

CHAPTER IV

THE EXPLOITATION OF UNIQLO'S LABOR IN CHINA

In this chapter, the author explains UNIQLO's exploitation practices that happened in China. The author wants to explain how UNIQLO exploited UNIQLO's contract factory workers in China.

A. UNIQLO's Exploitation Behavior towards Workers in China

UNIQLO is one a company that is well-known of its sustainability program. However, that is also a problem for their workforce. This Sustainability Program refers to factories in developing countries that produce quality goods, usually in the form of clothing, with regard to the environment and employ workers.

UNIQLO accepts claims from various reports and publications regarding the exploitation of workers who work in factories that produce products for UNIQLO. This exploitation refers to an unfavorable working environment faced by workers due to an arbitrary action taken by the company for economic interests without considering adequate justice and welfare for workers.⁷⁰

The explanation illustrates the existing regulations at the national and international levels regarding human rights in general by taking into account the standards of justice and welfare. Physical, psychological, and financial exploitations are forms of exploitation carried out by UNIQLO contracting factories. They never care about what their workers do. These

⁷⁰ *Exploitation*. (n.d.). Retrieved from Cambridge Dictionary: <https://dictionary.cambridge.org/dictionary/english/exploitationhttps://dictionary.cambridge.org/dictionary/english/exploitation>

companies often set targets for their workers to fulfill their customers' orders. UNIQLO workers often get pressure, coercion, get harsh words, and threats from the management or supervisors to complete orders on time. That is an example of UNIQLO's exploitation in psychical form.

UNIQLO is also known as Black Kigyo in Japan. In Japanese terms, it refers to companies that have the potential to conflict with labor laws and regulations, exploit their employees, work excessively, are not paid for overtime, abuse of power with force or violence, threats, ignore the health aspects of employees; a condition in which the employees may die from overwork or *karoshi*.⁷¹ In a report published by an NGO in China, SACOM found that there were a number of UNIQLO factories that had problems carrying out their unnatural workers. SACOM conducted investigations in several UNIQLO factories such as Pacific (panyu) textile Ltd. located in Guangzhou City, Jintan Chenfeng Clothing Co. Ltd. located in Jintan, and Dongguan Tomwell gament Ltd which is the subsidiary company of Dongguan Luen Thai Garment Co Ltd (hereinafter Tomwell) and Donggguan Crystal Knitting & garment Company Limited, both located in Dongguan city.

1. Long working hours

Psychical exploitation due to excessive overtime demands made workers to return home late every day. Setting high targets in production made workers to experience increased stress at work. The longstanding and significant relationship between UNIQLO and the garment factory made this fact indisputable. In the SACOM report, excessive overtime has occurred at several UNIQLO locations. Among them, there were the workers who worked 134 overtime hours per month at the Pacific factory. According to the workers, the machine will never stop so that after the day shift, the night shift workers will

⁷¹ Susilo, R. (2013, October 29). *Ternyata Uniqlo Adalah Black Kigyo*. Retrieved from Tribun News: <https://www.tribunnews.com/bisnis/2013/10/29/ernyata-uniqlo-adalah-black-kigyo>

come, and the machine will continue running. So at least 12 hours or about 12 hours every day. Then, SACOM found workers who worked 112 overtime hours at the Tomwell factory site. According to the workers, they worked from morning to 10 pm, sometimes worked until 11:00 at night. They are also asked to iron 600-700 pieces of shirt per day.

Not only that, at the Chenfeng factory, the workers were found to work 80 overtime hours per month. At the Crystal factory, they worked 150 overtime hours each month. The incident certainly violated the work standards in China which is 174 hours per month (8 hours x 21.75 days).⁷² Many workers in the factories were not paid properly for their overtime. The statutory provisions regarding overtime stipulate that workers must be paid double their wages for working overtime on weekends, but wages for workers in these factories are calculated one and a half times the basic wage. The law also states that if workers, whose salaries are calculated based on piece rates, are required to work overtime, employers must pay workers overtime or additional shift wages of not less than 150 to 300% of normal wages, average wage. However, it was found that workers who worked overtime were only paid a standard piece rate.⁷³

2. High risk and unsafe work environment

Workers work in risky environments in both factories. A number of potential risks were discovered during our investigation on the operating floor, which could lead to the possibility of work-related injuries or occupational health problems. Risks include high temperatures, floor dirt removal throughout the floor, electricity leakage, irritating odors, high cotton dust levels in the air, and fire safety problems.

At the Pacific factory site, Investigators saw a number of workers fall from the bench to place the yarn into the appropriate machine section. Under high work intensity, work-

⁷² Benjamin, T. N. (2016). *Exposing UNIQLO's abuse of Chinese garment workers*. United Kingdom: recycled paper. Page 5-23

⁷³ *Ibid.*

related injuries such as falling from a chair can occur easily. Investigators saw several workers fall from the bench while working. Not only that, the workers had to survive in the factory room with temperatures around 38 degrees Celsius during the summer. No wonder if many workers were seen to be shirtless at work. In addition, workers must work under an irritating odor for at least 12 hours per day. The ventilation system in the factory did not work well. The UNIQLO factory should provide workers protection equipment such as masks, gloves and special suits if necessary. In addition, workers operating with wastewater flowing on slippery floors can cause work-related injuries such as workers falling on slippery floors and becoming disabled. According to the interviewed workers, there were workers who died due to electricity leakage from machinery on the final floor of the factory in July 2014.⁷⁴

At the Tomwell factory, investigators noticed that cotton dust from the sewing and cutting process was also highly concentrated in the machine and in the air. Poor ventilation, dust and debris cannot diffuse to other areas. Workers reflect on their nose and hands filled with dust and pieces of cloth after a long day of work. At the ironing department, workers are asked to stand up to maintain their enthusiasm for work. With long working hours, of course, workers feel very tired to stand up. Not a proper working condition for workers who work with dust from cloth. In doing their jobs, workers cannot even receive masks from the factory.⁷⁵

3. Harsh punishment system

UNIQLO and Fast Retailing should prioritize the physical and emotional well-being of retail employees over the factory floor employees. UNIQLO makes policies by prohibiting physical punishment, physical, sexual, mental and verbal harassment including withholding or reducing money as

⁷⁴ Chan, A. (2015). *Investigative Report on the Working Conditions in UNIQLO's China Suppliers*. Hong Kong: SACOM.

⁷⁵ *Ibid.*

a form of disciplinary action.⁷⁶ However, SACOM found that these measures to ensure physical and emotional well-being were not implemented in factories producing for UNIQLO.

At the Pacific Textiles factory location, workers who make mistakes are punished by reducing the worker's wages if the quality of their work is not up to standard or if they are found resting outside their 30-minute lunch and dinner breaks. Fines are also used as a way to control product quality and manage small mistakes.⁷⁷

At the Tomwell factory, a worker was caught trying to iron two sleeves at the same time, instead of changing clothes one by one. The worker's entire salary was cut off as punishment. At the Crystal factory, workers were required to report mistakes made by co-workers as well. If the worker makes a mistake, money is deducted from the worker's salary and transferred to the salary of the worker who has reported the mistake - thus making workers to snitch each other and create a culture of mistrust. This was discovered after UNIQLO established a corrective action plan.⁷⁸

At the Chenfeng factory, managers regularly used the factory broadcasting system to name and embarrass workers who do not reach their production targets. Management sets daily productivity targets at 8 am and 3 pm. If workers cannot reach the target, other workers must take additional work, adding to intimidated pressure on the broadcasting system. All of these punitive measures have made the hostile work environment widely referred to by workers as very stressful.⁷⁹

4. Unrepresented workers

General workers from these two investigated factories have no effective platform to voice out their concerns in regards of different issues in the working environment. The above legal violations and punitive management can be remedied if the

⁷⁶ Benjamin, T. N. *Op.Cit.*

⁷⁷ *Ibid.*

⁷⁸ *Ibid.*

⁷⁹ *Ibid.*

general workers can be represented through democratic trade union. Workers, therefore, do not have the confidence to the trade union in Pacific as the representative is not truly represented the general interests of workers. The trade union is only performing the function of organizing different leisure activities and welfare benefits, but it is inactive in dealing with labour disputes and advocate workers' rights.

There is no collective, democratic body representing workers in negotiations with management. In the Pacific factory the chairperson of the 'union' is also a manager at the factory, violating China's own labour laws. The union in Pacific is completely ineffective in dealing with labour disputes or advocating for workers' rights, choosing to organize leisure activities and distribute welfare benefits instead.

Investigators also heard that when workers organized a strike against the low wages at the Pacific factory in 2009, the management hired gangsters to physically assault the workers' leaders and suppress the strike. In other incidents, police were called into factories to squash strike action and, in the case of workers leading a strike against high temperatures on the shop floor, they were dismissed.⁸⁰

In the Tomwell the situation is similar to Pacific, there is no trade union at the factory level. There is a workers committee group and employee relation department in the factory. However, it is an ineffective means to facilitate workers to express their concerns. Investigators were told by workers from the ironing shop floor, a number of small scale strikes were taken place before which were organized by workers coming from the same hometown. However, the management suppressed the actions quickly by using different ways. The root problem of all these disputes and discontent in working condition is due to unrepresented workers in the working condition. General frontline workers are not in the equal footing when handling the labour rights issues with the factory.

⁸⁰ Chan, A. *Op.Cit.*

From these conditions, this company has violated Article 4 of the Chinese Labor Contract Law in which the employer formulates, changes or decides important rules or events regarding wages, working time, rest, vacation, work safety and sanitation, insurance and welfare, training employees, labor discipline, or production quota management. Although the government has allowed trade unions to fulfill their rights through the establishment of the People's Republic of China Labor Law in 2001 (on the Decree of the President No.62), in practice the Trade Unions that have occurred have never significantly affected the government's position in dealing with the problem of exploitation impacted the persecution of Chinese workers who worked in factories.

The standard policy guidelines above can be seen with certainty that UNIQLO made an ideal agreement regarding its workers.⁸¹ They will not employ underage workers, provide a decent wage, provide many benefits to workers, and provide all labor rights every time over time. The above regulations are also complemented by UNIQLO policy guidelines, namely: Contractor employees do not work more than 60 hours per week, or regular and overtime hours allowed by law in the producing country. Overtime hours are agreed to by both parties and get premium compensation. Employees are entitled to a minimum of 24 consecutive hours of rest for each seven-day period. But in reality it is UNIQLO's own contractor factories that violate these policy guidelines. As for who should act to overcome this kind of thing is the UNIQLO company itself and also the government.

Responding to the publication of violations of labor rights that occurred in UNIQLO's production facilities, the company stated that they had tried and reached the fulfillment of these rights standards at the local level, even though it was not in accordance with the standards applied in the country of origin of UNIQLO, Japan. UNIQLO also stated that they are

⁸¹ The code of conduct as The Standard policy guidelines of UNIQLO can be seen in appendix page 60-64

trying to show their commitment in improving the situation by holding a monitoring program in dialogue with other companies, NGOs, international organizations and society as a whole that aims to share their main knowledge, insights and learning and to play a major role in producing change positive in working conditions throughout our industry.⁸² In addition they also implement operational standards in the factory, and fund projects and forums related to business issues and global social issues.

In fact, UNIQLO still attaches greater importance to profits. To face global competition, UNIQLO reduces production costs is one of the most effective ways to increase, or at least maintain the company's profit. To cover up various cases of abuse and accusations of exploitation practices, of course, UNIQLO is trying to collaborate with the government, media and other institutions in order to help them.

UNIQLO itself realizes that its presence in China provides benefits because it can reduce production costs. Therefore, in implementing corporate social responsibility (CSR) in China, the annual CSR report emphasizes the importance of sustainability or the sustainability of UNIQLO's growth and innovation. Therefore, Fast Retailing urges quick action on the factory for the problems identified in the SACOM report, and they will cooperate fully with them to ensure that repairs are carried out. Together with third parties, including auditors and NGOs, they will check progress within one month.⁸³

⁸² Fast Retailing. Co, Ltd. (2015, February 18). *Fast Retailing Strengthens its Commitment to Improve Working Conditions at Production Partners*. Retrieved from Fast Retailing: <https://www.fastretailing.com/eng/sustainability/news/1502181300.html>

⁸³ Fast Retailing. Co, Ltd. (2015, January 15). *Fast Retailing Takes Action to Improve Working Conditions at its Production Partners in China*. Retrieved from Fast Retailing: [fastretailing.com/eng/sustainability/news/1501150900.html](https://www.fastretailing.com/eng/sustainability/news/1501150900.html)

B. UNIQLO's Exploitation Practices Against Workers in China and Its Relations with Multinational Corporation

In the concept of multinational corporations, the global structure is based on patterns in the system that are characterized by the existence of relationships for personal profit made by capitalist groups towards the proletariat. To get big profits, the capitalists do this because they experience an increase in capital, the capital obtained is a source of driving force for this group to expand production and sales activities to other countries.

In this case, UNIQLO as a multinational company focuses in the field of Fast Fashion Industry originating from Japan, playing the role of a capitalist group where they always generate income and develop production by expanding into regions around the world. In expanding its expansion, UNIQLO as a capitalist group will choose a country that can benefit them by looking at state regulations that do not harm them, both politically and economically. In addition, countries that can provide benefits certainly offer large labor with low wages, as well as cheap, close, and easy to get raw materials. Asian countries always offer profitable commodity production for companies where they have cheap raw materials and labor. China is no exception where it is known as a producer of raw materials for industry, and has cheap labor.

Lack of capital and experts is one of the reasons why developing countries cannot process raw materials in their countries. It is poverty that causes many workers to work in any form and in any work environment, including those who are not friendly to them. Other than that. Lack of local industrial activity makes the source of income of the community unfulfilled, often the community relies on their physical work to do work as unskilled workers and not as experts where the community is trapped by their limited abilities. daily. With a large number of cheap workers, and a lack of class awareness and ability to carry out social movements and fight exploitation

systems, companies like UNIQLO can exploit to expand production so that they can maximize their profits by seeing the situation of workers like this. The exploitation system is managed by the UNIQLO company as a capitalist group because it can produce more optimal profits by reducing production costs. UNIQLO employs workers to work on the production of clothing in large enough quantities and in conditions of factories that are built do not meet standards, because with the construction of large factories with various equipment will be able to incur a lot of costs, also employ these workers by breaking the time limit of work to increase yield production. In addition to minimizing workers' wages for making huge profits, and maintaining workers' inferior positions through regulations made in collaboration with the government, workers are unable to access their rights or only relate to factory pressure management. This is one of the efforts made by UNIQLO to reduce production costs through exploitation mechanisms. The target market for UNIQLO is social class groups that work on low incomes. In addition, the UNIQLO target market for all age and gender categories. The exploitation system carried out by UNIQLO is considered harmless because it does not affect the market.

In the concept of multinational companies, it is seen the role of countries that have their respective functions in the exploitation system in which there is involvement of the governments of China and Japan. To maintain the core production process carried out by UNIQLO, Japan holds the position of the country of origin, of course supporting expansion, dominating the market and increasing capital by collecting as much profit as possible to expand and dominate the market. UNIQLO, as a capitalist group, utilizes the position of the Chinese state to maintain its superiority in the global market where China is the host country. Its lower position as a developing country that requires investment from developed countries to be able to develop its economic activities, said as the host country.

China itself, which has the role of a host country, is seen from the mechanism of exploited capitalism and tends to prioritize the direct benefits of mechanisms that are more short-term, and less concerned with other aspects. In this case, China is a developing country whose economic activities are less widespread because its own people do not have enough income to enjoy access to standard facilities such as education and health. China is also a market that requires an injection of foreign direct investment to help increase people's purchasing power and develop industries to manage domestic natural resources. China is of course very open where UNIQLO's presence in its region is because they can sell and manage their raw materials. In the context to MNCs in China, the presence of UNIQLO plainly affects the accessibility of new openings, particularly for the Chinese individuals, so it additionally consequently diminishes joblessness in China. Not just that, the nearness of UNIQLO presents technology transfer and a new management system will be introduced to the destination country. The outcome, an expansion in aptitudes of the workforce. In addition, the exchange of new technology and management systems provided will affect expanding the aptitudes of the workforce itself..

In 2002, China experienced a slowdown in economic growth where at that time was the initial period of UNIQLO investment in China, of course China needed foreign investment for economic growth. The Chinese government is also trying to attract the attention of MNCs, especially UNIQLO. As a result, each government agency seeks to create policies such as reducing tax rates, tax holiday policies, incentives, and subsidies. The construction of a factory that benefits the Chinese government because of incoming investment in China, will have a positive impact on reducing unemployment and increasing income from taxes and other administrative costs. However, the Chinese government turned a blind eye to the exploitation carried out by UNIQLO against its workers, the Chinese government also issued a policy that favored the owners of capital which resulted in the elimination of the role

of trade unions. To create favorable political and economic conditions for foreign companies, the government makes regulations and policies as a reason to maintain the investment climate in the country.

Although the Chinese state already has official labor regulations, both in the aspect of protecting its rights as well as in the aspects of wages and union formation. However, the implementation of regulations to protect workers' rights has not been carried out to the fullest by the government holding regulatory authority over UNIQLO companies that open factories in China and use commodities from China for profit. In addition, he ignores the value of transparency which aims to create prosperity for the community in the application of laws and regulations concerning investors. The Chinese government can even be said to have not implemented regulations at all, because so far those who have actively voiced labor rights and published data on the persecution in factories to increase public transparency are activist groups and NGOs (Non-Governmental Organizations). Such a mechanism is increasingly maintained when a group of domestic entrepreneurs themselves penetrate into the government and influence the process of making and implementing policies to increase their profits from foreign investment. In addition, the main objective of UNIQLO is to maximize global profits and all their actions are aimed at achieving the main goal, and not to develop the country in which they are investing. The welfare and development of a host country such as China is considered the responsibility of the government of the country concerned. UNIQLO itself to maintain such conditions by establishing good relations with the government. Collaboration between the bourgeoisie at the global level to maintain the mechanism of capitalism that is considered beneficial for the relationship between UNIQLO and the government and other capital ruling groups in the country.

The large amount of domination by the capitalist group on two levels, namely the national level by the government and domestic entrepreneurs, and the global level by

the UNIQLO company as the ruler of capital, renders workers as a proletarian group helpless. The right way to make a group of workers is not difficult to change the way work. An unfavorable position in this study. The purpose of workers needed at investment companies as owners of capital in order to be obtained to meet food and life maintenance needs, the most basic and important. part of the actualization of human life. Because it is beneficial for UNIQLO, instead of being systemic, it must be approved by the methods agreed upon by the authors above to maintain and increase their wealth as a capitalist group.