

3.3 Implication of Case Study Company

The case study company A as a medium-sized company in China finds the very strong demand to complement the labour contract law. The pressure imposes on company A is not only arising from the external sources, such as states, legal institutional but also arising from within the organization itself. As previously mentions, employees are commonly informed about the labour contract law and they can expect to maximize their utility within the framework of the labour contract law. More importantly, this law empowers employee a right to sue employer for any violation of the new law. Giving focus on the long-term survival perspectives, the company is suggested to conform to the collective normative legislation when the pressure turns so strong, otherwise the company A may lose the legitimacy to continue doing business in China and also have to compensate their employees for violation of LCL. Within the consideration of Oliver's strategic responses framework, the company A passively compliant with the labour contract law as its organizational 'strategic choice' to institutional pressure in order to avoid environmental uncertainty as well as penalties. A small-to-medium sized company, as the case study company A naturally being incapable to neither change the environment or afford the penalties therefore it determines conforming with all the institutional requirements with looking at the longer future perspective. However, many managers in China agrees that the LCL is mainly focused on the protection of employees with little attention pays to employers.

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The case study company 'A' is a medium-sized company in China finds the very strong demand to complement the labour contract law. The pressure imposed on company A arises not only from external sources, such as the State, legal institutional but also arises from within the organization itself. As previously mentioned, employees are usually informed about the labour contract law and they can expect to maximize the strength of their position within the framework of the labour contract law. More importantly, this law empowers employees with a right to sue an employer for any violation of the new law. By focusing on the long-term survival prospects, the company is recommended to conform to the collective normative legislation when the pressure increases, otherwise company A may lose the legitimacy needed to continue doing business in China and may also have to compensate their employees for any violation of LCL. Within the consideration of Oliver's strategic responses framework, company A is passively compliant with the labour contract law following an organizational 'strategic choice' made in reaction to institutional pressure in order to avoid environmental uncertainty as well as financial penalties. As a small-to-medium sized company, they are naturally incapable of either changing the environment or affording the penalties therefore it has determined to conform to all the institutional requirements with the long term in mind. However, many managers in China argue that the LCL is mainly focused on the protection of employees with little attention paid to the needs of employers.