



# Samsung's sub-standard labour practices in India

A profile of Samsung Electronics in Tamil Nadu

Cividep India  
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## Korea - Republic of Samsung?

The electronics giant Samsung is South Korea's biggest chaebol<sup>1</sup>, which is loosely defined as a family-owned conglomerate. Based on 2014 data from the South Korean Ministry of Finance, Samsung's revenues represented 23 per cent of the country's gross domestic product (GDP).<sup>2</sup>

The company was founded in 1938 and began as a trading company dealing in dried fish, groceries and noodles. Its founder Lee Byung-Chul went on to create the Samsung Corporation in 1948. The most prominent of Lee Byung Chul's sons, Kun Hee, officially joined the chaebol in 1968, the year before Samsung Electronics was founded. By the end of the 1978, Samsung had 33 subsidiaries – all controlled by the Lee family.<sup>3</sup>

From their inception, Korean chaebols were designed to strengthen the country's economy. However, the model is peculiar even within Asia (where family conglomerates are not uncommon)<sup>4</sup> because of their reliance on government support, at least in the initial stages of their establishment. In the 1960s, prominent Korean chaebols, including Samsung, were offered subsidies, tax breaks and readily available finance, as well as an abundance of cheap labour.<sup>5</sup> Allegations of bribery and dubious collusions with the government go hand in hand with chaebols. Samsung is no exception to this.<sup>6</sup>

South Korea's current economic prosperity, which depends heavily on conglomerates like Samsung, has inherited a legacy of authoritarian management systems, as well as a history of oppression of labour and mistrustful industrial relations. There was decisive period of nationwide democratic movements and the "Great Workers' Struggle" in the late 1980s, which led to unionisation and the raising of collective demands by workers in most of Korea's chaebols. However, despite this, Samsung did its best to stick to its no-union policy, with considerable success.<sup>7</sup>

Public frustration over the impunity of chaebols comes to a head from time to time. The election campaign of Park Geun Hye, the current Korean President, was partly based on a promise to bring the country's behemoth companies in line with the law.<sup>8</sup> A rare instance where institutions stood up to Korea's largest chaebol occurred in 2011 at the end of a decade-long battle in leukemia cases among workers in Samsung's semi-conductor manufacturing facilities.<sup>9</sup> While Samsung has apologised, the company has continued to deny responsibility, despite the court

1 Chaebols are different from business conglomerates in Western countries. They are essentially a group of firms or companies that are formally independent, but are controlled by a single family, both financially and administratively (Murillo and Sung, 2013).

2 Business Korea, 2014. According to IMF data, Samsung accounted for 17 per cent of the country's US\$ 1,082 billion GDP (Daniel, 2013).

3 Asian Monitor Resource Centre – AMRC (2006).

4 Japanese Zaibatsus were already established by the time chaebols came into existence in South Korea. However, Zaibatsus relied on a bank-centred financing system, which also had an external monitoring function that the chaebol system sidesteps through internal market transactions.

5 Kong (2013).

6 As well as scandals revolving around its own conduct (McNeill and Kirk, 2013), Samsung has been recently at the centre of alleged corruption at the highest levels of government.

7 In the past, the company has resisted unionization by establishing internal 'ghost unions' to take advantage of the law that prohibits multiple unions in a company. For example, a union establishment notice filed by 700 workers was rejected because a company-supported union of seven people already existed (Nam, 2011).

8 Munroe and Kim (2014). However, recent media reports and public protests point to possible incongruous action. See Fortune (2016).

9 Simpson (2014).

ruling that there was a causal link between the workers' occupation and their illness. The advocacy group SHARPS (Supporters for the Health and Rights of the People in the Semiconductor Industry) in Korea has been involved in this struggle, and continues to be a part of protests and negotiations to gain compensation from the company for affected workers and their families.

When it was set up in 1969, Samsung Electronics was not a pioneer in the electronics industry in Korea. However, its entry into the electronics sector coincided with the government's efforts to promote the country's electronics industry, complete with an eight-year campaign and an Electronics Industry Promotion Law (1969).

In 1971, Samsung SDI was set up (originally called Samsung NEC); Samsung Sanyo parts and Samsung Corning were created in 1973 (known today as Samsung Electronics Parts and Samsung Electro-Mechanics, respectively). Samsung ventured into semiconductors by the late 1970s, acquiring Hanguk Jeona Tongsin and entering telecommunications hardware in 1980.<sup>10</sup>

In 2015, the Samsung conglomerate won a bitter battle against US hedge fund Elliott Associates LP over a merger between its affiliated companies, Cheil Industries Inc. and Samsung C&T Corp, which left the flagship subsidiary Samsung Electronics within the control of the Lee family.<sup>11</sup>

By 2015, Samsung Electronics had net sales of KRW 200.7 trillion (US\$ 175.07 billion) and consolidated profits of KRW 26.4 trillion (US\$ 23 billion), with a brand value of KRW 45.3 billion (US\$ 39.5 million).<sup>12</sup> According to 2016 figures from the International Data Corporation (IDC), Samsung smartphones dominated the world market with a share of 22.8 per cent in the second quarter of 2016, followed by Apple with 11.7 per cent.<sup>13</sup> Although mobile phone sales reported an increase, operating profits declined as a result of prices of Samsung phones being slashed. Although the company froze salaries in Korea due to declining profits in 2015, this was not done in the case of its Indian counterpart.<sup>14</sup>

Currently, Samsung is at the centre of a scandal of alleged corruption at the highest levels. Samsung offices were raided in November 2016 by South Korean authorities investigating a corruption case involving Samsung and the country's President Park Geun-hye. It is alleged that Ms. Park pressured the national pension fund to support the above-mentioned merger between Cheil Industries Inc. and Samsung C&T Corp.<sup>15</sup> In return, Samsung allegedly gave financial support to two foundations supporting the President's policies, which are owned by a close friend and confidante of Ms. Park, namely Ms. Choi-Soon-Sil. Both Ms. Park and Choi Soon-Sil are currently being investigated for pressuring Korean chaebols, including Samsung, to raise funds for foundations backing the President's policies.<sup>16</sup>

10 <https://en.wikipedia.org/wiki/Samsung>

11 J. Cheng and Min-Jeong Lee (2015).

12 Samsung Sustainability Report 2016, p. 10, <http://www.samsung.com/us/aboutsamsung/sustainability/sustainabilityreports/download/2016/2016-samsung-sustainability-report-eng.pdf>

13 Source International Data Corporation: <http://www.idc.com/prodserv/smartphone-market-share.jsp> (2 December 2016).

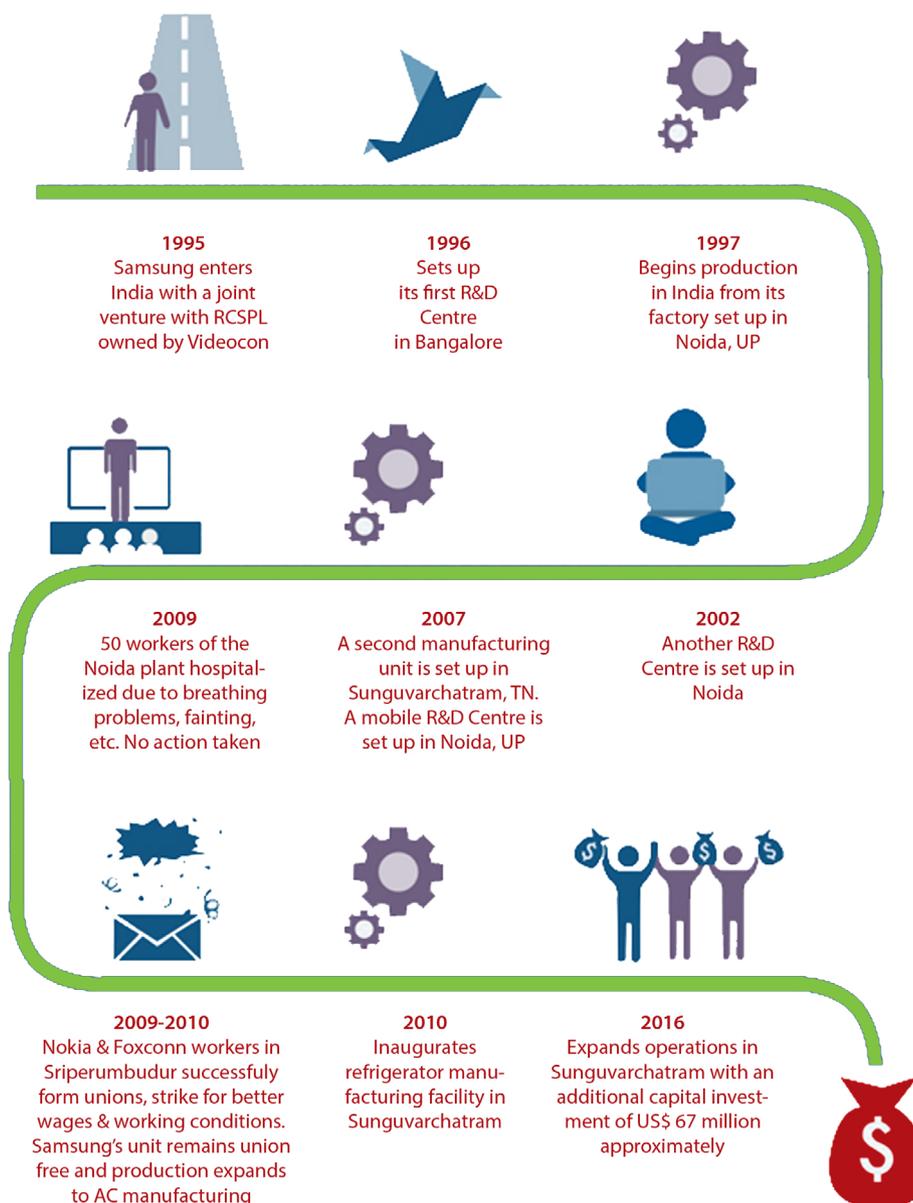
14 Verma (2015).

15 South Korea's National Pension Service (NPS) is a shareholder of both companies and voted in favour of the merger.

16 See Aljazeera, 23 November 2016, <http://www.aljazeera.com/news/2016/11/samsung-office-raided-south-korea-corruption-probe-161123064403386.html>; BBC, 23 November 2016, <http://www.bbc.com/news/world-asia-38074082>; Fortune, 14 November 2016, <http://fortune.com/2016/11/13/south-korea-president-park-protests/>

## Samsung India: A brief corporate history

Samsung Electronics has two manufacturing facilities in India: one in Noida, Uttar Pradesh in the north of India, and the other in Sungavarchatram, in the southern state of Tamil Nadu. Established in 1997, the Noida facility is ranked number one by Samsung among all its subsidiaries around the world in terms of productivity of mobile phones, refrigerators and LED televisions.<sup>17</sup> The Sungavarchatram unit has seen a steady expansion in product range and investment since it was first set up in 2007.

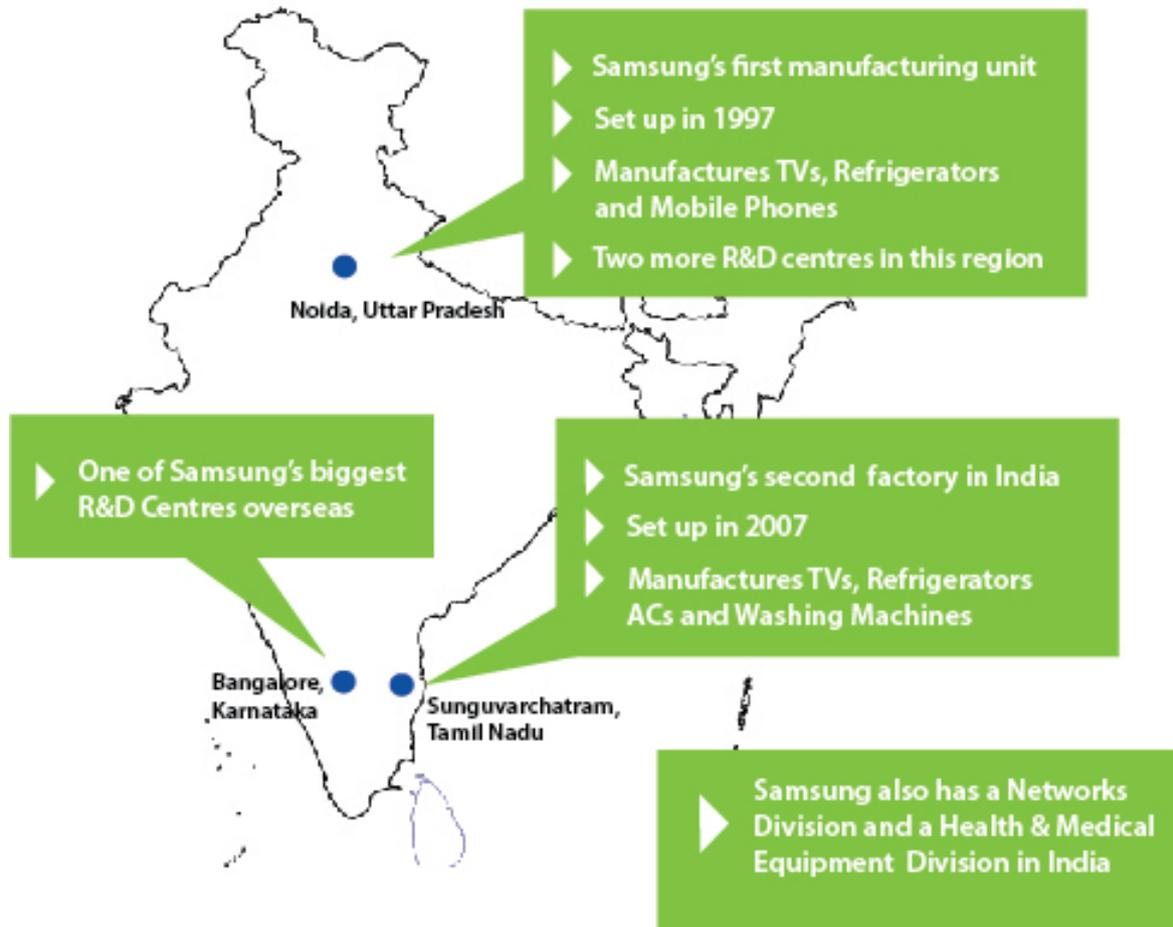


**Figure 1: A brief history of Samsung in India**

Source: Information about company expansion compiled from [www.samsung.com](http://www.samsung.com)

17 See Samsung website: <http://www.samsung.com/in/aboutsamsung/samsungelectronics/india/manufacturing.html> (2 December 2016).

# SAMSUNG



**Figure 2: Samsung's current activities in India**

*Source: Information compiled from [www.samsung.com](http://www.samsung.com)*

*Disclaimer: The Map is only for pictorial depiction and is not accurate to scale.*

Samsung first started operating in India just over 20 years ago – in 1995 – in a joint venture with RCSPL (Reasonable Computer Solutions Private Limited), owned by Videocon group. Initially, the shareholding pattern was 51:49. In 1998, the shares owned by RCSPL fell to 26 per cent; by 2002, Samsung was poised to buy out Videocon's remaining stake in the venture.<sup>18</sup> This transfer made Samsung Electronics India Limited a wholly owned subsidiary of the parent company in South Korea.

In 1996, Samsung set up the Research & Development (R&D) Institute in Bangalore, which is today its largest overseas R&D centre. In 2002, a second R&D centre was set up in Noida.

<sup>18</sup> The Economic Times (2002).

In the following year, the Noida factory production expanded to include refrigerators. By 2007, Samsung had expanded its R&D operations in India by setting up a mobile R&D centre in Noida (relocated from its Noida manufacturing facility). In the same year, Samsung laid the foundation of its plant in Chennai, which was designed to produce colour televisions and colour monitors. In its Noida plant, Samsung had already produced more than 10 million colour televisions by 2007. In the same year, they started manufacturing mobile phones in the same plant.

By 2009, production at Sungavarchatram had also been expanded to include the manufacturing of split air-conditioners (AC),<sup>19</sup> making it one of the five Samsung AC manufacturing facilities in the world. In 2010, an AC manufacturing line was set up in the Noida factory as well. By the end of that year, Samsung inaugurated a refrigerator manufacturing facility at Sungavarchatram, bringing the installed capacity of refrigerators across its facilities in India to 2.6 million units per annum. The total investment in Sungavarchatram reached US\$ 100 million.

In 2016, Samsung India expanded its Sungavarchatram plant by investing an additional CapEx (Capital Expenditure) of Rs. 450 crore (approximately US\$ 67 million).<sup>20</sup>

## Samsung as an employer in Tamil Nadu

Cividep India conducted interviews with 15 workers employed at Samsung's manufacturing facility in Sungavarchatram, near Chennai, followed by a focus group discussion with ten workers from the same unit on 7 February 2016.<sup>21</sup> The analysis of the working conditions at Samsung and its impact on workers' lives is intended to give an insight into workers' perceptions of Samsung as an employer.

Samsung Electronics management was given an opportunity to comment on the factual content of the report. Their feedback has been integrated into the discussion below.

### Composition of the workforce

One of the most negative employment trends in India is the practice of hiring a precarious workforce through temporary agencies or as apprentices and trainees. Samsung Electronics in Tamil Nadu is no exception. A portion of its workers are hired in insecure positions rather than as regular employees who are protected by labour legislation and receive statutory benefits as part of their pay package. Samsung's precarious workforce includes: (a) contract workers who are hired for a set time and have their tenure renewed if the company needs them; and (b) apprentices and trainees who are ostensibly hired to equip young workers for employment in the manufacturing sector.

According to the interviewed workers, Samsung employs around 2,800 permanent workers, 300 contract workers and 250 apprentice workers in its Sungavarchatram facility. An appointment

19 A split air-conditioner is a wall-mounted cooling system that has two parts: an outdoor unit and an indoor unit (Source: <https://www.quora.com/What-is-the-difference-between-split-air-conditioner-central-air-conditioning-and-window-air-conditioner>).

20 S. Kandavel (2016).

21 Cividep India is an NGO based in Bangalore that works to empower workers and communities and to ensure that businesses comply with human rights, labour rights and environmental standards. With this objective, Cividep educates workers, studies the effects of corporate conduct, dialogues with various stakeholders and advocates for policy change. Cividep's workers' rights initiatives have been in the garment manufacturing and electronics manufacturing, as well as plantation and leather sectors.

letter issued by Samsung Electronics in the first quarter of 2015 was brought to our notice (referred to as the '2015 letter' henceforth). It states the conditions under which an "apprentice trainee" was engaged at the company for twelve months. In response to this report, a company representative said that, as of October 2016, Samsung Electronics in Sungavarchatram employed 2,486 permanent workers, including 76 contract workers and no apprentice workers.<sup>22</sup> Another appointment letter that we have examined, dated in the first quarter of 2016 (referred to as the '2016 letter' henceforth), states the conditions under which a worker was engaged at Samsung Electronics for one year, that is until the second quarter of 2017.<sup>23</sup> Instead of an occupational title, the letter offers the worker "facility for training in different sections of manufacturing process...It will be inclusive of classroom training and practical training along with theoretically teaching [sic]." Due to the fixed term of the worker's employment in Samsung Electronics and the emphasis on training in the letter, this worker (and possibly others) falls in a 'no name' category of a precarious workforce that the company has not fully acknowledged.

Samsung admits that contract workers and permanent workers work alongside each other in the assembly/production line of air conditioners.<sup>24</sup> It is important to highlight that Section 10(2) of the Contract Labour (Regulation and Abolition) Act 1970 prohibits the employment of contract workers in core, perennial labour processes of a business.<sup>25</sup> Moreover, contract workers at Samsung earn little more than half of what permanent workers with comparable experience receive. Salary disparities between workers, in this case, violate the 'equal wages for equal work' principle in Indian labour law, upheld by a recent Supreme Court ruling.<sup>26</sup> In response to this finding, Samsung stated that the differences in wages between workers were due to legal distinctions, without further clarification of what this meant.

Apprentices too received considerably lower wages than permanent workers. The company stated that the apprenticeship programme in its Noida unit was abolished in April 2016.<sup>27</sup> According to the figures provided by a company representative in October 2016, Samsung Electronics seems to have phased out the apprenticeship scheme in Sungavarchatram since this study was conducted in the first half of 2016. Generally, workers felt that contract workers were the most vulnerable section of workers in terms of job security.

Samsung Electronics hires very few women in its Sungavarchatram facility, compared to other companies in the area. A company representative stated that, in October 2016, 58 of the 2,486 permanent workers were women. Of these, 15 women were employed in the television manufacturing section and 43 were employed in the home appliance manufacturing section.<sup>28</sup> No reason was given for this gender disparity in hiring practices.

### **Working hours**

Samsung has shifts of eight hours: the sub-line (machine production) has three shifts, and the assembly line has two. The timings of the sub-lines shifts are 7am to 3pm, 3pm to 11pm, 11pm

22 M. Syn, Senior Manager, Global Public Affairs Group, Samsung Electronics Co., email 21 October 2016.

23 These letters have not been included in this report in order to protect the identity of the workers.

24 Ibid.

25 The Contract Labour ( Regulation and Abolition) Act, 1970 Act #37, [http://labour.bih.nic.in/Acts/contract\\_labour\\_regulation\\_and\\_abolition\\_act\\_1970.pdf](http://labour.bih.nic.in/Acts/contract_labour_regulation_and_abolition_act_1970.pdf) (p7, retrieved 21 December 2016).

26 T.K. Rajalakshmi (2016).

27 M. Syn, Senior Manager, Global Public Affairs Group, Samsung Electronics Co., email 7 October 2016.

28 M. Syn, Senior Manager, Global Public Affairs Group, Samsung Electronics Co., email 21 October 2016.

to 7am. The assembly line shifts are 8am to 5pm (general day shift) and 8pm to 5am (general night shift). Samsung confirms the main line and sub-line work shifts. Workers said that the production targets are fixed and, if they are not able to complete the production targets in one shift, they have to do overtime for two or three hours. This means that workers are made to work up to 10 to 11 hours each day, especially when production is high. Furthermore, workers cannot decline overtime work when production is high.

*“When they make the work plan for the day, they make it for nine hours, not eight. We are expected to complete it within time, or we have to stay back. In order to avoid giving us OT, supervisors will make us leave one or two minutes before the hour is up, and do not let us punch in the extra hour we work.”<sup>29</sup>*

Samsung states that it has improved its management system in order to minimise workers’ unregistered overtime hours. In the words of a company representative: *“Employees at Samsung Electronics in Chennai can punch their overtime work every ten minutes.”<sup>30</sup>* No further explanation was provided about whether this policy applied to all workers, including contract workers and apprentices, or how often workers are required to work overtime.

## Wages

Samsung workers in Sungavarchatram reported that their salary is not enough to meet monthly expenses and to provide for their families. They are living from pay check to pay check: sharing accommodation with other workers and borrowing money to visit their families.

Permanent workers are paid higher wages than others upon joining the workforce. The wage gap between permanent workers and temporary workers such as apprentices, trainees and contract workers is even more pronounced with experience. There is no significant increase in contract workers’ salaries, even after gaining comparable experience with a permanent worker. It is also interesting to note that a similar, albeit smaller, wage gap also exists between apprentice workers and contract workers with similar experience. Apprentice workers interviewed were paid higher wages than contract workers, but lower wages than permanent workers. The 2015 letter of appointment, mentioned above, shows that apprentice trainees received a ‘stipend’ instead of statutory wages. Although the “apprentice trainees” category of workers may have been eliminated, according to management, the 2016 letter of appointment, mentioned earlier, shows that a nameless category of fixed term employment continues with slightly higher pay than before. The table below illustrates the pay scale according to workers’ employment status and tenure, as reported separately by the workers interviewed and by management.

### Overview of wages at Samsung, Sunguvarchatram

Designation	Status	Experience	Net wages reported by workers*	Net wages (reported by company)^
Operator	Permanent	1-2 years	Rs. 7500 - Rs. 8500 (US \$ 111 - 126)	Rs. 7,588 (US\$ 112.5)
Operator	Permanent	> 2 years	Rs. 9000 - Rs. 10000 (US\$ 133.5 - 148)	Rs. 10,141 (US\$ 150)

29 Operator, Samsung Unit in Sungavarchatram, Focus Group Discussion, 7 February 2016.

30 M. Syn, Senior Manager, Global Public Affairs Group, Samsung Electronics Co., email 21 October 2016.

Designation	Status	Experience	Net wages reported by workers*	Net wages (reported by company)^
Operator	Permanent	4 years	≥ Rs. 12000 (US\$ 178)	Rs. 17, 556 (US\$ 260)
Helper	Contract	1-2 years	Rs. 6200 (US\$ 92)	Rs. 7,500 - Rs. 9,600 (US\$ 111 - 142)
Helper	Contract	4 years (>4 years)	Rs. 6800 (US\$ 101)	Rs. 10,246 (US\$ 152)
Apprentice	Apprentice/ Temporary	1 year	Rs. 6200 (US\$ 92)	No response
Apprentice	Apprentice/ Temporary	2 years	Rs. 8500 (US\$ 126)	No response

\* Salaries as reported by 15 workers interviewed. Exchange rates calculated on [www.xe.com](http://www.xe.com) in February 2017.

^ Figures in parentheses were reported by M. Syn, Senior Manager, Global Public Affairs Group, Samsung Electronics Co., email 21 October 2016.

The rate of overtime is also different for different sections of workers depending on their basic pay and their work experience. Overtime wages are calculated on the basis of a worker's basic monthly pay, and since this amount is low (around Rs. 6,200-6,800 for Helper contract workers), they only get around Rs. 50 per hour for overtime work. A representative of Samsung Electronics stated, however, that an operator with one year of experience receives Rs. 84 per hour for overtime work.<sup>31</sup>

Contract workers often do not receive any bonuses. According to contract workers interviewed, they may receive some gifts or sums of Rs. 1,000 to Rs. 2,000 from the contractor, but do not receive anything else. According to a Samsung Electronics representative, an annual bonus is not applicable to contract workers, and gifts are given to contract workers "for encouragement".<sup>32</sup>

In summary, the employment status of workers influences the wage disparities between them. Workers doing the same work are paid on a hierarchical scale with permanent workers receiving the highest wages, followed by apprentices and contract workers at the bottom. Other employment conditions reflect a similar pattern.

### Leave and holidays

Workers reported that they are often asked to work on Sundays when production is high or when festival holidays have been given during the month. However, they are paid their normal salary for working on Sundays and not overtime wages, as required by law. Samsung confirms that workers are asked to work on Sundays but that this is rare and that workers are given a day off in lieu of overtime payment.

31 M. Syn, Senior Manager, Global Public Affairs Group, Samsung Electronics Co., email 21 October 2016.

32 Ibid.

A company representative states: *“Working on Sunday rarely happens at Samsung Electronics in Chennai, however, Samsung Electronics in Chennai gives payment for overtime or we give alternative leave for duty as stipulated by law.”*<sup>33</sup>

Workers have an Employees State Insurance (ESI)<sup>34</sup> card but do not use it frequently. They rely on the company dispensary inside the factory. The reasons cited for this is that ESI procedures are cumbersome and hospitals are usually located far from workers’ residences.

Workers have 20 days of leave and 8 days of casual leave. However, in practice workers report it is difficult to take leave:

*“They make us take leaves in low production months, so that we do not have many leaves left in high production months. It is very difficult to take leave when there is high production. The line leader will not give us leave.”*<sup>35</sup>

A company representative denied this, stating: *“All employees can take their annual leaves freely when they hope to use them after they get approval from line leaders.”*<sup>36</sup>

Similar conditions have also been reported at Samsung’s manufacturing facility in Noida.<sup>37</sup> This includes: in addition to low wages and dependence on apprentice labour, the system of compulsory overtime, difficulty in taking leave, insufficient break times during work and a very negative approach to trade unions. In light of such severe labour practices, it is no wonder that the Noida facility is ranked number one by Samsung in terms of high productivity of mobile phones, refrigerators and LED televisions.

### **Freedom of association**

Samsung’s resistance to unions in Korea is reflected in the absence of unions in the Sungavarchatram facility. In the past, unionisation in India has often relied on specific incidents as rallying points of organisation. For instance, in the Foxconn facility in Sriperumbudur, around 120 workers were hospitalised due to “inhalation of pesticides” during a night shift in July 2010. This led to an increase in support for the CITU-backed union (Foxconn India Thozhilalar Sangham) in Sriperumbudur and to subsequent strikes for union recognition, along with better wages and working conditions for Foxconn workers.<sup>38</sup>

However, a comparable incident at Samsung Electronics in Noida in 2009, where 50 workers were hospitalised with similar symptoms, did not result in unionisation of the factory workforce. No investigation or action was taken regarding this incident by the state labour department.

Even when the unionisation prospects at the Sriperumbudur SEZ improved with the establishment of a union in Nokia and successful wage negotiations,<sup>39</sup> Samsung remained remarkably unmoved by any efforts of a similar nature in its own facility.

33 Ibid.

34 Employees State Insurance (ESI) is a health insurance for any employee working in the formal sector who is paid less than Rs. 15,000 per month.

35 Operator, Samsung Unit in Sungavarchatram, Focus Group Discussion, 7 February 2016.

36 Company Review, 21 October 2016.

37 AMRC (2013)

38 A. Ferus-Comelo & P. Pöyhönen (2011).

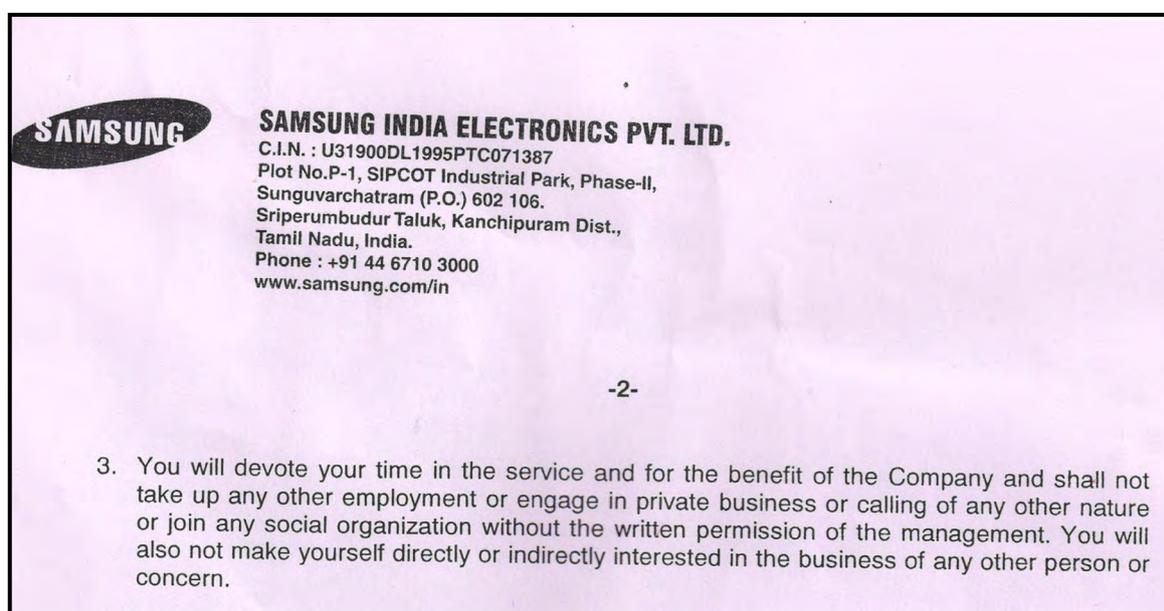
39 Ferus-Comelo (2010); See also AMRC (2013).

Workers at Samsung's Sungavarchatram factory report that the "risk of unionisation" is an important concern during recruitment:

*"At the interview, they ask the workers, do you know what a union is? If they say yes and can describe what a union does, they are kept in a separate group. They are told that they are not selected for the job. If they say no, and do not know about union activities, then they are kept on. From the beginning they only choose workers who are unlikely to form unions. If somebody finds out that a worker was in the union in another company before coming to Samsung, they are immediately targeted and will lose their job."*<sup>40</sup>

The company denies that questions about unions are asked during the job interview.

After selection, the appointment letters that outline the pay scale, benefits and conditions of employment sometimes also contain clauses that restrict workers' freedom of association. For instance, clause three of an appointment letter at Samsung Electronics' Sungavarchatram plant dated July 2015 states that the employee was not allowed to *"join any social organization without the written permission of the management."*



**Figure 3: Scanned copy of Samsung's appointment letter**

Additionally, clause six of the 2015 Apprentice Trainee letter, indicates to the worker: *"you shall not at any time engage in or be concerned with or be interested directly or indirectly in any business or activity other than that of the company....., the company being the sole judge thereof* [emphasis added]."

This kind of language gives a clear indication of the management culture of the company whereby workers are expressly prohibited from joining any social organization without their permission or even engaging in any activity other than that of the company.

These tactics could explain how Samsung Electronics has remained union-free in Sungavarchatram, despite going through a period when unionisation has met with some success in the area.

40 Samsung Operator, Focus Group Discussion on 7 February 2016.

There is a Workers' Committee in the factory, but workers say that the committee is more of a body that finds faults with workers rather than allows them to air their concerns. Whenever grievances are taken to the committee, the result is that the management marks the workers who complain as troublemakers. Workers also report that the processes of the committee are not transparent. Workers who are members of the committee do not disclose the outcomes of committee meetings to other workers.

The company states that it improves management continuously by listening to workers' opinions through the internal grievance mechanism. They officially share facts and results of grievance handling procedures through the company bulletin and in the cafeteria. Samsung Electronics denies identifying any employees who file grievances.<sup>41</sup> Despite all this, workers state that there have been efforts to organise unions in the Sungavarchatram unit.

*"There was an attempt six years ago to form a union, and another attempt two years ago. When news of such activities reached the management, workers got scared and abandoned the effort. Afterwards, the workers who tried to unionise were dismissed for one reason or the other."<sup>42</sup>*

Interviewees reported that workers who attempt to form a union in Samsung will be victimised by the management. If they are not dismissed by the management themselves, they will be put under pressure to resign. Samsung Electronics, however, claims to respect workers' freedom of association and denies imposing any undue pressure on workers in this regard.<sup>43</sup>

The workers interviewed for this study had a positive view of unions and felt that they were essential for addressing their concerns. However, the general consensus among workers was that there was little chance of any unions being formed in the Samsung factory in Sungavarchatram.

## Conclusion

In December 2015, Samsung India celebrated 20 years of operating in India with special offers called "Celebrating 20 years", as a way of "giving back" to its ever-growing customer base in India.<sup>44</sup> However, this generosity of spirit is not evident in Samsung's attitude towards its greatest resource: its hardworking labour force.

The reality on the ground is that Samsung workers are paid poor wages that do not meet their basic monthly needs. Furthermore, Samsung Electronics' continued practice of hiring workers as contract workers (and previously also apprentices) and for purported training creates a two-tier system in which the precarious workforce is paid lower wages than their co-workers on regular payroll for the same work. Samsung also hires very few women in its Sungavarchatram facility. Long hours and enforced overtime are also common. Workers reported that during high production they had to work up to 10 to 11 hours each day, often including Sundays.

Unionisation in some factory units in the Nokia SEZ had brought some semblance of balance into industrial relations, and resulted in improvements in wages and working conditions. However, Samsung's anti-union stance has resisted this change. Samsung's attitude to workers' rights

41 M. Syn, Senior Manager, Global Public Affairs Group, Samsung Electronics Co., email 21 October 2016.

42 Helper, Samsung unit in Sungavarchatram, Focus Group Discussion, 7 February 2016.

43 M. Syn, Senior Manager, Global Public Affairs Group, Samsung Electronics Co., email 21 October 2016.

44 Samsung website, <http://www.samsung.com/in/microsite/celebrating20years/>

to freedom of association is particularly unsympathetic, and is at odds with both national and international labour standards and state regulations. Workers reported that, if they attempted to unionise, they were victimised by management, dismissed or put under pressure to resign. Most disturbingly, even official corporate documents such as the appointment letter clearly state that workers are not allowed to “join any social organization without the written permission of the management.”

Without genuine collective representation, workers at Samsung’s unit in Sungavarchatram have no effective grievance redressal mechanisms. With the closure of Nokia in Sriperumbudur, Samsung has emerged as one of the most significant employers in the area. However, improvement in Samsung’s labour management policies would need to go a long way to establish its industrial leadership in India.

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# Colophon

## **Samsung's sub-standard labour practices in India**

*A profile of Samsung Electronics in Tamil Nadu*

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Cividep India is an NGO based in Bangalore, which works to empower workers and communities and to ensure that businesses comply with human rights, labour rights, and environmental standards. With this objective Cividep educates workers, studies effects of corporate conduct, dialogues with various stakeholders, and advocates for policy change. Cividep's workers' rights initiatives have been in the garment manufacturing and electronics manufacturing as well as plantation and leather sectors.



The GoodElectronics Network accommodates networks, organisations and individuals that are concerned about human rights, including labour rights, and sustainability issues in the global electronics supply chain, including but not limited to trade unions, grass roots organisations, campaigning and research organisations, academia, and activists. The Network has a strict civil society-only profile.



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