

## Appendix

English translation excerpts of

*The report on Foxconn trade union research*

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May 1, 2013

## **Foreword: Let Foxconn workers tell you what a "real" trade union is**

According to a report on Financial Times dated February 4, 2013, the world's largest foundry company - Foxconn Technology Group is preparing its first ever genuinely representative trade union elections among its factories in mainland China. When this news came out, "Foxconn is about to build a real union" has become a focus of media attention. Foxconn said that the new electoral procedures will increase the proportion of junior staff representatives in the trade union, and there will be no management participation in the union affairs. In addition, the chairperson of Foxconn Federation of Trade unions Committee and the 20 committee members will be elected by anonymous vote once every five years. The workers will also elect for maximum 18,000 union committees. According to informed sources, Foxconn will train its employees on how to elect their union representatives with assistance from the Fair Labor Association (FLA) after the Chinese New Year.

In fact, as early as in the "Foxconn Technology Group corporate social and environmental responsibility annual report" released in 2011, Foxconn had claimed that the employees' freedom of association is implemented in three ways: 1. In 2011, Foxconn has set up trade unions in 15 industrial parks, the employee enrollment rate was 86.3%; 2. The trade union have signed a collective bargaining contract on behalf of the workers with Foxconn which has set up a staff earning adjustment range; 3. The establishment of staff care center, which runs 24-hour complaint channels, so employees can contact the union at once.

After the Chinese New Year, on February 21, 2013, Financial Times reported news about reduced iPhone5S orders from Apple has led to the halt of Foxconn recruitment. At the same time, Foxconn began to reduce staff overtime which lower the income of employees, and apply compulsory shunt to employees between the Group's internal business groups and departments, and also froze the annual earning increase. By these methods, the Group forced employees to resign. This is in fact layoffs in disguise to avoid economic compensation to workers.

According to a statistics research, there were 4 strikes in 3 different industrial parks within 20 days because Foxconn's refused the liability to compensate workers for the great relocation of industrial parks from coastal areas to inland. While the workers were more desperately need help during those moments, the union was absent and turned a deaf ear to the workers' opposition to layoffs in disguise and their request on economic compensation, earnings decrease etc. So, where is the union? Why the union is absent at every critical moment in labour disputes?

Union as the organization representing the interests of workers, its role and value should not be evaluated by employers but rather by Foxconn workers, especially those working on frontline. Its evaluation should depend on its position on the core topics that workers concern, including earning and layoffs, whether the union is truly safeguarding the workers' interests.

Therefore, we conduct this research to study the following questions, A. To what extent Foxconn workers understand the concept of trade union; B. What are their comments on the present union and their expectation towards the union's works; what does the present union bring to the workers? What is it missing? What should be achieved by the union's reform etc.

This research was conducted by the teachers and students of Peking University, Wuhan University, Huazhong University of Science and Technology, Hong Kong Polytechnic University, the University of Hong Kong, the Chinese University of Hong Kong and other colleges and universities. The fieldwork research started on March 15 and ended on April 7. The methodology used was a combination of questionnaires and face-to-face interviews. We collected a total of 685 valid questionnaires from 3 Foxconn industrial parks located in Shenzhen and Wuhan, in which 301 questionnaires from Shenzhen Longhua, 200 from Guanglan and 184 from Wuhan. We also got a lot of first-hand interview materials from the fieldwork.

Through this investigation, we want to know about Foxconn's existing union system and analyze the problems of the existing union from the view of Foxconn workers (frontline general workers especially) in which would require Foxconn to face workers' concern on union organization, earnings, factory management and to provide institutional proposal on "building a real union" in Foxconn factories. In addition, we hope to provide ideas to All-China Federation of Trade Unions (ACFTU) and other local union federation on their work of organizing trade unions on basic level.

## **Part 1: Core research findings**

### **1. Most workers have a certain understanding of "Trade Union Law", however to a limited extent only**

We found that Foxconn workers have a certain understanding of their rights as authorized by the "Trade Union Law" and they know their right of setting up union on their own. However, only 44.5% of them know that union members have both the rights to vote and to stand as candidate for the union. Also, they do not know the union's source of funding which show that their understanding only is to a limited extent.

### **2. Where is the union committee? The vast majority of the workers do not know who they are**

The data shows that 64.3% of the workers do not know who the Chairman of the Group's union is and there are even 82.5% of them do not know who the leader of the basic union group is. The proportion for not knowing the committee members and chairpersons of industrial park union, business groups union and division group are 71%, 74.3% and 69.3% respectively.

From this, we know that the union committee never really represent the workers, the workers cannot clearly express their issues to the unions.

### **3. Union coverage is low, workers joined the union "automatically"**

The finding shows only 24.6% of the workers think they are union members and only 16.9% of Foxconn workers have union membership cards. Within those who think they are union members, 20.4% of them are general workers, while 34.8% are non-general workers like clerical staff. It tells not many frontline workers are union members.

And from the structure of union members, 55.7% of them joined the union “automatically” after they joined Foxconn; and there are 58% of the non-members state that “they don’t know how to join the union”.

This is far different from what the Foxconn officials claim the union is having 86.3% enrollment rate. The fact is those workers are admitted to the union automatically by the Group without being informed.

#### **4. No workers are informed for the Foxconn election details**

Although there are hot debates of Foxconn union elections on the media, in fact 90.2% of the workers know nothing about the elections. 94.7% of them had never participated in the union voting in any forms.

#### **5. Is the union’s caring hotline care enough?**

Although 89.8% of the workers are familiar with the caring hotline “78585”, only 32.5% of them have used it, in which 56.1% of them state that their issues are “seldom” or “never” solved; moreover, 47.4% of them got revenge from their seniors after they called the hotline.

#### **6. Union’s performance is behind expectation, especially on important issues**

The research shows that the workers generally think the union’s performance is below average. Only 17% of them agree the union has helped on the increase of earning; and 24.3% think the union protects their rights while layoffs take place. The words used mostly by workers to describe existing union are “not understand”, “not familiar with”, “hypocritic” etc.

## **7. Workers' earning is lower than average, the union is not helpful with the issue**

48.1% of the workers have basic salary less than 1,800 Chinese yuan, only around 30% of the interviewees have basic salary above 2,200 Chinese yuan. The actual average income is 2,421 Chinese yuan after adding overtime and other allowances according to the figure at January 2013. The salary is a bit higher than the one in 2010, however, this is different from what Foxconn announced publicly that over 85% of the workers' basic salary has reach 2,200 Chinese yuan. Furthermore, Foxconn cancelled the original food and other allowances. Inflation in China is skyrocketing in recent years; therefore the wage increase does not help with the life of workers. 50.9% of frontline general workers think the income is not enough for their living and 25.3% of them claim they can't make ends meet with such income.

The union does not feedback to the workers' voices. Only 8% of Foxconn workers agree the union has spoken to the Group about the wage increase. Foxconn is passive to wages increase issue. A worker told us he read the transcript of the Group chairperson's speech, there is a line stating "the workers' basic salary can be maintained within 1,500 to 1,600 Chinese yuan as long as it is not violating the labour law".

## **8. Facing the future: worker's expectation on union democratization**

Besides the present situation, workers are still having their hopes on union to represent their interests, to democratize the trade union, to increase earning and to improve their working condition. 45.8% of the workers expect the union to play a "very important" role to represent them on earning increase; only 3.4% think it is not important. And in the imagination towards a "real union", 54.3% think "union committee should be elected by workers"; 53.7% of them agree that "the union should hold regular general meeting with its members."

## **Part 2: Foxconn union without workers – how workers understand “Trade Union Law” and the structure of enterprise union**

In 2010, our study discovered 42.2% of the workers thought Foxconn didn't have union or they were not sure about that. 44.1% of them knew nothing about the union. After three years, we find that the situation has changed, but not in an optimistic way. Foxconn union is still lack of worker's participation. Although many interviewees know the existence of union but the majority of them does not know what it is. Therefore, Foxconn union is still a union without workers participation besides its vast growing fact.

### **1. Workers are not familiar with “Trade Union Law”. Union education is still a long way to go**

Chinese Trade Union Law was first implemented in 1992 and was revised twice in 2001 and 2009 respectively. The general principles of the law clearly state that “trade union is an association formed by workers voluntarily”, “trade union represents the rights of workers and it protects the rights of workers as promised by the law”. There are also regulations on union organization, the rights and responsibilities of a trade union and its members and fund etc.

61.5% of the interviewees have heard of “Trade Union Law”, 60% of them know that workers have the right to organize their own union, but only 44.5% of them know they have both right to vote and to stand as candidate for the union. 10.9% of the interviewees know the procedure of organizing a union. Meanwhile, more than 90% and 70% of the workers do not know the Trade Union Law's regulation on union funding and on workers' wages withholding. Since the workers' understanding on the source of funding and utilities is low, this helps the Group to build a union favours themselves.

## **2.Workers do not understand their union**

Even though 92.7% of Foxconn workers know about Foxconn union and 56.9% of them know there're basic level union groups, from our in-depth interview, we learn that workers were being informed only through hearsay or circulars within the Group. They know nothing about the union activities, e.g. they only know the union chairperson from the official magazine of Foxconn Group. An interviewee stated that the union is only a marketing image of Foxconn. Also, most of the workers do not recognize any of the union committee members.

We found that frontline general workers know less about the trade union group than non-general workers, such as clerical workers. When we asked workers their understanding on trade union groups, the general answer is "head of production lines know better than general workers".

Besides the fact that the union is not doing its work to promote trade union groups among workers, the group leaders are not elected by workers. Most of them are from basic level management such as technicians, production line leaders. Moreover, the satellite groups are useless to protect workers' benefits, so the workers never pay attention to them. While workers know nothing about the union, how can they monitor it?

## **Foxconn workers' expectations on trade union**

There are 3 aspects of Foxconn workers' expectation on the union – management intervention, fighting for rights and participation of basic level workers.

### **A. Management intervention**

We found that most workers are eager to have the union to improve their working condition through intervention into the factory management. They generally think that the work pace is too fast and the workload is too heavy. They suffer very much from stress. Even though they want to change from night shift to day shift because of the tiredness, it is very difficult to do so. Therefore, they want to have the union intervention to improve such situation.

On the other hand, workers hope the union to intervene into the issue of production pace and product quality, daily management system of workshop, day and night shift arrangement, overtime arrangement and day off system.

### **B. Fighting for workers' rights and participation of basic level workers**

Workers generally expect union to help solving living and work issues for workers and think that the union can represent workers to fight for their rights from the enterprise. Also, they hope that the union is elected by workers democratically and workers should participate in the management of the union. Meanwhile, they suggest the union should contain several number of women committee members to represent the rights of female workers.

The interviewees think that being a “real union”, the union leaders should listen to basic level workers' feedbacks and report that to the upper management, the committee members should be elected by every workers democratically. There should be regular

general meeting for workers to reflect their condition and some of the workers also think that all committee members should be frontline workers.

In short, the union should intervene into the production department as well as human resources department, so that it can bring improvements on factory management and the workers' rights. Group union should consider the relationship between union and workers, such as to include basic level workers to participate in it.

# **Conclusion: From basic level workers to real enterprise union**

Nowadays, the rise of the new generation migrant workers has become an issue that affect China's social and economic development. We believe that the solution to such pressure is to build an institutionalized channel to allow workers maintaining their rights, in which trade union is a crucial step to widen such channel that can group workers together to fight for their rights. We hope to encourage Foxconn and other Chinese enterprises to work on trade union democratization. We also hope to give suggestions to ACFTU and unions on other levels to create union as the genuine representative for workers and the leveled field for fair negotiation between enterprises and workers.

## **1. Promote “Trade Union Law” among workers and educate them the meaning of trade union**

Local unions can play a leading role to coordinate with high school and other NGOs to produce teaching materials of trade union. They can organize study groups and discussion among the public on their knowledge of “Trade Union Law”. We believe that Trade Union Law education should spread among the public, so it can reach frontline workers and encourage their participation.

## **2. Standardize trade union membership system**

Workers should only join union with their personal consent. Promotion of union enrollment should run together with Trade Union Law promotion. Thus, workers will understand the rights and responsibilities of the trade union and its members; the relationship between trade union and enterprise and its relationship with government. Membership should be managed by Group union and trade union group together and they should not leak it to human resources department and production department.

**3. Standardize the procedure of union election; improve basic level democratic system**

(1) The union should implement the followings according to the Trade Union Law, union regulation and local implementation measures, for instance eligibility, election procedure, election period and election venue, and should have extensive promotion for the election.

(2) To standardize the system of work conference among trade union groups, allowing general union members' participation on union matters.

**4. Implementation of right of recall on union members to control union committee members**

Workers have the rights to vote for trade union group leaders, union committee members and union chairperson. They also have the right to recall any union members that fail to play their role in the union. This is the only way to put stress on the union and avoid it to become a part of the enterprise.

**5. The funding source and financial details of the union should be exposed to its members, to implement members' right of understanding and their right to supervise the union**

Fund is the pillar to union's activity. Members should be eligible to check the funding source and the financial details of the union. We believe that this is an important way to educate workers of their rights and responsibilities. Also, it is a basic step to supervise the union's work and performance. At present, workers know nothing about the funding source of Foxconn union. More than 95% of them are not sure if they have ever paid the membership fee.

**6. To build a real system of collective negotiation to handle workers' earnings and factory management issues**

We think that a regular meeting system should be set up between local-level unions and the Group union to negotiate collectively on work contract. The work contract should be drafted after the union has understood workers' ideas and feedbacks on their working condition and earning details; and then, pass it to the union's basic-level groups to discuss and call member meetings or member's representative meeting to pass the final version of the contract. From this, the trade union can play its role on the mediator between enterprises and workers.

**7. To standardize the union's worker complaint system as to implement the union's right to investigate and handle issues about worker's rights**

The trade union should maintain its independent position on investigation towards any issues that harm worker's benefit. And, it should publicize the investigation details and result to its members. Any complaints received from workers should remain confidential to avoid any threats towards the complainant. The union should work hard on settling the issue and reserve its right to take further action when the negotiation broke down or the enterprise refuses to do what it had promised.

**8. Setting up a protection system for union committee members to lower risk that threaten workers' representatives**

(1) Set up protection fund for union committee in case they were suppressed because of their participation in trade union;

(2) Implement Article 17 of the Trade Union Law about the restriction of changing working condition of union committee members

## **Appendix: Basic details of Foxconn workers and the sample in this research**

### 1. Sex structure:

From our sample, the sex ratio between male and female is 7:3. From “Foxconn Technology Group corporate social and environmental responsibility annual report 2011”, the sex ratio between male and female is 6.4:3.6 and this tendency is climbing up gradually.

### 2. Age structure:

The mean age of our sample is 24.4, the youngest interviewee is 17 years old, while the oldest is 48 years old. The mean age of male worker is 25 while the mean age of female worker is 23.

### 3. Marital status:

From our sample, 67.5% is single workers, while unmarried workers occupy 19.2%, married workers occupy 13.9%, in which single male workers take 72.8%.

### 4. Household register details and geographical origin:

There are 89.2% of peasant household registered citizens in our sample. In the 3 industrial parks we studied, the geographical origin of the samples are Hubei, Hunan, Henan, Guangxi, Jiangxi, Guangdong, the ratio are 36.6%, 17.1%, 13.1%, 7.0%, 4.7% and 4.4% respectively. There is an obvious tendency that workers choose to work closely from their hometown.

### 5. Educational background:

There are 28.1% of our samples educated with elementary level (primary and lower secondary); 56.5% of them were educated with secondary level (secondary and higher secondary) and 15.4% were educated with tertiary level (tertiary institution, bachelor degree or above). We think that Foxconn workers are not a group of lowly-educated workers, most of them possess medium or above educational background.

#### 6. Frequency of work change: short-term work is common

The variables are calculated by dividing the working year by job amount, the resulting value is the mean working year of a certain job which can represent the workers' frequency of work change. From our sample, we learn that the workers usually change their job no more than 2 years. Therefore, short-term work is common among Foxconn workers.