploy micro power resources which allow them to build their own ER practices especially by drawing on the institutional advantages of the host countries. For example, the different approaches towards different trade union organizations and legacies represent pragmatic choices of management in the local subsidiaries.

Third, national culture is an underestimated variable in most CER study, but has been incorporated in this study, as it is argued that it is an important explanatory factor behind the differences in behaviours of actors and interactions among actors in employment relations systems.

Therefore, the thesis attempts to modify the analytic framework for CER study in Figure 9.2, based on a proposed research agenda for CER study by Wright et al. (2017), to provide a multi-level and dynamic analysis of CER which takes into account the various different levels of ER and the interaction between actors in ER systems across various countries. In this framework, the first element is the levels of CER analysis, which includes workplace, national, sectoral and global levels. The second element is the actors in CER analysis, including employers, employees, states, trade unions and NGOs. It is worth noting that, as yet the role of NGOs has not been significant in the fast-food sector (see Chapter 4), so little emphasis was placed on NGOs in this study; however, it does not mean that NGOs' roles in mediating employment relations can be neglected. For example, NGOs played important roles in labour protests in the manufacturing sector in China (Xu, 2013). The third element is the variables which are

related to the theoretical approaches adopted in general. As noted in Chapter 2, Frege and Kelly (2013) summarized two underlying theoretical approaches in CER study. The first approach derives from market forces and the second from a political economy approach that features the historical and institutional embeddedness of employment regimes. The theoretical approaches adopted by researchers are likely to influence the core variables of their comparative analyses.
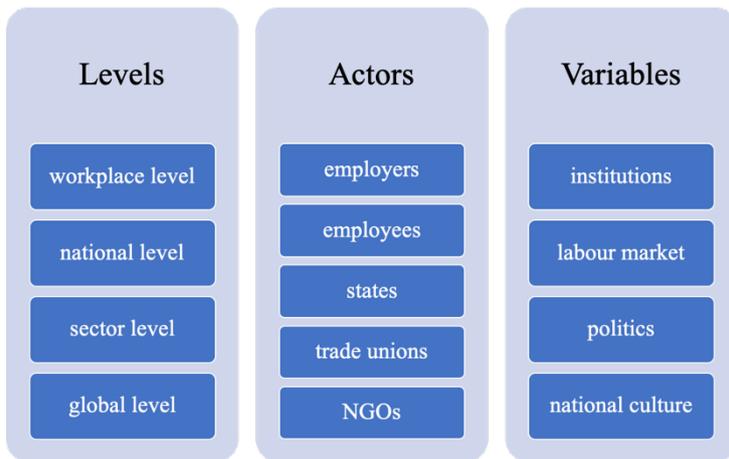

Figure 9.2 Analytic framework for comparative employment relations study

Methodologically, this study is also innovative in its use of covert participant observation. Adopting a covert role allowed access to data that would otherwise be unavailable. It also allowed me to understand and interpret the field of study firsthand and gain rich insights into the working conditions at McDonald's. Drawing on my own research experience, I would like to join the rank of those who call for a rehabilitation of covert research (Lugosi, 2006; Spicker, 2011; Roulet et al., 2017; Calvey, 2019). Covert research is becoming less common in part due to well-established criticisms of this approach. However, this should not discourage researchers from adopting this method especially in the context of undertaking research on employment relations in low paid service work. It can be carried out in an ethical manner and allows us to redress the power imbalance often prevalent in the employment relationships, where access to workers is closely guarded by management. It is suggested that we should evaluate the methodological, ethical and practical rationality and feasibility of covert research based on the nature, risks and merits of each individual research project.

9.3 Implications for work in a gig economy

The findings of this study not only reflect the employment relations practices at McDonald's, but also appear to imply a growing trend in other low-end service sectors and the gig economy. First, employers' control is becoming increasingly diverse and sophisticated. On the one hand, with the development of information technology, technical control is rarely removed, but is often reinforced and extended in the labour process. On the other hand, in a climate of neoliberalism and a growing employer-led demand for more labour market flexibility, many governments have deregulated or weakened enforcement of employment contracts and working time allowing employers to exploit such flexibility as a mechanism for managerial control. These tendencies have been exacerbated by the increasingly powerful development and spread of sophisticated and cheap information technology (Beynon, 2015; Thomas, McArdle and Saundry, 2020). Braverman's work *Labour and Monopoly Capital* (1974) revealed the tendency in Taylorist/Fordist capitalism to de-skill labour resulting in the degradation of work. Managerial rationalization and bureaucratization deepened the fragmentation and deskilling of production tasks, and thus minimized the possibilities for workers' control over production (Thompson, 1989). With the decline of manufacturing and the growth of services in recent decades, Taylorism in the manufacturing has evolved into Neo-Taylorism in many parts of service sectors. The neo-Taylorism pathway involves external labour market flexibility and internal hierarchical and technical control of the workforce (Lipietz, 1997). The managerial rationalization assisted by technologies continues with the fragmentation of tasks and the deskilling of work to serve the purpose of controlling and monitoring workers. A good example is that of Ritzer's (1993) 'McDonaldization' thesis which refers to the fast-food industry as services on the assembly line. Furthermore, in recent years, technological development has stimulated the rise of an algorithmic management of labour and work. At McDonald's, algorithmic analysis has been used for scheduling to guarantee that there are exactly enough staff for each shift (see section 6.2.2). Algorithmic management now becomes an element essential to the accelerating development of a global gig economy. This trend is most apparent in online platforms (Howcroft and Bergvall-Kåreborn, 2019), such as Uber, Deliveroo and TaskRabbit. Algorithmic management is defined as,

'…a system of control where the self-learning algorithms are responsible for

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making and executing decisions affecting labour, thereby limiting human involvement and oversight of the labour process' (Duggan et al. 2019, p. 119).

The application of algorithmic management not only ensures the efficient matching of demand and supply, but also assists in controlling and disciplining labour in covert ways (Gandini, 2019). It has been argued that jobs are further fragmented into tasks and broken into gigs with enhanced digital control (Wood et al., 2019). Moreover, standard employment relationships are overwhelmingly eroding, being replaced by non-standard work and flexible employment. It has been suggested that the increasing use of part-time workers, ZHCs, temporary contracts, casualization and self-employment are prevailing not only in the low-end service sectors, but also in the broader gig economy which is also increasingly including the professions (Yao, 2020). A majority of platform workers tend to be considered as self-employed which has spurred significant controversy over their employment status as it is seen to encourage 'false', 'dependent' or 'bogus' self-employment (De Stefano, 2016; Howcroft and Bergvall-Kåreborn, 2019). The weakening of employment contracts means limited employment rights for workers; at the same time, employers take advantage of these non-standard forms of employment to exploit labour. Furthermore, no longer is working time understood as a standard and stable template with eight hours per day and five days per week. Working time has been fragmented. The gig economy has made it ever more flexible and 'on demand'. In practice, temporal flexibility tends to be more manager-controlled and workers have little discretion over working time arrangements (Lehdonvirta, 2018). As my findings show, the time-based control mechanism can cover hiring, scheduling and even rewarding and discipline. Thus, the future of control for workers in a gig economy is more likely to combine the algorithmic management enabled by platform technology with contractual and working time arrangements dominated by employers.

Second, the gig economy has seen a proliferation of flexible and precarious jobs and a degradation of the employment relationship. In the gig economy, not only are the majority of tasks fragmented, but also the employment status is marginalized and working time is fragmented. As a consequence, these workers are typically unprotected by labour laws, unemployment insurance, or health and safety regulations and the manager-controlled working time has been found to be detrimental to job quality with unstable and unpredictable working time; overall it constitutes a pernicious form of job

insecurity (Wood, 2016, 2017). Long-term and well-established concerns by workers in a gig economy feature over low pay, the lack of communication and the unresponsiveness of platforms (Berg, 2016). More recent studies regarding work in the gig economy have suggested that the core outcomes are the chronic precarity for workers and the structural inequality within the work relations due to the low levels of economic security and little autonomy for workers (Heeks, 2017; Malin and Chandler, 2017; Melián-González and Bulchand-Gidumal, 2018; Goods, Veen and Barratt, 2019). Therefore, although the gig economy has boosted the number of 'jobs' to some extent, arguably, in essence most jobs in a gig economy are similar to the jobs at McDonald's, fitting squarely into the category of 'bad jobs' or 'precarious work'. The increasing job quantity in service sectors and more generally the gig economy does not cover up or counteract the overall decline in the quality of jobs.

Third, the 'race to the bottom' in wages, working conditions, and employment rights make these vulnerable workers difficult to organize. The weakening of employment relations regulations (especially collective regulations) and the general erosion of trade union influence have undercut workers' associational power. Moreover, these workers are more likely to lack structural economic power and the geographical dispersion (usually located in small workplaces) makes collective action very difficult. It is important to note, however, that in recent years there have been some collective actions organized by workers in flexible and precarious jobs. For example, the 'Fight For 15' movement started in 2012 in the USA (Rolf, 2015), the wildcat protests by Chinese Walmart workers in 2016 (Yang, 2016), the coordinated strike action organized by worker from McDonald's, JD Wetherspoon, TGI Fridays, and UberEATS in the UK in 2018 (BBC, 2018a) and the strike action by 'riders' for Deliveroo who were members of the Independent Workers Union of Great Britain in 2019 (IWGB, 2019). These are arguably a symbol of the progress from disorganization to collective action in 'greenfield', precarious, low-end service sector workplaces and the gig economy (Cant and Woodcock, 2020). These collective actions have been successful in raising the issues of low pay and insecure work in the gig economy and heightened awareness of unions among some workers. However, there remains serious concerns over the prospects for union organizing in the gig economy. The findings from this thesis have demonstrated that there are still significant barriers to achieve a long-term, sustainable and transformative union organizing in these workplaces, such as inherent

characteristics of the jobs and the workforces, a weak institutional environment for unions in many countries, a lack of trade union resources and capital's general disregard for workplace dignity and democracy.

Therefore, as Kalleberg (2018) argues, the confluence of forces from technological development, globalization and neoliberalism may aggravate the unbalanced power relations between labour and capital and continue to extend these unequal trends into the gig economy. In other words, on the one hand, there are changing forms of workplace regimes where hegemonic forms of control are increasingly supplemented or replaced by more despotic forms of control that are more diverse and sophisticated and on the other hand, there is an expansion of flexible and precarious jobs and the degradation of employment relationships. As a result, we have witnessed a growing level of income inequality and an increasing proportion of workers are plagued by job insecurity and in-work poverty in many developed economies (ILO, 2016; Thomas, McArdle and Saundry, 2020).

It is argued that the COVID-19 crisis in 2020 magnifies the increasing precarity generated in neoliberal regimes of labour market regulation and demonstrates the failures/dangers of neoliberalism and rising global income inequality (van Barneveld et al., 2020). Will the 'race to bottom' in working conditions 'bottom out'? Are there pathways out of the traps of insecure jobs and precarious lives? Although there are some emerging forms of worker collectivism among the precariat, the influence of these workers' voices has, so far, not been transformative. However, there are still grounds to hope that 'institutions still matter' (McHugh and Thompson, 2003a) and that the institutional frameworks can still have an impact on strategic choices of ER actors, including employment status, pay determination, working time and other working conditions. It is difficult to escape the conclusion that a social contract with the coordinated efforts of government, business, and labour is called for to address the growth of precarious work in contemporary world, not just in the gig economy (Kalleberg, 2011, 2018).

9.4 Limitations of the study

There are a few theoretical and methodological limitations to this study. First, only one company (McDonald's) in the fast-food sector was chosen as the case study. McDonald's is a representative case given that it is the world's largest food service company and a global leader in the fast-food sector and it can be argued that its operational and ER practices are often emulated by other fast-food companies. However, it would have been interesting to investigate other fast-food companies so that more extensive and comparative evidence could be provided to examine the phenomenon of 'low-road' convergence in the sector. By analysing more cases in one sector, it could be possible to examine the 'dominance effect' in the fast-food sector. Smith and Meiksins (1995) and Elger and Smith (2005) put forward their 'System, Society and Dominance' framework for CER studies and labour process analysis. This framework not only emphasizes the importance of national institutions (society effect), but also highlights the centrality of systemic and dominance effects – the economic mode of production and the 'best practice' or universal strategies generated, imposed and diffused across societies. Under this framework, Royle (2006) emphasised the role of the sector as an explanatory variable and suggest that some European-owned competitors in the quick food service sector were influenced by McDonald's 'dominance effect'. In that case the dominance effect was said to undermine the effectiveness of national societal arrangements. Thus, multi-case studies on this subject could offer a possibility for us to examine the dominance effect on the low-road convergence in the fast-food sector.

Second, the impact of the franchising system on the labour process at McDonald's was not analysed in any depth in this thesis. As suggested, McDonald's is heavily based on a franchised business model. The franchising system in the UK is relatively mature. In China, the rate of franchisee stores was still low (about 30 percent) before 2017; however, with the expansion proposal in 2017, McDonald's restructured its holdings via franchising and claimed that its franchising rate would reach 80 percent after the expansion deal (BBC, 2016). The franchise system is tightly controlled by the McDonald's Corporation and franchisees enjoy operational freedom only so far as granted by the parent corporation (Royle, 2000, 2018). As the pay and working conditions of workers is one key area where franchisees could push down the labour

costs and maximise the labour output, franchisees are probably more likely to exploit labour and not to comply with labour standards regulations than non-franchised operations (Ji and Weil, 2015; Kellner et al., 2016). At the same time, McDonald's Corporation is willing to turn a 'blind eye' to the franchisees' activities (especially on ER practices) in return for higher profit. Thus, with more franchising operations in Chinese stores after 2017, it is worth considering whether any changes would happen to the workplace relations and employers' control in the Chinese stores. When I conducted interviews in China, the expansion proposal has not been fully implemented and only a small number of stores in a few provinces or cities were franchised. In my interview data from China, only three stores in two provinces had been franchised among 20 stores and others were company stores. In contrast, there were only three company stores among the 19 stores in my interview samples from the UK. The data from one business manager and one shift manager who were in two franchised stores in China suggested that, after the store was franchised, more emphasis of management has been put on cost control; also, full-time employees' and managers' bonuses had been cut back and all team-building activities cancelled. Although these showed some signs of the impact of franchising on labour cost control, the data were limited here. Therefore, I suggest that some more data should be collected after the implementation of the China expansion plans. A longitudinal study would be very valuable here in order to help us to better understand the impact of franchising operations on the labour process (especially employers' control) in China. It could be that franchising is another pathway for McDonald's to further develop its despotic employment regime. A comparative study between China and the UK could give a more thorough analysis of whether the convergent franchising operation at McDonald's would lead to a deeper 'low-road' convergence.

Overall, this comparative study of employment relations in a low-end service sector in two countries argues that, against the backdrop of globalization and neoliberalism, and in spite of the different political, employment, cultural and social formations, precarious and deeply worker-unfriendly 'despotic' regimes are becoming ever more common. It is difficult to see how these trends might be reversed. This poses a real challenge for workers and their representatives given that the low-end service sector is such a significant part of the contemporary global economic landscape.

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