

Labour Standards in the Indonesian Apparel and Shoe Industry How Codes of Conduct help to implement workers' rights

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During the last years multinational corporations in the apparel and shoe industry tried to respond to the accusations of NGOs and Trade Unions that they exploit workers in the South by the implementation of Codes of Conduct¹. However, these written statements of companies concerning their standards and principles for the conduct of business activities in the producing places are sometimes just fig leaves for the consumers in the North.



Worker at a two-button press

The market for apparel and shoes is dense and the big brands fight against each other for the market shares. For a long time the production conditions were not important to them, as they are still not for the WTO. Nowadays most brands have answered to the accusation of exploitation by implementing a Code of Conduct. Divisions on labour and environmental standards were set up, the Adidas-Salomon AG for example employs about thirty experts worldwide in

the Social & Environmental Affairs department. It is their duty to supervise the shoe and apparel production places in the producing countries. In the case of Indonesia two local employees are supposed to supervise five shoe and about 26 clothing factories. They are supported by a regional team based in Hong Kong.

Adidas provides training for the management of the producing factories. In the end the costs for safer working places have to be taken over by the factories and not by the buyer. As Mr. LENK, the Adidas Country Manager stated in an interview, they have long-term relationships with the shoe producing factories but they do not offer them long-term contracts.

The case of shoe production is still different from the apparel industry. Firstly, just a few factories produce for companies that have implemented a *Code of Conduct* like Adidas and secondly, the labour force skills required are higher than in the apparel industry. One of the factories producing for Adidas is PT. Panarub in *Tangerang*, northwest of Jakarta.

During a factory visit of PT. Panarub I could see that everything was very clean, drinking water was available to all workers and the workplaces were equipped with high-standard security measures. Altogether one could think that everything was fine. But nevertheless the trade unions still mentioned the following problems: Workers are no longer forced to work overtime, but most of them depend on it for financial reasons². As soon as the allowed sixty hours per week are exceeded, no more additional extra hours are listed in the books.

Another issue were the houses the company rented to the workers. The *Adidas Code of Conduct* asks the management to take care of these houses. When the factory was told that the houses did not meet the required standards, the management decided to give them up because they could not afford the renovation costs. Even though the houses were not in a good condition, they were cheap and workers were glad to have found a place to live. Now they have to pay high rents for rooms which are in no better condition. These rooms, however, do not belong to the factory and therefore Adidas will not monitor them.

Another striking point in this factory is the fate of the trade union secretary

Adidas-Salomon Standard of Engagement

I. General Principle

Business partners shall comply fully with all legal requirements relevant to the conduct of their businesses.

II. Employment Standards

We will only do business with partners who treat their employees fairly and according to the laws concerning wages, benefits, and working conditions. In particular, the following guidelines apply:

Forced Labor: Business partners are not allowed to employ forced labour.

Child Labor: It is forbidden to employ children younger than 15 or 14 years depending on the law that applies in the country of manufacture.

Discrimination: Business partners are not allowed to discriminate in hiring and employment practices on grounds of race, national origin, gender, religion, age, disability, sexual orientation, or political opinion.

Wages and Benefits: The minimum wage required by law or the prevailing industry wage, whichever is higher, has to be paid by the business partners.

Hours of Work: 60 hours per week, including overtime shall not be exceeded. Employees shall be allowed at least 24 consecutive hours off per week, and should receive paid annual leave.

Right of Association: Business partners shall recognize and respect the right of workers to join and organize associations of their own choice.

Disciplinary Practices: Each employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

III. Health and Safety

Business partners shall provide a safe and healthy working environment, including protection from fire, accidents, and toxic substances. Lighting, heating and ventilation systems should be adequate. Employees should have access at all times to sanitary facilities, which should be adequate and clean. When residential facilities are provided for employees, the same standards should apply.

IV. Environmental Requirements

Business partners shall comply with all applicable environmental laws and regulations.

V. Community Involvement

We will favour business partners who make efforts to contribute to improving conditions in the countries and communities in which they operate.

Adidas shoes getting their stripes

NGADINAH BINTU ABU MARWARDI (PERBUPAS). In September 2000, a spontaneous strike arose, led by the minority union PERBUPAS (which belongs to GSBI). After three days a collective labour agreement between the management and the two unions, PERBUPAS and FSPTSK was signed. Even though the management agreed not to pursue any strike leaders, NGADINAH was arrested half a year later, charged with „inciting people to resist public authority“ and had to spend one month in prison. In August 2002 she was discharged by the court. In the meantime international campaigning through the European *CleanClothesCampaign* and other organisations had made her case public. Under this pressure Adidas even wrote a letter to the Ministry of Manpower – to avoid any further negative press - asking for a fair process for NGADINAH. Without international intervention Ngadinah would not have been released, but her case is still in revision. NGADINAH was reemployed but has to work in the human resource department now and can not go back to the factory halls. She thinks this happened in order to separate her from her fellow union members.

Labour related NGOs and trade unions regularly report on violations of labour rights in factories producing under a Code of Conduct.

Besides the *Codes of Conduct*, Indonesia-based factories also have to obey the national and international law. Since 1998 Indonesia has completed – as the only Asian country – the signing of the eight ILO-Core Conventions, but the implementation has not yet taken place. The Annual Survey of Violations of Trade Union Rights 2001 of the ICFTU sums things up: „*High rate of ratification, low rate of application.*“

The weakness of the Ministry of manpower is mentioned by the workers themselves as well as by the employers' association; though they refer to different points. The workers neither trust the labour inspectors nor the police. The



latter have, in many cases during the past few years, turned out to be on the side of those who pay them.

After more than thirty years of repression the workers today try to organize themselves in a better way than under the „*ordre baru*“, the time of the new order under SOEHOARTO (1965-1998) and the yellow union FSPSI status quo (they claim to have 5 Mill. members). Currently 59 national unions are registered in Indonesia. Beside the FSPSI, the most important unions in the garment industry are the FSPTSK (600.000 members), SBSI-Garteks (100.000), GSBI-Abgeteks (12.000) and FNPBI (40.000).

In a lot of factories the new trade unions fight to be recognized by the management who still prefers to cooperate with the old yellow union FSPSI. The financial situation of all trade unions is weak, the member fees are low and therefore they largely depend on international support. The main concern of most trade unions at the moment is to provide legal advice for the workers. Together with international organisations like the ILO, ACILS and FES they do training to improve the plant level leaders' negotiation and bargaining skills. They are strongly supported by labour related NGOs, although situations of competition do occur at times. Nevertheless NGOs like PSS, LBHI, LBH-Apik, SISBI KUM, PMK or the

Institute Social Jakarta are needed to empower the workers. NGOs can often claim financial resources from donors who would not deal with trade unions, which makes it easier for them to carry out workers' education. Moreover, they often have highly educated employees at their disposal, such as labour right specialised lawyers or sociologists, who are motivated to work in this area. Curiously, nearly all labour related NGOs have a Christian background.

It is important to distinguish between the two roles that trade unions and NGOs play for the workers at the moment. Trade unions are involved in the daily struggle on the plant level whereas NGOs play more of an educational role. For them it is nearly impossible to enter a factory that is guarded like a prison. High fences and security guards at the entrance are a minimum. In several cases „*premans*“, thugs - quite often former military - are hired to guard the factory and to intimidate the workers, especially when plant level unions try to negotiate with the management and the latter fear that the workers might go on strike.

Besides the national ones, international actors have been found on the scene of Codes of Conduct for a few years. Consumer NGOs which are concerned about the production conditions grew in the United States as well as in Europe. In 1990 the *CleanClothesCampaign*³ was founded in the Netherlands and is

Sewing rows



today active in ten European countries as a network of more than 200 NGOs and trade unions. In the United States one of the main actors is the American students organization *Workers Right Consortium* (WRC), whose membership consists of 95 universities and colleges in the United States. All companies wishing to sell products with the university/college logo have to sign the *WRC Code of Conduct*. At the same time they agree to open their producing places for investigations carried out by the WRC.

After the WRC Team had already successfully investigated in the Mexico-based factory *KukDong* and could help the workers to settle a dispute with the management as well as ameliorating the working, safety and health conditions. Their latest investigation took place in February this year in Indonesia. WRC researchers had done investigations in several factories in Indonesia during the previous ten months. They found severe labour rights abuses inside the Korean owned factory PT. Dada, which employs

between three and five thousand workers and produces for at least eight Multinationals⁵ with a Code of Conduct. Last year in July the complete workforce went on a spontaneous strike concerning their treatment by supervisors and management. Since then buyers such as Adidas helped with recommendations and monitoring to ameliorate the situation.

In their report the WRC stated:

„PT Dada has made, and is making, an effort to improve its compliance with many labor standards and rights. The company has made actual progress in several areas, including provision of sandals to workers formerly required to work barefooted; removal of a supervisor who was responsible for repeated, serious cases of abuse, harassment, and retaliation against workers; upgrading the cleanliness of toilets and mushola, or Muslim prayer facilities required by Indonesian law; withdrawal of criminal charges of slander, which the company had previously brought against a worker for

filing grievances about workplace conditions; and provisional agreement to reinstate two union leaders who the company had suspended for taking leave to attend a union-training workshop.“ (WRC 2002: WRC Assessment, PT DADA Indonesia⁶)

Nevertheless the 55 page-report still states 16 points of severe labour right violations and gives 27 recommendations which include:

- a variety of unsafe, unhealthy, and unclean conditions, including significant risks of serious heat-related disorders;
- physical, verbal, sexual, and racial harassment;
- discrimination against religious practices;
- wrongful denial of sick leave and annual leave;
- excessive hours;
- mandatory homework at sub-minimum pay;
- failure to pay required overtime;
- breach of a contractual agreement settling a recent strike; and
- various forms of retaliation for exercising rights of association and speech, including physical punishment, interrogation, demotion and discharge, and criminal charges filed against workers who asserted grievances against the company. (ibid. 11)

The WRC report presents itself to the buyers and producers as well as to the public without the buyers having any rights to intervene before the report is published⁷. The WRC is not asking to stop all contracts with this factory, they intend the opposite case: together with the factory management the multinational corporations are asked to set up a corrective action plan and to enforce the national/international law as well as the Codes of Conduct. Furthermore, the WRC wants the costs which result from bringing the factory into compliance with the Codes of Conduct to be shared (ibid. 12).

The WRC will continue to investigate in the PT. Dada case and publish a final report afterwards. Hopefully they will not have to report stories like the following one which occurred in PT. Dada last year:

One very young worker was sequestered during the workday and ordered to work in a small, windowless storage space over a period of two weeks in October, 2001. This sequestration or „solitary confinement“ occurred during severely hot and humid weather, in a space without air conditioning or fans. She was provided opportunities to obtain food and water only erratically, and on some days was denied such opportunities altogether. On some of these days, she was required to work twelve hours. The conditions of her sequestration were so harsh that the person assigned to guard her reportedly broke down crying and occasionally provided water against

WRC

The *Workers Rights Consortium* (WRC) was founded on 7 April 2000 in New York on the initiative of „*United Students against Sweatshops*“ (USAS).

The WRC goal is to improve labour conditions in the sportswear supplier factories of companies producing goods under licence for US universities (Nike, Adidas-Salomon, Reebok, etc.). The WRC supports and verifies licensee compliance with the Code of Conduct for apparel manufacturers which US colleges and universities have developed in recent years to ensure that the licensed goods sold on their campuses are produced under humane working conditions. The WRC exhorts universities to enforce contract provisions requiring licensee companies to respect basic labour standards.

The WRC *Governing Board* consists of 15 members: five representatives each of a) college and university administrations, b) USAS, c) the WRC *Advisory Council*, which is composed of labour and human rights experts from the USA, Canada and international sportswear producer countries.⁴

orders from superiors. Even if this sequestration were not motivated by the workers' exercise of her rights of association, it would constitute a severely abusive case of physical harassment under the Codes, under Indonesian and International Labor Law, and under a variety of other general laws protecting individuals' bodily integrity and personal freedom.

There is, in any event, substantial evidence that the sequestration was motivated by anti-union hostility.“ (ibid.42)

As long as the Right of Association is not implemented all other points of the Codes of Conduct, it will not be effective in the long term. Neither US-based organisations nor the multinational corporations are appropriate stakeholders to empower the workers and to establish a democratic dialogue between the management and the workers in the day to day business. What they can do is to start this process and ask for the implementation of the necessary tools and to be partners in the background who help when they are called upon. The only

capable representatives of the workers are democratic trade unions and labour related NGOs. However, they need a national legal framework which enables them to act in favour of their members. Long-term investments by the Multinationals are needed as well. As long as this has not been put into practice, international networks between labour defending organisations in the North and in the South will have to exist.

References

¹ *Written statement of companies concerning their standards and principles for the conduct of business activities in the producing places.*

² *Compare Tim Connor 2002: „We are not machines“ <http://www.caa.org.au/campaigns/nike/reports/machines/presskit/index.html>*

³ www.cleanclothes.org, www.sauberekleidung.de

⁴ Wick, INGEBORG 2001: *Pr Ploy or Workers Tool, FES/Southwind Institute*

⁵ *Well known brand like Top of the World, American Needle and Novelty, Adidas-Salomon, The Gap, Polo, Old Navy, J.C. Penny and Disney are beyond this.*

⁶ www.workersrights.org/PTDada_Indonesia_3-26-02.pdf

⁷ *This is the case in the FairLabourAssociation (FLA).*

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Clean Clothes Campaign

<http://www.cleanclothes.org/>

Auf den Seiten der *Clean Clothes Campaign* sind zahlreiche Informationen zu und Teilnahme an Aktionen dieses Bündnisses abrufbar, etwa ganz aktuell über die sog. FAIR PAY-Kampagne, die sich im Rahmen der Fussball-WM 2002 für gerechte Arbeitsbedingungen in der Sportbekleidungsindustrie einsetzt.



für gerecht produzierte Kleider