

Impact case study (REF3)

Institution: University of Bristol		
Unit of Assessment: 17) Business and Management Studies		
Title of case study: Increased awareness of labour exploitation in electronic manufacturing improves support for, and protection of, migrant workers in Czechia		
Period when the underpinning research was undertaken: 02/2015-2019		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s): Rutvica Andrijasevic	Role(s) (e.g. job title): Associate Professor in International Migration and Business	Period(s) employed by submitting HEI: 02/2015 - present
Period when the claimed impact occurred: 09/2015-2020		
Is this case study continued from a case study submitted in 2014? N		

1. Summary of the impact

Research led by Dr Andrijasevic at the University of Bristol uncovered systemic exploitation of migrant workers in the electronics supply chain in Czechia and Slovakia and identified regulatory failings leading to sustained violation of labour rights. Together with the NGO Electronics Watch, Andrijasevic has raised awareness around the world of the exploitation and regulatory failings at the Czech plants of Foxconn, the world's largest consumer electronics manufacturer. This has successfully led to improved working and living conditions for migrant workers through:

- The first audit of working conditions at the Foxconn's Czech plants by its largest customer, Hewlett Packard (2017);
- Improved employment rights, safer working conditions and enhanced trade union representation (2018);
- Lessening of gender discrimination in the workplace and better protection of pregnant non-EU workers, a previously overlooked group at high risk of illegal dismissal;
- Development of novel methodologies that enabled Czech government ministries to understand and lessen barriers of socio-spatial segregation (2016).

2. Underpinning research

Electronics manufacturing is well known internationally for poor working conditions, low unionisation and authoritarian labour relations. Concerns were, therefore, raised by trade unions and media outlets when a number of Asia's largest multinational electronics companies, including Foxconn, Huawei and Samsung, opened assembly plants in Central and Eastern Europe (CEE) in the early 2000s. These concerns were compounded by a lack of publicly available information on working conditions and labour relations in the plants as participants in the electronics supply chain are bound by Non-Disclosure Agreements (NDAs).

In this context, Andrijasevic examined the work and employment practices of Foxconn in Czechia (employing 9,000 workers) and Samsung in Slovakia (2,000 workers). Andrijasevic, leading a research team consisting of two international collaborators (Dr Sacchetto, University of Padua and Prof Pun Ngai, University of Hong Kong) and three research assistants, conducted ethnographic fieldwork in Czechia (2014-2017) and Slovakia (2018-2019).

This programme of research has made an important contribution to business scholarship by pioneering an understanding of how the 'just-in-time' manufacturing model, which characterises global electronics supply chains, enables novel forms of control and exploitation of migrant labour. Vulnerability of migrant workers to labour exploitation is often simplistically regarded as either an outcome of restrictive immigration policies or poor employment practices. However, Andrijasevic's findings indicate a more complex picture which shows that the exploitation is the combined result of 1) sectoral-level business models; 2) labour intermediation; and 3) multi-level regulatory failings.

1) Sectoral-level business model: Andrijasevic has shown that that production and control regimes at local manufacturing plants are an outcome of transnational organisation of

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production, rather than resulting solely from work and employment practices imposed by the local employer. Foxconn's CEE factories are part of the global electronics supply chain that operates in a highly cyclical market. This requires firms to have in place above-average manufacturing capabilities for a limited – usually rather short – period of time and then be able to radically decrease the volume of workers once orders fall. This on-demand manufacturing model promotes extensive use of a temporary workforce, short-term roll-over contracts and intensification/speeding up of production and excessive overtime. Andrijasevic's research was the first to highlight the homogeneity of production and control regimes in assembly plants in CEE and China [R1] and to show that the just-in-time manufacturing model hinges on just-in-time labour [R2]. The research therefore uncovered the electronics industry's structural dependency on temporary migrant workers. At any given time, between 40-60% of the workforce at Foxconn's two Czech plants comprise temporary migrant workers.

2) Labour intermediation: Andrijasevic's research has produced a new understanding of how the electronics industry's reliance on labour intermediation gives rise to highly exploitative living and working conditions. Labour intermediators, such as temporary work agencies (TWAs) fulfil the IT industry's need for just-in-time labour. In order to do so, TWAs in CEE have diversified their operations from recruitment of workers *in situ* to cross-border recruitment of migrant workers, international transportation, supervision and control of workers at the workplace and in dormitory-style housing. Workers are returned to their countries of origin during periods of low production. Migrant workers faced significant barriers to trade union representation due to TWAs' hostility towards trade unions and local trade unions' limited capacity to engage a highly diversified workforce (there are 23 nationalities of foreign workers at Foxconn) [R3]. This combined lack of trade union representation and TWAs' comprehensive management of migrant workers led to the proliferation of highly exploitative working and living conditions, such as menace of penalty and/or non-payment of wages, illicit deductions from pay, deception over hours and conditions of work, and the risk of homelessness because of tied accommodation [R4].

3) Regulatory failings in protecting the rights of temporary migrant workers: To understand the reasons driving the erosion of migrant workers' rights, Andrijasevic's research examined the regulatory framework that should offer a means of effective legal redress for workers. Although policymakers and scholars invariably call for more regulation, the findings showed that this is already an 'overregulated' field, with national, EU and UN laws in place, as well as corporate codes of conduct, all aimed at guaranteeing worker rights within supply chains [R5]. Paradoxically, the research showed that these existing instruments fail to offer a straightforward avenue for redress. It also provided evidence that these regulatory failures disproportionately affect non-EU female workers. This is especially the case for pregnant workers, who are dismissed and placed at risk of deportation. The research pioneered an understanding of how regulatory failure, an outcome of the current legal and corporate regulatory matrix, allows market competition through work practices that violate basic labour standards while normalising exploitation in supply chains [R6].

3. References to the research

[R1] Pun, N., **Andrijasevic R.** and Sacchetto D. (2020) Transgressing North-South Divide: Foxconn Production Regimes in China and the Czech Republic, *Critical Sociology*, 46:2, 307-322. DOI: 10.1177/0896920518823881.

[R2] Drahokoupil, J., **Andrijasevic R.** and Sacchetto D. (eds) (2016) *Flexible Workforces and low profit margins: electronics assembly between Europe and China*, Brussels: ETUI. 238 pages.

[R3] **Andrijasevic R.** and Sacchetto D. (2017) "Disappearing" Workers: Foxconn in Europe and the Changing Role of Temporary Work Agencies, *Work, Employment & Society*, 31:1, 54-70. DOI: 10.1177/0950017015622918

[R4] **Andrijasevic R.** and Sacchetto D. (2016) From Labour Mobility to Labour Migration? The Return of the Multinational Worker in Europe, *Transfer*, 22:2, 219-231. DOI: 10.1177/1024258916635975

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[R5] **Andrijasevic R.** and Novitz, T. (2020) Supply Chains and Unfree Labour: Regulatory Failure in the Case of Samsung Electronics in Slovakia, *Journal of Human Trafficking*, 6:1, 1-14. DOI: 10.1080/23322705.2020.1691817

[R6] Novitz T. and **Andrijasevic R.** (2020) Reform of the Posting of Workers Regime – An Assessment of the Practical Impact on Unfree Labour Relations, *Journal of Common Market Studies*, DOI: 10.1111/jcms.13033

4. Details of the impact

Andrijasevic's research revealed the complex causes and effects of exploitative labour practices in the global electronics supply chain, with a focus on migrant workers at two plants in Czechia. It has successfully improved support for, and the protection of, migrant workers. Andrijasevic achieved this by engaging key actors who influence public understanding of and operations in supply chains:

- I. Mass media - to raise public awareness of poor employment practices in the IT industry;
- II. IT industry - to improve migrant workers' employment conditions on the ground;
- III. A trade union – to widen representation of and engagement with migrant workers;
- IV. NGOs - to enhance workers' understanding of their rights and tackle gender inequality;
- V. Government ministries – to provide policy makers with tools to assess and lessen socio-spatial segregation of vulnerable populations.

I. Raising public awareness of exploitative work practices and shaping media debate

To raise public awareness, Andrijasevic established a sustained collaboration with journalists from *OpenDemocracy*, a global media platform, and a third sector organisation, Electronics Watch (EW), whose objective is to assist its public sector affiliates – governments, local authorities, trade unions and universities – to purchase ICT hardware from firms that comply fully with domestic and international labour rights. Andrijasevic presented the initial research findings in *OpenDemocracy* (7.3 million users) in September 2015 [S1]. This first article in *OpenDemocracy* led to more investigative journalist articles in Spanish and English-speaking media outlets. Most significant for its international reach was the article 'Europe's Thirst for Cheap Labor Fuels a Boom in Disposable Workers' published in *The New York Times* (5 million subscribers) in 2017 which quotes Andrijasevic in relation to loopholes in labour laws that foster poor working conditions at Foxconn's Czech plants [S1].

Building on Andrijasevic's research findings, especially on the role of labour intermediaries in exacerbating the labour exploitation of migrant workers [R2], EW commissioned two Czech-speaking members of Andrijasevic's research team to conduct in-depth studies of Foxconn's management practices towards migrant agency workers. It consequently published two reports, *Factory Risk Assessment. Foxconn at Pardubice, Czech Republic* (April, 2016; confidential) and *Compliance Report. Foxconn in Pardubice, Czech Republic* (April, 2017) [S2]. These were authored respectively by Marek Canek and Hannah Schling of Andrijasevic's team and both reports extensively quote Andrijasevic's research. The EW reports concluded that Foxconn was in breach of Czech Labour Code regarding unequal treatment between agency workers and direct employees, non-payment of overtime, illegal wage deductions and obstacles to join trade unions. The significant international media coverage and EW reports, distributed to EW's 300+ public sector affiliates [S3], enhanced public understanding of labour exploitation in the electronics supply chain and paved the way for engagement with key actors: the IT industry, a trade union, third sector organisations and government ministries, which in turn has led to the demonstrable improvements to the migrant workers' employment conditions below.

II. IT industry: Improving migrant workers' employment conditions

Following the EW reports, in June 2017, Hewlett Packard (HP), Foxconn's main customer, conducted the first systematic external audit of Foxconn's plants in Czechia. Contrary to previous audits, which were conducted internally by Foxconn and excluded temporary agency workers, the HP audit assessed the working conditions of both directly employed and temporary workers. An HP presentation confirms that 'indirect workers' formed part of the assessment [S4]. As a direct consequence of the HP audit, Foxconn established a Compliance & Development Office (CDO) in July 2018. "The CDO's task is to improve health and safety; assess workers'

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complaints and assist foreign workers within and outside the workplace. This is key to improving working conditions and to ensure workers can voice complaints without fear of retaliation” (OZ KOVO, metalworkers’ trade union) [S5]. HP also, again for the first time, inspected dormitories (which house approximately 5,000-6,000 tenants) to assess migrant workers’ living conditions, flagged in Andrijasevic’s and EW’s findings as substandard. The local branch of OZ KOVO [S5] testifies that this was “*another significant achievement*” of Andrijasevic’s and EW’s work and that the audit “*has resulted in the improved living conditions in the dormitories*”. These have been refurbished and upgraded to address the former lack of “*privacy and cleanliness as well as in basic standards such as availability of hot water or separate showering facilities for male and female workers*”.

Also following the HP audit, Responsible Business Alliance (RBA), the world’s largest industry coalition dedicated to ethical practices in global supply chains, developed an online and on-site training seminar for managers (September and October 2018). The webinar, led jointly by Andrijasevic and EW, and followed up by an on-site training in Czechia [S3], developed managers’ understanding of how to better safeguard temporary migrant workers throughout the supply chain. The online training was attended live by managers from 10 electronics firms across CEE including Foxconn [S5], while the on-site training was aimed specifically at Foxconn management (numbers of attendees unavailable owing to NDAs).

III. Widening trade union representation

The research also improved employment conditions of migrant workers by instigating the Foxconn-based local trade union (TU) to widen its representational strategies. EW’s report, *Factory Risk Assessment. Foxconn at Pardubice, Czech Republic* [S2], flagged Andrijasevic’s findings (on p43) that the local TU, OZ KOVO, was not representing foreign workers due to significant language barriers. The HP audit confirmed these findings, which also revealed that foreign workers were not aware of their right to join the TU [S5]. As a result, OZ KOVO decided to widen its base and developed a specific recruitment campaign aimed at migrant workers with the right to join the TU (i.e. those directly hired by the plant, and not agency workers), of whom there are approximately 200. In summer 2018, the TU employed a Mongolian translator to approach the largest cohort, the Mongolian workers. Consequently, it recruited 20 Mongolian members [S4] and the Mongolian translator joined OZ KOVO’s Central Management Committee, its key decision-making body. “*This is a significant step in widening our membership base to foreign workers and assuring greater and more effective representation of foreign workers*” (OZ KOVO) [S5]. Additionally, in May 2019, following a request from Foxconn’s new Compliance & Development Office, the TU devised a campaign targeting other nationalities of workers and translated its information leaflet into Vietnamese, Romanian, Ukrainian, and English [S7]. “*This is significant because previously HR never promoted the activities of the trade union and now our work has gained in visibility and reach amongst the existing and new workers*” (OZ KOVO) [S5].

IV. Enhancing workers’ understanding of their rights and tackling gender inequality

The research findings have also had a significant impact on a group of workers whose needs are often overlooked by the businesses and trade unions: those of pregnant non-EU migrant workers. Together with two local NGOs, Multicultural Centre Prague and Most Pro, Andrijasevic developed a website and leaflet *Pregnant and in need of advice?* (<https://mamouvcr.mkc.cz>) in December 2018. Both resources assist pregnant women in overcoming the language barrier and safely accessing information on labour and reproductive rights in Czechia. Available in Mongolian, Ukrainian, Russian, English and Czech, these inform women about: (1) residence permits; (2) health services and health insurance; (3) possibilities of leave from work during pregnancy and maternity; (4) possibilities of drawing social security benefits; (5) rights at the workplace. The website has received 289,029 hits as of December 2020 [S8], and Most Pro distributed the leaflet to foreign women workers and their families, the Pardubice city government, Foxconn’s HR and Foxconn’s Compliance & Development Office [S9].

As reported by Most Pro, the two resources had a positive impact: “*Translators at our Counselling Centre... have noticed that foreign women workers are more informed about their*

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labour and social rights. We believe that ... Dr Andrijasevic's [team's research] has contributed significantly to making visible the discrimination against pregnant foreign women workers and that the website and the leaflet not only empowered women workers but also helped to improve their rights in the workplace as of a recent pregnant Mongolian woman [who] challenged HR and retained her job" [S9].

V. Providing government ministries with ways to understand barriers to social integration

Andrijasevic's research findings flagged the relevance of employer-provided dormitories for preventing social segregation of migrant workers [R4]. This knowledge was shared with Prof. Sykora of Charles University, Prague, by Marek Canek from Andrijasevic's research team at the University of Bristol when he joined Sykora's research team. The findings helped Sykora to identify Foxconn's Hurka dormitory as a key site to assess the link between collective workers' dormitories and social isolation of migrant workers.¹ Sykora's research team then developed two dormitory-centred methodologies (one quantitative and one qualitative) in 2015 to identify localities of socio-spatial segregation in industrial areas with a large concentration of migrant workers² [S10]. The methodologies were awarded 'certified' status (i.e., they are 'official' Czech government methods which the Ministries commit to using) [S10] and were first used by the Ministry of Regional Development to examine barriers to social integration of migrant workers in areas with high concentration of manufacturing plants. The Ministry of Labour and Social Affairs went on to use them for housing policy of other vulnerable groups, such as homeless people, and noted in their Housing First programme that the methodology for identifying localities of residential isolation is "*particularly useful for ensuring non-segregation*" of the homeless population [S10].

5. Sources to corroborate the impact

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- [S1] **OpenDemocracy** (September 2015) [Made in China vs Made in Europe: What's the Difference](#); **El Confidencial** (2016) [Las practicas de las empresas asiaticas en Europa \(y se parecen much a las chinas\)](#); **The New York Times** (2017) [Europe's Thirst for Cheap Labor Fuels a Boom in Disposable Workers](#)
- [S2] **Electronics Watch** (2016) *Factory Risk Assessment. Foxconn at Pardubice, Czech Republic* (Confidential) and **Electronics Watch** (2017) [Compliance Report. Foxconn in Pardubice, Czech Republic](#). The Acknowledgements (p2) state that the report "*builds on the research findings on Foxconn's management practices in its European plants by Dr. Andrijasevic, University of Bristol*"
- [S3] **Electronics Watch** (2020) Supporting statement – Head of EW
- [S4] **Hewlett Packard** (2019) Slides from the power point presentation by HP's Sustainability Country Manager, RBA Lead Auditor. Presented at the conference *Fachkonferenz fur sozial verantwortliche Beschaffung von IT-Hardware*, 9 May 2019, Leipzig.
- [S5] **OZ KOVO** (2020) Supporting statement - [text removed for publication] Pardubice branch
- [S6] **RBA** - List of webinar attendees
- [S7] **OZ KOVO** Trade Union leaflets for migrant workers.
- [S8] **Pregnant and in need of advice?** website statistics screenshot.
- [S9] **MostPro** (2020) Supporting statement – Head of MostPro, (translated from Czech).
- [S10] **RVVI** (2016) [Methodology of identification of localities of residential segregation](#); **RVVI** (2016) [Methodology of prevention of residential segregation and support of integration of foreigners in localities of concentration of foreign workers \(2016\)](#); [List of certified methodologies](#); **Ministry of Labour and Social Affairs** (2019) [Úvod Do Housing First \(Introduction to Housing First\)](#) (see section 2.2).

¹ Fiedlerová, K., Čaněk, M., Sýkora, L.: PowerPoint presentation showing the relevance of Hurka dormitory for the development of the methodology, https://www.demografia.hu/hu/letoltes/eloadasok/A-visegradi-oroszagok-demografiai-folyamatai/06_Fiedlerova-Canek.pdf

² Sýkora, L., Matoušek, R., Brabcová, Š., Čaněk, M., Fiedlerová, K., Procházková, A., Trlifajová, L. (2015) Metodika identifikace lokalit rezidenční segregace. Charles University in Prague, Centre for Research of Cities and Multicultural Centre Prague, https://migraceonline.cz/doc/metodika_prevence_segrecace_a_podpory_integrace_dvoustrany.pdf