

# The Morality Impact of Price War and Low Salary on the Chinese Delivery Industry's Workers

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## ABSTRACT

As is known to all, the delivery industry is one of the world's largest industries nowadays. Moreover, China's delivery is thriving these days, and it has already developed over 30 years with the total number of delivery works achieved more than seven million. Sadly, there are several moral problems through the development of China's delivery industry. Low skill requirements and relatively high incomes make food delivery one of the ideal career options for China's migrant workers. But the attractions of flexible hours and pay are not all they seem. Most of them work more than ten hours a day, and their commissions on each order have plummeted. Besides, delivery workers are often under pressure to deal with overflowing orders, impatient customers and meet strict delivery time requirements. In this article, we focused on some unreasonable deductions of the salary of express employees. We analyzed this problem in four aspects. They are morality, legality, consequentialism, and deontology, and different aspects may give different results. At the end of the essay, we have also posed several proposals, such as improving China's labor union system and Establishing an intelligent review and complaint system. In conclusion, according to the research, we should think of more and better ways to improve the express industry and seek more benefits for the couriers.

**Keywords:** Delivery industry, Morality, Legality, Consequentialism, Deontology.

## 1. INTRODUCTION

Express delivery industry is a supporting system for business and livelihood, which has already developed over 30 years in China. According to the data, the total number of delivery workers the seven million, and over 0.3 billion users enjoy delivery service. The total number of delivery orders reached 17.12 billion, an increase of 7.5% compared with last year, and will reach 835.2 billion yuan, an increase of 14.8% compared with last year. By 2018, express delivery volume had ranked first globally for five consecutive years, surpassing the total volume of developed countries, which included the United States, the United Kingdom, and Japan [1]. It helps different companies connect with customers, offering various channels to satisfy various, enhancing

service quality. For customers, the delivery industry gives them more chances to contact and acknowledge more items that they can purchase on the Internet. More, delivery function decreases physical distance, which means time cost for purchasing will highly decrease. In that case, customers would have more passion. In fact, paying more attention to the delivery industry is a two-win choice for both company and customer. From a technology aspect, Express delivery technology is an intelligence system that is based on big data, cloud computing, artificial intelligence, robotics, and other basic technologies [2]. With time going on, some new technologies change and upload the form of delivery industry, which bring a new cognition of express delivery to people, delivery companies have better methods to supervise and enhance the quality of

delivery service. Customers also have more channels to give their suggestions to delivery companies, telling them their needs. For example, in recent years, with the cooperation of e-commerce enterprises led by Alibaba, JD.com, and Amazon, robots, automation technology, UAV technology, green packaging technology, and other technologies have developed rapidly. In fact, big data technology is relatively mature and has been applied to a variety of different scenarios [2]. The combination of GPS and Apps shows a good effect, too. By using GPS, customers can know where their packages are, and companies can better manage their ordering.

However, though the delivery industry is mature and helps people a lot, some profit cannot be protected perfectly, who are the delivery staff. Aiming to ensure that packages can be delivered in time, delivery companies always rigorous public rules and ask their staff to meet these standards. Staff who fail to meet these standards and lead to overtime-delivery will be punished. This will decrease their salaries which are not high originally. In addition to the strict regulations, fierce market competition has also forced various express delivery companies to maintain a low delivery wage.

In June, JD delivery workers staged a widespread strike. Striking workers said they had not been paid for more than three months, and they were forced to overload-working days by days. Through this strike, they hope to get their wages back and attract relevant parties to pay more attention to delivery workers, issue relevant regulations and laws to improve employees' working environment, and protect the rights and interests of employees. The local municipal government held a meeting to discuss the issue and convened representatives to discuss it. The process did not go well, as the company rejected the employee offer because that money, they asked for exceeded the employee's value. The company said that the existing standards result from market adjustment and companies need to cut costs due to intensified competition in the market. If the company agrees to employee representatives' requirement, it will lose its competitive advantage, which will cause the company to get into trouble.

Another survey showed that more than 60 percent of consumers believe that paying for delivery will reduce their willingness and passion to shop. It will reduce their happiness of shopping experience. From the point, consumers are not willing to pay the bill for the increase. "The delivery workers themselves are also enjoying the benefit of free delivery," one interviewee said in the interview. After investigations, a reporter said that the low-price competition strategy adopted by various companies led to low express delivery prices, which also resulted in low incomes for front-line employees. If

people want to improve the income of couriers, they have to raise the delivery price. More, the security problems occur at a very high frequency among delivery workers. According to the data given by the Shanghai traffic police station shows that from January to June in 2019, there were 76 traffic accidents about delivery service in total, occupied 36%. in that case, strict standards of delivery may threaten workers' security. When delivery workers' working environment is extremely bad and both customers and companies always reject the adding-profit methods, delivery workers' turnover rate is kept high. In some areas, lack of staffing in a relatively long-term period has led to overwork of existing staff, which has exacerbated staff turnover. According to the statistics, the turnover rate of employees is around 10%, but in fact, it is much higher.

Because of the problems above, according to the survey, In the past years, 38% of express delivery employees have suffered from occupational discrimination, 42% of express delivery employees have complained the situation that consumers do not understand their difficulties, and they are under great pressure, 81% of express delivery employees have encountered the situation that consumers have a poor attitude, 71% have been complained by customers [3]. According to 2019 data from China Post, 75 percent of employees under the age of 40 who have worked for more than three years earn less than 5,000 yuan a month. The data also showed that 46 percent of couriers work 8-10 hours a day, 33 percent work 10-12 hours, and 20 percent work more than 12 hours. We can see that it is an urgent issue to figure out this situation.

For now, who should pay for the delivery salaries have become a central issue. People understand the hard work of the delivery workers, but both consumers and companies have rejected increasing the delivery fee or tipping the workers for various reasons. Therefore, it's not hard to see that a widely accepted code of ethics must govern business if it wanted to be functioned well [4]. Like Bjorn Andersen [5] said, social responsibility and business profit are not in conflict.

The remainder of this paper is organized as follows. In the next section, we described the Chinese delivery industry's potential problem, such as the price war and low salary. In Section 3, we analyzed this problem from the following aspects, morality & legality, consequentialism, and deontology. Then, in Section 4, we proposed a series of suggestions to improve this morality problem. Finally, we summarized our insight in the Conclusion.

## **2. THE DESCRIBE OF THE PROBLEM**

Usually, people purchase products online based on the following process (Figure 1). Firstly, they choose products online. Generally, people will shop around and

choose products with good quality and low price. Before the customer confirms the purchase, the merchant has to check the inventory again to ensure that the customer can meet the demand before the customer can place the purchase. Second, businesses need to send packaged products to express stations. The express station will arrange the route and delivery time, usually the delivery time is determined by the sequence of products arriving at the express station. The third is transportation. This step is taken care of by the courier company. It is an important step for whether the product can be delivered to the customer in good condition. The fourth is the delivery of items by local couriers. This process is the most anticipated process for many consumers, and this step also requires all the couriers to keep the products in good condition. The last step is for the consumer to confirm the order. Most of it is a step that consumers must take after confirming the quality and quantity of the product.



**Figure 1** The online purchasing process in China

The delivery of the market is changing day by day, and more and more companies have to seize market share through labor costs and increasing demand. Most companies focus on the overall situation and give up the benefits of couriers. At the same time, the express delivery market is becoming increasingly saturated, and many express companies compete for the market through price wars and giving low salary to his worker for example, to shorten the delivery time or improve delivery quality.

**2.1. Price War**

In China, Four Links and One (Shentong Express, Yitong Express, Zhongtong Express, Huitong Express, Yunda Express) have a wide range of business and large business volume, but the company’s basic costs are high, and profits are low. The express delivery industry is transforming facing difficulty. Many companies try to seize market share by taking advantage of labor costs and growing demand to stimulate change in their corporate structure.

However, this kind of unethical behavior that only pursues self-interest without considering employee welfare will inevitably lead to dissatisfaction at the bottom, which leads to the destruction of service modules. Some companies try to gain market share through exploitation. Labor costs have increased demand and stimulated changes in the company’s structure.

However, this kind of unethical behavior that only pursues personal interests without considering employee welfare will inevitably lead to dissatisfaction at the lowest level, which in turn leads to the destruction of service modules. This is a common problem in the domestic express industry, not a special case. For example, many domestic express companies have launched domestic parcel services and cooperated with manufacturers for bundled promotions, which greatly stimulated consumer’s desire to buy. But at the same time, due to the decline in profit margins caused by the cooperation, the express company will pass the loss on to the express company and reduce the cost by reducing the distribution cost thereby gaining profit and the market.

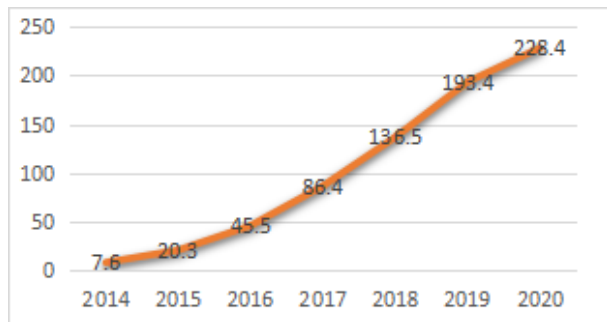
**2.2. Low Salary**

Some of the company give a significantly low salary to his worker and cause a serious problem. The salary provided is lower than the average wage. According to the report of China News Network [6]: National Express Practitioners Occupation Survey in 2019: 75.07% of the express employees have a monthly income of less than 5,000 yuan. The 8-hour work system is a good ideal in the express industry, with heavy workload, long hours and rest. Less is the norm for many couriers. China express delivery employees work 8-10 hours a day accounting for 46.85%, 10-12 hours a day accounted for 33.69%, nearly 20% of employees work more than 12 hours. The proportion of terminal recruiters who work more than 10 hours a day is even higher. The income of express delivery guys in all regions is generally higher in the east, followed by the middle, and lower in the west and northeast. 75.07% of express employees have a monthly income of less than 5,000 yuan. The proportion of first-line express delivery employees with a monthly income of more than 10,000 yuan is 0.73%.

On October 10, iResearch released the Research Report on China’s Real-time Logistics Industry in 2020 (hereinafter referred to as the Report). The focus of the report is to accelerate the transformation and upgrade of the real-time logistics industry from the 19th braid, the major changes in the demand for real-time logistics in the post-fashion era, the immediate acceleration of the post-logistics suppliers in the fashion era, the number of inbound traders, and the improvement of market activities. And the healthy development of the industry.

In recent years, the market order volume of the real-time logistics industry has been increasing[7][8]. The report (see figure 2) shows that in 2018, the real-time logistics industry orders [9] will reach 13.65 billion, an increase of 58% over 2017; the order volume in 2019 will reach 19.34 billion US dollars, an increase of 41.6% over 2018; affected by the epidemic at the beginning of the year, the order volume by 2020 It is expected to reach 22.84 billion, an increase of 18.1% over 2019, and

the growth rate will drop significantly. However, at present, the overall development prospects of the industry are good. A major recovery is expected in 2021, and orders will increase to 31.36 billion.



**Figure 2** the market order volume of the real-time logistics industry

### 3. PROBLEM ANALYSIS

Below is the problem analysis part. In this section, we would analyze the problem from three perspectives. They are morality & legality, consequentialism, and deontology.

#### 3.1. Morality

From a morality perspective, unreasonable fining is unmoral for sure. Excessive things that some companies have even introduced a policy called "punishment instead of management". The situation is not ethical for sure cause it is immoral to exploit others for income. Moreover, couriers work so hard, and they must work almost all year round, including some terrible weather days.

#### 3.2. Legality

From the legality perspective, in 1982, the Chinese State Council promulgated the Regulations on Rewards and Punishments for Enterprise Employees, in which article 12 stipulated that: "The administrative department of employees shall be divided into warning, demerit recording and so on. A one-time fine may be imposed at the same time as the aforesaid administrative sanction. This is the legal basis that the enterprise fines to the worker before. In the planned economy era, there were no independent operating enterprises, but more of them were integrated with relevant units, so the management of enterprises was also administrative. This can be seen from the provisions of the reward and punishment regulations. This reward and punishment are with the meaning of administrative penalty.

However, after the reform and opening up, we implemented the market economy. The labor Law and the Labor Contract Law, which were later issued and implemented, did not give enterprises the right to fine their employees. The Regulations on Rewards and

Punishments for Enterprise Employees have also been abolished. From the perspective of regulations, enterprises do not have the right to impose fines on employees. The rules unilaterally formulated by enterprises for the imposition of fines on employees are invalid because they violate legal provisions. As a result of the advantageous position of unit of choosing and employ persons, the worker also does not have the space of bargain and ability.

#### 3.3. Consequentialism

Basically, consequentialism focuses more on the consequence instead of whether the thing itself is right or wrong. The idea is to judge the good or bad of an action by the result it produces. If an action can produce a good result, the action is good, that is, moral. In that case, a good outcome would be produced by morally right action. Here is a thought experiment on consequentialism, which is called "the last suit/dress" [10] to capture contradictions in consequentialism.

The experiment is as follows, which is called the last dress. Imagine that a person walks into a store and there is a dress which he or she loves, and he or she wants to buy it. However, someone told them that the dress is the product of the slave trade, which means the dressmakers were forced to work for long hours with little pay. Moreover, their working condition is extremely bad. However, someone behind them told the person that if they don't buy the dress, she will buy the dress instead. The question is: Will they buy the dress? Most people said no, even though the consequence is the same, but they don't want to feel guilty about their actions. That is to say, if an act doesn't cause harm and there are no alternative ways to produce better results, the act is being seen as morally. If an action does create harm and some other solutions would produce better consequences, this act is seen unmorally.

In our situation, according to consequentialism, however, the express companies have gained greater profits by collecting fines. This is undoubtedly beneficial to some employees of the Courier company, although they sacrifice the couriers' interests. For customers, this improves their spending experience as fining can force the couriers to work harder, and they must deliver items on time and without damage. From these perspectives, it seems that more people are benefiting from the punishment of fining.

#### 3.4. Deontology

In terms of deontology [11], it focuses more on the action itself instead of the consequences. Deontological ethics holds that the highest moral ethics is based on the behavior itself and is not influenced by external factors. It values the motive of action and believes that one should do good out of obligation unconditionally.

Here we are going to use trolley problems to capture deontological ethical theories in general. Imagine that five people are tied to a trolley track, and a trolley that is out of control is coming. The trolley can't be stopped; however, its direction can be changed by a person by pulling a lever. In that case, five people will be saved but one innocent person will be killed. What would that person do? In the other case, the story is similar to the previous one. However, the person is on a footbridge, together with a bad giant man who has killed several people. If the person pushes the giant man, he will fall on the track and stop the trolley. In that case, the five people on the track would be safe. In this case, how would that person choose?

For the first situation, most people choose to switch as they think we should try to save as many lives as possible. For the second case, most people insist on pushing the person. Obviously, these two actions are not equivalent to many people, although they have the same consequences. Deontology is a theory of morality that denies that morality is all about consequences. Immanuel Kant developed the most famous ontology. According to Kant, human beings are essentially creatures that deserve to be respected. This rationality underlies what Kant calls the "Categorical Imperative," from which all special moral rules are derived. This command is absolute because we have to follow it even if we don't want to.

In our case, we shouldn't treat others badly if we don't want to be treated badly. Fining the couriers unfairly is wrong itself, and we shouldn't do that. Respect for everyone is important, and we should always be kind.

#### **4. PROBLEM RECOMMENDATION**

According to the above analysis, we propose three perspectives suggestions in this section. For instance, (1) improve China's labor union system; (2) establish an intelligent review and complaint system; (3) improve the company's performance system. In this situation, the conflicts between the express companies and their carriers would be mitigated.

##### ***4.1. Improve China's Labor Union System***

The number of couriers in China reached 2.03 million. This is a large group, and their interests need to be safeguarded. Therefore, an active and effective trade union system is very necessary. However, in China, the protection of the rights of couriers are basically individual actions. Without group protection, it is very difficult to defend rights.

China should learn from labor unions in the United States that are recognized by law as organizations representing labor interests. The union can negotiate

labor conditions, wages, and benefits for its members. At the end of 2020, China's Shanghai Federation of Trade Unions established China's first online food delivery industry union. This method can be replicated and improved elsewhere in China. Local labor unions across the country are managed by the China Federation of Trade Unions, enabling most couriers to be protected by the trade union and allow society to pay more attention to this vulnerable group.

##### ***4.2. Establish an Intelligent Review and Complaint System***

It is also necessary to establish an intelligent review and complaint system because couriers are often subject to malicious complaints and bad comments, which affect their performance and wages. Yelp is a software reviewing restaurants in the United States. Their programmers use system algorithms to help consumers get the most pertinent reviews of restaurants. Chinese express companies can jointly develop an intelligent review and complaint system like yelp that can help filter out malicious complaints. The system can use algorithms to analyze the evaluation of couriers' orders and delete those that seem abnormal and achieve a balance of overall evaluation. Besides, the intelligent comment system can also set the function of rewarding, and consumers can reward those couriers with high service quality to increase their income.

##### ***4.3. Improve the Company's Performance System***

The last suggestion is probably the most difficult. It improves the company's performance system because this involves the company's management model and interests. The income of Chinese couriers is 30% of couriers' income in developed countries such as the United States. They are faced with a higher pressure working environment and competition. A more reasonable company performance system can help Chinese couriers increase their income while improving work pressure. To regulate the behavior of couriers, many Chinese express companies have added many fines. For example, if conflicts with consumers will deduct a salary of 500 yuan, the salary of 500 yuan is equivalent to one-fifth of the courier's basic salary. In fact, in many cases, conflicts with consumers are not the courier's responsibility, and the company's excessive protection of consumers harms the interests of the courier. The couriers formed a union to negotiate with the company. They worked out a more reasonable performance system not only to safeguard the interests of the courier but also to alleviate the contradiction between the company and the courier.

## 5. CONCLUSION

In general, we talked about the unfair treatment of couriers by express companies. This is a very common problem at present. To allow the courier to deliver the courier more quickly, the courier company set penalties for the courier. This is a very tangled question. Because many people will benefit, no one wants to pay attention to the situation of the courier. Customers are more willing to get high-quality services, and the company also wants to get more money. Therefore, the sacrifice of the courier seems inevitable.

We have considered some methods to solve the current problems faced by couriers. The first is to establish a union from American Studies. Because the trade union guarantees the working people, they stand up and speak for them when they receive unfair treatment. At the same time, we believe that an intelligent system should be established because sometimes couriers will encounter malicious bad reviews, which causes them to receive fines that they should not be subject to. The existence of intelligent systems can reduce such unjust, false, and wrong cases. Finally, we believe that the express company should establish a complete system, but it is still very difficult at present.

We found that our method has a little limitation, and we need to continue to explore. Because the current solutions we propose are to reduce the possibility of couriers being punished, which cannot solve the fundamental problem. Couriers will still be punished. In the future, we should try to find a real solution, that is, let the company no longer fine the courier.

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