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Dispatch Workers and Their Psychological Contracts in China: A Preliminary Discussion from The Agency's Perspective

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Abstract:

This paper takes a new perspective from the dispatch labor agency to look at work and employment issues of Chinese dispatch workers through the lens of the psychological contract. It preliminarily discusses the significance of this perspective bringing to light some initial and informal interview findings with the management of a labor agency in Anhui province China. This paper calls for more attention to be paid to dispatch workers agencies in China, which have been providing a major source of work, labor and employment since the Chinese employment reform. It further suggests the application of several psychological concepts for future research in this light, especially from the dispatch labor agency's perspective.

Keywords: *Dispatch workers, agency workers, psychological contract, psychological contract breach, China, Chinese employment*

1. Introduction

Dispatch workers, also called agency workers, refers to a recently emerged type of employment arrangement whereby employers meet their human resources needs through labor agencies, which typically provide higher levels of talents to companies that encounter difficulties in filling their management positions. The concept and practice originated in the United States, which gradually found the way to Europe and Japan following the blooming of their economies and the emergence of non-standard employment arrangements (for example, see Kalleberg, 2000; Carré et al., 2000). As the Chinese economy began developing rapidly, its domestic dispatch labor market also arose in the mid and late 1990, which is in line with the development of its market economy and the deepening of the employment reform (for a historical overview, see Ma, 2018). Labor dispatch is often preferred because it provides flexibility, which allows companies to arrange their human resources in a combination of employment arrangements in meeting their comprehensive needs in the increasingly competitive market today, especially in times of seasonal and temporary labor needs during, for example, economic downturns (e.g., De Cuyper, Notelaers & De Witte, 2009; Carré et al., 2000; Ma, Yong and Feng, 2019). In these cases, dispatch labor can be beneficial for the employment, showing many advantages for the companies when compared with the traditional permanent contracts. For example, in Germany, the labor agencies for dispatch workers are suggested to have enabled many unemployed people to work again, leading the political parties and trade unions to believe that the employment provided by the temporary labor agencies will not disappear and the many measures in trying to improve the arrangements of the temporary agencies and workers (Spermann, 2013). However, the rise of non-standard employment arrangements in China has a different fundamental cause than that in the more developed countries, in that the Chinese dispatch workers are suggested to be also used to avoid the increasingly strict employment laws since its employment reforms (Ma, 2018). In China, dispatch workers are considered to help Chinese companies avoid the tedious human resources processes, separate labor deployment from labor relations, improve the efficiency of human resource management (Li, 2019), especially for their advantages in enabling the Chinese companies to avoid the trouble and high cost of dealing with potential labor disputes (Liu, 2019). Especially in the more economically developed areas in the country where labor-intensive companies are concentrated, there is a large number of dispatch labor agencies arising rapidly, which has brought vigorous vitality to the dispatch labor market in China.

On the other hand, having the option of being dispatch workers can have a certain positive practical advantage for workers who have difficulties in finding permanent employment or better positions, which also become a way for the Chinese migrant workers to enter the city to work where training is more extensively available for gaining better employment skills. An increased sense of employability is important especially for the affective commitment of dispatch workers (Espada & Chambel, 2013). With the advantages for the companies which can enjoy the convenience, flexibility and lower costs brought by the non-standard employment arrangement in the dispatch labor form (Ma, 2018), there has

seen the increasing importance of dispatch workers in China. It is noteworthy that dispatch workers in general are suggested to have very different psychological and employment experiences than those who are on permanent or more traditional employment arrangements (De Cuyper, Notelaers & De Witte, 2009; Presser, 2000), especially in the Chinese context where more attention to this category of employment has been called for due to the indigenous context in China (Ma, 2018). For example, Ma, Yong and Feng (2019) have recently introduced the phenomenon of 'unequal pay for equal work' in the indigenous Chinese employment context, involving in particular the dispatch workers. In this sense, this paper responds to the recent calls to pay more attention to the Chinese employment and the different work arrangements (Ma, 2018; Ma, Yong and Feng, 2019) by suggesting the promising psychological contract concept especially from the dispatch labor agencies' perspective. This is important because there is insufficient research looking into the Chinese dispatch workers, with the existing literature scantily studying the psychological experiences of these workers in particular from the perspective of their labor agencies. Accordingly, we propose the following psychological contract lenses in this light.

2. Proposing Psychological Contract Lenses

The concept of psychological contract was first coined by Argyras (1960) as 'psychological work contract' in understanding the informal agreements between workers and their foremen, while in 1962, Levis on and colleagues brought this concept into organizational psychology referring to a variety of unspoken expectations between organizations and their employees (see Roehling, 1997). The psychological contract has been reconceptualized by Rousseau (1989), involving mutual obligations and promises between organizations and their employees from the employees' subjective point of view; who further suggests that the development, maintenance and breach of the psychological contract will affect employees' work behaviors. Later on, the concept of psychological contract has been further developed by Morrison and Robinson (1997) who put forward the development model of psychological contracts distinguishing between breach and violation. Morrison and Robinson (1997) suggest that while breach refers to the cognitive recognition of an unmet obligation, violation is conceptualized to reflect the affective and emotional aspects of employees after having their psychological contracts breached. Ma (2019a) provides a more detailed review and analysis of the contemporary psychological contract discourses, below, we tentatively propose several lenses within the psychological contract literature that will help further investigation into dispatch workers' experiences in China. We suggest that psychological contracts of Chinese dispatch workers are different from that of regular employees in the following three aspects.

First, we suggest that dispatch workers in China may have psychological contracts primarily having transactional contents (see Herriot, Manning & Kidd, 1997). Rousseau (1990) studied 224 MBA graduates' psychological contracts and concluded two dimensions of their psychological contracts, i.e., transactional and relational psychological contracts. The transactional psychological contract dimension is suggested to be based on the economic exchange between organizations and employees, whereas the relational psychological contracts are based on social exchange. We suggest that in China, dispatch workers are willing to extend working hours and undertake additional work in exchange of performance rewards, higher remunerations, and better career promotion channels from their employers. This suggests that dispatch workers may emphasize more on the transactional aspects of psychological contracts, whereby they exchange work ability and performance for monetary rewards especially given their limited chances of gaining a long-term employment position with the employer. This is in contrast to formal or permanent employees who are more likely to exchange their loyalty for job security and long-term or life-long employment (see De Cuyper, Notelaers & De Witte, 2009). However, we caution that there might be changes in the expectations of Chinese dispatch workers, now may be more willing to work hard on skill developments, knowledge and ability to obtain social capitals that can help them in obtaining better employment opportunities once they arise. This implies that they can develop some form or content of relational psychological contracts or expect their employment obligations to be based on some level of social exchange (Chambel & Sobral, 2011; Chambel & Castanheira, 2012). In contrast, the permanent employees who have the job security may take it for granted of their long-term employment and stay loyal to their current employers.

More importantly, we suggest that because dispatch workers have dual employers (i.e., their hiring agencies and the organizations at which they work), these workers' psychological contracts are more complicated both in content and process especially in light of their poor job security (Håkansson & Isidorsson, 2015). For example, Winkler and Mohmood (2015) suggest that temporary agency workers may have difficulties in having a good sense of belonging to either the companies where they work and their agencies which hire them. Working alongside employees directly hired by the companies may make dispatch workers feel marginalized and disadvantaged, which in turn may make their wishes for a permanent job more salient and pronounced. Comparing with standard employment arrangements, dispatch workers usually have dual economic and relationships. We suggest that in the process of signing employment contract with dispatch labor agencies and being dispatched to the actual company where they perform daily work, Chinese dispatch workers will develop a complex sense of employment with a unique dual psychological contract tendency.

Following on from the above, we suggest that the psychological contract of Chinese dispatch workers is dynamic and likely to be more vulnerable to breach and violation. In addition to the measurable commitments stipulated in various explicit regulations and rules of the organization, there are also important implicit, normative or subjective aspects of employment and employment experiences (Rousseau, 1989). Therefore, the degree of performance toward the employment obligations, i.e., the degree of psychological contract fulfillment can be subjective yet have a great impact on the employment relationships between the organization and employees. For example, Shapiro and Kessler's (2000) research results show that when employees realize that their employers have not fulfilled their employment responsibilities or commitments, employees usually reduce their commitments accordingly to achieve a psychological balance. However, given the collective culture and the tendency to conceal emotion in China, we think Chinese dispatch

workers may try to hold back their emotional reactions even when they feel dissatisfied or their psychological contract breached, until a point when it accumulates to an outburst of emotion which might result in certain organizational intervention to remedy the breach. In a similar vein, workers and their employing organizations may tend to have different understandings on each other's work obligations, i.e., they often fail to have mutual psychological contracts. In this context, if the parties do not have effective communication between them, psychological contract breach and violation likely occurs which not only hurt the employee's feelings but also in return damage the organization's performance through employees reduced commitments (Li and Sun, 2006). We suggest that, while these issues have been explored from both the employer's and the worker's perspectives, the labor agency's side has not been sufficiently looked into. In the following section, we offer a preliminary discussion based on the second author's informal interviews with the management of a local labor agency in Anhui province.

3. A Labor Agency's Perspective: Some Preliminary Discussion

The interviewed company was founded in 2006 to provide agency services to companies that require additional help on hiring workers. It has specialized in labor dispatch and outsourcing, etc. While the company has subsidiaries in other provinces in China and several branches within Anhui province, we focused on its branch in Bengbu. After nearly 13 years of development, the labor dispatch business of the company has gradually developed and expanded, and more and more employees have been dispatched serving at their clients' premises. These workers are most often sent to coastal areas in China, in terms of geographical locations; who are usually dispatched for technical and service jobs including sales, customer service and equipment maintenance. The company has working relationships with many major Chinese companies and government bodies, such as Anhui Zhongyan, the Highway Administration, Postal China, Shunfeng logistics, Debang logistics, Anhui TV, and so on. Many clients of the interviewed company employ nearly 30% of the total number of their temporary workers from the company which has built its reputation, making the business very profitable. The dispatch workers were seen as a significant asset to both the labor dispatch agency and their hiring companies in our case, however, it was also suggested by the management that several issues became more salient as the business grew bigger. The company's management found that more and more dispatch workers reported dissatisfaction with the performance appraisal and incentive mechanisms of their hiring companies, often feeling unhappy and having poor moods. In turn, the dispatched workers' dissatisfaction was also reflected in unstable quality of work of these workers at the hiring companies (also see Bryson, 2013; Mitlacher, 2008). It was made clear that although the agency signed the contracts with their dispatch workers, it has little control over these workers experiences and how they were managed by their clients. This picture suggests that there are many dynamics leading to the instability of Chinese dispatch workers' psychological contracts, which according has enabled us to suggest further research look into these issues by using the above suggested psychological contract lenses. It is our opinion that the complexity involved with Chinese dispatch workers may be better studied by examining the agency side of the picture, which provides the direct link between the hiring companies and the dispatch workers. Consequently, the labor agencies in China may have a more balanced view that is likely to be informed from more perspectives of the agency employment arrangements.

4. Implication and conclusion

As the organizer and direct participant of labor dispatch employment arrangements, labor dispatch agencies play a key role in the process of filling the need of the hiring companies and matching their needs with the available workers. These agencies are also better informed about the experiences on the both sides of the work arrangements. The operation decision and service quality of labor dispatch agencies can directly determine the future development of labor dispatch employment arrangements. While the research on dispatch workers in China has been called for (Ma, 2018; Ma, Yong and Feng, 2019), there is insufficient investigation especially looking at labor dispatch agencies. There is little empirical research on the psychological contracts of dispatch workers in China in the existing English literature, which leads us to call for future examinations in this light from the perspective labor dispatch agencies. In particular, we highlight the dual employer nature of dispatch workers who often have difficulties to feel belong, with vague or unclear career development opportunities and poor job stability, which requires the companies to pay more attention to their psychological experiences (Deng et al., 2015). This also requires a multiple agency perspective in studying their psychological contracts and workplace behaviors (Lapalme, Simard & Tremblay, 2011). Due to the foreseen instability of their psychological contracts, future studies should employ more research methods which allow in-depth examinations of their psychological contract mechanisms. A 'win-win-win' situation among the dispatch workers, the hiring organization and the labor dispatch agency will require mutually met expectations and obligations among them, realizing the best potential of the agency labor work arrangements the collaborative development of all involved parties. Through the preliminary discussion of the interviewed labor dispatch agency in Anhui, this paper calls for future research to investigate the Chinese dispatch workers and their psychological contracts from the dispatch labor agency's perspective, paying close attention to the three suggested psychological contract lenses above. With future research, hopefully more effective human resource management practices can be derived and suggested which can enhance the sense of belonging, loyalty and trust of dispatch workers toward the hiring company. This is likely to require a joint effort from both the hiring company and the labor dispatch agency, although it will be particularly helpful for the hiring company to invest in improving human resource practices in stabilizing the psychological contracts and commitments of the dispatch workers in China.

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