



An Investigation of the Dispatch Labor System

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In recent years, the use of dispatch labor has caused a surge in social conflicts. A system which exploits relatively cheap labor at the cost of social justice and equality is simply unsustainable. After the implementation of the "Labor Contract Law", the dispatch labor system caused a plethora of social problems. This was the impetus for the national-wide investigation led by the trade union organisation in an effort to understand the current state of affairs of dispatch labor.

Frequent Labor Disputes

"I've appealed to the Court! What else can I do?" exclaimed Huang Canhui, a former representative of JDB Beverage and Food Co., Ltd. of Guangdong province, who spoke with "China News Weekly" by phone on June 20th, sounding quite helpless.

On January 8th 2011, because of dissatisfaction with JDB Beverage and Food Co., Ltd.'s illegal use of dispatch labor, Huang Canhui was forced to resign. Soon after, Huang Canhui filed for labor dispute arbitration with the Dongguan Labor and Personnel Arbitration Tribunal against JDB Beverage and Food Co., Ltd and Yingtan Lantuo Human Resources Company. Huang Canhui sought to collect a total of 3,106 yuan for lost overtime pay and economic compensation. Unhappy with the ruling, on May 11th Huang Canhui filed suit again with the city of Dongguan 2nd Court against the aforementioned defendants.

According to Huang Canhui's description, JDB Beverage and Food Co., Ltd. uses three types of employees: formal employees, dispatch laborers, and employees hired by the distributor. These three types of employees all receive different treatment. Formal employees have social security and a housing accumulation fund. Dispatch laborers make social security payments, but they have no housing accumulation fund. Employees hired by the distributor are paid by the distributor, have no benefits, and are under the management of the JDB Beverage office.

Beginning last year, the disputes over dispatch laborers like those at JDB Beverage Company began to increase across the country. On June 20th, JDB Beverage Company's human resources manager confirmed that the company had begun to end its use of dispatch labor.

¹ Translated from Chinese. Original article 调研劳务派遣制度 available at:
<http://news.sohu.com/20110630/n312101466.shtml>

In fact, since the implementation of the “Labor Contract Law” in 2008, layoffs have been frequent. First, there was the large scale dismissal over 1800 “temporary workers” from a TV station; then, the “collective resignation” incident at Huawei; at the same time, LG, Wal-mart, and other foreign enterprises dismissed workers, causing disputes.

The conflicts caused by dispatch labor have become gradually more noticeable over the past few years. In March of this year, the Shanghai Huangpu district court published “2010 White Paper on the Situation of Labor Dispute Lawsuits”, which showed that dispatch labor, collective contracts, and special forms of employment had gradually led to numerous conflicts.

Of the 78 cases of dispatch labor-type disputes heard by the Huangpu district court, 40 of them concluded with a verdict. Of these 40 cases, the employer sent back the employee (to the dispatch company) in 24 cases, accounting for a total of 60% of the rulings. Obviously, the sending back of a worker has become the most important cause of dispute for dispatch laborers. The court believes that dispatch labor as a form of employment could undergo further regulation.

In October of 2009, labor dispatch workers at a beer company in Guangzhou came into conflict with their labor dispatch company over a compensation dispute. Ten of the labor service workers, dressed in the beer company’s work uniforms, climbed upon the Haizhu bridge, threatening to leap off.

Official Investigation

In March of this year, a joint investigation team in Shanghai with representatives from labor, the union, the business association, and others showed that over the past two to three years, there are now nearly one thousand dispatch labor service companies, forty thousand workplaces that employ dispatch workers, and the number of dispatch laborers in the city has reached one million. These numbers are all substantially larger than figures from 2008.

The investigation found that the major problems for dispatch labor include: the proportion of dispatch laborers in some fields of work, workplaces, and jobs is too high; unequal pay for equal work has created a two-tiered wage structure; 40% of dispatch laborers are not union members. In reality, the number of dispatch laborers at some firms is already equal to that of the formal employees; in some cases, they even outnumber them.

During this year’s “Two Congresses” meeting, Ni Xiaoting, Chairman of the State-owned Assets Supervision and Administration Commission of the State Council, presented these figures: in 1998, there were 30 million full employees on the books at central state-owned enterprises. Following the intensification of reform of these enterprises, this number had been reduced to 10 million. In the words of Ni Xiaoting, “On the surface, it appeared that the number of employees at state-owned enterprises had been reduced. But behind the scenes, these enterprises were actually using vast amounts of dispatch laborers.”

Ni Xiaoting continued his analysis, explaining the decrease from 30 million full employees to 10 million. If over the course of a year an enterprise can pay one employee

10,000 yuan less in their salary, then they could save 2 billion yuan overall. These “savings” in paid wages will become “profit” for the enterprise. This is the reason why so many state-owned enterprises have a “soft spot” for dispatch laborers.

This article has been abridged.