

Confronting the inequalities of precarious work

BY RON BLUM & KAREN BALKE

Permanent full-time jobs and the basic security they provide workers and their families are under constant pressure around the world. It comes in part from employers adopting labour practices and governments imposing laws that put vast numbers of people's livelihoods, jobs and working conditions in a precarious state. Transnational companies' drive to reduce their permanent workforces to a minimum, while governments de-regulate and weaken labour and social protections, has led to a lack of security not just for temporary contract workers, but for all workers.

Outsourcing, subcontracting, the use of private employment agencies, labour brokers and daily hire, all contribute to excluding workers from positions of permanent employment and consigning them to the growing ranks of precarious work. It is not just a matter of whether a worker will have a job the next day or next month; precarious jobs often mean dangerous working conditions, and for millions of workers, a complete lack of labour and social protections.

Workers increasingly confront and resist the inequalities of precarious work. In France, trade unions and students together defeated government efforts to weaken basic employment protections. In Korea, unions and the Democratic Labour Party fight for basic rights and protections for all workers, including those in irregular employment.



Workers protesting against non-regular workers bill in Seoul, Republic of Korea, Feb 2006

Indonesian unions have taken to the street protesting unacceptable changes in law, and in India, thousands of contract workers went on strike at Honda Hero demanding permanent jobs. Tripartite national negotiations in Spain produced complete social and labour benefits for temporary

contract workers, many of them immigrants, while across the U.S., immigrant workers demand fair treatment, not punishment.

Here we take a closer look at two metal working industries, consumer electronics and motor vehicles, and the challenges of employment practices that create precarious work and point to union strategies that confront the inequities of precarious work.

ELECTRONICS SUPPLY CHAINS

In the consumer electronics industry, brand name companies like IBM, Dell and Hewlett Packard do not own or operate manufacturing facilities to make computer equipment. Production is outsourced to contract manufacturers - including Flextronics and Solectron among other multinationals.

These global contract manufacturers go further: they contract out for "labour services". Thus by utilising recruitment agencies, brokers and other "labour service providers", the brand name companies dominating the hardware industry have put in place two intervening layers of commercial con-

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tracts - via the contract manufacturers and the employment agencies.

This contracting arrangement is used to sever or obscure obligations to ensure workers who make the brand name computers sold to the public are treated justly and fairly. The effect is to treat labour as a commodity, like machinery or steel bought and sold by companies in the marketplace. Awareness of the low wages and often-dangerous working conditions for those on the other side of the two intervening layers is far from consumer eyes.

ELECTRONICS WORKERS IN MEXICO

In the race for higher profits and the widening precariousness of work that increasingly results, little room is left for decent and secure jobs for many metalworkers. In Mexico's electronics sector, contract manufacturing is extensive and poor working conditions the rule. Recruitment practices by employment agencies, often degrading or humiliating in the use of pregnancy and blood tests, questioning of neighbours and the like, are discriminatory and designed to weed out "troublemakers".

Working conditions are no better. Pay rates do not provide a living wage, long working hours exceed the legal maximum, and employment contracts run between one to three months, continuously "rolled over" for up to several years. Employer resistance to union organising and collective action is systematic and unrelenting all across the production chain. Temporary employment recruitment agencies play a key role, as does the lack of protections in the "maquila" processing zones.

Despite tremendous odds, metalworkers in Mexico's electronics industry struggle to organise authentic unions, though overcoming violent threats and entrenched barriers is difficult. Real change requires effective government enforcement of basic rights of workers to form unions of their own choice and bargain collectively.

Precarious conditions are most prevalent and extreme in Mexico and other developing countries where the fight for decent employment for everyone needing work comes first. A companion article in this issue of Metal World vividly describes that reality for metalworkers in precarious jobs in India.

U.S. AUTO OPERATIONS

The growth of non-permanent contract work is a global phenomenon. In the U.S. automotive industry, research from the Upjohn Institute shows temporary work appears most pervasive in plants owned by foreign-based companies, which mostly locate in states where laws make union organis-



Women in the electronics supply chain

PHOTO: ICFTU

ing difficult. For example, Toyota several years ago decided to stop hiring employees directly at its non-unionised Kentucky assembly complex. The only way to get a job came through Manpower, one of the world's largest temporary employment agencies. After one or maybe two years at most, or so workers were promised, they would get on Toyota's payroll.

Temporary workers fare far worse than permanent employees though doing similar work, often side by side. Wages are about half - which is above the legal minimum but still cannot sustain a family - with no benefits paid and only a few days off. Toyota implemented a strategy of not renewing the temporary contracts after two years, though workers can be re-employed after a six-month break but again at the starting wage. As serious as this is, it pales with the situation at Toyota's sprawling complex in Thailand, where a third of the workers have been employed on fixed contracts or via agencies.

At a South Carolina operation of Faurecia, the parts making subsidiary of automaker PSA Peugeot Citroën, about a third of the workers making interior door and instrument panel modules delivered to BMW's nearby assembly plant were employed by a temporary staffing agency charging Faurecia a rate of US \$12 per hour (just over twice the legal minimum). Rather than hire workers onto its payroll after three months, Faurecia used them as long-term temporaries.

Similar strategies exist around the world. The "hire and

fire” flexibility of precarious work, compounded by the substandard conditions, create insecurities that ultimately impact all workers, not just those occupying precarious jobs.

TRIANGULAR EMPLOYMENT RELATIONSHIPS

Industrial restructuring at Hyundai in Korea illustrates how management strategically attempts to use “irregular” workers and subcontracting to maximise profits, divide workers and resist unions. In the wake of the 1997 Asian crisis, the company drastically rationalised the supply chain. It cut permanent jobs sharply, dramatically reorganised workflow and operational structures and formed a separate parts subsidiary, Hyundai-Mobis (H-M), as a system module producer.

The structure of H-M is complex but its labour practices are clear. Except for managers and limited number of permanent white-collar employees, it uses contract workers via dispatch labour and private agencies. The Korean union representing Hyundai workers refers to H-M as a “virtual company” where a top level of managers and administrators direct a vast supply chain of contract workers.

The International Labour Organisation (ILO) calls such labour contracting a “triangular employment relationship”. One point of the triangle is H-M as the “principal company” using labour services; the second point is the private agencies contracted to supply labour serving as the “employer”; and the triangle’s third point are contract workers providing their labour for the ultimate benefit of the principal company, though remaining “employees” of agencies.

As is typical with “triangular” arrangements, contract workers as compared to permanent employees receive far lower wages, have fewer or no benefits, work longer hours, and face higher risks of injury and accidents. Most plants comprising the supply chain of H-M are non-union. Management fiercely resists organising, aiming to keep separate and divide contract workers in the supply chain from the highly unionised workforce of Hyundai Motor Company.

IMPACT ON WORKERS

These are not exceptional cases. Employers globally have gained broad flexibility and increased profits using contingent workers on an “as needed and lower cost” basis, often ignoring or denying their human need for security, sustenance and safety.

Women are especially affected by precarious work. Their jobs tend to be more precarious in general: prone to having less security, lower pay, fewer benefits and weaker social protection than men. The chance to find regular permanent employment further decreases if you are a younger or

migrant worker. Migrant workers are much more likely to end up being employed through day hire and other forms of casualised work.

Companies use employment practices that create precarious jobs to undermine, weaken or resist workers’ rights to freely associate, form unions and collectively bargain. They can do so by:

- Simply avoiding a permanent workforce all together and hiring only by way of agencies, brokers, contractors and the like;
- Threatening dismissal by not renewing fixed-term contracts combined with dangling promises of possible permanent work if workers “behave”;
- Creating such poor conditions for non-permanent workers that high turnover and a constant churning of the workforce results; and/or
- Fragmenting unions by exploiting sector or geographic legal barriers that inhibit continuity in worker representation and collective bargaining.

All of the above are made possible when companies can exploit weak or non-existing labour and social security protections for workers in precarious jobs. Ultimately this means increased vulnerabilities for all workers. And the scope of the challenge is global given today’s combination of corporate-driven flexibilisation, governments’ push for neo-liberal policies, and the “Washington Consensus” imposed by the International Monetary Fund, World Bank and the WTO.

WORKER & TRADE UNION RESPONSES

Metalworkers and trade unions are responding to the challenges of precarious work through strategies incorporating collective bargaining, organising and union building, and mobilising for government policies that address the inequities and unfairness of precarious work.

In collective bargaining, union objectives regarding precarious work include ensuring non-discrimination, guaranteeing equal pay for similar work and ensuring trade union rights for all. Converting precarious jobs into permanent ones, reducing or limiting allowable time periods, and protecting against dismissal are also important avenues for improvements negotiated with the employer at the principal company and its contractors.

Organising workers in precarious jobs is essential, though obstacles exist that must be overcome. The most basic is widespread denial or lack of enforcement of rights and protections for those in precarious jobs, a reality ultimately undermining conditions for all workers. Mobilising for legis-

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lative change needs to limit and reduce the length of contract work and make jobs permanent, protect against dismissal and provide complete access to social security benefits.

How can unions best organise and represent temporary contract workers? Who should organise and represent these workers? Which union structures and rules are most effective? Fundamental to answering these questions is building worker and trade union solidarity to effectively confront employer and government efforts to divide workers, whether permanent or temporary, immigrant or local. This is especially so given employer attempts to play workers off against one another, claiming inequalities inherent in precarious work are necessary to support or secure permanent jobs and the competitiveness of enterprises.

Actions by trade unions not only include recruiting workers into existing or new unions. Educating members and workplace union officials on the challenges and response to precarious work, providing legal counselling, and ensuring workers on temporary contracts can participate in all trade union activities are also important.

The IMF is working with affiliates to respond to the challenges of precarious work. At the ILO's annual International Labour Conference in June (see box), the IMF will work alongside the International Confederation of Free Trade Unions and other Global Union Federations when delegates address the employment relationship. Action on triangular employment relationships is particularly important to that discussion. A survey of IMF affiliates on employment practices and precarious work is also underway.

In consumer electronics, the IMF is working with the Catholic Agency for Overseas Development (CAFOD) and

a Dutch centre for research on multinational companies (SOMO), non-governmental organisations (NGOs) that have raised public awareness of poor working conditions in the supply chain. Efforts have focused first on coordinating information exchange on research and strategies among active groups, be they unions or NGOs, and where feasible, working together. Later this year, IMF will host a meeting of affiliates to address organising workers in global electronics supply chains.

For the automotive sector, the IMF continues working with affiliates to build and strengthen links across the global production chains of the auto companies. Temporary contract employment exists all along that chain though precarious conditions are more pronounced in the component supply industry. That's why it is important to utilise trade union leverage of the better-organised transnational assemblers and large suppliers.

International solidarity, strengthening union structures, mobilising workers and utilising tools such as international framework agreements and networks are all vital to bring just and fair treatment and respect for workers rights ... and all are needed to confront the inequalities of precarious work.

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ILO building in Geneva, Switzerland PHOTO: ILO

The ILO and the International Labour Conference

standards in the form of Conventions and Recommendations setting minimum standards of basic labour rights, such as freedom of association, the right to organise and to collectively bargain.

The annual International Labour Conference (ILC) plays an important role within the ILO structure. It establishes and adopts international labour standards, among other things. This year, the ILC will address the employment relationship. The Philadelphia Declara-

tion, a founding ILO document asserts that "labour is not a commodity" and so the employment relationship goes to the heart of the matter:

The upcoming ILC will address a proposed recommendation that if adopted, encourages governments to pass legislation that provides all workers the labour and social protections under national laws, regardless of their employment relationship as regular or non-regular workers.