ONE

Introduction

> We will make Qingdao the most investment-friendly place for Korean enterprises.
>
> —CHONG YÜ, vice-mayor of Qingdao, March 2006

> Chengyang is not a part of Qingdao but a part of Seoul.[1]
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> —JUNG, manager of Nawon Korea, September 2002

Globalization is usually perceived as a progressive shift from bounded, local, and homogeneous forms of modernity to an ungrounded, flexible, and fluid postmodernity (Harvey 1991; Appadurai 1996). The urban landscape of China clearly shows the increasing intensity of transnational and global flows of people, media images, ideas, and capital. When I arrived in the northern Chinese city of Qingdao on a late summer day in 2002, the first scene that caught my eye was the colorful electric signs in English. Many of them advertized Hollywood movies running in local theaters, as well as branches of multinational corporations (MNCs), including chain stores such as Wal-Mart, Carrefour, and JUSTCO, fast-food restaurants such as McDonald's and KFC. The signs indicate that Qingdao is a key consumer market of MNCs: Qingdao is the wealthiest city in Shandong province and also is ranked tenth out of China's top twenty wealthiest cities (KPMG 2006).

However, the dazzling scene of thriving consumerism created by foreign corporations is misleading because the service industry is not the main interest of foreign direct investment in the region. Instead of in the tertiary industrial sector, foreign corporations made about four-fifths of their investment in the manufacturing sector. Foreign MNCs accounted for more than half of the total value of the city's exports, and foreign corporations' exports have been growing by more than 10 percent each year (SDBS 2008). In fact, since the Chinese government named a district of Qingdao a Special Economic and Technology Development Zone, the city has transformed itself into the province's center of manufacturing. The city has attracted a large amount of foreign direct investment (FDI), reaching US$2.6 billion in 2008 and growing by more than 10 percent each year since then (SDBS 2009). As a result, Qingdao was named as one of the most favored Chinese cities by the world's top corporations, as almost 130 corporations on the Fortune 500 list have invested in the city (KPMG 2007).

Although the large and growing number of MNCs indicates that Qingdao is an ideal city for their overseas business, it does not mean that MNCs operate in China without difficulties. MNCs, as creatures of late industrial capitalism, relocate incessantly from one location to another pursuing better business conditions that guarantee them higher profits (Bartlett and Ghoshal 1991). Although their investment decisions are based on economic calculations of profit and loss, the actual movement of a corporation is not purely economic; it includes the transfer of the local culture of the place where the corporation is originally located. Workers and government officials of the host country are also embedded in their own local cultures. Here I define the term "culture" in a particular way, as notions of time and punctuality, ideas of discipline, norms of desirable personhood, beliefs in legitimate workshop authority, and expected standards of bodily cleanliness. In fact, "culture" was the most commonly used term in the multinational factory that I researched, where a small group of expatriate Korean managers supervised more than seven hundred Chinese workers. On the shop floor of this factory, for example, I frequently heard Han-Chinese workers complaining about Korean managers' "excessive fretfulness"[2] to keep production deadlines, while the Korean managers expressed their frustration with the "sluggish" work speed of the workers. Interestingly, both the workers and the managers explained their complaints about the other party in terms of "cultural" differences that allegedly exist between China and (South) Korea. The vague idea of cultural difference contributes to establishing a distinctive factory management in which the Korean managers assumed an authoritarian and paternalist role in "properly" disciplining and caring for untrained Chinese workers.

The mounting pressure from the global market complicates the situation of the multinational workplace. The global market, by its nature, constantly requires MNCs to shorten lead time and reduce production costs. The continuing pressure from the market often pushes management toward a higher level of globalization, which in this case requires the rationalization of shop-floor organization and increased labor productivity. My study shows how the mandate of the global market to increase productivity and cut production costs brought constant changes to a multinational factory, prompting the foreign management to adopt different managerial strategies and methods of labor discipline. At the level of the shop floor, management's demands translated into faster work speed, tightened labor surveillance, and poorer work conditions, thus eventually creating local workers' grievances against the foreign management. The same mandate perpetuates the tense relationship between foreign managers and local labor as it blinds management to local cultural ideas about proper levels of labor discipline and acceptable methods of shop-floor control.

NAWON APPAREL

I conducted my fieldwork at Nawon Apparel (Nawon), a multinational garment corporation located in the city of Qingdao. Major fieldwork was conducted from 2002 to 2003. After the fieldwork, I conducted follow-up research to 2006 and interviewed Nawon's managers and workers. Nawon was a medium-sized garment manufacturing corporation. In 2003, it employed about seven hundred employees, including Korean expatriate managers, Korean-Chinese interpreters, and Han-Chinese workers. Management hired Korean-Chinese—one of the fifty-five ethnic minorities in China—for its local assistants of business, considering their bilingualism in Korean and Chinese and their Korean cultural background to be of great value. Han-Chinese, the absolute ethnic majority of China, represented about 90 percent of the workforce at Nawon and numbered more than six hundred. Most Han-Chinese workers were young and unmarried women from rural backgrounds, which reflected management's belief that women are more docile than men and its belief in the usefulness of women's "nimble fingers" in labor-intensive garment production.

Nawon Korea, the corporate headquarters of Nawon, was located in Seoul, South Korea. Established in 1993 as an exclusively Korean-invested enterprise, Nawon was one of the few among the eighty Korean-invested garment factories in the greater Qingdao area that had continuously operated for more than ten years (KOFOTI 2003). This corporation operated as a typical contract manufacturer that makes and ships products under contract to foreign buyers. In 2002, the corporation exported 68 percent of its manufactured products to Japan and the rest to the United States (Personnel Department, Nawon Korea 2003).

Korean-invested corporations were the most numerous group of MNCs in Qingdao. Thanks to its geographical proximity to Korea and low labor costs, Qingdao has been the largest investment destination for Korean corporations in China since 1992. In 2003, Korean enterprises accounted for 23.5 percent of foreign trade (US$4.2 billion) and 45.4 percent of total foreign investment (US$1.8 billion) in the region (SDBS 2003, 2005; Kong 2005; SDBFT 2005).[3] In 2003, almost seven thousand Korean-invested corporations were located in the city, and about forty thousand Korean nationals lived in and around the city (*Qingdao ribao* 2003; Jang 2003). Many Koreans took great pride in their dominant economic status in Qingdao. Some of them even regarded the district of Chengyang, where more than fourteen hundred Korean MNCs operated and over thirteen thousand Koreans lived, not as a part of Qingdao but as a part of Seoul (interview with Koreans, December 2002, March, April 2003; Moon 2002). Several Korean newspapers have described Qingdao as leased territory controlled by Korea and have even compared Qingdao with Dalian—an export-oriented harbor city in Liaoning Province—which was formerly a bridgehead of imperialist Japan during the World War II and is heavily under the influence of Japanese MNCs (Cho 2004; Bonyeong Lee 2005a).

The personnel composition of Nawon in June 2002 seems to demonstrate the factory's successful localization. Localization, a term common in Korean business administration literature, is often measured by the ratio between the number of Koreans and that of "indigenous" people among managerial staff, where a high ratio of the indigenous people indicates a high level of localization (Shanghai Asset Inc. 2005; Shin 1993). Successful localization, then, indicates management's effective control of local labor even with a small number of foreign managers. At Nawon, only three Korean managers supervised around seven hundred Chinese employees, including sixteen Korean-Chinese interpreters,[4] twenty-six Han-Chinese managerial staff, and over six hundred rank-and-file workers of Han-Chinese ethnicity. Compared with a nearby Korean garment factory where nine Korean managers struggled to control about three hundred Chinese workers, the small number of Korean managerial staff in the factory indicates that the management at Nawon controlled the shop floor effectively. In fact, the factory experienced virtually no labor disputes during its decade-long operation in China, while many nearby garment factories, both foreign-invested and Chinese-owned, suffered from frequent labor disputes, which mostly resulted from excessive overtime and delayed payment of wages. The situation at Nawon was even more extraordinary because the workers of the factory also had to put in endless overtime, often longer than those of the other factories.

What explains the relatively stable labor-management relationship at Nawon? How could the relatively small foreign managerial staff control such a large number of Chinese workers without difficulty? The history of the evolving factory regime of the corporation may explain the more than a decade-long absence of major labor disputes. Just as industrial workers are not created overnight but produced in prolonged struggles over restructuring of working habits (Thompson 1966: 9), the factory regime at Nawon is in fact an end result of long-term, occasionally intense, daily interactions between foreign management and local people. In the context, my ethnographic study investigates how Nawon's foreign management ensured the uninterrupted operation of the factory by creating specific forms of power relations and ideologies on the shop floor. My study also analyzes how the Chinese workers reacted to management's effort to mold them into "model" industrial workers. The corporation, which had boasted of its exceptional record of "no labor disputes," encountered an unexpected workers' strike in 2002. I look into the historical process through which the workers gradually changed from submissive subjects of labor control to active organizers of resistance. This change eventually set a limit on management's call for a higher level of globalization.

The foreign management's authoritarian labor control and its attitudes toward local labor resulted from collective misrecognition. It is misrecognition, because the managers at Nawon misunderstood the workers they encountered on the everyday shop floor, based on their limited personal experience and knowledge of China and Chinese workers. It is collective, because the misrecognition involved not an individual manager but the entire group of the Korean expatriate managers. Such misrecognition is a local effect of globalization. Globalization, the ever-intensifying transnational flows of capital, people, ideas, and cultural objects, is often believed to improve people's understanding of different "cultures" and thus promote their tolerance of cultural others (Lane 2006: 89–90). However, especially during the early period of globalization, intensifying transnational flows often bring about misrecognitions, which makes the people involved misunderstand objects, ideas, or people they encounter. At Nawon, the Korean managers' initial perception of the Han-Chinese workers clearly reveals collective misrecognition. The managers viewed the Han-Chinese workers in their late teens as heavily affected by the radical Communism of the Maoist period, even though the workers had not experienced even a single moment of radical Communism. As we shall see, management's misrecognition of Chinese workers brought a particular political effect, which in this case determined its methods of labor surveillance and discipline.

MULTINATIONAL CORPORATIONS AND SUPERIORITY OF THE WEST

Much of the literature on globalization assumes the agencies of the global are located in the West. For example, David Harvey argues that key technological advances in the West such as the railroad, the telegraph, and the automobile, by bringing disparate places into a world market as global producers and consumers, have served to make the world a smaller place (Harvey 1991: 229–32). Mokyr (1990) points to British technological advances in industrial sectors such as textiles and steel as the key factors that account for the Industrial Revolution and the subsequent globalization. Explanations of Western technological prowess are closely related to the search for the philosophical, cultural, or moral backgrounds that made technological development possible only in the West. Max Weber insisted that medieval cities of the West had been the places of origin of the modern concepts of individualism, rationality, and freedom (Weber 1968 [1956]: 1226–50), which eventually influenced the development of capitalism in the West (Weber 2001 [1930]). He contrasted the civilizations of the non-Western world with the "true" civilization of the West, which created and retained the values and ideas of legality, urban autonomy/freedom, and communal obligations (Weber 1986 [1921]). Following Weber, many scholars also have argued that some values and ideas indigenous to the West contributed to technological achievements and, later, to the emergence of capitalism and the Industrial Revolution. They commonly have praised the West for its role in establishing a unique set of laws that protect private property and contracts (Hansen and Prescott 2002; Lucas 2002; North and Weingast 1989) and creating cultural norms such as hard work, frugality, and educational discipline (Clark 2007).

In the West-centered model of capitalism and globalization, the non-Western world inevitably assumes less important and peripheral roles, such as consumers of Western products or providers of raw materials. The model also assumes that the non-Western world remained less developed because it lacked the societal structures and cultural values that helped the West to take the lead in the Industrial Revolution and globalization. Countries like China and Japan may have been not much different from the European countries in terms of the "commodification of goods, land, and labor, market-driven growth" (Pomeranz 2000: 107), but the material achievement of the non-Western world did not lead to an industrial revolution and thus failed to grant the non-Western world the agency of globalization. This, it has been argued, was because it adhered to hereditary societal statuses and privileges, and thus lacked social mobility and dynamics (Braudel 1992 [1979]: 581–601). Following this logic, the non-Western world can be best described as a provider of raw materials to the Western countries who helped the latter to rapidly expand their industry without driving up the cost of raw materials. This is the role of the non-Western world in the so-called first great globalization shock (O'Rourke and Williamson 2002), the fast growth of productivity that coincided with the development of new transport technologies and the unprecedented expansion of world trade during the nineteenth century.

The workplace of many MNCs shows how the historical idea of Western-led globalization and the belief in the prowess of the West is reproduced in present times, enhanced by the unequal power relationship between foreign managers and local employees. In the workplace, management—most from the Western countries that are economically more developed than the host country—has tended to view its local employees as inferior subjects. The managerial practices of many MNCs reflect the foreign management's belief in the universal or "global" validity of its Western cultural values and norms, considered superior to those of the local employees. For example, Fuller (2009) reports that in a Japanese subsidiary of a U.S.-based company, the expatriate American managers developed contrasting cultural distinctions between themselves and its Japanese employees. The managers assigned to themselves desirable or "global" traits such as vision, creativity, directness, and risk-taking, which in fact reflected a certain version of the ideal personality thriving in the United States. In contrast, they put Japanese employees on the opposite side of the desirable traits and considered them uncreative, overly submissive, excessively reserved, and conservative (Fuller 2009: 97–98). Klubock (1996) shows another corporate version of the West-centered globalization in the guise of "global" management by looking at a Chilean copper mine owned and operated by an American firm. In the Chilean mine, the management designed corporate regulations and benefits programs based on contrasting cultural traits between the United States and Chile. In the programs, the Chilean miners appeared to have undesirable cultural traits (unruly, violent, promiscuous, and overly masculine), in contrast to desirable American traits (law-abiding, peaceful, and monogamous). The "universal" values imposed on the Chilean mining community, however, originated from the particular values of white-collar, middle-class American society.

Western management's view of local employees as inferior subjects is also expressed in terms of a time difference between the two. It has been reported that, in many MNCs, foreign managers consider themselves belonging to a more advanced stage than that of the local workers on an evolutionary scale of historical change (Chae 2003; Peterson 1992). Their denial of local employees' coevalness (Fabian 1983) imposes the identity of "others" on the workers in the sense that they *still* live in the past. This denial has a remarkably powerful effect, which reinforces foreign management's feeling of superiority over local workers. It reinforces the managers' assumed attitude of "enlighteners" toward local labor, justifying their paternalist treatment of the workers.

Management's denial of local employees' coevalness contributes to racialized cultural distinctions between the Western management and the non-Western, "local" employees. This suggests that the corporate hierarchy between Western management and non-Western labor is hard to change, to the extent that management firmly believes in its ultimate cultural superiority over non-Western labor and maintains its superior position in the workplace. Local employees can be promoted to a certain level if they transform themselves by conforming to strict corporate regulations and worker-training programs. Their promotions, however, are limited because Western management often puts a racialized glass ceiling in the corporate ladder. Management believes that the ability of local employees to change is fundamentally limited, because they are deeply embedded in "local," non-Western cultural traditions that are inferior to those of management. The relationship between Western management and non-Western employees can even be compared to that between parents and children. The metaphor exemplifies management's supposition that non-Western employees are maturing but are still in an adolescent stage of development (Fuller 2009: 78).

GLOBALIZATION IN A NON-WESTERN MULTINATIONAL CORPORATION

The situation at Nawon shows how the non-Western origin of this multinational corporation made its management strive to make their alleged superiority to the local employees obvious and apparent. In the factory, for example, management created a highly rigid hierarchical distinction between foreign management and local employees, based on their understanding of local employees as "backward" subjects. The rigid distinctions seem unusual because the management came from a non-Western country, South Korea, which had been regarded as one of the peripheral countries in the global commodity chain.[5] Until the late 1980s, many foreign MNCs had considered South Korea an ideal place for maximizing their profits, taking advantage of its low labor costs and relatively high-quality labor. Since the late 1980s, however, South Korea quickly transformed itself from an ideal destination of foreign MNCs into the headquarters of Korean MNCs, as many Korean corporations began to relocate their production facilities to other countries. Nawon was the Chinese subsidiary of Nawon Korea, one of the South Korean corporations that had transformed themselves into MNCs. The presence of Nawon demonstrated that Nawon Korea successfully moved upward in the global chain of commodity production, changing itself from a subcontract factory to an intermediary corporation that directly dealt with international buyers and placed orders with subcontract factories.

Nawon Korea's successful transformation into an MNC, as well as the rapid macro-level economic development of South Korea during the 1970s and 1980s, led the Korean managers of the corporation to firmly believe in the Korean management's superiority to the Chinese employees. The managers asserted that the successful growth and transformation of many South Korean corporations was possible mainly because, by faithfully following "global" standards, they kept their corporate organization and practices efficient and rational. Nawon's management located the origin of "global" standards in the West, identifying them as advanced production technologies, highly efficient managerial practices, and the rationalized organization characteristic of Western MNCs. Nawon's corporate charter, written in 1993, declared that every operation of the corporation should be based on "the advanced managerial practices and production technologies" of Nawon Korea, which, again, located its corporate model in the West. Just like the foreign managers from the West, the management at Nawon believed that their advanced practices and technologies entitled them to control and discipline the "backward and undisciplined" Chinese workers who were bound to their recent past of radical Maoism and deep-rooted "peasant nature."

The fragility inherent in the Korean managers' feeling of superiority over the Chinese workers made them more attentive to securing the distinctions between "global" management and local labor. Foreign management from the West maintains its superiority over local labor since the economic and social gap between the two is too wide to be easily closed. The situation at Nawon was different, because the foreign managers there felt the gap between their country of origin, South Korea, and China was not wide enough to maintain their superiority. The Korean managers often felt their superior status over local labor was far from secure. This feeling arose both from the historical collective memory of the "China threat" to Korea and from the rapidly developing Chinese economy. To establish their superiority over the Chinese labor that was not immediately acknowledged, the managers worked diligently to make the space and organization of the factory reflect an inviolable hierarchical difference between Koreans and Chinese. For example, they assigned the core part of the factory space to themselves, while putting the Han-Chinese workers in factory dormitories located just outside the factory space. My study shows that the discrimination against the Chinese workers created new differences between Koreans and Chinese and maintained the sense of cultural superiority among the Korean managers. I especially show the various methods that management devised to maintain its superiority over the local Chinese labor, and management's arbitrary understanding of the cultural differences between Koreans and Chinese that contributed to the production of those methods.

The non-Western origin of the management at Nawon also affected the actual operations of the factory. Contrary to their initial expectations, the Korean managers realized the limited effect of "universal" or Western methods of labor control. In their effort to overcome this difficulty, they began to incorporate alternative methods of labor discipline and managerial practices into the existing "universal" ones. The alternative methods and practices clearly bore non-Western characteristics in that they had been formulated through the Korean historical experiences of the Cold War, oppressive military government, and authoritarian work culture as a result of the military regime. The foreign management from South Korea initially tried to *de*emphasize their Korean background, while highlighting the universal or Western principles of high efficiency and advanced industrialism. Management, however, eventually decided to actively incorporate its managerial experience in Korea to resolve problems caused by "Communist" Chinese labor. Furthermore, management enhanced its authoritarian and paternalist control of Chinese workers by exploiting elements of their culture, such as the Han-Chinese workers' feeling of filial obligation and their basic trust in "humane" management.