



## Contents

- Introduction \_\_\_\_\_ 3
- Methodology \_\_\_\_\_ 4
- PT Tae Hwa Indonesia – Factory Data \_\_\_\_\_ 5
- Wages \_\_\_\_\_ 5
- Overtime \_\_\_\_\_ 6
  - Box 1 - Impossibly High Targets in the sewing department \_\_\_\_\_ 8
- Harassment and Abuse \_\_\_\_\_ 9
- Trade Union Rights \_\_\_\_\_ 11
  - Box 2 - Parkati’s story \_\_\_\_\_ 13
- Access to Leave \_\_\_\_\_ 16
  - Sick Leave \_\_\_\_\_ 16
  - Menstrual Leave \_\_\_\_\_ 16
  - Maternity Leave \_\_\_\_\_ 17
- Occupational Health and Safety \_\_\_\_\_ 17
- Contractual Status \_\_\_\_\_ 18
- FILA and Working Conditions at Tae Hwa \_\_\_\_\_ 19
  - FILA’s Purchasing Practices \_\_\_\_\_ 19
  - FILA’s Code of Conduct \_\_\_\_\_ 20
- Conclusion \_\_\_\_\_ 21



**PLAY FAIR**  
AT THE OLYMPICS

**RESPECT WORKERS’ RIGHTS  
IN THE SPORTSWEAR INDUSTRY**

## Introduction

In 2004, as they have for previous Olympics, Nike, Reebok, adidas, Fila, Puma, Asics, Mizuno and other sports brands are spending millions of dollars on advertising and brand-promotion linked to the Athens Games. Each company is seeking to associate itself with athletic achievement, to persuade the public to buy the clothes worn by their heroes.

In March 2004 Oxfam, Global Unions and the Clean Clothes Campaign released a report and launched a campaign, called Play Fair at the Olympics, highlighting a less public and less attractive side of the industry. Hundreds of thousands of sportswear workers, mostly women in Asia, Latin America and Eastern Europe, are working long hours under arduous conditions for poverty-level wages.

In response to this campaign many of these sports brands have agreed to collectively meet with human rights groups and unions to discuss how to improve respect for workers' rights across the industry. History will tell whether they are serious in this commitment—whether it represents a turning point in the struggle for workers' human rights or just another public relations tactic to head off criticism.

This case study aims to illustrate what is at stake. Based on research interviews conducted in July 2004, it shows how workers' lives are affected by current practices in the industry and gives a sense of what the personal impact could be if the industry made a concerted effort to respect human rights. It does this by presenting an in-depth look at the lives of workers in just one factory, the PT Tae Hwa Indonesia factory (hereafter "Tae Hwa") in Tangerang in West Java.

Previous research conducted by Oxfams, Global Unions and the Clean Clothes Campaign and released in March 2004 in the *Play Fair At The Olympics* report indicates that labour abuses are a problem across the sportswear industry and need to be addressed collectively by all sports brands.

It should be recognised that in some respects conditions in Tae Hwa are better than in many of the Indonesian sportswear factories investigated for the *Play Fair At The Olympics* report. Notably, the factory meets Indonesian labour regulations regarding maternity leave and sick leave and employs the great majority of workers on a permanent basis which workers strongly prefer as compared to temporary work.

Nevertheless, each company must take responsibility for its own production, as should Fila, in this case. While this workplace is by no means worse than the

many workplaces featured in the March report, it serves its purpose as a case study, featuring some typical problems of worker exploitation and abuse found throughout the sportswear industry.

This case study is presented to show that it is necessary for the global civil society to continue to press the sportswear industry and the Olympic movement to ensure respect for the rights of sportswear workers and will not tire until the industry has become a positive example of good practice rather than an example of human rights disregarded in the pursuit of profit.

## Methodology

This case study is based on 23 hours of in-depth interviews and focus group discussions held in July 2004 with 15 current workers at Tae Hwa. There were also 2 in-depth interviews totalling approximately 4 hours conducted with 1 former worker (Ms. Parkati), one in January 2004 and one in July 2004. Each of the current workers only participated in either 1 interview or 1 focus group discussion. Five different researchers conducted the focus group discussions and interviews. They were Bhumika Muchhala, Inzamiyah Izzah, Sintiche E. D. Kowel, Carla Kivits and Marita Hutjes.

The in-depth interviews and focus groups with current workers were based on interview schedules (lists of questions). There were two interview schedules, one for the first round of interviews and one for the second round, in which more detail was sought on particular issues. Many of the questions were open-ended, and interviewees were encouraged to provide details and examples.

The case study was written by Tim Connor and Elizabeth Saunders and edited by Duncan Pruet, based on English translations of the transcripts of the interviews and focus group discussions. Weight was given to interview evidence based both on its internal consistency and its consistency with evidence presented in other interviews. For more details on the research methods please contact Tim Connor <timothyc@oxfam.org.au>.

## PT Tae Hwa Indonesia – Factory Data

Tae Hwa is a sport shoe factory located in Cipukat in Tangerang in West Java, Indonesia. Shoes produced here are both exported and sold in the local Indonesian market.

The factory is owned by a Korean company and has joint Korean and Indonesian management. Approximately 5,250 workers are currently employed in the factory and approximately 80% of the workers are women.

Workers interviewed for this study estimate that FILA sports shoes account for between 70% and 90% of the production at Tae Hwa. FILA products were first made at Tae Hwa in 1991 and the factory has consistently produced for FILA since 1994. Workers report that the factory supplies directly to FILA, without any intermediary. Other brands that are either currently produced or have recently been produced at the factory include Ellese, Post, Geox and Langford.

The factory is divided into thirteen departments: Assembling, Preparing, Cutting, Laminating, Sewing, Printing, Press, Rolling, Development, Packing for Export, Finishing, Quality Control and the Warehouse. The Sewing department is the biggest and employs about 1,250 workers, all of whom are women. Some Tae Hwa departments regularly sub-contract specialised parts of their work to other local factories.

## Wages

The base monthly wage at Tae Hwa is Rp.660,000 (US\$72) per month, which is equal to the legal minimum wage in Tangerang. Workers' wages do not increase with seniority. Converted to an hourly rate, workers are paid Rp. 3,815 (US\$0.42) per hour and Rp. 26,705 (US\$2.93) for a standard 7-hour day. In addition workers receive a food allowance of Rp. 2,500 (US\$0.27) per day or Rp.5,000 (US\$0.54) on days when there is overtime until the evening and a monthly bonus of Rp. 40,000 (US\$4.44) for full attendance. A factory bus picks up workers who live far from the factory. Two per cent of workers' monthly wages or Rp. 13,200 (US\$1.45) are compulsorily contributed to the state social security program (JAMSOSTEK) and this is supplemented by a payment of Rp. 24,420 (US\$2.67) per month by the factory. The social security program includes Work Accident Insurance, Life Insurance and a Pension.

Workers interviewed for this case study report that their standard wages are too low to meet their living costs and that they are dependent on overtime income in order to meet their needs and those of their dependents and to have money to spend on themselves or to send home to relatives. One of the interviewers investigated

how much it costs to buy basic food items in the area. She found that eggs cost Rp 8.000 per kilogram, beef Rp 38.000 per kilogram, rice Rp 3.000 per kilogram, the cheapest fish Rp 7.000 per kilogram and ten pieces of tofu cost Rp 1.000. So workers at Tae Hwa would have to work for an hour to earn enough to pay for a kilogram of rice, for two hours to earn enough to pay for a kilogram of eggs and for ten hours to earn enough to pay for a kilogram of beef. Since they are dependent on overtime income, most workers would not support a reduction in overtime work unless it was accompanied by an increase in the standard wage.

## Overtime

Indonesian labour law states that standard working hours should be 40 hours per week and requires that overtime must be voluntary and can amount to no more than 3 hours in a day or 14 hours in a week<sup>1</sup> It also requires that workers be given one day off in every seven.<sup>2</sup>

Standard working hours at Tae Hwa meet the Indonesian legal standard of 40 hours per week, but overtime is compulsory and is illegally high. In most departments there is a five-hour shift on Saturdays and from Monday to Friday the shifts last from 7am to 3pm, with a lunch break which in most Departments lasts from 12pm until 1pm. On Fridays the lunch breaks lasts until 1.30pm so that workers can pray.

Levels of orders, and hence of overtime, vary throughout the year. During the low season from July to September workers report that most departments do not have overtime. Orders gradually increase in October, November and December; peak in January, February and March and taper off in April, May and June. Outside of the low season it is usual to have at least 2 hours of overtime per day. During the peak months of January, February and March in the sewing department it is common to work from 7am until 8pm or 9pm and two or three times a month during this peak season workers are expected to work from 7am until 11pm in order to meet export deadlines. In another department during the peak season workers occasionally have to work from 7am until 3 am the next day. In March and April 2004 orders were very high and workers in at least one department had to work 7 days a week, with a 7am to 3pm shift on Sundays. At times workers in this Department have had to work all four Sundays in a month, meaning that they have gone for a whole month without a day off.

Workers reported that whether or not they are given additional breaks depended on the length of overtime worked. On those days when overtime only lasts until 7 pm they usually receive no additional breaks, except for a ten-minute break for Moslem workers to pray. When overtime lasts until 9pm they are usually given a one-hour break between 6pm and 7pm. After that they usually receive no further breaks, even on those few occasions when overtime lasts until 3 am the next morning. Workers in one focus group reported that during the peak season Moslem workers are frequently refused time to pray but that some workers insist on praying in any case even though it usually makes their superiors furious.

Workers get very little notice of overtime, nor are they usually told how many hours of overtime they will be working. They are usually told half an hour before they are scheduled to finish work that they will be working overtime. The overtime is compulsory. Workers reported that refusing to work overtime can result in being demoted to another department, having to clean the factory or mop the floor and can potentially lead to dismissal from the factory.

For those overtime hours for which workers are paid (see Box 1), they are paid at the legal rate of one and a half times the standard hourly rate for the first hour and double the standard hourly rate for subsequent hours. Overtime work, and hence overtime income varies significantly between departments, but workers reported that during peak periods when overtime is very high in some departments they are able to earn between Rp. 400,000 (US\$43.80) and Rp.700,000 (US\$76.67) per month in additional overtime income. Most workers depend on this overtime income to repay their debts, meet their daily needs and have some money to spend on themselves and would not support a reduction in working hours unless it was accompanied by an increase in standard wages.

### Box 1 – Impossibly High Targets in the Sewing Department

There are particular issues with overtime in the sewing department, the biggest department and one in which all of the workers are women. Each lane of sewers is given a target of the number of shoes they must complete in a day, but workers report that the target is deliberately set so high that it is almost impossible to complete it within a standard shift<sup>3</sup>. In one of the focus groups a woman from this department explained:

*Usually we have two hours overtime every day from 3 to 5pm. We are not paid for these two hours per day because we need these two hours to reach our daily target. Only after these two hours do we start getting paid the standard overtime wages that other workers in the factory are paid. The target that the management sets is more than what a worker can realistically achieve within the regular working hours... We should be paid for these two hours of overtime because usually we have it everyday, six days a week. That adds up to a lot of lost wages in the sewing department and it creates an unfair and unequal dynamic between us sewing workers and the rest of the workers... The target is set very high, and even if we reach it on occasion the management will*

*increase it to a higher amount, so that we will never be able to reach our target no matter how hard and fast we work.*

In another group a sewing worker made the same point:

*The management likes to play games with the target. So every time that we actually reach the target, which is rare, the management will increase it. So we can never realistically reach our target. Or be paid for our two hours of daily unpaid overtime work that management claims cannot be considered for overtime wages because we haven't reached our targets yet. And so we can never go home on time either.*

There is so much pressure on workers in the sewing department to reach their targets that they do not even get their full lunch-break. A worker explained:

*The standard lunch hour is from 12 noon to 1pm, however in the sewing department we cannot start our lunch break from 12 noon because if we do a manager will then yell at us, 'Where do you think you are going?' So we start our break at 10 minutes past*

noon. We come back from our lunch break by 12:30pm because we are scared of the managers getting more angry if we come back at 1pm. So while in theory we are allowed one full hour for lunch break, in practice we take only 20 minutes.

Another worker from the sewing department said:

*We have to come back from our lunch break, from a bathroom trip, from mushollah prayer quickly, in a huge hurry, as fast as our feet can carry us. Even if we are only ten minutes late management screams at us.*

In addition to this pressure to work fast, women in the sewing department are also financially penalised if they make a mistake:

*...when we make a mistake on our work and we need more of the shoe material we have to pay the operator in the cutting department to obtain it. The charge for the material is Rp. 50,000. So 50 of us in one lane will divide the cost into Rp. 500 to 1,000 per person. This happens very often, almost every week*

## Harassment and Abuse

Women working in the sewing department at Tae Hwa report that verbal abuse and sexual harassment are significant problems. In one of the interviews a woman said:

*I have witnessed and directly experienced sexual harassment like being slapped on the behind and being stared at by supervisors... The management supervisors say crude phrases and names to us in the sewing department all the time. They say things like 'dog,' 'monkey' and 'the devil.' ...I've heard of and seen supervisors fondling the stomach of pregnant workers*

In one of the focus groups a woman explained:

*In the sewing department sexual harassment happens all the time and every day. The Korean managers will come near us and say things or look at us in a disturbing way. They are always saying crude and lewd words. They call us animal names like 'pig,' 'monkey,' and 'donkey.' They call us 'shameless girls.' The managers also throw production materials at the women in the sewing department, usually the 'upper'. They will just fling it across so that it will hit workers in the leg or the lower torso.*

In a different focus group another woman from the sewing department said:

*...the management throws 'uppers' directly at us all the time. I've been poked in the head with fingers and hands pretty regularly as well. The managers like to do this as they yell at us or give us an order. In terms of verbal harassment, they like to call us 'devil' and they like to call us 'stupider than stupid'. This is most insulting of all. But in terms of sexual harassment, I would say that 90% of women [in the sewing department] do not experience sexual harassment.*

Another worker described how in July 2004 she saw a factory supervisor throwing an 'upper' at a fellow worker who was pregnant. A buyer from Fila had just visited the factory and the pregnant worker had not been present in her workplace. After the Fila buyer left, the supervisor expressed his anger by throwing an 'upper' straight at the pregnant woman's stomach. Although she caught the 'upper' before it hit her stomach, her fellow-worker reported that the pregnant woman was obviously distressed by the event.

Workers from other departments reported no problems with sexual harassment although verbal insults were still a problem. One woman said:

*In the preparation department there is no sexual harassment. But there is verbal harassment. The management regularly uses words like 'dog,' 'beast' and 'stupid.' Their favourite is 'you mad girl!' This is what the managers like to say the most.*

Another worker explained why they put up with insults:

*this kind of treatment has just become a normal, daily aspect of the factory work life. Workers have gotten conditioned to such treatment, although yes, it is demeaning and violates our rights. We know this, but we also know that if we resist it will be a sure-fire way to punishments like demotion, being shifted to another department, humiliating acts, and the constant fear of being fired.*

Verbal harassment primarily occurs in those departments where most of the workers are women. Almost all of the male workers interviewed either reported no experiences of verbal abuse or else indicated that they felt safe to either complain about inappropriate insults or else "shout back" at their supervisors. One male worker said:

*There are no abuse issues in my press department where it is 90% male employees. If our supervisors yell at me I can just yell back at them. I'm not scared and nothing ever happens when we yell back.*

## Trade Union Rights

Up until July 1998 Indonesian workers were only allowed to join SPSI,<sup>5</sup> the official government union during Suharto's military rule. This union had close links to the military and in most cases did little to help workers. Since Suharto lost power it has been legal to form independent unions in Indonesia. A number of new unions have been established and number of unions that were formerly part of SPSI have broken away from it and set up different union federations.

The union branch at Tae Hwa has remained part of SPSI. Workers at Tae Hwa automatically become part of SPSI when they start work at the factory and dues of Rp. 500 (US\$0.05) per month are deducted from their salaries. All workers interviewed for this case study reported that the SPSI branch at Tae Hwa is not democratic and does not represent workers' interests. They reported that workers do not elect the SPSI leaders and they believe that these leaders collude with factory management in order to undermine workers' interests. This comment was typical of their views:

*SPSI leaders, about 30 factory workers who have a special alliance with all the Korean factory managers, make empty promises to us with no evidence of agreements, documents or negotiations with management. The SPSI leaders get paid by the Tae Hwa office and arrange private/secret meetings where they make plans with the company, for the company's benefits. There is a lot of KKN<sup>6</sup>.*

Some workers at the factory would like to form a new, democratic union in the factory and there have been a number of occasions when workers have organised industrial action without the involvement of SPSI. There was a two-day strike in 1998 (see "Parkati's Story" below), a demonstration in 2002 and another demonstration in April 2003 in which all workers took part. Workers report that no improvements resulted from these demonstrations because Tae Hwa managers argued that they were not making enough profit to meet workers' demands.

All workers interviewed for this case study reported that management at Tae Hwa targets the key organisers of these actions and uses a variety of measures to prevent them from organising industrial action in future. In one focus group a worker said:

*Whenever we have a demonstration the management remembers and notes down the workers who are in the front of the demonstration line, since it is usually these workers who have organised the demonstration. Then on the next work day the management gives these particular front-line workers a hard time by demoting them to a different department, isolating them, making them mop the floor or clean particular sections of the factory and so on. The rest of the workers see how the demonstration leaders are being treated and what*

*happens to their work livelihoods and this affects their willingness to be demonstration leaders. If the worker can't handle the demotion and intimidation they are dismissed from the factory, and on top of it they are put on the blacklist that is accessed by all factories in the JABOTABEK area... If we raise our voices and organise demonstrations we have to face the very real consequence of being unemployed. Many factories are closing these days, so where do we go if we are fired? Finding other work, especially if you are on a blacklist, is very, very hard. Sometimes it takes months and months. So naturally workers just don't want to take the risk.*

Workers report that fear of violence is one of the most powerful disincentives to union organising. In Indonesia it is common for local thugs (known as "preman") to be hired to attack or intimidate workers taking part in industrial action. One worker said:

*Premanisme would be number one obstacle we face in terms of freedom of association... In 2003 there wasn't such a big preman problem as the SPSI union was ordered to quiet things down. But in 2002 there was a preman problem. A couple of them attacked my friend in the middle of the night inside his home. They grabbed him and threatened him, "Don't make any more trouble!" Intimidation from the preman fills many with feelings of fear and shock.*

Workers are not able to prove who pays these thugs to intimidate workers in this way, but they noted that the intimidation of workers who organise industrial action serves the interests of factory management.

Another worker mentioned that sometimes outspoken workers are offered promotions if they become less vocal. Workers said they knew that management had cultivated spies within the workforce who report to managers any instances of workers discussing industrial action. They said that for this reason they have to be careful and act like they are ignorant for fear of losing their jobs. Several workers expressed their suspicion that the SPSI leadership actively cooperates with Tae Hwa managers to prevent demonstrations. One said:

*We want to form a union, and we would say that most workers in the factory want to form a union. But we want one that does not collude with the Tae Hwa management. Because SPSI colludes so much with the upper management we cannot become a part of SPSI.*



Ms. Parkati

## Box 2 - Parkati's Story

In 1992 at the age of nineteen Ms. Parkati<sup>8</sup> left her home village of Pati in Central Java, moved to the city and started work at TAE HWA. She found the working conditions very difficult. The workspace was hot, noisy and dusty; the glue used in making the shoes caused headaches and she often felt faint from the strong smell of the glue. There were only 5 toilets for 700 people in her department and the toilets were dirty and did not have enough water. Overtime was compulsory but workers needed to work overtime in any case, since the wages for standard hours were too low to cover basic needs. During peak periods when orders were high Parkati and her workmates were sometimes required to work right through the night.

After two years of working at the factory Parkati tried to become an active member of the state trade union, SPSI. She obtained the support of her colleagues to become the branch's treasurer, but the factory's management would not allow this. She attended meetings between factory management and the leadership

of the union even though she had not been invited and was not welcome. Disappointed with the SPSI union, Parkati decided to use other methods to protest against the work conditions. Together with a few colleagues she organised two protests for better wages on her production line.

In 1998 Parkati was one of the key organisers of a two-day strike involving all 5,500 workers in the factory. The strike, which received extensive coverage in the Indonesian media, had been called to protest working conditions in the factory, including low wages, unhealthy working conditions and long hours of compulsory overtime. Workers interviewed for this case study report that a local gang of hired thugs broke up the strike and more thugs came to Parkati's house in the middle of the night and shouted threats. Fortunately Parkati had suspected they would come and was staying at a friend's house. Parkati comments that, "The strike changed nothing. Everything stayed as it was."

Parkati was sacked by Tae Hwa in April 1999. According to our

research interviews the official reason for Parkati's dismissal was that she refused to work in bare feet and insisted on wearing sandals, contravening an unwritten management policy that workers in the factory should work in bare feet. As punishment, Parkati was asked to stand in the administration office for the rest of the working day. Believing she had done nothing wrong, Parkati wore shoes to work for the next two days and was dismissed from the factory. She had been working in the factory for seven years.

At this time Parkati was ill, having lost six kilograms in a short period of time, down from 45 to 39 kilograms. She did not want to work barefoot on the cold floors because she feared that it would make her illness worse. She and other workers in the assembly section of the factory had previously requested to be allowed to wear sandals or shoes while working because they believed that working barefoot was damaging their health. Factory management refused this request on the grounds that requiring workers to work barefoot would maintain a cleaner factory environment. Parkati and other workers questioned this reasoning, since factory

supervisors themselves wore shoes while working in the factory.

Despite having very few resources of her own, Parkati contested her dismissal through the Indonesian labour arbitration system. On 22 July 1999, the local Tangerang office of the Indonesian Department of Labour recommended that Parkati should be reinstated. The factory refused to accept this recommendation and filed for permission to dismiss Parkati with the Department of Labour's Regional Committee for the Resolution of Labour Disputes<sup>9</sup> in Bandung. On 8 December 1999, this committee also found that Parkati should be reinstated. The company then appealed to the Department of Labour's Central Committee for the Resolution of Labour Disputes<sup>10</sup> in Jakarta. On 27 November 2000 this Committee also found that the factory should re-employ Parkati. The factory then appealed again, this time to the Jakarta State Administrative Appellate Court (PTTUN) which made the decision on 29 August 2001 that the factory's dismissal of Parkati was legal.

Parkati and the local organisations which support her believe that the real reason for her dismissal was



Ms. Parkati

Foto: Oxfam

that she had been actively involved in organising industrial action in the factory. Given the considerable legal resources expended by Tae Hwa, spending two and a half years appealing three times against decisions in favour of Parkati there are grounds to believe that the main reason for Parkati's dismissal was her trade union activity and not her refusal to accept punishment for wearing shoes while working.

Parkati's motto is "Life must go on, whatever obstacles will come". She currently works in a small factory where wages are even lower than at Tae Hwa. She supplements her income by selling water and noodles to her neighbours. She rents a tiny room in a boarding house where she sleeps, lives and cooks. She has to share the shower and toilet with around 12 other families and there are often long queues. In her own words, her hope is that:

*the factory will compensate me for the unfair dismissal and I'll be able to return to work producing sports shoes [at Tae Hwa]...My present job is not a steady one and I'm always afraid of being fired. Working conditions [at Tae Hwa] are bad, but they are worse in my present job. And when I'm back*

*in my old job I will again be active to get working conditions improved. Now no one dares to be active, because they are afraid of being fired.*

Our research interviews with current Tae Hwa workers indicate that Parkati's dismissal has made a powerful impression on them. One worker said:

*We have witnessed Parkati's experience from 1999 where she was put on the blacklist by the factory...Word got around from various other factories in the area how Parkati's case had been talked about...and even her face had been shown to all the industry leaders. After that it would be very hard for her to find a job in any other factory that is on the same production and wage level as Tae Hwa. Other workers saw Parkati's example and they thought 'If what happened to Parkati happens to me where will I go and what will I do to earn my living?'*

If FILA is serious about its stated support for workers' right to freedom of association<sup>11</sup> then it should take immediate steps to persuade PT Tae Hwa Indonesia to reinstate Parkati and to compensate her for the income she has lost since her dismissal.

## Access to Leave

### Sick Leave

Indonesian labour law states that workers who are sick and who have a statement from their doctor that they cannot work because of their illness are entitled to paid sick leave.<sup>12</sup> Tae Hwa abides by this law and allows workers to take the number of days paid sick leave recommended by their doctors.

However, workers in two focus groups mentioned that taking extended sick leave often results in harassment or insults from factory supervisors. In one focus group a worker said:

*...after a long absence, anything more than 3 days or so, we are often chided or yelled at when we come back to work.*

In another focus group a woman worker said:

*I've personally experienced them yelling and muttering insults and harassment when coming back in after an absence.*

### Menstrual Leave

The article in Indonesian labour law covering sick leave also specifies that women who are ill on the first and second day of their menstrual period, to the extent that they cannot perform their work, are entitled to two days paid sick leave.<sup>13</sup> Another article of the same law states that pregnant women who feel pain during their menstrual period and inform their employer are entitled to unpaid leave for the first and second day of their period.<sup>14</sup>

Women working at Tae Hwa report that the factory has established a highly intrusive procedure for claiming this leave, with the result that very few workers take it. One woman explained:

*Menstrual leave is allowed but only after the clinic nurse checks our underwear to see if we are actually bleeding. It is a humiliating requirement and most of us feel too insulted to go through with it so we just keep working throughout. Also, even if we do get checked by the nurse there is no guarantee even then that the management will give us the two days of menstrual leave that we are granted by law.*



## Maternity Leave

Indonesian law also entitles women to three months paid maternity leave.<sup>15</sup> Tae Hwa abides by this law, is generous in allowing pregnant workers to take sick leave and allows pregnant workers to move to easier kinds of work and to take more frequent breaks to rest or visit the bathroom.

However, as for other workers, overtime is compulsory for pregnant workers. As one worker explained:

*When a pregnant worker tries to get out of overtime work she is refused. Management tells her that there is nobody else to fill in her space and do the work that is necessary to complete the current production order.*

Workers reported that they had seen pregnant workers in tears, appealing to be exempt from overtime work, but they were always refused. While Tae Hwa should be recognised for keeping to the law on maternity leave and for making some allowances for the needs of pregnant workers, overtime should be voluntary for all workers, and particularly for workers who are pregnant.

## Occupational Health and Safety

Since the researchers for this case study do not have the appropriate expertise and did not have access to the factory it is not possible to provide a comprehensive and authoritative assessment of provision for workers' occupational health and safety at Tae Hwa. Ideally, the factory should be subject to an independent health and safety audit by trained professionals and the results of the audit should be made public.

In one focus group a worker reported instances of needle-stick injuries and backache from long hours of repetitive work. In another focus group and in an interview it was reported that many workers got sick because the chemicals used in the factory cause respiratory problems and allergic reactions. In another group workers commented that in the press section you have to be particularly careful since accidents can result in loss of limbs. On the other hand several workers indicated that they were relatively satisfied with health and safety provision at Tae Hwa, noting instances where workers had developed serious injuries at work and the factory had paid for the medical treatment and supported workers during extended periods of sick leave.

One area of common concern is the quality of the medical care and medicines available at the factory clinic. Historically under Indonesian law factories have been

expected to provide health care for their employees—both coverage for work related illness and accidents and general health care for employees and their immediate dependents. Companies could fulfil this obligation by enrolling employees in the state health insurance program, Jamsostek, or by setting up their own complete in-house clinic with facilities comparable to the coverage of Jamsostek<sup>16</sup>. Most factories provide a clinic because it is cheaper, since they can control the expenses. Up until November 2003 the factory clinic at Tae Hwa was only open twice a week but since then it has been open on a daily basis. The problem is that workers do not have confidence in the medicines available in the factory clinic or in the medical care provided. As one explained:

*These medicines are of very low quality. They come in bright red, yellow and green colours, and they do not make us better when we are sick so we all suspect that they are fake [placebo] medicines. It is just more effective to walk over to the local clinics and buy medicine there.*

In another interview a worker described how she had seen her peers being given medicines in the factory clinic before they had even had a chance to properly describe what was wrong with their health.

There is also discrimination against women in the provision of Tae Hwa's health allowance. The factory will pay the health costs of female workers and single male workers up to the amount of Rp. 300,000 (US\$33) per year, but the costs of married male workers are covered up to Rp. 600,000 (US\$66) per year and if female workers are married to male workers in the factory, then they receive no allowance (their husband receives their allowance).

## Contractual Status

Research for the *Play Fair At The Olympics* report released in March indicated that many sportswear factories in Indonesia are laying off permanent workers and replacing them with workers on short-term contracts or on temporary daily hire.

One positive aspect of Tae Hwa's employment policy is that currently almost all workers are hired on a permanent basis.

In 2004 Tae Hwa started employing several hundred workers on a temporary basis. The daily wages of these workers are the same as those of permanent workers but they do not receive the same allowances. Their employment is unstable, when a large production order comes in they have work and when orders are low they

are told they are not needed. This kind of employment makes it very difficult for workers to plan their lives or to support their families.

The treatment of older workers is also an issue. In several focus groups workers said that in some departments once you become too old to work at high speeds (around the age of 45) you are told that you are not productive anymore and are pressured to resign in exchange for a compensation payment.

## FILA and Working Conditions at Tae Hwa

### FILA's Purchasing Practices

The *Play Fair at the Olympics* report released in March 2004 drew attention to the way that the purchasing practices of major sportswear brands is impacting on the lives of sportswear workers. That report described how, in order to get products to the market quickly and cheaply, sports brands are placing smaller orders more frequently, are pushing for shorter delivery lead-times, are lowering unit costs and are threatening to relocate if factories cannot meet these demands.

Workers interviewed for this case study were not aware of FILA making any threats to relocate or of lowering unit costs; indeed workers thought that in US dollar terms the unit cost had remained relatively stable. What they did comment on was the way unstable orders and short lead-times impact on their work. One worker explained that for FILA orders:

*The lead-time is anywhere between one to two weeks. If we are told to start production of a particular model on, for example, the 1st of July then we are expected to export that model on the 8th of July, or if it is a difficult shoe model on the 15th of July...The maximum size of an order can be about 200,000 pairs of shoes and the minimum about 80 or 90,000 pairs.*

Workers reported that it takes a lot of time to learn how to produce new models of shoes and they have to do a lot of overtime work when new models come in. The inconsistency of FILA's orders also creates problems. To quote a worker:

*Orders are also very insecure and inconsistent. They can get cancelled on a sudden basis even after production starts. For example, on the 1st of the month Fila can give us orders for Models A, B and C and will inform us that by the 7th of the month they want Model B ready for export. However, on the 3rd of the month we can get sudden information*

*from Fila that they want to cancel the export production for Model B and would like us to switch to producing Model C (Fila will also give us the export deadline that they want for this Model C). This has happened quite often. So P.T. Tae Hwa is completely dependent and tied to the demands and desires of Fila. And thus, so are we.*

It is clear that under such circumstances, employers are likely to place undue pressure on the workforce, leading to abuses such as forced overtime and impossibly high quotas.

### FILA's Code of Conduct

Workers reported that although FILA's Code of Conduct is posted on the walls of the factory in Bahasa Indonesia, they have received no explanation of the Code or how it applies to them. Since workers are always under pressure to rush to and from their workstations they are afraid to stop in front of the Code and read it in full. Some have caught glimpses of it as they walk past and know that the Code includes statements regarding labour standards, but they have no knowledge of the status or the purpose of the Code and have received no information about any complaint process which they could access if they believe that the Code is not being respected.

None of the workers' interviewed knew whether anyone from FILA or other buyers ever investigated labour conditions at the factory. Representatives of brands produced at the factory do visit occasionally but workers were not sure of their purpose. Before these visitors arrive workers are asked to clean up the workspace. Workers reported that as far as they are aware the visits never result in any improvements in working conditions.

## Conclusion

Although in some respects conditions in the Tae Hwa factory are better than in many of the sportswear factories researched for the Play Fair at the Olympics report, workers interviewed in July 2004 for this case study reported very serious infringements of their basic rights, including verbal abuse, physical and sexual harassment, highly intrusive procedures for claiming menstrual leave and very long hours of compulsory overtime, even for workers who are pregnant. Workers in the sewing department report very high levels of work pressure, with targets usually deliberately set so high that it is not possible for workers to meet them within their standard working hours. As a result, workers in this section usually have to give up part of their lunch break and work two hours unpaid overtime after standard work-hours in order to meet the target. Workers reported that the factory discriminates against workers involved in organising industrial action. They indicated that the treatment received by Parkati and other workers who have been involved in organising workers in the past acts as a strong disincentive to those current workers who are interested in forming a democratic union.

The *Play Fair at the Olympics* report, released in March 2004, contains a series of recommendations regarding the measures which sports brands and factory managers should take in order to ensure that workers' rights are respected. Like other sports brands and factory owners, FILA and Tae Hwa are encouraged to work with organisations involved in the *Play Fair at the Olympics* campaign alliance, including Global Unions, Oxfam and the Clean Clothes Campaign, to implement these measures. What can be concluded from this case study is that the following practices occur:

- ▶ Excessive and forced overtime and the setting of unattainable piece rate targets
- ▶ The practice of pressuring staff to reduce their own break entitlements
- ▶ The absence of a living basic wage
- ▶ Verbal abuse or sexual harassment at work
- ▶ Union-busting tactics which violate universally recognised workers' rights
- ▶ Purchasing practices on the part of FILA which lead to unreasonable demands being placed on workers

- ▶ A questionable health and safety environment and questionable standards at the company health clinic
- ▶ Serious flaws in leave procedures (particularly for menstrual leave)

It should be emphasised that we are not calling for FILA to cease ordering from Tae Hwa, which would bring no benefit either to Parkati or to the workers currently employed at the factory. Rather we are asking FILA to persuade management of the factory to reinstate Parkati and to work with Tae Hwa to ensure that working conditions in the factory meet internationally accepted labour standards.

## Notes

<sup>1</sup> Article 77 and 78, Law Number 13, 2003.

<sup>2</sup> Article 79, Law Number 13, 2003.

<sup>3</sup> Workers from the sewing department reported that if they are sewing a model of shoe that they are familiar with the target is usually in the order of 60 pairs of shoes per hour per lane or 420 pairs of shoes per day (there are 47 workers in a lane), but if it's a new model the target drops to around 30 to 40 pairs of shoes per hour per lane, until workers become familiar with the new model

<sup>4</sup> The thick section of the shoe directly above the sole. It is one of the heaviest parts of the shoe, and is relatively thick and hard.

<sup>5</sup> Serikat Pekerja Seluruh Indonesia (All Indonesia Workers' Union).

<sup>6</sup> Korupsi, Kollusi dan Nepotisme - Corruption, Collusion and Nepotism.

<sup>7</sup> Jabotabek is a word used to describe the area which includes Jakarta, Bogor, Tangerang and Bekasi.

<sup>8</sup> Like many Indonesians, Parkati has only one name.

<sup>9</sup> Panitia Penyelesaian Perselisihan Perburuhan Daerah (P4D).

<sup>10</sup> Panitia Penyelesaian Perselisihan Perburuhan Pusat (P4P).

<sup>11</sup> Letter from Robert W. Erb, Chief Marketing Officer, FILA USA to Mr. John Sweeney, President American Federation of Labour and Congress of Industrial Association, 28 June 2004.

<sup>12</sup> Article 93, Law Number 13, 2003.

<sup>13</sup> Article 93, Law Number 13, 2003.

<sup>14</sup> Article 81, Law Number 13, 2003.

<sup>15</sup> Articles 82 and 84, Law Number 13, 2003.

<sup>16</sup> Articles 99 and 100, Law Number 13, 2003 . Article 4 (1), Law No. 3, 1992. Regulation of the Minister of Manpower No Per-04/Men/1990 on Health Care Insurance Programme Implementation for Workers and Their Families.

