Producing Computer Hardware
An Investigative Report on Labour Conditions in the Supply Chain of the ICT Sector in the Philippines

Workers’ Assistance Center, Inc. (WAC)

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By:
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Additional copies are available from:
SOMO
Centre for Research on Multinational Corporations
Keizersgracht 132
1015 CW Amsterdam
The Netherlands
Tel: + 31 (20) 6391291
Fax: + 31 (20) 6391321
E-mail: info@somo.nl
Website: www.somo.nl
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1. Introduction to the Report

In 2005, SOMO (Centre for Research on Multinational Corporations) conducted a research concerning the Corporate Social Responsibility issue in the information and Communication Technology sector of electronics industry. In August to October 2006, a study on factories producing computer hardware and parts was conducted in the Philippines as part of follow-up research of SOMO on the supply chain of the ICT sector.

1.1. Project Objectives

SOMO’s objective in conducting the study is to raise awareness on the environmental, human and regulation problems in the ICT sector, particularly on the production of computer hardware or parts and components of the hard disk drive.

Studies carried out by SOMO aim to widen the campaign base in the ICT hardware sector in Europe and, elsewhere, to provide information for campaigns and to lobby on improving conditions in the ICT supply chain.

The aims of these studies are:

- To understand the role of manufacturers in the global chain, identify issues that need to be addressed and to develop strategies to address identified problems in the supply chain in general; and,
- To understand the organization of the supply chains of the multinational companies engaged in the production of computer hardware (parts).
- Most especially for WAC, the identification and study of companies in Philippine economic zones, more particularly in Cavite, that engages in the production of computer hard disk aim to further document and validate previous studies regarding compliance by companies with Philippine labour laws and policies, and the rights and welfare of the workers.

1.2. Scope And Limitations Of The Study

This study particularly focused on, but was not limited to the following issues or concerns: company profile which include the products being produced in the company; the CSR policies of both the company and the clients; the status of union organizations, employment practices (Labour-only Contracting and contractualization), differences in wage levels and benefits and implementation of health and safety standards and the regulations inside the factory and its effects to the workers, the working condition in the factory and to the environment.

The factories that were covered in the study are the San Technology, Incorporated, Philippine International Manufacturing and Engineering Services (P.IMES), Astec Power Philippines Inc., Mechanical Keyparts Philippines Incorporation (MKP-CEPZ), the Kapco Manufacturing, Micro-Device Technology (MD-Tech), Tsukuba Die-casting Corporation and the P-TON Philippines Corporation all located in the Cavite Export Processing Zone (CEPZ) in Rosario, Cavite; the Hitachi Global Storage Technologies Philippine Inc. and Sun Everlights Philippines Inc. in Laguna Technopark; the Fujitsu Computer Products Philippines in Carmelray Industrial Park I-Special
Economic Zone, Laguna; and, the Luzon Magnetics Inc. in the First-Cavite Industrial Estate (FCIE) Special Economic Zone in Brgy. Langkaan, Damarinas Cavite.

The number of the respondents has been limited by the workers’ hesitation or outright refusal to be interviewed and answer questionnaires for fear that they shall be dismissed by providing information about the company or should the company management misconstrue their participation as part of an effort in union organizing. This difficulty remained even as the researchers made it clear that their identities shall be kept strictly confidential. Indeed, when the researcher went back to some of the respondents to verify and validate some data and information at the time when this report was being finalized, some of the workers have already refused to validate and give further information. According to them, the management got wind of the study and have warned them of dismissal from their job should they continue to cooperate with this kind of activities.

A number of workers on the other hand, believed that they do not need to participate in this study because they are contented with the wages and benefits given to them and are satisfied with the fully air-conditioned workplace, especially in comparison with garment factories. Respondents from Luzon Magnetics, Inc. and Sun Everlights who were illegally dismissed from their previous employment because of their association with the labour union in their respective companies maintained that is now really hard to ask information from the current employees because those companies now implement a “policy of confidentiality” to avoid organization of new unions.

Time consumed for each interview also became one of the limiting factors in obtaining a big number of respondents since the minimum time for one interviewee runs for, at least, one hour given that most of the respondents were hesitant to answer or to give what they consider sensitive or confidential information regarding the company where they employed and it takes time to convince the workers to speak out about their conditions and experiences in their companies.

However, based on previous studies and documentation done by WAC, the limited number of respondents could not have affected the results of this study. In fact, the data and information gathered have only validated previous data and conclusions. Further, the very fact that the workers were skeptic, in some cases refused, to participate in the study is in itself a very telling indication of the policies and regulations implemented by the company management.

There were no management personnel interviewed to provide information regarding the company profile and other information. As such, the researcher had to resort to secondary data from various databases.

1.3. Method Used In Data Gathering

The information contained in this report is the result of direct individual interviews, filled-out questionnaires and group discussions among workers. Secondary data (databases) extracted from handbooks, manuals and the internet have also been included in the report.

The workers were interviewed, mostly individually, in their respective houses or boarding houses. Some have been introduced by their fellow workers or were approached in the street while on their way home or in the places where they gather or stay after work.
In instances when interviews are constrained by time availability of the worker, they are requested to fill-out a questionnaire, which is retrieved at an appropriate time.

Focused group discussions were also conducted among the workers residing in the same boarding houses.
2. **Profile of the ICT Sector in the Philippines**

The electronics industry in the Philippines has been one of the top export earners as the world demand for electronics products continue to increase. It accounted for about 70% of total exports since 1998, contributing more than US $24 billion in 2002. The main products being produced in the industry of electronics are semiconductors; consumer electronics; and electronic parts and components for electronic data processing, office equipment, telecommunications and radar, medical and industrial, automotive and control instrumentation businesses. Around 800 companies are engaged in the manufacture of electronics products and components in the Philippines where 72% are foreign-owned or owned by the Multinational Corporations (MNCs) while only 28% are Filipino-owned. (Cited from WAC research, 2003)

The Information and Communication Technology (ICT) sector dominates the Philippine electronics industry contributing 49.5 percent to the country’s total exports. The sector includes the production of computer units, peripherals and semi-conductors. It was found out that the low (“or competitive”) labour costs and the incentives that were offered by the Philippine Government paved the way for the massive influx of multinational companies among others in the ICT hardware sector.

The production of hard disk drives (HDD) was ushered in by the Japanese as major investors beginning with Hitachi Computer Products (Asia) Corp. in 1994 producing 2.5” HDD’s. Hitachi was followed a year later in 1995 with the almost simultaneous establishment of Fujitsu Computer products Corporation and Toshiba Information Equipment Inc. for the production of 3.5” and 2.5” HDD’s.

However, the growth of HDD manufacture in the Philippines became noticeable in March 1998 when Sunward Technologies Philippines Incorporated, an ISO certified wholly owned subsidiary of the American-owned Sunward Technologies, began the assembly and tests of heads. This marked the arrival of several other investments in HDD manufacture in the Philippines.

While the growth of the sector may have contributed to national economic development, it may have also caused harmful effect to the environment where the factories are located and to the health conditions of the workers who are engaged in the production since electronics industry cannot operate without extensive use of chemical substances, which mostly are hazardous. A research done by Workers Assistance Center (WAC) in 2003 reported the working conditions of the workers in the electronics industry in Cavite, Philippines.

The Philippine electronics industry employs more than 300,000 workers of which more than 25% are in the semiconductor companies. In the Cavite Economic Zone (CEPZ), about 24,000 workers are employed in more than 80 electronics factories or around 42% of the total workforce in 2001 (WAC research, 2003). Among the electronics factories in the CEPZ are the factories that produce computer hardware or parts, which belong to the Information Communication Technology sector.

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1. WAC research on The Condition Of Workers In The Electronics Industry (2003)
3. Research project of Philippine Resource Centre – Manila in cooperation with SOMO
Producers of Computer Hardware

Profile of the ICT Sector in the Philippines

The (ICT) sector, the fastest growing sector not only in the Philippines but around the world since computer technology is highly in demand nowadays.

Gauging its significant contribution to Philippine export, investments and employment, the Philippine government sees the electronics industry, primarily the ICT sector, as one of the key engines to national economic development and, thus, was identified as one of the industries to be given preferential support including priority in the appropriation of foreign exchange, duty-free importation of raw materials, and tax credits on imported capital machinery in order to attract more investors to put more business capital in the country.

Aside from the preferential incentives to investments in the ICT sector, companies locating inside the different economic and industrial zones are given more incentives including exemption from import duties and national taxes on imported raw materials and capital equipment; tax holidays; additional reduction of labour costs; simplified procedures; and, reduced costs of electricity.

Militant and progressive people’s organizations and labour unions pointed out that even provisions in the Philippine Labour Code that should protect the workers’ rights and welfare, especially their right to organization and collective bargaining, are conceded by Philippine labour agencies in favor of big investors.

Several laws and policies, including Presidential Decree 66, which created the Export Processing Zones, have been granted and enacted by the Philippine Government in order to attract big and foreign corporations to invest large amounts of capital in the country. Several new laws and policies have reinforced those incentives and privileges especially to favor investments in the ICT sector to considerably integrate the Philippines into the ICT global supply chain. Among the laws, policies and special provisions enjoyed by investors in the electronics industry are as follows:

1. Priority in the appropriation of foreign exchange, duty-free importation of raw materials and tax credits on imported capital machinery and exempt from import duties and national taxes on imports of capital equipment and raw materials needed for the operations.

2. Export Processing Zones are located in thousands of hectares of land enclosed by high fences and tightly guarded by armed men that prevent “outsiders” from entering its premises, making union organizing almost impossible. Preliminary steps in union organizing have to be done secretly in the houses of workers.

3. The Omnibus Investments Code of 1987 (Executive Order No. 226) entitles ICT companies to tax and non-tax incentives including income tax holiday, additional deduction for labour expenses, simplified customs procedures, employment of foreign nationals, tax credits for taxes and duties for raw materials used, exemption from wharfage dues, and access to bond manufacturing warehouses scheme, and other non-fiscal incentives that may be applicable.

4. Republic Act No. 7916 or the Special Economic Zone act of 1995 as amended by RA No.8747 grants a six-year income tax holiday to ICT companies which are considered as pioneer export enterprises registered with the Philippine economic Zone authority. The PEZA can extend income tax holiday beyond six years.

5. Republic Act 6727 or the Wage Rationalization Act ensures that the minimum wage paid to workers are “competitive” (meaning, remain below subsistence levels) to attract foreign investors. Under this Act, the Regional wage Boards, composed of representatives from
the government, business groups and labour leaders appointed by Secretary of the Department of Labour and Employment (DOLE), determine the minimum wages that will be implemented in their respective regions. Regionalizations of wage levels provide the MNC’s ways of further decreasing labour costs and increase their profits. The scheme encourages investors to transfer from Metro Manila where wages are relatively high compared to the Export Processing Zones in the nearby provinces.

6. **Export tax exemptions.** Exports are subject to VAT, but the exporter may apply for tax credit or refund to recover all VAT paid inputs. 

**Duty-free imports.** As a participant in the World Trade Organization (WTO’s) Information-Technology agreement, the Philippines imposed zero duties on most information-technology equipment and inputs from January 2000. 

**Foreign loan Guarantees.** The Trade and Investment Development Corporation of the Philippines (TIDCorp), a government institution, guarantees foreign loans for developmental purposes granted to any enterprise licensed to do business in the Philippines. It also guarantees and provides insurance cover for investments. Tidcorps export-credit arm, Philippine Export-Import Credit agency (Philexim), provides guarantees, insurance, credit and technical assistance to Philippine exporters.

7. Facilitation processing time for exports. A memorandum of agreement was signed by the Philippine Economic Zone Authority, the Bureau of Customs and the Mactan Export Processing Zone Chamber of Exporters and Manufacturers (MEPZCEM) to expedite exports of semiconductors and electronics products via an integrated electronic system. Processing time for the exports of PEZA-registered firms will be reduced to a matter of seconds from the three hours or more.

8. With the approval of the Japan-Philippines Economic Partnership Agreement (JPEPA), originally announced on November 29th 2004, a Free-Trade Agreement (FTA) now governing the two countries, which, among others will eliminate and reduce of tariffs within 10 years on traded goods. In the first seven months of 2004, Japan overtook the US to become the Philippines’ largest export market and largest source of imports.

9. The Department of Trade and Industry Secretary of the Philippines, proposed on 2004 to the Association of South East ASEAN Nation (ASEAN) to remove the tariff for electronic and semiconductor products traded within the region by year 2005 to enable the manufacturers to lower the cost of production thus making the export of ASEAN electronics and semiconductor products competitive at the same time making the industry attractive for investments.

10. The Philippine Economic Zone Authority (PEZA) has issued a Memorandum Circular informing that those registered on economic zone enterprises are exempted from the power distribution franchise tax collected by power. Distribution utilities pursuant to the provisions of Republic Act No. 7916 (Special Economic Zone act of 1995) as amended by RA. No.8748 and the National Internal Revenue Code.
3. Results of the Study

3.1. Introduction

Profile of the Factories Covered
There were 12 Computer Hardware (parts) producing companies covered in the research of which eight (8) are operating in Cavite Economic Zone (CEPZ), one (1) in the First Cavite Industrial Estate (FCIE), two (2) in Laguna Technopark and one (1) in Carmelray Industrial Estate in Laguna. Ten (10) of these companies are Japanese-owned.

Production and clients
The companies that been part of the study are engaged in producing, manufacturing or assembly of computer components such as the magnetic head core assemblies and head gimbal assemblies used in the Hard disk drive (Santech); mobile backlight, PCB assembly, Light guide for computer, plastic injection, computer module, LCD and 4x4 CD-ROM (P.IMEs); components on printed circuit board of computer motherboards, PCB of the computer mainboard, magnetic coils for HDD, wiring coils, power supply on computer and machines, DVD-E (Astec); carriage spacer for the hard disk drives (MKP); HDD 2.5-1.8, HDD base, SH cover, top cover and HDD plating (MD Tech); PCB on Computers/cp, flat TV, hard disk, TV slide, DW rewind for computer, plasma display (Kapco); aluminum base for HDDs (Tsukuba); Inertia arm T, read only memory (ROM) and HDD (P-ton); magnetic parts for compact discs (CD) and voice coil motor for hard disk Drive (LMI) and small appendage parts for computers, disk drives, cellular phones, printers (Sun Everlight). Magneto Optical Disk (MOD) Drives, Magnetic Hard Disk drives (HDD’s), semi-finished computers, components parts and accessories by Fujitsu computer products. And the Hitachi GST products are Hard disk drive (HDD) and HDD component parts such as head gimbal assembly or magnetic heads, slider and head stack assembly.

Majority of the small and medium size factories included in the study were sub-contractors of multinational corporations, subsidiaries and main contractors or subcontractors of other big subcontractors. Three (3) the factories are direct subsidiaries or contractors of MNC, namely, the San technology, P.IMES and Astec Power. The products of these factories are exported to Japan, Singapore, Korea, Malaysia, China, Taiwan, Canada, Europe, Hongkong, and Indonesia. Seven (7) out of 12 companies, namely, the San Tech, MKP, MD Tech, Tsukuba, P-ton, Suneverlight and Luzon Magnetics are suppliers of Toshiba. Santech, MD tech and LMI are suppliers of Hitachi GST, IBM, Apple and Dell, while the suppliers of Sony are the P. Imes and Astec. Fujitsu is one of the customers of San Tech, Kapco and Sun Ever Light; Apple supplier is P. IMES while San Technology and P.IMES, supplies for IBM and Astec supply IBM and HP.

Profile of the Interviewed Workers
Around seventy percent of the respondents were female. Eighty percent were production operators and 12% were line leaders. Others were either technicians, inspectors or maintenance staff. Sixty-four percent (64.00%) are regular or fixed workers while the rest are contractual, casual, or project workers. Their ages range from 18 to 32 years old.
3.2. CoC’s and CSR policy

The workers were not necessarily informed regarding the Codes of conducts (CoC) of the company’s clients. Upon hiring, whenever the need arises, the workers are only given instructions regarding the quality of the products that the customers or clients demand and on how to use, handle and dispose of the chemicals used in production. Thus, most of the workers did not know for whom the products are made for or what a code of conduct is. Some clients that do visit the factory do so to assess the facilities and quality standards of the target. The working condition of the workers is one of the criterions in that assessment.

Labour issues are either not necessarily part of a company’s Corporate Social Responsibility clause or are not observed. As it turns out, the workers in the factory were regarded as mere production machinery necessary to churn out profit for the company.

3.3. Employment and Job Security

Requirements that are usually submitted during hiring process were: Biodata, National Statistic Office (NSO) authenticated Birth certificate, Barangay clearance, Police clearance, clearance from National Bureau of Investigation (NBI), diploma, Transcript of records if any, SSS number and Tin (tax identification number) for taxes. A series of examinations and interviews for the applicants are undertaken by the applicants to establish if they are qualified for the job.

Workers normally undergo several stages before attaining a regular status. Some pass through short procedures while others still have to endure extensive processes. An instance of short procedure is undergoing a 3-6 months of being apprentice, casual, probationary, contractual or project employee before finally becoming a regular employee.

Others undergo a prolonged procedure, which could last for a year or even more by passing through any of the following stages:

- Theory training> practice training>probationary>regular
- Theory training>learner>apprentice>casual>contractual>regular
- Theory training>apprentice>learner>probationary>regular

Although workers undergo a different process in a lengthy period, this does not ensure his promotion for fixed employment and does not secure his job in the company.

The basic reason why a company prefers the contractualization of workers is to save a huge amount in production cost and increase profit. By keeping the worker in a contractual status for as long as possible, the factory saves on social security, health and wage benefits that are mandated by law to be granted to regular or fixed workers.

The company could also terminate the services of a contractual or temporary worker at any time the latter’s services are no longer necessary or satisfactory. Having no security in employment, the contractual are most easily exploited by the capitalist. Plagued by the fear of losing his job and in the ardent hope to be promoted to a regular status, the contractual workers endure even the worst working condition.
Producing Computer Hardware

Meanwhile, primary basis for regularization of workers is the grade on performance evaluation wherein, character, productivity, efficiency and work attendance are assessed. On the other hand, main reasons for termination are failure in achieving the production quota, refusing overtime work, absences and complaining on the tasks assigned them. Hence, the primary ground for dismissal of the worker is the violation of the company rules and regulation.

In WAC’s monitoring of the electronics industry, it has observed that the changes in international trade and market greatly affect workers’ job security. For example, the international market for electronics parts, components and products suffered a glut when demand dipped in comparison to production in 2000. As a result, retrenchment due to companies’ reduction in operating capacities or closures has beset the Philippine electronics industry since 2001. Small and medium-sized companies have been more susceptible to these crises resulting in shutdown of operations.

Most of the workers in electronics factories were direct hired by the company from among the applicants who line up for work but there are cases of internally arranged hiring wherein workers were referred or recommended by other employees within the company. Labour-only contracting or hiring through manpower agencies as in the cases of MKP, Kapco and Tsukuba has become beneficial to the companies since it skirts the employee-employer relation and evades regularization of employment, and evades the payment of benefits and incentives granted by the company to workers.

It has also observed a growing trend of contractualization in the industry. Under this trend, a company retains only the minimum number of skilled regular workers necessary for its minimum to normal operations. Otherwise, workers are hired as contractual, are employed only for specific period and are replenished or increased when necessary.

Temporary or contractual workers are replaced after 5 months of contract. About 60%-70% of the workers is replaced per year. Project employees in the company are engaged in the production from the day the product models are produced until the project or the particular order for the model ends. P. IMES is one of the companies that practice the hiring of project employees.

Astec, on the other hand, practice the hiring of apprentice employees who are paid only 75% of the mandated minimum wage, which is legal under the Philippine labour laws yet is unfair to most workers who are hired as apprentice although they have already previous knowledge or experience regarding the process of production, like in the case of one worker who stated that she was hired as an apprentice operator even as she has already undergone apprenticeship for the same operation in the company where she previously worked. Five years prior, most of the new employed workers in the factory were regular employees. Currently, almost all of the newly hired workers are temporarys/contractuals, agency-hired or project employees.

Contractualization in the electronics industry is practiced in two ways: by labour-only contracting (LOC) through manpower agencies and by direct hiring (by the company).

Directly hired contractual workers are those who apply directly at the factory and hired as contractual workers. They are often called the “seasonal contractuals” since they are hired only to ensure that that the company will be able to finish the orders in time for shipment when the volume of order is high. When production is back to a normal volume, the “seasonal contractual” workers are dismissed, at times, even before the contract period is completed. The same is true with the project employees, wherein; workers only work until the project is concluded.
On the other hand, in labour-only-contracting, the worker is hired by the manpower agency and is supplied to the company to work for production. The agency-hired workers usually sign a three to five-months contract and have to renew it before or after the contract expires so that they can go back to work. There are some workers who are already regularly re-hired by an agency.

3.4. Labour Relations

Revised Penal Code article 131. Makes it crime for a public officer or employee to prohibit, interrupt or dissolve a peaceful meeting or to hinder a person from joining any lawful association. The civil code furthermore, in art. 32, holds liable for damages any person who impairs another person’s right to become a member of an association or society for purposes not contrary to law.

In the Philippines, many foreign and local investors have been encouraged to invest in different industries because of the unwritten “no union, no strike policy” imposed by the government. Because of this anti-worker policy, there is a widespread violation of general labour standards and core values and a less respect for trade union rights to organization and security of tenure. This is confirmed by a recent survey of manufacturing firms in Metro Manila (National Capital Region - NCR) which revealed that out of six International Labour Organization (ILO) core labour standards, firms complied least with ILO Convention Nos. 87 and 98, or the freedom of association and the protection of the right to organize. In fact, the systematic repression of workers’ rights commences at the hiring process.

Employers routinely conduct background checks to identify workers who have a history of union participation. There are cases where applicants are made to sign blank papers unwittingly waiving their right to join unions.

Applicants are commonly required to obtain an endorsement from a local official such as the village captain, mayor or even higher official. These officials are expected to ensure that the prospective worker will not eventually cause “trouble” or maintain a union free environment.

In the meantime, it is hard for the workers to organize or form union since employers often use technical manoeuvres to question and delay the formation of unions including the holding of certification elections (CE) which establishes a union's right to represent workers in collective bargaining with management and refusal to bargain when certification election has been successfully accomplished. Even before the CE, the union is required to register with the Department of Labour and Employment (DOLE). The documentary requirements include the list of officers and the union members. This exposure of names to the company management places the officers and members at the risk of discrimination and harassment in which they usually face the risk of dismissal as a result of their attempts to form a union.

As was gathered from interviewed workers, two unions were organized in two different factories. One is the Kristong Manggagawa, a Labour Union of Luzon Magnetics Incorporated established in 2005. Workers decided to organize because of the inhuman treatment by one of the personnel in the Human Resource department and many of the employees were illegally dismissed from the company. But the said union did not prosper because some of the union officers were promoted to higher positions while many of the members and other officers were dismissed from the company. Same with the San Technology where as the workers planned to form union but was
detected earlier by the management and among the workers involved were assigned to different lines as a strategic way to bust the union organizing.

On the other hand, Sun Everlight Labour Union was established on 2004 and gained right or certification to negotiate with the company management for Collective Bargaining agreement (CBA). The company’s refusal to bargain and the illegal dismissal of many of the union members resulted in a strike. The strikers were harassed and food blockades were set up when they were already on their picket line, which is within the industrial zone.

Company management strictly prohibits the workers into joining a union. As experienced by most of the workers, their opinions about union organizations were also asked in the interview during hiring to determine who are likely to form or join a union and who are against it. During orientation, the workers were discouraged by the management to join or organize unions and forebode them loss of their jobs because a company closes or relocates whenever a union is organized. By their own experiences, some of the interviewed workers have been illegally dismissed from Luzon Magnetics and Sun EverLight after having joined in a union.

Such intimidation at orientation resulted in the problems encountered in the course of data gathering for this research. Most of the workers did not want to be interviewed about their company because they were afraid that they may be dismissed from the company if they should give information related to their working condition. Aside from that, some workers only speak about the good things, benefits and incentives given by the company and avoid disclosing their bad experiences while employed in the company. On the other hand, some workers are afraid that the company will close and are afraid to lose their job, since it is their source of income for living. Even others thought that the interview was for organizing a union hence they don’t want to speak about their companies for they were afraid and not interested in organizing a union.

3.5. Retrenchment

Retrenchment did occur in the companies included in the research. P. IMES needed to retrench workers when the TFT department has lowered its production. The affected workers have been offered payment for voluntary resignation. Others who have refused the payment were transferred to other department while there were some who were forced or manoeuvred to resign. But when the TFT department operated again and production became strong, the company already hired project employees instead of regular employees.

The same with San Tech when there were instances that one of its department reduced production capacity. The workers were allowed to return to the company when production went back to the normal level.

The merger of San Tech and Hitachi did not result in retrenchment but Hitachi implemented a “No Hiring Policy” two years. Restructuring of MD Tech as a division of San Tech did not also affect a large number of employee in which workers of TFT department of San Tech (now MD tech), were absorbed by the MD Tech under its new management. However, newly hired workers at the time were laid-off.
3.6. Minimum age

ILO conventions no. 138; concerning minimum age for employment
Art.3: the minimum age for admission to any type of employment or work which by its nature or the circumstances in which it is carried out is likely to jeopardize the health, safety or morals of young persons shall not be less than 18 years old. **C182**. Concerning the probation and immediate action for the elimination of the worst forms of child labour. **Art. 2**, for the purpose of this convention, the term child shall apply to all persons under the age of 18.

The youngest workers hired in the factories covered by this research were 18 years old but there were some cases when 15 to 17 years old like in the case of employment in Fujitsu Computer Products Philippines where they employed below 18 years old workers that been recommended to them by a community orphanage (only known to workers as the “Sisters of Mary”) even as they strictly required parent or guardian consent from those under-aged applicants. There are apprentice workers also who are below 18 years old but also are required to submit parent or guardian consent some applicants submitted a falsified birth certificate during application process because of their desire to work in the factories. Under Philippine Labour Law Article 139 which entitled minimum employable age states that no child labour below fifteen (15) years of age shall be employed except when he works directly under the sole responsibility of his parents or guardian, and his employment does not interfere with his schooling.

3.7. Forced or compulsory labour

ILO convention no. 29. Concerning forced or compulsory labour. For the purpose of this convention the term forced or compulsory labour shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily. **C105**. Concerning the abolition of forced labour. **Art 2**. Each member of the ILO which ratifies this convention undertakes to take effective measures to secure the immediate and complete abolition of forced or compulsory labour as specified in the art. 1 of this convention.

No forced labour has been reported by the workers but what most of them experienced was forced or compulsory overtime. Especially during peak production, line leaders or other superiors have the workers sign papers for compulsory overtime work. Refusal to work overtime means, absence without official leave (AWOL) which is a basis for termination of employment.

Workers in most of the companies are not allowed to enter and leave their work stations or company premises during working hours except when there are emergencies, when they have something important to get from other departments, personal necessities or call of nature and when they feel ill. Before they could leave their post, they are required to ask permission from the leader. Pregnant women and workers who are not feeling well are usually asked a “not fit to work” medical certificate when not feeling well to be allowed rest or days-off.

Most of the companies have several security guards designated at the gates of the company to ensure the security and safety of the company and to inspect and check or frisk the workers who are entering and leaving the company while there are some factory-designated guards inside the production area to monitor the movements of the workers.
All of the interviewed workers agreed that they are allowed to resign anytime they wanted. Contractual employees are paid with their 13 month pay, tax refund and last wage. Aside from these, fixed employees also receive the equivalent of their unused vacation leave and, in some companies, there are separation pay for those who have worked in their company for 10 years and above. The identified company who gave separation pays are San technology, P. IMES and MD Tech. As reviewed from the study done by WAC on 2003, it was revealed that San Tech and IMES are the companies that gave higher wages than the minimum salary mandated by law and better incentives but for “older” employees.

Loans from the employers are not practiced in most of the factories. Some factories provide emergency or calamity loans, payment of which are deducted from the salary. There are companies also where workers could get loans with 5% interest from the employees Multi-purpose Cooperative. The mode of payment is also through salary deduction. Companies that have employee’s cooperatives are San Tech and P. IMES. When applying for a loan, the worker is required to have a co-maker to sign the documents and also, a referral or endorsement from the company’s Human Resource office. A co-maker is the person who acts as the guarantor of the loan made.

3.8. Discrimination

ILO convention no. 100. Concerning equal remuneration for men and women workers for work of equal value. Art, 3-1. Where such action will assist in giving effect to the provisions of this convention measures shall be taken to promote objective appraisal of jobs on the basis of the work to be performed. C111. Concerning discrimination in respect of employment and occupation. Each member for which this convention is in force undertakes to declare and pursue a national policy designed to promote, by methods appropriate to national conditions and practice, equality of opportunity and treatment in respect of employment and occupation, with a view to eliminating any discrimination in respect thereof.

No discrimination on the basis of sex, ethnicity, religion, social origin and political opinion has experienced by the workers. Physical disabilities, except the hand, is not a hindrance to having a job in electronics factories but left handed persons are not likely to be hired for the production lines. In fact, one of the respondents is a polio victim and has been a production operator of Astec. She was however, forced to resign after 4 years of working in the company when certain production processes required standing while working because she could not bear long hours of standing. The worker stated that she was treated well inside the factory by her superiors.

The research also indicated that union formation is forbidden or that there was discrimination against union members in the factories illustrated by the dismissal of workers after they have joined the union.

Salary or wages offered to the workers are often based on the position or designation of the workers regardless of sex, ethnicity, union membership, religion, social origin or political opinion of the workers. Company-initiated increase for the workers’ wage is based on the workers annual performance evaluation. The increase are implemented by subdividing the workers into those who have been employed for 5 years and over and new employees who has been in the company for less than five years, which include regular worker, contractual and project employees.
Those who have stayed for five years or more in the factory have higher wages than those who have been employed for less than five years. The workers belonging to the “older group” are paid on a monthly rate basis while new employees are paid on daily rate basis.

Aside from company-initiated increases, the companies also implement government mandated increases. However, apprentices receive only 75% of the minimum wage as mandated by law.

Some of the task assigned to a worker are also based on his/her sex. Most of the workers assigned on engineering department or the technician are male workers because they have to lift heavy materials or facilities for the production.

Frequently, workers who were sent for training are those who need it in the performance of their jobs, selected through performance evaluation but there are times also that either those who were close to the leaders or superiors or the regular employees are the ones who can avail of the training opportunities. In some company, the supervisors and line leaders are mostly sent out of the country to undergo training who will in turn conduct the training among workers locally.

Job promotion is also usually based on performance evaluation conducted once a year where the grade of each worker is the basis if their worthiness to be promoted or of the contractual worker’s merit to a regular status. The “favorites” and those who are closely related to the managers or supervisors are likely to be promoted also.

Some discriminatory qualifications of most companies against those applying for a job are the height requirement which is usually 5’2” and above for female and 5’4” and above for male applicants. The height requirement was based on the height of the production table used during production operation; an age limit to 25 years old for female and 28 years old for male with 20/20 vision as requirement for handling and inserting small components or materials done in the production process and; physically fit to be able to work or perform task in the production.

Young female workers are preferred because they are believed to be less likely to complain and more likely to defer or depend on older supervisors or to their superiors. Pregnancy tests are also required by some of the companies to avoid having to pay maternity benefits and leaves when hiring pregnant workers. Unwed women, even those who have already achieved regular status, were usually laid off after getting pregnant on the basis of “morality” (or immorality). (Legitimate) Pregnant employees are reassigned or transferred to a safer or lighter job where they can work comfortably. Women workers have affirmed that here have been no cases of sexual harassment in their workplace.

### 3.9. Wages

**Wages. Regional minimum wage.** The minimum wage rates for agricultural and non-agricultural employees and workers in each and every region of the country shall be those prescribed by the regional Tripartite Wages and Productivity boards.

Living wage is paid. Wages and benefit paid for a standard working week shall meet at least or industry minimum standard and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All workers should be provided written and understandable information about the conditions in respect of wages before the enter employment, the conditions in respect of wages for the pay period concerned and the particulars each time that they are paid.
The minimum wage in the “growth corridor area” where the Rosario (CEPZ) & Dasmarinas (FCIE) Cavite; Canlubang, (CEZ) and Sta. Rosa Laguna (Laguna TechnoPark) are classified is PhP272.00 as set by the Regional Tripartite Wage and Production Board Redion IV-A.

**Department of Labour and Employment (DOLE)**

Regional Tripartite Wage and Productivity Board No. IV-A

**WAGE ORDER NO.11 IV-A**

New minimum wage rates of all workers and employees in region IV effective August 7, 2006 are as follows:

1.) Extended Metropolitan Area  PhP10.00
2.) Growth Corridor Area  PhP6 & PhP18.00
3.) Emerging growth Area  PhP6 & PhP14.00
4.) Resourced based Area  PhP3 & PhP8.00

<table>
<thead>
<tr>
<th>Extended Metropolitan Area</th>
<th>Non-Agriculture Sector</th>
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<tr>
<td>Cavite Bacoor, Imus</td>
<td>PhP287.00</td>
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<tr>
<td>Laguna Binan, San Pedro</td>
<td>PhP272.00</td>
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<th>Growth Corridor Area</th>
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<tr>
<td>Cavite Cavite City, Carmona, Dasmarinas, General Trias, Rosario</td>
</tr>
<tr>
<td>Laguna Cabuyao, Calamba City, Los Banos, San Pablo city, Sta. Cruz, Sta. Rosa, Canlubang</td>
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</tbody>
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Source: Regional Tripartite Wages and productivity Board-IVA

Among the companies included in the report, Hitachi, Fujitsu, Kapco and P-TON are paying their workers the exact daily minimum wage that the regional wage board ordered in August 2006. MD Tech and Santech have not yet enacted the increase but according to the interviewed workers, the company will include the increase in the November 2006 paycheck retroactive August 2006. Most of the companies have also implemented the mandated minimum wage to cover their temporary, contractual and new employed workers. Most workers of Astec Power are apprentices’ receiving only 75% of the mandated wage which is according to the law. Piece rate as basis of the workers’ salary has not been a practiced in the companies but as mentioned by resigned workers in Astec, there were times that their extended overtime works were not paid by the management. Employees working overtime are paid 25% overtime premium and an additional 10% night differential when working on night shift.

Companies that provide an above minimum wage and better incentives are San Technology, Philippine International Manufacturing and Engineering Services (P.IMES), Micro-Device Technology, Hitachi Global Storage and Fujitsu computer products. Meantime, the frequency and amount of increases in small and medium sized factories are based on the minimum wage increase mandated by the government, the basic reason why workers still get low or minimum wage although they have already worked in the company for a relatively long period.

Notably, that wage rate of the workers in electronics industry is relatively higher in comparison to workers wage in other industries given the same normal/regular hours of worked and years of service. Basically, older employees receive an above the minimum wage salary according to his/her position in contrast to the salary received by new employees which is just minimum wage.
similar to the temporary, casual and probationary employees while 75% of the minimum wage is what the apprentices receives and some of the project employees. Yearly increase which based on the favorable performance of the workers during evaluation is added to their wage.

Bonuses and incentives paid to the workers are the Christmas bonus in form of cash or Christmas groceries, perfect attendance bonus which is evaluated quarterly and excellent or best line award for MD tech and Tsukuba while Astec offer its employees a company free beach-outing annually. The mentioned bonus and incentives are usually granted only to regular or fixed workers. One of the usual allowances given is PhP20-30 meal stub to those who render a 4 hours overtime for workers of San Tech, P. IMES, Astec, Kapco, Hıtachi GST, Fujitsu, Sun EverLight, Luzon Magnetics and MD Tech. Meal allowance for MKP, P-TON and Tsukuba are given only to regular workers. Old workers of San Tech, P. IMES and Fujitsu have a monthly transportation allowance worth PhP500 to PhP2000.00. Food allowance worth PhP300.00 to PhP500.00 was given also to old employees of San Tech, P. IMES, Astec, Hıtachi and Fujitsu. Aside from the transportation allowance, workers at P. IMES are given with PhP5 daily clean room allowance. Among the companies, only Hitachi GST has fully air conditioned shuttle buses for free transportation of the workers.

Despite the wages, benefits, incentives and allowances, the workers take home pay is still relatively far from the estimated daily cost of living according to the government survey, which is more than PhP500.00 for a family in region IV. In fact, others are saving an amount to be sent back home for their parents in the province. As known, most of the workers who lived with a family with more children were likely to consume that are affordable and do not require a long time to cook such as eggs which only cost PhP4.00 each, noodles (PhP6.00 per pack), canned goods and dried or preserved fish.

Monthly earnings of the workers are usually spent for their food, transportation, boarding houses/house rent (if they don’t have their own house or their houses are far from the company), toiletries/personal needs, if married for children’s educational expenses and some amount sent back home to parents or for brothers/sisters education if the worker is still single. If workers were asked if how much was spent for clothing, mostly nodded and said that they don’t have budget for it since their salary is just enough for the daily expenses. Some stated that they just buy clothes if they noticed they have no presentable clothing to wear already.

Most of the respondents said that their wages is not really enough or sufficient for their needs especially those who are married and have children to support to because of the high cost of living and daily expenses. Basically, many of them do not have other sources of income so they have to stretch their wages for their basic needs and have no more left for shopping and recreation. There are many times when the workers needed to avail a loans or credits from others or from nearby community because they do not have anymore money to spend for their most basic needs.

Most of the workers welcome, or even hopes for, overtime work to gain additional income. Some are dealing/selling various items such as clothing, accessories, shoes, bags, while others sell food among co-workers during break time. Some of the single employees (without life partner) already satisfied with their salary because they are spending money just for themselves, and sometimes, are still able to send money to their parents.
3.10. Hours of Work

The regular number of working hours of the employees at the surveyed companies is 12 hours including the 4-hour overtime work. In some of the companies, however, only 3 hours were credited as overtime work supposedly because 1 hour was spent for break time and do not count as worked hours which is not according to the law. Meanwhile, in most company regulations, breaktime varies according to the shifting schedule. Those factories with 3 shifts, give a 30-minute break for dinner and another 30-minutes the lunch break. For those with 2 shifts, workers were given a 15-minutes coffee break and a 30-minutes lunch break on day shift while 30-minutes break for dinner and another 30-minutes coffee break for night shift; while a 30-minutes coffee break and an hour lunch break are given to workers scheduled on a regular time.

**Hours of work. Art. 83. Normal hours of work.** The normal hours of work of any employee shall not exceed eight (8) hours a day. Art.84. Hours worked. Hours worked shall include (a) all time during which an employee is required to be on duty or to be at a prescribed workplace, and (b) all time during which an employee is suffered or permitted to work. Rest periods of short duration during working hours shall be counted as hours worked. 

**Art. 86. Night Differential.** Every employee shall be paid a night differential of not less than ten percent (10%) of his regular wage for each hour of work performed between ten o’clock in the evening and six o’clock in the morning. **Art. 87. Overtime work.** Work may be performed beyond eight (8) hours a day provided that the employee is paid for the overtime work in an additional compensation equivalent to his regular wage plus at least twenty-five percent (25%) thereof. Work performed beyond eight hours on a holiday or rest day shall be paid an additional compensation equivalent to the rate of the first eight hours on a holiday or rest day plus at least thirty percent (30%) thereof.

Overtime work of the workers usually lasts for 3 to 4 hours and 8 hours Sundays or rest days especially when production is relatively high. In MKP, workers render 8 hours plus the 3 hours overtime a day, where they have to be in the company at 8:00 o’clock in the morning until 8 o’clock in the evening for daily shifting while 8:00 PM to 8:00 AM for night shift. Sunday (rest day) overtime is voluntary. In P. IMES, monthly rate employees work from 8:00 in the morning to 5:30 in the afternoon for 5 days for the first 2 weeks and alternate 6 days in the last 2 weeks. Given that the excess 30 minutes work hours per day plus an alternate two Saturday works counted as 4 Saturday worked hours multiplied to 8 hours to complete the 26 days a month hours of work.

During peak or strong production demands, workers are required by the management to spend 4 hours and Sunday overtime even if they wanted to take rest. Indeed, there are workers who are required to sign a permit/waiver the day before, stating that they are willing to do voluntary overtime the next day. Whoever won’t sign or refuses to do overtime will be charged an absence without official leave (AWOL).

However, some workers are not inclined to refuse overtime work since they consider this as additional income. They would also want to avail of the perfect attendance incentive, favorable grade on performance evaluation for salary increase, avoid outright dismissal from an AWOL charge, while temporary or probationary workers afraid they will not be promoted to regular status.

Usually, in the electronics industry, there are two to three shifts of working schedule to make ensure continuous production. P.IMES implements a 3-shifts day wherein workers work for only eight hours with no opportunity for overtime work. Unfinished work of a worker from the earlier
shift had to be turned-over to the worker of the next shift. In Astec, on the other hand, workers said that the company imposes a quota or a target number of products to be made in a day. If the workers are not able to reach the quota in an eight-hour work, they are mandated to work overtime until they are able to reach the target. However, there were cases when a part of their overtime work is not recorded and paid.

Companies implement weekly, fortnightly or monthly change in shift schedules of the workers. According to the workers, the changes in their shift assignments affect them physically and mentally since their eating and sleeping habits become irregular most especially those whose schedule change every week because their bodies do not have enough time to adjust before they are reassigned to a new one. Most of the workers prefer a monthly change in shift assignment.

Likewise, insufficient rest associated with tiredness/fatigue due to long working hours and overtime work are regarded by workers to weaken their body resistance and lower their energy levels. Their poor physical and health condition affect their capacity to do efficient work. Added to this, their concern of not being able to spend time with family and with friends for social interaction affects the workers mental and physical well-being.

### 3.11. Holidays and Leaves

#### Holidays, Service Incentives Leaves and Service Charges. Art. 94. Right to holiday pay. Every worker shall be paid his regular daily wage during regular holidays, except in retail and service establishments regularly employing less than ten (10) workers. Art. 95. Right to service Incentive leave. (a) Every employee who has rendered at least one year shall be entitled to a yearly service incentive leave of five days with pay. (b) This provision shall not apply to those who are already enjoying the benefit herein provided, those enjoying vacation leave with pay at least five days and those employed in establishments exempted from granting this benefit by the company.

Aside from bonuses and incentives, workers are granted with the benefits covered by Social Security System (SSS), Pag-ibig housing loans, Philhealth/ medicare/ health card, maternity/paternity leave and sick & vacation leaves. There are differences on service incentive leave given to the workers from all of the companies. Workers from Santech, MD tech and P. IMES are given with 8 days sick leave, 8 days fixed vacation leave as he/she started working in the company with additional 1 day per year of service. In LMI, employees are given with 10 days sick leave and 10 days vacation leave plus 1 day per year of service; in Fujitsu, 13 days sick leave and 10 days vacation leave with 1 day per year of service while in Astec, MKP, Kapco, P-ton and Tsukuba, a minimum of 5 days sick leave and vacation leave and 15 days for Hitachi which is divided into sick leave and vacation leave depending on the workers’ choice. On the other hand, the shortest leave granted by the company is for the LMI workers’ which is 2 days sick leave and 2 days vacation leave. Maternity and Paternity leaves are similar in all companies, which are 60 days maternity leave for normal delivery and 70 days for caesarian operation, which is covered by Social Security System (SSS) and 7 days for paternity leave.
3.12. Health and Safety

Companies have different working committees on health and safety and for the environmental concern. Such committees are Fire Brigade, First Aid/Red cross, Waste Management, Water and Energy conservation, Family welfare and Sports for LMI. P. Imes has a specially designed committee, which is the OHSAS policy to ensure the safety and health of the workers and for the nearby community.

Medical benefits.

Art. 185. Medical Services. Immediately after an employee contract sickness or sustains an injury, he shall be provided by the System during the subsequent period of his disability with such medical services and appliances as the nature of his sickness or injury and progress of his recovery may require, subject to the expense limitation prescribed by the commission.

Medical Care. Injured workers are entitled to receive all medical treatment reasonably required to cure or relieve the effects of a work-related injury or illness. Medical care can include physician services, hospitalization, physical restoration, physical therapy, chiropractic treatment, dental care, prescriptions, x-ray, laboratory services, or any other care considered necessary or reasonable by the treating physician and may be subject to applicable treatment guidelines.

Art. 187. Attending Physician. Any physician attending an injured or sick employee shall comply with all the regulations of the System and submit reports in prescribed forms at such time as may be required concerning his condition or treatment. All medical information relevant to the particular injury or sickness shall on demand be made available to the employee or the System. No information developed in connection with treatment or examination for which compensation is sought shall be considered as privilege communication.

Medical facilities available in the company clinic are Blood Pressure, oxygen, medicines for ordinary sickness, weighing scale, thermometer and first aid kit that are accessible to the workers anytime they feel ill or not feeling well. Only Hitachi has an ambulance to serve the workers during emergency cases. However, some of the factories limit the supply of free medicine for sick workers to only one tablet a day while Kapco worker mentioned that their company clinic lacks medicine supply thus they have to buy their own medicines whenever they are not feeling well.

Most of the company doctors visit in the company clinic once, twice or thrice in a week. In other times, the doctors could be reached in the company accredited hospital. As it appeared, Hitachi is the only company with a permanent doctors and nurses in the company while Kapco workers have not yet seen a doctor visit their company. The company doctor of P-TON only served the regular or fixed workers. According to the workers from Fujitsu, their company hires company doctors and nurses but usually do not stay long with the factory for reasons unknown to them. All factories have permanent or daily shifting nurses except for Kapco whose nurse visits the company only once a month. On the other hand, a worker from Tsukuba stated that since they don’t have a company nurse, their leader is the one who provides medication to sick workers.

Aside from the free annual medical examination, the workers are provided free medical consultation by company doctors and company accredited hospitals. The workers, though, will have to pay for laboratory tests like urine tests, hepatitis tests, etc.
Most accidents that happen in the workplace are the finger cuts caused by a pressing machine, hand sliced by machine blades; and wounds because of lack of sleep due to overtime and work during night time. Victims are usually brought to the clinic for first aid treatment then to the company hospital for free medication. In some companies, if accidents happen to a contractual worker, he/she is not likely to be promoted to regular status because the management assumes that it could happen again to the same worker. In other companies, the person involved in the accident will have to undergo retraining. In MD Tech, a worker who breaks or damages factory equipment is penalized with one-day suspension. Usual fire-fighting equipment that can be seen inside the factories are fire-extinguishers, fire alarm and accessible emergency exits. Only few companies have a sufficient water supply that can be used for fire-fighting. Fire drills and earthquake drills, mostly led by the Fire Brigade are done once in a year in each company. However, Santech, Astec, Tsukuba, P-TON, Sun Everlight and Hitachi workers did not mention about earthquake drills.

Substances that are frequently used by most factories during the production process are alcohol (IPA), flux, lead, ammonia, silicon, nitric acid, sodium hydroxide, acetone, soldering materials, solvent, araldite, residue, UV-transparent, thinner, sonic bar, thermal, oil, chromium, nickel, molding materials, metal/iron, tenac, pilprane and other cleaning substances based on what the workers mentioned that they already use a lead-free substance for soldering. It is known that common substances used in the electronic industry are hazardous to health with frequent exposure with those chemicals. Based on workers’ experiences, prevalent illnesses or health problems acquired from the workplace are back pain, leg pain and varicose veins due to prolonged standing; spots in the lungs, tuberculosis, skin allergy, fever, bronchitis, sinusitis, hepatitis and flu because of too much exposure to chemical substances; and, cough, fever headache and dizziness cause by lack of sleep due to overtime work and sudden changes in temperature when they enter or leave the very cold production area from or to the usually too hot climate outside. Some of the workers revealed that they experienced difficulty in breathing due to the harsh and strong odor of chemicals used in the factories and worse that they are inhaling chemical fumes instead of fresh air.
The mentioned illnesses are relatively similar to those the workers complained in 2003. In the 2003 WAC study, most of the workers experienced various physical discomforts like headache, stomach ache, back pains, chest pains, colds, fever, over fatigue, dizziness, asthma, skin allergies, ulcer and deterioration of vision while working. There are also workers who suffered from urinary tract infection (UTI), tuberculosis (TB), cyst in the breast, diarrhea, pneumonia, hepatitis and loss of consciousness that the workers suspected may have been caused by the chemicals used in production aggravated by the long hours of work; repetitive working in one exhausting position; insufficient rest or breaks; prolonged use of equipment like microscopes and computers for assembling very small parts or components and the lack of appropriate personal protective equipment or gadgets when working.

In fact, one of the respondents from San Technology had acquired tuberculosis at the factory. She had been with the factory for nine years, had been undergoing the mandatory company annual medical check-ups and hadn’t been diagnosed for any illness by their company doctor. It was in June 2006 when the worker began to cough with blood and suffered nose bleed. When she went to the company doctor for medical examinations and x-rays, she was diagnosed with tonsillitis and was declared still fit to work. However, when the worked sought a second opinion from another doctor, it was discovered that she had already tuberculosis. The company allowed her to take a two months vacation while undergoing medication but did not provide any assistance to cover her medical expenses. She was left to rely only on what is provided by the benefits under PhilHealth insurance Corp. even as her illness was acquired from her workplace.

For ordinary disorders, such as dizziness, nausea, and other mild illness, normally workers are advised for an hour rest and take medicine from the clinic. But to those who wanted to take rest or day-off at home, they are required to present a medical certificate from the company nurse and ask permission from their production line leader.

Injuries usually acquired by the factory workers are cuts and wounds by the pressing machines or the machine blades due to stress and lack of sleep caused by overtime. Injured victims are sent to the company’s clinic for first aid treatment and brought to the hospital for free medication.

Convention 174. Prevention of Major Industrial Accidents Convention,1993. Convention concerning the Prevention of Major Industrial Accidents. Article 4-1. In the light of national laws and regulations, conditions and practices, and in consultation with the most representative organizations of employers and workers and with other interested parties who may be affected, each Member shall formulate, implement and periodically review a coherent national policy concerning the protection of workers, the public and the environment against the risk of major accidents. Article 164. Training programs. The department of Labour shall develop and implement training programs to increase the number and competence of personnel in the field of occupational safety and industrial health.

Article 165. Administrative of safety and health laws. (a) The Department of labour shall solely responsible for the administration and enforcement of occupational safety and the health laws, regulations and standards in all establishments and workplaces wherever they may be located; however, chartered cities may be allowed to conduct industrial safety inspections of establishments within their respective jurisdictions where they have adequate facilities and components personnel for the purpose as determined by the Department of labour subject to national standards established by the latter.

Article 166. Policy. The state shall promote and develop a tax-exempt employee’s compensation program whereby employees and their dependents, in the event of work-connected disability or death, may promptly secure adequate income benefits, and medical or related benefits.
Only Fujitsu workers mentioned that the chemicals they use inside the factory are labeled/coded and they have been oriented about these chemicals. Workers from other companies said that they don’t know the name or kind of substances they use nor are given orientation about the chemicals even as the workers foster false confidence that substances cannot harm their health because they use protective gadgets such as face masks, goggles, gloves, finger cots, bunny suit, safety shoes, sandals and head cap while those gears are used depending on the production where the workers worked. However, Kapco workers just reuse their protective clothing because the company does not have enough supply of those clothing.

Most illnesses and injuries occurring in the electronics factory are caused by chemicals, radiation, noise and stress.

**Chemicals in the electronics industry and its hazards**

**Cleaning chemicals.** It is estimated that up to 1,000 new chemicals are produced and enter the world market each year. Many of these chemicals can be used for cleaning, degreasing and oxidizing. Most cleaning chemicals, such as solvents, acids and alkalis, have not been tested adequately for their long-term effect on humans.

Most electronics companies use chemicals generally the products. Consequently, it is common for a single electronics manufacturer to have a hundred gallons of acids and organic (carbon-containing) solvents stored at the worksite. Organic solvents can be highly toxic not only for workers, but also for the nearby community when storage leaks, vapor, emissions, or improper waste handling occur.

Three out of the five electronic workers are exposed to toxic cleaning agents, especially workers involved in the fabrication and assembly of Printed Circuit Board (PCBs), and assembly of electronic components, electrical parts and final consumer products. Most solvents and acid are absorbed quickly through the skin and enter the bloodstream. Chemicals on hands can contaminate food and enter the bloodstream through the stomach and intestines.

**Bonding chemicals.** In electronics, bonding is more often done by machine. It is a semi-automated job, since the machine requires a bonding worker for its operation and maintenance. However, there are still factories which are not automated and workers must perform the tedious job of bonding by hand, using a microscope and a pair of tweezers. It is the job of cementing, gluing, mounting and attaching. Most bonding chemicals are epoxies or other resins. In a few cases, metals may be used. Constant use of microscopes over time can cause permanent eye damage and stress-related illness. Eyestrain, dizziness, headache and overall weakness are common problems caused by frequent use of scopes and TV monitors.

**Encapsulation and Marking.** Encapsulation is part of the semiconductor component assembly process. It is described as the job of sealing an electronic chip or die and its frame is single package, testing it for air-tightness, and marking it with identifying colours. It is a semi-automated job involving the use of plastics, epoxy resins, ceramics, paints, certain metals, solvents and radioactive gases. As with bonding, encapsulation may involve intensive use of microscopes and TV monitors. The caps are usually tested with dangerous gas. Hazards in the processes are: damaged eyesight scopes and TV monitors; and damage to skin and internal organs due to chemical exposure.

**Etching and Plating substances.** Etching and plating in electronic industry both require the use of many dangerous chemicals. Cyanides, acids, solvents, metal fumes, gases and high
temperatures pose serious risks for plating and etching workers. Because etching and plating involve exposure to open baths of chemicals, such as highly poisonous cyanides, the health risks to workers are grave if strict precautions are not taken. Common problems include burns, dermatitis, eye damage, breathing problems, and gassings.

**Soldering substances.** Soldering workers could be exposed to some of the solvents, metal solders, fluxes and chemical by-products. The most common health hazards in soldering result from exposure to chemicals which have been made dangerous by heating. Hot soldering irons can also be dangerous and cause fires. Immediate (acute) problems such as irritation and burns occur when acids, alkalis, hot solder or a hot soldering iron accidentally come in contact with the worker. Chemical spills and splashes are also often to blame. The eyes, skin, airway and lungs are first to be affected. “Metal fume fever” is common and often mistaken for a cold or flu. Long “chronic” health problems can develop from exposure to chemicals if the worker inhales fumes, vapours, mists and metal dusts, or absorbs solvents, acids or other solutions through the skin. An increased incidence of asthma has been reported among soldering workers. Skin burns, dermatitis and conjunctivitis are common. Solderers also have a three-fold greater risk of deadly skin cancer.

Based on the interviews with the workers, all the companies surveyed practice segregation of waste products and have not been reported to have been involved in improper waste disposal of chemicals and other environmentally hazardous substances.\(^2\)

**Company Facilities vis-à-vis Health & Sanitation in the Workplace**

Lighting facilities inside the company or production areas are sufficient while ventilation of the factory is normally dependent on the required temperature per area of production in which all sensitive materials used for production are placed in a very cold room while other workers worked in not fully ventilated areas. Most of the production departments of each factory required a free particle/fiber clothing therefore, all personal things of the workers such as handkerchief have to first undergo an air blower for inspection.

Free drinking or purified/mineral water are provided to the workers by most of the factories except for the Astec workers who have to pay PhP25.00 as salary deduction every 15 days to cover the cost of water they consume at work. Other factories have a drinking fountain to supply the water consumption of the workers but with less assurance of hygiene for the worker’s health or safeness.

Some of the workers declared that they are already satisfied with the service of their company canteen since it is already sufficient and hygienic for them to use daily but workers from Luzon Magnetics commented about the undesirable taste of foods being sold in their canteen while Tsukuba workers mentioned that their canteen management are not kind enough to let them borrow spoons and plates whenever they have already brought foods from home and not buy meals from the canteen.

Comfort rooms of most of the companies are clean and have many cubicles, provided with soap and tissues, and can be used by the workers anytime except for KAPCO where the workers are obliged to clean their toilets so that most of the time, their comfort rooms are not clean. On the other hand, worker from Sun Everlight claim that their CRs are locked during working hours and

are afraid that may cause them urinary tract infection (UTI) while LMI worker stated that they have to fall in line first to access the CR because their company has only 2 for the use of the workers.
4. Individual Company Profiles

4.1. San Technology, Incorporated

**Company profile**
San Technology, Inc. (100% Japanese) was established in Cavite, Philippines in November 8, 1988, to expand the production of magnetic head cores for computers for its parent company, the Sumitomo Special Metals Corporation. In May 2003, the parent company decided to form a strategic business alliance with Hitachi Metals and Sumitomo Special Metals. Hitachi metals acquired 32.9% of the voting rights of Sumitomo special Metals from Sumitomo Metals Industries. Effective April 1, 2004, Sumitomo Special Metals Corporation Limited and Hitachi Metals Limited merged their permanent magnet operations, with the view to expanding them under the new company name of NEOMAX CO. Therefore, since April 2004, San Technology is a subsidiary of Neomax Co. and another subsidiary of Neomax is Luzon Magnetics Inc. in the FCIE.

**Data Obtained from the respondents**
Interviewees included operator, inspector, sub-leader and line leader. According to them, their company employed more or less 2,000 employees, most of whom are female workers. The youngest workers in the factory were 20 years old. As yet, there are no temporary employees because of a “no hiring policy” implemented by Hitachi since the merger in 2003.

SanTech produces chips inductor, printed circuit board for computer and magnets for Hard disk drives for Hitachi, Toshiba, Samsung, Seagate, Hanstar, Maxtor, Fujitsu, IBM, Main Aike. Local customers are P.IMES and Hayakawa (CEPZ). Products are largely exported to Japan, Singapore, Korea, Malaysia, Taiwan, China and Indonesia.

There are no orientation regarding the Code of Conducts (CoC) and Corporate Social responsibility (CSR) of customer companies in the company thus, knowledge about the code of conduct of the clients are hardly known to the workers. Upon hiring, the workers are oriented only with the company rules and regulations (CRR).

**Labour Conditions/Relations**
Regular working hours is 8 hours a day for 6 days in a week. Depending on the product model, volume of production order and on timetable of product shipment, the production leader or supervisor could require the workers to work overtime exceeding 4 hours in a day and even during Holidays or on the workers’ rest days or Sundays. Even so, it has been a common perception among the workers that they are not being forced to render overtime work even while not doing so has an effect on their performance evaluation or could cause them their jobs.

The highest paid workers in the company receive an average of about PhP400.00 when computed from his monthly-rated salary, depending on his length of service. A worker’s wage increases yearly after two years of employment in the company. On the other hand, new and temporary workers receive the mandated minimum wage rate. Workers who have been in the company for five years and over are remunerated on a monthly rate while those employed for less than five years are paid on a daily rate. All hours spent inside the company were paid. The workers are paid their 13th month pay and given a bonus of PhP500.00 worth of groceries for Christmas. Incentives include meal stubs worth PhP20.00 for a 4-hour overtime and PhP300.00...
for perfect attendance in three months and PhP1000.00 for a year without absences. A monthly allowance of more or less PhP2,000.00 is given to those who have already been in the company for more than 5 years and PhP1,000.00 for those under 5 years of service.

Paid leave benefits are sick Leave for 8 days and vacation leave for 8 days, which increase with longer years of service. Maternity leave of 60 days for normal delivery & 75 days for caesarian and paternity leave of 7 days is covered by the Social Security System (SSS).

Anybody is allowed to resign but should inform the management 1 month before the expected date of resignation. Resignation pays given were the equivalent 13th month pay, salary, tax refund and unused vacation leave. A separation pay is paid only to those who have rendered at least 10 years of service.

Most of the workers, especially those who are not yet married, were already satisfied with their wages. Some of the workers who are married were also satisfied with their income either because they have other sources of income or that their partners were earning also.

The company does not provide loans to the employees but the workers are able to get loans from the employees' multi-purpose cooperative provided they are able to get a referral or endorsement from the Personnel Department. Loan amortizations are deducted from the workers’ respective salaries.

A multi-purpose cooperative could engage in various business activities like credit and consumer stores as differentiated from a cooperative which is licensed or authorized only to engage in one business activity like a credit cooperative, agriculture cooperative or a consumer cooperative. The employees’ multi-purpose cooperative in San Tech is a cooperative of the employees. Those who wish to become members would have to put up a certain amount of capital share with the cooperative after which the members could avail the services provided by the cooperative. The cooperative in San Tech offers credit or loans to its members provided that the worker would secure and submit a referral from the personnel department. Loan amortization is paid through payroll deduction. Membership in the cooperative in San Tech is voluntary.

Workers are not allowed to enter or leave their work stations or the company premises during working hours except for the call of nature and emergency cases and only after they have obtained permission from their respective line leaders or production supervisors. Workers who are not feeling well are allowed a one-day leave or day-off if they can present a “not fit to work” medical certificate. Pregnant women are transferred to lighter job where they can work comfortably. No sexual harassment has been reported to have happened in the factory.

Qualifications for employment are age ranging 18-25 years of age, a height of at least 5’2” and physical fitness. Basically, the height requirement is based on the standard height of the production table or work area, which is suited to workers whose heights are 5’2” or over.

There was no reported discrimination in terms of religion, ethnic group and political opinion. Training and seminars are given only to those who needed them but sometimes are chosen from the group of favorite employees. Promotion was based on the yearly performance evaluation.

No strike has ever happened in the factory in the past five years since union organizing is strictly prohibited and discouraged by the management. One of the interviewees mentioned that the workers had planned to organize a union back in 2003 but was detected early on by the management. To bust the union, the company management immediately transferred some of the
workers involved in union organizing to different departments (to make it difficult for them to meet and discuss their organizing plans) while some have been promoted to higher positions, specifically to sub-leader or to line leaders although not to higher supervisory or managerial positions. Under Philippine labour laws, workers or employees who have supervisory or managerial functions cannot become members of a union of rank & file employees or workers. Should the union of the workers (rank & file regular and/or contractual) accept members who have supervisory functions, their union registration will be revoked by the Department of Labour and Employment. Such moves are done by the management to bust the union. In previous cases (not documented through this research), management usually offers “higher” position to key or active organizers and leaders of the union.

**Health and Safety**

Health and safety committees mentioned by the workers are the Safety committee, Chemical Spillage, Fire Brigade, First Aid, Waste Management, and Environment with respective designated duties.

Lighting in the factory is sufficient enough for production while the temperature of the working area is comfortable enough due to air conditioning units except for those areas that require room or higher temperature levels. Workers assigned in the production of sensitive parts of the products work in the clean room.

The workers are provided with mineral (purified) water. The canteen of the company is sufficient and hygienic enough for the workers. There are about 8-10 comfort rooms that can be used anytime.

Medical facilities and equipment present in the factory’s clinic as observed by the workers include sphygmomanometer, oxygen tank, medicines for ordinary sickness but limited to 2 tablets per day, stethoscope and bed where one can take rest if not feeling well. A company doctor visits the clinic once a week while a nurse is regularly present everyday. The designated company hospital is St. Dominic, where the workers could have free consultation anytime excluding other laboratory tests, which are paid for by the workers. A referral from the company’s clinic is required when consulting the doctor.

Chemicals and substances generally used in production as enumerated by the interviewees are Isopropyl alcohol, adhesives, UV-transparent, acetone, flux, lead, ammonia, silicon, nitric acid, and sodium hydroxide. As protection against excessive chemical exposure, the workers are supplied and required to use protective gadget such as safety shoes, sandals, masks, gloves, head cap, face masks, finger coats, goggles and laboratory gown.

Health problems acquired from workplace mentioned by the workers are lung spotting, tuberculosis, cough and flu. One of the respondents of the study herself acquired tuberculosis while employed in the company. When asked in the interview as to what the company has done regarding her case, she answered, “Nothing, they just told me to take a leave or vacation for two months while undergoing medication, without pay and my expenses covered by SSS (Social security System).” When she returned to work after a month, the management transferred her to another line of production. She was not allowed to work overtime anymore as she had done in the past years.

Among the usual accidents that happen at work were ordinary cuts and wounds from the equipment used in the production. In these cases, the worker is advised to go to the clinic for first
aid treatment. There are fire extinguishers and emergency exits in the factory. Fire and earthquake drills were conducted once in a year. As a whole, workers stated that the policies of the company have improved compared to the last 5 years.

**Environmental Impact**

The company, as the workers stated, observes environmental procedures like proper waste segregation and waste disposal wherein the hazardous chemicals were placed in separate containers and picked-up by trucks. The workers, however, don’t know where the wastes are disposed of.

The company also reuses papers and cartons. The scrap materials of the factory were sold to the scrappers. The company is ISO 14000 & 14001 certified and passed the EMS (Environment Management System). The workers believe that the higher managers implement the policies responsibly thus the company had not been involved in any environmental issue for the past years.

4.2. Philippine International Manufacturing and Engineering Services (P.IMES)

**Company profile**

The Philippine International Manufacturing and Engineering Services Corporation (P. IMES) was established on December 21, 1993 with a paid up capital of Php 427,651,100. It is a 100% subsidiary of IMES Japan and a supplier for Sony Corporation, which awarded P. IMES with the Sony Gree Partnership Certificate. P.IMES subsidiary companies are Sankou Seiki, also located in at CEPZ, which manufacture metal press and PTC in Thailand, which manufactures precision equipment.

The 23,000 square meter factory of P.IMES is located in a 30,000 square meter lot at Phase IV, Cavite Economic Zone in Rosario, Cavite. It started its manufacture of 2x CD-ROM drive in May 1994 with about 35 employees and expanded its operations the following year. Currently, the company has a total of 1,630 employees. It is engaged in the manufacture of compact disc-read only memory (CD-ROM) drives, sub-compact passbook printers (SCP) parts and peripherals.

The company’s goal is to become a world class manufacturer of goods with the highest quality and with the lowest cost; contribute to the Philippine society and industry; and to be a company of the Filipinos, by the Filipinos. It should be a people-oriented company, trusted by its customers.

It should be an attractive investment for stockholders. Thus, “quality policy is to supply products that meet agreed quality standards and all applicable statutory requirements with its customers and to provide Quality Services that is in compliance with the required International Standard and agreed Customer requirements.”

As part of its Corporate Social Responsibility, P. IMES have conducted several activities geared towards helping the society and the environment as well. Such activities included the latest company’s donations to typhoon and cancer victims on January 3, 2006; a medical mission held

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Asean Human Rights, Urgent Appeal on San Technology, June 2006 at www.ahrchk.net/ua/mainfile.php/2006/1791
on September 24, 2005 at Mt. Palay-Palay community in Cavite, Philippines; Gift giving Activities to about 200 children on December 17, 2005; the 10-hectares land adoption for reforestation in Mt. Palay-Palay, Mataas na Gulod National Park, Ternate Cavite under a Memorandum of Agreement (MOA) with the Department of Environment and Natural Resources signed on October 14, 2004 as a commitment to support the Philippine government’s drive towards clean and green environment. On July 17, 2002, the company launched the 1st Luntiang Pilipinas in Cavite Economic Zone (the Philippine Green Zone in CEZ) where the company sponsored a 7,000 square meter land as forest park in which 1,200 trees were planted. (Cited from company website)

Information obtained from interviews:
The respondents for this study are production operators, technician, leader, quality control and office personnel among whom the longest term of service is 11 years.

According to the workers, the company produces mobile backlight, printed circuit board (PCB) assembly, light guide for computer, plastic injection, computer module, LCD and 4x4 CD-ROM for J.IMES (Japan International Manufacturing and Engineering Services), Sony Corporation, Samsung Electronics, IBM, Humex Technologies Corporation, Apple Computer, Inc., Nokia, Nanox Corporation, Casio and Omron Electronics, and are exported to Japan, Taiwan, Hongkong, United Kingdom and Canada. The raw materials for the production of such products came from Japan. P.imes also manufactures products for San Technology, American Power Conversion and Astec Power Philippines, all located in CEPZ.

There are more or less 1,000 fixed, temporary/contractual/casual and project employees of the company.

Codes of conducts of its clients are not posted in the factory. What the workers know are the quality policy or standards for the products and the company rules and regulations (CRR).

Employment requisites in the company are the same for male and female but preferred applicants aging 18-25 years old. Requirements that must be submitted during application are Biodata, Barangay, Police and NBI clearances, National statistic Office (NSO) authenticated Birth certificate, diploma, Social Security System (SSS) number, Tax Identification number (TIN) and medical certificate. Most of the workers were hired through the recommendation of regular employees in the factory (termed “internal hiring”).

Labour Relations/Conditions
Working hours vary among workers. Some of the workers render 8 and a half-hours a day for 5 days in a week, and for the first two Saturdays of the month. The workers do not report for work on the 3rd and 4th Saturdays of the month and work is credited from the extra half-hours rendered daily. Still, others work only for 8 hours a day, Monday to Saturday. Likewise, some of the workers are required to work overtime for four hours daily while others are not but during peak production or during inventory, everybody were required to work all Saturdays of the month and render Sunday (rest day) overtime. There is no specific time when peak production takes place since this is dependent on the demands/order of the customer/client. For example, the number of orders from the customer and the time frame by which the products would have to reach the customer determine how much time and/or how many number of workers would be needed per day to reach the volume of order in time for shipment.
Contractual and project workers receive PhP254.00 daily, which was the minimum wage in effect at the time of the interview. A new wage order that increased the minimum wage to PhP272.00 came out in August but lacked the implementing rules and guidelines; thus, was implemented only later.

Those who have worked in the company for 5 years and over receive an average of PhP350.00 to PhP400.00 when computed daily from their monthly salary rate. Most of the respondents believe that their current salary is sufficient enough for their daily basic needs while some thought it is insufficient for the needs of the family because of the high cost of living.

The days of paid leaves are: sick leave, 8 days; and vacation leave, 8 days. On the other hand the SSS cover for the maternity Leave of 2 months for normal delivery and 75 days for caesarian and 7 days Paternity leave.

Bonuses, incentives and allowances given were the Christmas bonus; grocery; 3-month and one-year perfect attendance incentives amounting Php.250 & Php.1000, respectively; and, PhP20.00 overtime meal stub. In addition, fixed or regular workers receive monthly meal allowance of PhP390.00, clean room allowance of PhP5.00/day and transportation allowance of PhP390.00.

The company offers emergency/calamity loan, the mode of payment of which is payroll or salary deduction. Cash advances, however, are not allowed. There is also an Employees Multi-Purpose Cooperative in the company where the workers can obtain loans in cash and/or groceries. Membership in the cooperative is voluntary.

Resignation pays given to those who wanted to resign are 13 month pay, back pay, tax refund and unused Vacation leave for regular workers and an additional separation pay for those who worked for 10 years and above in the company.

During working hours, the workers are prohibited to enter the premises or leave their work areas except in cases of emergency cases and “call of nature”.

No discrimination on the basis of religion, ethnic group, ability and political opinion has ever happened in the factory. Pregnant women were usually transferred to safer jobs. There has not been a case when pregnancy has been reported as basis for dismissal.

Training is given upon hiring and whenever necessary to orient the workers on the processes involved in their work operations. Promotions are based on performance of the workers. However, there were instances when favoritism occurred or the relatives of personnel in higher positions are the ones promoted.

No case of sexual harassment has ever been reported in the factory.

Retrenchment of workers happened when production in TFT department was decreased. Workers who resigned voluntarily were offered a separation pay by the management while those who wanted to stay were re-assigned to other production departments. There have also been instances when workers were terminated mostly for reasons of decrease in production. These workers are also paid their separation pays.

The management strictly prohibits union organizing in the factory. None of the workers have tried organizing one; so it has not yet been a labour issue in the factory.
Health & Safety

As cited in its company website, its OHSAS policy had been implemented in order to “realize a safe and healthy working environment for its entire employee through the continual improvement of a suitable working condition based on the agreed standard and applicable statutory requirement.”

According to the workers, medical facilities present in the company were the clinic; medicine boxes in every department, sphygmomanometer, oxygen, medicines for ordinary illnesses, weighing scale and nebulizer.

The doctor visits 3 times a week and the dentist twice a week. There is a nurse stationed daily in the clinic. Workers may also see the doctor in the company-accredited hospital anytime for consultations. The workers have a health card.

Lighting in the factory is sufficient and the room temperature is good enough but there are production areas that are either very cold or too hot. The working areas were clean and not dusty.

The chemicals or substances they usually use were alcohol, acetone, toxic, technique clean solution, soldering materials and paints. The usual protective gadgets worn by the workers are bunny suit, head cap/hairnet, masks, gloves, safety shoes, booties and ground straps.

The mentioned illnesses acquired from the workplace were flu or fever for which they were told to just get medicine from the clinic.

Minor accidents that usually happen inside the factory are cuts and wounds by the machines for which workers were advised by the management to get first aid medication in the clinic. Had the worker been unable to work because of his injury, the management allowed him to take a rest.

About 8-12 guards were tasked for inspection, roving, securing the area and monitoring the workers through a camera located inside the factory. Fire-fighting equipment of the company are fire alarm, fire extinguishers and accessible emergency exits. Fire drills were conducted twice a year especially during dry season or summer and earthquake drill is conducted once a year.

Mineral water is also provided to the workers. The canteen of the factory is too small to accommodate most of the workers. On the other hand, there are 8-10 clean comfort rooms that may be used anytime. Compared to the past years, most agreed that a lot of improvement has been done in the company regarding the health and safety policies.

Environmental Impact

As cited from the company website, “management and all its employees are encouraged to commit for the maintenance of the environmental activities, products and services of the company for the preservation of a safer and cleaner environment.”

Wastes from the factory are properly segregated where hazardous chemicals are placed in separate containers. As mentioned by the workers, the company has a treater hauler where used hazardous chemicals or its wastes are treated although they have not mentioned how the chemical waste are finally disposed of. Reuse of scratch papers and cartons are also implemented in the company.
The company website listed several ISO certifications.

4.3. **Astec Power Philippines Incorporated**

**Company profile**

Astec Power Phil. Inc., in Cavite Philippines (CEPZ), established its manufacturing and was registered with PEZA in 1994. It is a 99.99% British, 0.003% Filipino and 0.001% American company. An acronym from Asian Technological Electronic Corporation, Astec is a worldwide leading supplier of standard, modified standard, and custom AC-DC and DC-DC power supplies from 1 watt to 6 kilowatts providing power conversion solutions for the computer, communication, industrial and medical markets.” It is a wholly owned subsidiary of Emerson, which is headquartered in Carlsbad, California, USA and listed on the New York Stock Exchange under the symbol EMR. The Company Emerson has more than 123,000 employees in 370 manufacturing facilities around the world.

According to its website, Astec Power “is an equal opportunity employer” that “will not discriminate against any applicant or employee on the basis of race, sex, religion, age, national origin, color, disability, or veteran status” and “is committed to providing a workplace free of any discrimination or harassment.”

On April 28, 2006, Emerson acquired Artesyn Technologies and merged it with Astec Power, creating the single largest power conversion supply manufacturer in the world with over 25,000 employees. Astec/Artesyn is now the undisputed industry Leader. (Cited from POWER Lines, Artesyn employees newsletter and Astec website)

**Obtained Data from interviews**

Astec Power Philippines Incorporated has a total workforce of 4,000 employees in its 275 square foot-CEPZ-located company. The company is engaged in manufacturing & repair of electronic power conversion products, such as power supply, adapters, transformers, uninterruptible power supplies, DC converters & hybrid modules.

Information obtained from operators, line leader and technician showed that it is engaged in the assembly of components on printed circuit board of computer motherboards, magnetic coils for Hard Disk Drive, wiring coils, power supply on computer and machines and DVD-EI.

In hiring process, the applicants are required to submit a biodata, Barangay, NBI and Police clearances, Social Security System number, medical certificate, birth certificate and TIN. Most of the workers hired in the company are apprentices and temporary or casual workers. Among the interviewees, only 25% are fixed employees (production operators) and the longest years of stay in the company is 7 years.

The youngest workers are 17 years old where the company asked for parent/guardian consent from the applicant.

Customers of the company known to the workers are the Sony, HP (Hewlett Packard), Nokia, Fujitsu, IBM, LG, Panasonic, Compact and Cirtek Electronics Corporation. Products are exported

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P.IMES Corporation: http://www.pimes.com.ph

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to Japan, China, Europe and United States of America. The local client companies of Astec known to the workers were the American Power conversion (APC), MEC Electronics Phils. Co., Maxon Systems (Phils.) Inc., Petronics, Dae Kyung Philippines, Co., Inc.(DKP), Ultimate Electronics Components, Inc., P. Imes (Philippine International manufacturing and Engineering Services), Radix communication, Inc., and Dae Duck Industries, Inc., all located inside the CEPZ. Some of the workers do not know who their clients are since it was never mentioned to them by the management during orientation.

The customers require the company to comply with ISO policies. However, the workers do not know the company clients’ respective Codes of Conduct. They are only given orientation on company policies and guidelines related to quality and environmental standards that would satisfy the requirements of the customers.

**Labour Relations and Conditions**

There is no discrimination in the hiring process on the basis of religion, ethnic groups and political opinions for as long as the applicants are fit and able to work. Even physically disabled applicants may qualify. Most of the employed workers are female.

Workers were not allowed to leave their work stations nor the company premises during working hours except specific emergency cases and only after they have obtained permission or passes from their respective leaders.

Workers only have to render a regular 8-hour work with 4 hours of compulsory overtime daily for 6 days. Sunday (rest day) overtime work occurs when customer demand for the product is high.

The highest wage paid to the workers by the company averages from PhP350.00 to PhP400.00 when computed daily based on a monthly rate, while the lowest wage is PhP254.00 daily rate. Take home salary was insufficient to cover the high cost of expenses to most of the interviewed workers. Emergency loan from the company may be availed only by regular/fixed employees and payments are deducted from their respective salaries.

Bonuses/incentives and allowances given were advance bonus based on the length of service, Christmas bonus, yearly company outing for free, meal ticket of PhP10.00 per 2 hours of overtime and regular employees are given meal allowance worth PhP30.00 per day. Resignation pays given to regular employees are their 13th month pay, back pay (last wage of the worker), and tax refund. Taxes are not deducted from the temporary workers.

The paid days of leave given by the company to the regular workers are 6 days of sick leave; 12 days vacation leave; and, 60 days maternity leave for normal delivery and 75 days for caesarean, and 7 days paternity leave which are covered by the SSS.

When not feeling well, workers are required to present a medical certificate to be able to take a day-off. Pregnant women are transferred to easier or lighter jobs. No sexual harassment against women has been reported.

Workers sent to abroad for training are selected based on their attendance and grades during evaluation. There is equal opportunity for promotion in which performance is also the basis for promotion.

No union has ever been organized in the company.
**Health & Safety**

Lighting and ventilation in the company are already sufficient according to the workers but some of the production area is too hot. Areas for production are clean and not dusty for the protection of sensitive materials used in production.

Chemicals or substances used in the factory enumerated by the workers are IPA, flux, soldering materials, solvent, lead, araldyte, residue, thinner, sonic bar, adhesives and thermal. Protective clothing against chemical exposure are goggles, gloves, safety shoes, masks, finger coats, smock-gown and bobite shoes.

Usual accidents that happen are cuts and wounds caused by the machine in the factory for which the victims are advised to go to the clinic for first aid medication.

Illnesses usually experienced by the workers are fever and flu for which they are advised to just get medicines from the clinic.

Medical facilities that may be availed in the clinic are medicines, sphygmomanometer gauge, bed, stethoscope, oxygen, weighing scale and first aid kit. Company doctor is not present in the company. Instead, workers may see them in the company-accredited hospital for consultation provided the worker presents a company ID. Consultation is charged to the company except for other laboratory tests, which is paid for by the worker. Two nurses take daily shift in the clinic to assist the workers.

Fire-fighting equipment in the factory were fire extinguishers, water supply, and accessible fire exits and emergency exits. Fire drill and earthquake drill are conducted once a year by the Safety Committee and Waste Management Committee, which also conduct necessary seminars for the workers.

The canteen, evaluated yearly by the management, is sufficient enough for the workers. However, drinking water is paid PhP20.00 every 15 days by the workers.

Comfort rooms are good enough and free to use anytime.

Overall, the workers thought that there was an improvement in terms of health and safety policy but some of them were asking to be provided with free and clean drinking water.

**Environmental Impacts**

“The Ethics and Environmental Policy Committee, composed of corporate officers, oversees all of Astec Emerson’s environmental activities. The committee reports to the Noard's Public Policy Committee, which reviews the environmental programs and projects. A Corporate Vice-President for Environmental Affairs and a staff of professionals work closely with the company divisions around the world to develop and implement environmental programs. At each division, at least one manager has been appointed to oversee and coordinate environmental activities. In addition, each plant has a designated staff member who is responsible for day-to-day environmental compliance matters”. (Cited from Power lines)

According to the workers, the company implemented proper segregation of waste wherein used hazardous chemicals are placed in a separate container and picked-up by trucks although none of them know where the wastes are disposed of. Recyclable materials such as papers and cartons are reused in some processes.
The company is ISO and EMS certified and never been reported regarding environmental issues.

4.4. Mechanical Keyparts Philippines Incorporated

Mechanical Keyparts Philippines (MKP) Incorporated, a 99.99% Japanese and 0.01% Filipino owned industry located in the Cavite Economic Zone was registered with PEZA on September 26, 2000. The company was designed for the assembly of carriage spacer for the hard disk drives.

Labour Relation/conditions

The workers interviewed included inspectors and production, of which two are regular or fixed workers and 4 were hired by a manpower agency known only to them as Sunpiro.

The company makes products for Nidec Copal Philippines Corporation, Nidec Philippines Corporation (Laguna), Toshiba, Nissin Precision (Laguna), TRC and Kapco manufacturing (Kent Adhesive Phils. Corporation) and are also exported to Singapore, Japan, Malaysia and Thailand. Codes of Conducts from the clients are not known to the workers since the only orientation given them are the company quality standards and policies to satisfy the quality standards of the customers. It has a total workforce of 1,500 employees.

During application, the workers are required to submit their biodata, SSS, birth certificate, NBI and Police clearances, medical certificate and tax identification number. The applicants should be between 18-25 years old and should be 5’2” or taller. The height requirement is based on the average height of the production table or station suited for a worker of 5’2” or taller.

The normal work schedule is 8 hours a day with 4 hours overtime for 6 days in a week. However, the workers are paid only the equivalent of a 3-hour overtime because the management deceitfully tell them that the unpaid 1-hour work counted as break time, which is a violation of the Philippine labour laws. MKP operates for 7 days but the workers may refuse or choose not to render Sunday overtime work provided that they get the permission of their line leader or supervisor before Sunday; otherwise, they could be charged with the violation of the company rules and regulations. When demand for production is high (sometimes referred to as peak production), the workers are mandated or required to render Sunday overtime.

The company has already implemented the new wage order that came out in August 2006 at the time of interview. All newly employed, contractual and agency hired workers receive the minimum wage of PhP272.00. Regular workers who have been in the company longer are said to receive higher wages although none of the respondents know how much. Interviewed workers who are single said that they are already satisfied with their take home pay but those who are married felt the insufficiency of their wage because of the high cost of living.

The company does not provide a lending facility nor allow salary or cash advances.

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5 POWER lines- an Astec/Artesyn Employee Newsletter July 2006 Vol. II, 2nd Issue
The environmental report of Emerson viewed at http://www.gotoemerson.com/about_emerson/pdf/EmersonEnvir.pdf
http://www.astec.com/about/about.html
Bonuses, incentives and allowances given to the workers are December bonus and grocery, monthly perfect attendance incentive worth PhP300.00, and overtime meal stub of Php.30 per day.

Paid leaves, which include the 6 days sick leave and 15 days vacation leave and 2 months maternity leave and 7 days paternity leave provided under SSS benefits may be availed of only by regular/fixed employees. Resignation pays were 13 month pay, back pay and tax refund.

Workers are only allowed to enter or leave the premises in times of emergency and call of nature. They also have to obtain permission from the leader when they’re not feeling well and wanted to take a rest or days-off without the doctor’s advise.

Pregnant women work the dayshift only. No sexual harassment has ever been reported.

Union organization is strictly discouraged in the company.

**Health and Safety**

The Safety Committee and the Waste Management Committee conduct fire and earthquake drills once a year among fellow workers and monitor proper waste disposal. Fire-fighting equipment are fire extinguishers and fire/emergency exits.

Medical facilities in the clinic are medicines, sphygmomanometer gauge, oxygen tank, weighing scale, stethoscope and first aid kit; all are available to the workers. The doctor visits the company twice and sometimes thrice a month while the nurses take daily shifts in the clinic. Workers may visit the company-accredited hospital for free consultation anytime but should first obtain a referral from the company.

Chemicals and substances used for production are IPA, flux, thinner and oil for cleaning. Their protective gears are face masks, gloves, finger coats, hairnet/ head cap, company shoes/ slippers and bunny suit.

There was no reported accident that happened or sickness acquired in the workplace.

Lighting facilities and ventilation of the company are already sufficient, according to the workers. Their working areas are clean and not dusty.

Clean drinking water is provided to the workers. The company’s canteen is sufficient and there are about four comfort rooms in the factory. The male’s toilet is separated from the females.

The workers think that there is an improvement of Health & Safety facilities done by the management compared to previous years.

**Environmental Impacts**

Certified with ISO and EMS, the company has implemented proper waste management and disposal, which include proper segregation of waste materials although workers do not know where the hazardous chemicals are being disposed of. They also reuse or recycle waste materials. The company has not been reported regarding the issues on improper chemical disposals.
4.5. Kent Adhesive Products Corporation (Kapco Manufacturing)\textsuperscript{6}

Kent Adhesive Products Corporation (KAPCO), a 99.99% Japanese and .0025% Filipino owned company was PEZA registered on May 9, 1996. It manufactures surface coated hard disc frames and other coated products and electronic parts of similar feature. The workers identified the products as HDD 2.5-1.8, Hard Disk Drive base, SH cover, top cover and HDD plating for Fujitsu Computer Products Phils., Mechanical key parts Philippines (MKP), EMECEM-Subic, PTON Philippines Corp., Tsukuba Diecasting Corporation and Bridgestone Precision Moldings Phils., Inc. and are exported to Japan and China. Kapco are also sub-contracted by MKP & Tsukuba in CEPZ and Dayap & Emecem in Laguna to manufacture products for them. Safety and quality policies are implemented by their customer particularly by MKP. Company policies, rules and regulations are also implemented inside the factory.

Labour Relations/Conditions

There are around 500 workers in Kapco Manufacturing. As in the case of with MKP, most of the workers are agency hired (LOC) by Sunpiro Manpower Agency.

According to the workers, the documents submitted during the hiring process are biodata, NSO-authenticated birth certificate, SSS number, transcript of academic records, and barangay, NBI and police clearances.

The management preferred applicants who are 18 to 24 years old, physically fit, and with work experience. The company discriminates against, or does not hire, gays and lesbians. Heavy work is assigned to male workers only. Pregnant women are transferred to easier or lighter jobs where they can work comfortably. The youngest workers in the factory are 18 years old. No case of underage employment has ever been reported.

The regular working schedule of the workers is 8 hours with 4 hours of mandatory overtime a day for 6 days. Since the company operates for 7 days, the workers are assigned different rest days (or not necessarily a Sunday) designed to keep the production running for seven days.

Newly employees receive a wage of PhP280.00 noting that the interviewees did not know the salary rate of regular workers who have stayed in the company longer. Agency-hired workers who were interviewed said they receive PhP272.00, the mandated minimum wage while the apprentices receive PhP254.00, the minimum wage before the new wage order came out in August.

Bonuses, incentives and allowances given to the workers were Christmas bonus and PhP30.00 meal allowance. Upon resignation, the worker is paid his 13th month and tax refund by the company. Essentially, workers are not satisfied with their salary because of the high cost of living.

The agency allows the workers they have hired to avail of an emergency loan provided they are able to present a certification or referral from the company personnel department. The certification/referral guarantees that the worker applying for a loan will be able to pay his amortization through salary or payroll deduction.

\textsuperscript{6} Kapco website: http://www.kapco.com/cms/site/c5d642721370e69/index.html
leaves with pay in the company for fixed workers were 5 days sick leave and 5 days vacation leave and 60 days maternity leave and 7 days paternity leave under SSS benefits.

Workers are not allowed to enter or leave their workplace anytime during working hours and they are strictly monitored by their line leaders. Those who are not feeling well are allowed to take days-off without the doctor’s advice, only with the permission from the leader.

Sexual harassment has not happened inside the factory. All workers said that they have equal opportunities for training and promotion based on their performance.

No strikes have ever happened in the company since organization of a union was not allowed. This is especially hard since most of the workers are temporary, apprentice and agency-hired.

Health and Safety
Aside from the CRR implemented by KAPCO, they also implement safety and quality control policies demanded by their customer particularly the MKP to ensure that the products would pass quality standards.

The company has a Safety Committee that conducts the orientation regarding safety in the workplace and procedures in cases of fire and other emergencies. Fire-fighting equipment that can be seen inside are fire extinguisher and accessible fire/emergency exits. Fire and earthquake drills are conducted once a year.

Chemicals present in the production area are nitric acid, chrome, nickel and IPA while the protective gears used against exposure to these substances are face masks, bunny suit, gloves and booties although sometimes the supply of the protective clothing were not enough for the number of workers.

Diseases closely related to or acquired from the workplace are bronchitis, dizziness, sinusitis because of bad chemical odor, and cough. When reported to the management, workers are usually just advised to wear their protective clothing.

Medical facilities that can be accessed by the workers in the factory’s clinic are sphygmomanometer gauge, oxygen, nebulizer and medicines for ordinary illnesses but sometimes the clinic do not have enough supply of medicine. The company doctor visits the clinic twice a week. There is also a permanent company nurse. Workers are also allowed to visit the company-accredited hospital for free consultation anytime they feel ill.

Lighting facilities in the factory are already sufficient but workers complain of poor ventilation. Production area was slightly dusty although sensitive materials in production are placed in a safe and clean room.

Clean drinking water of the workers is provided for free. The canteen is already sufficient. There 3 to 4 comfort rooms used both by male and female workers that may be used at anytime. The workers observed that there was no improvement in company health and safety policies and equipment.
**Environmental Impacts**

KAPCO has an environmental policy on proper waste segregation and disposal but, as experienced by the workers, has not been properly observed and implemented inside the factory due to the irresponsibility of the personnel assigned for disposing the garbage.

Hazardous chemicals were placed in different containers but only the maintenance knew where it was being disposed of. Reuse of protective clothing and scratch papers has been practiced in the factory.

The company is ISO 9001-2000 certified. It has not been reported regarding the environmental issues or cases.

### 4.6. Micro-Device Technology

**Company profile**

Micro-device Technology (MD-Tech), previously the TFT department of San Technology (CEPZ), was established as a separate company on January 1, 2005 with a capital of PhP22,500,000 and 900 employees who are 90-95% female. It is 100% owned by Japanese Sumitomo Metal Micro-Devices, Inc. (smMD), that manufactures PCB modules for client sub-contracting factories, specifically the San Technology.

As cited in the company website, the establishment of MD Tech should expand production with 16 production lines. The local cooperation between MD Tech and smMD aim to improve business and production efficiency as well as establish a system, which is able to respond promptly to market demands.

**Data Obtained From Interviews**

There are around 900 fixed or regular production workers, all of which were directly hired by the company. Ninety to ninety-five percent of the workforce is female. The company has frozen hiring since 2006.

The company manufactures PCB for computers/cp, flat TV, hard disk, TV slide, DW rewind for computer, plasma display made for TMD, Samsung Electronics Philippines Manufacturing Corporation, Nanox, PIT, Toshiba Information equipment (Phils.) Inc., Nokia, SMDR, Panasonic Communication Philis., Corporation, Hayakawa Electronics (Philippines) Corporation, and Philippine International Manufacturing and Engineering services (P.IMES) and also exports products to Japan. The workers are given orientation on quality policies and procedures required by their customers.

**Labour Relations and Conditions**

There are about 1,000 production workers in 2004 where 70% were regular/fixed employee and 30% were probationary, all of whom were directly hired by the company. On 2006, employment was decreased to 900 regular workers, of which 90-95% are female and 5%-10% are male. The company has frozen hiring since then.

The company manufactures PCB for computers/cp, flat TV, hard disk, TV slide, DW rewind for computer, plasma display made for TMD, Samsung Electronics Philippines Manufacturing Corporation, Nanox, PIT, Toshiba Information equipment (Phils.) Inc., Nokia, SMDR, Panasonic
Communication Phils., Corporation, Hayakawa Electronics (Philippines) Corporation, and Philippine International Manufacturing and Engineering services (P.IMES) and also exporting to Japan. The workers are oriented with the quality policies and procedures required by their customers.

The workers are distributed to a three eight-hour shifts, working for 6 days in a week with the seventh day or Sunday as rest day. Sunday or rest day overtime is required only during peak production.

The highest paid workers are those who have stayed in the the company, including services rendered at the TFT Department of SanTech,, for five years and over, receiving as much as PhP299.00 daily while those who have been working with the company for less than five years receive the mandated minimum wage. Salary rate was already sufficient to those who are receiving above the required minimum wage while insufficient for those who receive only the minimum wage.

Bonuses, incentives and allowances given by the company are company increases, monthly and yearly perfect attendance incentives amounting PhP300.00 and PhP1,500.00, respectively, and PhP20.00 meal stub for 4 hours of overtime work. Christmas grocery and PhP1,000.00 Christmas bonus are also given to regular employees. A worker who wanted to resign is required to file his resignation 30 days before the date of effectivity. He is paid his 13 month pay, tax refund, unused vacation leave for regular workers and a separation pay to those who have stayed for 10 years and above in the company.

Paid days of leave given by the company are 8 days sick leave and 8 days fixed vacation leave with additional 1 day per year of service. A 2-month maternity leave for normal delivery and 75 days for caesarean and 7-day paternity leave are covered by the SSS.

The youngest employees in the company are 20 years old. Leaving and entering the working area are prohibited particularly during working hours. When not feeling well, workers are allowed to take a rest or days-off provided they are able to obtain a medical certificate. Pregnant women were transferred to an easier job.

Workers have equal opportunities for training, seminars and promotions based on their job-performance during the yearly evaluation. The amount of wage increases provided by the company depends on the grade of the workers during evaluation.

Union organization was strictly discouraged by the management

**Health and Safety**

Active committees in the company are the Committee on Fire, which conducts fire and earthquake drills once a year, the Red Cross for first aid and the Water Conservation Committee for environmental management.

Medical facilities in the clinic are medicines, sphygmomanometer and oxygen tank. A doctor is available for medical consultation in the company once a week while the nurse is present daily. Workers are allowed to visit the company-accredited hospital for free consultations except for labouratory tests which is paid for by the workers.
Six guards are posted in different areas to secure the company and inspect all individuals who enter and leave the factory premises.

The level of cleanliness of the production area depends on the materials used for production, thus; sensitive materials are placed in a clean room and under cold temperature.

Clean drinking water was provided the workers. Light and room temperature are good enough for the production. Canteen in the company is sufficient and hygienic and comfort rooms were enough for the workers and may be used anytime.

Chemicals or substances used in the production are IPA, flux, cleaning chemicals and solder wire. Apron, anti-static uniform, head cap, gloves, rubber masks and finger coats are used for protection. Usual accidents that happen are cuts and wounds from the machines and, also the damage or breaking of equipment or gadgets used in production. Wounded workers are advised to get first aid medication while the one responsible in the breakage or damage of an equipment or production gadget was penalized with one-day suspension. There was no reported illness that was acquired from the workplace.

**Environmental Impacts**

The company responsibly implements proper waste management and disposal, which include the proper segregation and disposal of used materials. They are also responsible in reusing and recycling materials such as papers, cartons and others. Workers don’t have knowledge about the final destination of used hazardous chemicals although the company not has been reported regarding issues on improper chemical disposal. The company is International Standardization Organization (ISO) and Environment Management System (EMS) certified.

### 4.7. Tsukuba Die-casting Corporation

**Company Profile**

Tsukuba Philippines Die-casting Corporation, a 100% Japanese owned company, was established in the Cavite economic Zone (CEPZ) on April 9, 1996. The company is a supplier of aluminum base for hard disk drives. The production by Tsukuba of the base and cover for HDDs is complemented by Kapco (Kent Adhesive Philippines Corporation) for surface treatment or coating of the aluminum die-cast and with P-TON Philippines Corporation for the plastic injection parts. These two other small Japanese firms are located in the same compound as Tsukuba thus providing it the rare advantage of reduced production time and less cost for the customer (The Hard Disk Drive Industry in the Philippines, Gwendolyn R. Tecson, University of the Philippines, Report 99-01, January, 1999).

**Labour relations/conditions**

Tsukuba has a total workforce of 1,000 where 30% are regular workers, 70% are temporary of which 30% are agency-hired. The five workers interviewed identified the company’s major client as Toshiba Information Equipment (Phils.) Incorporated, and their suppliers or partners are Kapco Manufacturing Corporation, P-ton Philippines Corporation, Cam Mechatronic (Phils.) Incorporated, and Nidec Philippines Corporation. The workers also mentioned that Tsukuba exports its products to Japan and Europe.
Requirements during the hiring process are biodata, NBI Clearance, diploma, SSS number and tax identification number. Applicants must also be 18 to 27 years old. However, the respondents mentioned that there have been 17-year old workers in the factory who have gained employment either by providing a parental consent or by falsifying their documents or birth certificates.

Upon hiring, the workers are provided an orientation regarding company rules and regulations and policies regarding production quality standards.

All workers are required to render 12 hours of work (including four hours of overtime) each day for 6 days a week. Whenever Sunday overtime work becomes necessary the workers are made to sign a document, which serves as a waiver or consent of voluntary overtime work, the day before.

The highest wage paid regular workers now in the company receive PhP300-310.00 daily while newly employed and temporary workers receive the mandated minimum wage. Single workers declared that their salary is already sufficient but married workers said it is much too insufficient for a family because of the high cost of living.

Bonuses, incentives and allowances given by the company are cash award of PhP500.00 for best (production) line, and PhP800.00 Christmas bonus. Upon resignation, the workers are paid their 13th month pay and tax refund.

Paid days of leave granted to regular workers are 5 days sick leave and 5 days vacation leave. Two months of maternity leave for normal delivery and 75 days for cesarean and 7 days of paternity leave is provided under SSS benefits.

Workers who are not feeling well are allowed to take rest or days-off provided they present a medical certificate. Pregnant women are transferred to a job where they may sit or where they do not have to endure long hours of standing while working.

Workers are not allowed to leave and enter their work area particularly during working hours except when going to the toilet and other personal necessities and for emergency cases.

Workers have equal opportunities for training and seminars and promotions, which are based on their performance.

Organizing a union is strongly discouraged in the factory. No union has been successfully established in the company. The workers mentioned that there was a effort to organize a union last January 2006 but was easily frustrated by the management when it reassigned the 10 workers involved into separate areas of production; thus, giving them a difficult time to meet, communicate and plan their moves.

**Health and Safety**

No active committee is organized in the company.

The usual illnesses acquired from the workplace are asthma and fever. Medical facilities in the clinic are medicines, sphygmomanometer and thermometer. A doctor visits the company once a month. There is no nurse who regularly stays in the company. The personnel manager takes over the task of assisting and providing medicine to sick workers. Worker may obtain free medical

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consultation at the company-accredited hospital. Labouratory tests, however, are paid for by the workers.

Chemicals or substances used in production are molding substances, metal and cleaning chemicals. Uniform, shoes, apron, head cap, gloves, and facemasks are used for protection. Usual accidents that happen were cuts and wounds and the victims were treated for first aid.

Lighting is sufficient enough, according to the workers although the production area is dusty and the temperature is cold. Airconditioning and/or heaters are used to maintain the necessary temperature for production.

Drinking water may be obtained from a drinking fountain. The canteen management do not allow the workers to borrow plates, spoon or fork in cases when the workers do not buy food from them and instead bring food from home.

There are 10 comfort room cubicles for males and 14 for females, which may be used anytime.

There are 3 guards assigned in the company to secure the area and inspect all individuals entering and leaving the factory.

**Environmental Impacts**

The company responsibly implements proper waste management and disposal, which include proper segregation and disposal of waste materials. They are also responsible in reusing and recycling materials such as papers, cartons, etc. Workers don’t have the information regarding the final destination of used hazardous chemicals. However, the company has not been reported to have improperly disposed of their wastes and chemical. The company is ISO and EMS certified.

### 4.8. P-ton Philippines Corporation

P-ton Corporation is a 100% Japanese-owned company, which is located in the Cavite Economic Processing Zone (CEPZ) in Rosario, Cavite. It is a 100% subsidiary of Newton Japan. Established in 1996, Pton manufactures small and precise plastic injection molding items for hard disk drives (HDDs). Its customers include Mechanical Keyparts Philippines (MKP), Tsukuba Philippines Diecasting Corp., Line Seiki Inc., and Sansen Company Limited in the Cavite Economic Zone. Its major customer is Toshiba Japan (newton-ltd.co.jp/group/pton.html).

**Data gathered from interview**

According to workers interviewed from PTon, about 500 workers are employed in the company. Most of them are contractual or temporary and agency-hired workers. Upon hiring, the workers are given orientation regarding company rules and regulations including the detail that union organizing is strictly prohibited implicitly by the management.

Employment is open to those aged 18 years old and older with a height of at least 5 feet and 2 to 3 inches (5’2-5’3).

Regular working hours is 12 hours a day, four hours of which are considered overtime, for 6 days a week. Sunday overtime may be required when demand for production is high. During peak

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8 The Hard Disk Drive Industry in the Philippines. http://www.isic@ucsd.edu
production, workers who refuse overtime work are charged with AWOL (absence without official leave) and are reprimanded according to company rules and regulations. Workers are paid the mandated daily minimum wage whether they are newly hired, regular or contractual. However, bonuses, incentives and allowances are enjoyed by regular workers only according to two temporary workers interviewed, their monthly take home pay is not sufficient for their daily needs such as transportation, food, house rent, and personal necessities. The shortfall is aggravated by the money they have to send back to help their families in the provinces.

Workers are not allowed to leave or enter the workplace during working hours unless they obtain permission from the leaders and only for important matters. A pregnant woman continues to work on her assigned process for as long as she can still perform her job. No sexual harassment against women was reported, though. Opportunity for training and promotion are offered only to those who are close to or favored by the management.

**Health and Safety**

Medical facilities there in the company clinic are first aid kit, BP and medicines. A nurse is always present in the clinic to assist the sick workers while the service of a company doctor is provided to regular employees only. Only medicines for ordinary illness are free in the clinic and consultation fees are charged to the workers.

The production area of the factory is a clean room with sufficient lighting facilities but not fully ventilated. Free mineral water is provided the workers. Hygienic canteen and clean comfort rooms are also available to the workers.

Fire extinguishers are the fire-fighting equipment present in the factory. Emergency exits are easily accessible in times of emergencies. The company conducts a fire drill among the workers once a year.

Chemical used in the production are IPA, pilprane and tenac substances and the protective gadgets used are bunny suit, head cap, booties, gloves, finger coats and safety shoes. The only sickness acquired from work mentioned by a worker is varicose veins, which she thought was caused by prolonged standing while working. No accident has been reported since the respondents have been employed by the factory.

**Environmental Impacts**

The company practices proper waste segregation and sell the recyclable scrap materials to scrappers. The workers do not have the information as to where the used chemical wastes are taken. The company is International Standardization Organization (ISO) certified and has not yet been reported for improper chemical disposal.

### 4.9. Hitachi Global Storage Technologies Philippine Corporation

**Company Profile**

Hitachi Global Storage Technologies Phil. Corporation, located in a special economic zone, Laguna Technopark, Inc., is a 99.9996% Dutch company with 0.00032% Japanese and 0.00008% American equity. It was established on May 11, 1994 as a result of the strategic combination of IBM and Hitachi’s storage technology businesses.
Hitachi GST sank in about P1.57 billion in investments for the manufacture of hard disk drive (HDD) and HDD component parts such as head gimbal assembly or magnetic heads, slider and head stack assembly for its major customers, which are the IBM California, Apple and Dell. Hitachi subcontracts some of the supplies necessary in the manufacture of its final products to San Technolgy, the Micro Device Technology (MD Tech) and Luzon Magnetics.

**Obtained Data from the respondents**

Hitachi has around 7,000 employees, of which the youngest is 18 years old. Those who were interviewed are all production operators directly hired by the company. The documents they were required to submit during job application were their birth certificates, National Bureau of Investigation (NBI) and police clearances, and a biodata or résumé.

**Labour Relations and Conditions**

As mentioned by the respondents, upon hiring, the company conducts an orientation about business guidelines & conduct and regarding the safety standards and policies inside the company. The workers are not given an orientation on the Corporate Social Responsibility.

Workers take home salaries vary with the number of hours they render in a day although the average monthly take home pay of a regular employee working the regular 8-hour day for 6 days in a week is about PhP8,000.00. They do not work overtime unless the demand for production is high when they are required to render three hours of overtime from Monday to Friday. Sunday overtime, when required, is only done on the 3rd and 4th Sundays of the month.

Bonuses and incentives given by the company are perfect attendance bonus (no specified amount), PhP30.00 meal allowance per day and free transportation via company air-conditioned shuttle buses. The paid days of leave given by the company are 15 days, which may be used by the workers either for sick leave or vacation leave. The SSS covers the 2-month maternity leave and 7 days paternity leave.

No cases of discrimination against the workers have ever been reported. Training and promotion were based on their work performance and daily attendance. On resignation, the workers are paid their 13th month pay, applicable tax refund and unused vacation leaves.

There is no union in the company and no workers’ strike has ever happened.

**Health and Safety**

Annual physical examination is conducted to monitor the health conditions of the employees. The company has its own clinic where doctors and nurses are regularly available for consultation when necessary. The workers have a health card, which they present to the doctors during consultation.

There is also an ambulance in case of emergency. When not feeling well workers are allowed to take a 30-minute rest in the clinic. There is also medicine/first aid kit available in every production area. Workers are free to enter and leave the premises anytime they need to for as long as they obtain permission from their respective leaders.

According to the workers, the production area is clean and has enough lighting and ventilation facilities. Clean drinking water is provided to the workers. Three hygienic canteens and many clean comfort rooms are also available to the workers.
**Environmental Impacts**

Chemicals are handled only by workers assigned to the job and who have been oriented about proper handling of chemicals.

The workers did not provide any data regarding company waste disposal and environmental policies. However, a browse of its website, hitachigst.com, reveals that the company is ISO 9001-18000 certified, the cornerstone of which is Hitachi GST’s Environmental Policy, which sketches the company’s philosophy and vision modeled after Hitachi Ltd.’s strong commitment “to the aggressive pursuit of activities that contribute to society and those that promote harmony with the environment.”

Further, Hitachi guarantees the reduction and/or control of chemical usage in its production particularly those that have negative impact on the environment stating that “in addition to our efforts to reduce chemical use in our own facilities, Hitachi seeks to work with ISO certified suppliers who are committed to environmental preservation activities and continual environmental improvement, including the support of chemical reduction priorities.”

**4.10. Fujitsu Computer Products Corporation of the Philippines**

**Company Profile**

*(all sourced from the company website, fujitsu.com/ph/)*

Fujitsu Computer Products Corporation of the Philippines is 100% Japanese and the 65th fully owned overseas subsidiary of Fujitsu Limited of Japan, “one of the leading manufacturers of hard disk drives”. It was established in February 1, 1995 at the Carmelray Industrial Park I-Special Economic Zone in Canlubang, Laguna Philippines with a land area of 83,820 sq.m., a floor area of 61,416 sq.m and a clean room space of 25,449 square meters.

Regarded by PEZA as a pioneering activity, Fujitsu is involved in the manufacture of magneto optical disk (MOD) drives, magnetic hard disk drives (HDD’s), semi-finished computers, components parts and accessories, which are exported to the United States, Europe, Japan and Southeast Asian countries. The HDD production started on April 1996 with a capital of US$133.3 million.

Ninety six percent (96%) of its more than 5,000 workers are women. In 2005, the factory produced a total of 5.2 million units of HDDs and a total sales of US$1.04 billion.

Fujitsu also put up a second disk factory, stretching to 21 hectares at Tanauan, Batangas south of Laguna. The products of the company are mainly supplied to its mother company, the Fujitsu Limited in Japan and also to Sun Micro/SAE and exported to USA and China.

**Labour Relations and Conditions**

The respondents from Fujitsu Philippines Computer Products are operators and a training officer.

All workers are given orientation regarding company policies, rules and regulations.
The youngest workers in the factory are 15 to 18 years old who have been recommended or supplied by an institution known as the Sisters of Mary. Previous documentation and research by WAC revealed that the Sisters of Mary is an institution that gathers teenagers from the rural and depressed areas; houses them in an orphanage house and provides their high school education under a scholarship program which is financed by philanthropic entities including Korean and Japanese investors. After graduation, the teenagers are assisted by the Sisters of Mary in seeking and applying for a job and provide their boarding houses until such time that they have gained a relatively stable job. In some cases, the Sisters of Mary are either sought out or have an agreement with certain companies where the teenagers would be brought after graduation. While in school, the students are trained with technical and homeroom skills and with obedient attitudes inside the orphanage house where they stayed. Basically, the institution supply young, cheap and meek or docile labour to companies. Since teenagers graduated from high school usually at the age of 16 and are thus underaged or minors, Philippine labour laws require the companies to secure parental or guardian consent to avoid prosecution with a violation of the Philippine Labour laws.

There is no discrimination against the workers on the basis of religion and political opinion. However, according to the interviewees, opportunity for training abroad and promotion is dependent on who are closely –related to or are favorites of employees in higher-positions.

Workers have the freedom to leave and enter their respective workplace whenever necessary. They are allowed to take a rest or day-off when they are not feeling well only after they have obtained permission from their respective superiors. Pregnant women are transferred to a lighter or easier job.

A worker regularly works for 11 hours in a day, 3 hours of which is considered overtime, for 6 days in a week. When the demand for production is high, they are required to render 4 hours of overtime daily and 8 hours of Sunday overtime while the engineers are required to work 5 hours of overtime a day. The average take home wage of the workers who have been in the company for 10 years and above is around PhP7,000.00 monthly which when computed daily averages PhP291.00 to PhP350.00, excluding benefits and overtime pay. Newly employed workers are paid the mandated minimum wage. They are required to reach the target daily volume of production (quota) before they could go home. Overtime work rendered to reach the quota is paid.

Bonuses, incentives and allowances acquired by the workers are annual and midyear bonus, quarterly perfect attendance incentive worth PhP500.00 and PhP500.00 monthly meal allowance, which increases yearly. Company initiated wage increase is based on quarterly appraisal or performance evaluation.

The workers deem their wages insufficient for the daily needs of their families because the cost of living is much higher than their daily wage rates unless they spend many hours of overtime work, which covers for other necessary expenses.

Paid days of leaves are 13 days sick leave and 10 days vacation leave increasing 1 day per year of service. A two-month maternity leave and 7 days paternity leave is covered by Social Security System (SSS). Upon resignation, the workers are paid their 13th month pay, applicable tax refund and unused vacation leaves.
Sensitive products are produced in a particle-free production area to maintain quality standards. Lighting facilities and ventilation is sufficient although there are times when the temperature gets too cold inside the factory.

Free and clean drinking water, a spacious and hygienic canteen and clean comfort rooms are accessible to the workers at any time.

Union membership or organization is strictly prohibited in the company.

**Health and Safety**

Workers who do not feel well are allowed to take a rest in the company clinic where there are oxygen and medicines available. Medical consultation is charged to the company and free medicine of 1 tablet and 1 vitamin per day are provided.

During emergency cases, there are fire extinguishers present in every section and accessible emergency exits. Fire drills are conducted almost every month.

Chemicals used in production were labeled or coded for the safety of the workers although the respondents have not identified any of the chemicals except those that are used for soldering.

**Environmental Impacts**

Waste chemicals go through the company’s waste water treatment facility before the treated water is disposed of in canals or dikes. However, the workers can still smell the bad odor of those chemicals after the water has been allegedly treated. The workers do not know where the waste chemicals from the treatment facility are disposed of.

The company is ISO certified. Based on the statement of the workers, the company has not been reported to have been involved in any case about improper chemical disposal.

**4.11. Luzon Magnetics Incorporated**

Luzon Magnetics Incorporation (LMI) is a 100% Japanese-owned industry located in First Cavite Industrial Estate-Special Economic Zone (FCIE) in Dasmarinas, Cavite, registered with PEZA on June 11, 1996. LMI is a subsidiary of Neomax Corporation of Japan, which resulted from the merging of Sumitomo Special Metals Company and Hitachi Metals Limited in 2004 and engaged in the manufacture of magnetic parts for primarily for compact discs (CD) and voice coil motor for hard disk drives. The products are made for Hitachi Japan and also exported to United States.

**Labour Relations and Conditions**

Sixty percent of the total workforce are female while 10% are contractual or temporary workers. The youngest employee at the time of the interview is 17 years old because the worker submitted a falsified birth certificate in order to gain employment in the company. Requirements that have to be submitted by the applicants are biodata, birth certificate, Barangay, Police and NBI clearances, SSS number and tax identification number.

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10 websites: neomax.co.jp/, peza.gov.ph/firms
http://www.fujitsu.com/ph/about/employment/fcpp/
Workers render 8 hours of work for 6 days a week. Three hours of daily overtime and Sunday OT is rendered during peak production (the time when the volume of order is high). The workers are paid the mandated minimum wage, which according to the workers is not enough for the basic needs of the family. Workers are able to obtain loans from the company’s cooperative, which are paid through salary deduction, at a monthly interest rate of 2%.

Benefits include PhP500.00 worth of groceries every month of December, monthly perfect attendance bonus worth PhP100.00 a month and thirteen pesos daily transportation allowance. Upon resignation, the workers are given their 13th month pay, their last paycheck, and applicable tax refund. Incentive leaves are 10 days vacation leave and 10 days sick leave with additional 1 day per year of service. The SSS covers for the 60 days maternity leave and 7 days paternity leave availed by the workers.

Only supervisors have a chance to go abroad for training. Promotion of employees is based on their work performance.

Kristong Manggagawa Labour Union was organized in the company 2004 because of the strict management of the Human Resource Department. The union was easily busted by the management when some of its leaders and union members were promoted to higher positions or were dismissed.

Workers are only allowed to leave the premises whenever they are needed in other departments and in cases when they are not feeling well. When they want to take a rest or day-off, they are required to ask a medical certificate from the company nurse.

**Health and Safety**

The company has a nurse always present in the clinic while the doctor visits the company only once a week. Medical consultation in company-accredited hospitals is free provided the workers present their company identification cards. Medical supplies and facilities in the clinic are medicines for ordinary sickness and for first aid, weighing scale and sphygmomanometer. According to the interviewees, a worker may obtain as many medicines as may be necessary for their illnesses. Illnesses acquired from the workplace include tuberculosis, lung spotting, cough and skin allergy.

Personal protective clothing used by the workers are gloves, goggles, face masks, safety shoes and uniform. The production area of the company is dusty and not fully ventilated but the lighting facilities are sufficient enough.

Clean drinking water is provided for the workers, the food in the canteen hygienic and affordable but only two comfort rooms are available for the workers. Fire extinguishers are also present in every corner of the company and emergency exits are easily accessible. Fire drills are conducted twice in a year and earthquake drill, once a year.

There are guards assigned per area production that monitor the workers inside the factory.

Working committees present in the company are the Health and Safety Committee, Family Welfare Committee and Sports Committee.
Environmental Impacts
Waste materials of the factory are properly segregated. Waste water and chemicals go through the company waste water treatment facility before the treated water is disposed into community drainage or canals. Magnetic dusts are recycled into a solid magnet.

The company is ISO 14001 certified and has not been reported regarding improper management and disposal of waste materials.

4.12. Sun EverLight Philippine Incorporation

Sun Ever Light Philippines Inc. is a 99.99% Japanese and 0.01% Filipino company based in Laguna TechnoPark Incorporated, a special economic zone the province, registered with PEZA on January 30, 1996. The company was established for the manufacture of small appendage parts for computers, disk drives, cellular phones, printers, etc. that are supplied to PKI, Fujitsu Computer products Philippines, Epson Precision (Phil) Inc., Bridgestone Precision Moldings (Philippines), Toshiba and Nidec Philippines Corporation and were also exported to Japan and Singapore.

Applicants for employment must be 18 years old and above, 5’2 to 5’3 in height and with pleasing personality. Documents submitted during for employment are the biodata, birth certificate, medical certificate, Barangay, Police and National Bureau of Investigation (NBI) clearances, diploma, SSS number and tax identification number. Upon hiring, the workers are oriented with the company rules and regulations.

Labour Relations and Conditions
Although the management prohibits the organization of a workers union, the workers successfully founded their union, Sun Ever Light Labour union. In 2005, the workers declared a strike after the management refused to negotiate for a Collective Bargaining Agreement (CBA). Many workers and union members were illegally dismissed. The workers were tear gassed when the company dispersed their picket line. Currently, the company has strictly oriented the workers against disclosure of company information on penalty of dismissal.

Workers are required to work for 8 hours a day for 7 days a week with an additional 4 hours of overtime, meaning they work even on Sundays or restdays. When demand for production is high, they are made to render up to 6 hours of overtime work. Overtime work is mandatory.

Newly hired workers receive the mandated minimum wage increasing with the length of service of the worker in the company. Salary increases are based on the workers' work performances. Bonuses, incentives and allowances granted to the workers are monthly perfect attendance incentive worth PhP500.00 and PhP25.00 meal stub per day. Wages received by the worker is insufficient for their daily basic needs even if he is single. Cash advances or salary loan may only be availed by those who are close to the manager or the staff of the Human Resource Department.

Leave with pay are 2 days sick leave and 2 days vacation leave while maternity leave of 60 days and 7 days paternity leave are covered by the Social Security System. Resignation pays for early

The company practices proper segregation of waste materials. Used chemicals are treated first before treated water is being disposed of in canals. The workers did not give information on how the chemical waste are disposed of. Scrap materials and equipments are sold to the junk shops.

The company is ISO (International Standardization Organization) certified. There were no reports that the company has ever been involved in improper chemical disposal or has been unconcerned with environmental issues.
5. Sources and References

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