Outsourcers Discover Chinese Workers 'Are Not Machines'

Elaine Kurtenbach, AP Business Writer

SHANGHAI (AP) — Global manufacturers struggling with life-or-death pressures to control costs are finding that the legions of low-wage Chinese workers they rely on have limits.

A strike at Honda Motor Co. and the official response to a spate of suicides at Foxconn Technology, a maker of electronics for industry giants such as Apple, Dell and Hewlett-Packard, suggests China's leaders are at least tacitly allowing workers to talk back.

Over the weekend, the top communist party leader in Guangdong province visited Foxconn's sprawling factory where 10 workers have committed suicide and urged the company to adopt a "better, more humane working environment" for its mostly young workers, state media reported.

"The 80s and 90s generation workers need more care and respect and need to be motivated to work with enthusiasm," said Guangdong party chief Wang Yang, who has backed efforts to shift Guangdong up the industrial ladder away from reliance on exports of low tech, cheap products.

That transition is taking hold across China. Manufacturers, under pressure to deliver low prices in home markets, are struggling to attract and keep young workers who, brought up in an era of relative affluence, are proving less willing than earlier generations to "eat bitterness" by putting up with miserable working environments and poor wages. The strike at Honda also reflects broader trends of growing dissatisfaction among China's long-suffering workers with lagging wages and generally harsh working conditions.

Employers in Shanghai complain of difficulties in finding and keeping young workers, both skilled and unskilled. Contractors were obliged to pay heavy bonuses to keep workers on the job during the lunar new year as they rushed to finish construction for the Shanghai World Expo, which runs for six months until Oct. 31.

"Our economy can no longer rely on squeezing labor benefits, because workers are unwilling to accept it anymore. I have to say the squeeze is very cruel now," said Chang Kai, a labor expert at Beijing's Renmin University.

Honda said late Monday that production at its auto factories in southern China would not resume until at least Thursday because of a strike at a crucial parts plant.

Honda's 21st century just-in-time manufacturing chain — a standard cost-saving strategy — left it vulnerable to supply disruptions as a shortage of transmissions

and engine parts forced production halts at its four assembly plants.

"Most of the employees on strike at the plant have agreed to new wages, and some production started there from today," said Honda spokeswoman Yasuko Matsuura in Tokyo.

She said "almost all" of the striking workers have agreed to increasing the total starting wage by about 24 percent to 1,910 yuan ($280) per month.

Local reports said workers scuffled with police guarding the factory on Monday.

China outlaws unauthorized labor organizing, limiting such activities to the government-affiliated All China Federation of Trade Unions and to company branches of the ruling Communist Party.

But in recent years authorities increasingly appear to be tolerating sporadic, peaceful protests by aggrieved workers. In the Yangtze River Delta region, near Shanghai, sit-ins and other protests are common, though rarely reported in the state controlled media.

In the year after China's Labor Contract Law took effect in early 2008 the number of disputes doubled, according to a study by the International Labor Rights Forum. The law set standards for labor contracts, use of temporary workers, layoffs and other conditions and has raised workers awareness of their legal rights.

That study, released earlier this month, found that companies that had not been in compliance with earlier labor standards faced a 33 percent average increase in wages after the law's implementation. But a large share of workers — more than half in some areas — still did not have valid labor contracts.

"Wages have been rising in recent years, but compared with soaring prices they remain very low," said Li Qiang, founder of New York-based China Labor Watch.

"The government recognizes that problem, so even if strikes are still illegal some are tacitly condoned, though the strikes and protests have to stay within certain limits," he said.

Working conditions vary widely across China — from modern factories in full compliance with Western standards to slave labor brick kilns. Yet another of those was reported after 34 migrant workers were freed by a police raid in northern Hebei province, the state-run newspaper China Daily said Monday.

Foxconn says it is installing safety nets on buildings and hiring more counselors at its 300,000-worker factory in Shenzhen, the boomtown bordering Hong Kong in Guangdong province that became the epicenter of China's first waves of cheap-labor export manufacturing in the 1980s-90s.

The factory campus has air conditioned production lines, palm-tree lined streets, fast-food restaurants and recreation facilities. But labor activists accuse the

company of demeaning and dehumanizing workers with a militaristic management style, excessively fast assembly lines and overwork that have overwhelmed some laborers in their late teens and early 20s and away from home perhaps for the first time.

Foxconn, the world's largest contract manufacturer of electronics and a supplier to Apple Inc., Sony Corp., Dell Inc., Nokia Corp. and Hewlett-Packard Co., denies those allegations.

For many in China, the troubles at Foxconn offer lessons for managers as they juggle the rising expectations of younger workers with the harsh competitive realities of the 21st century global marketplace.

"The Foxconn incident shows one big problem: people are not machines," Jin Bei, head of the industrial research institute of the Chinese Academy of Social Sciences, said in a commentary Monday in the China Business Journal.

Rising living standards and "individual dignity" mean that companies must find ways to treat workers well even under conditions of intense global competition, he wrote. "Otherwise, such tragedies and crises will be inevitable."

___

Associated Press researcher Ji Chen contributed to this report.

Source URL (retrieved on *07/23/2014 - 9:09am*):
http://www.impomag.com/news/2010/06/outsourcers-discover-chinese-workers-are-not-machines?qt-most_popular=0&qt-recent_content=1