

## **RÉSUMÉ**

### **Fermeture d'usines, stratégies de gestion et résistance ouvrière a Taïwan**

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*Cet article identifie les enjeux induits par le phénomène des « fermetures malveillantes d'usines » (FMU) ou Ershing Kuanchang qui ont lieu a Taïwan depuis 1989. Son but est d'explorer les stratégies de gestion qui se dissimulent derrière la vague généralisée de fermetures d'usines. Se basant sur une étude s'étendant sur quatre ans, les résultats démontrent que la stratégie impliquant une suppression des FMU est probablement relié avec des arrangements institutionnels, le style de gestion, les relations de pouvoir asymétriques entre les employeurs et les employés et les politiques d'État. Cet article conclut que les travailleurs sont vulnérables et sans défense face à la mobilité du capital en l'absence d'une politique interventionniste de l'État.*

## **Plant Closures, Management Strategies and Workers' Resistance in Taiwan**

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### **Introduction**

Plant closures are normal business activities in industrial society. Plant closure refers to the total or partial closure of an establishment, a work-site, or a factory, whether multi-plant company or single-plant company, by the employer. The consequence of plant closure is collective redundancy of employees. Very often, the decisions to close plants lie largely in the hand of the employers. However, such plant closure decisions have tremendous social effects and consequences. Can they not be done in a predictable way and on the basis of the lowest social costs? In spite of managerial prerogatives, must they be carried out at the expense of employees of the establishment? The reasons for this are fairly clear, it is because labour is not a commodity but consists of human beings within a social context. This statement is written into the International Labour Organization (ILO) Declaration of Philadelphia and has become an axiom of ILO philosophy (Sengenberger, 1994: 24).

“Malicious plant closure” (MPC) or *Ershing Kuanchang* is the term which is used for the type of plant closure which is variously conceptualized by public opinion and trade unions in Taiwan as: abstract, at employer’s will, arbitrary, socially irresponsible,

hostile or malevolent.<sup>1</sup> From the legal perspective, it means an illegal act in which the statutory rights and interests of workers are malevolently damaged by the employers' act of plant closure (Chang, 1996)<sup>2</sup>. In practice, it means that where employers close down plants on any sort of grounds they wish, they do not assume the obligations and responsibilities required by law in the case of plant closure (Xin, 1997; Taiwan Labour Frontier, 1999: 41-2). Particularly, employers intentionally become insolvent in order to avoid the legal obligations associated with the closing of plants (Shia, 1993; CLA news release 08/06/2001).

Drawing on a variety of newspaper and government documentation in Taiwan from 1991 onwards, I have identified four major characteristics or criteria of MPC, which enable it to be differentiated from general plant closure. These four characteristics are as follows:

- **Cause:** The reasons that are used by employers to close down plants are viewed as a superficial excuse for making employees collectively redundant to decrease costs.
- **Process:** Employers do not inform employees of the contemplation of plant closure either until carrying out the plan of plant closure or at the early stage, merely for the purposes of avoidance of legal obligation in labour laws.
- **Substance:** Employers are not willing to pay redundancy payments, the retirement benefits and back wages owed, though retaining sufficient residual assets to pay for them.
- **Consultation/Negotiation:** Employers are reluctant to negotiate or consult with workers' representatives about payments

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<sup>1</sup> The first time the term MPC was used in an official paper was the 1989 Taiwanese Industrial Disputes Report promulgated by the Council of Labour Affairs, equivalent to the Ministry of Labour. Afterwards, it became the popular term used by the mass media of Taiwan. For example, one of the headlines of the *China Times*, the newspaper with the largest circulation in Taiwan, on 19 October 1996 was "Terminate MPC, Hand in Hand Cross-Ministry". Another headline of *China Times* on 12 December 1996 said "The Unemployed Workers Caused by MPC, the Cabinet Will Discuss It". The working definition of MPC for the research purposes is made later.

<sup>2</sup> This criterion has also been used by the Ministry of Economics, Taiwan, in examining the case permission in which is asked for overseas investment where the employer is planning to invest in other countries, especially mainland China. When the fact of MPC is upheld, the employer will not be legally allowed to transfer his or her capital overseas.

and arrangements relating to plant closure with a view to reaching an agreement.

Therefore, MPC can be identified from Cause, process, substance, consultation and negotiation of plant closure. It can be seen as a deliberate action, which brings the strategic intents of employers into reality. In order to identify MPC, managerial intention to close the plant down at the expense of workers' rights or by neglecting workers' rights needs to be explored through the external behaviour or conduct of employers in the process of carrying out plant closures. In short, MPC can be conceptualized as the social fact that employers close plants without advance notice for any excuse they want and do not intend to consult with workers' representatives about the compensations of job loss in the pursuit of maximizing economic interests at the expense of workers' rights or neglecting workers' rights.

Unfortunately, there are no statistics showing how many cases of MPC happen per year nor how many workers they affect. However, official documents do not deny the existence of the problems of MPC. According to the list of the industrial disputes engendered by plant closure from 1990 to 1995<sup>3</sup> which is publicized by the Council of Labour Affairs in Taiwan, over 90% of them, equivalent to no less than 417 cases can be identified by the public authorities as being consistent with the defined characteristics above (CLA, 1997). In order to tackle this problem thoroughly, the Taiwanese government at one time intended to formulate a Plant Closure Law to exclusively regulate MPC (*The China Times*, 28 January 1997). Moreover, during the Taiwanese Presidential election in the year 2000, MPC had become one of the important issues of the election campaign (*The United News*, 23 March 2000). The election manifesto of each candidate not only revealed the rising concerns of MPC for Taiwanese workers, but also pledged to tackle it (Kao, 2001).

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<sup>3</sup> The official statistics about industrial disputes over plant closure did not exist until 1990. This is because the anti-plant closure campaigning of 1989, the year of emergence of "malicious plant closure", attracted the attention of the public and the government. After that, the number of disputed plant closures was incorporated into the *Labour Statistic Yearbook* which is issued by the Council of Labour Affairs in Taiwan.

MPC has been recognized in Taiwan as a social problem since 1989.<sup>4</sup> The problems of MPC had been highlighted by a sequence of collective activities organized by unions and redundant workers. The first wave of MPC emerged in the Export-Processing Zone (EPZ) in Kaohsiung, the southern part of Taiwan, in the end of 1989. A number of plants were being closed down with employers not only owing the employees outstanding wages but also being unwilling to pay redundancy payments or retirement payments. The affected employees organized by some union activists went on demonstrations both to protest the closing of plants by the employers without fulfilling legal or moral responsibilities and to express their deepest complaints over the inefficiency or failure of the protective function of public authorities (Lee, 1992). Due to the driving force of economic globalization, not only have the number of plant closures been gradually increasing, but also industrial disputes over plant closures, particularly MPC, have been more serious year by year.

Most establishments in Taiwan are small or medium-sized businesses relying on international trade. International economic factors need to be taken into consideration if one is to explain the phenomenon of plant closure in Taiwan in light of the nation's economics (She, 1991; Chou, 1993). As Table 1 shows, the number of plant closures in 1989 was 4,331 compared to 3,749 in 1985. Due to the impact of the global economic recession on Taiwan, the figure sharply increased to hit a peak of 7,468 in 1990. From 1991 onwards, due to the recovery of the economic cycle, the number of plant closures decreased a little but remained at a high level with each year's total exceeding the levels of the 1985-

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<sup>4</sup> Plant closure has frequently happened but had not been an issue until 1989 as a result of the Taiwanese political-economic situation. Due to the changing political contexts such as the lifting of martial law in 1987 and the amendment of the Settlement of Industrial Disputes Law in 1988, the fundamental rights of workers, including collective and industrial actions in the public area and workplace respectively, were reinforced. In addition, Taiwan's economic structure has been gradually transformed since the mid-1980s from labour-intensive industries to technological and capital industries. From 1987 onwards, the percentage of the workforce in the service sector began to exceed those in the industrial sector. The figures were 43.73% and 42.55% respectively. Therefore, a number of plants were gradually closed and moved to other Asian nations because of cheaper labour costs. Such an unwelcome event as plant closure faced intensive resistance and opposition from Taiwanese workers.

Table 1 *The Number of Plant Closures and Newly Founded Plants in the Manufacturing Industry (1985 to 2000)*

Years	Closing Plants (a)	Newly founded Plants (b)	(a)/(b) =%
1985	3749	10281	36.4
1986	2917	13071	22.3
1987	2201	10721	20.5
1988	3658	10312	35.4
1989	4331	7933	54.5
1990	7468	6543	114.1
1991	4873	7288	66.8
1992	6988	7259	96.2
1993	4664	6718	69.4
1994	6917	7115	97.2
1995	5992	6905	86.7
1996	5507	5414	101.7
1997	2904	6039	48.1
1998	6788	5726	118.5
1999	3982	5846	68.1
2000	4995	5689	87.8

*Source:* BGBAS. 2001.

1989 period. In contrast, the number of newly founded plants decreased from 10,281 in 1985 to 6,905 in 1995, in spite of occasional increases in the number of plants opening in some years. The number of newly founded plants stabilized during the years 1989 to 2000, with an average of 6,544 plants founded during that twelve-year period.

As Table 2 shows, in terms of the number of industrial disputes engendered by plant closures and apart from a low of 59 cases in 1990, the number of such disputes has consistently been no less than 70 cases a year, ranging from 70 to 96. The peak of 100 cases was reached in 1996 which was both the first year of the Asian financial crisis and general election year in Taiwan. However, after 1996, the figure went down to 32 in 1999. If the proportion of the total number of industrial disputes as opposed to plant closure is examined, a similar tendency appears as well. In 1991, the proportion reached its peak of 5.3% and then the figure slightly fell to 3.39 in 1993. Between 1993 and 1996, the figure

Table 2 *The Number of Industrial Disputes over Plant Closures*

Year	Total number of industrial disputes	Total number of workers involved in industrial disputes	Those caused by plant closure (b%)	Those involved in plant closure-related disputes (b%)
1990	1860	34089	59 (3.17)	2683 (7.87)
1991	1810	12696	96 (5.30)	2712 (21.36)
1992	1803	12394	77 (4.27)	2154 (17.38)
1993	1878	37949	74 (3.94)	2950 (7.77)
1994	2061	30890	70 (3.40)	1414 (4.58)
1995	2271	27342	88 (3.87)	3939 (14.41)
1996	2659	21654	100 (3.76)	5176 (23.90)
1997	2600	81004	57 (2.19)	1194 (1.47)
1998	4138	103568	36 (0.87)	1820 (1.76)
1999	5860	30440	32 (0.53)	861 (2.28)
2000	8026	56543	50 (0.62)	3030 (5.36)

*Source:* CLA. 2001. (a%) is that the number of industrial disputes over plant closures is divided by the total number of industrial disputes. (b%) is that the number of workers involved in plant closure related disputes is divided by the total number of workers involved in industrial disputes. *Note:* Until the year 1990, the government did not calculate the official statistics of industrial disputes caused by plant closures.

went up and down from 4.94 to 3.40. As far as the number of workers involved in the industrial disputes over plant closure is concerned, the figures have been rising, ranging from 2,683 to the peak of 5,179 in 1996. Likewise, after 1996, the figure went down to a record low of 861 in 1999, though it rose to 3,030 in 2000. On average, from 1990 to 2000, each industrial dispute over plant closures involved 38 workers. It implies that small businesses, when closing them down, were most likely to cause industrial disputes and, even worse, MPCs.

Various approaches had been employed by researchers to study the formation of normal plant closures in Taiwan (e.g. Shia, 1993; Chang, 1996; Kao, 2000) and abroad (e.g. Bluestone and Harrison, 1982; Hardy, 1985; Lee, 1987; Perrucci et al, 1988; Portz, 1990; Illes, 1996). However, there has been no academic research to address the issue of MPC. This problem can only be fully understood by placing it into specific institutional arrangements and the dynamic process of employee relations. This article seeks to fill this gap of research by exploring the process of plant closures, *inter alia*, MPC, and the hidden agenda of managerial

strategies. The empirical findings and theoretical implications drawn contribute to the considerable body of knowledge regarding work and industrial relations. Moreover, the article attempts to give critical insights into the economic miracle of Taiwan, one of newly developing nations in Asia (the “Asian Tigers”)<sup>5</sup>, by showing the suppression of workers’ rights and resistance.

My main argument is that managerial strategies for MPC do not suddenly emerge. Instead, they are deliberate strategies deployed by the employers in an attempt to implement managerial intentions. The Taiwanese State takes a neutral stand on plant closures by providing no legal employment protections for workers. Therefore, the employers under the impetus of capital accumulation can do whatever they like to carry out their strategies for moving plants to places where they are able to make as much profit as possible. This article which is based on four years of research (1995-1999) is divided into five parts. The first part reveals the issue of plant closures, *inter alia* MPC, by showing the significance of my study. The second part addresses research methodology by indicating research sites, procedures and its limitations. The third part addresses the results of my case study. The fourth part discusses the findings and draws their implications. The fifth part provides the conclusions of the research.

### **Research Sites and Procedures**

The study sampled six plants closed on the basis of the following criteria: (1) the closed plants were in the manufacturing sector; (2) the event of plant closure should have attracted mass media attention; (3) the case must be one where government got involved in the problems caused by a closure; (4) the cases selected need to encompass malicious closure and some general closures identified by mass media at the outset; and (5) the case must be, to the extent possible, typical or representative of its kind. The entire sample was made through “expert recommendation” by three experts, selected from the government, the national trade union, and the national employer organization respectively,

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<sup>5</sup> The concept of MPC is discussed exclusively in Taiwan. Presumably, other East Asian countries (i.e. Korea, Hong Kong, Singapore) have had MPC-related disputes. However, so far, I cannot find any academic studies elaborating the concept of MPC elsewhere.

who helped to introduce the research sites on the basis of the criteria above. “Expert recommendation” was adopted to assist the sampling because it was very difficult to trace plants that were closed.

Plant	A	B	C	D	E	F
Age	25	25	29	30	30	30
Main products	Electronic	Petrochemical products	Textile	Clothes	Electronic products	Clothes
No. of employees	300	88	273	394	685	605
Unions	No	Yes	Yes. Union with militancy	No. Attempted to unionize, but failed	Yes. Very limited role	Yes. Dominated by employer

Research sites are coded as Plants A, B, C, D, E, and F. The basic features of research sites are shown in Table 3. Their similarities are threefold. Firstly, the life cycles of the plants were above 25 years. Secondly, the six plants were all labour-intensive industries which relied on manual labour rather than capital and technology to keep the plant running. Thirdly, the plants identified by public opinion as MPCs were owned or dominated by families (e.g. Plants C, D, E, and F). In terms of collective voices, Plants A and D were union-free establishments, while Plants B, C, E, and F were unionized. Despite unionization in these plants, unions took different attitudes to deal with management. The union in Plant C was militant and hostile towards management. Its officials were active in organizing union alliances with the other unions and campaigning for worker’s rights. The union in Plant B was not so militant but active in pursuit of workers’ welfare and good terms of employment. Though Plants E and F had unions respectively, they were either inactive or dominated by management.

The techniques for collecting data primarily were interviews and documentary sources. Interviews took place face-to-face, lasting from between one and one half hours (e.g. interviewing A/er) to four hours (e.g. interviewing D/Rep). They were semi-

structured with the themes or topics I discussed with interviewees based on the interview guide. In each research site, the employer or the representative of the employer, the leader of the trade union, and the government official who was assigned to deal with the disputes over plant closure were interviewed. They were conducted in the semi-structured manner which was guided by the interview schedule.

The codes of key informants from each research site are that /**gv** refers to the governmental official, /**er** refers to the employer or the representative of employer, and /**un** refers to leader of trade union or labour organization. Plants A and B were identified by the government as general plant closure, while Plants C, D, E, and F were MPC.

The limitations of my methodology might be evident in two aspects: generalizability on the one hand, and the identification of “malicious intent”, on the other. The concern about qualitative methods is the small size usually involved and the difficulty of making generalizations. However, for qualitative research, generalizability is conceptualized as a matter of the “fit” between the situation studies and others to which one might be interested in applying the concepts and conclusions of that study (Schofield, 1993: 221). To maximize the fit between the research site and what is in more broadly in society, the sites I sampled for research were selected because of their typicality (Cf. Patton, 1990; Kitay and Callus, 1998) rather than on the basis of convenience or ease of access. Moreover, the concern about identifying “malicious intent” seems hardly avoided if the employer does not admit it. To overcome this awkward problem, the method I used was twofold. The first is through secondary data: seeing how public opinion (i.e. from mass media and unionists) define or “label” it. The second is via in-depth interviews: exploring the external behaviour of employers in carrying out plant closures rather than the articulated excuses and purposes which may disguise the real reasons for bringing about plant closure. As already noted, defining MPC needs to follow the criteria of “Cause, process, substance, and consultation/ negotiation”. Once the patterns of employers’ actions fall within this scope, MPC can be identified accordingly.

## Results

Managerial strategies for bringing malicious intent into reality and workers' struggles against MPC can be divided into three phases. The first is the preparation phase, the second is the announcement phase, and the third is implementation.

### *Preparation Phase*

The preparation phase is the stage in which employers decide to close a plant, and then covertly and overtly prepare for this closure. Workers begin to look for early warning signs of a possible closure within their own plants (Perrucci et al., 1988: 115). In this sub-section, I want to show how employers strategically prepared for the closure and how workers responded them.

#### *Employers*

The tactics which the employer undertook can be divided into three categories: the introduction of a plant closure specialist, unusual actions/conducts, and outstanding wages and the postponement of paying wages.

- i) **Plant Closure Specialist:** As Johnson and Scholes point out, a new chief executive from the outside may be introduced into a business to effect change because of his or her fresh perspective on the plant (Johnson and Scholes, 1997: 491). Sometimes it seems to be a “sign” of plant closure where the board of directors introduced a specialist from outside, serving as a new chief executive. The key mission of the outsider is to design and evaluate the plant development proposal. However, surprisingly, plant closures were announced after the new managing director were introduced into their plant in order to “straighten the plant out”. Indeed, the plant development proposal became plant termination (e.g. Plants A, B, F). The workers suspected that the real mission of the outsider was to carry out plant closure – a plant closure specialist.
- ii) **Unusual Action/Conduct:** From my case studies, I find that a number of signs to indicate possible plant closure can be unveiled. These include:
  - Main machinery and facilities were obsolete or even broken down, but employers did not intend to maintain or repair them (e.g. Plants A, B, E).

- Employers intended to sell or move machinery and facilities elsewhere (e.g. Plants C, D, E).
  - The raw materials were running out or insufficient so that employees had less or no work to do for a period of time (e.g. plants D, E).
  - Employers shortened working hours and cancelled overtime because of dramatically reduced orders (e.g. Plants A, D, E).
  - Employees decreased in recent years (e.g. Plants C, D, and E).
- iii) **Outstanding Wages:** This situation is one in which the employer delayed paying wages to the workers. These situations might result from the financial difficulty of the plant. However, the workers could see the outstanding wages as a plot to compel them to leave or resign voluntarily before plant closure. This is because the more workers leave voluntarily before plant closure, the less costs the employer need to pay for overdue wages and statutory payments for job losses. Therefore, this could be regarded as a sign of possible plant closure if it had continuously taken place for a period of time and an employer was incapable of paying the overdue wages to the employees (e.g. Plants D, E). A delay in paying wages for workers could happen shortly before plant closure (e.g. Plant C).

### *Unions/Workers*

Most workers were situated in uncertain and speculative circumstances in the preparation phase. In the possibility of plant closure without proof, the responses of workers can be classified as three types, namely: Ready to Resist, Suspicion, No Idea About It.

- i) **Ready to Resist:** In some circumstances, workers felt uncertain and insecure about potential plant closure or job losses (e.g. Plants C, D, and E). As the union leader said,

We had repeatedly practised and rehearsed how to respond to forthcoming plant closure for two years. We were ready to declare “**war**” on the employer while he announced collective redundancy or plant closure.(C/un)<sup>6</sup>

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<sup>6</sup> The union of Plant C was active, independent, and well-organized. It had a strong link with other independent national unions.

Based on the sense of uncertainty and insecurity of potential plant closure, the intention of being ready-to-fight could stem from four variables. The first was previous bad records of plant closures, in which the employer did not pay any compensation for job losses in closing the plants down (e.g. Plant D)<sup>7</sup>. The workers were worried that such consequences could happen to them if they did not stand up and fight for their rights. The second was outstanding wages. Sometimes the employers were incapable of paying wages to workers on a regular basis during financial hardship for periods, while the workers still worked for them (e.g. Plants D, and F). This would increase the price the employees had to pay once plant closure took place. The third was the tactic of moving capital and machinery abroad in sacrifice of the interest and rights of present workers (e.g. Plants D, E). The fourth was “other essential signs”, such as the sharp decrease on the number of workers in recent years (e.g. Plants C, D, and F).<sup>8</sup>

- ii) Suspicion: There were some circumstances in which the response of workers to possible closure remained speculative (e.g. Plants A and B). The state of speculation did not mean that the workers had no clue about the threat of possible closure.<sup>9</sup> Also, it did not imply that the workers had no intention to fight for their rights. Rather, the regular communication and interaction between the employers and the workers reduced the rising tension and eliminated the spread of rumours in the workplace. In addition, the signs of possible closure were not clear enough to arouse panic and the workers were aware of the financial situation of the plant, believing that it would not be closed in spite of signs to the contrary.

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<sup>7</sup> For instance, Plant D used to have the other two associated plants which were owned by the same employer. The first plant which had about 300 workers was closed down in 1991 and the workers were not paid compensations for job losses. Likewise, the second plant which had around 400 workers was closed down without paying any compensations for job losses in 1994.

<sup>8</sup> For instance, in Plant C, the number of workers was 580 in 1993. The figure fell to 480 in 1994, followed by a sharp decrease to 367 in 1995. The reason given for the decrease of workers was redundancy. (C/er)

<sup>9</sup> The key symptom which led the workers to experience a sense of insecurity was the introduction of the so-called “plant closure specialists” to their plants for some business development purposes (A/rep; B/un).

iii) No Idea About It: There were the other circumstances in which the workers had little/no information about possible plant closure (e.g. Plant F). In practice, most workers failed to gain access to information concerning the plant situation. It seemed that little/no clear sign of plant closure and no unusual actions of employers showed the possibility of plant closure.

### ***Announcement Phase***

In this phase, the employers announced their intention to close the plants down, while the unions or the representatives of employees thought about how to respond to the closures. Despite legal provisions for advance notices, the period of advance notice for plant closure were very short, ranging from 43 days to 0 days (as Table 4 shows).

A	B	C*	D	E	F
30 days	30 days	43 days	31 days	0 days	6 days
<p><i>Note:</i> The period = (the date of announcement - the date of proposed closure) - 1.</p> <p>* In Plant C, the date of proposed closure was the date of signing the agreement of making all workers redundant at once.</p>					

This sub-section shows what employers’ strategies for dealing with workers and unions were after the closure had been announced by identifying the patterns of communication and interaction between them. Moreover, it discovers how workers and unions struggled to cope with managerial strategies and conflict between unions members about how to respond during this phase.

### ***Employers***

According to my cases studies, managerial strategies for dealing with workers and unions after the announcement of plant closure can be categorized by three approaches. The first is a “Consult-Announce-Negotiate” Approach (e.g. Plants B, C, and F) The second is an “Announce-Negotiate” Approach (e.g. Plant A), and the third is an “Announce-Hide” Approach (e.g. Plants D and E).

- i) Consult-Announce-Negotiate Approach: Some employers consulted the unions about collective redundancy before announcing this final decision. However, the aim of consultation was not to seek alternatives to plant closure and reduce its consequence. Rather, it simply attempted to legitimize the desirability and necessity of plant closure by a series of symbolic actions. For instance, some senior workers regarded consultation as a plot for the employer to pay lower compensatory costs to buy out soon to be retired workers because double costs would be paid for retirement when they were legally eligible to retire (e.g. Plant F).<sup>10</sup> Consultation before announcement could be driven by “custom and practices” within institutional arrangements (e.g. Plants B and C). Moreover, negotiation followed after the announcement of plant closure. The subjects of negotiation were primarily concerned with compensation for job losses, alternative jobs, and outstanding wages.
- ii) Announce-Negotiate Approach: The Announce-Negotiate Approach means that employers directly announced plant closure, and subsequently negotiated its conditions with the unions or workers. In other words, the employer did not consult with the union or workers initially, but rather immediately announced plant closure (e.g. Plant A). It seems that the decision itself was not debatable, while the effects of the decision were negotiable. Due to no consultation before the decision, this aroused criticism and suspicion of the workers. Therefore, it led to workers’ opposition and resistance after the announcement.
- iii) Announce-Hide Approach: The announce-hide approach means that the employers physically hide or “go underground” soon after an announcement of the closure. They could either leave Taiwan or “go underground” somewhere. They gave the workers very little (Plant D) or no notice (Plant E) before plant closure. In these two situations, the reason why they chose the strategies of escape and hide could be connected

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<sup>10</sup> According to the payroll of Plant F, 82 workers were going to have legal eligibility of applying for retirement within two years., while the other 141 workers had worked there for over 15 years. The decision of the so-called agreed plant closure by the union was not a convincing reason.

with the avoidance of a huge amount of compensation for job losses, irrespective of whether they were actually capable of compensating them or not.

### *Unions/Workers*

On the employee's side, there were fairly complicated attitudes concerning plant closure. In one situation in which the plant was seen as having financial difficulty (e.g. Plant C), the workers were not confident about maintaining employment in the long term. They would rather be technically sacked in order to secure pecuniary compensation for job losses in the first place, rather than stick to their jobs and probably get nothing in the future. In the other situation in which the majority of workers were senior workers, the distinction of interests between the senior workers and the youth workers could result in divisional camps in pursuit of their own interests and claims (e.g. Plant F). The former may desire job security, while the latter could demand pecuniary compensations (e.g. Plants A, B, C, F).

- i) Job Security: The workers who claimed job security had at least two characteristics. Most of them were senior workers who were legally eligible to retire in few years. In addition they believed that they could receive retirement payments due to the employers' financial situation. However, the claim of job security was normally temporary under the firm position taken on plant closure by the employers. In particular, the claim of job security, in relation to the change of decided strategy, undermined the plans and strategies of capital use and mobility as a whole. As a result, workers finally had to change their claim for job security, and tried for better compensations due to job losses instead.
- ii) Compensation for Job Losses: When addressing the issue of compensation for job losses, the question to be posed was why the other workers did not claim job security but immediately demanded compensation for job losses. The answer to this could be given in two parts. Firstly, most employees claiming for compensation were not too old to find other jobs. They assumed that they had not lost too much by being temporarily unemployed, and could find other jobs. Secondly, because of the overdue wages, they were not confident that the situation

they faced would get better. They would try to get better compensation for job losses to begin with than claim job security.

### ***Implementation Phase***

In the implementation phase, the employers dealt with how to put their strategies for plant closure into practice, and how to overcome the resistance and opposition of workers. Meanwhile the unions or the representative of employees mainly sought better deals for job losses. Therefore, this sub-section shows what sort of methods employers adopted to put the strategies for plant closures into practice and how unions and workers responded them

#### *Employers*

In general, the employers' tactics for carrying out plant closure had a polarization of practices, which was about getting the workers out on the one hand, and giving extra statutory payments to the workers on the other. Here, I would like to categorize these tactics and practices into three aspects, namely: no money, limited compensation, and above statutory payments.

- i) No Money: In an extreme situation, the superficial excuse which was often used by some employers to get workers out of the plant was that "I had no money at all" (e.g. Plants D and E). The query to be posted here is whether a plea of no money is true. Perhaps, the employers were *de facto* insolvent, and were incapable of paying any compensation for job losses. In this case, workers could become the creditors of the plant and waited for its liquidation in the bankruptcy proceedings. In most situations, money from the liquidation was not sufficient to pay the various debts, including redundancy payments (e.g. Plants D and E). This was the main reason why workers occupied the plant as a base in the pursuit of a long-term fight for their interests and rights after closure (C/un, D/un).
- ii) Limited Compensation: In some situations employers were only willing to offer a limited amount of compensation for job losses. Irrespective of the workers' fierce responses, they had taken a firm stand on paying a limited amount of compensations for job losses with a take-it-or-leave-it attitude. Even if they had already signed a written agreement about the condi-

tions of redundancy payments, sometimes these employers still broke the agreements (e.g. Plants C and F).

- iii) Above Statutory Payments: In some situations, employers were willing to pay better compensations than those required by the law (e.g. Plants A and B). However, it still encountered resistance from some workers demanding job security. When they found that it was impossible to keep the operation running, they would change their position, and demand higher compensation than previously.

According to my research, the answer explaining why employers were willing to pay extra statutory costs to the workers as a “golden handshake” can be attributed to three points. Firstly, the decision concerning the plant closure went through deliberate evaluation and planning. Before the employer decided to choose plant closure as a strategy for problem-resolving, the cost-benefits of a strategic option had been taken into consideration. Secondly, the employer’s attitude of resuming the responsibility for plant closure and for negotiating with the union with a view to reaching an agreement were vital factors. Thirdly, the financial situation of the plant was still capable of offering workers such compensations for job losses.

### *Unions/Workers*

My research finds that unions’ actions and strategies in response to plant closure, *inter alia*, MPC, can be classified by two types. The first is outward strategies which are concerned with the outside world and attracting the attention of the public which would in turn put political pressure on the company and the public authority. The other is inward strategies which are concerned with how to solidify the workforce and enhance the ability of workers to fight for their own rights. In the narrow sense, workers were keen to get reasonable compensation for job losses.

- i) Outward Strategies/Actions: The main goals of outward strategies/actions undertaken by unions embraced three aspects, namely: raising public appeals, imposing political pressure on the government, and forcing employers to turn up and pay the employees reasonable redundancy payments.

In my case studies, the common strategies/actions consisted of five types. The first was to go to conciliation and mediation,

which were used in the first place to ask the public authorities for assisting their disputes about plant closures. However, conciliation or mediation proposals that were presented by public authorities normally failed to reach an easy agreement between employers and unions because conciliation or mediation were voluntary and the proposals were not a binding offer.

The second was “petition and march”. The purpose of “petition and march” was to urge public authorities to assist them to resolve the problems they faced by bringing mounting social pressure upon the government. The third was media-profiling or trouble-making which attempted to attract the public’s attention to workers problems, which in turn, made the employers’ families embarrassed and put political pressure on the government to tackle their problems. The ways in which workers made the news attractive were various and radical, such as lying down on railway tracks to stop trains passing through, interrupting motorways, invading the residence area of the President of Taiwan, large-scale camping and cooking in the main gate of the Council of the Labour Affairs (the highest public authority for the labour affairs in Taiwan) for days, and occupying the venue of the Taiwanese Sports Game (the biggest sports days event in Taiwan).

The fourth tactic was community-union alliance. Workers distributed posters on the streets, describing the problems they faced and reminding people that “you could be the next victims of plant closure”. By doing so, the workers could obtain emotional and physical supports while conducting strategies/action against the employers and the government. The fifth was unions strategic alliance. Some union activists helped to organize unions which were fighting for their rights and interests to form a strategic alliance for increasing their visibility and bargaining power when dealing with employers and the government. Basically, the focus of union strategic alliance was on political and legal dimensions. In terms of the legal dimension, the main aim of unions strategic alliance was to pursue legal and employment protection reform. In terms of the political dimension, they called for the intervention of public authorities in their disputes with the employers.

ii) Inward Strategies/Actions: The main goal of inward strategies/action was to converge the common consciousness of workers, increase the degree of cohesion, unite the workers' power, and enhance the solidarity of workers. To achieve these goals, a number of strategies were carried out by the unions. The first was to occupy the plant as a campaigning base in preparation for long-term fighting. If the union had this base, it would be easier to assemble the unemployed workers and convene the meetings about responding strategies and actions. In addition, the workers occupied the plant as a quid pro quo of outstanding redundancy payments, because the plant's land was a valuable asset which could be liquidated for returning debts to the creditors. The second was to organize workers as a self-help group and then take the leadership of the union. When there were no union in plants, workers organized as a self-help group in order to pursue their interests. However, when there were unions dominated by an employer, the workers would attempt to take the leadership. The third was to go to the plant as usual. Even though the plant had closed down, workers went to the plant as usual in order to have a high turnout for their strategic actions and integrate the solidarity of workers. The conference of the union had passed rules which required collaboration from workers or they would lose the right to share the results the union obtained. The alternative was that workers went to the plant in daily shifts, but all the workers had to show up when they wanted to launch outward actions such as marches and news-making. By using this strategy, the union could exclude the free-loaders from the union, and in turn eliminate differentiation and disunion among workers. Furthermore, it was beneficial to mobilize the workers to launch outward strategies. The fourth option was to introduce outsiders. The outsiders were independent union activists who were specialists in the mobilization of resources and devising the strategies for workers to fight for rights and interests. Normally the outsiders, along with the union leaders, would organize workers to undertake these strategies against the government and the employers.

## **Discussion and Implications**

### ***Hidden Purposes***

As Marx (1976: 481) notes, with the constant revolutionizing of production, a number of less efficient, flexible, and fortunate capitalists are continuously shaken out of the market. In capitalist economy, the logic of capital accumulation forces employers to consistently seek the best way of using capital by revolutionizing the mode of productions (Burawoy, 1985; Thompson, 1990). Therefore, the logic of capital accumulation serves as the impetus for plant closures. Plant closures, in return, secure the extraction of surplus values by stopping the losses of current investments and carrying on new investments elsewhere.

Strategies for MPC are, by and large, well planned and deliberate. Based on my findings, employers' strategies for MPC and the veiled purposes behind it can be dismantled into the four parts which differ from phase to phase (shown in Table 5).

Firstly, during the preparation phase, in order to release current and fixed assets from the plant to the employer's private use or to a third party, employers sold property, transferred capital overseas, or borrowed the money by using plant land or assets as a security. By doing so, property and land belonging to employers cannot be seized by workers through legal proceeding, due to the land's legal status of secured liability in the event of plant closure.

Secondly, during the announcement phase, employers developed strategies of escape, "going to ground", shortened notice or sudden announcement of the closure, and redundancy by groups in order to undermine the solidarity and resistance of workers. This was because once workers resisted and opposed plant closure, the mobility of capital would be obstructed.

Thirdly, during the implementation phase, employers escaped, hid, initiated superficial bargaining, or were adamant that they had no assets and therefore could not pay the statutory minimum compensation for job losses. As a result, the rights and interests of their employees were largely jeopardized.

Finally and in the post-closure phase, employers take every step very carefully in order to avoid the expenditure of statutory compensation for job losses such as redundancy payments and retirement payments. By doing so, the ability of reproduction and accumulation of capital are secured in the end, which are the main purposes of strategies as a whole. Here, a implication drawn is

<i>Phase</i>	<i>Strategies</i>	<i>Purposes</i>
<i>Preparation Phase</i>	Sold plant property Transferred capital overseas Borrowed money from plant land	Released plant current and fixed assets from the plant to employers themselves or third parties
<i>Announcement Phase</i>	Escape; "Going to ground"; Short notice or sudden announcement; Redundancy by groups	Undermined the possible resistance
<i>Implementation Phase</i>	Escape. A plea of "no assets". Superficial bargaining. Refusal to pay compensation	Neglected the rights and interests of employees
<i>Post-closure Phase (Consequences)</i>	Avoided statutory compensation for job losses	Secured capital in a sacrifice of statutory rights of employees. Increased the accumulation of capital

that plant closure is a sort of strategic action which employers take in a bid to ensure the extraction of surplus value and then capital accumulation. As Kelly (1998: 14) indicates, employer powers have a malign face: actions such as the de-recognition of unions and victimization of union activists. Presumably, malicious intent is an integral part of the malign face of employer power. MPC can be seen to be driven by a mix of the malign face of employer power and the logical of capital accumulation.

### ***The Institutional Factors***

Drawing upon my findings, I argue that the strategies for MPCs do not suddenly emerge. Instead, such strategies are deliberately deployed by employers to achieve given aims. The question one may raise here is why do employers risk breaking legal regulations and business ethics by carrying out MPCs. A study (Hickson et al., 1986) shows that, in the process of strategic choices of plant closure, institutional arrangements and institutional relations are the essential factors being taken into consideration at company or plant level. To understand the formation of strategic choice, work organization and organizational behaviour cannot be understood outside institutional arrangements or industrial relations and, in a broader sense, social context (Thompson and McHugh, 1995; Kochan et al., 1986). Therefore, a MPC

cannot be understood unless embedded into the institutional context where the strategies are formed. Here, I intend to address the formulation of MPCs by elaborating on three major institutional factors: management styles, institutional interactions, and power relations.

The patterns of management styles can be connected with the strategies that employers adopt in carrying out plant closure. Horstman (1988) indicates that the variety of tactical methods by which employers achieve their strategic purposes may be plotted on a spectrum from “managerial coercion” of employees through to “managerial seduction” of employees. A number of managerial coercion styles have been revealed by scholars: a macho management style identified by Sisson (1984) and direct control by Friedman (1977). In Sisson’s study, it is evidenced that employers with such a management style coerce employees or their unions or both into accepting managerial prerogative and qualitative flexibility (e.g. collective redundancy). In my research, the styles of Plants D, E, and F can be characterized as the authoritarian and coercive way of management, in which workers were treated as disposal labour and were directly controlled by employers. The way in which plant closure was carried out by employers were identified as MPC. In this respect, there is a connection between management style and the shaping of MPC. Here, a implication drawn is that once employers employ the despotic and coercive ways of handling employee relations in the daily working life, it seems impossible to expect them as employers to close plants down in a democratic and accountable way.

Institutional interactions between workers and employers as an intervening condition play a key part in the formation of plant closure strategies. Such interactions (e.g. works councils, collective bargaining and informal collective interactions with unions) will provide employers and workers with a well-established channel of communication and interaction with each other. They operate with the intention of reaching mutual understanding and reducing the possibility of resistance and disputes over plant closures. Perhaps the tragedy of plant closure can be prevented through institutional interactions when both sides can find an alternative which is acceptable to by both parties. According to my research, Plant A has a works council. Plant B has a works council, trade union and collective bargaining. Plant C has a

works council, trade unions, and collective bargaining. The closures of these plants were in accordance with legal regulations. They were closed down without too much resistance. By contrast, Plants D, E, and F were lacking institutional arrangements and interactions because the employers opposed them. Despite the presence of trade unions in Plants E and F, they were not independent and dominated by the employers. Finally, these plant closures were identified as MPC by the public authorities. Therefore, it seems that the employer opposing institutional interactions is most likely to engage in subjective actions when mutual understanding and consensus cannot be reached between employers and workers.

Power relations are a critical factor in influencing how far managerial strategies can be put into practice. As Hardy (1996) puts it, the mobilization of power can facilitate the strategic transformation of intent into action. To achieve the strategic objective, actors (i.e. employers and unions) will mobilize power to control the decision-making process and combat resistance or opposition (Pettigrew, 1973; Lukes, 1974; Pfeffer, 1992). Moreover, actors do legitimize their demands and de-legitimize the demands of others in order to defeat the resistance before it emerges (e.g. Lukes, 1974; Pettigrew, 1979). Marxists emphasize that the inherent asymmetry of power between employers and employees is derived primarily from the ownership or non-ownership of capital (e.g. Hyman, 1975; Edwards, 1986; Armstrong, 1988). In this respect, such asymmetrical power facilitates the capability of employers to mobilize the power to bring about their strategic intent of plant closure and de-mobilize the resistance of workers to managerial actions. A study of plant closures found that employers who wanted to avoid union and employee resistance engaged in a complex strategy to legitimize the managerial decision to close the plants down. It involved using symbolic actions, such as economic reports and presentation of the reasons behind the closure, to justify it as legitimate, desirable, or unavoidable (Hardy, 1985). In my study, due to lack of collective interactions and independent unions in Plants D, E, and F, power relations between employers and employees were extremely asymmetrical. This provides employers with advantages of mobilizing resources to achieve the objectives of capital accumulation by manipulating the asymmetry of power relations.

Based on the analysis above, the implications drawn are that the strategic actions of employers in the case of plant closure are most likely to derive from the normative institutionalization of actions which employers and workers adopted within the institutional context.

### ***Workers' Vulnerability***

In view of the subjectivity of workers and the structured conflict inherent in the capitalist labour process, Hyman (1987) highlights that the success rate of managerial strategies for the control of labour in bringing about plant closure is problematic and doubtful. He argues that these strategies imposed on workers can be expected to provoke unpredictable and disruptive forms of revolt. Some empirical studies (Perrucci et al, 1988; Porzt, 1990) show that in the event of plant closure, new forms of actions and workers' solidarity have developed to cope with managerial strategies because strikes of the usual kind would not be effective. However, studies (Lee, 1987; Porzt, 1990; Shia, 1993; Golden, 1997) also show that these struggle strategies for responding to plant closure were seldom satisfactory.

In my case study, the way workers responded to plant closure was very political and had symbolic meanings because they intended to de-legitimize what employers did in the process of plant closures and bring the State back in to protect workers' interests. As indicated earlier, in the implementation phase of plant closures, unions developed a series of outward strategies such as petitioning, marching, media-profiling, and "community-union alliance" in attempts to attract public attention. And they, in turn, put political pressure on employers and the government. The purpose behind these actions is not merely to put social and political pressure on employers and the State, but also tried to solidify workers powers and form identical interests by developing "inward strategies" and by punishing those who violate the new workers' charters.

However, my findings indicate that the types of plant closures employers carried out are likely to influence what workers were able to achieve. In the case of general plant closure, workers' resistance could increase the amount of redundancy payments to some extent but failed to stop plant closures. However, in the case

of MPC, workers' resistance even failed to achieve the given objectives such as compensation for job losses.

The question one may raise here is why workers are so vulnerable to MPCs. Based on the findings of my research, the answers may be found in relation to four points: lack of information, heterogeneity of workers' interests, the absence of State intervention, and the nepotism of "Chinese family business".

### *Lack of Information*

In the event of MPC, most workers were ignorant of the projected plant closure because employers kept it in secret until the last minutes. Employers were able to prepare for capital mobility and undermine workers' resistance. In this respect, lack of information about the projected closures is the key to explain the diversity of workers' responses (i.e. ready to resist, suspicion, ignorance) during plant closures.

### *Heterogeneity of Workers' Interests*

In my fieldwork, workers' interests appear to vary with age, skill, and gender; hence, the goals they pursued were very different. Despite this heterogeneity, two groups with specific interests could be observed: those who wanted job security and those who wanted compensation. The former were mostly senior and female workers, while the latter were young workers. Such a heterogeneity of interests among workers increased the difficulty of mobilizing workers as a whole to carry out collective actions against employers. Moreover, it also gave employers a chance to weaken solidification of workers by dividing them into small groups.

### *The Absence of State Intervention*

As I mentioned earlier, in the event of plant closures, the power relations between employers and employees become extremely asymmetrical. The presence of the State becomes critical in attempts to strike a balance between them and trying to help resolve the disputes caused by plant closures. However, research shows that the Taiwanese government adopted a "neutral stance" in dealing with industrial relations and disputes, unless the disputes become serious and attract public attention (Shia, 1993; Wu, 1999). The neutralism of the State in labour-capital relations means putting workers into vulnerable position by allowing

employers do what they want to do. My findings prove that the absence of the State's intervention make workers more vulnerable to MPCs and defenceless against capital flight.

### *Neptism of "Chinese Family Business"*

In the case study, the plants (D, E and F) that were "maliciously" closed down were owned and operated by members of the same family. Studies have shown that "Chinese family business" is deeply rooted in nepotism, that is, the top positions in the organization are often filled by a family members or closed relatives. The firm is generally regarded as a family possession and its major function is to increase family wealth and prestige. Therefore, the owner, who is typically the family patriarch, exercises a high degree of control with managers playing a strictly subordinate role to the owner-leader (Whitley, 1992). The workers are usually non-family members. They are subordinate to superior management and this subordinate status is augmented by discipline, industrial order, and deference. In this context, the employers were able to deliberately manipulate a variety of strategies to achieve their goals.

### **Conclusion**

In the global economy, capital flight is much easier and more rapid than ever before and different components can be produced and assembled in different places. The interests of workers are tied to the fortunes of their employers. As Burawoy (1985: 150) puts it, as far as workers are concerned, the fear of being fired is replaced by the fear of capital flight, plant closure, transfer of operations, and plant disinvestments. MPC is an extreme case of employers' exploitation that suppresses workers at the time when employers do not need their "co-operation" and labour power any more. This is the key evidence that workers can be considered by employers simply as a disposable commodity in the pursuit of accumulation of capital. It also shows that workers are defenceless against capital mobility in globalized economic systems. In such a system, employers, driven by the logical of capital accumulation, are forced to revolutionize the mode and way of production. However, employers also seek to accumulate capital through deliberate strategic action by which "malicious intent" is transformed into malicious plant closure.

MPC cannot only be understood by embedding it into the institutional context where managerial strategies are developed. Even though workers tried to develop new forms of resistance and struggles to combat managerial strategies for MPC, workers failed to achieve their aims. This was primarily due to lack of information, asymmetrical power between employers and workers, the strong driving force of capital accumulation, and management styles. In the case of plant closure, the inherent asymmetry of power relations between workers and employers became emphasized. Employers were capable of mobilizing all sorts of power or resources to defeat workers' demands and then achieve their ultimate objectives – capital accumulation – at the expense of workers' rights and interests. To address the imbalance of power relations and reduce the vulnerability of workers, the State should play an active role in the event of plant closure by introducing a so-call “plant closure law” or collective redundancy law.

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