A CHINESE MODEL FOR LABOUR IN EUROPE?

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Abstract

Based on long-term fieldwork in multiple locations, our paper questions the approach that posits a Chinese model of work and employment relations as increasingly externalized and dominating worldwide. It does so by focusing on Europe and discussing two labour regimes considered as typically Chinese: the Chinese-owned fashion workshops in the Italian fashion industry, and the Foxconn electronics plants in the Czech Republic. Our findings bring new insights to bear on issues for which research is still thin on the ground and challenge the hypothesis of a 'Chinesisation' of work and employment practices in Chinese-owned small firms and MNCs operating in Europe. We move the focus away from the simple analysis of firm management prevailing in the literature and suggest that in order to understand the firm's behaviors the role of the state, the unions, the migrant workers and the role of temporary work agencies should all be taken into consideration.

Introduction

The global rise of China has been punctuated by debates on this country as a source of investment, migration and aid. While for decades a pattern prevailed whereby large multinationals (MNCs) invested in China and contributed to the government-led transformation of workplaces, employment relations, and labour institutions, Chinese-owned MNCs, as well as individual entrepreneurs, are now increasingly investing abroad (Drahokoupil, 2017).

A scholarly approach has emerged that posits the existence of a mode of globalization 'with Chinese characteristics'. Henderson, Appelbaum, and Ho (2013) contend that with many Chinese firms going global, China is externalizing its own particular national form of labour management, strongly supported and guided by the state, which is contributing to drastically change the features of global capitalism. Smith and Liu (2016: 22), instead, contend that the fundamentals of capitalism are to be considered universal and that stable national variants are limited in a globalized world. China, they argue, is not dominated by just one fixed model but hosts many different business models.

Europe has become a key destination for Chinese investments (Drahokoupil, 2017), and this has

prompted concerns that a Chinese model of work and employment practices will flow to Europe and bring a dumping of labour standards (Meunier, 2012). It is however difficult to single out a set of Chinese indigenous work and employment practices that can be exported (Zheng and Smith, 2017). Moreover, sociological research on how Chinese firms impact on employment relations in Europe is still thin on the ground (though exceptions include Andrijasevic and Sacchetto, 2016; Ceccagno, 2017; Shen and Edwards, 2006; Zhu et al., 2014).

Based on long-term fieldwork in multiple locations, our paper challenges the scholarly approach that posits a Chinese model of capitalism and working relations as increasingly externalized and dominating worldwide. It does so by focusing on Europe and discussing two modes of production that tend to be considered as typically Chinese: the Chinese workshops active as contractors in the Italian fashion industry, and the Foxconn electronics manufacturing plants in the Czech Republic.

These are quite different types of Chinese-owned businesses/firms. The Italian fashion industry is the most outstanding case of Chinese labour in Europe with small and very small businesses, where Chinese employers systematically make recourse to a migrant workforce originating from China. With its 318.975 Chinese residents, Italy is the European country with the highest number of Chinese nationals. In 2016 Chinese-run businesses amounted to 50.737 units, one third of which are active in the industrial sector (Ministero del lavoro, 2017). We highlight the multiple ways in which the organization of production in the Chinese workshops is enmeshed with choices made by the state with its industrial, migration and labour policies, and by the fashion industry with its polarization between final firms and contractors, together against the backdrop of global changes.

The Taiwanese contractor firm, Foxconn, with its military discipline, has been dubbed the best incarnation of China's new 'bloody taylorism' (Lipietz, 1987; Chan et. al., 2013). The European subsidiaries of Foxconn in the Czech Republic have been established in 2000 and 2007, and manufacture electronics for famous brands such as HP and Cisco. We discuss the multiple negotiations between the management, the Czech Republic's institutions, the unions and the workers in order to highlight the complex process of emplacement of Foxconn in Europe.

We distance ourselves from the approaches that consider migrant-run small enterprises as fitting an ethnic economy's invariable mold and stress a supposed loyalty to the sending country; and from those that consider MNCs from China as an outright export of a Chinese model of doing business. Instead, we shed light on those actors and interactions that have been under-emphasized in the literature: i.e., on the role of labour-market institutions and of manufacturers in the dramatic changes in working practices introduced by Chinese migrants into Italian fashion; and the role of labour and of the unions, together with the state and temporary work agencies (TWAs), in the process of emplacement of Foxconn within Europe. The two cases will be discussed by engaging in two different bodies of literature. Small firms and large organizations, in fact, are treated as

separate sectors in the literature because of the differences in the resources available and in the extent to which they are able to influence relevant stakeholders, including states and other institutions.

The Chinese migrants in the Italian fashion industry represent a case of migrant entrepreneurship from below and will be discussed with reference to the 'ethnic entrepreneur'/'migrant entrepreneur' literature. By questioning the 'ethnic entrepreneurship' bias towards cultural features, and by arguing that to simply link the unique organization of the production in Italy to a Chinese model is of little analytical value, we embed the choices made by Chinese entrepreneurs within a dynamic framework unfolding at different scales. By taking into consideration not the single firm but the network of Chinese firms in the fashion industry, and by offering the concept of an 'ethnicization' of the workforce, we stress that the employment of workers native to the same nation-state and the practices introduced through a network of Chinese entrepreneurs reverberate not only on 'co-ethnic' employers; a multiplicity of actors also directly or indirectly benefit from an organization of production centered around the exploitation of (Chinese) social capital and the mobility of the workers.

The Foxconn plants in the Czech Republic are part of the global strategy of a multinational corporation and will be discussed within the framework of the transfer and diffusion of work and employment practices abroad. The literature on internationalization of production has often stressed how home/host institutions and management can be decisive in shaping employment management practices of MNCs investing abroad. We suggest that in order to understand the firm's cross-border behaviors the active role of the state, the unions and labour should be taken into consideration.

In sum, our paper seeks to contribute to the study of Chinese-owned firms within the European space both from above and from below, by shedding light on the multiple interactions, tensions, and implicit and explicit negotiations with national states, industries, labour and unions, all against a backdrop of changing global scenarios.

The study is based on fieldwork conducted while providing services and consultancy to Chinese immigrants in Prato during the years 1994-2007, and while conducting further interviews to Chinese and Italian entrepreneurs between 2012-2014, and in 2018. Research at the two Foxconn plants in the Czech Republic involved fieldwork such as staying in the same dormitories with migrant workers and conducting 70 in-depth interviews, including 58 with core and agency workers, managers, and 12 with key informants. The interviews, gathered in dormitories, bars, restaurants and parks, were carried out in different languages with the help of translators.

In sections 2 and 4, a literature review examines and discusses the prominent approaches used to explain migrant entrepreneurship, on the one hand, and the MNCs work and employment practices developed in international operations, on the other. Sections 3 and 5 address the reorganization of working practices in the Italian fashion industry and at the Foxconn plants in

the Czech Republic by focusing on the aspects that tend to be overlooked in the literature, while section 6 offers some concluding remarks.

The 'ethnic entrepreneur' conceptualization

The theories on so-called 'ethnic entrepreneurship' have a long history. Starting from the 1970s, in response to the increasingly widespread phenomenon of immigrant self-employment practices, there emerged a largely US-inspired model of an 'ethnic economy', including broadly any immigrant or ethnic group/ethnic minority and their 'ethnic resources' (Light, 1972; Bonacich and Modell, 1980). The ethnic economy was described as being made up of firms where small entrepreneurs only employed co-ethnic workers (Pécoud, 2010).

Over time, this stream of literature undertook to single out neatly separated national groups implicitly considered to act in a continuity with a country of origin, and discussed which immigrant groups are more likely than others to access entrepreneurship. Essentially, the ethnic economy literature focuses on 'the group-specific cultural repertoires in terms of cultural values, behavioral patterns, distinct group traits, social structures, collective resources, and coping strategies' (Zhou, 2004:1048).

By the 1990s, some scholars propounded the so-called 'interaction approach' stressing that ethnic entrepreneurship results from the combination of ethnic resources and structural opportunities arising in the labour market (Waldinger et al., 1990). They pointed out that the degree of capital and education matters more than cultural traits (Min and Bozorgmehr, 2000).

One of the most lasting concepts used to describe 'ethnic entrepreneurship' revolves around social embeddedness: social cohesion, inter-group solidarity and relations of trust are considered as crucial assets for ethnic entrepreneurs (Portes and Sensenbrenner, 1993; Waldinger et. al, 1990). By mobilizing social networks for labour recruitment and relations with clients and suppliers, ethnic entrepreneurs are described as able to access knowledge and recruit labour and capital informally, thus drastically reducing transaction costs. Economic activities are pervaded by mechanisms of both solidarity and control 'necessary for economic life in the community and for reinforcement of norms and values and sanctioning of socially disapproved behaviors' (Zhou, 2004: 1044).

All in all, the 'ethnic economy' argument has played an important role in that it has showed that access to self-employment and recourse to ethnic resources help recently arrived immigrants to make up, to a certain extent, for their disadvantaged position in the labour market. At the same time, however, this body of literature has stirred up much controversy (Pécoud, 2010). Social embeddedness, the central pillar of the ethnic economy theory, has been criticized for underestimating conflicts, competition, and exploitation (Sanders and Nee, 1987). Besides, in this

stream of literature, ethnic entrepreneurs – who are able to count on informal inter-group social capital – are contrasted with mainstream entrepreneurs, whose resources are depicted as mobilized only through formal commercial interactions. Trevor and Ram (2007) clarify that social capital is common to all entrepreneurs, and not just solely to immigrant entrepreneurs. In sum, the ethnic economy conceptualizations are criticized because they assume that the ethnic group is the unique generator of business resources and postulate that ethnic ties are more resilient than ties outside of the ethnic groups.

Focusing on a case study in Europe, Kloosterman et al. (1999) propose the notion of 'mixed embeddedness' which takes into account the role of both immigrant networks and economic, political and institutional structures, and bringing into effect the welfare system in Europe. Under attack is the persistent use of the term 'ethnic entrepreneur', which is retained also by those who are critics of the ethnic economy approach. This way, immigrant entrepreneurship maintains its aura of ethnic loyalty to a third state (Rath and Klosterman, 2000).

The critiques most pertinent for the aims of this paper are those that question the supposed homogeneity of people native to the territory of a nation-state in terms of values, culture, achievements, and identity (Amelina and Faist, 2012; Wimmer and Shiller, 2002), and those that reject any methodology which considers the ethnic group as the unit of study (Schiller and Caglar, 2013). Building on these authors, in our paper we do not consider the Chinese migrants as the unit of analysis. Instead, we situate inter-group dynamics within the new imperatives of the Italian fashion industry and the context of crucial shifts in global fashion. Even the recourse to a workforce of people with the same national background - the epitome of the so-called ethnic economy - is here discussed as implicitly accepted and even fostered by the entire fashion system. We thus open up the black box of ethnicization in the Chinese-run workshops for scrutiny. We discuss the recruitment of migrant workers originating from the same nation-state as their migrant employers by placing it in its overall labour-market context. To only explain it as a matter of a lack of alternatives in the general labour market and of ready-availability of social capital may not be enough. The demand-side is analyzed in detail, with a longitudinal approach, paying due attention to the changing needs of the market in a given historical conjuncture.

Immigrant entrepreneurs' practices as embedded in the industry

The body of the fashion industry in Italy - including textiles and clothing, shoes and eyewear - is made up of small and very small firms clustering in industrial districts. In the 1980s, when migration from China was starting to be actively supported by the state and to be encouraged by many local governments through various policies, organizations and activities (Thunø, 2003), migrants hailing from the southern provinces of the PRC, with dreams of reaching affluence

through self-employment, began to arrive in Italy. In the same years, the majority of Italian fashion manufacturers realized that the global changes in the fashion industry – with the emergence of China and other countries as low labour cost competitors and with the restructuring of distribution chains - were not going in the directions that could further favor the Italian fashion industry (Dunford et al., 2016).

Those fashion manufacturers who could not afford to move production offshore started attracting migrant labour. The needs of entrepreneurs were promptly addressed by the Italian migration laws, which have been overtly devised to help the industrial system to find cheap labour. A series of amnesties facilitated the arrival of low-skilled migrants who have mainly been incorporated in the underground economy. Chinese migrants arriving in Italy were able to open small contracting workshops where they employed a workforce exclusively made up of workers originating from China. However, Chinese migrants did not become entrepreneurs because of a lack of alternatives - as proposed in the ethnic economy approach - but because their aspirations met with a demand for cheaper stitching workshops that was emerging in the Italian fashion industry at a time when cost compression was becoming ever more imperative (Barberis, 2011; Ceccagno, 2017).

The new Chinese entrepreneurs managed to progressively replace native contractors, and over time, exclusively in the industrial district of Prato, Tuscany, they were able to move up to the position of final firms. The drivers of their success were their ability to increase flexibility while offering low costs, facilitated by off-the-book practices and piece-rate payment for unskilled workers. A monthly salary, instead, is paid to odd-jobs workers and skilled workers. Piece-rate salaries are not unknown in Italy, even though they are often monthly salaries in disguise. Flexibility in terms of lead times is based on long working hours, with workers literally expected to work day and night during the peak season.

Moreover, differently from the situation prevailing both in Italy and in China, where employees increasingly are hired on short-term contracts, the workers in Chinese workshops are either employed without a contract or hired with long-term contracts. However, the long-term contract is not intended as binding but rather as an *ad hoc* tool for dealing with such needs of employees as the renewal of their residence permits or the application for family reunions. Contracts may therefore be abandoned as soon as these goals are reached.

Off the book practices aside, what is worth foregrounding in the case of the Chinese workshops is the paramount role played by the choice to employ a workforce of Chinese migrant workers only, as this has proved to be a formidable tool for fostering the adoption of previously unheard of working practices and for a thorough reorganization of the space of production.

First, workers work and live in the workshop premises. This reorganization of the workplace that we term ‘sleeping arrangements’ is strongly reminiscent of the ‘dormitory labour regime’, that in China is widespread to the point that it has been discussed as ‘systemic’ (Smith, 2003). The Italian law forbids the use of the workplace as a dormitory (Testo unico, 2016), and no other firms in the

Italian fashion industry provide dormitories to workers. The sleeping arrangements are thus easily interpreted as the persistence of practices modeled after those prevailing in China. And yet it is worth noting that the sleeping arrangements of the Chinese workshops have not been sanctioned by the relevant institutions, and have only been occasionally denounced by the unions and the media[1]. We argue that the reason for this inconsistency lies in the crucial role they play in the national fashion industry. In fact, by offering board and lodging to the newly-arrived workers Chinese would-be entrepreneurs have been able to exploit an extremely flexible workforce and also to set up their workshops in the vicinity of the final firms, exactly where their work is needed. This in turn offers to the final firms the great advantage of 'in situ offshoring': a cheap workforce, the externalization of production costs and the disregard of labour rights. That is, benefits usually reaped through international outsourcing, in this case are obtained by final firms without having to move the production offshore.

Second, competitive conditions are offered by the Chinese workshops to final firms with other arrangements. In fact, besides working at night, often at short notice as their boss only receives the orders in the evening, workers may move from one employer to another to complete urgent orders. Some types of workers, such as ironing workers, routinely move from one workshop to another (Becucci, 2014). This reorganization of the workplace, which includes sleeping at the workplace and worker mobility, has been dubbed the 'mobile regime' (Ceccagno, 2015). Chinese contractors clearly benefit from the mobile regime, but so increasingly do many workers who take advantage of the mobile regime in ways unanticipated by their employers. In the last years, by hopping from one Chinese employer to another, most workers are able to successfully negotiate the terms of their employment, in terms of increased salaries, reduced night-work, and better accommodation such as single rooms in flats close to the workshop but separate from them and with wi-fi availability (for a detailed discussion see Ceccagno, 2017). The short-term mobility of workers takes place through informal agreements. This form of workers' mobility is against the law, and yet, in line with a trend prevailing in Italy (see Devitt, 2018), employment regulations are not enforced.

This happens because policing the rules could undermine the very industry. What at first sight could appear as ethnic arrangements originating from a working culture that brings the workers exploitation to the extreme, is in fact a practice enmeshed with the new needs of the Italian fashion industry. This reorganization of the productive space in Chinese workshops occurred in the 1990s, exactly when the fast fashion strategies of production – requiring shorter lead times and more syncopated working rhythms- were introduced. The mobile regime of the Chinese contracting workshops, with their reconfiguration of the space of production within the single workshops as

[1]An exception is Prato where since 2014 the sleeping arrangements have come under scrutiny. The policy stems from the consideration that Prato is the only place where Chinese businesses have upscaled to the role of final firms.

well as within the network of Chinese workshops, perfectly fitted the imperatives of the nascent fast fashion industry. Today, the Chinese workshops also produce for international retailers such as Zara and H&M.

This spatial reconfiguration with its relevant labour practices has always depended upon the existence of a workforce made up of Chinese workers. Essentially, workers sharing a common language/dialect and some (historically determined) expectations about the working environment interact more easily with each other in small workshops where the tasks are not simplified and where short-term workers may arrive at every moment.

The organization of production discussed here pertains to the entire value chain: in a global contracting model where manufacturers systematically pass the risks related to labour arrangements down to contractors (Tsing, 2009), Chinese contractors simply shoulder the responsibility for the labour arrangements that are crucial for the industry. In fact, by enabling the relocation of contracting shops to the areas where the final firms cluster, and by promptly adapting to the needs of the fast fashion, the process of ethnicization of the workforce is a practice from which manufacturers largely benefit.

Thus, in our analysis of the mode of inclusion of Chinese migrants in the Italian fashion industry, we move away from the concepts of 'ethnic groups' and 'ethnic resources' linked to patterns prevailing in the migrants' motherland and intended as only favoring an immigrant group. As an alternative, we offer the terms 'ethnicization' and 'ethnicized group', which have the benefit of pointing at the processual character of the phenomenon and of calling into question the agents of this process and the reasons why this process has been set forth.

We contend that the process of ethnicization is a process actively supported by the different actors in the fashion industry, and one that persists because it offers economic advantages to the different stakeholders. Such a process of ethnicization can be easily abandoned when it no longer serves the interests of the industry, as it is intended as merely functional to given historic contingencies. This is confirmed by a recent evolution. As employment in manufacturing becomes less and less attractive for Chinese migrants, and as the arrival of new migrants from China has almost come to a halt, workers with different national backgrounds are increasingly hired in Chinese firms. Pakistani, Bangladeshi and African workers are hired for the simplest tasks, specifically in the textile firms as warehouse workers. They are paid far less than the Chinese workers and are not offered board and lodging. Moreover, since the years 2000s, Italian natives are employed by the Chinese entrepreneurs - especially in Chinese final firms - for their know-how as stylists, pattern-makers, textiles experts, accountants and marketing experts. This further confirms that the exploitation of ethnicity should be analyzed longitudinally, taking into due account when and why it changes, as the aim of immigrant entrepreneurs is not to preserve an ethnic working environment but to generate profit, as much as non-immigrant entrepreneurs do.

Chinese MNCs moving to Europe

Existing studies on labour management practices of MNCs are characterized by different approaches. MNCs investing abroad can, in fact, export, adapt or even "create" new work and employment practices. For a long time, studies analyzing MNCs operations offshore focused exclusively on the transfer process from the Global North to the Global South. The rise of MNCs from emerging economies has, moreover, stirred a debate over how these new actors shape work and employment practices across their subsidiaries, and whether or not there has been any kind of reverse transfer of best practices to their headquarters (Zhang, 2003).

Scholars pursuing an institutional approach conceive of the National Business System (NBS), and in particular its institutions, as decisive in shaping the organization of production and the management of labour (Ferner et al., 2001). Emphasizing that the two prevailing models are the German and the US ones, these studies stress that the MNCs from dominant economies usually are particularly experienced in transfer practices, while MNCs originating from emerging countries may suffer from international deficiencies on labour management abroad (Almond, 2011).

In outline, according to NBS literature, the German model of transfer is based on multi-skilling, internal mobility, working-time flexibility (i. e. annualization of working hours) and, overall, the integration of unions through collective bargaining whereas the US model is based on numerical and working-time flexibility and individual bargaining. When investing abroad, US multinationals are more inclined to adopt their home practices than the German ones (Pudelko and Harzing, 2007). Yet, some scholars consider that the characteristics of sectors or industries, as well as national institutions, shape employment relations (Meardi et al., 2009).

The growing expansion of MNCs worldwide is pushing scholars to rethink the nature of such internationalized processes of production and management business strategy.

Global Best Practices (GBP) emerged as a perspective based on the idea that MNCs investing abroad are converging towards a unique model of work organization and labour management geared to guarantee higher performances (Zhu et al., 2014; Meardi et al., 2009). This implies a sort of standardization of work and employment practices to overcome the differences in institutional contexts in the countries where MNCs operate (Ayentimi et al., 2017). However, the GBP are considered a variant of the US one. These two perspectives (NBS and GBP) are important because they underline how different actors, including MNCs and powerful institutions, can be decisive in shaping business practices in workplaces. The limit of these conceptualizations, however, lies in their company and institutional-centered perspective, which overemphasizes the role of management and national institutions with regard to employment arrangements. Further,

these approaches analyze unions' strategies by disregarding, at best, the specific characteristics of workers in terms of skills, gender, and nationality.

Chinese MNCs are of particular interest for different reasons. First, for a long time China has been home to Western and Asian investments which experimented with different work and employment practices. As illustrated by Luthje et al. (2013), in China four different work organizations prevail: state owned enterprises, joint ventures, private export manufacturers and low-end contractors. These patterns developed inside an authoritarian state where workers do not enjoy freedom of association, where there is no right to strike, and the only legal representative of labour, the All-China Federation of Trade Unions, marginalized in the course of market reforms, is subordinate to the Communist Party (Pun, Chan 2012). Second, China has experienced a business environment largely characterized by a strong role of the state that supports investments with specific legislation, low-cost loans, tax-free policies, provision of land and infrastructure, and facilitation of labour migration. Third, Chinese MNCs are familiar with pro-management unions and depending on a large supply of labour. Thus, they routinely have to deal with a high turnover of labour and with wild-cat strikes, but they nonetheless remain ill-equipped to bargain with well-organized unions (Cooke, 2014). Fourth, Chinese MNCs started to invest abroad only recently and are largely unfamiliar with the employment practices prevailing abroad. As much as other MNCs from developing countries, they tend to suffer from a managerial deficit in international experience (Zhu et al., 2014). In particular, Miedtank (2017) points out that, since they lack ex-pats with strong international experience, Chinese MNCs have a 'light-touch approach' in managing their European subsidiaries, preferring to follow local employment practices.

In this study we examine the expansion of the most controversial of the Chinese MNCs in Europe, analyzing the work and employment practices in place in specific locations. By focusing on the case of Foxconn in the Czech Republic, we highlight how internationalization, far from being a one-way transfer from one country to another, is the result of continuous and multilayered interactions among different actors, such as capital, state, unions and labour. Our analysis calls into question the perspective of the NBS as well as the GBP approach as these embrace mainly the management point of view and underestimate the role of labour, considering the workers only as passive actors (Meardi, 2007). In the following section we shed light on how the Foxconn management had to confront local institutions, unions and labour, and how these actors could induce the MNCs to accept arrangements different from what they originally had in mind. We emphasize how Foxconn has been forced to adapt, to a certain extent, to the local context and in particular to the agency of labour.

Foxconn in the Czech Republic

In this section we examine from a longitudinal point of view how institutions, unions and labour at the Foxconn factories in the Czech Republic co-determine the process through which the firm expands and organizes production and shapes its work and employment practices. In bringing these three elements to bear on the firm's labour management practices, we seek to broaden the established understanding of MNCs' worldwide work and employment practices (Ferner et al., 2005).

Foxconn is the world's largest electronics' assembler, producing for the most important electronic brands and employing about 1,3 million employees worldwide. Foxconn is a Taiwanese company, but the majority of employees are in mainland China (about 1 million), and its work organization and labour management practices 'have been reshaped through production in China' (Smith and Zheng, 2016: 373). In particular, within large electronics companies, contract manufacturing work and employment practices are 'relatively homogeneous" (Lüthje et al., 2013: 186).

In the first years of the 2000s, Foxconn planned a global production network that included plants close to the European and Northern American markets, and in addition to its 32 plants in China. The two plants in Pardubice and Kutná Hora in the Czech Republic, as well as those in Slovakia, Hungary and Turkey, are one of the two Golden Wings[2] which Foxconn displays to avoid the EU's high tariff barriers and to move closer to its end-markets supplying European and North African customers. In May 2000, Foxconn bought what remained of the former socialist electronics company, HTT Tesla, located in Pardubice. Tesla was an important electronics firm with a highly qualified workforce producing radiolocators for military use. In 2007, Foxconn built a new plant near Kutná Hora and gradually expanded into other European countries. For both factories, Foxconn has been assisted by CzechInvest, the investment and business development agency of the Czech's Ministry of Industry and Trade, which helped to find the most suitable location. Subsequently, Foxconn enjoyed a 10-years tax holiday, from 2000 until 2010 (Čaněk 2016)**.** The state therefore played a deciding role in attracting capital and in assuring that various authorities provided support to the investors putting in place what Drahokoupil (2008) calls 'investment-promotion machines'.

After obtaining the support of key Czech institutions, Foxconn selected some former HTT Tesla workers, but experienced some difficulties in recruitment because these workers were highly skilled and were not used to work either on an assembly line or in a regime of working time flexibility. Before starting operations, Foxconn moved some Chinese managers from its Longhua factory in China and put them in executive positions, while some dozens of Czech managers were sent to the Longhua factory for some months. In this way, Foxconn was able to modify the structure of the ex-HTT Tesla management to ensure that the subsidiaries had a Chinese imprint (Ferner et al., 2001).

[2]The other Golden Wing is in Mexico.

At the same time, Foxconn needed to deal with some protests and complaints by the former company's workers and the metalworkers trade union KOVO. In particular, while two petitions were submitted by the workers to its management, the unions struggled to be recognized by Foxconn. The municipality of Pardubice mediated these first conflicts, and Foxconn accepted a collective bargaining agreement with the unions (Čaněk, 2016). Moreover, Foxconn decided to move some Scottish managers from the Hewlett-Packard plant in Erskine, Scotland[3] to replace some Chinese managers, so that employment practices could be adjusted and local conflicts overcome.

Initially, workers were hired with full-employment contracts and recruited from the surrounding labour market. As the low wages were unattractive for local workers, starting from 2001 Foxconn undertook to recruit migrant workers already living in the country but originating from other post-socialist countries such as Slovakia, Vietnam, Ukraine and Mongolia (Drbohlav, 2003: 197). With new local and migrant workers, Foxconn grew from a few hundred employees in 2001 to about 2,200 workers in 2003.

In late 2004, Foxconn started to recruit workers through TWAs, taking advantage of the new labour law approved by the Czech government, which had been provisioned by the framework of EU enlargement (Hála, 2007). With the inclusion of Eastern Countries in the EU, Foxconn's recruitment strategy could include an enlargement of the workforce basin. The recruitment of workers was conducted directly in their countries of origin: Poland, Slovakia, Vietnam, Mongolia, and Ukraine. The recourse to TWAs did not impact on the labour turnover, which remained high, but guaranteed to Foxconn a workforce hired (and fired) with short notification. When Foxconn needs workers, in fact, it entrusts TWAs to recruit them on the basis of gender, nationality and age. The number of agency workers, recruited through short-term renewable contracts, fluctuates daily on the basis of production needs, and usually ranges from 30 until 60 percent of the total employment (Bormann and Plank, 2010). During the years 2000s, the workforce continued to grow from 2,500 workers in 2004, reaching its maximum in 2008, with about 3,700 core workers and about 3,000-3,500 agency workers.

Since the beginning of the 2008 crisis, the Czech government implemented some restrictions on the employment of non-EU migrants, in particular on those being hired by TWAs. This brought about a change in the composition of the workforce, as TWAs enlarged the recruitment of Romanian and Bulgarian workers and decreased the numbers of workers from Vietnam, Ukraine and Mongolia (Andrijasevic and Sacchetto, 2017). In sum, TWAs' international operations, and especially their recruitment practices, are contingent upon Czech government policies inside the framework of an integrated EU labour market, which allow EU workers freedom of movement, namely the right to take up work anywhere within the EU.

[3]http://news.bbc.co.uk/2/hi/uk_news/scotland/2094528.stm

As a result, the work organization inside the plants became more flexible, and, in 2010-2011, a new hour-shift system was introduced. Since then, core employees are divided among those who work 8 hours a day with 3 shifts, and others that are involved in 2 twelve-hour shifts, working day and night with the so-called bank-hour system whereby workers are required to work a total of 930 hours in six months. In contrast, agency workers work night and day, with two twelve-hour shifts for three to four days a week and are expected to be available for further shifts (Čaněk, 2016).

One of the organizational measures introduced at the Foxconn plants in the Czech Republic is the dormitory for agency workers. Dormitories are hotels, army barracks or ex-factory lodgings situated in the vicinity of the factory. Agency workers are usually distributed by the TWA coordinators in rooms of four people, according to their nationality and the TWA they work for. The provision of dormitories has some similarity with the organization of the work and life of migrant workers in China (Pun and Chan, 2012). And yet, it cannot be considered as a practice simply imported from China as dormitories are also a legacy of the socialist period in the Czech Republic (Fuchs and Demko, 1978: 178). A practice imported from China and a local practice therefore overlap and prove to be effective in an epoch when working-time flexibility and mobility of workers are increasing the norm worldwide.

Within this context, the unions have not proved to be a challenge for the management as their role has remained marginal. In fact, the unions' strategy focuses primarily on domestic workers, while migrant workers are considered as outside of the unions' concern (Andrijasevic and Sacchetto, 2017). Interestingly, therefore, the segmentation of the workforce into direct and agency workers is not only decided by management (with the help of the TWAs), but is strengthened by the trade unions' positioning (Čaněk, 2016), which reinforces the divide and rule strategy introduced by the company. In the Foxconn plants protests or disruptions are rare, and when they take place they remain separated along lines of nationality: such as the refusal to meet the set targets by the Vietnamese core-workers at Pardubice; and the protest at the Kutna Hora plant by Czech core-workers over unpaid yearly bonuses - both of which took place in 2011. And in both cases, the discontent was resolved through dismissals.

Confronting their employers from an even weaker bargaining position, especially in the context of a large EU labour market, most of the EU's agency workers try to acquire strength by deploying a job-shopping strategy through accumulating maximum labour mobility capacity (Andrijasevic and Sacchetto, 2016). Polish, Slovak, Bulgarian and Romanian workers at Foxconn usually have a background of employment in other European countries. This knowledge of the labour markets enables the workers to define, at least in part, their own mobility, and to enact exit strategies which challenge the employers' expectations of their availability for overtime work associated with low wages. As workers use their labour mobility capacity to their own advantage, the management is forced to search for solutions for reducing the workers' high turnover.

Two different work and employment practices to face these challenges were adopted in 2016-2017. First, with the support of Czech institutions, Foxconn started to recruit workers directly from Mongolia (150 workers were hired in 2016 and around 800 in 2017) as core workers committed to learn Czech and to work at Foxconn for at least six months. Second, Foxconn in 2016 agreed to increase the wages of agency and core workers. Bargaining for core workers involved the unions, while negotiations for agency workers were conducted with TWAs only. The new strategy of Foxconn aims to reduce labour turnover and stabilize the workforce. This process highlights, once again, the crucial role of actors such as the state, labour and the unions in the transformation of work and employment practices. Since its arrival in Europe, Foxconn has not only grabbed its opportunities, but also faced constraints which continue to shape its management strategies.

Conclusions

We have discussed work management practices in Chinese-owned businesses active in different sectors that have entered Europe both from above and below. Some authors point out that MNCs from China are exporting to Europe Chinese employment practices (Meunier, 2012); others point out that Chinese MNCs adopt a 'light approach' in their international management operations (Miedtank, 2017). As for Chinese entrepreneurship from below, the prevailing labour practices are often analyzed within the conceptual framework of an ethnic economy built on cultural repertoires separated from the mainstream economy (Guercini, 1999).

Empirical findings from our cases show that work and employment practices in Chinese firms operating in Europe are not undergoing a process of 'Chinesization'. By adopting a longitudinal approach, and moving the focus away from the analysis of the firm management only, our research offers a perspective that takes into consideration the multi-layered interests involved in the process of emplacement of MNCs and small firms alike.

We show how states participate in and support capital expansion and the capture of labour by stimulating investments for small contracting firms (in Italy) and MNCs (in the Czech Republic) and by regulating their modes of emplacement in the territory of the state, and all within the framework of the EU's legislation on mobility.

The two industries analysed here are of crucial importance for the national institutions involved. The Italian fashion industry, despite losing its global leadership position, remains the largest Italian industry; while the Foxconn plants have made it possible for the Czech Republic to become a relevant player in global electronics production.

Our study also sheds light on industry-related factors as they also account for the distinctiveness of the behaviors of the involved actors. Both the workshops in the Italian fashion industry and the

Foxconn plants in the Czech Republic are segments of global production networks characterized by high-intensity labour. In both cases, a workforce composed entirely or largely of migrant workers is hired, and a dormitory labour regime prevails, also thanks to the tacit or explicit tolerance of institutions.

We suggest that policy makers should be aware of the extent and the ways in which different institutions and actors – including global capital, the states with their laws and regulations, the specific industry, the unions and workers – all contribute to shape management and working practices. Such an approach would help avoid biased perceptions on Chinese investments in Europe and create the conditions for devising and implementing labour and industrial policies that address the different actors and take into account their often contrasting interests.

The two cases show different levels of ethnicization of the workforce, essentially linked to the different labour processes (assembly lines versus more sophisticated tasks). While the ethnicization of the workforce and the dormitory labour regime/sleeping arrangements are heavily reminiscent of practices prevailing in China, our research shows that their introduction into the labour process - of the networks of the Chinese contracting firms in Italian fashion and of the Foxconn plants in the Czech Republic - is actually favored by different stakeholders for the benefits they bring about. Policy makers should therefore be mindful of the extent to which ethnicized practices are enmeshed with choices made by the labour-market institutions and aimed at favoring specific industries.

Empirical evidence from our cases shows that far from being a mere imposition of the Chinese management, labour practices are typically co-determined by different actors. We suggest that policies addressing labour should not consider the workers as a static input into the production process but as a dynamic actor contributing to shape the firm's labour management strategies.

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