

UNIQLO EXPLOITATION TOWARD CHINESE LABOUR

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ABSTRACT

This undergraduate thesis aimed to answer the reason why UNIQLO was considered creating exploitation toward China's workers. Regarding the fashion retail industry, UNIQLO is the fourth market of fashion retail in the global market. The three biggest fashion retail industry is Nike, Zara, H&M as competitors of UNIQLO. The clothes made by UNIQLO offer low prices that can be bought by various groups of people. The existence of UNIQLO in the world by producing a lot of clothes in china and offering low prices, but have a bad work environment that makes China's workers feel discriminated by UNIQLO against as the largest producer of casualwear. The exploitation carried out by UNIQLO received protests from NGOs. Therefore, in this research, the writer would like to find out and explore the UNIQLO as MNC's exploitation toward Chinese workers, whether it is purely a large multinational corporation related to how they expand their business to other countries and how they treat their workforce in other countries. To puzzle out the unusual, this undergraduate applied the concept of Multinational Corporations. Thus, the results of this study indicate that the activities that lead to exploitation and how it can take place for a relatively long time are supported by a massive and structured system that makes the position of the workforce also assisted by NGOs to fight for their rights to be more helpless.

Keyword(s): UNIQLO, Exploitation, Labor, MNC, China, *SACOM*.

INTRODUCTION

UNIQLO is one of multinational corporations from Japan. This company is a company which focuses on fashion retail industry. UNIQLO has marketed its products throughout the world. Southeast Asia is no exception; this company already has branches in South Korea, India, Singapore, Thailand, Malaysia, Philippines, Vietnam, Indonesia and China. In 2011, sales in the Asian market reached 70% of total sales. UNIQLO also strengthened its business infrastructure

outside Asia, such as France, Russia, the UK and the US. More than 200 UNIQLO outlets spread throughout the world. The UNIQLO brand made it into the list of the top six world-class fashion companies in the biggest turnover category. UNIQLO also competed with GAP, ZARA, H&M, Ross, and Limited Branch. According to Forbes magazine, the owner of UNIQLO has been named as one of the richest fashion retailers in the world.¹ In 2016, the company ranked fourth in the world market. UNIQLO has collaborated with various famous athletes such as Roger Federer, Adam Scott, etc. So it was not a surprise that UNIQLO gained global sales of 8,6 25 million US dollars in 2016 .

In 2002, UNIQLO was present in China and was managed by Pt Fast Retailing China TRADING CO., LTD. China is the largest apparel exporter which monopolizes nearly 40% of the global garment industry. Please note that UNIQLO itself does not have an original factory in China, they are collaborating with 155 garment companies in China. For the plains region of China, companies that work on UNIQLO clothing are located in the Dongguan region. Both of these regions are newly developed areas as industrial areas.

The entry of UNIQLO in China is due to the Foreign Investment Law in China which provides convenience and provides foreign investment protection related to investment security and further market liberalization, and emphasizes intellectual property protection. UNIQLO invested in China with an investment of 1.2 billion yen in its subsidiaries and investment of 10.4 billion yen for opening stores.² This large amount of investment is of course very significant to meet the needs of the Chinese state's income from foreign investment, the large investment and a significant export value are certainly beneficial for the country of China because it generates not small income. In 2018, UNIQLO has pocketed revenue of 258.2 billion yen, or about US \$ 2.3 billion in 2018.³ UNIQLO sales came from China by 25%, with sales increasing by 16% from 2017 to 2018.

The value of investment and income in China does not make workers get a decent work environment and wages. According to labor confessions, they rarely get time off; they work from morning to 10 pm. Sometimes they work until 11:00 at night too. They are sometimes employed

¹ *Uniqlo Jagonya Collaboration*. (2019, July 31). Retrieved from Marketeers: <https://marketeers.com/uniqlo-jagonya-kabor-collabor/>

² Fast Retailing. (2002). *2002 Annual Report UNIQLO*. Tokyo: Fast retailing.

³ Sebayang, R. (2018, January 15). *Penjualan Global Uniqlo Meroket*. Retrieved from CNBC Indonesia: <https://www.cnbcindonesia.com/news/20180115142140-4-1495/penjualan-global-uniqlo-meroket>

for 1-2 months. They are required to iron 600-700 pieces of shirt per day, each shirt from UNIQLO is only 0.29 RMB. An unfavorable work environment is felt for UNIQLO workers where they work with dusty shop floors with poor ventilation systems. In addition, workers working at room temperature can also reach around 38-42 degrees Celsius. And management always treats workers as machines that must continue to function without rest.⁴

This is in sharp contrast to UNIQLO's founder and CEO, Tadashi Yanai, with an estimated net worth of US \$ 19.3 billion (Rp.272 trillion), which makes him the second richest person in Japan. In addition, this company has a program of their campaign that carries the "Sustainability" which run by the company, corporate responsibility in environmental and social areas, including the welfare of employees.⁵ By bringing its campaign program in China, which is contrary to the incidents experienced by its workers, this company is certainly bad in the eyes of the wider community.

Until finally the protest occurred at the UNIQLO store which occurred in 2015. The protest was carried out by NGOs, including SACOM. They are a group of students and scholars from a tertiary institution in Hong Kong who work to monitor and publicize violations of multinational corporations through direct investigations in supplier factories. SACOM invites consumers and investors who are committed to ending injustice in sweatshop practices.

THEORETICAL FRAMEWORK

UNIQLO regarding labor exploitation in China, theories and concepts are needed to facilitate the analysis process. In this case the researcher wants to analyze through concept, namely :

1. Concepts of MNC

Multinational Corporation (MNC) has become a significant exchange in the present period of globalization. The essentialness of its job in the market can be said to have surpassed the state. In certain circumstances, even MNCs can impact state arrangements with the goals that their advantages can be accomplished. Robert Gilpin just implies that an MNC is "*a firm of a particular nationality with partially or wholly owned subsidiaries within at least one other national economy*".

⁴ Chan, A. (2015). *Investigative Report on the Working Conditions in UNIQLO's China Suppliers*. Hong Kong: SACOM.

⁵ Wow keren team. (2019, July 31). *Tak Dibayar Uniqlo, Penjahit Tanah Air Gelar Demo Di Tokyo*. Retrieved from Wowkeren.com: <https://www.wowkeren.com/berita/tampil/00251682.html>

MNCs in maintaining their organizations will, in general, keep on extending their business sectors abroad. One type of market development is through Foreign Direct Investment (FDI).⁶

Based on Stephen D. Cohen, Multinational Corporations (MNC) is a business substance that has satisfied explicit lawful necessities and has endorsement reports by national government authorities or nearby government experts in the nation where the new organization was set up. At that point, global organizations additionally move assets starting with one nation then onto the next for a similar explanation as individual financial specialists. A global partnership has a reason to get a higher pace of return or yield that can be acquired in the root nation.⁷

Cohen clarified in a model that shows various alternatives claimed by a nation in a Foreign Direct Investment (FDI) system. In this model, there are four fundamental on-screen characters, (1) the accepting State (Host Countries), (2) Countries of beginning of venture (Home Countries), (3) Multinational Corporations, (4) Stakeholders (open everywhere, laborers, the earth and gatherings sorted out open interests). The first and fourth actors felt it was basic for the beneficiary nation to have the position to ask organizations that had branches in their nations to acclimate to local guidelines, qualities, and meanings of a decent organization from the beneficiary nation. The point is for the beneficiary nation to guarantee that the organization works as per national needs. This is classified as a gathering of Obligations and Limits dependent on equity. In the actor's numbers two and three expect that the state ought not to legitimize and make guidelines that can upset an organization's opportunity to get money related achievement. Global organizations consolidate monetary premiums with a free-showcase belief system to spread their capacity to augment riches and financial productivity.⁸

2. Four motivations of a multinational company to invest foreign direct investment (FDI) in a country:

a. *The Market-Seeking* concept is one of the universal commerce concepts which clarifies that multinational companies are trying to find markets for expansion openings through different reasons such as growing promoting connections with residential buyers within the have nation,

⁶ Gilpin, R. (2001). *Global Politic Economy : Understanding the International Economic Order*. New Jersey: Princeton University Press.

⁷ Cohen, S. D. (2007). *Multinational Corporation and Foreign Direct Investment Avoiding Simplicity Embracing Complexity*. New York: Oxford University Press.

⁸ *Ibid.*

either surpassing or dodging being played by competitors in certain have nations, bringing down transportation costs, creating items near to nearby markets, and to advantage from venture motivating forces.⁹

b. The Efficiency-Seeking concept or the quest for proficiency that was started by Stephen D. Cohen clarifies that the general inspiration for organizations to lessen generation costs. This general inspiration produces unmistakable examples of conduct and financial impacts. The first of the two fundamental explanations behind this kind of FDI includes the foundation of an auxiliary in a low-wage nation. Laborers who are moderately low-wage will, in general, be low-gifted specialists as well in any case, on the off chance that they have a decent hard-working attitude the global organization profits by cost-viability by creating low-tech products (apparel and footwear, for instance) or gathering merchandise that is it just amasses standard and constant innovation (simple radio and TV, for instance).¹⁰

c. Resource-Seeking concept is one of the general inspirations of global organizations which was additionally started by Stephen D. Cohen. This idea has 2 factors: the first is that a few organizations are searching for common assets that emphasis on removing minerals and metals, for example, oil, gold, and copper, or collected tropical wares, for example, bananas and elastic¹¹. The subsequent factor is the means by which the nation sees the nearness of worldwide organizations in its nation, for example, how political authorities suit outside organizations by giving great administration, positive expense and administrative strategies, and the standard of law.

d. Strategic Asset-Seeking concept or a benefit search system is an idea additionally displayed by Stephen D. Cohen in which the immediate speculation thought process is generally explicit and is infrequently engaged with the direct venture. This idea clarifies that immediate speculation will run well if the organization gets a few or the entirety of the advantages of remote organizations so as to build the intensity of the organization either through expanded cooperative energy or decreased contenders. The reason for this idea isn't to diminish costs or secure certain business sectors.¹²

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² *Ibid.*

ANALYSES

UNIQLO IN CHINA

UNIQLO, as a subsidiary of Fast Retailing, certainly follows a business operating model that is in line with the principles of Fast Retailing, where Fast Retailing has the goal of becoming the No.1 digital consumer retail company in the world and striving to expand its business operations in accordance with the principles stated in the company's statement: "Changing clothes. Changing conventional policies.

Fast Retailing works hard to build an effective corporate governance structure. The company has adopted the corporate auditor governance model. To increase the independence of the Board and strengthen its oversight capabilities, the majority of directors on the Board are external directors. The company has introduced a system of corporate officials designed to divide the functions of management decision making and business conduct, and facilitate rapid management decisions and business implementation.¹³

All senior officials of Fast Retailing operations serve on the Sustainability Committee to ensure that Sustainability goals and activities are based on sound business judgment. As an important decision-making body, the Code of Ethics Committee (CoC) and the Business Ethics Committee also include executive officers and external experts among their members. The committee secretariat at the Tokyo headquarters works with relevant divisions in each country to advance a series of Sustainability initiatives throughout the global Fast Retail Group.¹⁴

The role of Fast Retailing Group is seen in its commitment to ensuring safety at work and strict compliance with labor laws. It actively implements measures to improve labor conditions in its partner factories through third-party monitoring of all manufacturing operations. Such initiatives ensure that working conditions in FR partner factories are safe, without tolerance of child labor, forced labor or hazardous working conditions.¹⁵

In applying the quality and safety standards of all its products very tightly throughout the markets in which they operate, Fast Retailing Group sends what they call 'Takumi'. Takumi is a highly experienced expert technician, at least 20 years of experience in the Japanese textile

¹³ Fast Retailing. Co, Ltd. (2019, November 29). *Corporate governance*. Retrieved from Fast Retailing: <https://www.fastretailing.com/eng/about/governance/corpgovernance.html>

¹⁴ Fast Retailing. Co, Ltd. (2018, May 25). *Promotional Network*. Retrieved from Fast Retailing: [fastretailing.com/eng/sustainability/vision/organization.html](https://www.fastretailing.com/eng/sustainability/vision/organization.html).

¹⁵ Fast Retailing. Co,Ltd. (2013). *FAST RETAILING CSR REPORT 2013*. Tokyo: Fast Retailing. Page 4

industry. In every week, UNIQLO visits a partner factory every week to solve the quality problems of production, management, and also its workers. To improve quality, customer problems are communicated to the production department.

Out of many UNIQLO partner factories around the world, 70% of UNIQLO production is carried out in China. UNIQLO collaborates with its partner factories in China with 155 partner factories, 127 of which are core sewing factories, while 28 of them are core mills.¹⁶ From the large number of factories owned by UNIQLO, there are several factories known to the public because of problems with its workforce 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 Dongguan Crystal Knitting & garment Company Limited, both located in Dongguan city.

UNIQLO entered the mainland market in 2002. Until August 2017, there were 555 stores in China, including in Beijing, Guangzhou, Chongqing, Chengdu, Nanjing, Ningbo, Shanghai, Shenzhen, Shijia, Tianjin, and Xi'an.¹⁷ With the large number of stores conducted by UNIQLO, it is not surprising that in 2018 UNIQLO already had 21,300 workers throughout China.¹⁸ By spending so much investment in China, of course UNIQLO earned 502.5 billion yen in revenue and earned an operating profit of 89.0 billion yen.¹⁹ Shop sales conducted by UNIQLO in China will continue to increase with local support, until UNIQLO registers itself as number 1 company in China.

The Chinese government was in dire need of UNIQLO because it was able to provide substantial investment for the development of the country. In 2014, China's main economic planning body in the government's financial statements was 17.5 percent in fixed asset investment and 14.5 percent in retail sales growth.²⁰

¹⁶ FAST RETAILING CO., LTD. (2019, May 17). *Partner Factory List*. Retrieved from Fast Retailing : <https://www.fastretailing.com/eng/sustainability/labor/list.html>

¹⁷ Fast Retailing. Co,Ltd. (n.d.). *China*. Retrieved from Fast Retailing: www.fastretailing.com

¹⁸ Fast Retailing. Co,Ltd. (2018). *Sustainability Report 2018*. Tokyo: Fast Retailing.

¹⁹ Fast Retailing. Co,Ltd. (2019, October 10). *Results Summary*. Retrieved from Fast Retailing: <https://www.fastretailing.com/eng/ir/financial/summary.html>

²⁰ Kevin Yao, P. S. (2015, January 20). *China's 2014 economic growth misses target, hits 24-year low*. Retrieved from Reuters: <https://www.reuters.com/article/us-china-economy/chinas-2014-economic-growth-misses-target-hits-24-year-low-idUSKBN0KT04920150120>

The dependence of workers to factories and UNIQLO is caused by the dire need on jobs as their source of livelihood. The government, through the police, has to withhold this so that strikes do not occur. It is seen that the export volume of China's textile and garment products produced a total of 43.6 billion garments with an export value of \$ 153,219 billion and a sales value of 1.7 trillion RMB in the domestic market.²¹ The Chinese government does not want UNIQLO to be away from China. Termination of contracts with these factories is related to business considerations and because these factories do not meet the high quality standards set by UNIQLO. The lack of other job alternatives related to lack of labor skills and ineffective training programs are the main causes of compatibility.

Recalling the 2008 Labor Contract Law on manpower, outsourcing refers to providing labor services. When the Chinese economy slows down and labor costs rise, businesses need to be more strategic in allocating their resources. Manpower dispatch and outsourcing services are the two methods that can help businesses in China avoid the tedious administrative process and still meet the needs of the workforce. Both strategies allow the company to get temporary talents and specialists from outside the company. This means saving recruitment costs, time, resources, and minimizing risk and legal responsibility.²²

With the enactment of the Labor Contract Act in 2008, it has become increasingly common for employers to consider sending labor as an inexpensive and flexible alternative to recruiting ordinary employees. The regulation is certainly utilized by many companies both local and international, including in this case is UNIQLO because it is far more profitable compared to the system of recruiting workers directly by UNIQLO's contracting factories in China. Companies that use the services of outsourced workers, in this case, are contracting factories in China that produce UNIQLO products that do not need to bother providing facilities or benefits, especially food allowance, severance pay, and health insurance. This is partly a way for employers to avoid higher social insurance obligations and escape contractual terms.²³

²¹ Chan, A. (2015). *Investigative Report on the Working Conditions in UNIQLO's China Suppliers*. Hong Kong: SACOM.

²² Mao, A. X. (2018, September 11). *Labor Dispatching and Outsourcing in China: Choosing the Right Strategy*. Retrieved from China Briefing: <https://www.china-briefing.com/news/labor-dispatching-outsourcing-china-choosing-right-strategy/>.

²³ *Ibid.*

UNIQLO is more focused on developing product design, while the production utilizes outsourcing services as they do in China. This shows that UNIQLO is a company that has successfully utilized outsourcing services and systems in China.²⁴

What happened next was a worse situation for UNIQLO workers in China. Most of the workers were outsourced. In fact, they were only bound with the outsourcing company, except for things that were written in an agreement between the UNIQLO contractor factory and the workers. This was the reason why the workers found it difficult to go against UNIQLO's factory. Furthermore, UNIQLO also did not provide some labor benefits including health insurance benefit. Even more, the contractor factory was also, apparently, another outsourcing company that worked to produce UNIQLO's products and to meet the target according to UNIQLO's quality standards. These made the workers/labors at UNIQLO to be helpless and increased the number of labor dispute cases.

THE EXPLOITATION OF UNIQLO'S LABOR IN CHINA

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 garment 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

There were the workers who worked 134 overtime hours per month at the Pacific factory. Then, SACOM found workers who worked 112 overtime hours at the Tomwell factory site. 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).²⁵

²⁴ *Fast Retailing Co., Ltd UNIQLO.* (2009). Retrieved from Porter Prize: <https://www.porterprize.org/english/pastwinner/2009/12/03114807.html>

²⁵ Benjamin, T. N. (2016). *Exposing UNIQLO's abuse of Chinese garment workers.* United Kingdom: recycled paper. Page 5-23

2. High risk and unsafe work environment

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-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. The ventilation system in the factory did not work well. 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 2014.²⁶ 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. In doing their jobs, workers cannot even receive masks from the factory.²⁷

3. Harsh punishment system

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.²⁸

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.²⁹

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

²⁶ Chan, A. (2015). *Investigative Report on the Working Conditions in UNIQLO's China Suppliers*. Hong Kong: SACOM.

²⁷ Benjamin, T. N. *Op.Cit*

²⁸ *Ibid.*

²⁹ *Ibid.*

measures have made the hostile work environment widely referred to by workers as very stressful.³⁰

4. Unrepresented workers

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. 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.³¹

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.

The standard policy guidelines above can be seen with certainty that UNIQLO made an ideal agreement regarding its workers. 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

³⁰ *Ibid.*

³¹ Chan, A. *Op.Cit.*

in the country of origin of UNIQLO, Japan. UNIQLO also stated that they are 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.³² 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.³³

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

³² 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>

³³ 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)

a country that can benefit them by looking at state regulations that do not harm them, both politically and economically.

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

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.

CONCLUSION

UNIQLO is looking for ways to expand its production network to the Asian region with the aim of getting cheap raw materials and a large workforce with low wages. This is because UNIQLO no longer able to do cheap production in Japan. The first UNIQLO's production activity in Asia outside Japan was China. China was not very strict in enforcing its regulations and they provided cheap labors, making UNIQLO to aim China as their first profit-expansion area.

In China, existing goods production activities are the result of subcontractor factories working with several other MNCs to produce their goods. This is the reason why UNIQLO can produce goods without having to establish their official factories in China. UNIQLO products have high standards; factory supervisors often punish their workers because they do not meet the standards and targets. Regulations made by the government are unable to resolve exploitation cases. The existing regulations still tend to be pro-foreign investors. In China, UNIQLO's factories were established in the newly developed industrial estate, where the local government was not accustomed to handling investors and all its problems.

Based on reports from international journalists and NGOs the UNIQLO factory, known as the sweatshop, exploits Chinese workers by violating their rights laborers to maximize the power of production and violate labor laws. The next is the existence of an outsourcing system

that is utilized by the UNIQLO factory in China so that they do not have the obligation to fulfill labor rights so that many of the factory supervisors act arbitrarily towards their workforce.

Although it violates regulations and causes class differences, this exploitation mechanism is maintained because it keeps the accumulation of profits for UNIQLO that collaborates with other capitalists and bourgeois groups, in this case, the domestic and government business groups, who also benefit from the mechanism. A collaboration between strong groups causes the worker class to be increasingly powerless because it is systematically avoided from sources of power such as capital and education, maintained through various regulations and ways so as to cause unilateral dependency of the labor group. This dependency is beneficial for UNIQLO because it can be sustainably utilized to save production costs and increase profits in the global market. So in essence, the exploitation mechanism carried out by UNIQLO along with the capitalists and other bourgeois classes in China is deliberately maintained because it generates profits that lead to the accumulation of capital, which is indeed the main orientation of capitalist group in the world economic system.

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