The labour surplus and COVID-19: the outlook for Chinese migrant low-skilled workers

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Abstract

This paper investigates the disruption to global supply chains caused by COVID-19 and how such disruptions will affect the participation of Chinese businesses in those chains. The focus is on the post-COVID-19 outlook for migrant workers working in the hospitality and garment industries. It is argued that managers within global supply chains will use accounting processes to maintain profitability by cutting costs. Moreover, within corporate supply chains, wages will be driven down in an increasingly competitive labour market, especially for low-skilled workers. The findings show that COVID-19 will have an adverse effect on wages and employment and raise performance expectations.

Key words: COVID-19; Migrants; Exploitation; Harassment; Labour surplus; Unemployment; Performance

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1. Introduction

This paper investigates the disruption to global supply chains caused by COVID-19 and how such disruptions will affect the participation of Chinese businesses in those chains. Also, and more importantly, the paper investigates how the disruption will impact migrant workers who are engaged in relatively low-skilled occupational tasks. Buatois (2020) makes the general point that COVID-19 will cause disruptions and unemployment in some industries and probably a shift to regional supply chains, which would adversely impact China. With such a probable outlook in mind, the focus will be on the post-COVID-19 outlook for migrant workers working in the hospitality and

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garment industries. Bapuji et al., (2020) warn that the COVID-19 pandemic will impact vulnerable workers in the informal sectors in developing countries and that recent shifts seem to favour shareholders of global corporations. Such shifts have given rise to an increase in workers’ contractual employment (Bapuji et al., 2020), and post-COVID-19 outcomes are likely to see a rise in unemployment rates. Rinaldi et al., (2020) call for the need for more styles of accountability, especially in terms of controlling risk, ensuring visibility, and the ordering of isolated spaces.

The COVID-19 pandemic has had a significant impact on people’s lives, the economic environment and supply chains globally (Bapuji et al., 2020; De Vito and Gomez, 2020; Rinaldi et al., 2020; Free and Hecimovic, 2021). In previous studies, many researchers focused on supply chains in a typical economic environment (Stevenson and Cole, 2018). However, it is more relevant now to consider the impact of the COVID-19 pandemic on the disruption to global supply chains. China has become an important source for global supply chains of cheap labour. There are many multinational corporations which purchase from and sell into supply chains derived initially from China. They do this because China offers a low cost, disciplined work force, thus basic assembly is out-sourced to China that covers a wide range of consumer goods.

Migrant workers are always vulnerable in the workplace (Nicholl et al., 2019). Most leave the countryside to work in cities (The Economist, 2018). Migrant workers are not entitled to the same protections as local workers in terms of labour law and are unable to join unions who can help them sometimes (The Economist, 2018). One of the consequences of COVID-19 is that many people have lost their jobs. Low-skill occupations were hit hard by the COVID-19 pandemic. Therefore, it is worthwhile looking into the current working environment and conditions of migrant workers. Most migrant workers offer only low skills and are without qualifications. Their options are limited (The Economist, 2018). The hospitality and garment industries need low-skilled workers rather than workers with high skills. So these industries attract low cost migrant workers. Given that the work offered is menial and low paid, it follows that there will be a high proportion of migrant workers in the hospitality and garment industries.

The motivation of this paper is to show how the supply chain starting in China ends up with large multinationals. According to Christ et al., (2017), companies often purchase from and sell into supply chains overseas. The labour surplus is from China, and the migrant workers are paid much less than their contributions to the global supply chains. As a result, those vulnerable low-skilled migrant workers are facing losing their jobs in the challenging COVID-19 pandemic period. A number of the low-skilled migrant workers lost their jobs immediately in March when most of the cities shut down in China. This is the direct influence of COVID-19. Therefore, it is attracting significant attention to the Chinese government which has actioned quickly to deal with this situation. In this paper, we seek to consider the outlook for migrant
workers together with the work environment and conditions of migrant workers in the post-COVID-19 period.

The concerns of Bapuji et al., (2020) echo the findings of Piketty (2013, 2019) that returns to global investment increase faster than returns to labour and that capital investment depends on maintaining a labour surplus. The labour surplus concept is that labour costs will always be less than the value of labour productivity (Piketty, 2013, 2019). It is argued by Piketty (2013, 2019) and in this paper, that managers within global supply chains will use the processes of accounting to maintain profitability by cutting costs. Moreover, it is likely that the pandemic’s effect will increase inequality as unemployment and lower demand within corporate supply chains will drive down wages in an increasingly competitive labour market, especially for low-skilled workers. In other words, the interests of investors will be prioritised (Piketty, 2013, 2019; Chan, 2020). In the case of the Chinese cases presented, flexibility is a management prerogative (Narayanan and Boyce, 2019; Taylor et al., 2019; Tekathen et al., 2019). Such a prerogative, when exercised, causes workers to seek accommodation with their managers in various ways (Coyte, 2019). With regard to external benchmarks, the objective is to create a labour surplus, and the only benchmark observed is the return on capital (Pickety, 2013, 2019). This paper contributes to the argument for disciplined flexibility but from management and cultural perspective. That is, the paper’s second contribution is to raise concern for those workers at the bottom of the global chains who are facing more accountability in terms of being more visible, more isolated and more disposable (De Vito and Gomez, 2020; Rinaldi et al., 2020). The empirical exemplars used in this study to illustrate these likely effects of COVID-19 are from interviews with workers within international hotel chains operating in China and from Chinese garment manufacturing firms operating within global supply chains as price takers (Stevenson and Cole, 2018; Voss et al., 2019; Chan, 2020; De Vito and Gomez, 2020).

This paper contributes to the control of risk by reflecting on published case studies that are concerned, especially, with visibility (surveillance) and separate spaces (enclosure). Leoni et al., (2020), in respect of COVID-19, ask for contributions that cover accounting as a control and surveillance mechanism, the changing nature of accountability and responsibility, and the impact of numbers as a form of neutral measurement. In addition, the contribution is to show how COVID-19 disadvantages the vulnerable internal migrant low-skilled workers. The interviews conducted make these contributions.

Migrant workers are essential to the low-skilled occupations such as hospitality and garment industries. Also, they are vulnerable individuals. COVID-19 has had a negative impact on these industries, such that many workers lost their jobs immediately since the lockdown of the cities. However, migrant workers are unable to take actions to protect themselves because they are supposed to be docile due to a culture of silence. In addition, internal migrant workers are monitored by their supervisors or managers closely. A
series of several behavioural sanction may be involved. Furthermore, the management accounting process may be used to create a labour surplus by managers under pressure from the consequence of COVID-19. Such a labour surplus is explained by Pickety (2019) as being essential to multinational corporations because it ensures that the value extracted from labour is greater than the cost involved.

This literature review, which follows, is presented in three sections: first, a culture of acceptance that explains why post-COVID-19 changes can be effected with little resistance; second, a culture of sanctions; and, third, management accounting as a political exercise. The next section details the research method before the results of relevant interviews are detailed. This paper concludes with an overall summary of the study.

2. Literature review

2.1. Pre-COVID-19: the culture of acceptance

Migrant workers working in the hotel and garment manufacturing sectors are vulnerable to COVID-19 effects such as cuts in wages or unemployment because of their inability to protest due to their culture of silence (De Vito and Gomez, 2020). In China, as in much of Asia, low-skilled work, especially in the hospitality and garment manufacturing sectors, is done by migrant workers or workers hired on a contractual basis (The Economist, 2018). Such workers are typically from the countryside and without city labour rights (China Daily, 2015; The Economist, 2018). Their quietism and acceptance of managerial demands contrast sharply with their overseas counterparts (Chen et al., 2012; Radojevic et al., 2019; Wei et al., 2020). Lacking city identities and educational qualifications, migrant workers in China compete with each other for city work (China Daily, 2015; The Economist, 2018). They can be exploited by managers because most have families in the countryside dependent on their remittances (China Daily, 2015; The Economist, 2018). With millions looking for work, those working cannot afford to lose their jobs so they must accept exploitation and harassment often from their managers (Jacobs et al., 1995; Chen, 2002; Hu, 2013; China Daily, 2015; The Economist, 2017b). To resist or complain is to be dismissed without notice and would mean returning to the countryside as to seek another job without a reference would be difficult. Most accept their position without complaint (BBC, 2017). The fact is that migrant workers in China are vulnerable because they lack city identities and do not compete with city labour workers (Yu, 2009; The Spectator, 2018).

As shown in this study, where migrant workers are employed in low-skilled positions, silent obedience is an expectation of that employment (The Economist, 2018). Without a city identity, they have no access to subsidised accommodation, which accentuates their vulnerability as they must keep their city job in order to be able to pay city rents.
The vulnerability of migrant workers in low-skilled roles to exploitation has been discussed in many studies (Oliver, 1991; Pinheiro et al., 2019). A major form of such exploitation is harassment (Jacobs et al., 1995; Chen, 2002; Hu, 2013; China Daily, 2015; The Economist, 2017b). Harassment may be defined as encompassing all forms of bullying, including taunting, shouting, slapping, and various degrees of sexual exploitation (Oliver, 1991; Chen, 2002; Yu, 2009; The Economist, 2018). However, in China, estimates of the extent of exploitation and harassment among migrant workers are difficult to quantify due to workers’ silence and a culture of acceptance (Yu, 2009; Nazarian et al., 2017; The Spectator, 2018).

2.2. Control and punish

Factories in China apply internal controls and sanctions that condition the workforce to a disciplined regime, especially where, as is usual, migrant workers are employed (Jacobs et al., 1995; Chen, 2002; Hu, 2013; China Daily, 2015; The Economist, 2017b). The Spectator (2018) reports on work regimes that privilege profit over worker welfare, especially as migrant labour is plentiful, and there is a demand for jobs among migrants. Such a plentiful low-cost labour supply allows managers to exploit and humiliate their workers in pursuit of greater productivity. Hours of work may be casually extended, and individual interests are sacrificed to the common goal of increasing profitability. The Spectator (2018, p. 32) reports that ‘Chinese factories such as Foxconn and Pegatron regularly violate national labour laws. Work shifts are 12 h a day (including enforced, unpaid overtime), with public humiliations for minor infringements, and talking forbidden. In 2010, 18 workers at Foxconn (none older than 25) attracted widespread coverage when they flung themselves to their deaths in despair’.

Where workers are more individualised, and under the close eye of their supervisors such as in the hospitality industry, then sanctions are likely to be more idiosyncratic and subject to favouritism (Chen et al., 2004; Sherman, 2007). Behavioural sanctions may involve a warning at the morning parades, fines, or the allocation of a particularly onerous workload (Chen et al., 2004). Lu and Hunt (2016) refer to a more extreme occurrence where some bank employees were subject to public violence, but generally, instant dismissal is more likely for migrant workers.

Unions can be created in China but require government approval, and such approval would be unlikely for migrant workers. Thus, any collective action by way of protest would be futile (Chen, 2002). To protest collectively would not only be illegal but invite dismissal (Jacobs et al., 1995; Chen, 2002; Hu, 2013; China Daily, 2015; The Economist, 2017b). With millions from the countryside seeking city employment, to risk dismissal is to risk not being able to supplemen the incomes of families left behind (The Economist, 2017a).
For these reasons, acceptance of wage cuts is common as the study shows that COVID-19 will present managers with no problem of collective resistance (De Vito and Gomez, 2020). Similarly, workers’ protests in response to harsher working conditions, longer hours or increased performance targets will be unlikely to concern managers who know that there is a reserve army of migrant workers seeking employment (Pickety, 2019). Without city labour rights, migrant workers have to take what employment they can get and are in no position to bargain.

2.3. The discipline of management accounting

Piketty (2013, 2019) finds that it is inevitable that capital will increase returns at the expense of labour, and this study argues that it is the application of management accounting processes in the form of costings, budgets, and performance outcomes that make this possible. As Piketty (2013, 2019) observes within their global supply chains, managers are under pressure to create a labour surplus, and by creating conditions that demand increasing worker productivity, they can cut labour costs.

Management control systems enable managers to cut costs and reduce worker numbers through quantitative processes that appear to be neutral (Hartmann and Slapnicar, 2009). Accounting controls, in particular, have this appearance of objective neutrality, especially with regard to quantifiable measurements in terms of cost and performance expectations (Abernethy and Brownell, 1997; Malmi and Brown, 2008; Hartmann and Slapnicar, 2009). Accounting measurements are both a recording process and a political device, especially where labour tasks are regular and repetitive, allowing the application of behavioural controls (Abernethy and Brownell, 1997). Loft (1986, p. 140) argues that within some sectors, such as hospitality, accounting by means of individualising performance measurements can become a means of discipline:

Records are not just an enabling device for power to use; the creation of a record is an act of power itself. Not only does it represent the result of choice concerning what is important in the organization, but its creation can induce obedience.

Sharma et al., (2010) show how accounting systems may be used to ensure productivity by individualising workers engaged in low-skilled tasks – in this case, indentured migrants employed to cut sugar cane. Exacting productivity from such workers is how management accounting control systems can be adapted by managers to enforce consistent performance. The individualising of workers in a COVID-19 situation requires such visibility and special isolation (Rinaldi et al., 2020). Without such controls, productivity may slow down (Carmona et al., 2002). Sharma et al., (2010) show where there is an absence of labour law, even violent means of exacting individual productivity may be employed (Roberts, 2014). Apart from quantifying the expected performance
of low-skilled labour, management, and cultural controls must be in place to ensure that the quality of the work completed meets expectations (Akroyat et al., 2019). Therefore, the problem is how managers will put in place restrictions to avoid a COVID-19 outbreak, which will not lessen productivity and will be followed as expected by low-wage workers engaged in repetitive and low-skilled tasks.

To some extent, the enforcement of COVID-19 restrictions is in China, aided by a culture that accepts authority without resistance (Scott, 1995; Berry et al., 2009; Akroyat et al., 2019), may be especially effective given the Confucian tradition of harmony and acceptance of authority. In particular, migrant workers may be expected to be obedient and accepting because they can be easily dismissed and replaced by other low-skilled migrants. To test this assumption among selected interviewees is one of the key aspects of this study.

To avoid risks associated with COVID-19, as Rinaldi et al., (2020) acknowledge, managers may have to increase accountability in terms of visibility and isolation or, in other words, apply the Foucauldian concepts of surveillance and enclosure. Several accounting researchers have used these concepts to show how formal management systems may be used to produce docile workers (Knights and Collinson, 1987; Miller and O’Leary, 1987; Miller et al., 1991; Hopper and Mackintosh, 1998; Carmona et al., 2002; Cowton and Dopson, 2002; Macintosh, 2002; Hartmann and Slapnicar, 2009; Coyte, 2019). With regard to producing disciplined, docile workers, McLaren et al., (2019) find this to be one of China’s economic strengths. In this respect, the lack of city labour rights among the millions of migrant workers in China and their need for jobs is an economic advantage (Chen, 2002). Complaints about new practices put in place by managers because of COVID-19 are unlikely to succeed: ‘Responsible government agencies will always kick away from their doors migrant workers seeking help and refuse to punish their employers; which has only worsened the situation’ (China Daily, 2015, p. 8).

Another problem that avoidance measures of COVID-19 may engender is that some managers may go too far and indulge restrictions that may be called idiosyncratic (Sharma et al., 2010). Managers that employ migrant workers may utilise a much wider range of restrictions that are aimed more at worker subjugation (Chen, 2002). In many workplaces, as it is, managers may expect staff to bow to them, and meekly accept being loudly berated in front of others or even slapped (Lau and Young, 2013; Wang and Hooper, 2017).

3. Research method

A qualitative research method is necessarily interpretative. According to Taylor and Bogdan (1988), interviews are one of the most important qualitative research methods. Interviews yield the best explanations and understanding of people’s attitude and reactions. Seidman (2006) observes that interviews allow researchers to understand people’s behaviours in more detail and what leads to
such behaviours. This paper collected people’s views and experiences by conducting interviews. The reason why the interview method is applied is that this study focuses on the impact of the COVID-19 pandemic on global supply chains from a non-numerical standpoint. In this way, the research questions can be deeply investigated through understanding people’s views, actions and behaviours (Lincoln and Guba, 1985; Patton, 2002).

A key aspect of this paper is how Chinese migrant workers will respond to the COVID-19 effects on their employment. Various management mechanisms may be employed to ensure new restrictions do not jeopardise production or are circumvented by lower quality work (Knights and Collinson, 1987; Miller and O’Leary, 1987; Miller et al., 1991; Carmona et al., 2002; Cowton and Dopson, 2002; Macintosh, 2002; Ward and Low, 2017; Lewis et al., 2019). Managers in China employing migrant workers have good reason to believe it is possible to apply more labour restrictions to avoid COVID-19, without endangering productivity (Chen, 2002; McLaren et al., 2019).

Given the emphasis on ‘how’ post-COVID-19 effects will affect employment, costs, control mechanisms, and influence behaviour, the following categories of participants were interviewed (Table 1).

The study data were collected from semi-structured Zoom interviews with five managers, four supervisors, six academic observers, and 12 migrant workers in the hotel and manufacturing sectors in China. Most of the interviews lasted between 45 min and an hour. The author has contacts in the service and garment industries in China. These contacts were used to arrange interviews with managers and lower-level workers in those industries. During those interviews, participants were asked to recommend other potential participants to be included in the study. Thus, a snowballing approach was used to recruit some of the participants. The study investigates the effects of post-COVID-19 behavioural controls and worker obedience with respect to further management impositions (McLaren et al., 2019; Rinaldi et al., 2020).

Within a semi-structured interview framework, the generic question is to discover how workers and managers envisage changes in the workplace, if any, as a result of the COVID-19 pandemic (Chan, 2020; Rinaldi et al., 2020). During interviews, questions explored relationships between managers and workers, expected changes in working conditions, controls, work hours, and sanctions for non-compliance.

To protect the privacy and confidentiality of the interview participants, each interviewee was assigned a number to establish their anonymity (Bryman and Bell, 2007). Many junior hotel staff were known to the author, who once worked as a trainee hotel manager. The author also had connections with the manager of a garment factory that employed over fifty migrant machinists who live in the factory dormitory and work sewing from 9 am to 9 pm for 6 days a week. Such a regime is traditional in the industry, which employs mainly migrant workers and offers dormitory accommodation.
The following interviews show that COVID-19 will have a substantial and immediate impact on migrant workers. It has been a material factor in causing a sharp reduction in income for both organisations and individuals. In general, the interviewees reported a continuous attempt to reduce salaries and employment conditions to minimise job losses and against the financial impact of COVID-19. The consensus view is pessimistic, both in terms of future outputs, employment opportunities, profits, and incomes (De Vito and Gomez, 2020). They reflect Piketty’s (2013, 2019) conclusions that capital will always seek a labour surplus; that is, to protect investment returns, labour costs will be reduced in periods of economic decline.

Because of the economic decline caused by COVID-19 and, as explained by Piketty (2013, 2019), many face losing their jobs, especially migrant workers in low-skill occupations (De Vito and Gomez, 2020). As a result, recently, the Chinese central government announced that it would encourage people who have lost their jobs to run small businesses by selling on the streets (Walsh, 2020). This is a surprising effect, as such street selling was previously forbidden. COVID-19 has changed the law and the central government’s attitude with regard to running street businesses. Probably, such a change indicates that the number of people who have lost their jobs is far more than reported. Vulnerable migrant low-skilled workers are among the first group of people to be made redundant.

The interviews were divided into five categories, according to specialisation. Conducted on Zoom, the interviews related to the following generic research questions:

Table 1
Categories of interviewees

| Groups of interviewees                                           | Number of Zoom interviews | Number of Informal phone conversations | Number of follow-up phone calls |
|-----------------------------------------------------------------|---------------------------|---------------------------------------|-------------------------------|
| 1. Manager of a garment factory                                 | 1                         | 0                                     | 2                             |
| 2. Department managers in four/five-star hotels                 | 4                         | 0                                     | 2                             |
| 3. Labour supervisors in hotels and garment factory in China    | 4                         | 4                                     | 3                             |
| 4. Migrant workers: machinists, waitresses, housemaids.         | 12                        | 11                                    | 12                            |
| 5. Informed observers such as academic specialists              | 6                         | 0                                     | 4                             |
| Total                                                          | 27                        | 15                                    | 23                            |

4. Empirical section: introduction

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The interviews were divided into five categories, according to specialisation. Conducted on Zoom, the interviews related to the following generic research questions:
RQ1. Will COVID-19 bring about changes in control mechanisms, especially where large numbers of migrant workers are employed?

RQ2. What changes, if any, are expected with regard to the employment of migrant workers engaged in low-skilled work?

RQ3. How will Chinese suppliers meet the demands of multi-national corporations in a post-COVID-19 environment?

4.1. Research questions 1, 2 and 3: responses from the CEO of a garment factory

In response to RQ1, the CEO replied:

If you mean making changes on the factory floor, there is no room for separation, but with possibly fewer workers needed some separation can be managed. That is not a good thing. The control and discipline will need to be even stricter than before to increase output. Because of the lockdown for COVID-19 from the beginning of the year, we are behind in production. So we have to control the expenditure. In this situation, the control mechanisms will be strictly applied. All staff from top to bottom will catch up on the work in terms of more hours working per day, sometimes some of the staff may need to work over the weekend. We will rely on the second half of the year to reach or at least be not far away from our financial goals for this year. It is hard to achieve, or it is impossible, to be honest, but we will do our best; therefore, the control on the staff will be tighter than usual.

However, he made no mention of how separation can be achieved in the dormitory where bunk beds are crowded together; unless he had in mind a major reduction in worker numbers, which would ease the situation.

The CEO mentioned unemployment in response to RQ2:

If our orders fall as seems likely, then we will hire fewer workers and at lower pay rates. The women will not like that, but that is business. They can go back to the countryside if they do not like it. However, we run a business; we have a budget, so for those migrant workers, they are even more vulnerable in this situation. Their jobs are competitive. Sometimes it is hard to say who good workers are or who are not very good. Most of the staff are working hard because they try to protect their jobs. If they lose their jobs, their lives would be more difficult as they have a family to look after and need money to pay bills. I feel sorry for them. There are still some of them who are facing redundancy. This is a hard time for business, for organisations, for countries, for everybody. So nowadays the central government encourages some of them who have already lost their jobs to do their own small business such as selling little stuff on the street, selling fruits on the street. Before, these were forbidden by the government. If some people did it, they would face a huge penalty bill. However, now the government encourages people to do it. From this, you can see the influence of COVID-19 on those vulnerable migrant workers is even worse than we thought. Even the government has to change the law to ensure they can live and not be hungry.
The CEO was more comfortable about the global situation with relevance to RQ3:

I expect our overseas customers will want more for less, which will threaten our profit margins. So we will have to cut wages. Everyone is at risk – even me. Because COVID-19 became a global issue, some countries are even worse. Our overseas trade has been affected a lot because of the border restrictions and slow delivery. Our business has declined a lot. This occurred in both domestic and internationally. I do not think we can easily get funding from domestic or international sources as everybody is suffering from the impact of COVID-19. We all have a hard time, no matter whether a country or an organisation or an individual. The staff should understand that the business will proceed to make cost-savings through the existing terms and conditions of the enterprise agreements. This will necessitate a range of actions to reduce the workforce through natural attrition, workplace change and redundancies, and lapsing employment contracts. Job losses will be substantial in different departments.

4.2. Research questions 1 and 2: responses from department managers (HM) in four/five-star hotels

With regard to RQs 1 and 2, HM 1 observes:

I do not think there is much risk of COVID-19 among staff. We all work with some space between us, and most staff are young. The risk comes from dealing with guests as you do not know where they come from, but we can organise spacing in our dealings with guests. However, if it is spread by in other ways, then who knows what to do. Yes, we will lose some staff.

With regard to RQ2, HM2 responds:

We will lose customers because of COVID-19 restrictions on travel, and some jobs will go depending on how long the restrictions last, and that is the unknown. The hotel will be all right because it is international, and most of the staff can be dismissed without compensation. We may have to close some floors, which will be bad for everyone, especially if COVID-19 lasts for a long while.

With regard to RQ2, HM 3 states:

We have just heard from the head office that our hotel will apply a salary reduction of up to 10 percent for 18 months, and salary increases due this year will be suspended for all staff. Based on this strategy, we still have 150 staff who will lose their jobs. We do not want to see it because we know some of the staff have been working hard to keep the jobs as they have a family to look after, and if they lose their jobs, they will face financial difficulties. However, the impact of COVID-19 causes substantial financial problems for our hotel. We have to face the situation. Otherwise, the hotel will not survive, and we will all lose our jobs. That is even worse. Based on this situation, we will decide who stays and who leaves. So, the control and checking on Key Performance Indicators (KPIs) are more frequent and more critical.
With regard to RQ1, HM4 is more pessimistic:

There will be job losses for sure, and the migrant workers will be the staff to go as they are easily dismissed. Those that remain will have to cover for the job losses and do extra. It is unlikely we can pay overtime to remaining migrant workers. They will just have to do more for less.

4.3. Responses of labour supervisors in hotels and a garment factory

In general, the supervisors largely echoed their manager’s or CEO’s comments. There was more concern for the hotel supervisors, for their jobs as a consequence of redundancies: ‘If they close a floor, I might well have no job’, one hotel supervisor concluded. They conceded that the migrant workers and interns were the most vulnerable as they had no city labour rights. Separation of workers was not seen as presenting a problem as housemaids and waitresses had their own areas.

The garment factory floor supervisors thought that with fewer workers, machinists could be spaced well apart. ‘It will be better for discipline with more distance between them. They will be more easily overheard when talking’, a machinist supervisor observed. ‘With increasing unemployment and more migrants looking for work, the boss may require longer work hours for less pay, and only better workers will be kept on.” Another machinist supervisor added, ‘My job may go if there are fewer machinists employed’. Another thought that ‘Some workers may have to do different duties beyond their skill level without a raise in pay, while some may have to perform duties lower than their classification and at less pay. Either way, the machinist will lose out”.

4.4. Responses of migrant workers: machinists and housemaids

4.4.1. Machinists

The low-skilled workers were not concerned with how the factory separation would be or could be organised or the wider global issues of COVID-19 (RQ1 and RQ3). However, with reference to RQ1, they were concerned about conditions in the crowded dormitory:

It is bad enough now, we are crammed together in bunk beds, and the bathroom facilities are terrible. If one of us catches anything, there is a good chance we will all get it. It will be one way of reducing numbers, I suppose. They do not care about us; if we get sick, we are gone.

Their other focus was on RQ2 and how COVID-19 would impact their work lives. Again a tone of resentment was voiced: ‘I expect there may be less work, and only the supervisor’s favourites kept on or those willing to work for less pay. I will work for less pay if I have to as there is no work in the countryside.
and I have mouths to feed at home’. Another claimed to hear that the manager had decided to cut our pay to keep more jobs. ‘I understand this, so even it makes my life more difficult; it is better than no job. I am afraid of losing my job. No matter what they ask me to do, I mean other duties, I will do”. Another was worried about her husband’s reaction, ‘I have to work in the city and send money home. I cannot go back. There is nothing to do, and my husband will be mad’.

4.4.2. Housemaids

Like their machinist counterparts, the hotel housemaids’ concerns were how they would be affected by COVID-19. From their perspective, only RQ2 mattered. ‘I expect there will not be many foreigners coming to China. With empty rooms and no rooms to clean, we will lose our jobs or work only part-time at much lower rates’. Another declared, ‘I will have to go back home, as my accommodation takes half my pay. I cannot manage if they cut my pay’. One older housemaid sourly observed, ‘It is all right for some; I know some of the younger ones will do more of what they do now – you know hang around in the shadows at night or leave cards around for guests to pick up’. Another claimed that all sorts of rumours about what will happen are being spread among the housemaids: ‘I heard the boss is to reduce our accrued annual leave balances to 10 days. I do not expect any holidays this year’.

4.5. Responses of informed observers: being academics of Chinese origin

For this group of interviewees, the interviews were confined to RQ3, this being of most relevance to their perspective: How will Chinese suppliers meet the demands of multi-national corporations in a post-COVID-19 environment? One replied, ‘Overseas interests operate international hotels, so it is unlikely the Chinese government will support them with subsidies. They hire lots of migrant workers, so returning them to the countryside will not affect unemployment numbers. Overseas investors will continue to look for good returns from China, so I do not expect they will want to hold on to staff for long. With fewer foreign guests, there will be floor closures’.

Another observed, ‘The garment factories will have to look after themselves. They cannot expect government support. It is easy for their managers to close down for a while or work with less employees. Their fixed investment is not great, just sewing machines operated out of mostly old rented premises. They are like mushrooms they can come and go easily’.

The consensus was that China, at the end of the global supply chain, would be impacted by cutbacks in demand. They agreed with Piketty (2013, 2019) that global corporations would seek first to protect their investors’ interest and were not much concerned about suppliers and their workers. However, some
conceded that global corporations like to express environmental and social concerns in their annual reports.

4.6. Empirical summary and conclusion

All interviewees expect that managers will have to cut costs and make some staff redundant. Accounting measurements will play an important part in decision making. Budgets and performance measurements will need to be recalculated. For the migrant workers at the bottom of the labour ladder, the outlook is especially unfortunate as they acknowledge. Some will return to their families in the countryside, where their remittances will be missed. Others will hang on in the cities in cheap accommodation seeking anything that offers some reward. The overall theme derived from the interviews is that for most the future holds only gloomy prospects and that earning a living and keeping a job will become even more difficult.

5. Conclusion

It will be comparatively easy for global corporate supply chains to force the economic consequences of COVID-19 on to the workers at the bottom of their supply chains (De Vito and Gomez, 2020; Free and Helcimovic, 2021). Their investors can benefit from the labour surplus (Piketty, 2013, 2019; Stevenson and Cole, 2018; Voss et al., 2019). Investor returns may be affected and, perhaps more importantly, for investors, the value of their holdings may be reduced, but subsequent unemployment and cost-cutting will, to some extent, protect and prioritise investor returns. As Piketty (2013, 2019) points out, enjoying a labour surplus is vital for global corporates. Because of its disciplined workforce, China is preferred as a low cost, reliable supplier. The Economist (2019, p. 45) reports a Chinese observer as saying in comparison with American workers: ‘Chinese efficiency is driven by depriving workers at the bottom of the society of their health, safety, and dignity’. Moreover, for global supply chains to cut costs or require longer working hours, then the risk of accountability avoidance from disciplined Chinese workers presents a few problems (Rinaldi et al., 2020). That is, because labour laws are widely ignored and rarely enforced (Franceschini, 2017). Although Chinese labour laws protect workers’ rights from unjust dismissal, such rights do not extend to the army of internal migrants. Even among non-migrants, resorting to the employment courts is rare and hazardous. The government-run China Daily (2015) acknowledges the significant number of migrant workers employed and not just young people. ‘A report released by the National Bureau of statistics on Wednesday revealed that more than 46 million internal migrant workers over the age of 50 are still doing physical work nationwide’ (China Daily, 2015, p. 8).
Further comments refer to hardships. Many migrant workers have to bear: ‘They need to take care of their aged parents and raise their children. The majority of them have no pension, and it is their economic burden that forces them to work as labourers in the cities’ (China Daily, 2015, p. 8). For these reasons, many managers prefer to employ staff without a city identity (internal migrant workers). Other comments refer to the prohibitively expensive medical bills that migrants cannot afford in the cities (China Daily, 2015).

COVID-19 will impose additional hardships on migrant workers, something which they acknowledge in interviews. The responses among workers involved in global supply chains anticipate unemployment, cost-cutting, and lower wages. In particular, the lower-level migrant workers interviewed are well aware that they will bear the brunt of the negative consequences that will arise for the economic effects of COVID-19 (Chan, 2020; De Vito and Gomez, 2020; Rinaldi et al., 2020).

More broadly, this paper extends Piketty’s (2013, 2019) findings that capital will privilege returns to investors and seek supply chains that offer a labour surplus. This paper also considers that the impact of COVID-19 will further increase managerial governance in China through increased surveillance, enclosure, and performance measurement (Coyte, 2019; Taylor et al., 2019; Tekathen et al., 2019; Rinaldi et al., 2020). COVID-19 will likely bring about higher unemployment rates that will ensure worker docility and a high likelihood of wage cuts (Chan, 2020; De Vito and Gomez, 2020). As our findings show, there is a consensus among migrant workers that there will be increased hardship, unemployment, and increased competition for low-paid work.

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**Appendix 1**

**Research questions in relation to interview questions**

| Research questions | Related interview questions |
|--------------------|-----------------------------|
| RQ1: Will COVID-19 bring about changes in control mechanisms especially where large numbers of migrant workers are employed? | Is unemployment likely to increase? Will there be fewer workers employed in the future? Will more productivity be expected from fewer workers? How will spatial demands prevent the spread of COVID-19 be met? Will there be a need for increased surveillance of workers? |
| RQ2: What changes, if any, are expected with regard to the | Will job requirements and instructions become more detailed, so staff know what to do? |

(continued)
Appendix 1. (continued)

| Research questions                                                                 | Related interview questions                                                                 |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| employment of migrant workers engaged in low skilled work?                        | Will rules and standard operating procedures be more strictly enforced?                      |
|                                                                                  | Will managers make all decisions without consulting staff?                                   |
|                                                                                  | Do you expect your managers to become more authoritarian and expect staff to show respect and humility? |
|                                                                                  | Is it better not to ask questions or make suggestions as your managers may not welcome them? |
|                                                                                  | Do you expect that workers must finish their allotted tasks even if to do so involves working longer? |

RQ3: How will Chinese suppliers meet the demands of multi-national corporations in a post-COVID-19 environment?

- Is it expected that staff must show respect for authority and work longer hours with less pay?
- Will pay rates for repetitive work decrease, given that there are large numbers of migrants looking for jobs?
- Will managers make all decisions without consulting staff?
- Will workers be more strictly supervised to ensure an increase in productivity?
- Do you agree that workers must finish their allotted tasks even if it means working longer without extra pay?

The table presents how the research questions link with the related interview questions.

Appendix 2

Code Mapping: three Iteration of Analysis (to be read from the bottom up)

| Code mapping for advisory programs (Research Questions 1, 2 and 3) | RQ1: Will COVID-19 bring about changes in control mechanisms especially where large numbers of migrant workers are employed? | RQ2: What changes, if any, are expected with regard to the employment of migrant workers engaged in low skilled work? | RQ3: How will Chinese suppliers meet the demands of multi-national corporations in a post-COVID-19 environment? |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (THIRD ITERATION: APPLICATION TO DATA SET)                      | Separation and increase surveillance, less employment, and lower wages, and increase productivity with fewer workers                                                                |                                                                                                                                          |                                                                                                                                          |
| (SECOND ITERATION: PATTERN VARIABLES)                           | 1A. Greater performance expectations                                                                                                                                                    | 2A. Separation in the workplace                                                                                                          | 3A. Fewer workers but increases in productivity                                                                                           |
|                                                                 | 1B. Dismissing those who cannot meet new performance standards                                                                                                                           | 2B. Increased surveillance                                                                                                                | 3B. Longer hours and poor pay                                                                                                             |

(continued)
Appendix 2. (continued)

(FIRST ITERATION: INITIAL CODES/SURFACE CONTENT ANALYSIS)

| T1 Fewer workers employed | T2 Increased output expectations | T3 Increase productivity with fewer workers |
|----------------------------|---------------------------------|------------------------------------------|
| T1 More discipline and surveillance | T2 Spatial requirements to prevent COVID-19 outbreaks | T3 Lower costs by lowering wages |
| | | T3 Working longer hours |

The table presents qualitative data analysis by using different codes under each research question.

### Appendix 3

**Tying findings to sources**

| Data Source          | Finding 1 Increasing labour uncertainty in a post-COVID-19 work environment | Finding 2 How unenforced labour rights, poor pay and the constant fear of dismissal, combine to enable output in a post-COVID-19 environment | Finding 3 That global capitalism will continue to demand a labour surplus from Chinese suppliers |
|----------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Interview X          | X                                                                        | X                                                                                                                                  | X                                                                                                                                  |
| Focus Group X        |                                                                          |                                                                                                                                  |                                                                                                                                  |
| Observations X       | X                                                                        | X                                                                                                                                  | X                                                                                                                                  |
| Documents X          | X                                                                        |                                                                                                                                  | X                                                                                                                                  |
| Method Memos X       |                                                                          |                                                                                                                                  |                                                                                                                                  |
| Analytic Memos X     |                                                                          |                                                                                                                                  |                                                                                                                                  |
| Reflection Memos X   | X                                                                        | X                                                                                                                                  | X                                                                                                                                  |

This matrix table used to link findings to different sources shows three findings that relate to interview, observations and reflection memos, etc. Finding 1 links to documents, and finding 1 & finding 2 connect to method memos resources. “X” represents the confirmation of the sources.