

Transition to Temporary Labor: Labor Agencies and The System of Flexible Recruitment in Chinese Manufacturing Industry

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Transition to Temporary Labor: Labor Agencies and the System of Flexible Recruitment in Chinese Manufacturing Industry

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**Transition to Temporary Labor:
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Industry**

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How does the “World Factory” mediate between the rising labor cost and the intensive order fluctuation to maintain its production? While previous studies have focused on the politics of production at workplace and types of flexible employment to explain the effective control of workers and labor cost, this study argues that more attention needs to be paid to the intermediating power of labor market agencies, which has become the organizational forces for establishing informal and nonstandard employment relations. Based on two-month fieldwork at two labor staffing agencies in Shanghai and a yearlong track of changing labor prices in one of the agencies, this study finds that a flexible hiring system based on seasonal production has been established to maximize the adaptability of the manufacturing industry. This recruiting practice, through adjusting economic incentives and obscuring labor contracts, enables the market to relocate workers into different factories as production requires, thereby redistributing the total workforce under labor shortage. While workers consent to these arrangements because of high economic rewards, they also highlight doing temporary jobs as exercising control over their labor power, a strategic tool to detach themselves from the rigorous factory regime.

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1. INTRODUCTION

Since its market reform and opening-up policy in 1978, China has achieved remarkable economic performance in the past four decades. Notably, this transition to market economy was characterized by two general trends. First, similar to the history of other developing and developed countries, China has experienced rapid structural reform featuring a steady flow of surplus labor from agriculture to industry and from rural to urban areas. Secondly, China has gradually transformed from a planned economy with a strict allocation of labor in the state sectors to an open market with free mobility of labor in the private sectors. Both of these trends have introduced a significant amount of labor force to the urban labor market, resulting in a pool of unlimited cheap labor that has attracted direct foreign investment and made China's labor-intensive industries possible.

Nevertheless, the unlimited labor supply cannot last forever. Since 2004, migrant labor shortages have appeared in the Pearl River Delta and the Yangtze River Delta where manufacturing industries are densely located. According to the Chinese National Bureau of Statistics (NBS), the number of manufacturing workers has continuously decreased since 2008 and the remaining workforce in 2019 is about 30% less from that of ten years ago (NBS 2019). Chinese manufacturing wages have also risen sharply with globalization. Average real wages have doubled in the six years from 2001 to 2007 after China entered WTO (Yang et al. 2010). More recently, after the 2008 economic crisis,

the annual wage for manufacturing workers has tripled from 26,810 RMB in 2009 to 72,088 RMB in 2018. Comparisons of international data also suggest that China's unit labor costs have already surpassed India Malaysia, Philippines and other emerging Asian emerging markets, gradually losing its competitiveness in labor costs (Yang 2010; Cui et al. 2018).

Anxiety over rising labor cost has raised heated discussions on whether China will reach a "Lewisian turning point", where rural surplus labor is depleted to such a level that continuing industrialization cannot be supported cheaply. Scholars have argued that because of the changes in demographical pattern and the improvements in human capital, the benefit of unlimited labor supply is vanishing after a long-term development of the dual economy (Cai & Zhao 2008; Li et al. 2012; Ge & Yang 2011). Conversely, by examining the marginal productivity of labor and the relationship between supply and demand, some argue that a substantial amount of surplus labor in China's agricultural sector continues to exist (Minami & Ma 2010; Golley & Meng 2011). Similarly, Knight et al. (2011) argue that the phenomenon of labor shortage in urban areas could exist simultaneously with substantial surplus labor in rural areas. This is because of the discriminating household registration system that has served as a structural obstacle to the free flow of labor from rural to urban areas (Meng 2012). In a different perspective, due to the release of *Labor Contract Law* in 2008 and several regulations on minimum wage and social welfare in recent years, some have suggested that the rise of labor price is a Polynesian countermovement to the ever-degrading working conditions of Chinese workers (Meng & Li 2013). Overall, these authors have observed that there will not be a clear Lewisian turning point because of China's unique economic and political structures,

but they do acknowledge that China is entering a new stage of development with limited labor supply.

The above-mentioned studies, however, are mostly built on economic models of labor supply and demand, where population structure, fertility rate, educational patterns, and labor skills are highlighted as factors influencing the supply side of this relationship. Despite that few studies have considered the social and political structures where these economical models are embedded, neither of these groups has addressed the issue that in such a rigorous labor supply condition, how do the labor-intensive industries manage to work around with the situation and maintain their production? As official NBS data on manufacturing PMI shows, the average PMI from 2010 to 2019 is still above 50, suggesting that the Chinese manufacture industry is still expanding at a normal pace (NBS 2020). Such growth of China's manufacturing share in the global economy suggests that there still exists a tension to be explained between the structural labor shortage and the continuously operating world factory.

While previous studies have focused on the self-contained shop floor to explain how the factory regime can control labor costs and workers effectively, this study seeks to introduce labor market intermediaries, mainly dispatch labor agency and temporary agency workers, into the discussion. The paper begins by reviewing the literature on the changes in Chinese labor control from despotic factory regimes to the use of flexible employment. It points out the importance of labor intermediaries in managing workers and establishing nonstandard employment relationships. I argue that in order to reduce labor costs, a flexible hiring system based on seasonal production has been established by labor staffing agencies to facilitate Chinese manufacturing. This recruiting practice,

through adjusting economic incentives and work durations, enables the market to relocate workers into different factories as production requires, thereby redistributing the total workforce under labor shortage.

The findings are divided into three sections. The first section discusses the impact of global consumption demand on China's manufacturing, which generates the need of using temporary labor and the system of flexible recruitment. The second section is devoted to the key elements of such a system: the flexibility in work duration and labor price components that reacts to seasonal production and the ambiguous labor contracts that have covered these arrangements from supervision. Apart from the macro and meso-level, the third section answers why workers consent to this flexible system. While workers are tempted to temporary labor because of its high economic incentives, intervals between temporary jobs can provide a periodical escape from factory work. In addition, workers highlight doing temporary work as exercising control over their labor power, a strategic tool to detach themselves from the rigorous factory regime.

2. LITERATURE REVIEW

2.1 MANAGING CHINA'S PRODUCTION: FROM DESPOTIC REGIME TO FLEXIBLE EMPLOYMENT

Questions regarding how China's "World Factory" operates effectively and continuously has attracted the attention of researchers at home and abroad. Early studies based on theories of labor process and factory regime have explored the dominance in micro-production scenarios and ways to reduce labor costs (Chan & Zhu 2003; Chan 1995; Zhang 2008). Practices of despotic management such as control over workers' body, restricting personal time, withholding necessary documents, deducting wages and corporal punishment have prevailed in both export processing enterprises and the transforming SOEs. Localist networks, kinship and family ties were cooperated into the factory regime to mediate the supply of labor and provide means for maintaining workers' livelihood, which reduced management's financial burden, legitimized managerial control and weakened the antagonism between labor and capital (Lee 1995). Gender identity is also exploited as well. Female workers are constructed as "working girls" with few experiences, lacking career aspirations and learning motivation, so they are naturally placed in low-wage, low-skilled front-line production positions (Lee 1995; Pun 2005). Literature also found spatial reconfigurations of production, daily reproduction and social

reproduction through *Hukou* system and dormitory system (Pun & Smith 2007; Ren & Pun 2006; Swider 2015). On one hand, workers' access to social services, welfare, and children's education are located at their hometowns so as to shift social reproductive costs from urban employers to rural villages (Shen 2006). On the other hand, workers' production and their daily lives are merged under the dormitory regime, in which dozens of workers are crammed into single dormitory room in order to eliminate the need for transportation and to facilitate flexible production arrangements (Ren & Pun 2006).

Most of these migrant labor studies in the 2000s, however, are field studies that look only at management culture, work process, employ structure, and living spaces in a single factory, in which economic environment, labor market changes and hiring practices outside the workplace are seldom mentioned (Wang 2018). Such studies also overlooked how labor conditions and employment practices are influenced by the global supply chain and regional competition in Asia-Pacific (Shen & Wen 2014). As researchers noticed, few significant changes have already taken place in the current manufacturing environment in China. Firstly, as the geographies of production stretched across national boundaries, the profit of OEM (original equipment manufacturer) industry has further reduced due to increasing competitors in Southeast Asia (Cui & Lu 2018; Zhang et al. 2015; Yang 2016). Secondly, not only have supply chains covered greater geographic scope, lead times also become shorter to respond to oscillations in consumer demand, forcing capitalism to take more flexible ways of production and organization (Gereffi 2005). Thirdly, the abundant supply of docile and hard-working migrant workers in the early days have vanished. Young people have escaped from the manufacturing industry, intensifying the issue of labor shortage (NBS 2019). Fourthly, the early alliance between

local governments and labor-intensive enterprises based on extensive economic growth is gradually replaced. Some local governments have promoted the upgrading and transformation of labor-intensive industries by strictly implementing labor regulations, tacitly approving labor movement, and subtly advocating labor law awareness (Wang 2017).

The profound changes in the labor market and the rising awareness of workers' rights and interests force capital to take back its despotic faces and to implement more flexible ways to reduce labor costs. A key feature contributing to this trend is the deregulation of the labor market and the dramatic growth in the use of informal employment in the form of self-employment, temporary work, hourly rate work, labor dispatching labor, and labor outsourcing (Cooke 2011; Zhou 2012; Wang 2016). In this context, several studies explored different ways of informal and nonstandard employment to accommodate the flexible accumulation of capital. Huang (2012) has analyzed the impact of the global order market's high instability on creating a group of temporary workers, who specialize in urgent orders to help factories accomplish their overloaded tasks on time. Ren and Zhang (2015) focused on how child labor is deeply involved in the subcontracting chain of global production, in which rural left-behind children supported the system of labor reproduction by engaging in housework and agricultural production, which eventually obscured the boundary between production and social reproduction and reduced the reproductive cost of capitalism. A group of studies has also recorded the prevalence of dispatch workers, contract workers, and outsourced workers in manufacturing industries, in which workers are subcontracted to factories from temporary staffing agencies to reduce factories' management expenditure, welfare cost, and

employer liabilities (Chang 2009; Zhang 2008, 2014; So 2014; Feng 2019; Swider 2015).

Other studies have analyzed how students in vocational schools are turned into unpaid workers under the name of internship, thereby creating an ambiguous relationship between education and work (Su 2011; Pun & Koo 2015; Chan et al. 2015).

These studies have grasped the profound change in the labor market and demonstrated the diverse employment practices under the flexible system of global production. However, what has been missing here is the intermediary point between workers and factories. As Mears (2015) has argued, the organization of work is not necessarily bound to the shop floor. For the growing numbers of informal and nonstandard workers, social ties with brokers rather than managers at the workplace are at the heart of relations of production (Mears 2015; Venkatesh 2006). Therefore, by centering around worker's experience and identity at production, most of the previous studies have overlooked the organizational forces that relocate workers into contingent, part-time and temporary jobs. In today's Chinese labor market, the supply of migrant laborers has been institutionalized and monopolized by all kinds of labor intermediary agencies and contract agencies. As the Shanghai Federation of Trade Union reports, agency employment has grown 36.1% between 2006 and 2011 in China. An estimated 60 million urban employees in China were labor dispatch employees, making up nearly 17% of the total workforce in urban employment (NBS 2014). The systemic usage of dispatch labor in Chinese industries indicates that staffing agencies are precisely the organizational force for hiring and managing workers, which has become an important basis for establishing informal and nonstandard employment relations. Hence, instead of focusing on the politics of production at workplace, more attention needs to be paid to the

intermediating power of labor market agencies. By taking dispatch labor—the largest type of China’s flexible employment practice— as the case, this study looks into the hiring process of labor dispatch agencies to explore how labor organizations mediate between market fluctuation and labor supply to maintain the operation of China’s factories.

2.2 FLEXIBLE WORK, INTERMEDIARY AGENCY AND CHINA’S DISPATCH LABOR

Interest in flexible work system has grown in past decades as global competition and capitalist expansion dissolves the stable “Fordist” mass-production and the standard employment relationship around the world. A growing body of social science literature has since examined the organizational and technological innovations as well as the social-relational changes comprising new flexible forms of work. Following Wood (1992), researchers have summarized two elements of flexibility found in a variety of occupational and industrial settings (Hunter et al. 1993; Smith 1997; Kalleberg 2001). The first being termed as “functional flexibility” that characterizes a new management and organizational mechanism in the workflow, including self-managed teams, inventory reformation, new technology, job expansion and rotation, and quality circles (Smith 1997). The second element, the so-called “numerical flexibility”, refers to the ascent of part-time jobs and contingent workers and to the decline of the permanent employment model (Vosko 2010; Kalleberg 2000). Because the former enables employees to participate in decision-making and enhance their skillset to redeployed in a variety of

jobs, some researchers also frame the former as internal flexibility, while the latter as external flexibility because it uses external workforces to manage fluctuations in workload and to reduce labor cost (Cappelli & Neumark 2001; Abraham 1990).

The pursuit to organizational flexibility, especially to numerical and external flexibility, led to a growing trend in the use of flexible staffing arrangement—such as part-time, fixed-term contract, contingent, dispatch, and outsourced work— and workers are often provided by temporary labor staffing agencies (Houseman 1997; Kalleberg 2000; Houseman 2001; Arnold & Bongiovi 2013). Types of those staffing agencies may vary between different forms of flexible employment, but in general, staffing agencies recruit, screen, hire, and (possibly) train individuals and assign them to client organizations, while the user company claims the supervisory role of the workers (International Labor Organization (ILO) 1997). These agencies mediate between individual workers and enterprises, shaping the recruitment process, employee training, performance of tasks, management at workplaces, and how conflicts are resolved (Autor 2009; Hatton 2010; Bonet & Cappeli 2013). By doing so, temporary staffing agencies also changed the bilateral, employee-employer relationship into a three-way “triangular” relationship, complicating legal responsibilities when disputes arise (Gonos 1997). Because of the important role of temporary work agency in structuring the labor market, a number of studies around the world have hence, recorded its influence on various employment outcomes such as wage differentials, working condition, skill and career development, occupational safety (Jahn & Pozzoli 2013; Forde & Slater 2005; Kvasnicka 2009; Broschak & Davis-Blake 2006; Rubery et al. 2004; Benner et al. 2007; Autor & Houseman 2010). Other researches have also analyzed its impact on implementing “core-

periphery” models of organizations (Hatton 2011; Cappelli & Neumark 2004; Houseman et al. 2003); eroding union formation and workers right (Hatton 2014), and how it enables employers to circumvent their liabilities and obligations (Mitlacher 2007; Autor 2001; Huang 2017).

Although fruitful and insightful as they are, previous studies are mainly derived from well-developed countries and have centered around industries such as financial services, information technologies, government, entertainment, and health, in which professionals, clerks, nurses, and other white-color occupations are needed (Bonet & Cappeli 2013). At the end of the global commodity chain, however, manufacturing industry in developing countries raises significantly different requirements for labor staffing agencies. First, labor-intensive manufacturing requires abundant low-skill workers at an immense level. Instead of staffing a few people to different companies, manufacturing staffing agencies needs the ability to search, screen, and training thousands of workers for a single enterprise. How labor staffing agencies relocate immense labors in a short period of time is the key to understanding the operation of OEM factories. Secondly, in the buyer-dominant global commodity chain, manufacturers are often faced with production and lead time change due to intensive order fluctuation from consumer demand (Gereffi & Korzeeniewicz 1994). This requires an elastic mechanism that allows swift shifting in personnel change to maximize numerical flexibility. In other words, an ability to reduce or increase employment or wage levels with ease according to production needs. Thirdly, because of the differences in social context, how labor staffing institutions are embedded in the historical and political background of the local labor market requires specific consideration.

In the case of China, “Labor dispatch,” “temporary staffing,” or “human resources outsourcing” are some of the names used to describe the increasing human resource practice in the Chinese labor market. Labor dispatch as a triangular form of employment relationship was first used in representative offices of foreign companies in the early 1980s when China began its opening up to the global market (Xu 2008). The prosperity of labor dispatch did not happen until mid-1990s when widespread redundancies in China’s state-owned and collectively owned enterprises created a large amount of unemployment. Labor dispatch, in this context, served as a complementary practice for the government to solve employment issues among lay off workers and helped to build a flexible labor market for further economic reform (Xu 2008; Liu 2014). In the early 2000s, due to degrading labor conditions and rising labor unrest, the state released a new Labor Contract Law (LCL) in 2008 to safeguard workers' rights and welfare, which eventually increased labor cost for manufacturers. In response to this, many enterprises begin using agency workers on a long-term basis to avoid compliance with the tightened labor legislation in the wake of rising wages. Labor dispatch has since met the need for cost-cutting and production flexibility in various enterprises. (Cooke 2011; Feng 2019).

Studies on Chinese labor dispatch agencies have explained the complex developing process of this industry involving multiple actors and their needs at different time stages. Many studies have also analyzed the interaction between factory and labor agencies, its institutional effects on labor relations, workers' conditions, and the legal problems that arose from it (Cooke 2011; Tian 2014; So 2014; Huang 2017; Feng 2019). However, there are several missing pieces that are seldomly addressed. First, what are the concrete organizational forces and techniques through which these agencies mobilize, recruit, and

relocate an immense amount of workers to enter the production field? Secondly, how does the labor staffing agencies stimulate young workers into a temporary job that is known for harming workers right and career development? And finally, why do workers consent to become the mobile labor forces deployed by labor agencies? As a number of studies have shown, the second generation of Chinese migrant workers has grown increasingly tired of factory. They are notable for their increased mobilization, right consciousness, and the willingness to change (Zhang 2015; Gallagher 2014; Pun & Lu 2010; Chen & Tang 2013). Therefore, their acquiescence to the labor staffing agencies' regime remains a puzzle. Based on these considerations, this study takes on the intermediary point between workers and factories—the recruitment process of labor dispatch agencies—to explore the structure of this labor supply system and strategies of how labor agencies allocate workforces under market fluctuation.

3. METHODOLOGY

This project is based on a two-month field study conducted at Chedun town, located in Songjiang District, Shanghai. As a major industrial area in Shanghai, the district was once dominated by an export-oriented industry, highly dependent on international markets and export trade. In 2007, Songjiang's total import and export volume accounted for 32% of the country's export processing zones. Although recent years saw significant improvement in its industrial structure, the OEM industry and low-skill production still occupy a significant proportion of its industrial output. Within this background, Chedun is also highly dependent on manufacturing industries. The secondary sector has occupied 60 percent of its economic structure in 2019. But the main reason that makes Chedun an ideal place for this study is because of its geographical location. Situated between one national highway and two expressways, Chedun is the intersectional point that connects Jiangsu, Zhejiang, and Shanghai, the major area of the Yangtze River Delta economic zone. Due to its relatively lower living expenses, Chedun has become one of the few gathering places for migrant workers. In 2020, the population ratio for local to migrants has even reached 5:1. Because of its convenient location, a casual labor market has been formed at the center of the town. Within a mile's range, a little more than 20 labor intermediary agencies have crowded on the three main streets of Chedun, providing labor forces for the surrounding manufacturing zones.

The data for this research consists of two-part. First, observational data and short interviews are collected during a two-month ethnography from June to August in 2019. My main observation site is at the ZJ agency and the LD agency, two of the largest labor intermediaries in the town. For each day at each agency, approximately 300 new workers from around the country come for job searching. Workers often signed their contracts on their arrival day and were transferred to factories immediately. This quick transition of human labor provides an ideal place for studying the structure of the recruiting system at the end of the global production chain. My data, thus, includes observing the recruiting process at the two agencies and also conversations with labor agents and migrant workers. Besides, because Chedun is located in the suburbs of Shanghai, for transportation issues, I have shared daily rentals at night with migrant workers in the two main neighborhoods. This allows me to have a closer conversation with young migrants about their working experiences.

The second type of data is the digital records of changing labor prices for temporary workers, which are collected from ZJ dispatch agencies. These data are recorded in two production seasons: in the normal season from August to December 2019 and in the exceptional season from February to April 2020 that has been affected by the global pandemic of COVID-19. A comparison between the two seasons shows how market fluctuation influences the recruitment of labor forces. Because labor prices and job positions do not change significantly in the adjacent day, for each week, I have collected two or three days of labor prices and averaged them into weekly labor prices. In sum, a total of more than 4,000 lists of labor price are collected and graphed for the analysis.

4. SEASONAL PRODUCTION AND THE NEED FOR TEMPORARY WORKERS

Chen is a 23-year-old worker from Henan province and has worked in Shanghai for the past two years. Normally, he moved between factories for temporary jobs, with each working period lasting several months. Once in a while, however, he would drop out of the factory job and works as a day laborer in the surrounding areas. Strangely as he seems to be wandering between temporary employment and unemployment, he said: “There is barely any long term and full-time jobs available here. Although I wouldn’t go if there’s any.”¹ Chen’s experience was not the only case at Chedun. Temporary openings occupy over eighty percent of the total jobs listed on ZJ’s labor price sheets, while LD agency is almost always recruiting day laborers on regular basis. This form of hiring practices have its deeper root in the use of core-peripheral mode of production in export industries to suit oversea demand and production changes. In this section, I discuss the market force of global production that leads to the flexible recruiting system in China’s labor dispatch practice.

In global commodity chains, labor-intensive (as a comparison to technology-intensive) and consumer-goods industries are mostly buyer-driven, in which large retailers and brand-named merchandisers play a pivotal role in setting up decentralized

¹ Source from interview with Chen, a temporary worker, 5 July 2019.

production networks in a variety of exporting countries, typically located in the third world. Changes in the structure and sales demand of these retailers, therefore, can heavily influence the production mode of their outsourcing manufactures. Perhaps the most influential factor is the seasonal variation in the demand for consumer products. A wide variety of recurring events such as holidays and weather can determine the high and low sales of a product. Apparel markets often flourish at the beginning of each season when new styles are released. Sales of jewelry, toys, and consumer electronics are high in the month before Thanksgiving and Christmas. Every year retailers offer school supply kits at the end of summer. Accordingly, seasonality also become the key characteristic in the production of these goods. Manufacturers have to produce these products on time and deliver to retailers based on their demands.

As a major part of the global supply chain, China's manufacturing production is deeply embedded in this seasonal variation, and because of its link to oversea demands, seasonality is often predictable and can be observed as a routine fluctuation in China's export flow. Figure 1. present China's monthly export in the recent two decades.

According to World Bank, manufacturing export has constituted more than 90% of China's export since 2002, which makes export data a reasonable proxy to present how china's manufacturing production and its oversea orders fluctuates (World Bank 2020).

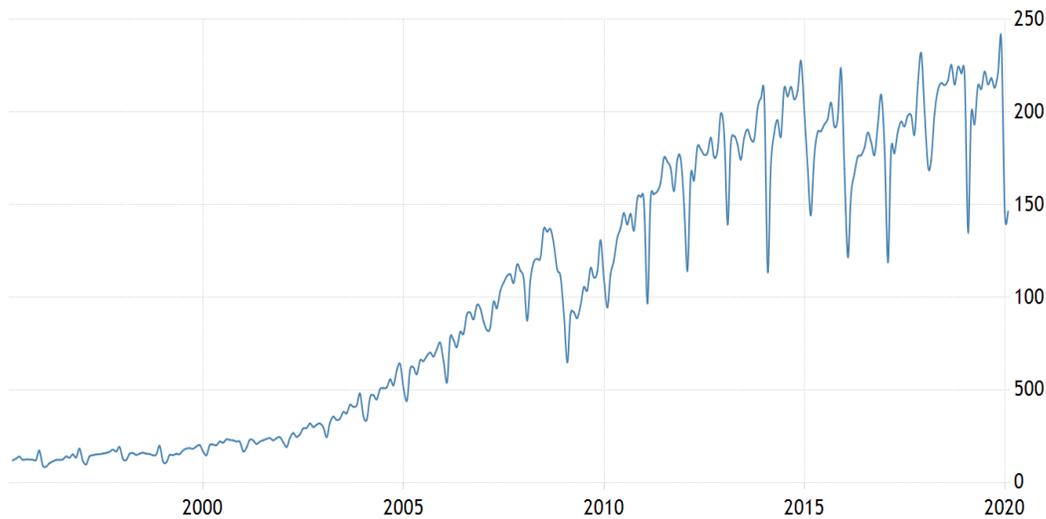


Figure 1. China Total Export by Months: 1995-2020, in billion USD. ²

A clear trend from the graph is that, as China integrated deeper to the world economy, seasonal fluctuation becomes much more intense. Before China entered WTO in 2001, export remains still with only small undulation. From 2001 on, export curve, as well as seasonal variation, grow significantly. After 2008 when global economic crisis hits the market, a distinct contrast can be observed at the turn of each year. Export remains fairly stable between May and November with small fluctuations. Beginning from November, however, manufacturing exports almost always rises. It soars to its peak at December, then falling quickly in January and finally reaching to the bottom in February. This gap can be twice large between peak and low seasons.

The uneven pattern in export demand places a huge challenge to many manufactures. The sharp contrast between high and low season indicated that much more than usual amount of workforce is needed prior to this export period. In order to fulfill the high demands of foreign customers in October and November, factories have to run at their

² Source from China General Administration of Customs.

full capacity and employ enough workers to operate the machine, assemble the parts and package the finished products. This maximized productivity, however, soon become redundant when demands become low in December, and the labors needed in busy seasons will eventually become unnecessary. Thus, a dilemma is created from the seasonal demand. On one hand, hiring normal number of full-time workers throughout the year would not have the capacity to meet the required productivity in peak seasons nor be able to compete against other manufacturers. On the other hand, over-hiring full-time workers to meet high season demand can become a huge burden when the market demand is scarce.

At the site of a recruitment event, Mr. Wen, an agent in the ZJ labor agency, explained to me how high the labor cost could be. Normally, a long-term, full-time, and legally contracted factory workers can earn around 4500 RMB (640 USD) per month. The wage is made up of four portions: 1) the basic wage calculated by hourly wage multiplied by working hours, 2) overtime fees 3) full attendance bonus, and 4) subsidies for dining, transportation or wearing antistatic clothing.³ Factories also have to pay *wuxian yijin*, that is, six kinds of social insurance for healthcare, retirement, occupational injuries, unemployment, maternity, and the housing fund. Suppose a factory hires 100 workers, he says, when added up, the compulsory expenditure on wage is about 6 million RMB. But not all these workers are needed for the whole year. Nearly half of the them are not necessary for months beside August, September, October, and November. In this sense, approximately 30 to 40 per cent or even more of the workforce and related labor cost is redundant.

³ Source from fieldnotes at ZJ labor agency, 10 July 2019.

The high labor cost created from seasonal fluctuation and the overall labor shortage in manufacturing industry would not be a problem as long as workforces can be redistributed according to production needs. On one hand, if redundant workers in each factory can be dismissed after peak production, then much more workforces can be released from full-time employment, thereby increasing the total labor supply in the labor market. On the other hand, if dismissed workers can find jobs in other places, for example, a different factory that follows a different seasonal fluctuation, then the overall labor force demand at one time point can be reduced.

A system of this kind, however, would definitely be at the cost of worker's interest due to related issues in social welfare, unemployment, and career development, pushing them forward into a more precarious situation. In fact, the 2008 *Labor Contract Law* has already strictly regulated the informal employment market since its release. It required all employers to have written contracts for all employees; mass layoff needs to be revised and vetted by a local labor inspector from an official labor bureau. Because of the tightened regulation, firing full-time employees can result in serious legal consequences as well as downplaying enterprises' reputation. However, while full-time workers have been protected, regulations regarding temporary and dispatched labors are limited, which left loopholes for the market to take advantage of. In response to the seasonal production and labor law restriction, a flexible hiring system is developed based on the dispatch labor relationship, the solution is that factories now maintain only a limited amount of full-time employee for normal production and to hire temporary agency workers through labor dispatch agencies when orders are high in peak seasons. In the following sections, I

will illustrate how the system functions, its key elements, and how it can bypass the law restrictions.

5. LABOR DISPATCH AND THE SYSTEM OF FLEXIBLE RECRUITMENT

5.1 FLEXIBILITY IN WORKING DURATION

As Chen has experienced, job placement of full-time workers seldom appears at the labor market in Chedun. Instead, they are often hired directly by the factory, either by hiring high skilled workers on the market, from vocational schools or promoting potential temporary workers. The hiring of temporary labor is entrusted to dispatch labor agencies; hence they are also called the agency workers or dispatch workers. These workers conduct what are seen as routine and mechanical activities on the assembly line, performing tasks such as assembling, machine operation, quality check, packaging, and labeling, which require very few skills. In fact, it is manpower rather than skills and working experience that the labor market is looking for. A few days of job training provided by the labor agencies would easily qualify workers to be eligible. Hence, the only requirements for most jobs at the labor market in Chedun are aged 16-40, with middle school education, and can write A-Z from memory.

During the hiring process of temporary workers, a business contract relationship is established between the dispatch agencies and its client firms, in which labor forces are sold and bought as a form of commodity. Workforces are provided by agencies, and the numbers needed are set according to the recruitment plan of customer firms. Depending

on the urgency of production needs, recruitment plan can be divided into normal plans and emergency plans.

Normal recruitment plans are made ahead of each season. Because order fluctuation can be predicted and large orders are often received in advance, factories are able to forecast how many numbers of workforce and how much total expenditure are needed based on past experience. These plans are then passed on to their dispatch agency partners so that the later could start the hiring process and deliver enough temporary workers on time. Working period under this type of recruitment are usually around 60 days, 45 days, and 30 days, adjustable depending on the production needs. Although production can last as long as three or four months, due to shortened lead times and increased production speed, however, most of the working periods are compressed into these three modes. Because recruitment plans are made ahead, labor agencies have sufficient amount of time to search for potential workers. Recruitment information are spread both online (at Wechat) and offline (at surrounding areas) to reach for a larger labor supply pool, so that workers from both local areas and other provinces can contact the agencies.

Factories may also have unplanned tasks due to either sudden increase of orders or errors in the predictability of ready-made plan. When this happens, the reserved workforce might not be able to handle the extra number of tasks and new workers are required. Working period in this type of hiring practices can last from less a week to half a month to suit small oscillation in the market. Because of its supplementary role, the positions are fewer than those of long working period, but usually offer a high wage.

Offline recruitment is preferred in this case because of its timeliness. As mentioned in the previous section, Chedun has been an important gate to many migrant workers who seek jobs in the industrial zones surrounding Shanghai. Workers can be easily found in several clustering places. During my stay at Chedun, I have observed occasions when agents from different labor agencies searching for workers in resident estates, on the streets, and at the town squares. Offline recruitment can be very expeditious. In some cases when orders are pressing, labor agencies can drive several buses of workers overnight to the factory when the firms contacted one day before.

The two types of hiring practices of temporary worker forms a complementary role with each other in the production system. For factories, the main production tasks are completed by the planned recruitment workforces. But in case of any emergencies, auxiliary workforces can be easily transferred to the site. For workers, longer working period enables them to save money for themselves and sending remittance to their hometown, while short-termed day-works provide a transition between two factory jobs, safeguarding their daily reproduction in the city.

5.2 FLEXIBILITY IN LABOR PRICE ARRANGEMENTS

5.2.1 The general arrangement

Wage price for day labors are usually are high, roughly 220-300 RMB per day or 25-28 RMB per hour, comparing to 12-13 RMB per hour for full-time jobs. Food and temporary shelters are covered, and their wages are mostly paid at the end of the day. The

labor price for the longer temporary workers, however, contains a whole different system, which involves economic incentives that stimulates them to engage in seasonal jobs than looking for secure full-time positions. These incentives usually far surpass the normal wages a full-time worker could earn, especially during months of peak seasons, which can be as twice as many in some factories. On the basis of the aforementioned monthly wage calculation, factory recruitment process generated different variations for distributing these incentives. One of the ways is to raise hourly wages so that the basic wage is much higher than full-time workers. But the most common practices have been given out one-time “Return Bonus” (Fanfei), a strategy developed in the context of seasonal production, which has become a universal incentive for current labor dispatch agencies to attract workers to return to factories. Thus came the name “Return”.

		Full-time workers	Temporary dispatch workers		
			60 days	45 days	30 days
Labor price composition	1. Basic wage	12 RMB/hour * working hours	Equal payment (<i>Tonggong Tongchou</i>)		
	2. Overtime fees	1.5 times hourly wage at night, 2 times hourly wage at weekend			
	3. Full attendance bonus	200 rmb			
	4. Subsidies	400 to 500 rmb			
	5. Social insurance	<i>Wuxian Yijin</i> (healthcare, retirement, occupational injuries, unemployment, maternity, housing fund)	Business insurance, or one of the <i>wuxian yijin</i> , or none		
	6. Economic incentives	N/A	5,000 rmb	2,600 rmb	1,400 rmb
Total Wage (per working period)	60 days	9000 rmb	14,000 rmb		
	45 days	6750 rmb		9350 rmb	
	30 days	4500 rmb			5,900 rmb
Annual cost (per labor)		54,000 rmb for 12 month plus insurance expenditure	14,000 rmb	9350 rmb	5,900 rmb
				plus human resource fee to dispatch agency	

Table 1. Labor Price Comparison Between Full-time and Temporary Worker. ⁴

Table 1. shows the comparison of labor price composition between a full-time worker and a temporary worker earning the return bonus. In a normal situation, a dispatch

⁴ Source from author’s fieldwork

worker performing the same job as his/her full-time peers receive the same amount of wage, subsidies, and overtime fees, which is stated by a protective regulation termed “equal job equal pay” (*Tonggong Tongchou*) in the Labor Contract Law. But in order to attract workers during high production seasons, labor agencies send out extra bonuses in addition to their formal wages.⁵ Specifically, temporary workers first receive the same amount of basic monthly wages as normal workers do at payday. Then, on the basis of this basic salary, temporary workers receive an extra bonus at end of their whole working period. Depending on the production need, this can be either three-month, two-month, or one-month. These incentives usually far surpass the normal wages a full-time worker could earn, stimulating workers into temporary jobs. For example, on the September 1st labor price sheet at ZJ agency, Foxconn, the world's largest provider of electronics manufacturing services, offers a return bonus of 11000 RMB after 55 days of work at its branch in Jiashan, a county adjacent to Shanghai. The agency will drive interested workers to Jiashan from its office at Chedun and offers an additional 500 RMB for factory entry bonus once they are qualified at the interview. Thus, the workers will receive a total of 11500RMB in addition to their basic wages and subsidies, which is much higher than what a normal full-time employee could earn in two months.

However, this kind of labor price arrangement is not meant for the benefit of workers. A comparison of annual cost suggests that factories reduce much more on their total labor expenditure for hiring temporary than full-time employees. For each worker, factory reduce at least one third of their annual labor cost if the employee is hired temporarily. Although temporary workers benefit from their high unit labor price for each

⁵ The economic incentives in the figure are calculated based on average return bonus throughout the two seasons.

working period, they have to keep looking for high return bonus among different factories, increasing their risk of being unemployed. In addition, to receive the bonus, several criteria have to be met. First, workers cannot take any leaves of absence during their working period. This means that they have to work many consecutive days, sometimes two months, without rest. Secondly, because return bonuses are paid by the dispatch companies, to ensure whether a worker is eligible for the return bonus, they ask factories for a name list of qualified workers based on the number of days workers clocked in and whether they had any disciplinary violations. However, it takes time to make such a list. Workers usually have to work for another one or two months in the factory until the name list is sent to dispatch agencies. Thirdly, once the name roll is sent out, workers need to go through a proper resignation process that indicates their willingness to resign. This eventually disassociates agencies and factories from any legal responsibility since it is the workers who are voluntarily relinquishing their jobs rather than being laid off by their employers.

A detailed examination into the source of return bonus also suggests that this system operates at the cost of workers' welfare. According to the agents, "*Fanfei*" comes from the human resource commissions that they received from client firms. These commissions include the remuneration for helping to find, interview, and deliver workforces; for managing workers during their stay in the factory; and for resolving labor disputes. In order to achieve recruitment goals during labor shortage, dispatch agencies would take out part of these payments as return bonuses to attract workers.

However, conversations with experienced workers reveal the other side of the picture. A large part of the economic incentives actually originates from workers' own

social insurance that dispatch agencies are responsible to pay to the social security bureau. In theory, the 2013 amendments on dispatch labor state that it is mandatory for employers to make monthly contributions to employees' social insurance, covering pensions, medical, work injury, maternity, and unemployment, regardless of whether they are regular full-time factory workers or dispatch workers. In practice, however, few agencies make a full contribution of all the five components. It is common to purchase only one type of insurances or simply purchase business insurance but claim that they have bought full social security for the workers. If the employee does not check their social security record, they may not know what type of insurance the employer has paid for them. In other occasions, because dispatch workers have three months of probation, dispatch agencies tacitly consent that no social security should be paid during this period and naturally embezzled the social security, which again becomes the source of return bonus. In other words, the reason why temporary workers can receive high labor prices in a short period of time is often at the expense of their future social insurance. Ironically, workers have taken their deserved benefits as a reward.

5.2.2 The fluctuation of return bonuses

The system of return bonus is developed to suit sessional production. Hence the amount of return bonuses is also subject to the rule of seasonal production. During high seasons, agencies offer higher return bonus to compete with others for the scarce labor and to hire as quickly as possible to keep up with production. In seasons when demands are low and productions are mostly complete, factories reduce economic incentives and

numbers of hiring to maintain minimal function. For example, At the end of November, the same Foxconn factory at Jiashan, reduced its return bonus from 111000 RMB for 55 days to 3000 RMB for 45 days. Although the labor price is still higher than a full-time worker could earn, this amount of premium does not seem very attractive to temporary workers given that dispatch workers tends to receive more management abuse than normal workers.

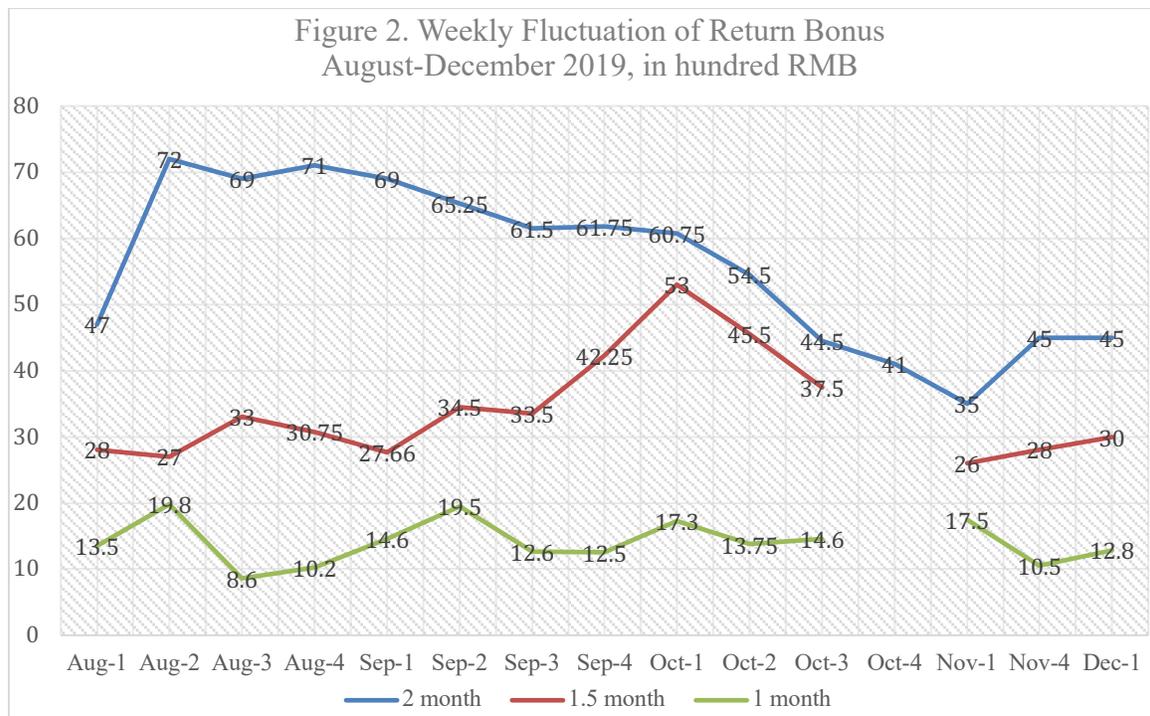


Figure 2. Weekly fluctuation of return bonus: August-December 2019, in hundred RMB.⁶

Figure 2. presents the average weekly fluctuation of return bonus (“*Fanfei*”) based on 2,000 records of job listed at ZJ agency between August and November. As the figure shows, incentives for two-month period rise significantly in the second week of August

⁶ Source from author’s collection of labor price change at ZJ agency.

and remains above 6,000 RMB until October, which correspond to the high demand of production in August, September, and early October. However, since export is always at the bottom in December, few production and hiring are needed in the months before December. Accordingly, the whole month of October saw a sharp decrease of return bonus from 6,000 RMB to 4,000 RMB, indicating the end of production season.

The structure of return bonuses in different working periods also reflect the hiring flexibility according to production need. After the first week of September, the “*fanfei*” for two-month mode begin to decline, but at the same time, the bonus for the 45 days working period begin to increase. The time point is right about two months before production season ends in November, which suggests that factories now need fewer workers to work for the longer period (two-month period). Instead, they need workers to cover a shorter period of their remaining production plan. Thus, it is noticeable that the highest bonus for 45 days working period is at the first week of October, about 45 days before peak season concludes. The curve for one month working period has relatively small fluctuation compared to the other two, with relatively stable cycles throughout the season. This helps to serve as a supplement to the production system, which enables new hiring to fulfill the tasks due to urgent orders. Thus, by leveling the economic incentives and the mode of working period, this flexible system allows dispatch agencies to control the number of workers under different production needs. For each individual factory, it enables the firm to accumulate production when demand peaks and to reduce production rates to its basic functionality when the demand is low. For the whole industry, because much more labor forces are released from full-time jobs, these workers can then be redistributed to different factories, reducing the pressure of labor market supply.

5.2.3 The pandemic example

The COVID-19 pandemic provides a perfect case to examine the flexibility of this system under extreme supply-demand conditions. Coronavirus (COVID-19) is an infectious disease caused by the acute respiratory syndrome. It was first identified in Wuhan, China in December 2019 and has resulted in an ongoing pandemic over the world. As of July 2020, more than 13 million cases have been reported across 188 countries and territories, resulting in more than 500,000 deaths.

The virus is highly contagious as it primarily spread between people during close contact, most often via small droplets produced by coughing, sneezing, and talking. In an effort to quarantine the center of the outbreak to prevent the spread, on 23 January 2020, China imposed a lockdown in Wuhan and other cities in Hubei province. On Jan 25, more than 30 provinces have activated first-level public health emergency response: residents are ordered to stay home, schools and workplaces are closed, and traveling is highly restricted.

The quarantine strategies were announced during the Chinese New Year when approximately 12.5 million migrant workers were back in their hometown for family reunion. The timing is fortunate when people are mostly staying at home on holidays, which reduced the chance of widespread disease. However, this also means that most of the workforces are stranded in rural areas due to restrictions on travel and large group gathering. Compared to 2019, the rate of return for migrants to cities in 2020 has been 80 percent less than at the same time on Feb 1, which exacerbated the labor shortage

situation in the city when the economy and production needed to resume in mid-February (Baidu Migration Map 2020). On Feb 6, the State Council announced the gradual resumption of work and production on the premise of effective epidemic containment in an active and orderly manner. But until mid-Feb, the migration return rate was still about 30 percent of that figure at the same time in 2019 (Baidu Migration Map 2010, 2020). Competitions over limited returning workforces, thus, become essential to providers of manufacturing services.

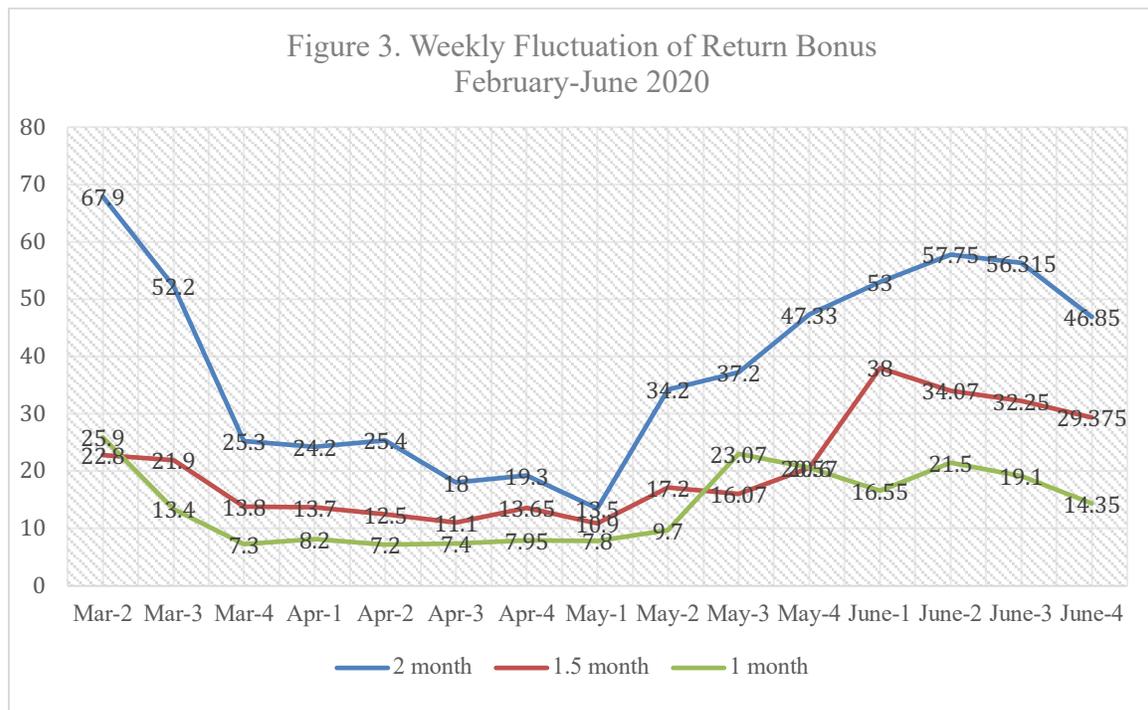


Figure 3. Weekly fluctuation of return bonus: February-June 2020, in hundred RMB.⁷

At the beginning of February, Foxconn raised the return bonus to 3,000 RMB, and soon increased to 5,000 RMB in response to the need for work resumption. But this price was still too low to attract workers. As Figure 3. shows, the average return bonus for a

⁷ Source from Author's collection of labor price change.

two-month working period was already approaching 8,000 RMB, a price that did not even appear at the highest point in the peak production season in Fall. At this stage, the rush to resume work has a different competitive significance. As a factory manager said when interviewed by the newspaper:

We are all world-class leading manufacturers, so the quality of our products is not much different... What really matters is how fast a company can gather enough manpower to complete the order. The quicker it gets, the more likely it will receive follow-up orders from customers. (Caixin Weekly, 24 February 2020)

Working periods for less than two-month saw very few increases in return bonus and were often below the average amount in low production seasons. This was because of the backlog of orders from December, January, and early February, which lead to heavy production tasks and longer production periods. Adding to the fact of the overall labor shortage in the market in February, the longer the factories can keep hold of the workforce the better. Hence, return bonuses for a working period of 45 days and one-month were cut down in order to direct labor supply into a longer production period.

Return bonus began to slide as work resumption gradually proceeds. Due to the effective mobilizing power of a central government, 80% of the migrant workforces have returned to the city in mid-March, according to the Ministry of Human and Social Affairs. By the end of the month, the electronic industry and iron industry have achieved over 90 percent work resumption rate; for textile, machinery, and light industry, the rate is between 70 to 90 percent (The State Council Information Office. P.R.C. 2020a). Correspondingly, the increase of labor supply led to a dramatic reduction in “*Fanfei*” for all three-working periods in the third and fourth weeks of March, which dropped to around 2,500 RMB, 1,300 RMB, and 700 RMB respectively, a figure even lower than those of November last year.

The continuous decrease of return bonus from the end of March to April reflects the spread of pandemic over the world, which caused economic turbulence in many countries and a decrease in foreign demand for Chinese manufactured goods. China Containerized Freight Index (CCFI), the barometer for shipping exports, was declining from February to April 2020. Although the Purchase Management Index (PMI) from the National Bureau of Statistics has bounced back in March from the historical bottom, it still did not return to the normal level. On March 24, the executive meeting of the State Council pointed out the first time that “external demand orders are shrinking” in the current context of the global economy (The State Council Information Office. P.R.C. 2020b).

The impact of a contraction in foreign demand is most notable in clothing and 3C industries (Computer, Communication, and Consumer Electronics), as those products are less essential than anti-epidemic supplies such as masks and mechanical ventilators. A sample survey on weaving clusters from the China Textile Industry Association at the end of March showed that the orders exported to the European and American markets fell by more than 50% (Caixin Weekly, 6 April 2020). Some enterprises have even experienced suspension or cancellation on existing orders. The electronic industry suffers the same kind of issue, and because it relies more on the supply chain, enterprises encountered raw material shortages and price inflation from other countries. On March 23, Foxconn IDPBG (integrated Digital Product Business Group) at Zhengzhou stopped hiring new workers. On April 20, Kunshan United Tao Electronics Corporation, a leading electronic company in the Yangtze River Delta, stopped to provide return bonus for temporary workers. A dispatch agent at Chedun warned workers about the upcoming crisis and to urged them stay in whatever job they could find:

All friends who have not yet found a job or are planning to resign, find a job as soon as possible and don't be picky. As long as they provide food and places to live, that's fine. This is a harsh time, don't underestimate the follow-up calamity brought by this epidemic. The global economic depression is on its way, so please be prepared for it. Don't let yourself get into a dead end.⁸

The harsh time did not continue into May, however. As countries are adapting to the pandemic through social distancing and working from home, newly reported cases of Covid-19 stagnated for a short period around May (Our World in Data 2020). Especially in many developed countries, a decreasing trend in the total confirmed cases has appeared. The optimistic situations led countries to reopen their economy, and as a result, Chinese manufactures begin to receive more orders compared to previous months. Manufacturing exports returned to the level of previous years for the first time in May. This need for production leads to more hiring. As Figure 3. shows, the return bonus continued to increase until the second week of June when a new round of coronavirus started to spread.

5.3 FLEXIBILITY IN LABOR CONTRACT

As the case of pandemic indicates, the hiring system through return bonus can magnify the flexibility and adaptability of industrial production when faced with market turbulence. Yet, this is operated at the cost of workers' welfare. As described in previous sections, although temporary workers earn much higher than full-time workers for each working period, in the long run, they would risk themselves in frequent unemployment, career interruption, and loss of social security.

⁸ Source from the social media post of Mr. Wen, a labor agent at ZJ agency. 23 April 2020.

In order to extend labor protections, several regulations have been introduced since the 2010s to restrict dispatch practices, the basis that this hiring system is built on. Enterprises are required to lower the proportion of dispatch workers to less than 10% of a company's total workforce; dispatched workers can be used "only" in temporary positions (defined as 6 months or less), auxiliary positions and substitute positions; and employers must make monthly contributions to employees' social insurance. A strict qualification of agency registration has also been prescribed, increasing the minimum registered capital of dispatch agency to 2 million RMB (Cairns 2015). These measurements, however, were less effective when carried out onto the ground. As one agent said: "There is always a way to get away with it...as long as workers don't report, it is easy to find a solution to the current regulation."⁹ In this section, I discuss several practices that existed between workers and dispatch agencies and between factories and agencies that allowed the system to bypass the legal regulations.

5.3.1 Between workers and dispatch agencies

To enable the flexible hiring system to work, the main problem facing dispatch agencies is how to transform workers' social security into return bonuses while avoiding legal responsibilities. Apart from purchasing only one social security and taking advantage of the probation period, as mentioned in the previous section, dispatch companies also come out with three other ways regarding the contract between temporary workers.

⁹ Source from fieldnotes at ZJ agency, 3 August 2019.

First, the return bonus is usually settled outside the formal contract, in an informal agreement between agencies and workers, which only states the promised amount of bonus, working time arrangement, and names of the two parties involved. It is much more like an oral consent written down and bears no legal effect. Because of this informality, agencies can disavow the commitment without bearing any legal responsibility. Workers have accused some agencies of not giving the promised return bonus they supposed to receive after finishing their working period. Yet, due to the ambiguity of this agreement, they have no legal tool to claim it back.

Secondly, instead of the employment relationship that should have been established through a labor contract (*Laodong Hetong*), sometimes agencies would establish a labor-service relation with workers through a labor-service contract (*Laowu Hetong*). The labor-service relation refers to the economic relations established in the process of exchange of equal values on service issues between two equal bodies, while the employment relationship is the commonly understood employee-employer relationship in which work is provided in exchange for wage and employers has various liabilities to their employees. The essential difference is that, in a labor-service relation, there is only an economical binding between two equal parties, that is, there is no subordination between each other, no administrative affiliation, and no rights or obligations based on who's managing or being managed. It is similar to an 'independent contractor' relationship in other jurisdictions and is governed by the *Civil Code* and the *Contract Law* instead of the *Labor Contract Law*.

Because labor-service relation is not under the protection of labor contract law, social security is also not required. Some dispatch agencies would naturally skimp the

social security they owe to the workers and turn them into return bonuses and their profit. While the difference between the two contract is huge, workers may have little idea on what contract they have signed in the recruitment process due to their less knowledge on labor laws and the obscure names of the two contract (one as *Laowu*, the other as *Laodong*, which both indicates labor in a broader sense).

Finally, to eliminate future risks of disputes on social security, workers may be told to sign a voluntary statement of renouncing their insurances. Although unimaginable as it seems, workers can be easily persuaded to relinquish their rights on social security, not only because of their eager to get a job but also because that the unintegrated security deposit systems in different provinces have made it hard and even impossible for migrant workers to transfer their social security account between cities or from urban to rural areas. For example, while insurances on maternity and injuries are nontransferable, pension, unemployment, and medical insurances will be cut down when transferred to different provinces. Besides, the pension has to be paid for 15 years for a worker to become a qualified recipient, but pensions that are paid after age 40 (50 for male) cannot be accounted as transferable pensions. In fact, because of these obstacles and the constraints on household registration, a recent study has found that the enrollment rate of migrant workers in the social insurance scheme is only around 20 to 30 percent (Zhang 2019).

5.3.2 Between factories and dispatch agencies

In addition to tamper with the compacts between temporary workers, dispatch agencies also cooperate with their client firms to eliminate certain legal risks and

limitations. Since 2012, a series of legal documents have tightened the use of agency labor in China. The latest and most rigorous piece of regulation is the 2014 *Interim Provisions on Labor Dispatch*, which limited the proportion of dispatch workers in enterprises' entire workforce to a maximum of 10 percent.

The regulation has largely increased labor costs and reduced productivity. To deal with the 10 percent restriction, many agencies started to convert their dispatch relation with client factories into outsourcing relations, so that agency workers are sent out under the guise of 'outsourced' workers. The difference is that the main component of the contract between the agency and factory is shifted from labor to tasks. Instead of buying labor from agencies and directly manage these workers, factories contract out their production tasks to the dispatch agencies. The later still sign labor contracts with its workers but are responsible for the management of workers in accomplishing the production using the facilities from the factory. The agency receives payments from client firms based on the quantity and quality of the task finished.

Technically, outsourcing is governed by the *Contract Law* rather than *Labor Contract Law*, so that certain regulations do not apply to the parties under this relationship. Besides, factories are also completely irresponsible to any disputes occurred between workers, because the management party has been shifted to the agencies. Previous studies have shown that due to lack of regulation on labor outsourcing, this method has been largely used among manufacturing enterprises, and it can be easily ached by changing the contract documentation and the taxation arrangement (Feng 2019).

6. WHY CONSENT? THE AGENCY AND RESISTENCE OF TEMPORARY WORKERS

In recent years, an optimistic view on Chinese workers' empowerment has appeared in both media and academia after the 2010 Honda strikes and the following protests in other foreign-owned manufacturers (Lee 2016). Supporters have since praised these large-scale unrests as evidence of growing resistance, grievance, and right awareness among workers of young generations (Leung & So 2012, Zhang 2015, Chen & Tang 2013). Emotionally appealing as it seems though, few reports have been able to address the prevalence of temporary labor usages in the current market, which should have triggered more discontent and intensified the labor-capital relationships because the system is not only detrimental to labor conditions but also violates regulations that intended to protect labor rights. Therefore, an important question arrives at this paper's concern: apart from the reduced full-time jobs available in an order-driven seasonal market, why would young workers willing to become temporary labor and commit to the exploitation of dispatch agencies?

Drawing on my conversations with temporary workers, I find that three factors have been the key to understand the motivation behind their choices. First, seasonal labor provides high economic incentives that many bonus earners could not resist. Secondly, due to harsh management on the assembly line, intervals between temporary jobs provide

chances for workers to periodically escape from the arduous working condition. And finally, workers highlight doing temporary job as exercising control over their labor power. For many workers, working for the factory is the compromise they made for survival so that long-term manufacturing work is seen as a surrender to the factory regime. This is especially true for day laborers, who have developed socialistic framings to justify their behaviors as a posture to resist the commodification of labor.

6.1 ECONOMIC INCENTIVES AND FREE MOBILITY

The high economic incentives are certainly the main reason behind the motivation.

Chen, a 23-year-old worker from Henan said:

The factory's wages are relatively low, less than 4,000, which is definitely not enough to live in Shanghai. ... But the treatment of temporary work is better. If we leave after three months of work and take the Fanfei, our income is higher than those of regular workers. Naturally, no one is willing to do formal work.¹⁰

Indeed, if workers can find several temporary jobs to cover a whole year course, their earning would be much higher than full-time workers. In fact, this is exactly what many workers are doing throughout the year. As calculated in Table 1., return bonus earners who continuously seek temporary work in the two months mode could earn 15,000 RMB more than a full-time worker each year.

Wang is originally from the north, but in the past two years, he has traveled in the Yangtze River Delta, seeking high reward seasonal jobs in different factories. He came to

¹⁰ Source from interview with Chen, a temporary worker, 5 July 2019.

Chedun at the end of June 2019 when he just finished his temporary works in Kunshan industrial zone, a leading manufacturing area adjacent to Shanghai:

The local dispatch market [at Kunshan] has been purged by the states, so I came to Chedun to find some opportunities. It's about August, you know, the high season of Fanfei is coming along.¹¹

Because public transportation is convenient and cheap in mainland China, a few dozens of RMB could buy Wang a bus ticket to anywhere in the Yangtze river delta. “We would call places like Chedun and Kunshan ‘the base’, where there is a network of dispatch and plenty of work demand.” With one backpack and few clothes, Wang is always able to travel to different “bases” at ease and relocate himself in the right niche of the labor market during different seasons.

This free mobility to seek generous bonuses in different places also suggests that workers can navigate their path between the precarity of temporary hiring and the structural obstacles in the social security system. As the previous section has revealed, the social security deposit is hard to transfer between different provinces, which means that if a worker went back to his hometown when he is old, he might not be able to receive full pensions and insurances. However, since the source of return bonus is from social security, the return bonus system provides a way for workers to convert these future securities into current earnings, to transform a probably unrealizable welfare into real money that they can acquire immediately. In other words, workers can take advantage of the return bonus system as an intermediate tool to overcome the obstacles of an underdeveloped social security institution.

¹¹ Source from conversation with Wang, a temporary worker, 23 July 2019.

6.2 ESCAPING THE DESPOTIC CONTROL

Temporary work also serves as a way to escape long-term despotic control in the factory. Because of the harsh management at the shop floor, long-term factory work is hard to endure. A number of workers have described their work in factories as abusive, inhumane, and emotionally unbearable. Therefore, workers prefer temporary jobs so that they don't have to stay in the factory all the time. The intervals between different temporary jobs can provide periodical relief from the arduous working condition.

Chen used to work in the factory when he first came to Shanghai, but he couldn't stand the management system:

"The foreman at the assembly shop doesn't treat you as a human being...The only thing he wants is to hurry up and finish today's task...If you do something wrong, he will scold you as a bloody dog." ¹²

"Dehumanization", "Inferior to pigs and dogs", "No dignity", these are the word he often mentioned when describing his experiences. Brother Long, an experienced worker around his 30s, further discuss the subtle difference in the psychological status between full-time and temporary employee:

You tend to think that you are a person who belongs to this factory after entering it. But in fact, the team leaders give you too much pressure. They scold you and beat you, which makes you feel being excluded and that you don't belong here at all...Most people can't stand at this stage, so they run away if they had a chance. But if you do temporary works and day labors, you would know that you are supplementary, and you don't belong to the factory. So even if you have been used as livestock, you will not feel excluded. After all, I will leave when the work is finished. Even if they mess with me, I'll just stop working anyway, they can't control me, what else can they do to me? ... [pause]... If he [the foreman] dares to beat me, I will kill him.¹³

¹² Source from interview with Chen, a temporary worker, 5 July 2019.

¹³ Source from fieldnotes at LD labor agency, 18 July 2019.

Long's experience suggests that doing temporary work is a strategic move for workers to detach themselves from the factory regime. By maintaining only temporal relations with factories, workers reserve a way to escape from the despotic control, that is, to quit jobs when one's job is finished. This need to detach from the factory regime also coincides with the lure of return bonus. When Wang recalls his experience, he said:

I was in Kunshan, Jiangsu in 2017, and have challenged the factory for several times these years, but I ran away every time after earning the return bonus, I can't bear the days when I have to wear ESD garments (anti-dust and static clothes), go through security and see no sunlight every day.¹⁴

For these workers, shifting between factory jobs brings relief and generous bonuses after heavy load of works. Thus, few people can stay in the factory so long enough to become a full-time worker. However, this often leads them to wander between the edge of being employed and unemployed. For instance, when I first met Chen at the end of June 2019, he is doing manual day labor to cover his daily expense. But he also considers going back to the factory because desirable day labors are not very easy to find. On most occasions, workers will eventually fall onto either side of the poles, either continue to seek seasonal work in different factories or becoming a slacker that only perform day labors, totally escaped from the factory regime.

Xing is a vivid example of the second type. When Xing first came to Shanghai, he worked in a small factory to learn A/C installation, but he soon left because of the harsh working conditions. On his second job, Xing entered an electronic factory. He also stayed for a while but couldn't stand the environment and ran away without resignation. This time Xing left Shanghai and went to Zhonghua Park, another "base" in Suzhou, Zhejiang province. He worked in a factory for a while before met a guy who took him to the

¹⁴ Source from conversation with Wang, a temporary worker, 23 July 2019.

hospital and tries to become a human volunteer of drug trials. The reward is a few thousand RMB. “Fast Money”, he said. But he was eventually screened out due to high blood pressure. In recent days, Xing ended up traveling back to Chedun, seeking day labors in the suburb of Shanghai.¹⁵

6.3 THE REFUSAL TO WORK

Escaping is never the only theme in the narrative of many temporary workers. Workers seldom consider their leaving the factory as a lack of endurance and diligence. Instead, they insist that it is their way of taking control of their labor power. This kind of framing usually begins by establishing the antagonistic boundary between capitalists and workers, by consciously framing themselves as proletariats: “Going to the factory is to become a factory dog. I don’t want to work for the factories, they only want us to make profit for them. They are all capitalists.” When asked about the working condition in shanghai, one said,

“It’s not that Shanghai has the worst management in the factory, everywhere the factory is the same, all the bosses are the same conscienceless, they all want to suppress you to do more work.” “We are Proletariats. We have been bearing the burden of the three mountains [capitalism, bureaucratism, and imperialism] for a long time, and it is so heavy.”¹⁶

If factory is framed as the enemy of the workers, then reentering the factory when running out of money is often considered to be a “battle” or a “fight”. Workers usually greet each other by asking “have you fought with the factory recently?” or start chatting with “I have to challenge the black factory soon”, “It’s time to fight the factory”, “I failed

¹⁵ Source from fieldnotes at a daily rental house, 22 July 2019.

¹⁶ Source from fieldnotes at LD labor agency, 9 July 2019.

in challenging the factory again.” However, losing the “fight” or running away from the factory is not deemed as a shameful thing to do. After all, working in the factory is just a temporary compromise when they cannot afford themselves living independently. Instead, those who continue working in the factory or who often seek factory jobs can even be considered shameful, a surrender to capitalism. These people would be called “factory dogs” for their docile and betrayal.

At one evening in the hall of the LD agency, a worker expresses his compromise to the factory and was scorned by others.

“We are proletariat workers, there’s nothing meaningful about challenging or fighting against the black factory, just behave yourself and be a factory dog. We are just dust, you know, tiny and insignificant dust. If you want to survive this society, you can only be dust.” Soon after what he said, a man by his side despised at him: “listen to what you said, you look just like a factory dog.” Another expressed the same view: “Hell, work for those people? No, I won’t become a factory dog.”¹⁷

The idea of refusal to work in the factory is much more prominent in day laborers like Xing, who constantly drop out factories and work only for survival needs. These workers refer to their status of not working as “*Guabi*”. In the literal sense, *Guabi* refers to “hanging something on the wall”, indicating the behavior of putting something on the wall and not using it. In the sub-culture among day laborers, however, the word is often used to describe workers’ status of just hanging around and doing nothing productive. It is also used to describe their choice of leaving their capacity or productive power unused. One worker explains why he choose to drop out of the factory in this way:

“Working for the factory is just being exploited...every time I think about it, I felt agitated. I felt boring and tedious, so I eventually choose to “*Guabi*” ... I have been hanging around in Chedun for several days now.... I just won’t work for the factory.”¹⁸

¹⁷ Source from fieldnotes at LD labor agency, 22 July 2019.

¹⁸ Source from fieldnotes at LD labor agency, 16 July 2019.

When asked “you still have to work when you run out of money”, he answered cynically: “I would still choose to “Guabi” instead of working for them even if I am starving to death.”¹⁹

Phenomenologist Max Scheler argued that resistance is a part of ordinary existence. If the social worlds resist our purposes and plans, we in turn resist the imposition of authority and the rule it assigns to us (1963). But when lacked necessary tools, this opposition can be harsh and tragic, turning outward resistance into inward self-destruction. Despite the faintest class consciousness temporary workers have gained, for these who lived and traveled alone in the cities and lacked long-term solidarity with other workers, formal protest and alliance were never possible due to lack of mobilization resources. Thus, the only resistance that left to them is to exercise their final control on their own body—an ability to not sell their labor power, an agency to stay unproductive, and an act of doing nothing.

¹⁹ Source from fieldnotes at LD labor agency, 16 July 2019.

7. CONCLUSION AND DISCUSSIONS

Over the past few decades, China has acceded remarkable economic performance as the world factory and has profoundly influenced the landscape of global trade and its competitive pattern. The impetus for this success has been largely attributed to China's abundant supply of labor and comparatively low wages for workers. However, as the profit of OEM industries has been limited due to rising wages and regional competition, flexible employments was introduced to further reduce labor cost. In this context, this study looks into the organizational forces of dispatch agencies that facilitated the system of flexible employment. It explores a flexible recruiting process in the manufacturing labor market that operates according to the seasonal demand. During peak production seasons, labor dispatch agencies attract temporary workers into factory work by offering strong economic incentives. When production demands are low, these agencies drop labor prices and hiring need to maintain the basic functionality of the factory. In doing so, temporary labor arrangement releases abundant workforces from full-time employment, thereby reducing the pressure of total labor supply in the current labor market. While these arrangements have increased workers' risk of unemployment and loss of social security, labor agencies obscure their labor contract with workers and their business contracts with factories so as to circumvent legal responsibilities, putting workers into much more precarious situation.

This study enters an ongoing conversation on the increasingly informal, casual, and nonstandard labor conditions in a neoliberal global economy. While the growing trend of informal labor and temporary employment has been observed global wide (Standing 2014; McDowell et al. 2009; Lee & Koffman 2012), the shortening of job tenure among young Chinese migrant workers have also been recorded in recent years. As a national representative study shows, workers who born in the 1980s held on to jobs for 2.68 years on average, but for those born in the 1990s, the average job duration is only 0.93 years. The survey finds an overall rate of 37.9 percent in “waiting for employment” mode, either unemployed or with no formal jobs (Tsinghua Sociology Research Team 2013). Many studies and reports have attributed this trend to workers' individual characteristics: the increasing aversion to repetitive work on the assembly line, the temptation of exciting city life, and the lack of farming experience that fostered diligence and endurance (Wang & Huang 2014; Wang 2019). This study, however, explores the structural factors that influence the choice of many young migrants. It reveals how the adoption of temporary employment helps factories to shift the burden of labor cost onto workers in order to overcome production fluctuation.

This study also offers a contradictory image of Chinese workers to the optimistic narratives of many scholars. While previous studies taken place in the self-contained production context of shop floor have discovered the rise of both class consciousness and mobilization ability, this study finds a rather underdeveloped resistance among temporary workers. Because temporary workers move constantly between factories and even cities, social ties are hardly maintained, so as to long-term work solidarity. This atomizing effect eventually results in a much more fragile class relationship and a lack of

mobilization resources. As Merton has argued, individual adaptation and deviant behavior depend on people's reactions to the cultural goals and the institutional means to achieve them (Merton 1938). With no signs of status raising through repetitive work and lack of mobilization power to address individual grievances, temporary workers were eventually driven into retreatism and indolence amid the hustle and bustle of China's progress.

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