

## What could be done about the continued Human Rights Violations of Workers in the Electronics Sector?

*by Martina Hooper*

This article looks into the issue of labour rights violations in the electronics industry, using the example of a recent report on Dell production in Shenzhen factories in China. After some background information on the sector itself, it briefly introduces the report, the research methodology, and key findings, before going on to highlight how these make a mockery of local and international laws, ILO standards, Dell's own Code of Conduct and that of the Electronic Industry Citizen Coalition (EICC). These initiatives are failing. If however there is collaboration between large public buyers, sufficient leverage could be created to encourage industry to act. The proposed solution, Electronics Watch, plans to establish a sound local monitoring system, with supply chain reform elements built into public contractual procedures, in order for this to happen.

China and in particular Shenzhen city in Guangzhou province has become known as the world's factory. Thousands of factories, employing millions of workers, are churning out all kinds of products at an incredibly high pace. Electronics is one sector that drives the Chinese economy as well as being one of the fastest growing global industries with an expected yearly growth of 7% between 2013 and 2015<sup>1</sup>. The sector is characterised by the outsourcing from brands to contract manufacturers such as Foxconn, which alone employs around 1.4 million workers. Despite its modern and clean image, working conditions are often appalling in this industry, with little or no possibility for workers to organise themselves in order to improve their lot. In the past decade, civil society organisations, unions and workers have been campaigning for labour rights in the global electronics supply chain and have been calling upon the industry to demonstrate corporate accountability. Research reports, consumer campaigns, dialogue with companies, lobbying for further regulation and unionisation – many strategies have been applied to raise awareness and call for action to improve conditions for workers who are producing Information and Communication Technology (ICT) hardware.

A recent report released by a group of European NGOs (SETEM, Danwatch, Centrum CSR, People & Planet, Südwind and Weed) with the collaboration of China Labor Watch, a not-for-profit organisation conducting assessments of factories in China, zooms in on the labour conditions in four electronics manufacturing factories supplying a number of major international brands, but especially focusing on American computer brand Dell, due to its crucial market position in supplying the public sector in Europe, and the fact that Dell is one of the ICT brands that have been singled out by NGOs for violating labour rights<sup>2&3</sup>, but have shown little action to improve working conditions, demanding just this year a drop in prices from Foxconn subsidiaries<sup>4</sup>.

Two factories, Mingshuo and Hipro Electronics, were investigated by undercover researchers from China Labor Watch, working in the factories in 2013. Documentation was gathered through informal interviews, written documentation such as payslips, hidden video footage, and the researchers' own experience while working at the factories. The other two were investigated in September 2013 by DanWatch researchers interviewing workers outside of the factory premises and reviewing written documentation such as payslips and brochures.

The key findings from the study show that although the working week is officially 40 hours, factory employees work 60 to 74 hours a week i.e. up to 136 hours overtime, grossly exceeding the Chinese legal limit of 36 hours overtime per month. For most of the workers, overtime (for example all Saturdays) is mandatory, and an infraction can lead to being fired. But besides this, the minimum wage for 40 hours' work a week is not enough to sustain a livelihood. During the assembling and welding of circuit boards, the workers are exposed to harsh fumes and do not receive proper protection. In addition, the workers experience a psychologically harsh work environment and verbal abuse, though this is prohibited by Dell's code of conduct as well as the standards of the EICC, which Dell is a member of.

### Dell's policy on labour issues

In its Code of Conduct<sup>5</sup>, Dell states it supports and respects the principles proclaimed in the Universal Declaration of Human Rights. Furthermore, Dell is a member of the EICC, a coalition of electronics companies that implement a common code of conduct<sup>6</sup>; and share tools and models to promote social and environmental responsibility in the electronics supply chain. Accordingly, Dell endorses these standards. The company also claims to comply with local laws relating to employment rights and working conditions, and to hold all suppliers accountable for upholding their standards including the fundamental conventions of the International Labour Organization.

In spite of the fact that Dell does not conduct unannounced audits, they still find considerable breaches of their own standards. For example, in its latest CSR report, Dell states that excessive working hours were reported in 61,7% of the audits, and workers exposed to hazard were reported in 18,1% of the audits<sup>7</sup>. As this study and the recently released Dell report demonstrate, existing approaches such as company audits and initiatives such as the EICC are failing to combat poverty wages and human rights abuses in the electronics industry. Companies are allowing widespread abuses in order to offer

cheap goods and make handsome profits, and corporate codes of conduct and social auditing are failing in transparency and effectiveness. Governments, both of producing and purchasing countries, have a vital role to play, in terms of establishing and upholding laws to protect workers and advocating ethical consumption, but because of commercial and political interests, and despite the UN Guiding Principles of Business and Human Rights, they are failing to do so.

### The power of the public sector

The public sector is an enormous institutional buyer of ICT. Many of the contracts are huge, sometimes reaching over €1 billion. They are frequently with the same set of brands and those brands are frequently sourcing from the same factories – this indicates an important leverage over suppliers that is largely untapped.

Many public sector bodies have policies on socially responsible public procurement, but they lack the knowledge, the leverage and the legal mechanisms to hold companies to account and improve conditions for workers. They don't know which factories their suppliers are sourcing from, they don't know whether workers' rights are being respected, and they don't have contractual conditions or sanctions to make companies comply, even if they did know.

If public sector bodies collaborate in holding companies to account they are stronger. But they need knowledge about what is happening to make a difference. Currently there is no comprehensive, credible and independent monitoring system for the electronics industry that involves workers and civil society organisations from production countries such as China who have the on-the-ground expertise to be able to give an accurate check on reality. What is needed is an international infrastructure which enables the public sector, labour organisations in electronics producing countries and others to use the leverage of the public sector to reform working conditions in the electronics industry. The idea is to move on from fighting for isolated victories, and start to lay down an infrastructure that can make structural improvements possible, by changing the 'rules of the game'.

### Electronics Watch

To meet this need, the organisations behind this report, together with southern Civil Society Organisations such as SACOM in China ([www.sacom.hk](http://www.sacom.hk)), CEREAL in Mexico ([www.fomento.org.mx](http://www.fomento.org.mx)), Cividep in India ([www.cividep.org](http://www.cividep.org)), Workers Assistance Centre in Philippines ([www.wacphilippines.com](http://www.wacphilippines.com)) and an Advisory Group of experts from across the NGO, academic and public sectors, both from Europe and production countries, are embarking on the formation of Electronics Watch ([www.electronicswatch.org](http://www.electronicswatch.org)) an independent organisation monitoring working conditions in the global electronics industry to enable socially responsible public purchasing in Europe. Key to this initiative is the majority voice of workers and the organisations that represent them.

Electronics Watch will bring together affiliated public sector buyers and local monitoring organisations to obtain up-to-date information about suppliers, monitor local working conditions, and propose structured ways of responding to non-compliances. According to the Electronics Watch programme and code of conduct,

audits must be third party, unannounced, and buyers must commit to writing in the requirement for disclosure of all tier suppliers, and access to factory premises. Major public buyers from both Public Administrations and universities across the UK, Germany, Spain, Austria and Poland have expressed enthusiasm towards the initiative and signed up to participate in the Advisory Group.

### The monitoring element of the Electronics Watch Model

Electronics Watch aims to amass a consortium of 60 public sector 'affiliate' organisations across Europe. These organisations will put into their contracts requirements for disclosure of factory locations, access for Electronics Watch monitors, labour standards, sanctions for failure, and will cascade these contract conditions down the chain to tier 2 and 3 producers. Then Electronics Watch field staff will work with networks of partner organisations to gather intelligence, undertake worker rights education and surveys and put in place improvement programmes at the factory level such as overseeing elections of workplace representatives.

### The reform element of the Electronics Watch Model

In addition, Electronics Watch intends to work with specific large buyers, of perhaps €750 million - €1 billion, to explore ways of building in supply chain reforms to these large contracts such as guaranteeing minimum lead times (between order and delivery) which has been identified as one of the key issues to address to ensure decent working conditions, and better prices to factories, splitting the cost of this between the brand and the large buyer, and actually creating the demand for socially responsibly produced electronics.

What lies ahead constitutes a massive challenge for all stakeholders, especially in today's economic climate. Public buyers have their budget limitations and orders from above to not spend more than absolutely necessary on equipment. But with political buy-in, which this initiative aims to create by involving public entities in the very formation of the organisation, it seems there may be a way.

<sup>1</sup> "Global Consumer Electronics Market Outlook 2015" by RNCOS <http://www.rncos.com/Report/IM471.htm>

<sup>2</sup> CLW (2011): Dell, HP, and NEC Supplier Factory Case Study: MSI Computer (Shenzhen) Co., Ltd. (<http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1691&context=globaldocs>)

<sup>3</sup> China Labor Watch (2012): Tragedies of Globalization: The Truth Behind Electronics Sweatshops <http://www.chinalaborwatch.org/pdf/20110712.pdf>

<sup>4</sup> Toms Hardware 17/03/2013 (<http://www.tomshardware.com/news/Chassis-supply-chain-lower-prices-Catcher-Technology-Fuyu-Precision,21527.html>)

<sup>5</sup> Dell(2012): Code of Conduct (<http://i.dell.com/sites/doccontent/corporate/corp-comm/en/Documents/Dell-Code-of-Conduct-External.pdf>)

<sup>6</sup> EICC Code of Conduct [http://www.eicc.info/eicc\\_code.shtml](http://www.eicc.info/eicc_code.shtml)

<sup>7</sup> Dell CSR report 2013, p. 35 (<http://i.dell.com/sites/doccontent/corporate/corp-comm/en/Documents/dell-fy13-cr-report.pdf>)

*Martina Hooper has been campaigns coordinator at the Spanish NGO SETEM for the last 6 years, running campaigns on labour and human rights issues in the textile, electronics and financial sectors, including in the last two years a specific focus on Socially Responsible Public Procurement.*