

Lian Thai Industrial and the Global Alliance for Workers and Communities

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8 September 2000

Lian Thai Textile Industrial Co. Ltd, located at 19/1 petchkasem rd., Tambol Yaicha, Sampran District, Nakhonpathom, in the Omyai Industrial Zone, is one of the selected factories in the pilot project of the Global Alliance for Workers and Communities and the Nike. Lian Thai is the smallest factory of the five with only 900 workers, while the other four factories employ over 1,000 to 3,000 workers. The other factories are Pan Asia Footwear, Saha Union, Rana Shoe, and Liberty Garment. All of these factories are big business groups that produce mainly Nike products with three of the factories producing sports shoes, and Liberty Garment and Lian Thai producing Nike apparel.

“Lian Thai Textile Industrial Co. Ltd, was established in 1972 as a yarn-dye and texturing mill. The company garment business was started in 1972 and steadily grew to its present size.... Lian Thai Textile Industrial Co., Ltd. has affiliations with Pacific (Thailand) Co., Ltd. and Nangrong Garment Co., Ltd.”¹

‘Lian Thai’ the only factory where workers are united

Lian Thai is the only factory, out of the five covered by the study, where workers are organized, having formed a union in 1983. Lian Thai workers union has been actively involved in many of the labour struggles in the Omnoi and Omyai Industrial Zone for many years. It is very interesting to see the Global Alliance for Workers and Communities project implemented at a factory like Lian Thai where cases of labour violations have continually been reported. Will the Lian Thai workers union benefit from the Global Alliance, in terms of strengthening worker unity within the union and in gaining more bargaining power with the company? Will the rights to freedom of association of the Lian Thai workers be protected? Will the union be able to build better labour relations with the management to solve the problems faced by the workers and improve the working conditions in the factory? And will the pressure from Global Alliance be powerful enough to stop labour violations and labour disputes at the Lian Thai factory?

The Chulalongkorn University Social Research Institute (CUSRI) -- a leading role in conducting the assessment study

The Global Alliance engaged a team of researchers from the Chulalongkorn University Social Research Institute (CUSRI) to conduct their assessment process in Thailand. The researchers refused to disclose any information on this research, claiming that as soon as they finished their work, the Global Alliance took all the primary sources data and all the files from their computers. The CUSRI had to sign an agreement with the Global Alliance that they would not

¹ A special publication of the *Bangkok Post*, ISO9002, “Lian Thai Textile Industrial Co., Ltd.,” Bangkok Post Publishing, 28 August, 2000.

publish any of the information from the study; if CUSRI violates the contract they will have to pay a penalty. CUSRI was not aware of labour disputes at Nike's contract facilities in Thailand and other countries around the world. If they had known, the research team might have inquired about labour violations and suppression in the factories.

The results of the assessment study

The Global Alliance progress report (July 2000) states that, of over 9,177 workers, 931 workers were personally asked questions, and 220 workers participated in focus groups and 34 key representatives from factories management, welfare community, union and clinic were interviewed².

The questionnaire was divided into eight parts: (1) demographic data, (2) health and reproductive health, (3) education attainment and life skills upgrading, (4) financial and economic issue, (5) debt and saving, (6) work environment, (7) aspiration, and (8) possible outreach activities.

The results published by the Global Alliance show that 80-90% are women workers, with 50-69% having completed only primary school level. One-third to half of the workers are unmarried. It is also reported that in all five factories workers earn more than the minimum wage. The Global Alliance strongly emphasizes that these single young workers need saving mechanism skills development.

In addition, the report shows worker satisfaction with regard to safety at work, and that the workers have a good relationship with management.

The workers' income sources are as follows: 38% from bonus, 34% from fixed income, 19% from spouse and 8% from overtime pay. The workers also show their desire for stable employment.³

Issues forgotten in the assessment study

Thai Labour interviewed workers from Lian Thai in a comparative study with the questionnaires and the results published by the Global Alliance, and found that there are several issues that need to be clarified.

1. When looking into the content of the questionnaires, although it was divided into eight sections, overall it did not provide much room for workers to give answers that would reveal labour violations related to freedom of association. Answers only allowed respondents to reflect on their living conditions, health problems, and what workers want to do by marking fixed answers already included in the questionnaire.
2. The issue of Thai labour protection law was not included in the questionnaire. This omission is particularly noticeable on the issues of general working employment and workers daily wages, working hours, leaves. There are no questions included in the questionnaire that allow for answers that lead to the issue of freedom of association or the violation of trade union rights.

² Global Alliance, progress report, volume 1, number 3, July 2000, page 2

² *ibid*, page 6

3. On the issue of wages and benefits, the questions do not specify what workers daily wages are composed of, what portion of the daily wage comes from overtime etc, and how many hours they work each day. Instead, the survey asks how much workers earn monthly, whether they have sufficient income and what they do with their income.⁴
4. Lian Thai workers only earn the minimum wage and have never received bonus pay. Therefore, in the GA report the statement that workers earn 38% of their income from bonus does definitely not come out of the interviews done by the Thai Labour Campaign. The workers would have received 12 months' wages bonus to be consistent with the report. The income from overtime is also stated at only 8%, which is much lower than in reality.
5. The Global Alliance tried to introduce activities to the workers by emphasizing that workers need saving mechanism instruction, as the workers, especially single workers do not know how to manage their money. This conclusion seems to imply that the Global Alliance's believes that these workers earn a lot of income but found that they did not know how to manage their income. In the beginning of the report the Global Alliance states that workers in all five factories earn more than minimum wage.

However, the fact is that most of the apparel and footwear factories in Thailand only pay the minimum wage. There is no exception in the case of Lian Thai where workers earn only minimum wages and have never received any bonus from the factory. The only reason that Lian Thai workers received so-called higher than minimum wage is due to their excessive overtime workload. Workers find it necessary to work overtime because the minimum wage does not cover their basic needs. Lian Thai workers work overtime to earn 50% of their income, this comes from working overtime until 9 p.m. and sometimes until midnight and every Sunday. Though the workers interviewed complained of hard work they felt that they had no choice because without the overtime money they would have no extra money to send to their family. Many of Lian Thai workers that were interviewed earn 1,500 – 2,000 baht from working overtime each month to supplement their minimum wage income of 4,050 baht a month (the minimum wage is 162 baht a day, calculated at 26 days a month).

Many of the Lian Thai workers live their lives in a cycle of debt. As soon as they receive their payment, they need to pay off their debt and start borrowing money again.

6. The Global Alliance assessment study was conducted at the factory by the CUSRI researchers team. The factory personnel staff introduced the researchers to all of the workers that were selected. Since the workers had to give their names in the questionnaires, they did not dare to give criticisms. The workers interviewed told us that the questionnaires were only multiple choice and they felt that the questionnaires were guiding them and tried to encourage them to conduct activities at the community level. The workers questioned why they, the workers have to engage in community development while their working conditions are not improved.
7. It is obvious that the aim of the Global Alliance assessment process is to look into some practical activities but not into all the real problems faced by the workers at the factory level,

⁴ The questionnaires on part IV Financial and Economic Issues

- 4.1 Monthly income
 - a. wages/incentive/bonus/pension.....Baht
 - b. overtime wages.....Baht
 - c. Tip/bonusBaht
 - d. income from spouse.....Baht
 - e. others..... Baht

especially where working hours, minimum wages, and freedom of association are concerned. Therefore, it appears that the questionnaire was tailored to result in findings that would help to benefit the Global Alliance program in the future and not created to look into labour violations in factories.

8. The issue of the workers demand for steady employment and long-term job security has been interpreted as job satisfaction with the factory. It is true that not many of the workers want to look for another job, especially when there are more than three million unemployed people in Thailand who all would want some kind of long-term employment.
9. Lian Thai still employs some workers for only a four-month period and it pressures these workers to reapply for their job after they have completed their four-month term. This is to avoid paying benefits to the workers. The company also underpays workers during initial job training by paying a worker only 120 baht a day for 40 days. This is a violation of the labour protection law, which states that “An employee is entitled to get his basic pay not lower than minimum rate of basic pay.”

How do Lian Thai workers benefit from the assessment process?

The most positive change is that the Lian Thai company, for the first time, has allowed a union to conduct its general congress meeting inside the factory on 12 March 2000.

There is a slight improvement in the labour relationship between the union and the company. Though the union cannot take members from among the workers who have not passed the probation period, because they are afraid that those new members will be dismissed. Some members of the union committee now sit in the environment working committee, a committee that according to the Thai Labour Law every factory has to have. However, although there have been many discussions on problems for over a year, not many of the problems have been solved. The only problem that seems to have been fixed is the improvement of toilet facilities. However, the company refused to build more toilets upon the request of the workers. Although the company has added one more air conditioner, it is a water-based air-conditioner that absorbs the dust and stench from outside of the factory building, leaving the factory inside still hot and dusty.

Following the Global Alliance study the company organized a sports competition between workers and the workers have to purchase the team’s sports T-shirt for 120 baht each. Each team (several workers) that joins a sports competition has to pay a 100 baht application fee for each of the competitions applied for. This money is used to pay a prize to the winning team. This is an increase in expenses for the workers.

Workers’ benefits and overtime income

Due to Trade union negotiations with the company, Lian Thai workers were getting some of the benefits, according to the Thai Labour law. Although most of the workers are only earning the minimum wage (162 Baht a day), the union has been successfully negotiating with the company through the collective bargaining agreement.

What are these benefits?

- 6 days annual leave (according to the law)

- 2 uniforms a year (shirts, pant and sandal)
- transportation
- dormitories (single workers, no family dormitory)
- living subsidy money 260 Baht a month
- 3,000 baht assistance in the event of the death of an immediate family member.
- diligence money -- 3 days wages a month (no absence for the whole month, paid once per year)
- annual party
- free cooked rice

The overtime income of the workers has been considered as evidence that they are paid more than minimum wage. This is one of the myths that many companies try to promote -- that they pay higher than minimum wage. In fact, it is popular among the footwear manufacturers to adopt the target rate system, which results in underpaying the workers. Lian Thai factory is also starting to implement the target rate system, but many workers have refused to work by the target rate system since it pressures them to work harder and for longer hours to meet the set target for less pay.

Where do Lian Thai products go?

At present, Lian Thai produces mainly for Nike, the Gap, Next, and Fila, Kangol, Gymboree, Jcrew, Express, Puma, Zutopia, Admiral, and US Polo. These products have been sent to customers all over the world, which mainly are in Europe and North America.

Lian Thai and subcontracting

Lian Thai subcontracts its orders to nearly 40 medium, small and home-based factories, including its own subsidiaries in Buriram and Ubonratchathani. These subcontractors include big garment factories such as British Thai Synthetic, Ladybirds, and De Lux Apparel.

Lian Thai is well-known for subcontracting out its orders to other factories, especially after the economic crisis when many factories had no cash flow which prevented them from directly accepting orders from the customer. Many have had to turn to subcontracting from Lian Thai which has not been that effected by the crisis and continues to receive orders from various transnational corporations, especially Nike, the Gap, and Next.

Union treasurer Chamlong Puthasom

Chamlong Puthasom has worked at Lian Thai factory since 1990 and at that time she applied to be a member of the union. In 1997, she was elected as a treasurer of the union. In March 1999, the company charged her with stealing a 140 baht T-shirt. She was jailed for four hours before the union collected 50,000 baht from their members to bail her out.

Chamlong said that she was taking sick leave between 16-20 and 25 February. During that period the company changed its structure and there was someone else who replaced her on her machine. On 28 February Chamlong took a bag with a skirt that she wore while working to

wash at the dormitory.⁵ At the gate, she gave the bag to the security guard to check, which is a common practice for every worker who leaves the factory ground.

The guard found a T-shirt in Chamlong's bag. Surprised, Chamlong returned the T-shirt and cooperated with the guard expecting that she could explain the situation to the management. However, after the management learned that she was a treasurer of the union, the management refused to listen to her or the union and claimed that the company would let the police deal with the case. Chamlong was arrested in the afternoon, the union went with her to the police station. The union chairwoman returned to the factory to collect money to bail her out.

Later, the union collected another 50,000 Baht to bail her out from court. During the court hearing Chamlong was still working in the factory, but eventually the company made things so difficult for her, too much for her to handle. The company ordered her to clean the office, clean the waste water way, and carry heavy materials. Chamlong tolerated these difficulties for three months. The union sent a letter to the provincial labour attaches to stop the company from harassing Chamlong in this way.

During the court case the company approached Chamlong and said that they would withdraw the court case if Chamlong persuaded the union to agree with the company proposal to that wages be transferred directly into bank accounts and the Automatic Teller Machine (ATM)⁶.

The labour court made the judgment that Chamlong was guilty, allowing the company to dismiss her.⁷ Chamlong, at present, stays with a friend and makes clothes for a living. She cannot apply for any job since she has to go to the criminal court.

At the court hearing on August 11, the union committee testified that they believed in Chamlong's innocence, and they also believed that the company pursued the case of Chamlong as a threat to the union committee and union members not to raise their voices against the company.

Conclusions

Lian Thai company yields a great deal of control over the workers. For instance, the company threatens workers with not allowing workers to work on Sundays (where workers are able to receive double payment) if they refused to work over time for three times. The company threatens workers that there will be no orders if the workers complain about their problems to outsiders. These kinds of threats are very powerful control mechanisms exerted over workers.

If the footwear and apparel producers continue to pay only the minimum wage, not the living wage, it is difficult to enforce a 60-hour working since it is the workers themselves who request

⁵ It is a practice for workers in Lian Thai factories to make their skirts from left over materiel to wear while working. The company acknowledges this fact and allows workers to take skirt out of the factory to wash.

⁶ This turned out to be a long negotiation between the union and the company but the workers refused this proposal since they would have to pay 150 baht for the maintenance fee, and also have to pay 40 baht for a motorcycle taxi each time they wanted to get the money from the ATM machine. Furthermore, the workers never have any money left in the bank anyway. Most of these workers live on debt and as soon as they receive their wages, they have to pay off their debt. Then the cycle of debt starts again.

⁷ Chamlong was advised by her lawyer not to testify at the labour court. Normally, the labour court cannot make any judgments before the criminal court. However, the Lian Thai manager was one of the previous jurors of the labour court and therefore still had much influence in the labour court.

overtime work. Many workers are moving around to look for job opportunities that provide ample overtime work and pay.

The situation faced by Chamlong demonstrates the inhumane and criminal behavior of company management. Chamlong has already been suffering from something she hasn't done and for the price of a 140 Baht T-shirt.

The Lian Thai management must pay more serious attention to the requests of the employee committee and the union. The company gladly builds a luxury working room for management but will not provide sufficient toilet facilities for its workers.

Lian Thai has refused to fix the problems of flooding in the factory grounds and the dormitory. The company also refused to install a telephone in the union room and in the dormitory. It is very difficult for the union and workers to receive any contact from their families and friends. Lian Thai has indirectly tried to stop the union committee from attending any labour seminars conducted by trade unions or NGOs by requesting that union committee members work overtime.

If Lian Thai workers are still afraid to talk about their problem because of the fear of dismissal, it is likely that Lian Thai will continue to be a facility that labour groups will be concerned with.

The Global Alliance limits the age of the workers in its skills training activities to those not over 25 years old, although the workers who need skills training are often those who are older and are at risk of being dismissed.

Global Alliance says that 74% of their workers are women and that they are mostly unmarried. It also claims that by working for Nike the birth rate of young women has decreased and that they are helping these women to control their income. Well, the birth rate has gone down, but not through sex education. It is down because these young women have no social life. To get the "fair wages" that the Global Alliance talks about these women workers have to work overtime seven days a week.

The Global Alliance also talks about income control. There is no income to control. All the workers' income goes to daily consumption, paying back their debt and supporting their families.