

**Hewlett-Packard Labor Rights Training Program:**

**Chicony Electronics (Dongguan) Co., Ltd.**

**CHINA**



**2009**

## **ACKNOWLEDGEMENTS**

Students & Scholars Against Corporate Misbehavior (SACOM) recognizes the leadership of Hewlett-Packard (HP) and Chicony 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).

SACOM appreciates the commitment of independent, not-for-profit worker-training organization the Chinese Working Women Network (CWWN). HP reimburses training program expenses incurred by CWWN. CWWN’s primary organizational funding sources are from not-for-profit foundations.

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## INTRODUCTION

Since January 2007, Hewlett-Packard (HP) has engaged in discussions with Students & Scholars Against Corporate Misbehavior (SACOM) about supply chain labor responsibility issues in the electronics industry in China. HP has promoted its Social and Environmental Responsibility (SER) Program in its first-tier suppliers. One of the core elements of HP's SER Program is trainings to factory senior management. SACOM promotes improving the day-to-day monitoring of workplace conditions by including workers as well as managers in the process. SACOM's central premise is that, from the bottom up, frontline workers can inform their employers of the achievements and limits of internal corporate responsibility policies, and of practical ways to make improvements. Bringing workers into enforcing and developing compliance mechanisms at supplier factories can also help brands to reduce their audit costs.

HP and SACOM signed an agreement to coordinate worker training activities at HP's designated supplier Chicony Electronics (Dongguan) in August 2007. HP's commitment is financial contributions to and facilitation of external stakeholders' access to the training program, while the strategic role of SACOM is program coordination. SACOM recommended the Chinese Working Women Network (CWWN)—founded in 1996, CWWN is the first Hong Kong-run non-profit organization that provides social services to internal Chinese migrant workers in the Shenzhen Special Economic Zone—as the training organization. With face-to-face introductions to SACOM and CWWN representatives, Chicony managers have gained better understanding of the two nongovernmental labor organizations.

The initial stage of orientation was however by no means smooth. In the recent *HP Global Citizenship Report*, CWWN looked back on the long journey to getting Chicony prepared for the in-factory labor rights training program:

“We started planning this project a year ago with Chicony. The trust was not yet built and progress was slow.”

To overcome the barriers, CWWN has tried very hard to demonstrate a participatory training model that will be beneficial to both workers and managers.

In response, Chicony has also opened itself up to learning to cooperate with civil society organizations, and to aligning with the new expectations of its customers, including HP. By the fall of 2008, something remarkable happened:

“Since we [CWWN] started the project, we have more contact, including monthly meetings [with Chicony management], so we know each other better. We both have the same target: to raise the awareness of workers' labor rights and obligations. We are really happy to see that things keep improving and trust is increasing gradually. The management of Chicony is very positive and helps to coordinate the workers' training and handle the workers' hotline.”

In this report, SACOM first summarizes the main content of the labor rights training program. Second, we evaluate its effectiveness in light of Chicony workers' and managers' perspectives. Third, we put this company's case in the broader context of pursuing sustainable production in the electronics industry. Fourth and last, we describe the conclusion of the program in the hope of starting new ones at HP contract manufacturers and subcontractors in the near future.

## CONTENT OF THE LABOR RIGHTS TRAINING PROGRAM

The mutually defined objective of the labor rights training program is to improve the existing worker-manager communication mechanisms within 5,200-strong Chicony.

Chicony vice president Chris Huang made it clear that Chicony was integrating HP's supply chain SER standards into its core business operations and administrative policies. In his words, "We pay workers in strict accordance with the Dongguan legal minimum wage law. We've also exceeded the legal standards by providing workers with welfare and benefits, with reference to both HP's and the EICC Code [the Electronics Industry Code of Conduct]."

To gain further insight into workers' issues, CWWN proposed a training program targeting two segments of Chicony workers—frontline machine operators and selected worker committee members—during the ten months between September 2008 and June 2009.

The two key components of the program are the CWWN hotline service and capacity-building seminars. In the first phase (September 2008 to March 2009), CWWN's trained operators log grievances, conduct detailed interviews with the workers, and regularly report the issues back to senior factory management and, in some sensitive cases, HP and SACOM representatives. In the second phase (April to June 2009), CWWN uses the information collected from workers via its 24-hour hotline to inform training seminars for worker committee members.

### Hotline Service for Workers

CWWN understands that workers frequently seek safe and secure ways to be heard, and they will use a communication channel only if it earns their trust. The CWWN hotline service therefore aims to create a useful tool for workers to report problems confidentially, for managers to gain knowledge of workers' common concerns without revealing individual workers' identities, and to assist brands to monitor the progress of code implementation at the workplace.

Workers may call CWWN's hotline service about any issues related to working conditions at Chicony.



**CWWN promotes its hotline service in training sessions—there is no cost to workers for using the 24-hour CWWN dialing-in service.**

In a total of 18 training sessions spanning six days with three two-hour training sessions per day, CWWN representatives told 2,714 Chicony workers how their confidentiality is ensured when they call the CWWN hotline.

**Worker Training**  
**3 sessions per day: 9:30 – 11:30 a.m., 1:00 – 3:00 p.m., 3:30 – 5:30 p.m.**

	Date	No. of Participants
1	20 September, 2008	495
2	27 September, 2008	446
3	8 November, 2008	431
4	15 November, 2008	472
5	5 December, 2008	450
6	21 March, 2009	420
		<b>2,714</b>



**Chicony workers actively participated in worker training (Left);  
Chicony managers also attended some training sessions (Right).**

Through the independent hotline, CWWN received grievances expressing a board range of concerns ranging from difficulty workers encountered when attempting resignation to occasional non-provision of hot water in dormitories.

CWWN presented the data to factory managers to get them involved in addressing workers' concerns. The follow-up discussions between the CWWN and Chicony representatives have been exceptionally open, to the extent that almost all the identified problems have been resolved within a reasonable timeframe.

In response to workers' feeling that the factory made it too difficult for them to resign, for example, Chicony publicized its rule in strict compliance with the labor law: whoever gives a 30-day written notice is free to go. The administrative staff also posted the rule in the factory where workers can see it. In a thorough review, Chicony administration director Vic Lee believed that the misunderstanding could have arisen when workers gave only a verbal notice but failed to go through the proper written application procedure. Accordingly, he instructed the human resources managers to provide workers with clearer guidelines. At the same time, Chicony promoted its paid leave policy so that workers may be aware of alternatives when they are deciding whether to resign. To help build a stable workforce, the factory now also conducts anonymous exit surveys to better understand workers' reasons for quitting.

In another example, Chicony upgraded workers' living conditions upon reviewing the complaints registered by CWWN through its hotline service. In September 2008, some workers reported that they did not have access to hot bathing water in their room of dormitories after 10 p.m. occasionally. Thus, they needed to get hot water from other public places at each floor, which was inconvenient. CWWN representatives brought up the issue in a meeting with Chicony managers, who explained that in fact the lack of hot water was caused by the broader problem of inadequate utility supply in the entire town. To cope with workers' immediate needs, Chicony asked the management of industrial zone to repair water pipes which have leakage problems and increased water pressure.

Meanwhile, Chicony installed a central heating device to provide all workers with hot water in their living zone. Workers welcomed the new facilities with applause.



**Chicony posts the workers' frequently asked questions and answers on its LCD bulletin boards.**

CWWN serves as a line of communication between workers and management. The confidential information reported by workers is communicated to senior factory managers, and steps taken by the factory to resolve issues are communicated back to workers. Wherever appropriate, Chicony has also made its announcements on follow-up actions public. In this interactive process, workers are motivated to believe that problems can be solved and to use the CWWN hotline service for that purpose.

### **Capacity-Building Seminar for Worker Committee Members**

Chicony set up their worker committee in 2008. Over 80% of members in workers committee were elected by workers from different units and the rest usually from administrative departments were assigned by factory. Apart from the worker hotline service, CWWN provided 30 worker committee members with a seminar on communication systems to establish workplace grievance mechanisms that address worker concerns. The committee members include assembly workers, assistant line leaders, line leaders, quality controllers, technicians, and administrators from seven production departments.

In April 2009, CWWN trainers initiated discussions with the worker committee members about the representative role of a worker organization. The 30 trainees collectively set forth six major goals about their work: (1) to improve employees' welfare, (2) to improve wages and benefits, (3) to arrange cultural and entertainment activities, (4) to express workers' opinions, (5) to add value to the factory, and (6) to enhance oneself's abilities as a committee member.



**April 17, 2009—Chicony worker committee members shared their expectations about building a well-functioning worker committee.**

To support the worker representatives in achieving their goals, CWWN gave presentations on the following themes:

**Seminars on employee-employer communications**

<b>Date</b>	<b>Time</b>	<b>Topic</b>
<b>17 April, 2009</b>	<b>1:40 – 3:20 p.m.</b>	<b>Worker committee members' role</b>
<b>17 April, 2009</b>	<b>3:40 – 5:40 p.m.</b>	<b>Skills in handling workers' enquiries</b>
<b>18 April, 2009</b>	<b>8:30 – 11:30 a.m.</b>	<b>Communication techniques (I): worker representatives and general workers</b>
<b>29 April, 2009</b>	<b>8:30 – 11:40 a.m.</b>	<b>Communication techniques (II): worker representatives and managers</b>

As a rule, CWWN encourages workers to first use existing grievance mechanisms in order to strengthen good management practices. For example, CWWN trainers identified an occupational safety and health (OSH) problem when they spoke in-depth with worker representatives who reported easily get tired after standing up at work for an entire shift. This grievance had begun after the factory had been re-organized from I-shaped to U-shaped lines in order to increase productivity. Once this change happened, Chicony management already gave a 10-minute break in every two hours to workers. CWWN stepped in by encouraging the affected workers to talk directly to their supervisors in the morning assembly, who then relayed their message to the top managers. In a subsequent meeting mediated by CWWN, Chicony administrative managers came to listen carefully to the assembly workers and worker representatives' testimonies, and began to fully understand the potential health hazards of the new working environment to the workforce. In taking a remedial action, Chicony managers provided stools placed next to their work stations where workers can sit down for rest. As a result of this successful communication, the workers' confidence in the Chicony system is greatly enhanced.

In summary, Chicony has now become more sensitive to workers' voices. The training program was participatory and engaging, wherein Chicony and HP fulfill their shared responsibilities to manage labor conditions. Chicony reported total 126 phone calls received via the CWWN hotline service by May 31, 2009 and direct actions were taken for each case. Upon the completion of the training, CWWN and SACOM evaluated the program's effectiveness for the company.

## EFFECTIVENESS OF THE TRAINING PROGRAM

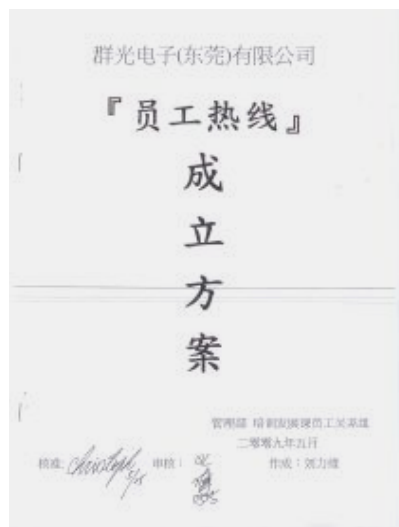
The confidential hotline service and the training for worker committee members provide Chicony both with more information about issues workers face and with the skills to respond to these issues in a responsible manner.

Chicony managers have reported that improved communications with their workforce are the most valuable result of the intensive trainings. Retaining skilled and committed workers is the top factory priority. In an interview, Chicony administration director Vic Lee said in mid-2009,

“We are going to launch a survey to understand workers’ needs. We have done a similar survey, but the scope was limited to catering and living conditions. This time we are extending the scope to working hours, EICC understanding, contract terms, and discrimination.”

CWWN has promised to provide support to Chicony in carrying out the survey.

Another way to assess workers’ concerns is to set up an in-factory worker support hotline. In May 2009, Chicony built upon the solid foundation of CWWN’s hotline service by proposing to train 10 worker committee representatives as a core working team to operate a new worker hotline. The social distance between the worker representatives and general workers is not as great as the distance between human resources managers and general workers. The idea is to provide Chicony workers with an internal mechanism—via the worker committee—to raise their questions, to obtain information on their rights and responsibilities, and to pursue remedies. In formulating the Chicony Worker Hotline proposal, Chicony administrative managers have discussed the draft in great depth with CWWN trainers, SACOM coordinators, and HP managers.



**May 2009—Chicony’s work plan for establishing a worker hotline.**

In the fall of 2009, the hotline service—operated by Chicony’s worker representatives—will be put in place. Based on the finalized Chicony proposal, the newly set up hotline service will be typically available on evenings from 7:00 to 10:30 p.m. and on weekends. Each of the 10 worker committee representatives will take a turn handling workers’ hotline calls. If a hotline service operator is not immediately available, workers’ calls will be returned shortly. At the worker’s request, an anonymous complaint can be filed with the senior executives at the factory.

CWWN agrees that the outcome is by and large positive. In an interview, CWWN trainer Suetwah Choi comments:

“This experience can be a model for future training programs in the industry and even a reference for other industries. We expect workers’ representative committees to take ownership of training and workers’ hotlines to keep the program sustainable. One day they will be able to actively communicate with factory management.”

SACOM acknowledges that HP plays an important role by paying the full ten-month CWWN hotline service and seminars for 30 worker committee members at Chicony, thus providing incentive to Chicony management to achieve higher labor standards. Moreover, HP managers have facilitated SACOM’s access to Chicony. In the latter stage, SACOM and Chicony managers exchanged directly their views on continued workplace improvements through phone calls and emails.

Overall, the labor rights training program helps expand Chicony’s ability to manage grievances and to nurture a positive work culture. A stronger worker organization will make labor-management communication more possible.

## **TOWARD SUSTAINABLE PRODUCTION IN THE ELECTRONICS INDUSTRY**

HP has set an example by sharing its expertise and by funding training activities with a sharp focus on worker empowerment at Chicony between 2008 and 2009. Leveraging local labor groups' worker communication skills, HP builds the capacity of its first-tier suppliers to comply with its social and environmental standards. In active engagement, CWWN and SACOM use this opportunity to refine their training syllabus to serve the legitimate interests of factory workers and managers.

Chicony is committed to drive performance in its suppliers further down the value chain, thus creating wider impact in the electronics industry. Chicony is strategizing to reach out to partners and volunteers to deliver labor rights programs.

A growing number of Chinese grassroots labor nongovernmental organizations (NGOs) have learned to adapt to factories' production and worker training scheduling. In our example, CWWN—an external stakeholder—has worked flexibly with both Chicony managers and workers in doing presentations and organizing seminars. By reporting on the accomplishments and reflecting on the training experience at Chicony facility, SACOM and CWWN hope to encourage more innovative, pro-labor projects in the electronics industry.

## CONCLUSION

When SACOM uses campaigning and media activism 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. How far can brands, suppliers, and NGOs work together at the workplace level in mainland China, where worker representation remains weak?

The specific case at Chicony shows that HP can improve the performance of its supply chain SER program by providing financial support to its suppliers in order to conduct well-conceived training activities. HP can use what it is learning from Chicony workers to help strengthen its auditing process, training, and education resources. In building the long-term business partnerships with HP, Chicony has increased its labor relations transparency and accountability. If necessary Chicony welcomes any assistance from CWWN and SACOM in the near future.

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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