

## Coordination among strikes and prospects for pattern bargaining in Vietnam

By Chi Do Quynh

The 1995 Labour Code granted Vietnamese workers the right to strike. However, none of the more than 5 000 strikes since then followed legal procedures, nor was organised by the official union, the Vietnam General Confederation of Labour (VGCL). While the VGCL called these wildcat strikes 'purely spontaneous' (Chi and Van den Broek 2013), many studies proved they were organised by rank-and-file workers with the covert support of the Vietnamese mid-managers in foreign-owned enterprises, and sometimes even the official union leaders in the enterprises (Clarke and Pringle 2007, Anner and Xiu 2015). Based on a longitudinal study of strikes from 2005 to 2015 in seven provinces of Vietnam, including Ho Chi Minh City, Dong Nai, Binh Duong, Long An, Hanoi, Bac Ninh and Hai Phong, this paper finds that not only are strikes well organised, but there is also coordination among strikes. Strike waves result from the characteristics of industrial clusters, coordination among foreign employers, and worker communities inside industrial zones, which together create the basis of informal pattern bargaining.<sup>1</sup>

### Organisation of strikes

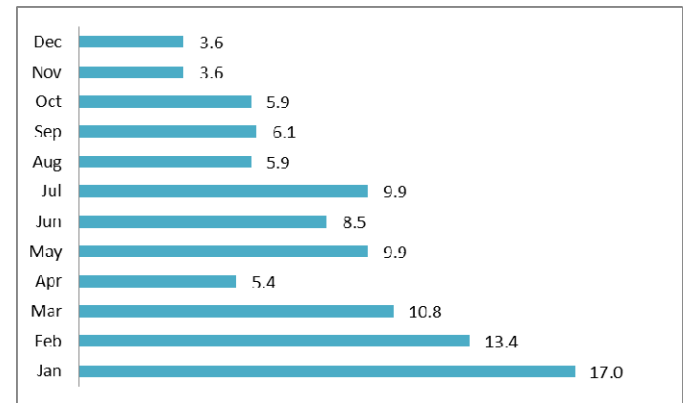
Most strikes happened without advance notice or any attempt by the *de facto* leaders to negotiate with the employers. A smaller number of strikes, however, happened after several attempts to bargain informally. These strikes were often organised as follows: a group of rank-and-file workers petitions the employers, either directly or via the official union leader. The petition states the workers' hardships and presents demands. It gives a deadline for the employer's response, and fixes a date for the strike if the employer fails to respond or refuses the workers' demands. In these companies, the informal leadership is active not only during strikes but also after. According to Tran (2013), the *de facto* leaders are often team leaders or experienced workers who have built networks among rank-and-file workers in the workplace and in their community, often around common cultural identities such as gender, province of origin or workplace.

### Coordination among strikes

Most strikes happened in two seasons. VGCL strike statistics show the highest strike incidence was in the first three months of the year, before and after the Lunar New Year, contributing 41.2% of the total number of strikes (Figure 1). This is the time when employers are supposed to adjust their wage tables as the new minimum wage takes effect. Also, the Lunar New Year, Tet, which is the most important holiday for Vietnamese people, raises workers' expectations for Tet bonuses. Strikes cooled down in April then exploded again in May, June, and July, the high season for garment and footwear production, which are also the most strike-prone industries.<sup>2</sup> These three months accounted for

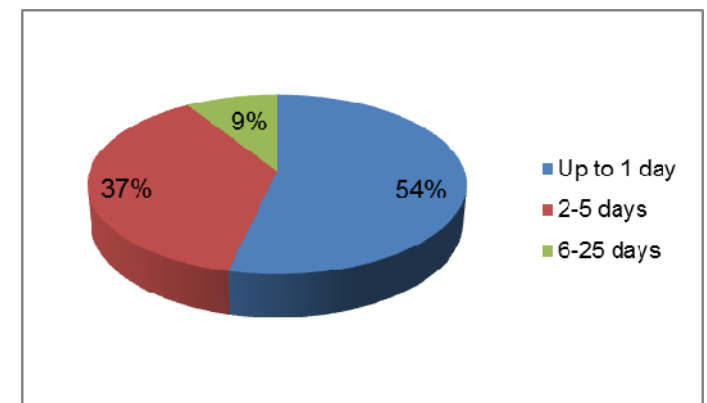
28.3% of all strikes.

Figure 1: Percentage of strikes by month, 2010-2014



Source: Calculated by the author from VGCL strike statistics, 2016

Figure 2: Classification of strikes by duration, 2010-2011



Source: ILO Hanoi, 2011

Strikes happen in waves during these two seasons. A strike wave usually starts at companies with strong informal worker organisation. These leading strikes often last for more than one day (Figure 2). According to the ILO, 92% of all strikes ended with employers satisfying workers' demands (ILO 2011). Victory for the leading strikes tends to change the wage levels of the whole region and encourages spontaneous copy-cat strikes in other companies. However, the influence of the leading strikes does not spread automatically. The direction of a strike wave depends on the three factors mentioned already: industrial clustering, employer coordination, and worker networks.

### Industrial Clusters

The first decade of Doi Moi, Vietnam's economic reform, created clusters of key industries, although the degree of agglomeration differs from industry to industry. McCarty et al. (2005) found the greatest tendency to cluster in the gar-

ment industry, followed by textiles, rice, seafood and paper. Geographically, 57% of garment companies, mostly foreign-owned and domestic private firms, are located in Ho Chi Minh City and two of its neighboring provinces. Neighboring provinces also accommodate large footwear companies, especially those of the Pou Chen group, while the electronics industry concentrates around Hanoi (Le, 2016).

With the concentration of garment and footwear companies around Ho Chi Minh City, the city and the provinces Dong Nai and Binh Duong accounted for more than 70 percent of strikes between 1995 and 2015 (VGCL, 2016).

Workers of companies in the same industrial cluster tend to watch changes in other companies closely. Employers across the cluster tend to pay similar wages to prevent loss of labour to competing companies. Therefore, once a company in the cluster raises its wages, other workers in the cluster tend to walk out for similar increases.

#### *Coordination among employers*

Apart from industrial clustering, employers coordinate with one another according to nationality. For instance, there is a Japanese business association in the north, Korean business associations in various provinces, and Taiwanese business associations in the south. In each province, employers of the same nationality meet regularly to agree on levels of basic wages to prevent wage competition. The commitment is strongest among the Japanese companies, amongst whom one employer must consult with and get the consent of all other members of the group before adjusting basic wages, whereas Korean and Taiwanese employers normally inform other employers in their groups informally. When a leading strike in one member of the group forces wages up, other member companies either have to adjust their wage levels accordingly or face copy-cat strikes.

#### *Workers' Community*

Studies of labour movements in Southeast Asian countries in the 1970s and 1980s as well as in contemporary China and Vietnam have shown that the mobilisation potential of workers depends greatly on supportive communities (Deyo, 1986; Pun, 2005). In Vietnam, the companies located inside industrial zones displayed a greater tendency to strike than those outside. In fact, 67% of strikes between 2010 and 2015 occurred inside industrial zones (VGCL 2016). The reason is that a majority of workers in industrial zones are migrant workers who live in high concentrations in private boarding houses. These workers build their networks based on common cultural identities mentioned above (Tran, 2013). When a strike wins wages in one company in the industrial zone, the news spreads quickly via these networks, resulting in strikes in other companies in the area. Meanwhile, workers of enterprises outside industrial zones are often separated and do not live collectively so the possibility for association is weakened.

The provincial union organisations of the most strike-prone regions, aware that strikes coincide across enterprises, closely followed the leading strikes and swiftly informed the enterprise union leaders of companies in the neighboring industrial zones about the new wage rates, to initiate negotiations with the employers under the threat of copy-cat strikes.

In a more formal effort to promote pattern bargaining since 2015, the Dong Nai industrial zone union, with the support of the ILO Vietnam, have initiated a multi-employer bargaining process with a group of Korean electronics manufacturers in the province.

#### **Conclusion**

It is apparent that two processes are generating the basis for possible pattern bargaining across Vietnamese factories. First is the informal coordination among wildcat strikes based on the characteristics of industrial clusters, and second is the coordination among foreign employers. This article has highlighted the importance of informal labour activism in Vietnam. Strikes should not only be treated as the attempt of workers in individual, separated workplaces to fight for their interests but also as collective actions across enterprises. The coordination of strikes into strike waves may lay the foundation for a *de facto* pattern bargaining in which the regional unions can play an important role in representing workers in multiple workplaces.

1 Pattern bargaining is using a settlement reached with one employer to set a precedent in subsequent negotiations with other employers.

2 The garment industry alone accounted for 40% of strikes between 1995 and 2015 (VGCL 2016).

***Chi Do Quynh, worked for Vietnam's Ministry of Labour, Invalids, and Social Affairs (MOLISA) and ILO Vietnam before she founded the Research Center for Employment Relations, the first independent research organisation in labour issues of Vietnam, in 2007.***

#### **References**

- Anner, M. and Liu, X. (2016) 'Harmonious Unions and Rebellious Workers: A Study of Wildcat Strikes in Vietnam', *ILR Review*, January 2016, pp 3-28.
- Deyo, F. C. (1989) *Beneath the Miracle*. London, England: University of California Press
- Chi, D. Q. and Van den Broek, D. (2013) 'Wildcat Strikes: A catalyst for union reform in Vietnam?' *Journal of Industrial Relations*, 55, pp 783-799.
- ILO Hanoi (2011) Survey of Trends of Strikes in 2010 and 2011. *Internal working paper*
- Le, X. T. (2016) *Policy Reform Roadmap to Meet TPP requirements*, Presentation at Vietnam Leadership Forum, in Ho Chi Minh city 8<sup>th</sup> April 2016.
- McCarty, A., Record R., and Riedel, J. (2005) 'Competition and Cooperation: Vietnam', in Kuchiki, A. and M., Tsuji (eds.) *Industrial Clusters in Asia: Analyses of Their Competition and Cooperation*. London, Palgrave Macmillan.
- Pun, N. (2005) 'China as a World Factory: New Practices and Struggles of Migrant Women Workers', ([https://www.rosalux.de/fileadmin/rls\\_uploads/pdfs/Veranstaltungen/2006/High-Tech\\_China/Ngai\\_China\\_as\\_a\\_World\\_factory\\_2005.pdf](https://www.rosalux.de/fileadmin/rls_uploads/pdfs/Veranstaltungen/2006/High-Tech_China/Ngai_China_as_a_World_factory_2005.pdf)), accessed 2 May 2016.
- Tran, A.N. (2013) *Ties that Bind: Cultural Identity, Class and Law in Vietnam's Labor Resistance*. Ithaca, Southeast Asia Program Publications.
- VGCL (2016) *Report on Strike Incidence*, Internal report.