

## Foxconn shows off changes at factory campus

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The global controversy surrounding the treatment of assembly-line workers who manufacture iPhones and iPads - and just about every other consumer device - is triggering an unprecedented effort by Apple Inc. and its chief supplier, Foxconn, to lift the veil of secrecy that normally surrounds their operations in China and highlight how they have improved conditions for those employees.

Since a series of reports about troubling conditions at Foxconn plants, including suicides and charges of forced overtime, worker abuse and unsafe conditions, Apple and Foxconn have moved quickly to address the issue, stepping up audits of all Apple suppliers and giving workers pay raises. Now the companies are ready to show off what they've done.

Recently, a reporter and photographer for the San Jose Mercury News were invited by Apple and Foxconn to visit a factory campus in Shenzhen, a coastal city in southern China, to spotlight efforts to change the work environment for hundreds of thousands of workers across the manufacturer's vast empire in China. The daylong visit included unhindered access to parts of the nearly 1-square-mile complex, and interviews with five employees chosen by Foxconn who have participated in a college program sponsored by the two companies that offers classes ranging from English to engineering, and awards two-year associate degrees. The journalists, though, were not allowed inside a factory.

The sprawling complex known as Foxconn City resembles a college



campus as much as it does one of the world's most famous tech factories, where gadgets of all shapes roll off assembly lines that operate around the clock. It is dotted with grocery stores, restaurants and recreation facilities and has its own security guards, who diligently check bags of pedestrians and trunks of vehicles leaving the compound to ensure device prototypes are not removed without permission.

Though Foxconn has long denied it exploits workers in unsafe working conditions, a top executive of Foxconn's parent company, Taiwan-based Hon Hai Precision, said in an interview that the company is devoting more time and resources to ensure employees understand their legal rights, know where to find help and are encouraged to alert others if they spot signs of depression in co-workers, such as refusing to eat. Supervisors are also receiving management training.

It will "take a mind-set change to be more people-centric," said Louis Woo, special assistant to Hon Hai founder Terry Gou.

Some labor rights activists applaud the campaigns of Apple and Foxconn - they believe such efforts by two of the most influential players in the electronics industry will pressure competitors throughout China to do likewise - while others remain unconvinced the changes go far enough.

In a report it made public earlier this year, Apple highlighted 229 audits the Cupertino, Calif., company conducted of its suppliers, which uncovered labor violations, such as the use of child labor. In March, the Washington, D.C.-based nonprofit Fair Labor Association said its investigation of Apple's suppliers discovered labor violations as well-with workers clocking in workweeks of more than 60 hours and some exposed to hazardous conditions. Foxconn vowed to ease overtime and raise hourly wages to compensate for reduced hours.

"They are definitely responding," said Geoffrey Crothall, spokesman for



Hong Kong-based China Labour Bulletin, which promotes the rights of workers on the mainland, but "it's very difficult to gauge how that response is translated into improved conditions" across a company with 1.2 million Chinese workers.

Some workers, he said, point out that while pay has increased, reductions in overtime or cuts in housing subsidies threaten gains made from base pay raises. "There are 101 ways for them to claw that money back."

It wasn't long ago that Foxconn and its vast operations across China were virtually unknown to most Western consumers. Some 200,000 young Chinese workers live in and around the Shenzhen facility, which came to symbolize the plight of factory workers after more than a dozen employees here and at other Foxconn factories committed suicide in 2010 by jumping off high dormitories. Their deaths raised the specter of young workers struggling in sweatshop conditions to make glitzy gadgets for the wealthy West.

But as with many aspects of life in China, the situation on the ground is more nuanced. While assembly-line work can be rigidly repetitive - and in some circumstances dangerous - it is also embraced by many migrant workers as their best chance to lift themselves out of grinding poverty. On recruitment days, thousands of Chinese line up at the complex for a chance to land a job at Foxconn, which numerous employees said in interviews offers better working conditions than other electronics manufacturers in China. From amenities such as an Olympic-size swimming pool and famous Taiwanese beef noodle cafes, to a stronger focus on worker safety than competitors, Foxconn is viewed as the factory employer of choice.

"I've met a lot of middle managers in their 30s and 40s, and they are all middle class because of working at Foxconn," said Zhang Tao, 22, who joined the company in 2009 and now works on an iPad line with the



hope of attaining the Chinese Dream. "They have cars and houses."

On a recent Friday in April, Foxconn's <u>Shenzhen</u> campus was swarming with young workers beginning or ending shifts. Female workers were dressed smartly in black and green tights, platform shoes and fashionable skirts, while a number of young men had Justin Bieber haircuts. Offduty employees worked out at the company gym, ate at one of a number of eateries - the complex even has an organic fruit and vegetable store - while others sipped coffee at a Starbucks-like cafe. There is a campus TV and radio station, and on this afternoon, video of employees participating in Foxconn's version of "American Idol" - with impressive singing and hip-hop dance acts - were beamed from a huge LED screen at the company's massive soccer field and track stadium.

The only sign of past problems were the safety nets installed around dormitories to prevent further suicides.

The deaths, Woo said, "caught us by surprise." The company, he added, hadn't paid close enough attention to its youthful workforce, a significant number of whom come from remote villages.

Some of them, Woo said, "had never seen a flush toilet" or an elevator and struggled to assimilate into what to them is a "mega-city" far from their family and friends back home.

"Everything is new - walking into a cafeteria with 5,000 people," Woo said. "The challenge for us is not only training a skillful employee, but also training a young person in how to live in a modern society."

Two years ago, shortly after the suicides, Foxconn began taking new steps to help its workers, including setting up a 24-hour care center and providing on-site counseling from Buddhist monks and psychiatrists.



Crothall, the labor activist, said Foxconn will have to significantly shift its management style - "which is very authoritarian, very strict, requiring employee obedience at all times," as he put it - if it wants to thoroughly change the company's culture.

Employees provided by Foxconn for interviews, while clearly model workers, didn't hesitate to offer up complaints of their own.

Advancement all too often depends on whether a manager personally liked them, not on accomplishments, they said. They also criticized new limits placed on overtime work and jobs that can be boring at times. Nonetheless, each said they would or have encouraged family members to join Foxconn.

The employees said assembling Apple products gives them a sense of pride and more financial benefits. Apple covers class tuition for those workers, while other Foxconn clients do not. Each said they hoped the company-sponsored education, which they could not afford on their own, would improve their lives. More than 60,000 assembly-line workers have taken at least one class, according to Apple.

"This is one way for me to fulfill my dreams," Zhang said.

Asked about reports of workers getting injured while making Apple products or of underage workers being employed by Foxconn, Deng Jiang Yao said, "Please, there is no child labor here, and people are not walking around with mangled hands.

"We are very excited to make these high-tech products," the 25-year-old said. Working on Apple products, he added, "gives us a lot of face."

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