Employment Strategic Analysis Project

Name

Institution

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**Extent of Government Intervention in Private Employment**

Many countries around the world have experienced or still experience poor performance of the public sector enterprises under their management. In such a scenario, it is best for the government to sell a portion of or the whole state-owned enterprise (SOE) to private ownership and management. This is in other words known as privatization. The main aim of the privatization of the SOEs is to increase their profitability, by letting in private finance. The constantly changing ownership and leadership structure of the enterprises is also a very important ingredient for improving the performance of the SOEs (James, 2010). According to Christopher Hunt, a top official at Macquarie Securities Limited in Taiwan, the forces of the market and privatization only leads to better allocation. By selling the nationalized businesses to the private sector, they are forced to be intensely competitive thus increasing their efficiency. As a result of this efficiency, the profitability and productivity of the enterprises grow exponentially, leading to the creation of more jobs for the people.

Similarly, the government of Taiwan has been trying to privatize most of its public enterprises to allow room for the expansion of the country’s economy. This would also transfer the mandate of the government in the private employment intervention. In other words, the private companies would independently, without the influence of the government, hire workers of their choice and build organizational philosophies that they believe would help them achieve their objectives (James, 2010). However, as much as the plan is ambitious and expected to influence a great impact on the economic development of Taiwan, the process of implementing it is very slow and flawed. This is the main obstacle standing in the way of privatization and private employment in Taiwan.

In contrast to the government management, private management is normally more efficient and naturally focused on achieving results. This is the reason why the growth of a nation’s economy has a greater chance of success with the privatization of the SOEs rather than when multiple businesses that influence the lives of the public are run by the government. The government’s criteria for hiring employees to work in the various enterprises in the country might be biased, and this has affected and still affects many countries around the world, especially the third world nations (James, 2010). Sometimes, the allocation of positions in the government-supervised organizations is based on connections and nepotism rather than merit. This, in turn, results in poor performance in these enterprises, thus low profitability and productivity, hindering the economic development of the country.

For many decades, Taiwan has faced direct intervention of the government in the economy of the country. However, in 1989, the efforts of privatization began with the aim of boosting Taiwan’s economy and creating a strong foundation for future economic development. Taiwan’s situation was similar to that of the United Kingdom during the 1970s when it was experiencing hard economic holdbacks and a declining state sector. Margaret Thatcher became UK’s Prime Minister and identified all of the problems, and determined that the government participated in too many businesses and possessed too much power in the trade unions. She turned focus to deregulation and privatization, enabling the country to be very prosperous in the years that followed until now. The problem with the Taiwan government is that the execution of the privatization process is worrying and needs improvement. For example, even after the SOEs are transferred to private ownership and management, they are still monitored by different organs of the government. CPC, Taipower, and Taisugar are still regulated by the Ministry of Economic Affairs, whereas the Taiwan Railway Administration and the Chunghwa Post are supervised under the Ministry of Transportation and Communication. This means that the government can still intervene in private employment processes.

**Existence and Impact of Labor Laws**

Just like in almost all countries in the world, Taiwan labor laws that are meant to protect the rights of employees and to ensure safe working conditions of all workers. The labor laws are reviewed periodically and relevant amendments made to it whenever it is necessary. The Labor Standard Acts adjustment is aimed at dealing with the new issues that come up to affect the labor principles in the public and private service sectors. Some of the latest modifications to the labor regulations and laws that took effect from 1st March 2018 include the following:

* There are some industries in Taiwan whose employees are permitted to work for up to 12 consecutive days, rather than breaking for the flexible one day off and the mandatory one day off, each and every week, according to the requirements of the Labor Standard Act for all sectors.
* The permitted overtime period for the workers has also been raised to 54 hours per month, from 46 hours. However, the overtime hours for a three months period plan must not exceed 138 hours.
* According to the current labor laws in Taiwan, an employee does not have to take all of his or her accumulated annual leave in the same year anymore. The accrued leave periods can now be carried forward to the following year.
* The minimum break hours are slightly decreased from 11 hours to 8 hours between shifts.
* Instead of getting paid for the work done during overtime, employees are encouraged to take the compensatory leave. However, the employee has the right to decline the compensatory leave for overtime pay (Keoni, 2018).

From these examples of the revised Labor Standard Act and the results of its implementation, one is able to easily identify their impact on the economy of the country. The labor laws mainly focus on improving the working conditions of workers in all sectors and industries(Hunt, 2005). By so doing, employee motivation is improved in the various enterprises, thus influencing increased performance which in turn leads to increased productivity and productivity. When many of the nation’s companies grow and expand quickly, the same effect is reflected on the overall economy of the country, like it has been happening lately for Taiwan.

**Role of Unions in the Company**

The union plays a very important role in protecting the affairs of the employees and providing an effective platform over which the workers can present their grievances and negotiate for better wages and better working conditions. The Labor Relations Act of Taiwan allows all employees from all sectors bargain collectively with their employers concerning issues that face them within the organization. Collective bargaining brings all employees of different cultural, social and religious backgrounds together around shared goals, enabling them to put their efforts together so that they can effectively negotiate for better benefits, working conditions and wages. During this process, there also are representatives for both the management and the union, who have various responsibilities to perform.

**Preparation of Proposal**

One of the main functions of unions includes the drafting of proposals that are presented to the management team during the negotiation process. However, before the union presents its proposal to the management, it must first carry out some research and put into consideration, the organization’s budget, cost of living and its financial capability (Harris, 2017). The other things that the union should also consider during the preparation of the proposal include the already available remunerations, working conditions, and benefits that the employees enjoy. The negotiators then evaluate these factors keenly and then make a decision about the pieces of the proposal need modifications and those that should be left unchanged if any.

**Beginning Negotiations**

It is the responsibility of the union to present the proposal to the management, and along with it, a notice requesting for a negotiation (Harris, 2017). The management should then respond to the notice within a particular time frame and accept to negotiate. The representatives from both parties then meet to discuss about the proposal. The hope of the union is that it can successfully compel the organization to yield to their demands, while the management also tries to uphold the status quo or convince the union to accept a lesser counteroffer.

**Signing the Agreement**

After the negotiations are over, all the accepted and rejected issues from the proposal are summarized in a formal draft. This draft is then vetted by representatives from both parties, in order to ensure that all the agreed demands are contained in it before it is signed. After all union members are informed about the agreement, the designated leader can sign it. However, if an agreement is not reached, the union can file for industrial action notice, which can be followed by a strike or boycotting duties (Harris, 2017).

**Role of Unions in Politics**

In Taiwan, the labor movements did not exist until the late 1980s, when the martial laws came to an end. For a long time, the Kuomintang (KMT) forbid the creation of political parties, strikes or any other collective action that aimed at challenging the decisions of the government. The KMT’s strong antagonism to public movements came to an end in the 1980s, with the formation of new political parties and forces (Harris, 2017). For example, the Democratic Progressive Party was created in 1986, and a year later, the martial law ended.

In the beginning, the labor unions were created to help the state to implement its economic plan, rather than providing a platform over which the workers in the state-governed industries could collectively negotiate for better wages and working conditions. However, after the decline of the KMT government, labor unions played a significant role in liberating unions from the excessive influence of KMT. The unions spread news about corrupt transactions within the government and worked closely with the relevant authorities to expose all illegal dealings of KMT. The importance of unions was realized during the Asian Financial Crisis of 1997 when there was a lot of unemployment issues and labor disputes (Harris, 2017). Therefore, unions can be used to change the political nature of a country from a dictatorial government to a democratic one.

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