

**LABOUR IN GLOBALISING
ASIAN CORPORATIONS**

A PORTRAIT OF STRUGGLE

ASIA MONITOR RESOURCE CENTRE

The Asia Monitor Resource Centre (AMRC) is an independent non-governmental organisation which focuses on labour concerns in the Asia Pacific region. The centre provides information, research, publishing, training, labour networking, and related services to trade unions, labour groups, and other development NGOs in the region. The centre's main goal is to support democratic and independent labour movements in the Asia Pacific region. In order to achieve this goal, AMRC upholds the principles of workers' empowerment and gender consciousness and follows a participatory framework.

Labour in Globalising Asian Corporations: A Portrait of Struggle

Published by Asia Monitor Resource Centre 2006

Editor: Dae-oup Chang

Layout by Ed Shepherd

Cover Design by Jeeyun Lee

Cover photo by Chung Sung-Jun/Getty Images

Copyright Asia Monitor Resource Centre Ltd, 2006

All rights reserved

Articles may be reproduced in non-profit publications; credit is requested

ISBN-13: 978-962-7145-30-1

ISBN-10: 962-7145-30-0

For more information contact

Asia Monitor Resource Centre

Unit 4, Floor 18

Hollywood Centre

233 Hollywood Road

Sheung Wan

Hong Kong

Tel (852) 2332 1346

Fax (852) 2385 5319

URL <http://www.amrc.org.hk>

*Cover photo: a South Korean student ties a protest bandana
around her head in a show of solidarity with striking auto workers*

TABLE OF CONTENTS

Preface - Dae-oup Chang	v
Part 1: Samsung	
1. Samsung Moves: A Portrait of Struggles - Dae-oup Chang	3
2. Samsungisation or Becoming China? The Making of the Labour Relations of Samsung Electronics in China - Monina Wong	65
3. Labour Practices and Working Conditions in TNCs: The Case of Samsung in India - Sobin George	107
4. Samsung-Thailand: Avoiding Direct Capital-Labour Relations - Dennis Arnold	131
5. Workers in Samsung Malaysia: Under the State-TNCs Alliance - Labour Resource Centre	153
Part 2: Toyota	
6. Toyota and Asian Automobile Workers - Kaneko Fumio	181
7. Toyota in Thailand: Capital and Labour in 'Harmonious' Globalised Production - Dennis Arnold	215
8. Toyota in the Philippines: Drive our Dreams or Drive to the Bottom? - Tono Haruhi	247
9. Labour Practices and Working Conditions in TNCs: The Case of Toyota Kirloskar in India - Krishna Shekhar Lal Das and Sobin George	273
Part 3: Tatung	
10. Tatung: From Taiwan Number One National Brand To Moving Out - Tsai, Chih-Chieh.....	305
About the Authors	343

PREFACE

DAE-OUF CHANG

For the last two decades, there have been significant developments in the way in which labour is organised in Asia and therefore the basis of the labour movement in Asia. In industrialised economies, such as Japan, Korea and Taiwan, 'tertiary' labour continually expands, representing growth of the service sector particularly with increasing women's participation. Formerly non-profit-making activities or so-called unproductive labour, e.g. caring and healing, is a new domain of business; work involving these activities is waged while industries considered as 'public' are increasingly privatised. The distinction between productive labour, which was a focal area of traditional organising, and un(re)productive labour (largely of women), which was largely regarded not as an important area of organising, has been dismantled due to the neatly woven relations between them.

On the other hand, massive populations in developing countries, formerly mainly involved in self-subsistence activities, have become wage labourers. The integration of people into global value chains is a coercive process, aimed to prevent all elements of non-capitalist social relations from remaining. Its logic dictates that each aspect of human life should not be organised, even partially, through non-market mechanisms; peasants and farmers whose livelihoods are partially subjected to the rule of the market cannot be exempt. The final moment of enclosure, through which the people are forcefully deprived of the 'common', comes with the massive privatisation of the 'public' and the large-scale industrialisation of agriculture that completely marginalises small-scale farming in many developing countries. As capitalist labour becomes truly expanded with increasing mobility of capital, labour everywhere becomes *the* common substance.

While labour becomes the common factor in the livelihood of the Asian population, it is at the same time given a particular nature. It becomes commonly informal as particular historical forms, conditions, and definitions of 'labour' have been eroded worldwide. In developing countries, the lack of institutional labour protection, the immaturity of industrialisation, and the integration of the population

into capitalist social relations produces a particular form: an increasing informal economy where workers are truly treated as a factor of production without any institutional protection either from unions or from the state. As informal areas grow, traditional self-subsistence and reproductive labour of women in developing countries are now mixed up with survival forms of commercial and productive activities. For workers in developed countries, the growing informality mostly (not exclusively though) means dissolving formal employment. Increasing numbers of workers, previously in standard forms of employment with institutional protections, become disposable as part of irregular workforces, due to either short-term contracts or uncertain legal relations of employment. It is this population that lacks protection, is exploited at low cost, and therefore needs to be fed cheap products from Asia's developing countries. In addition, many functions and services previously handled directly by large-scale corporations have been transferred to the self-employed – without lessening corporate control over those functions and services. In both developed and developing countries, formal workers, who are entitled to the protection offered by the labour standard laws, but, however have no 'power' to enjoy the rights, are becoming increasingly vulnerable to the escalating introduction of informal elements of employment. As the distinction between formal and informal labour gets blurred, the size of the population under formal capitalist employment, i.e. the so-called 'traditional' working class, is decreasing and labour has been recaptured with new forms and colours.

Consequently, the traditional union movement that was based on a particular historical development of labour within national economic development and institutionalised balance of power between labour and capital, has been facing increasing difficulties. While the traditional workers' movement could not deal with the difficulties, there was a fast growing industry around the theme of Corporate Social Responsibility (CSR). Although this rightly asks the corporations to do more and take initiative in improving labour conditions, CSR cannot be free from the risk of privatising labour rights by relying on multinational companies and their CSR businesses, such as social auditing firms, whose business focuses more on finding a market equilibrium between the cost of CSR and the effect of image building. While CSR as a business is proliferating, CSR as a movement has been losing its sharpness, rendering very few improvements at the workplaces. The labour movement needs to recognise and is increasingly learning that all these challenges cannot possibly be overcome by quantitative changes in its organising efforts, and is calling for qualitative changes in the way in which the labour movement organises and represents the working population.

At the heart of all these new trends of the way in which labour is socially organised in Asia, lies the increasing mobility of transnational corporations (TNC). During the last two decades, the global movement of capital has shown an unprecedented increase in the form of financial as well as productive investment. As a consequence, almost all industries in Asia have been integrated into global market relations. New development focuses on removing all 'unnecessary' barriers to the movement of

capital in pursuit of better profitability from one to another production or industrial sector, and country. Regulation over labour practices and markets, either on the basis of state intervention or trade union power, has been regarded as an obvious barrier for capital to move internally as well as externally, and therefore came under severe attack in every Asian country even before regulations had been established with an empowered labour movement. Capital is now moving into other spaces, times, and aspects of our social life. It turns all things concerning human life into commodities and the whole of society into a commodity producing and consuming sphere.

The ATNC Monitoring Network has been addressing this issue of capital mobility and informalising labour for the last three years in a continuous attempt to grasp the basis of a new labour movement. A series of our collective research aims to understand the current transformation of work in Asia's developing countries, including China, in relation to the expansion of TNCs the region. In particular, it focuses on the role of TNCs from Asia's capital exporting countries, such as Japan, Korea, Hong Kong, and Taiwan, in integrating labour in Asia's developing countries into globalised production and establishing a particular regime of foreign direct investment (FDI) and international flows of capital, and thereby a peculiar form of social development. Whereas the ATNC Network's first outlook published in 2005 showed a general picture of capital movement by looking into FDI trends and different forms of the reaction of labour, this new volume examines the way in which 'work' is recomposed by mobile capital in Asia, tracing the interaction between TNCs and local labour. We do so here by presenting three stories of interactions between labour and capital. Drawing on the examples of the evolution of emerging multinational giant Samsung Electronics, the world's most profitable automaker Toyota, and the survival strategies of the Taiwanese national brand Tatung, this book shows how the world of labour and living for the workers in TNCs has changed through their involvement in the multinational operation and expansion of capital in Japan, Korea, Indonesia, Philippines, Thailand, Malaysia, India, and China. We hope that this volume contributes to an understanding of the particular labour problems in Asian developing countries as moments of a bigger global transformation of social relations, in which labour becomes informal and purely capitalist in the face of growing mobility of capital in and beyond Asia. We also hope that this book can further discussions about new ways of organising along the subcontract chains of TNCs, which we believe workers are already developing in many countries.

The second annual research of the network was more difficult and challenging than the first one. It was more properly collective in the sense that the research process has been designed, implemented, and reviewed together. Although we reached more or less what we aimed for, there are shortcomings as well. This book is being published almost six months behind schedule. A few research articles that were originally parts of comparative studies have unfortunately failed to be included in this volume for many different reasons. I would like to deliver my sincere apology to my fellow researchers in Cambodia and Indonesia and hope that the collective

research process has helped all the organisations involved at least to develop their ideas and initiatives further. I hope that the network, on the basis of the experiences and lessons from the previous research, will overcome this shortcoming in the next annual research. There are many who contributed to the completion of this book, which could happen only with great commitment from activist researchers of the ATNC Network. Especially I want to thank Kaneko Fumio, Monina Wong, Dennis Arnold, Tono Haruhi, Sobin George, Krishina Shekhar Lal Das, Iman Rahmana, Sim Soucheata, Tsai Chi-Chieh, K Shan, Sangah Lee, and many others involved in field research. We are indebted also to Guillermo Rogel of War on Want and Hilde van Regenmortel of Oxfam Solidarity for their continual support for our research programme. Last, but not the least, I would like to thank my colleagues in AMRC, Apo Leung, Sanjiv Pandita, Omana George, May Wong, Doris Lee, Ah King, Winnie Wong, and Muriel Yeung for their support and encouragement. Special thanks goes to Ed Shepherd who took care of proofreading and laying out the articles.