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Artus | Blien | Holland | Phan [eds.]

# Labour Market and Industrial Relations in Vietnam



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Ingrid Artus | Uwe Blien |  
Judith Holland |  
Phan thi Hong Van [eds.]

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## Abbreviations

ACTFU	All-China Federation of Trade Unions
ADB	Asian Development Bank
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASMED	Agency for SME Development
CBA	Collective Bargaining Agreement
CD	Computer Disc
CEO	Chief Executive Officer
CIEM	Central Institute for Economic Management
CPC	Communist Party of China
CPI	Consumer Price Index
CR	Corporate Responsibility
CSR	Corporate Social Responsibility
DOLISA	Department of Labour, Invalids, and Social Affairs
DRV	Democratic Republic of Vietnam
EPZ	Export Processing Zone
ESC	Employment Service Centre
EVN	Vietnam Electricity Corporation
FDI	Foreign Direct Investment
FFE	Foreign-funded Enterprise
FIE	Foreign Investment Enterprise
FNPR	Federation of Independent Trade Unions of Russia
FOL	Federation of Labour
GDP	Gross Domestic Product
GDR	German Democratic Republic (DDR)
GER	Gross Enrolment Ratio
GMPR	Mining and Metallurgy Workers' Union of Russia
GNI	Gross National Income
GNP	Gross National Product
GSOV	General Statistics Office of Vietnam
GTZ	Deutsche Gesellschaft für Technische Zusammenar- beit
HCMC	Ho Chi Minh City
HR	Human Resources
ICOR	Incremental Capital Output Ratio
ILO	International Labour Organisation
ILSSA	Institute of Labour Science and Social Affairs
IR	Industrial Relations

*Abbreviations*

ISC	Independent State Company
ISCED	International Standard Classification of Education
KCCI	Korean Chamber of Commerce and Industry
KoCham	Korean Chamber of Commerce and Industry America
LCL	Labour Contract Law
LMAL	Labour Dispute Mediation and Arbitration Law
LSMS	Living Standard Measurement Survey
MNC	Multinational Companies
MOET	Ministry of Education and Training
MOF	Academy of Finance
MOI	Ministry of the Interior
MOL	Ministry of Labour
MOLISA	Ministry of Labour, Invalids and Social Affairs
MPRA	Trade Union of Motor Industry Workers
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
PPP	Purchasing Power Parity
SACOM	Students and Scholars against Corporate Misbehaviour
SC	State Corporation
SEDP	Socio-economic Development Programme
SEG	State Economic Group
SMEs	Small and Medium-sized Enterprises
SOE	State Owned Enterprise
SRV	Socialist Republic of Vietnam
TECO	Taiwanese Economic and Cultural Office
TFP	Total Factor Productivity
TKV	Coal and Mineral Company of Vietnam
TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNICEF	United Nations International Children's Emergency Fund
UPA	Urban Poverty Assessment
USD	US Dollar
VCCI	Vietnam Chamber of Commerce and Industry
VGCL	Vietnam General Confederation of Labour
VHLSS	Vietnamese Household Living Standard Surveys
VINACOMIN	Vietnam Coal and Mineral
VINALINES	Maritime Corporation of Vietnam

*Abbreviations*

VINASHIN	Vietnam Shipbuilding Industry Group
VLSS	Vietnam Living Standards Survey
VND	Vietnam Dong (Vietnamese Currency)
VTUL	Vietnam Trade Union Law
WB	World Bank
WTO	World Trade Organisation

## Introduction

The Vietnamese economy and society has been marked over the past three decades by a double break with the past: *First*, the transformation of a planned to an increasingly market-mediated economic system. The Vietnamese Communist Party launched the *doi moi* renewal process in 1986, which focused on moving the economic ideology and reality away from a centrally planned economy towards a socialist-oriented market economy under the close management of the state. Although a ‘dual’ economy was retained with state- and market-economy regulated areas ‘side by side’, the role of the state in Vietnam has decreased (Gainsborough 2010) to an extent that some scholars even see Vietnam as now a ‘neo-liberalist’ (Masina 2006) or ‘post-state capitalism’ economy (Truong/Rowley 2014). At least since its entry into the World Trade Organisation (WTO) in 2007, Vietnam has been increasingly involved in global and financial economic processes – and as a result was affected more than a little by the global financial crisis of 2008/09. These fundamental economic changes, *secondly*, are accompanied by social change, described by some observers as a ‘rapid modernisation process’, which in any case is characterised by a striking simultaneity of usually different chronological stages: industrialisation and tertiarisation, Fordist and post-Fordist production models, extreme poverty and rapid increase in (personal) wealth are phenomena which overlap and affect the traditional, agrarian form of life and economic activity (rural subsistence farming). The result is a broad heterogeneity and variety of mixed forms of employment and survival strategies.

The double process of upheaval has generated very contradictory consequences: The per-capita poverty ratio in Vietnam fell from nearly 60 per cent in the early 1990s to 17.2 per cent in 2012 and life expectancy at birth rose to 76 years in 2013 (World Bank 2015). In 2008, Vietnam became ‘officially’ a ‘middle-income country’, following the World Bank classification of Gross Domestic Product (GDP) per capita, though it is obviously still poor according to European standards. The country has also made remarkable progress in education. At the same time however, Vietnam’s income distribution is becoming more unequal: In 2013, the news magazine *Forbes* reported the first Vietnamese billionaire (Forbes 2013); at the same time the country has suffered under substantial price increases for

*Introduction*

basic foods since 2007–08 (see Chan/Siu in this volume; Bergstermann/Neubert 2008). The extensive foreign direct investment (FDI) flows mostly into the construction of low technology-intensive ‘extended workbenches’ and subcontractors or even into scarcely growth-related real estate and tourism projects (see Herr/Stachuletz 2010). Corruption is a persistently virulent problem (Truong/Rowley 2014: 285; cf. Bergstermann in this volume).

The high dynamic of economic change places considerable demands on an institutional adjustment process that the comparatively stable political system thus far has only partly been able to address. Thus a labour code was created in 1995 and has been reformed several times since 2002 (see Bo Luat Lao Dong 2007; Däubler and Dong Thi Thuong in this volume). There is a fairly sophisticated system of state minimum wages. A social security system is being gradually built up (on related problems see Nguyen Huu Dzong/Dao Quang Vinh 2002; Bui Sy Tuan in this volume). The Vietnam Confederation of Labour (VGCL), with over six million members a politically influential and powerful interest organisation, has increasingly sought to establish collective bargaining (see Clarke/Pringle 2010; Pringle and Dong Thi Thuong in this volume). But in practice, many formal rights and regulations existing to the benefit of the labour force are not implemented, as also emphasise for example Truong and Rowley (2014: 284): “While the party-state-business monolithic system may be an effective mechanism to push policy through quickly, it does not guarantee smooth and successful implementation”. This is undoubtedly one of the reasons for the extremely increased number of labour disputes and strikes in Vietnam (see Chan/Siu and Tran Ngoc Dien in this volume).

While strike activity in Vietnam between 1995 and 2002 was still quite stable at a low level, it has increased (interrupted only by the world financial crisis) massively since 2005. Not only the number but also the duration and intensity of strikes continue to grow. At the same time, strike issues and demands have changed (see Quynh Chi Do 2008). If the most common cause of labour disputes formerly was massive violations of the law, today (also against the background of high inflation; see Chan/Siu in this volume) it is primarily wage demands. Much of the conflict concerns the privatised, foreign-owned firms, above all Taiwanese and Korean. Given high formal hurdles to legal labour disputes, the strikes are all illegal. They are tolerated by the state and indeed are often successful, yet they show the lack of efficiency of the institutional system to regulate industrial conflicts.

The following texts take as starting point an international conference of experts held October 8–9, 2012, in Nuremberg, Germany. The articles in this volume have been updated to ensure their relevance. The original symposium was about taking stock of the often contradictory, as much as rapid, re-orientation processes in the labour market and industrial relations of Vietnam. The principal aims of the conference (as are those of this book) were to start building up an improved scientific basis for the assessment of Vietnam's institutional regulation of the labour market as well as to amplify the debates in economic sociology, industrial relations theory and development economics on the topic.

The four editors symbolise, in the composition of their specialities, the thematic focus of this volume, which is equally oriented to social sciences as well as to economics: Ingrid Artus is Professor of Sociology with specialisation in 'comparative societal analysis' at the University of Erlangen-Nuremberg, was 2007–13 Chairwoman of the 'German Industrial Relations Association' and is co-editor of the German Journal of Industrial Relations. Judith Holland is currently a doctoral student at the Institute of Sociology at the University of Erlangen-Nuremberg and writing her thesis on international comparative union research. These two editors in particular supervised the texts on industrial relations and strikes in this volume. Uwe Blien is a sociologist and economist, professor at the Otto Friedrich University in Bamberg, Germany, and head of the research department 'Regional Labour Markets' at the 'Institute for Employment Research' (Institut für Arbeitsmarkt- und Berufsforschung; IAB) in Nuremberg. Phan thi Hong Van was formerly research fellow at the Research Institute of the Ministry of Labour in Hanoi and since 2002 has been employed at the Institute for Employment Research. Together these two editors are responsible in particular for the contributions dealing mainly with the development of the labour market in Vietnam. All editors have thus an explicit research focus on 'labour market' resp. 'industrial relations' and work from a decidedly regional policy-oriented resp. culture-comparative methodological research perspective. Regarding these objects of research, this volume focuses less on specialist discussions of Asian Studies or of political science on topics such as 'Asian Business Systems' (Witt/Redding 2014) or 'Regional Varieties of Capitalism in Southeast Asia' (Andriess 2014). Its main interest is rather on bringing internationally recognised experts from labour-market and industrial relations research who have worked *on Vietnam* into a dialogue with indigenous experts *from Vietnam* itself. In this respect, this book sees itself as part of a relatively new type of process of

*Introduction*

“global knowledge production in social sciences” (Keim et al. 2014), in which occurs “[knowledge] circulation between and across places that occupy different and often unequal positions within the international scholarly community” (ibid: 2). In this respect, we hope to make at least a small contribution to reducing historically evolved ‘academic dependencies’ and ‘intellectual imperialisms’ in favour of developing a ‘global sociology’ (Burawoy 2015).

In terms of critical science, the present volume also seeks to contribute to improving the situation of the people who live in Vietnam. In particular, approaches will be discussed which could be of benefit to those who are negatively affected by the processes of modernisation. The aim of the volume is to take stock of the contradictory and rapid transition processes on the Vietnamese labour market and in its institutional regulation. It is primarily a classification and interpretation of empirical phenomena as seen from within the framework of the Vietnamese system’s own social and economic logic. To some extent, a comparison of the Vietnamese situation with similar problems in emerging Asian countries and post-socialist societies in transition will also be provided (see Pringle in this volume).

The social science and economic research landscape in Vietnam itself is – despite significant progress of the universities in recent times – thus far rather restricted. Nevertheless, it was possible for this book to involve several Vietnamese experts who are intensively engaged with the relevant topics at universities, government or trade union research institutions and the Ministry of Labour (MOLISA). Their view of the events can therefore be characterised as an institutional ‘internal view’ and valid expression of the prevailing modes of interpretation and discourse in Vietnam itself (cf. the contributions of Nguyen Ba Ngoc, Tran Xuan Cau, Nguyen Ba Can, Nguyen Minh Hong, Bui Sy Tuan, Dong thi Thuong Hien and Tran Ngoc Dien). Yet, a German academic debate on the subject – despite efforts to develop German-Vietnamese exchange in the field of social science (e.g. by the Federal Ministry of Education and Research in 2010) – has hardly begun.<sup>1</sup> The German experts’ contributions in this volume emerged partly from the context of policy advisory activities (see Bergstermann and

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1 Although within the specialised academic debates of Asian Studies the social and institutional development in Vietnam has been approached (see Mutz/Klump 2005) and political science has touched on the subject of ‘civil society and democracy in Vietnam’ (see Will 2008), sociological and other specialist analysis of the labour market and industrial relations in Vietnam is still lacking.

Däubler). A by now quite elaborate research debate on Vietnamese development exists, however, in Anglo-American countries (US, UK and Australia). Here there are various specialist works describing the model of the Vietnamese economic system (see McCargo 2004; Gainsborough 2010; Truong 2013) or the labour situation in Vietnam and its high potential for conflict (e.g. Quynh Chi Do 2008; Chan 2010, 2011; Clarke/Pringle 2010; Tran Ngoc 2013). The contributions for example of Chan and Pringle in this volume profit from these works and ensure the connectivity of this book to the English-language debate as well.

Thus overall, the present volume represents essays written in very different localities of the world and which vary – sometimes blatantly – in their hermeneutic positions and culturally influenced perspectives. Since the book was conceived by (mostly) German editors, it is – despite the conscious inclusion of a large number of Vietnamese authors – ultimately an attempt to perceive a ‘culturally alien’ reality through the ‘spectacles’ of Western experts. In the early German debate, Matthes (1992) already stressed the methodological difficulties of such an undertaking. He criticised the fact that the sociologists (and probably even more the economists) following the positivist knowledge-paradigm of Durkheim have long thought (and, at least in part, still do) that their concepts and theory approaches emerging from the Western context possess a quasi-universal validity. However, if no awareness of the specificity of their own cultural condition pre-exists – thus Matthes’ argument – then one also has “no means [...] to rationally keep under control such ‘relativity’” (ibid.: 79; translation by the author). Non-Western societies are then analysed along the categories developed on the model of Western industrial societies, in an unreflective trust of the universality of Western concepts and theory constructs. Matthes calls this approach a process of the “appropriation of the other onto one’s own scale” (ibid: 84), or a *nostrification* of the other.

This process of nostrification – in Western science quite common and often undetected because it is methodologically unreflected – is that much more momentous when linked (as it often is) to the attribution of groups (and scientists) into higher or lower hierarchical rankings as well as to evolutionarily imagined ideas of (proper) development and (positively esteemed) conditions of progress and modernisation. As a “background guiding principle” or tacit assumption, the idea is prevalent according to which a “model line of social development” exists (ibid.: 81) which was developed on the criteria of Western societies and – whether implicit or

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explicit – is used as a benchmark when any so-called ‘emerging or developing countries’ are being discussed – countries like Vietnam.

How are such nostrification processes of cultural projection to be avoided? Matthes advises, first, to be aware of one’s cultural and historical bond to one’s own cognition, and second, not to make common concepts and categories absolute but rather to consider them preliminary tools in a reflective approach to ‘the other’. Although it is unavoidable to near ‘the other’ through the categories derived from reflections about, and analysis of, one’s own already ‘known’ culture, the issue is to initiate a process of exchange with and reciprocal approach to the other. ‘Reciprocal’ is not to say that “asymmetries in ‘comparisons’ of cultural and sociological realities should be denied or hidden – on the contrary” (ibid.: 95). Rather it is a matter of systematic reflexion on the occasions as well as the contextual conditions for intercultural scientific discussion – as requirement for the creation of a ‘space for thinking’, in which there is room for analytic categories that are (at least not exclusively) expressions of cultural projection. Such a practice, which is not content to reify ‘the already familiar’ in the foreign context and (depending on the empirical expression) to declare it to be a confirmation or deviation, must be understood as an ‘ongoing activity’ of ‘mutual translation’ (ibid.). The thus created ‘expansion of the human discourse universe’ could eventually be capable of throwing new light also on the familiar, ‘modern’ Anglo-European world.

The volume we present here sees itself as an attempt to create such a space of thinking, a modest approach to the beginning of a not (only) nostrifying confrontation. Therefore the special value of this book lies, in our opinion, in the presentation of different hermeneutical perspectives on the Vietnamese society in transformation, and in the attempt, at least partially, to address the culturo-historically shaped self-interpretation of the Vietnamese actors. In particular, two perspectives have been ‘crossed’: some of the texts come from German or English-speaking social scientists and economists who are cultural ‘outsiders’ to Vietnamese society, however ‘insiders’ to the Western-style scientific community, the debates of which are centrally important to them. The other texts come from the Vietnamese researchers – ‘insiders’ in Vietnamese society. Their writings are influenced by the ‘original sound’ of Vietnamese social and political discourse and based mostly on the original Vietnamese sources, the (partial) translation of which into English is a particular achievement of this volume. The Vietnamese contributions have at times a double status: not only as scientific analyses but also, as mentioned, as authentic documentation of the

economic and social system of Vietnam. As such, they not only provide facts and arguments on the subject of ‘Labour Market and Industrial Relations in Vietnam’, they reflect in their reasoning and focus, in their selection of words and concepts the hegemonic register of (mainly state-dominated) Vietnamese discourse in an authentic way. The book thus includes an attempt to open up a double rhetorical access to the conditions in Vietnam to readers: namely through the culturally bound ‘spectacles’ of Western-socialised academics and, at the same time, through the hegemonic Vietnamese ‘original discourses’ of the current transition period.

The whole of this volume has been divided into three sections, which, however, were not determined by the above-mentioned hermeneutical perspectives but by considerations of content. Following this introduction, the book begins with some selected contributions by German experts, all of which aspire to provide generalising, somewhat essay-like insights into and overviews on the economy and society of Vietnam:

The text by *Uwe Blien* and *Phan thi Hong Van* on the relation of the Vietnamese culture and the development of the economy intends to show that culture has played a double role in the economic process. Historically, the need to protect the farmers of the Red River Delta from dangerous floods gave rise to a version of a “hydraulic society”, which was accompanied by a specific culture. Today, the Vietnamese culture is a supporting factor in the current development process in the country. Relatively high rates of economic growth have been a consequence.

The text by *Ingrid Artus* tries to grasp Vietnamese developments in the field of industrial relations with the help of Western theoretical concepts and thus deliver some approaches to classifying Vietnamese conditions into a Western-style category schema. Four perspectives are discussed: modernisation theory, transformation theory, institutionalist and culturalist theory concepts, and theories of globalisation and the international division of labour. Instead of developing a single holistic theory perspective on industrial relations in Vietnam, the text attempts to look at them through the lens of different theoretical approaches and thereby develop a multidimensional view of their characteristics.

The contribution of *Jörg Bergstermann* comes from a ‘professional’ in policy consultancy who worked in Vietnam as the country representative of a private German organisation in 2007–11. He emphasises the fact that, particularly in Vietnam, a ‘dual view’ on processes is necessary: the view “from above, i.e. from official processes and formal institutions” as well as the view “from below, i.e. from de-facto activities emanating from

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regulatory niches while still interacting in different ways with the official, institutional Vietnam.” He also emphasises the great relevance of personal networks – including the use of corruptive means. In theoretical regard, the explanatory approach of Bergstermann is interesting where he diagnoses the especially visible deviation between the ‘institutional rules’ and ‘institutional practice’ in Vietnam, concluding that there evidently exists a high degree of freedom within structural constraints.

*Wolfgang Däubler* is a professor and internationally well-known specialist of labour law who spent a lot of time as a consultant in the field of labour law in Vietnam. He assisted the development of the new labour code in Vietnam and describes in his text the problems and arguments accompanying the legislative process between 2006 and 2013.

The text by *Uwe Blien* and *Phan thi Hong Van* on the geography of Vietnam and on the socioeconomic background of further analyses intends to give an overview to facilitate the understanding of the more specialised contributions of other texts of this volume. Therefore, Vietnam’s natural and geographical conditions are briefly described. In a second step, Vietnam’s economy and society are examined in a short structural analysis, which also covers the development process since the start of the economic reforms in 1986. Basis for the analyses are mostly Vietnamese official statistics.

The second section of this book is then devoted to the ‘labour market and economy in Vietnam’: *Nguyen Ba Ngoc* gives an overview of the topic. He discusses labour demand and supply and also the matching process on the labour market. The institutional arrangements of the labour market (including the construction of an unemployment insurance system) are also covered.

*Tran Xuan Cau* treats a problem which is not directly related to the labour market, but is of central importance for the whole Vietnamese economy. This is the restructuring of the state-owned enterprises. These are important for the state to secure its influence on the economic developments under the conditions of a market economy. On the other hand these enterprises work at least partly inefficiently. Their investments produce a smaller return than those of private corporations. Therefore, it is obvious that state-owned enterprises are associated with conflicting goals for the state.

*Nguyen Ba Can* deals with education and training for the labour market in Vietnam. He explains the structure of the educational system in this

country. In addition he compares the situation in Vietnam with examples of other countries from Asia and abroad.

*Jürgen Brünjes* and *Javier Revilla Diez* concentrate on the rural non-farm economy in Vietnam which is ignored in most contributions about the Vietnamese economy. On the one hand the authors focus on the development of the many small enterprises of the rural informal sector of the economy. On the other hand they also cover the developments of the rural labour market.

*Nguyen Hong Minh* discusses aspects of the Vietnamese vocational training at intermediate and at college levels. He is Vice President of the General Department of Vocational Training in Vietnam, which shows up in a high degree of identification with the official objectives of the training system. On the basis of a summary of the current situation he develops outlines of future developments.

*Bui Sy Tuan* focuses on the relations between social security and the labour market. He starts with an overview of several basic measures of social security in Vietnam and addresses then aspects of their integration into strategies of passive and active labour market policy. He concludes with a compilation of current challenges for social policy.

Some of the texts of Vietnamese authors take partly for granted that the positive developments, which are to be seen in some of the treated fields, are the direct consequences of state measures though conclusive proofs for this assumption are missing.

Finally, the third section deals with industrial relations in Vietnam. *Dong Thi Thuong Hien's* text on the role of the unitary Vietnam trade union begins by describing its organisational structure, responsibilities and legal foundations. She discusses also in detail current changes in this regard, among others the amendment to the Labour Code in 2012, provides a critical overview of the state of development of collective bargaining relations and, concluding, speaks of the 'challenges', i.e. the weak points of industrial relations in Vietnam: the still limited capacity and representativeness of the social partners in social dialogue, above all on the employers' side; and the complex and unsuitable legal mechanisms to resolve labour disputes and strikes.

*Tran Ngoc Dien's* text on "Industrial Relations and Strikes in Vietnam" comprises three major parts: First, the structural framework of industrial relations and their transformation are shown. Then, the increasing strikes are described as the 'major problem' of industrial relations with regard to their extent and their peculiarities, and a problem analysis is presented as

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to why it so often comes to strikes. The third part of the contribution is then about ‘problem solutions’. The fundamental point of view of an official at MOLISA, the Vietnamese Ministry of Labour, corresponds to the perspective of Dong Thi Thuong Hien, according to whom ‘building harmonious, healthy and stable industrial relations’ is the stated goal. Strikes are therefore, by his definition, always part of the problem and not a solution.

All the diagnoses collected in this volume are, by the way, in agreement that the character of the strikes has changed in Vietnam: from (rather defensively dominated) conflicts about ‘rights’, they have become (rather aggressively dominated) conflicts over ‘interests’. The text of the two researchers *Anita Chan* and *Kaxton Siu* explicitly presents a long-term periodisation of strikes in Vietnam, from the 1990s to 2012. They differentiate above all two distinct phases: pre-2005, a period of relative labour peace, and post-2005, when a first major strike wave emerged. Their paper is based on quite ample empirical data stemming mainly from two research projects in the footwear and garment industry; new is also that they use macro-statistical data to explain the new ‘strike wave’.<sup>2</sup> Besides other strike causes (e.g. harsh labour regimes, the weakness of Vietnam’s workplace trade unions, the non-existence of efficient workplace grievance procedures, high awareness of human rights among Vietnamese workers), they argue that the wave of strikes in Vietnam since 2006, at least partially, can also be interpreted as a response to the inflationary increases in prices of staple foods. The findings of international strike research, in which price inflation stands in a systematic relationship to strike movements (see Franzosi 1989), are thus carried over to the situation in Vietnam. The paper concludes with a prognosis of future escalating labour unrest.

*Tim Pringle* analyses in his text *Comparing Trade Union Reform in Transitional Societies: Vietnam, China and Russia* the new situation of trade unions in these three countries in comparative perspective. The trade union systems in Vietnam, China and Russia have strongly been affected by the transition from a state-socialist to a capitalist market economy. Despite different political and economic systems, the trade unions have all faced pressure from below in order to reform. After describing the legal situation of trade unions and the rise of workers’ militancy, the author

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2 For a similar approach see also Siu/Chan 2015.

traces the development of collective bargaining in Russia, China and especially Vietnam with all its difficulties. The chapter is the result of a research project in the years 2006 until 2009 as well as of new empirical data, which the author collected in three research trips to Vietnam in 2010 and 2011.

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