

Hewlett-Packard Labor Rights Training Program:

Delta Electronics (Dongguan) Co., Ltd.

CHINA



2009

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Students & Scholars Against Corporate Misbehavior (SACOM) recognizes the leadership of Hewlett-Packard (HP) and Delta Electronics in initiating an in-factory labor rights training program in China. We would also like to extend our gratitude to not-for-profit development organization Bread for All for providing a grant under its “High-Tech—No Rights?” Campaign (2007-2009).

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INTRODUCTION

Since early 2007, Hewlett-Packard (HP) has been cooperating with Students and Scholars Against Corporate Misbehavior (SACOM), a student-centered labor activist group and local stakeholder. HP is interested in supplementing its corporate social responsibility (CSR) audit program with trainings for managers at its first-tier suppliers in mainland China, while SACOM advocates for empowering workers to monitor social and labor compliance in their own workplaces. SACOM's mission is to promote a new, democratic approach to workplace development that incorporates active participation of well-informed workers. In August 2007, HP and SACOM signed an agreement to coordinate labor rights training activities at the Dongguan factory of Delta Electronics, a Taiwanese-owned major supplier of switching power supplies and various computer components to HP.

Delta Electronics operates seven facilities with a total of 22,661 employees. Its top executives have been open to building a workplace in which workers' rights are better respected. As a result of discussions with HP and SACOM, Delta's vice president for corporate responsibility invited the Hong Kong-based nonprofit organization Labor Education & Service Network (LESN) to design and implement a participatory worker and manager training program for approximate 1,500 employees working on HP's products in Plant #2 of Delta's Dongguan facility. LESN is chiefly responsible for organizing training activities, while SACOM coordinates the program by aligning the expectations of HP, Delta, and LESN.

SACOM and LESN share the values expressed in HP's Social and Environmental Responsibility (SER) program and the standardized code of the Electronics Industry Citizenship Coalition (EICC). The SACOM-LESN team aims to raise Delta workers' awareness to these protective provisions and to improve communications between workers and managers at the Dongguan facility.

In this report, SACOM first introduces the LESN training curriculum, which was developed in light of the needs and priorities of Delta workers and managers. Second, we assess the effectiveness of the training program on increasing workers' knowledge of their legitimate rights and building labor relations. Third, we explore ways of moving forward together in sustaining fair labor practices at Delta and other companies in the electronics industry. Fourth and last, we conclude by summarizing the program achievements and preparing ourselves to start new programs.

SACOM is making this report public in order to increase the transparency of this brand-supplier partnership and to share best practices in multi-stakeholder engagement in worker training. As large employers, HP and Delta play an important role in fostering harmonious industrial relations in China.

LABOR RIGHTS TRAINING CURRICULUM

Delta executives have been cooperating for some time with professional consultants, academics, and HP compliance managers to strengthen its business management system. Nevertheless, this is the first time Delta has collaborated with grassroots labor organizations LESN and SACOM.

Delta, SACOM and LESN representatives held joint discussions to reach agreement about the program's content. The discussion topics ranged from the objectives and curriculum of the training program to the costs of compensating the participants for their attendance.

LESN highlighted the importance of assembly workers' role in formulating the company labor policies around working hours, social insurance and benefits, and occupational safety and health. They proposed options in which workers and management could improve communication channels including installing LESN's confidential, external worker hotline service and organizing a seminar for Delta's human resources managers to improve their techniques in handling workers' frequently asked questions.

In the summer and fall of 2008, deeper communication sessions were held between SACOM, LESN, Delta and HP to understand each organization's goals and objectives, to help develop an atmosphere of collaboration and trust between the groups, and to review the proposals and options for implementing an effective worker-centered training program for Delta. After several meetings, an agreement was reached with Delta to carry out a six-month program for worker rights training. The program included capacity-building seminars for managers and labor rights training sessions for workers. The suggested worker hotline was not approved as part of the initial work plan as it was acknowledged that multiple channels of communications for workers already existed at Delta. An internal Delta grievance management mechanism was made available to the workers for example regular face-to-face workers and managers gathering, internal counseling service, mentor schemes and so on.

In November 2008, Delta set up a special task force to coordinate with LESN representatives the implementation of the training program that would take place between January and June 2009. The company's three identified goals as established by the task force are safeguarding workers' rights and welfare, strengthening management-worker communication, and enhancing labor productivity. Delta is especially interested in retaining new and skilled workers in order to build a stronger workplace that will withstand the global financial crisis.

Capacity-Building Seminar for Managers

Before providing trainings directly to workers, LESN conducted a series of consultations and trainings for middle and frontline level management staff in human resources and worker communications. The objectives were to improve their understanding of the project and also identify challenges faced by these staff in improving worker-management communications. There were three sessions in the series:

1. Needs assessment and consultation (December 17, 2008): 12 middle and frontline level management staff in human resources and worker communication participated.
2. Training on EICC and Labor Law (January 8, 2009): 30 staff participated, including 5 workers that acted as dorm helpers.
3. Training on worker communication and activity organization (March 9, 2009): 40 staff participated, including 26 workers that acted as dorm helpers.

The participants reviewed these trainings as both informative and interactive. Their knowledge towards EICC and labor laws and regulations improved, some workers also progressed to being able to use the knowledge learned in case study analysis during class. The participants felt the training was useful and they expressed interest in participating in future trainings to enhance their capacity for problem-solving.

The participating staff members also expressed their suggestions and opinions about Delta's management system procedures and policies. This reflects a relatively open atmosphere in Delta, which is commendable and should be encouraged in the future. LESN developed a summary of these questions and opinions and presented them to Delta's management for their review and response.



Delta's Dongguan facility, March 9, 2009—40 middle and frontline supervisors attended the LESN seminar on counseling and communication skills.

In April 2009, workers approached the LESN team to help them communicate an issue they had to Delta's management. LESN encouraged the workers to report up through the existing communication channels in Delta and also referred workers' concerns to HP and Delta. The workers accepted LESN's advice and talked to their factory manager. In response, the concerned manager explained to workers the company's goal and policy and procedures related to the issue and that their concerns would be reviewed by management. In the end, the issue was positively resolved with workers. In a later meeting with Delta HR managers, LESN expressed that the training and consultation services are aimed at improving shop-floor communication and problem solving. And Delta's quick response in dealing with this issue was positive in rebuilding workers' confidence in the factory management and the company.

Labor Rights Training for Workers

Starting from mid-March 2009, the LESN team further assisted the Delta CSR department by educating workers on Chinese labor law and the Electronics Industry Code of Conduct (the EICC Code). The goal of this intensive training is to raise workers' awareness of their rights and strengthen their communication with management. As of June 10, a total of 1,549 production workers from assembling, packaging, soldering, and quality control (QC) departments had attended the trainings. All are day-shift workers who took part in the trainings in the evenings, except for 41 night-shift workers who extended their shift by two hours to attend a morning meeting.

| Worker Training | | |
|------------------------|------------------|----------------------------|
| Date | Time | No. of Participants |
| March 16, 2009 | 7:00 – 9:00 p.m. | 110 |
| March 17, 2009 | 7:30 – 9:30 a.m. | 41 |
| April 9, 2009 | 6:30 – 9:00 p.m. | 150 |
| April 16, 2009 | 6:30 – 9:00 p.m. | 200 |
| April 23, 2009 | 6:30 – 9:00 p.m. | 228 |
| May 21, 2009 | 6:30 – 9:00 p.m. | 180 |
| May 25, 2009 | 6:30 – 9:00 p.m. | 130 |
| May 26, 2009 | 6:30 – 9:00 p.m. | 200 |
| May 27, 2009 | 6:30 – 9:00 p.m. | 200 |
| June 10, 2009 | 6:30 – 9:00 p.m. | 110 |
| | | 1,549 |

In the presentation, LESN trainers addressed workers' core concerns of wages and overtime work. They introduced workers to the limit of no more than 80 hours per month that the EICC places on overtime, alongside the maximum 36-hour allowable standard of the Chinese labor law.



(Left) LESN trainer presents the EICC Code and Chinese Labor Laws; (Right) Delta HR manager answers workers' questions in the last 30 minutes of each training.

The atmosphere of worker empowerment created by the LESN trainings has opened a space in which Delta senior managers are able to get more candid feedback from employees. Managers used the last 30 minutes of each training to listen to workers and answer their questions. When discussions about labor discipline, rewards, and punishment became heated, Delta promised to get back to workers by posting company notices and arranging face-to-face meetings.

In addition to giving the two-hour training, LESN supplemented it by providing workers with a 37-page pocket-sized booklet that is a comprehensive guide to the EICC Code and Chinese labor laws in simplified Chinese. Workers have ongoing open access to LESN by email and telephone.



The booklet covers the EICC Code (page 1), Legal Labor Rights (page 9), Occupational Safety and Health (page 24), and Legal Provisions on Industrial Injury and Occupational Disease (page 33).

Both Delta workers and managers welcomed the idea of disseminating the booklets to the training participants. Senior HR manager Sun Aiguo commented:

“The booklet includes key aspects of workers’ rights and responsibilities. For example, workers are free to leave upon giving reasonable notice in a written form, and they will be adequately compensated for all hours worked prior to leaving. For another example, all Delta employees are provided with social securities in accordance with the Dongguan regulations as long as they present their ID cards and provide detailed personal information. I trust that workers would find the booklet useful to them. You know, as time passes, workers may forget what they have learned in today’s training.”

A 19-year-old male worker echoed:

“I’ll keep the booklet for my future use. I’ll also share it with my cousin in another factory in Dongguan. The last section on the prevention of industrial accidents—not to remove the protective guards even when production quota increases, to always put on gloves when using chemicals and glues in assembling, to inform the line leaders when getting exhausted from overwork, and so on—they are crucial reminders to me because I am operating a big machine.”

In the few last training sessions in May and June 2009, Delta workers tended to be relaxed enough in the sessions to make more requests. During the training sessions and the time in which LESN representatives were on site at the factory, workers approached LESN with their key concerns. These ideas may have come out only in the later sessions because workers needed some time to get to know the LESN trainers and feel assured of their independence from the company. LESN collected all these points and communicated them with Delta managers. Delta management could enhance communications with workers and make their policies to be better understood. Building on this participatory model facilitated by LESN, Delta can continue refining its CSR system to build a better and safer workplace.

EFFECTIVENESS OF THE TRAINING PROGRAM

HP and Delta made the training program possible by admitting SACOM and its partner LESN into Delta's Dongguan facility, where LESN presented information about EICC and legal labor standards as well as shared skills on interpersonal communications.

The training program provided by LESN is valuable to HP and Delta. The program supplements HP's audits of Delta by getting Delta managers and workers themselves actively involved in the day-to-day monitoring of workplace conditions. Additionally, increased worker and management awareness of labor law prevents potentially expensive regulatory problems and disputes before they happen.

The training curriculum creates active involvement in several ways. Delta senior managers meet with LESN and SACOM to discuss the labor rights content of the trainings. These meetings give managers more opportunities to reinforce their knowledge of these areas. LESN is able to keep workers and managers constantly involved in the training program because of its determination to customize content to participants' needs. Based on managers and workers' inputs, LESN has vastly expanded the materials presented on overtime wage calculation and working hours, compensation for industrial injuries, and freedom of employment. The manual also will be further updated and amended in light of the strategic developmental needs of Delta. As a result of LESN's flexibility and openness to feedback, this training resource is truly collectively owned.

In mid-June 2009, LESN conducted a survey that asked workers to evaluate the trainings. The workers—who are mainly migrant laborers from the countryside—said that the program helped them better understand their rights and obligations as Delta employees. Many said that now, in the event of disputes, instead of quitting the job without leaving a trace, they will bring issues to the Delta grievance management mechanism in hopes of finding a resolution. Moreover, workers said they have become more confident in using the EICC Code and labor law to defend their rights. Some workers identified themselves as having become peer educators on their shop floors and in their dormitories.

Reflecting upon the limitations of the program, LESN observed that some Delta trainees who attended after already having been at work for hours were quite tired during the trainings. LESN trainers were able to remedy this situation to some extent by integrating into their presentation brainstorming exercises that kept workers engaged and alert.

Overall, the training atmosphere was good. LESN accomplished its goal by empowering Delta employees to safeguard their rights through constructive dialogue with managers. Delta managers are pleased with the program to the degree that they have adapted parts of the training module for use in its new manufacturing plant in Hunan Province.

TOWARD SUSTAINABLE PRODUCTION

In this collaboration with HP, Delta showed its dedication to the program by paying over 1,500 employees at its Dongguan facility for the time spent in the trainings. Delta managers agreed that this CSR investment is necessary to improving its global competitiveness. Specifically, Delta plans to increase worker representation by inviting line leaders and assistant line leaders from various production departments to take part in high-level management meetings. The senior CSR managers are especially interested in learning workers' expectations about welfare and benefits, and production scheduling in relation to health and safety.

LESN and SACOM will continue to provide support to Delta and HP as well as to factory workers after the program's end in July 2009. While additional financial support from companies can be helpful, nongovernmental labor groups have long engaged with not-for-profit foundations to carry out their labor empowerment projects in a sustainable manner. Grounded in workers' struggles, we are accumulating experience in establishing fairer industrial relations in China.

Last but not least, new generations of Chinese workers are redefining their concepts of decent work and better employment. Workers at Delta are no exception. They are seizing opportunities to discuss with their managers new ways to make positive changes in their work environment.

CONCLUSION

When SACOM uses international campaigning strategies to push open the door for worker training on the ground, we are never sure what we can realistically expect from multi-stakeholder collaboration. The cost pressures from worldwide economic recession, consumer demand for discounted merchandise, and competition between companies in outsourcing and subcontracting have driven labor standards downward. How far can brands, suppliers, and nongovernmental organizations (NGOs) work together at the workplace level in mainland China, where worker representation remains weak?

The business case of Delta shows that workers' and frontline supervisors' feedback is significant in helping senior managers to identify gaps in the existing labor system. After the training sessions, workers felt more confident to bring up previously unspoken concerns to Delta management. This training program aided in successfully facilitating worker-management communication and corporate responsibility. Working with HP and external stakeholders, Delta strives to uphold high labor standards in its supply chain in China and in the global economy.

In its broader civil society efforts, SACOM will continue working with pro-labor organizations such as Bread for All and the GoodElectronics Network in sharing best practices in worker training.

APPENDIX

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