

# **The Employment Interests of Female Workers during Privatization: the Case of Chunghwa Telecom Company**

CHEN-YEN KU\*

*Department of International Business, Vanung University, Taiwan*

## **ABSTRACT**

The term “privatization” has fundamentally changed the landscape of work and employment, triggering a need to adjust and adapt on the part of governments, firms, and unions. In this study, I will examine whether female workers in Taiwanese State-Owned Enterprises face disadvantageous employment during privatization. I will use the case of the Chunghwa Telecom Company to investigate the above. This paper highlights the importance of union leaders’ decision and membership participation in response to privatization.

**Key words:** privatization, industrial relations, telecommunications, trade unions, state-owned enterprises.

## **1. INTRODUCTION**

The pattern of industrial relations in Taiwan was regulated by the corporatist practices of the Kuomintang (KMT) from 1949 until the election of the Democratic Progressive Party (DPP) presidential candidate in 2000. Prior to the mid-1980s, Taiwanese labor policies can be seen as authoritarian and a form of state corporatism, with labor organizations determined by the state. After the mid-1980s, the lifting of martial law transformed the Taiwanese industrial relations system, bringing about the development of a more autonomous labor movement (Chen, Roger Ko & Lawler, 2003, pp. 317-318).

In the 1990s, privatization in Taiwan was more a response to political democratization with the rise of indigenous Taiwanese business power which demanded a share of State-Owned Enterprises (SOEs) long monopolized by supporters and cronies of the KMT regime (Cheung, 2005, p. 270). The privatization policy for public enterprises has substantially changed the relationship among employees, employers and government. Privatization has continued under the DPP government, albeit at a reduced pace.

In Taiwan, a union can be organized along craft/occupation or industrial lines when there is a minimum of 30 workers in an establishment. Only one union is permitted per plant, and membership in the union is mandatory. Workers who refuse to take part in a recognized union can be suspended from their jobs at the behest of the union (Chen et al., 2003, p. 320).

Unions existed in all Taiwanese SOEs, and the union’s role was to support the state and economic development rather than to negotiate (Kuruville, Das, Kwon & Kwon, 2002, p. 447). Employees in Taiwanese SOEs have long enjoyed greater

---

\* E-mail: cyenku@msa.vnu.edu.tw

employment security, higher salaries, and better benefits compared with those available in the private sector. In line with this, workers from Taiwanese SOEs have not been impacted by capital relocation and factory close-down which affected the export-oriented enterprises and their workers, as Chen and Wong (2002, p. 42) found.

Research (e.g. Chen et al., 2003) and anecdotal evidence show that privatization threatens these advantages in the minds of many workers and union leaders. Because the jobs of employees in state-owned enterprises are at risk, workers have become more committed to their unions, and this has resulted in a more independent union movement. Privatization of state-owned enterprises has caused alterations in employment relations from the state-sponsored unionism prevalent before the 1980s to the more autonomous unions we observe today.

Throughout the nineties, most of the public sector unions in Taiwan remained firmly under the control of the Chinese Federation of Labor (CFL, a peak union body in Taiwan), partly because of the rank and file's fear that the extension of independent unionism to their workplaces could undermine public sector wage indexation; a privilege denied to private sector employees (Minns & Tierney, 2003, p. 11). Change can be found in the unions representing workers in several major state-owned enterprises, such as the Chinese Petroleum Company (CPC) and the Chunghwa Telecom Company (CHT). Chen et al. (2003, p. 330), argue that these unions question the legitimacy of privatization policies and ask for industrial democracy and involvement in the decision making processes of the firms. For instance, the Chunghwa Telecom Workers' Union (CTWU) has proposed the "three rights of workers' participation" in order to protect the wages and conditions of their members.

In 1996, a group led by Kaohsiung-based maintenance worker Hsu-Chung Chang seized control of the CTWU, proclaiming its independence from all political organizations and lobby groups throughout Taiwan. Minns and Tierney (2003, p. 11) found that the significance of its independence became clear in the May Day marches of 1998, at which opposition to the Kuomintang (KMT)'s privatization legislation was the rallying cry. On a national scale, this was one of the largest May Day rallies in Taiwan's post-war history – some 20,000 marched in Taipei alone; the largest contingent of marchers was made up of public sector unionists. The Telecom Union led them all, in terms of numbers.

## **2. RESEARCH QUESTION AND MY ARGUMENT**

Privatization represents a major change in public policy that started in the 1970s in the United Kingdom with Margaret Thatcher's steps to strengthen the market and to sell off public enterprises in transportation, telecommunications and utilities to private, for-profit companies. According to Stinson's (2004, p. 22) research, privatization not only threatens women's economic equality, it also threatens greater equality in gender roles by shrinking welfare state social programs.

Trade Unionism involves sexual politics. This tends to be obscured by the pre-eminence of the gender-blind categories of “the worker” and “the unionist.” The traditional union movement has a long history of debate as to the place of women, in which class issues were also at stake. Men’s conventional opposition to women unionists was grounded on the belief that women were poor unionists and not worth having in the union (Franzway, 1997, p. 129).

It is argued here that sexual politics is central to women’s challenge to the trade union movement. This permits the exploration of the arguments, tactics and dilemmas in which unionists, both women and men, engage.

### 3. THE DATA COLLECTION FOR THIS STUDY

Primary and Secondary data for this paper were collected from a broad range of sources (such as interviews, company reports, government reports, union documents, books, journal articles, and internet-based information). The dynamic nature of the employment relationship and union strategy and relationships were usefully explored through interviews. A semi-structured interview schedule was designed, based on the published materials and literature about the telecommunications union and company in Taiwan.

During the course of interview research, more than five semi-structured interviews were conducted in Taiwan with individuals who were associated with the process of the privatization of CHT. This occurred over the three-year period between 2002 and 2004. All of the interviews involved one-on-one taped sessions, took between 50 and 80 minutes, and interview content was transcribed.

The selection of interviewees in this study mainly focused on union officials who served in Middle and High Level positions in the CTWU. I define an elected Union President, Standing Director, Standing Supervisor, and General Secretary as “CTWU High Level.” Other union officials are referred to as “CTWU Middle Level,” and include industrial research officers and similar ranks (see Table 1).

Table 1. *The CHT case: CTWU interviewees*

Pseudonym	Title	Sex	Interview Date
Lin	Standing Supervisor	Male	10 Dec. 02
Ho	Standing Director	Male	6 Dec. 02
Wang	Union President	Male	13 Dec. 02
Ku	Union President	Male	17 Dec. 03
Yang	General Secretary	Male	10 Dec. 03
Kao	Industrial Research Officer	Female	17 Dec. 03

In the process of conducting the interviews, interviewees were given pseudonyms, so that anonymity would be assured, and all other identifying details were concealed.

Lower-level union leadership has been studied extensively, but research on high-level union leadership is more sparse (Fiorito, Stepina, Jarley, Delaney & Knudstrup, 1997, p. 4). National union leaders’ decisions are significant, because these people occupy a decisive position of power in the labor movement. If these

union officials fail to take responsibility for the current status of unions, then this failure may contribute to a persistent downward spiral of unionism.

#### **4. FEMALE WORKERS AND ECONOMIC DEVELOPMENT IN TAIWAN**

Taiwan has been justifiably proud of the quality and quantity of its female labor force. During the 1960s 'premarital employment of female workers' became a phenomenon frequently of Taiwan's economic development. The most apparent increase in the female labor force was from 1966 to 1973. During this period, as Table 2 indicates, participation by the female labor force surged from 32.6% to 41.5%, while for males rates remained fairly steady, with a slight decline. These numbers disclose the fact that the economic policy in Taiwan has been totally controlled by the reconstruction of international division of labor. Relevant research indicates that this period experienced the magnifying effect of a labor extensive economy in progressive manufacturing (Yi & Chien, 2002, p. 454). While gender inequality in the workplace still existed, female workers noticeably advanced in Taiwan's labor market so that on the whole the wage gap between male and female workers reduced to a discrepancy of about thirty percent (Chiao, 2002, p. 1).

After the 1980s, increased accessibility to greater employment opportunities offered many female workers the choice of remaining in their employment position after marriage (see Table 3). As a result, in the future, the position of Taiwanese female workers in the labor market will become even more significant.

#### **5. THE PROCESS OF PRIVATIZATION IN CHUNGHWA TELECOM COMPANY**

CHT became a private enterprise on 30 June 2001, based on the decision of the Executive Yuan. The principles of privatization of CHT included maintaining a single privatized CHT entity with its business not scattered, achieving the goal of privatization by releasing State-Owned shares, prior release of shares to the Local Institutional Investors and Overseas Investors in the first stage, and releasing shares to Local Individual Investors and the CHT Employees in the second stage (Huang, 1999, p. 76).

During the first stage of privatization of CHT, it was planned that 33 percent of the firm's shares would be released, including 12 percent designated for overseas investors. The remaining 21 percent would be released to Local Institutional Investors (3 percent), Local Individual Investors (13 percent) as well as CHT employees (5 percent). The first phase was scheduled to be accomplished by the end of 2000.

Table 2. *Labor force participation by gender, Taiwan, 1965-1973*

Year	Male Rate (Labor Force Participation)	Female Rate (Labor Force Participation)
1965	82.6	33.1
1966	81.4	32.6
1967	80.9	33.7
1968	80.2	34.4
1969	79.2	35.4
1970	78.9	35.5
1971	78.4	35.4
1972	77.0	37.1
1973	77.1	41.5

Source: Directorate-General of Budget, Accounting and Statistics (1988), pp. 52-53.

Table 3. *Taiwan's labor participation rate*

Year	Overall	Male	Female
1980	58.26	77.11	39.25
1981	57.82	76.78	38.76
1982	57.93	76.47	39.30
1983	59.26	76.36	42.12
1984	59.72	76.11	43.30
1985	59.49	75.47	43.46
1986	60.37	75.15	45.51
1987	60.93	75.24	46.54
1988	60.21	74.83	45.46
1989	60.12	74.84	45.35
1990	59.24	73.96	44.50
1991	59.11	73.80	44.39
1992	59.34	73.78	44.83
1993	58.82	72.67	44.89
1994	58.96	72.44	45.40
1995	58.71	72.03	45.34
1996	58.44	71.13	45.34
1997	58.33	70.61	45.67
1998	58.04	70.58	45.60
1999	57.93	69.93	46.03
2000	57.68	69.42	46.02
2001	57.23	68.47	46.10
2002	57.34	68.22	46.59
2003	57.34	67.69	47.14
2004	57.66	67.78	47.71
2005	57.78	67.62	48.12
2006	57.92	67.35	48.68

Source: Chiao (2002, p. 5); Hirohashi (2008, p. 24).

It was planned that the second stage would get underway at the beginning of 2001, at which time CHT would sell another 33 percent of its shares, with 20 percent provided to Local Individual Investors and 13 percent to CHT employees (refer to Table 4). The features of the second stage of privatization of CHT are similar to the privatization of British Telecom. That is to say, the government

released government-owned shares on the Stock Market to achieve the goal of transferring the property of CHT to private ownership (Liaw, 1999, p. 58).

The Taiwanese system of privatization of State-Owned Enterprises is different from that used in other countries, notably in the percentage of shares released to different categories of ownership. According to Article 2 of the Act Governing the Conversion of State-Owned Enterprises into Private Enterprises, State-Owned Enterprises in Taiwan are considered privatized if the government sells more than 50 percent of the shares. Thus, most of the Taiwanese State-Owned Enterprises have sold over 50 percent to achieve privatization, including CHT.

Table 4. *The process of privatization in the Chunghwa Telecom Company*

Buyers	October 2000	June 2001	December 2002	April 2003	June 2003	July 2003	November 2003	Total
Local Institutional Investors	2.87 % (Price per bundle 104,000 Yuan)	1.81 % (Price per bundle 57,000 Yuan)	-	2.32 % (Price per bundle 50,000 Yuan)	-	-	-	7%
CHT Employees	-	-	-	-	1.5 % (Price per bundle 40,000 Yuan)	-	1.55 % (Price per bundle 45,000 Yuan)	3.05 %
Overseas Investors	-	-	-	-	-	11.51 % (Price per bundle 49,000 Yuan)	-	11.51%
Private Telecom Enterprises	-	-	13.47 % (Price per bundle 50,300 Yuan)	-	-	-	-	13.47%
<b>Total</b>								<b>35.03 %</b>

Note. N.B.Yuan=Taiwan dollar; 1 Australian dollar=28 Taiwan dollar.

Source: Compiled by the author, integrating the report of the news release of the Ministry of Transportation and Communications (MOTC) on 4 August, 2000 and the Chunghwa Telecom Workers' Union (CTWU) on 10 December 2003.

However, in practice, the release of State-Owned shares in CHT did not progress smoothly. According to a 2001 report by the Ministry of Transportation and Communications, only 4.68% of shares were released in the first and second stages instead of the anticipated 66%. Obviously, in the short-term, CHT still remained a State-Owned company and found it very difficult to achieve the goal of 66 percent privatization, because Taiwan's parliament had determined that CHT

would only be allowed to sell shares through overseas sales or auctions after completing at least 10 domestic public offerings (Ku, 2006, p. 174). However, this tough restriction was moderated in recent years. In December 2002, an additional 13.91% of CHT shares were released to special private telecommunications enterprises (the Cathay Group and Fubon Group) and this was followed by 2.32% to Local Individual Investors in March 2003; 1.5% to CHT Employees in June 2003; 11.51% to Overseas Investors by the company's American Depository Receipt (ADR) deal in July 2003; and 1.55% to CHT Employees in November 2003. As a result, the Ministry of Transportation and Communications (MOTC) still held almost 64.97 percent of CHT shares until 2005 (See Table 4).

## **6. THE IMPACT OF PRIVATIZATION ON CHT EMPLOYMENT**

Before privatization, few employees were dismissed from Taiwanese State-Owned, or public sector, enterprises. Thus, the employees of the Taiwanese State-Owned Telecom organization (DGT) saw employment in the Telecommunications industry as a "job for life." For many years, the Chunghwa Telecom Company's forerunner regularly recruited and promoted people, increasing the number of employees, rather than retrenching staff.

In privatization, CHT management and the state shared a common ideology: neither envisaged an important role for trade unions in macro-economic management, on one hand; or workplace governance, on the other, based on the fact that CHT was a government-owned company. In October 1999, there were 35,072 employees in the Chunghwa Telecom Company (CHT), many of whom were more than fifty years old. Lan (2000) states that the average age of the employees in CHT was 44.7 years in October 1999 (See Table 5) and generally the staff had higher qualifications when compared with the average of Taiwanese citizens. The average age of male workers and female workers were 46.62 and 43.75 respectively. Chang (2003) found that the CHT had less employment mobility for its employees because it offered a stable employment workplace and better working conditions than other jobs. CHT employees identified with the organization and believed they had a "job for life." The average of the CHT employees remained steady at 44.65 in December 2002 (see Table 5). The average ages of male workers and female workers were 45.39 and 42.67, respectively. Some scholars (Lan, 2000, p. 3-4) showed that the previous figures presented the age of CHT employees as elder-oriented and thus they affected CHT's competition with other telecommunication companies during privatization, while other researchers (Wu, 2002, p. 3-4) considered that CHT employees have a loyal attitude to CHT management in response to a restructuring environment, based on its stable employment.

According to Ku (2006, p. 177)'s research, 55 per cent of CHT employees reached an educational level at least equivalent to TAFE, in 1999 (See Table 6). Most employees in CHT were members of the Chunghwa Telecom Workers' Union (CTWU), because of the legal situation as described elsewhere. Similarly, more than 62 percent of the CHT employees had at least the educational level of

TAFE in 2002 (See Table 6). In the partial privatization of the CHT, the average age of employees declined a little, from 44.67 in 1999 to 44.65 in 2002. In terms of educational levels, CHT employees had a higher level of education than previously.

By December 2002, the number of employees in CHT had fallen to 29,100; down by 5,972 compared to four years earlier (See Table 7).

The relationship between CHT management and the CTWU was built on a harmonious interactive mechanism from 1999 to 2002 (CHT, 2002b, pp. 18-19). For example, the CHT management adopted a cooperative approach with the CTWU in the enacting of the Collective Bargaining Agreement. In order to improve work efficiency and employee welfare they enacted work rules and clearly regulated the rights and obligations for CHT employees, according to the regulation of Labor Standards Law, Article 70 in Taiwan. They held a “Labor-Management Committee” meeting once a month in order to listen the voice of employees in CHT workplaces, and eventually promoted a harmonious atmosphere with the CTWU.

Table 5. *Age of the employees in the Chunghwa Telecom Company (October 1999 and December 2002)*

Age	October 1999	December 2002	Change (%)
65+	38	14	63
60	1,080	571	47
50	7,195	6,615	8
40	17,884	15,549	13
30	7,362	4,612	37
21-	1,513	1,608	6
Under 20	-	-	-
Total	35,072	29,100	

Source: Chunghwa Telecom (CHT) (1999) and Chunghwa Telecom (CHT) (2002a).

Table 6. *Educational level of the employees of the Chunghwa Telecom Company (October 1999 and December 2002).*

Educational Level	October 1999	December 2002	Change
Ph.D.	61	145	+84
Master's degree	1,766	2,238	+472
Bachelor's degree	6,737	6,509	-228
Technical And Further Education (TAFE)	10,755	9,218	-1,537
Senior High School	11,999	8,919	-3,080
Junior High School	3,677	1,940	-1,737

Source: Chunghwa Telecom (CHT) (1999) and Chunghwa Telecom (CHT) (2002a).

Table 7. *The employment change of CHT in the government's policy of privatization*

	October 1999	December 2002	Change
CHT Employees	35,072	29,100	-5,972

Source: Chunghwa Telecom (CHT) (1999) and Chunghwa Telecom (CHT) (2002a).



Conventionally, telecom union members are predominately male, and in the past union policies have been dominated by the interests of one group: skilled, male, activists (Bradley, 1994, p. 51). In the next section, I will investigate how the CTWU treated all members' interests equally in the privatization process.

## **7. THE RESPONSES OF THE CTWU TO THE CHT'S PRIVATIZATION**

In the CTWU, there were both supporting and opposing groups to the CHT's privatization plan. The first faction was called the Conditional Support Group. Its core union leaders were Chin-Cuang Lin and Jun-Chou Chen. The second faction was named the Anti-Privatization Group (associated with the Independent Industrial Union Movement) and it was dominated by Hsu-Chung Chang (Lan, 2000, p. 6).

In order to secure salary maintenance after privatization, the CTWU adopted a strategy - a Collective Bargaining Agreement to ensure the working conditions in the privatized CHT. On March 2000, the Conditional Support Group used a cooperative strategy to get the CTWU membership to vote with them. Two CTWU union officials explain why CTWU membership agreed with the Conditional Support Group's response to privatization:

Most CTWU members changed their attitude in support of the privatization policy with CHT management, because they considered CHT would lose a lot of business opportunities and face restricted regulations because CHT would still be governed by the Public Servants Law while it remained as a State-owned company (Ho, Male, CTWU High Level).

Besides cooperating with CHT management, the main aim of the Conditional Support Group was to continue to get support of the CTWU members by way of an improved Collective Bargaining Agreement (CBA). As a senior CTWU union official notes:

In globalization, CHT must face international competition. Thus, the CTWU followed the government's policy of privatization, but CHT management needed to secure the Collective Bargaining Right of CTWU in partial privatization. In this context, the CTWU will make sure that all members' interests through the CBA in a privatized CHT, will be secured for the future (Wang, Male, CTWU High Level).

In CHT, there is a mechanism called the "Collective Bargaining Committee" (CBC). The CBC has the important functions of reporting and discussing all matters relevant to labor-management relations, such as the degree of salary increase. The members of the CBC selected five representatives from both CTWU and CHT management to draft a Collective Bargaining Agreement (CBA). Usually, each CBA has a term of two years. If either of the parties wants to revise the content of the CBA, it has to inform the other party two months ahead of the CBA deadline (CHT, 2002b, pp. 19-20).

The CTWU met to negotiate the contents of a CBA with CHT management twenty-nine times before it was passed at a CHT Board of Directors Meeting (CHT, 2002b, p. 6). In January 2002, the CTWU and CHT management sent the final version of the CBA on which they compromised to the Ministry of Transportation and Communication (MOTC) and the Executive Yuan for approval. The important items of this CBA included salary, retirement age, vacation and other leave, bonuses, overtime, working hours, and work insurance in the privatized CHT workplace. Two CTWU union officials describe the progress of the Collective Agreement in CHT as below:

In the CHT partial privatization, the CTWU asked the new CHT owner to abide by the CBA enacted between CTWU and State-Owned CHT management. For example, the new CHT owner has to maintain the same salary as when CTWU members served in the State-Owned CHT, except if the new CHT owner makes a loss, in which case employees might face salary reduction (Wang, Male, CTWU High Level).

The Council for Economic Planning and Development (CEPD) and the Executive Yuan disagreed on the version of the CBA submitted by the CHT management and the CTWU to regulate the working conditions of the privatized CHT because it could mislead the government into compromising with the new owners' over the right to negotiate with new CHT employees (Lin, Male, CTWU High Level).

In addition, the CEPD was concerned that other Taiwanese State-Owned Enterprises, apart from CHT, would also want to negotiate a CBA in their own privatized workplace, once the MOTC and the Executive Yuan approved the CHT CBA. Moreover, in February 2003, the revised version of the CBA, as promulgated by the MOTC, had many alterations compared to the version that had been agreed; such as the regulations of retirement for the CTWU membership. According to Article 39 of the Collective Bargaining Agreement, as revised by the MOTC, the calculation of work experience in CHT could include previous work experience when the State operated CHT. However, previous experience could not be considered in calculating the CHT pension. Obviously, this revised version of the CBA, being pushed by the MOTC, stripped away the employment interests of the CTWU membership once they reached retirement age.

Enacting the CBA which applied in a privatized CHT was difficult for the CTWU, mainly because of opposition from the government (see Table 8). As Pan (2000, p. 5) noted, there was a critical issue; that state intervention in Taiwan regarding collective bargaining agreements had to be submitted to the authorities for approval. It stipulated "if the authorities found any provisions contrary to law or regulation, or incompatible with the progress of the employer's business, or is not capable of maintaining the workers' normal standard of living, the said provision shall be cancelled by the authorities." It seems that pursuing a CBA in a privatized CHT was a misguided strategy for the CTWU to choose in response to CHT's privatization.

In fact, the Conditional Support Group neglected various opinions which existed in the union as a whole. A CTWU union official explains the ineffective operation in the current revised version of the CHT Collective Agreement as follows:

Right now, the economic environment in Taiwan is not beneficial for the CTWU to negotiate better working conditions for their members through the Collective Agreement, stemming from the high unemployment rate in Taiwan, the decreasing number of customers in CHT, and the recession in the global economy (Ku, Male, CTWU High Level).

From Ku's interview, one can see why the CTWU members no longer supported the Conditional Support Group in the third election for a CTWU chairman. This was mainly because of sacrificing membership participation if a union adopted a "dual-commitment" with the employers and with their members. In the third election, the Anti-Privatization Group defeated the Conditional Support Group by just one vote (see Table 9). These figures showed that the goal of industrial democracy has been seen in the three elections of CTWU President (Kao, 2003, p. 101).

In the past, the CTWU had a strong political-legislative focus. Masters (1998, p. 315) described the feature of the Public-Employee Union as part of the movement to reform government and to work for enactment of civil service laws. Similarly, union members treated the union as a necessary protection against a powerful employer, as Fosh (1993, p. 580) suggested. Thus, union leadership needed to heed members' attitude fairly well, particularly in a period of restructuring.

Table 8. *The responses of the Ministry of Transportation and Communication (MOTC) after August 16, 2000*

CTWU Campaign	The Responses of the Ministry of Transportation and Communication (MOTC)
Maintain the existing salary, and no salary reduction	Difficult to execute
Maintain the retiring age by law	Difficult to execute
Maintain the two days leave per week as a public servant and the business still maintains the service for seven days a week	Possible to execute
The retiring age by the voluntary wish has to combine the working experience before privatization and cannot be added to the retirement income	Difficult to execute
Maintain the existing system of working leave and vacation	Possible to execute
Maintain the award for senior employees	Possible to execute
Exemption from paying the fee for public insurance for the CHT employees serving in CHT for thirty years	Possible to execute
The CTWU membership can select the retirement monthly income when they have served twenty-five years in CHT	No discussion

Source: Chungwa Telecom Workers' Union (2001, p. 1).

Table 9. *The outcomes of three elections of CTWU chairman (from 1996 to 2003)*

The election of CTWU chairman	The Anti-Privatization Group	The Conditional Support Group
First election of CTWU chairman (125)	70	55
Second election of CTWU chairman (125)	50	75
Third election of CTWU chairman (119)	60	59

Source: Chunghwa Telecom Workers' Union.

In contrast, the Anti-Privatization Group in the CTWU wanted to achieve increased membership participation in order to respond to CHT's privatization, through four strategies: labor education, establishing a privatization policy committee, promoting a CTWU website, and focusing on female members' interests.

#### **A. Labor Education**

The Anti-Privatization Group promoted labor education. Owing to the fact that information about privatization was provided by CHT management, it did not uncover the whole picture of the employment interests of CTWU members. In this context, the CTWU prepared to highlight the negative consequences of privatization for their members through public announcements. If the CTWU membership could more clearly understand the impact of privatization on their employment interests, it was assumed they would support CTWU's opposition to the plan.

#### **B. Establish a Privatization Policy Committee**

The Anti-Privatization Group established a privatization policy committee to research how to combat the government's policy on 24 November 1997. The main goal of this committee was to gather information about the effects of privatization policy, based on the work of academic scholars and researchers. This became a useful foundation for CTWU strategies in their response to privatization.

In this committee, many researchers contributed their points of view. In her research, Chen (1997) argued that Taiwan's privatization strategy simply meant transferring government-owned assets to make more profit for private enterprises. It was easy to maintain a monopoly in private enterprises, such as the telecom industry. In 1997 the CHT recorded a 14 percent profit rate for shareholders, which provided considerable revenue for Taiwan's public finances. In this context it was hard to persuade ordinary Taiwanese that the government should sell profitable State-Owned Enterprises, such as the CHT.

#### **C. Promoted a CTWU Website**

The Anti-Privatization Group promoted a CTWU website which aimed to build power through collective action. In the past the traditional union movement had used the telephone, facsimile or face to face meetings to communicate between the union office and its members. In order for CTWU activities to be promoted

internationally, it was deemed necessary to improve the profile of the CTWU website, including the latest news of CTWU activities in an English version.

#### **D. Focus on Female Members' Interests**

Call centres are a new form of organizing work, particularly in telecommunications industries. Increasingly, firms are using telephone and internet based communications to communicate cost effectively with their customers, sometimes on a 24-hour basis. Why do females choose work in call centres? Conventionally, research suggests females have been employed in the kind of white-collar clerical and administrative work, and women are considered better at using the phone (Taylor & Bain, 1999, p. 103).

In CHT call centres, nearly 95 percent of employees are females. A CTWU official describes the practical work of call centre employees in CHT:

I enjoyed the type of work, but 40 hours, on the telephone, dealing with people – and a lot of them would be complaints – it was too tiring, too exhausting. There was no time off in that 40 hours. I mean you had maybe a 40-minute lunch break in that time, but it was not enough, it was just too draining. We were watched over, looked on and felt like we were being spied on, to see if we were going to “pull a fast one” or say something wrong, or take two minutes out for ourselves. We were supervised to the extreme (Kao, Female, CTWU Middle Level).

In order to improve the previous situation, the Anti-Privatization Group in CTWU held a public hearing -“Waiting for spring to come for CHT call center employees” - with legislators in the Legislative Yuan, in order to express the collective dissatisfaction of the CTWU about the inhuman management of CHT call centre employees. In this public hearing, the Anti-Privatization Group launched a three pronged campaign to improve conditions for CHT call centre employees: (1) requiring CHT management to do a health check for all call centre employees (2) expressing their concern about working conditions about CHT call centres employees' hearing loss, eyesight and other health checks, because this workplace is a high radiation area and (3) improving the style of management through collective bargaining, in order to establish a more reasonable system of management in call centres.

In addition, the Anti-Privatization Group struggled for the interests of CHT call centres employees - one day off every month without a certificate from a doctor (because the call centre is a “risk location” for abortion in female employees; arising from the extreme radiation there). After that, many call centre employees in CHT started to support the CTWU actions against privatization (Shia, 2004, p. 59). Moreover, the Anti-Privatization Group helped call centres' employees get a legal right to work in another place if they could pass an examination for promotion in CHT. In other words, the CHT call centres' employees could develop a satisfying career without being confined to call centres until retirement age. This in turn increased internal solidarity (members and leaders sticking together), and ultimately strengthened the CTWU's power.

Besides protecting female members who served in CHT call centres, the Anti-Privatization Group championed female members involvement in union affairs during privatization. For instance, the number of females joining CTWU increased from 7,105 in February 1999 to 8,028 in June 2003, as noted in on the annual report of the Chunghwa Telecom Company (2003). Also noted in this report, there were 10 female CTWU union officials serving in the headquarters of the CTWU and a total of 30 female CTWU union officials - some in each branch office. In this context, the Anti-Privatization Group had to focus on particular employment issues, and especially how the female membership responded to the government's policy of privatization alongside the employment interests of the majority of their male colleagues, because the membership's "willingness to act" is a necessary foundation for effective trade unionism, as Offe and Wiesenhal (1985, p. 185) suggest. The 95 percent growth of female CTWU members in CHT call centres was a decisive factor in mobilizing the collective action of the CTWU in response to privatization.

## **8. CONCLUSION**

During CHT's privatization, the CTWU promoted itself as an organization concerned with justice; this is reflected in the protection of members' interests - both male and female. For example, the Anti-Privatization Group adopted four strategies to achieve increasing membership participation during privatization. They were: labor education, establishing a privatization policy committee, promoting a CTWU website (for all CTWU members) and lastly, focusing on female members' interests (including improved working conditions for CHT call centre employees, and championing female members' involvement in the CTWU affairs). As Hyman (1999, p. 9) notes, "the increase in the number of women trade unionists has itself led to a broadening of the union's agenda." Thus, unions have to broaden their agenda and reorganize to suit the diversity of members' needs and views if union renewal is to occur in a restructuring environment, as Bradley (1994, p. 51) suggests.

The gender issue did not play an important role in CHT, especially with respect to privatization. So, CHT female workers did not experience a feminization of poverty, increased workloads and/or deterioration of gains in gender equality. There was no gender inequality judged by the CTWU's views. The CTWU achieved a practical function of protecting the interests of its male and female members by way of collective agreements. In the case of the Chunghwa Telecom Company, it seems that privatization will give female workers more employment mobility and stable employment relations with their employers in the context of more privileged state-owned enterprises.

This case study highlights that human resource management approaches and industrial relations can successfully coexist. The strategy of 'partnerships with employers' may allow unions to pursue new kinds of interests. This in turn could reduce both employee and employer antagonism to unions.

## REFERENCES

- Bradley, H. (1994). Divided We Fall - Union and Their Members. *Employee Relations*, 16(2), 41-52.
- Chang, H. C. (2003). *A study of the Implementation of the CTWU Industrial Democracy*. Institute of Public Affairs Management. National Sun Yat-sen University, Kaohsiung, Taiwan.
- Chen, S. H. (1997). Telecommunications Liberalization in Taiwan: Initial Impacts. *Industry of Free China*, 87(11), 83-107.
- Chen, Y. C., & Wong, M. (2002). *New Bondage and Old Resistance - Realities and Challenges of the Labour Movement in Taiwan*. Kowloon, Hong Kong: Hong Kong Christian Industrial Committee.
- Chen, S. J., Roger Ko J. J., & Lawler, J. (2003). Changing Patterns of Industrial Relations in Taiwan. *Industrial Relations*, 42(3), 315-340.
- Cheung, A. B. L. (2005). The Politics of Administrative Reforms in Asia: Paradigms and Legacies, Paths and Diversities. *An International Journal of Policy, Administration, and Institutions*, 18(2), 257-282.
- Chiao, C. K. (2002). The Enactment of the Gender Equality in Employment Law in Taiwan: Retrospect and Prospect. *Japan International Labour Law Forum*, 16, 1-58.
- Chunghwa Telecom [CHT] (1999). *Chunghwa Telecom Annual Report 1999*. Taipei, Taiwan: Chunghwa Telecom Company.
- Chunghwa Telecom [CHT] (2002a). *Chunghwa Telecom Annual Report 2002*. Taipei, Taiwan: Chunghwa Telecom Company.
- Chunghwa Telecom [CHT] (2002b). *The revised version of the collective agreement between Chunghwa Telecom Company and its industrial union*. Taipei: Chunghwa Telecom Company.
- Chunghwa Telecom Workers' Union [CTWU] (2001). The Responses of the Ministry of Transportation and Communication (MOTC) after 16 August 2000. *Chunghwa Telecom Workers' Union*, 8, 1-5.
- Directorate-General of Budget, Accounting and Statistics (1998). *Year Books of Manpower Survey Statistics*, Taipei, Taiwan: DGBAS, various years (in Chinese and English).
- Fiorito, J., Stepina, L. P., Jarley P., Delaney J. T., & Knudstrup, M. (1997). Visions of Success: National Leaders' Views on Union Effectiveness. *Labor Studies Journal*, 22(1), 3-19.
- Fosh, P. (1993). Membership Participation in Workplace Unionism: The Possibility of Union Renewal. *British Journal of Industrial Relations*, 31(4), 577-592.
- Franzway, S. (1997) Sexual Politics in Trade Unions in Pocock B. (Ed.), *Strife: Sex and Politics in Labour Unions* (pp. 128-148). Sydney, Australia: Allen & Unwin.
- Hirohashi, M. (2008). *Research of Comparative Pattern of Women Labour Force Participation Rate between Taiwan and Japan*. Institute of Human Resource Management I (pp. 1-49). Chung-Li, Tao-Yuan, Taiwan: National Central University.

- Huang, H. D. (1999). The Progress of Privatisation in Chunghwa Telecom Company. *Journal of Accounting and Statistics*, 525, 75-81.
- Hyman, R. (1999) *An emerging agenda for trade unions?* Geneva, Switzerland: International Labour Organization (International Institute for Labor Studies).
- Kao, Y. C. (2003). *The Analysis of Strategic Actions used by the CTWU responded to privatisation.* Institute of Labor Studies, 1-157. Taichung, Taiwan: National Chung Cheng University.
- Ku, C. Y. (2006). *Union Effectiveness during Privatisation: Lessons from the telecommunications industry in Australia and Taiwan.* Ph.D dissertation, University of Adelaide, Australia.
- Kuruvilla, S., Das, S., Kwon, H., & Kwon, S. (2002). Trade Union Growth and Decline in Asia. *British Journal of Industrial Relations*, 40(3), 431-461.
- Lan, K. J. (2000). *The union of Chunghwa Telecommunications respond to the privatization.* Non-beneficial organization and Public Affairs Conference between China and Taiwan. Kaohsiung, Taiwan: National Sun Yat-sen University.
- Liaw, H. P. (1999). *The Interactions between Public and Private Sectors in Telecommunications Privatization.* Graduate Institute of Political Economy (1-128). Tainan, Taiwan: National Cheng Kung University.
- Masters, M. F. (1998). AFSCME As a Political Union. *Journal of Labor Research*, 19(2), 313-349.
- Minns, J., & Tierney, R. (2003). The Labour Movement in Taiwan. *Labour History*, 85, 103-128.
- Offe, C., & Wiesenthal, H. (1985). Two Logics of Collective Action. In C. Offe (Ed.), *Disorganised Capitalism: Contemporary Transformation of Work and Politics* (179-220), Cambridge, England: Polity Press.
- Pan, S. H. (2000). *Collective Bargaining in Taiwan - Between Market and Institution*, 50 years Social Security in Taiwan - International Symposium on the Retrospect and Prospect of Taiwan Industrial Relations. Taipei, Taiwan: National Cheng Chi University.
- Shia, C. W. (2004). Where is the spring of CHT call centres employees? *Chunghwa Telecom Workers' Union*, 4, 54-59.
- Stinson, J. (2004). Why Privatization is a Women's Issue. *Canadian Woman Studies*, 23(3), 18-22.
- Taylor, P., & Bain, P. (1999). An assembly line in the head': work and employee relations in the call centre. *Industrial Relations Journal*, 30(2), 101-117.
- Wu, C. C. (2002). *The study of impact of Taiwan Telecommunications Union on the processes and activities of enacting the Three Telecommunications bill*, 1-120. Institute of Labor Studies, Taichung, Taiwan.: National Chung Cheng University,
- Yi, C. C., & Chien, W. Y. (2002). The Linkage Between Work and Family: Female's Employment Patterns in Three Chinese Societies. *Journal of Comparative Family Studies*, 33(3), 451-474.





Taiwan as well.

**Chen-Yen Ku** obtained his Ph.D. degree in Labour Studies, School of Social Sciences, University of Adelaide, Australia. He is now an Assistant Professor in the Department of International Business, Vanung University, Taiwan. His major research interests include human resource management, industrial relations, labor law and international business management. His works have been published in several international refereed journals, such as *Issues & Studies*, *The Economic and Labour Relations Review*, and *Social Law Review*. Meanwhile, he took part in international conferences in China, Australia and