

China's Investment in Europe: labour management practice in the electronics industry requires overhaul

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About the research

Electronics is an extremely dynamic sector, characterized by an ever-changing organization structure as well as cut-throat competition, particularly in manufacturing. Located primarily in East Asia, electronics assembly has become notorious for poor working conditions, low unionisation, and authoritarian labour relations. However, hostile labour relations and top-down HR policies are not unique to East Asia.

The last fifteen years have seen a significant rise in the number of Chinese companies investing in Europe. Eastern Europe in particular has become the test bed for 'greenfield investment' in electronics assembly. Such relocation raises concerns about whether multinational corporations in Europe are recreating the same authoritarian labour regimes and poor working conditions associated with electronics assembly in mainland China.

Using case-studies from the Czech Republic, Hungary, Poland and Turkey, this research seeks to identify the origins of certain labour management practices in order to tackle more thoroughly the questions around better pay and working conditions, and effective ways of organizing the workforce within the field of electronics manufacturing.

This research investigates the restructuring of the electronics industry, with a focus on labour relations at Chinese companies in Europe.

Policy implications

- In order to change the distribution of profits within the electronics industry, initiatives aimed at improving pay and working conditions should cover the whole electronics supply chain, rather than focusing only on individual companies.
- There is a need to strengthen industrial relations institutions in Central and Eastern Europe, where only weak support is provided at plant-level. Labour inspectorates should actively enforce the labour code and the principle of equal conditions for all workers.
- The institute of end-user liability would help authorities and trade unions in addressing working conditions of migrant and agency workers often left without effective representation.
- In light of trends in the electronics industry to merge work life with private life by housing workers in dormitories, trade unions may need to extend their activities beyond the workplace and develop links with the local communities. In this way national trade unions would avoid leaving the organisation of migrant labour entirely in the hands of agencies.
- Trade unions need to make better use of institutions such as the European Work Council to improve transnational coordination.

Key findings

- Any assessment of the employment practices of Chinese firms in Europe should not confuse the practices that these firms transfer from China with practices that already exist within the European host country.
- The Foxconn case study demonstrates that multinational corporations are pushing for more flexibility at the transnational level in order to increase cross-border performance and profits across all of their plants.
- Legislative changes have raised levels of flexibility and eroded standards of working conditions in Eastern Europe. The outcome is fragmentation of the workforce and deterioration of job quality within countries. Authorities repeatedly fail to protect their workers, in countries whose economies are dominated by foreign direct investment.
- The bargaining position of trade unions is weak due to the fragmentation of the workforce into directly and indirectly-employed (i.e. agency) workers; the widening of employers' control over the workforce through the use of dormitories to house workers; and the detachment of workers from social surroundings and community support when plants are located in special economic zones.

Further Information:

Download the complete study:

<http://www.etui.org/Publications2/Books/Flexible-workforces-and-low-profit-margins-electronics-assembly-between-Europe-and-China>

The study is part of the larger research project led by Dr R Andrijasevic: 'The Future of Labour in Europe in China-led Globalisation. A Case Study of Foxconn.'

Further information on case-studies:

<http://bit.ly/1X71Evn>

<http://bit.ly/1TEzhXG>

<http://bit.ly/1QBQrCB>

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