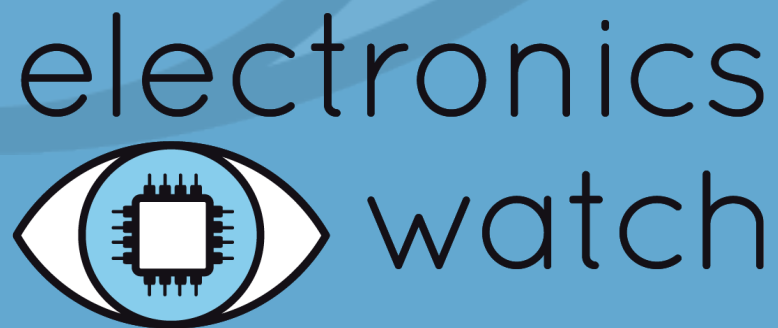


Precarious Work in Indonesia and China

November 14, 2017



Responsible public procurement.
Rights of electronics workers.

Welcome

- Third in a series on precarious work in the electronics industry
- Previous: China and Czechia, Philippines, India
- Today: Indonesia, China
- **Annual Conference: *Ending Precarious Labour - Public Buyers' Role in Protecting the Rights of Electronics Workers***, London, December 7

electronicswatch.org



Welcome



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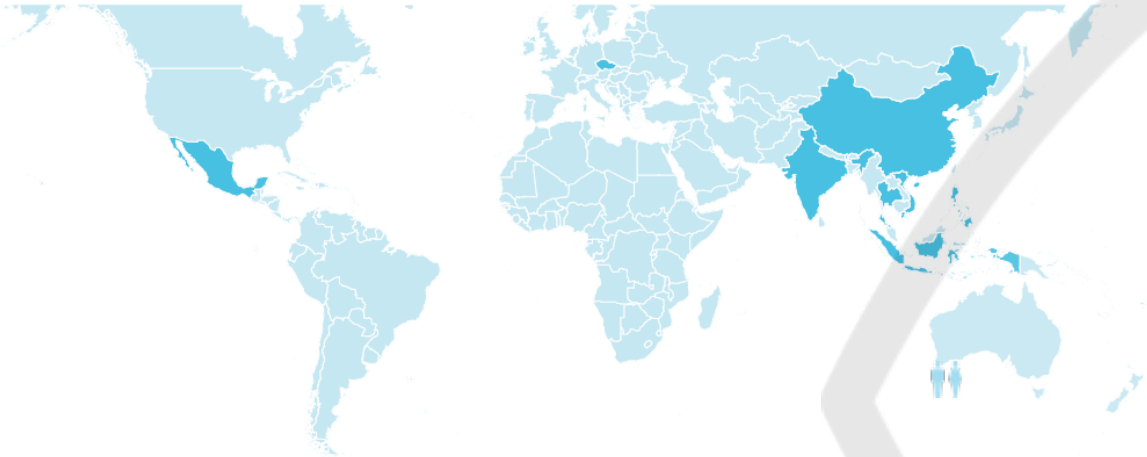
Agenda

- Electronics Watch
- Precarious Labour in Indonesia
Fahmi Panimbang, Sedane Labor Resource Center
- Electronics Watch Monitoring View: Chinese Flexible Employment
Dr. Dimitri Kessler, Economic Rights Institute
- Discussion

Electronics Watch



Electronics Watch



China, Czech Republic, India, Indonesia, Mexico, Philippines, Thailand Vietnam

2015

Dell, HP, Lenovo



2016

APC Schneider, Fujitsu, HP



2017

Apple, Cisco, Dell, HP, Microsoft, Phillips



Precarious labour in indonesian electronics

lips & electronics watch

POPULATION

- Population: 260 million [2016].
- Population of Java: 145 million [2016].

Overview of INDONESIA



EMPLOYMENT

- Total employment: **120.647 million** (94%); [2016].
- Employment in **ELECTRONICS INDUSTRY** close to **0.5 (half) million** [2015].



Pekerja pabrik pulang kerja di Kawasan Cammo Industri, Senin (22/2). Tahun 2017, Upah Minimum Provinsi (UMP) Kepri diproyeksikan naik Rp 179. 743. Foto: Dalil Harahap/Batam Pos

Precarious labour

- Indonesian labour act 13/2003 allows flexibilization of labour market
- It has impacted working conditions: contractualization

Precarious labour

- There are regulations to restrict outsourcing (employing agency workers).
- however, the Number of agency workers has been increased significantly.

Precarious labour

TYPICAL COMPOSITION OF WORKERS IN FACTORY:

- **20% REGULAR WORKERS**
- **30% CONTRACT WORKERS**
- **50% OUTSOURCED/AGENCY WORKERS**

In some cases, the number of agency/contract workers are even much more, up to **90%**

Precarious labour

- the company can fire the workers once they reached maximum of **two-years** of contract, and hire other workers.
- Many Workers are also contracted only for **short-term (3, 6, 12 months)**, but being contracted repeatedly for years.
- Many others **work in one factory and move to another**

Health and safety

- In electronics factories, workers are **exposed to toxic chemicals everyday**.
- the factories are **not designed** to prevent and limit the workers' exposure to the chemicals



THANK YOU



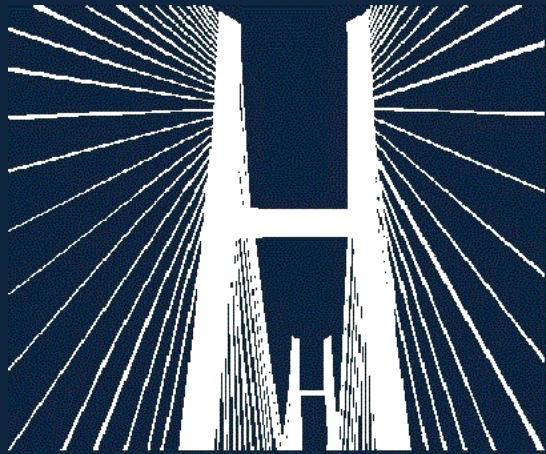
ECONOMIC RIGHTS INSTITUTE
BUILDING BRIDGES TO BETTER WORK

ELECTRONICS WATCH
MONITORING VIEW OF:
CHINESE
FLEXIBLE EMPLOYMENT

DR. DIMITRI KESSLER PH.D.
FOUNDER & DIRECTOR



Responsible public procurement.
Rights of electronics workers.



MONITORING METHODOLOGY.....	SLIDE 3
RISKS & EVOLUTION	SLIDE 7
THE PREFERENCE FOR FLEXIBILITY	SLIDE 14
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SUGGESTED IMPROVEMENTS	SLIDE 30



MONITORING METHODOLOGY

Monitoring methodology

- Need to use limited resources for best effect
- Previous reports useful to identify & verify
- Priorities to steer improvement effort

- Why flexible employment?
- Undermines workers' interest & influence on employment rights [e.g., freedom of association]
- Evidence suggests links to poor employment conditions

The logic of flexible employment

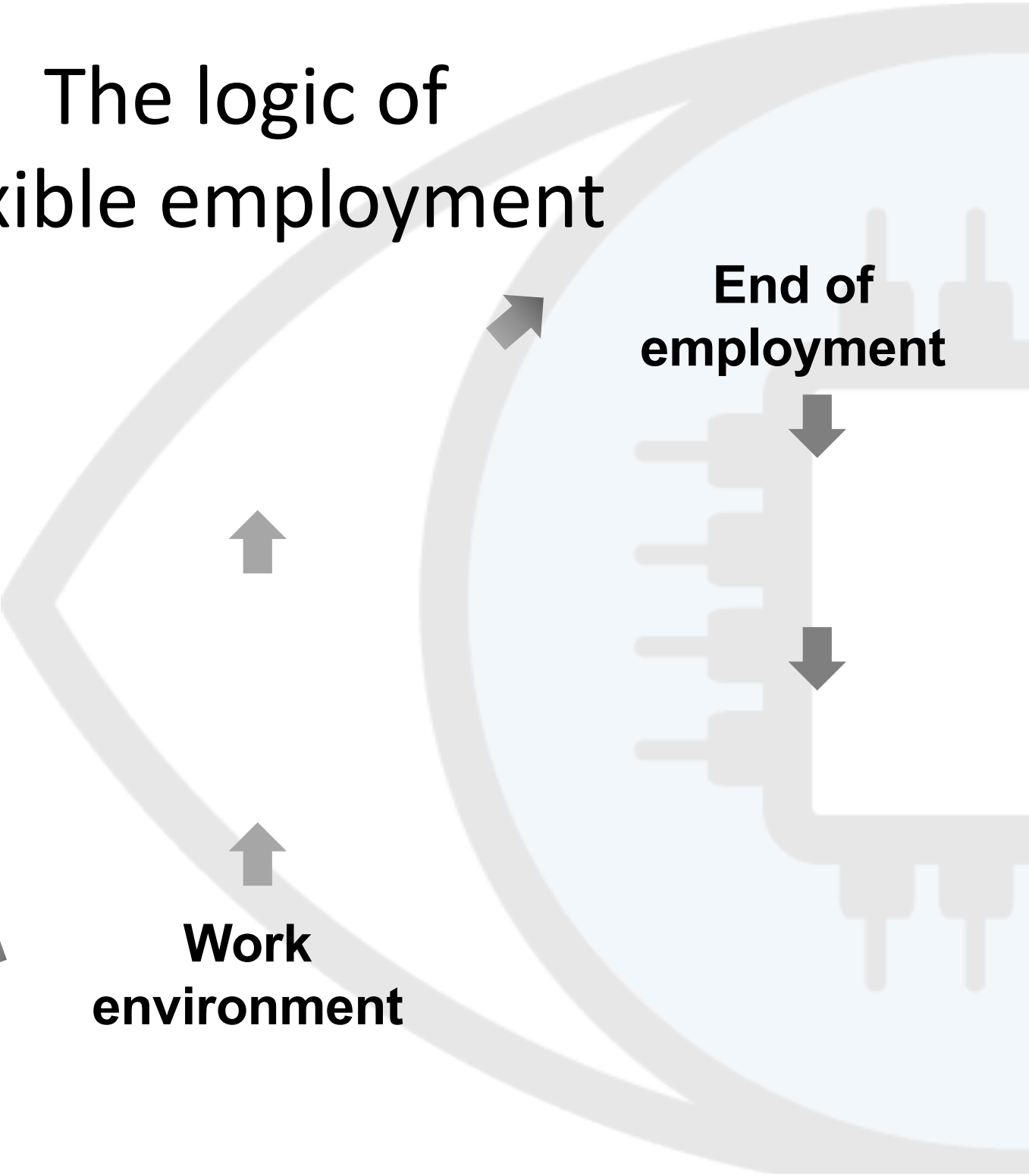
Recruitment



End of employment



Work environment



The logic of flexible employment

Excessive use of outside recruiters, students



Employer preserves flexibility to downsize, shifts cost of inconsistent revenue on to employees



Undermines employment & income protections



Short term employment

Reduces incentive to:

- Reduce or prevent exposure to OHS risks
- Oversee & improve supervisors



Reduces visibility of:

- OHS symptoms
- Source & expense of poor employee retention



Hostile & poor work environment



Poor employee retention poses risk to production schedule



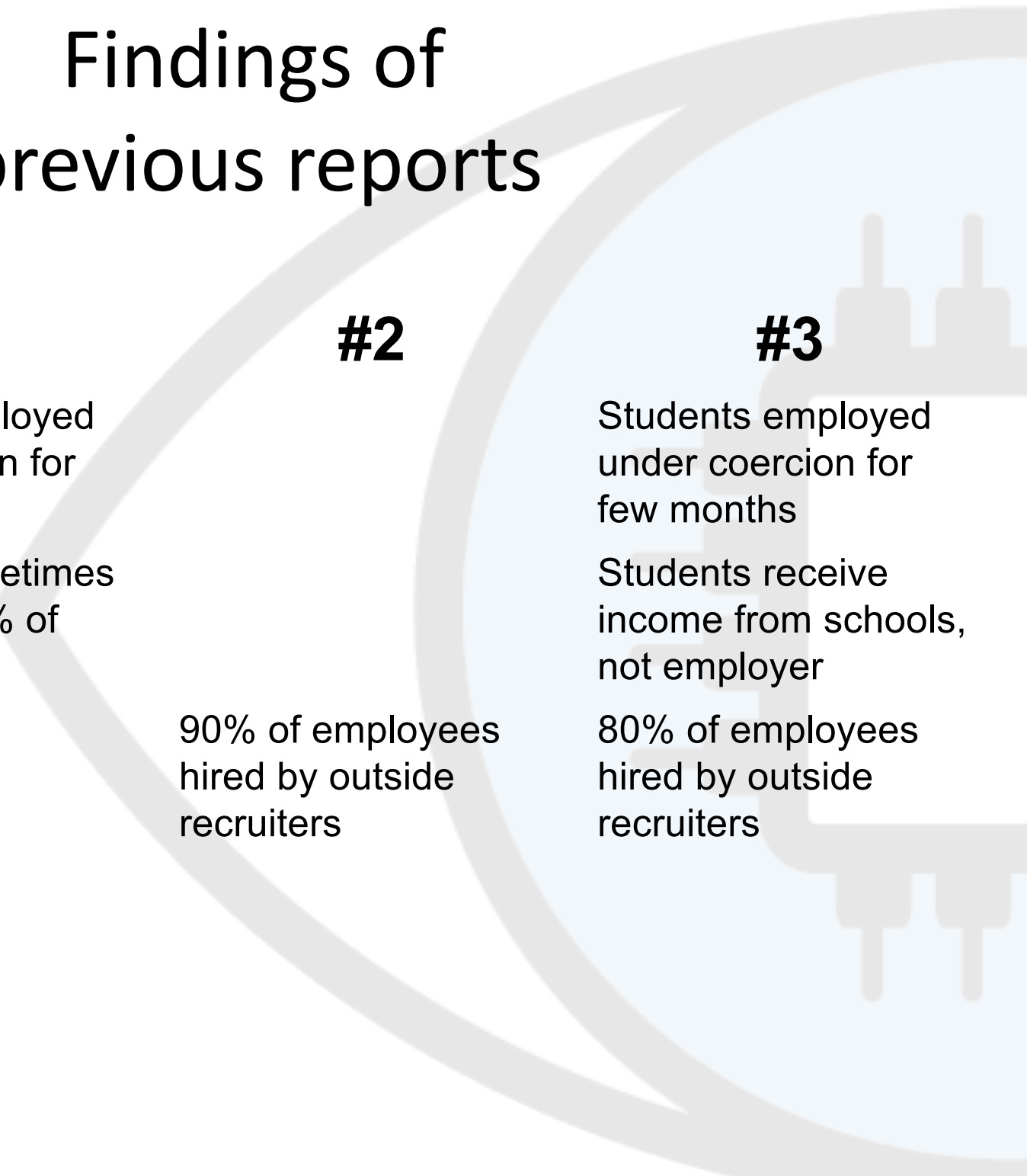
Incentivizes restrictions to freedom of employment to influence timing of employee turn over



RISKS & EVOLUTION



Findings of previous reports



	#1	#2	#3
Students	Students employed under coercion for few months Students sometimes represent 20% of workforce		Students employed under coercion for few months Students receive income from schools, not employer
Outside recruiters		90% of employees hired by outside recruiters	80% of employees hired by outside recruiters

Risks & incentives

•Students

- Students frequently coerced to complete internships with no connection to their course of study or risk losing their degree
- Students coerced to work excessive overtime, night shifts
- Chinese law gives students no right to soc. security, right only to 80% of non-student income
- Schools sometimes collect fees from students' income

•Outside recruiters

- Footloose recruiters dodge employer responsibilities re: employment & income protections, recompense in event of injuries or disputes
- One supplier flexibly shifts employees between independently registered divisions, poses further risk to lines of responsibility
- Recruiters require illicit, introductory fees from employees

New requirements: Student interns

1995

- Student interns not considered “workers”, not required to contribute to soc. security

2007

- Tech students required to complete internships on “front lines of production”
- Use of student limited to 10% of workforce & maximum of 20% employees of specific job

2010

Key objective of student internships is to “resolve some domestic regions’ problems with the short supply of skilled workers”

2016

Required internships expected to continue 6 months

Student interns permitted to receive 80% of full-time employees’ income

New requirements: Outside recruiters

2008

- Employers limited to two fixed terms of employment
- Use of outside recruiters limited to short term, auxillary & substitute positions
- Outside recruiters required to register minimum investment of ¥500,000 & hire employees for minimum 2 yrs

2013

- Terms short term, auxillary & substitute positions defined
- Outside recruiters' required investment reduced to ¥200,000

2016

- Use of outside recruiters limited to 10% of workforce

Signs of evolution: Students

#1

#2

#3

Previous findings

Students employed under coercion for few months

Students sometimes represent 20% of workforce

Students employed under coercion for few months

Students receive income from schools, not employer

EW Findings

Tighter enforcement of student rights linked to reduction / end of student employment

Students represent 30% of one workshop

Student employment linked to slow down of recruitment & income difficulties reported by full time employees

Signs of evolution: Outside recruiters

	#1	#2	#3
Previous findings		90% of employees hired by outside recruiters	80% of employees hired by outside recruiters
EW Findings	Some employees hired for fixed terms of 1 or 2 months [Denied though confirmed by multiple employee sources]	100% employees hired through recruiters, hired directly when they finish 2 months Recruiters only commit to fixed terms of 3 to 6 months	Use of outside recruiters ended 100% employees hired directly for fixed term of 3 months, not given soc. security



THE PREFERENCE FOR FLEXIBILITY

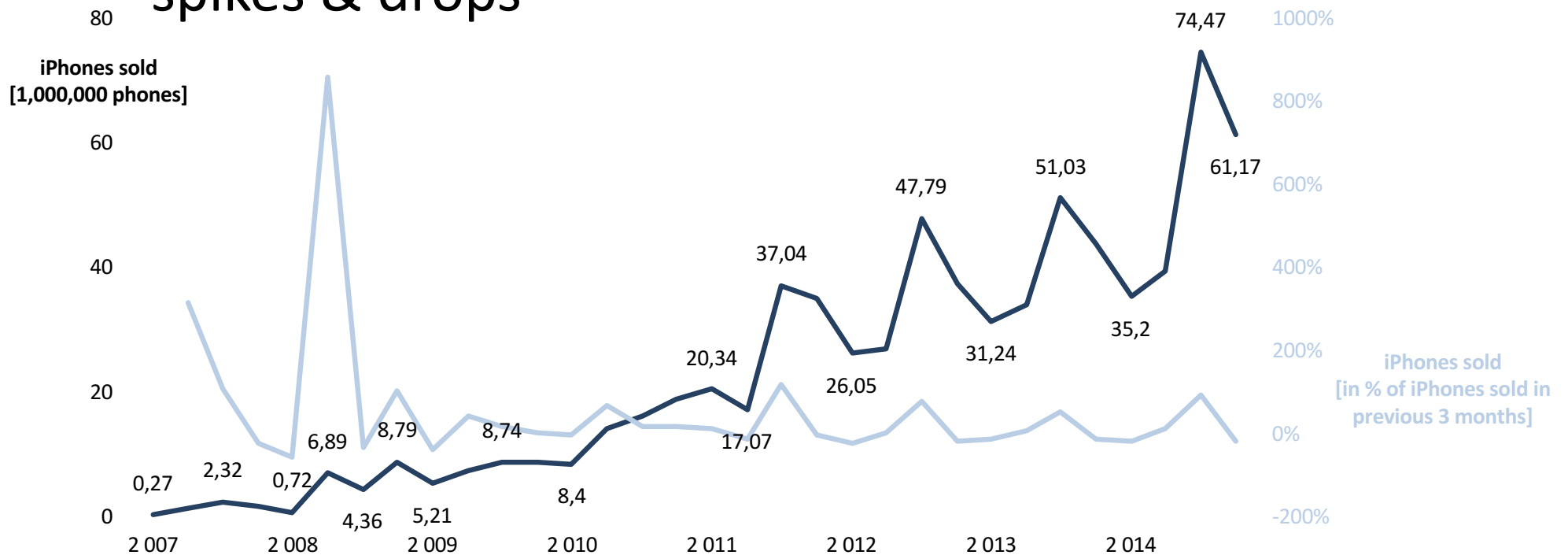


The preference for flexibility: Business cycles

- Production spikes require suppliers to prioritize production flexibility

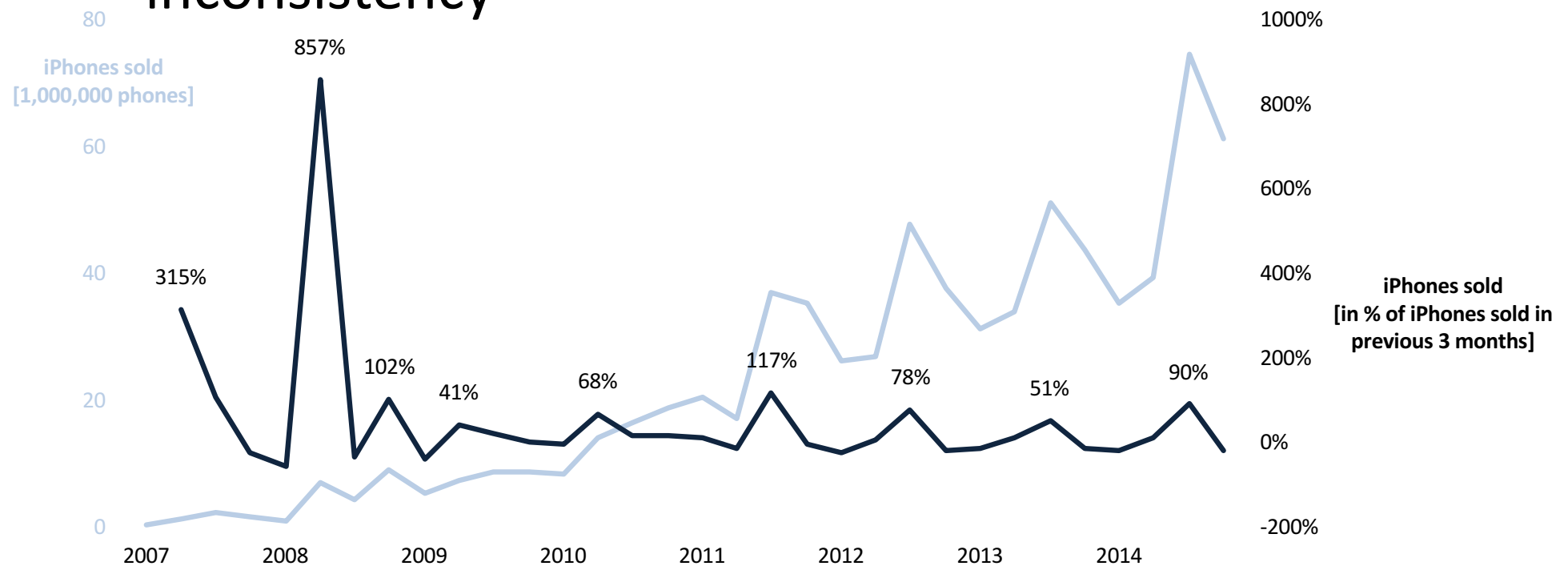
Business cycles: The product perspective

- New products & consumer spending
- Even consistent rising trend is broken by sudden spikes & drops



Business cycles: The product perspective

- New products & consumer spending
- Consistent rhythm of spikes includes non-negligible inconsistency



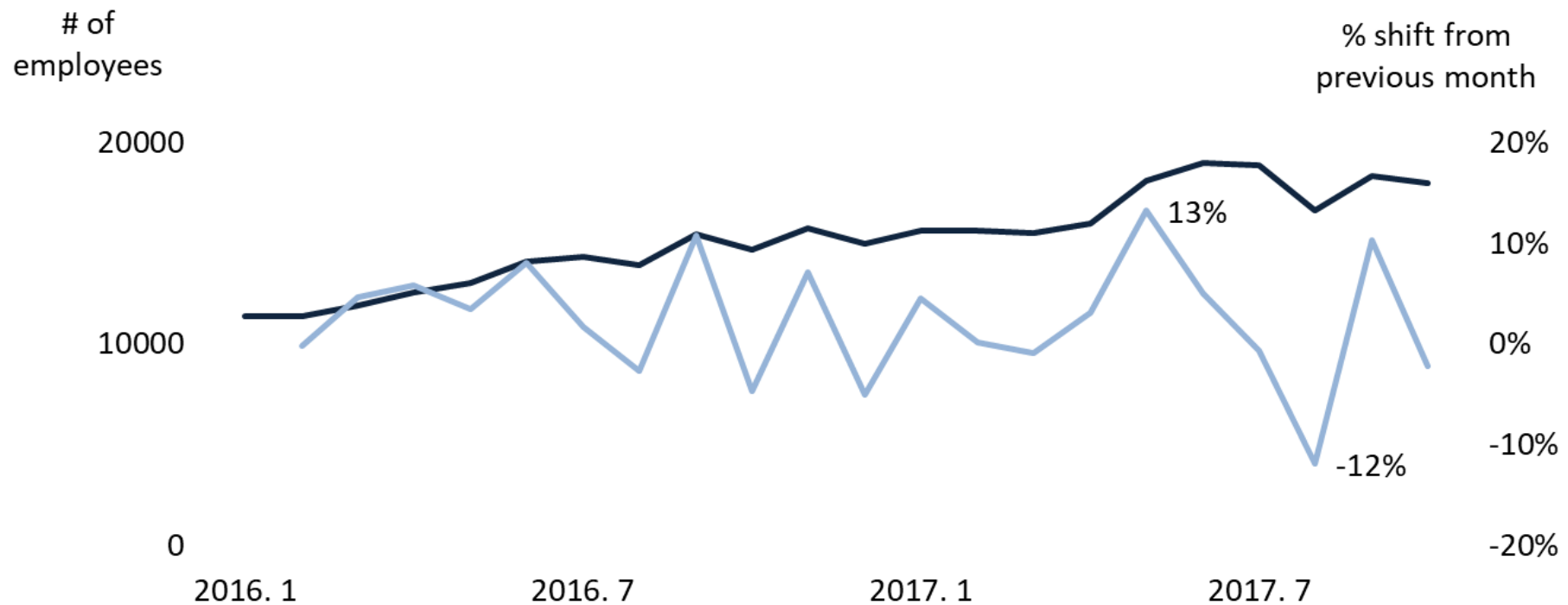
The preference for flexibility : Short term employment

- Short term employment the norm
- +50% employees with under 1 yr seniority common



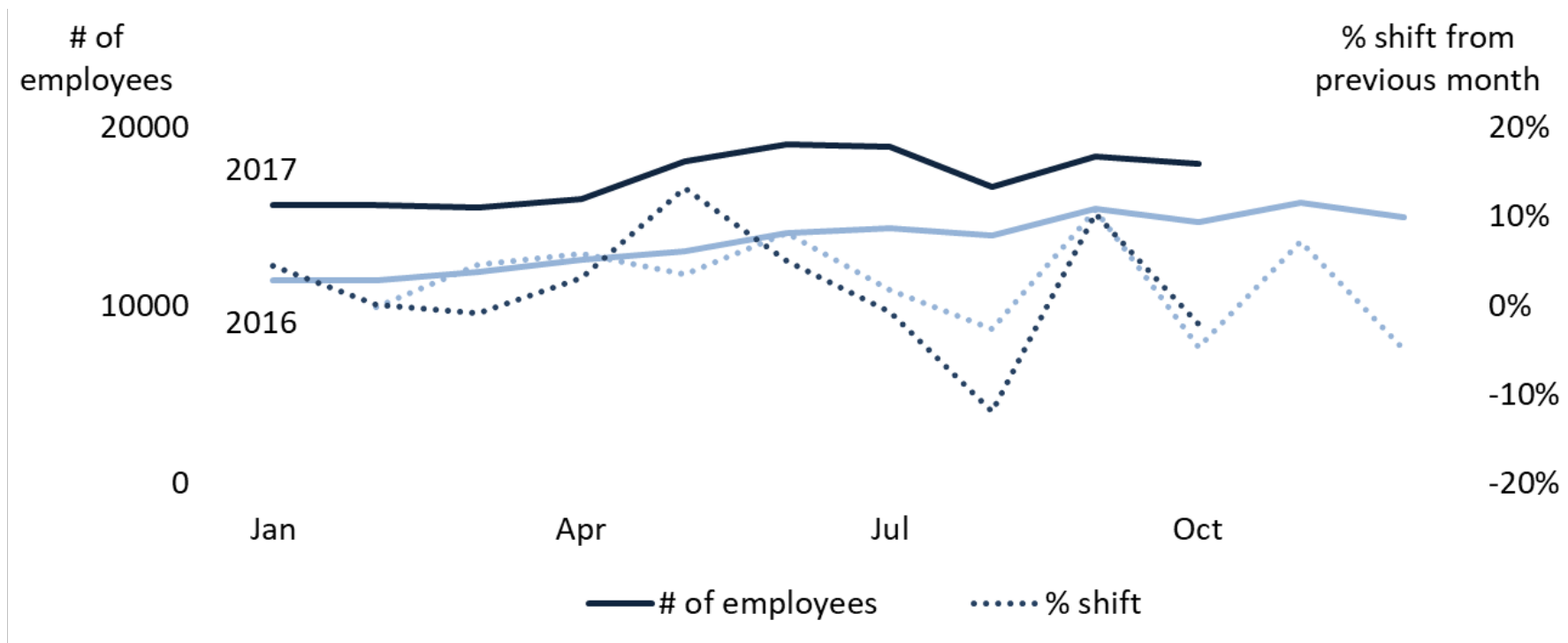
Business cycles: One supplier's perspective

- Workforce of approx. 20,000 sees rise & drop of +2,000 employees within 4 months



Business cycles: One supplier's perspective

- Signs of consistent, repetitive cycle
- Reduction from May or Jun
- Spike from Aug





PERVERSE EFFECTS OF FLEXIBLE EMPLOYMENT



Qualitative gradations

- To provide some sense of gradations of incomplete, qualitative data, this symbol used to note:



Sign of more serious problem, e.g., possible conscious effort to distort or hide problems with serious consequences

Evolution of flexible employment

#1

Reduced / ended student internships without resolving underlying pressures for business flexibility

#2

Denies overuse & problems with outside recruiters

[Not credible]



#3

Ended outside recruitment without resolving underlying pressures for business flexibility

Perverse effects: Short term employment

#1

60% of employees, 80% of lower level employees, employed under 6 months

#2

Over 80% of employees interviewed employed under 6 months

#3

Employees flexibly fired first 3 months; those offered longer term employment not provided commitment in writing



Perverse effects: OHS systems

#1

19% surveyed employees receive tests for OHS symptoms inconsistently; 19% don't receive tests but believe they should

Supervisors sometimes pressure employees not to report work injuries

#2

Employees do not receive results of tests for OHS symptoms

#3

Employees report not receiving timely tests for OHS symptoms

Employees do not receive results of tests for OHS symptoms

Reports of employees with OHS symptoms fired



Perverse effects: OHS systems

#1

11% surveyed employees show signs of anxiety or depression, linked to risk of suicide

One known incident of employee trying [unsuccessfully] to commit suicide

11% surveyed employees know stories of harassment; 27% of incidents involve management

#2

[Suicide incidents known in other divisions not directly monitored]

#3

2 known incidents of employee suicide

- One incident linked to work pressure;
- One incident linked to forced overtime [fired following rejected request for time off]

Perverse effects: OHS systems

#1

5% surveyed employees worry of long term effects of excessive noise

2% surveyed employees mention fires

#2

Employees report eyesight problems & extreme turn over

Employees report problems with extended night shifts [3 months or more]

#3

Employees report excessive noise

Employees find it difficult to get time off to go to the toilet

Employees find it difficult to get time off for illness

Employees don't receive government required bonus for high temp environment



Perverse effects:

Hostility

#1

26% of surveyed employees experienced or witnessed retribution for expressing criticism

Employees report incidents of violence [sometimes implicit] by supervisors & security personnel

Few employees report resigning due to supervisors

#2

27% of interviewed employees report supervisors shouting “fiercely”

13% of interviewees report conflicts with their supervisors

Employees lose benefits for infringement of ruthless rules [e.g., eyes fixed on production line even while stretching]

Employees report frequently resigning due to supervisors

#3

To resist supervisors, employees slow down work, sometimes confront supervisors with street violence

Supervisors punish employees, forcing them to sweep floors or receive time off without pay

Employees report frequently resigning due to supervisors



Perverse effects: Freedom to resign

#1

Supervisors sometimes refuse to give resigning employees “permission” to resign, forcing employees to “walk away” without income owed to them for their end month of employment

#2

Do not give employees timely permission to resign

Employees pressured to “walk away” forfeit income of end month of employment

Employer likely keep € 10,000s of income owed employees “walking away”

#3

Employees required to give 1½ months advance notice to receive permission to resign

Employees paid 2 weeks behind schedule; employees pressured to “walk away” risk forfeiting 1½ months income

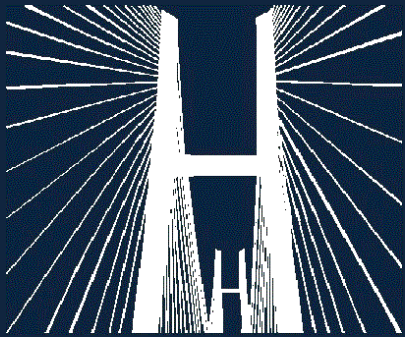
Employer likely keep € 10,000s of income owed employees “walking away”





SUGGESTED IMPROVEMENTS





RESTRICT FLEXIBLE EMPLOYMENT

DEFEND EMPLOYEES'
"VOTING" WITH THEIR FEET

SUPPORT OPPORTUNITIES FOR
SELF-DEFENSE & VOICE

LOOK FOR WIDER SOLUTIONS
TO UNRESOLVED PRESSURES

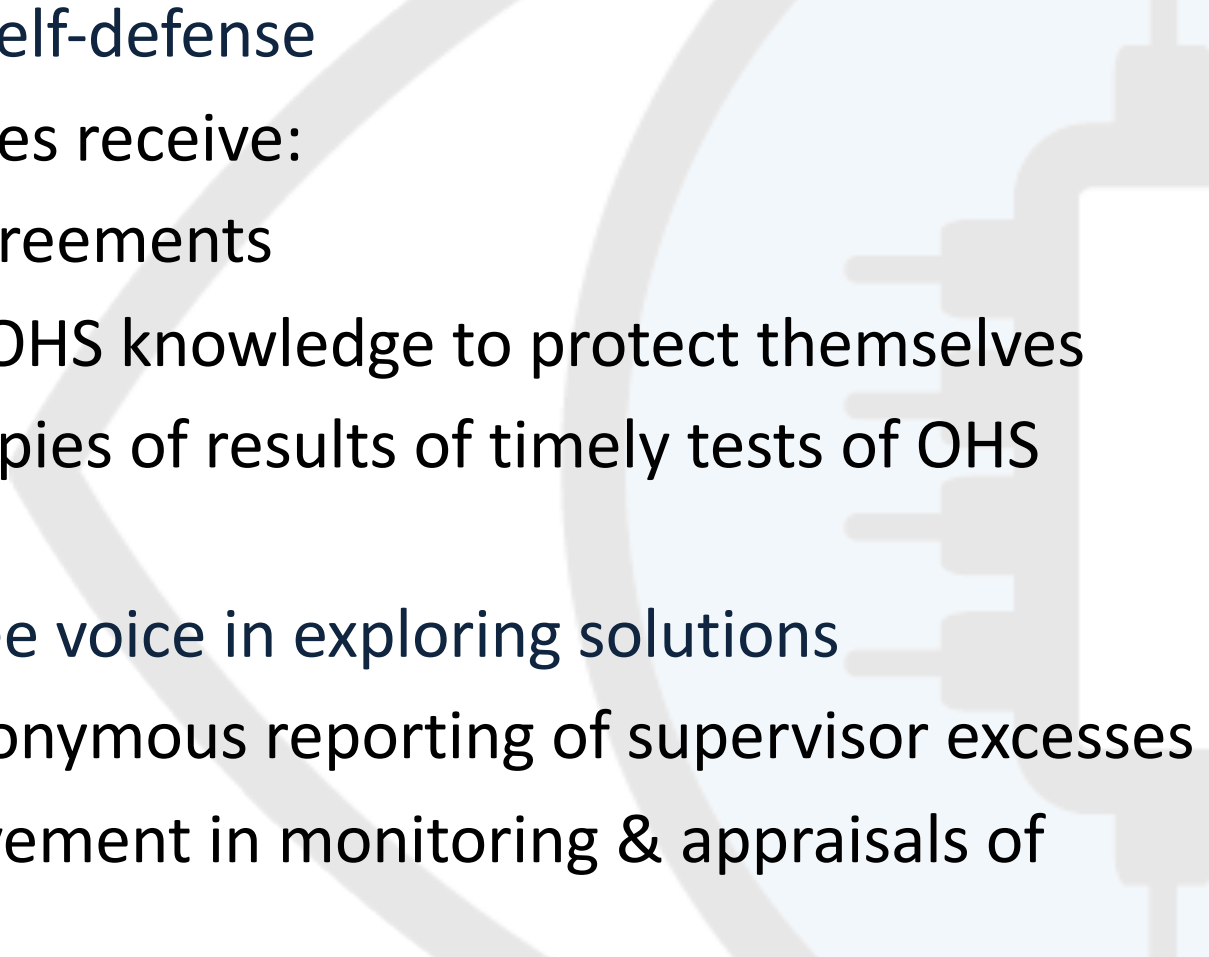
Suggested improvements: Restrict flexible employment

- Enforce requirements conducive to direct, consistent employment
- Restrict use of outside recruiters, students
 - [i.e., job type, % of employees, length of recruitment, prohibition of illicit fees]
- Prohibit misuse of firing
 - [i.e., wrongful firings, dodging unemployment benefits]
- Prohibit inconsistent contributions to soc. security
 - [i.e., short term employees, student interns]

Suggested improvements:
Defend employees'
“voting” with their feet

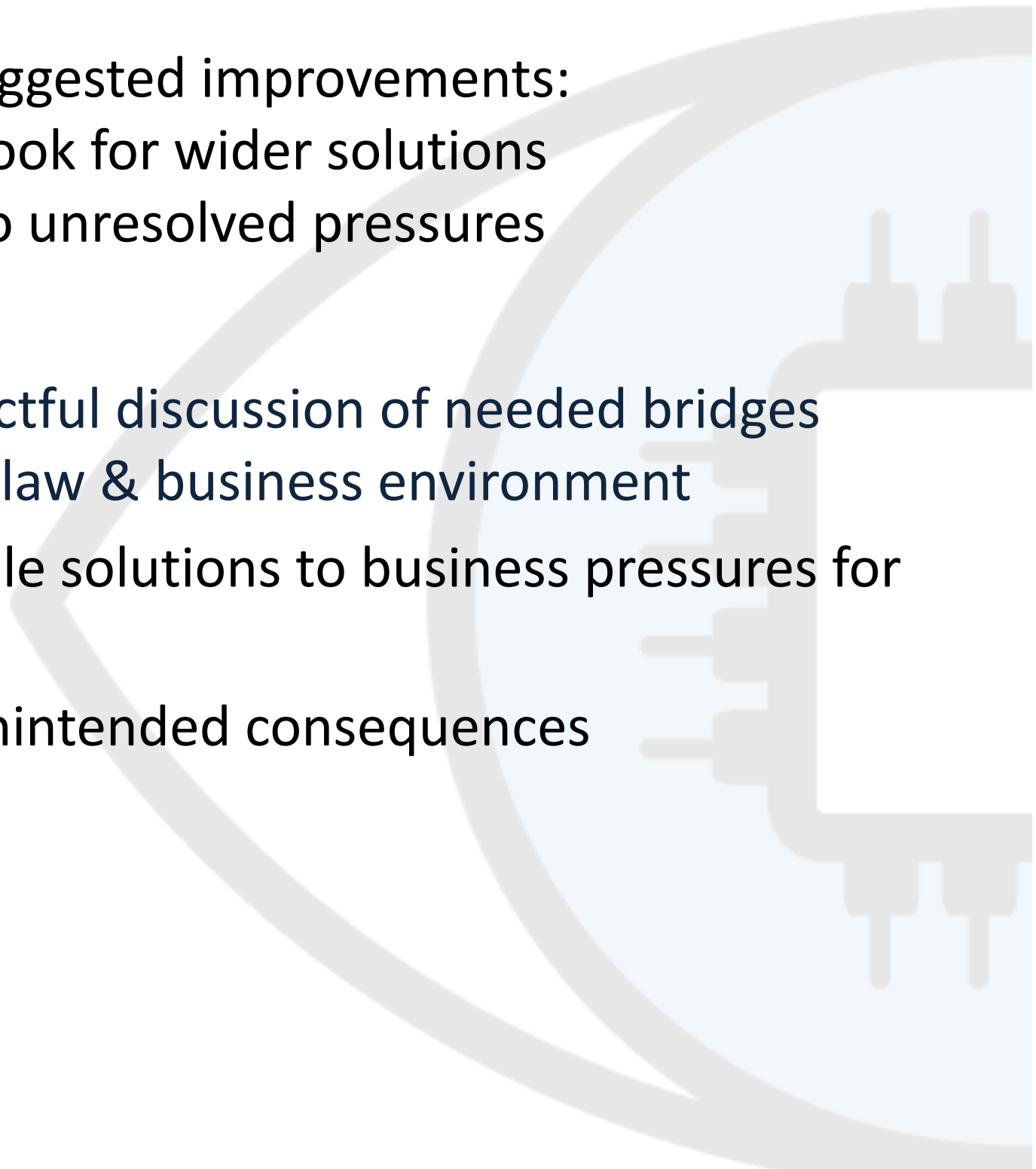
- Prioritize defense of freedom of employment
- Defend the right to resign
 - [i.e., prohibition of requirement for “permission” to resign & withholding income]
- Prohibit use of student interns where schools use degree requirements to force students to work in settings with no link to their studies

Suggested improvements: Support opportunities for self-defense & voice

- Protect tools of self-defense
 - Ensure employees receive:
 - Written agreements
 - Sufficient OHS knowledge to protect themselves
 - Written copies of results of timely tests of OHS symptoms
 - Support employee voice in exploring solutions
 - Possibility of anonymous reporting of supervisor excesses
 - Employee involvement in monitoring & appraisals of improvements
- 

Suggested improvements:
Look for wider solutions
to unresolved pressures

- Promote respectful discussion of needed bridges between labor law & business environment
- Explore possible solutions to business pressures for flexibility
- Monitor for unintended consequences



Thanks

- Founded in 2012, the Economic Rights Institute is registered in Hong Kong. Its mission is to support alliances that strive to actualize economic development that respects the rights of all.
- We design methods & tools to strengthen multi-tiered discussions: between employees & management, NGOs & the business community, buyers & suppliers. We put the insights & momentum of these discussions in the pursuit of solutions to foster the conditions for better work.

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ECONOMIC RIGHTS INSTITUTE
BUILDING BRIDGES TO BETTER WORK

Thanks

- Key points of ERI's methodology include:
- We support suppliers' improvement first in independent sessions for workers and sessions for management. This gives both sides confidence to express themselves freely, confidence that is needed for them to trust the points of consensus and compromise which might emerge from future meetings together.
- We prioritize workers and management talking to one another, without waiting for the "perfect" conditions. Workers and management talk to themselves with a sense of purpose and context that no one else could provide. And every session builds skills and experience for the next session.
- We follow worker priorities to extend discussion beyond the scope of code of conduct topics. This strengthens workers' involvement, and is useful for solving problems.
- We use quantitative tools to give perspective to the results of dialogue. This guides priorities for improvement, provides a more convincing view of the benefits of improvement [and the costs of not improving], and incentivizes suppliers to improve by showing where they fit in the context of wider trends.
- While no simple solutions exist for some deeper issues, we continuously seek to improve the ERI methodology and give concrete and pragmatic suggestions for next steps.