



ECONOMIC RIGHTS INSTITUTE
BUILDING BRIDGES TO BETTER WORK

EW MONITORING VIEW OF: CHINESE FLEXIBLE EMPLOYMENT

DR. DIMITRI KESSLER PH.D.
FOUNDER & DIRECTOR



Responsible public procurement.
Rights of electronics workers.



THE LOGIC OF FLEXIBLE EMPLOYMENT.....	SLIDE 3
EVOLUTION OF CHINESE REQUIREMENTS.....	SLIDE 7
PERVERSE EFFECTS: THE STORY OF THREE SUPPLIERS ...	SLIDE 11
SUGGESTED IMPROVEMENTS	SLIDE 20



THE LOGIC OF FLEXIBLE EMPLOYMENT



THE LOGIC OF FLEXIBLE EMPLOYMENT

Recruitment



**Work
environment**



**End of
employment**



ECONOMIC RIGHTS INSTITUTE
BUILDING BRIDGES TO BETTER WORK

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



Reduces incentive to:

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



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



Reduces visibility of:

- OHS symptoms
- Source & expense of poor employee retention



Short term employment



FLEXIBLE EMPLOYMENT: NOTEWORTHY TENDENCIES

When workers **dependent on overtime** for income, employers restrict overtime to punish or pressure workers to resign

- Permits employers to circumvent restrictions on firing, unemployment benefits

Restrictions on overtime reduce workforce flexibility, intensify pressure for flexible employment

- Less room for workers to seek overtime premiums for short intensity production spikes; requires recruitment of short term employees

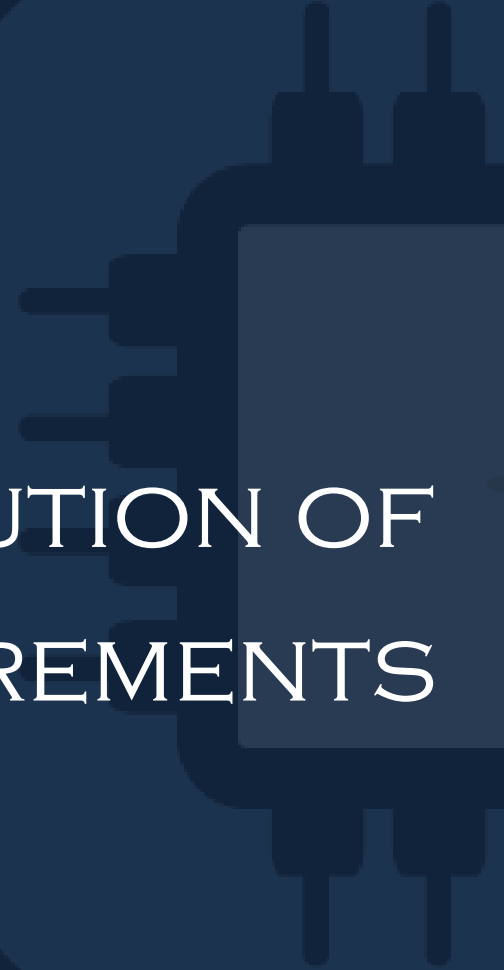
Workers sometimes “use” recruitment spikes to seek **income premiums** [e.g., recruitment & short term seniority bonuses]

- Short term employment reflects deeper issues in society, and not always directly counter to worker preferences





EVOLUTION OF CHINESE REQUIREMENTS



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



RISKS & PERVERSE 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
- Recruiters sometimes require illicit, introductory fees from employees



PERVERSE EFFECTS: THE STORY OF THREE SUPPLIERS



EVOLUTION OF FLEXIBLE EMPLOYMENT

#1

Previously employed
students for 20% of the
workforce

Clients pressured for
reduction / end of student
internships

Didn't resolve underlying
pressures

#2

#3



ECONOMIC RIGHTS INSTITUTE
BUILDING BRIDGES TO BETTER WORK

EVOLUTION OF FLEXIBLE EMPLOYMENT

#1

#2

#3

Hires 100% of workforce
through recruiters

Denies overuse &
problems with outside
recruiters

[Not credible]



ECONOMIC RIGHTS INSTITUTE
BUILDING BRIDGES TO BETTER WORK

EVOLUTION OF FLEXIBLE EMPLOYMENT

#1

#2

#3

Students represent 30% of one workshop
Students linked to slow down of recruitment & income difficulties reported by full time employees

Previously hired 80% of workers through outside recruiters
Government pressured for reduction of outside recruitment

Didn't resolve underlying pressures



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

Employees report eyesight problems with visible effects following only 1 month employment, tied to extreme turn over



#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: SUICIDE



#1

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

Possibly 2 known incidents of employee suicide

#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: 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



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.

ECONOMIC RIGHTS INSTITUTE
20B NEO HORIZON BLOCK 1
25-27 DISCOVERY BAY RD
DISCOVERY BAY LANTAU ISLAND
HONG KONG

T +852 9083 2907



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**.