



About this information sheet

This information sheet is about temporary agency work in the electronics sector. It is part of a series of information sheets by the Centre for Research on Multinational Corporations (SOMO) that aim to support Responsible Investors in their critical engagement with the electronics companies in their portfolio. In previous sheets three phases in the electronics industry value chain are discussed: the mining of metals used in electronics, the production in low-wage countries, and the disposal of electronic waste. A recent sheet deals with the impaired right to organise in the global electronics industry. This information sheet looks into the human rights abuses experienced by temporary agency workers, both those working at electronics companies' own factories and those working at their suppliers. The sheet presents specific demands to the electronics industry with regard to this topic.

SOMO coordinates the makeITfair project – a public awareness campaign involving European and Southern NGOs, with the goal of enhancing sustainability throughout the electronics supply chain. SOMO is involved in the Procure IT Fair project, and is host to the GoodElectronics Network.

Particular issues and concerns

IndustriALL Global Union expressly defines temporary work as a human rights issue. Temporary agency work is seen as a form of precarious employment.

Temporary agency workers:

- ❑ are subject to discriminatory recruitment and employment practices;
- ❑ receive lower wages and entitlements (e.g. medical care, health insurance, maternity leave);
- ❑ miss out on trainings;
- ❑ experience more health and safety problems;
- ❑ face constant job insecurity as they are never guaranteed consistent employment;
- ❑ are effectively denied the right to organise and to bargain collectively.

Student workers and trainees make out a particularly vulnerable group of temporary workers. As a result of the outsourcing, the employment situation for large groups of workers in electronics production countries is deteriorating.

Temporary agency work in the electronics supply chain

Increasingly, electronics companies outsource human resource tasks to employment agencies. Companies want a flexible workforce to improve their competitiveness and to be able to respond to business cycle fluctuations and varying consumer demand. The costs of downsizing the workforce are generally lower when workers are hired via an agency. Companies rely on employment agencies to take care of the administrative and legal responsibilities of hiring workers. Workers are employed by the temporary work agency, and then hired out to perform their work at (and under the supervision of) the user company. The labour contract is of limited or unspecified duration with no guarantee of continuation. Temporary contracts may range from one-week to one-year-contracts. The user company pays fees to the agency, and the agency pays the wages.

It has become widespread practice in the electronics industry to use temporary agency workers to fill previously permanent and direct positions, including 'core' jobs. Nonetheless, temporary agency workers are not given any opportunity to move over to direct permanent employment. According to IndustriALL Global Union, overall, 60% of electronics employment is outsourced to agencies. In Mexico, some brand companies are known to outsource up to 90% of their workforce.¹ Leading global employment agencies are Adecco, Kelly Services, Manpower, Randstad, USG People and Vedior.

¹ Workers' rights in the global electronics sector. Report of the May 2012 makeITfair and GoodElectronics Round Table. May 2012. http://somo.nl/publications-en/Publication_3892/at_download/fullfile

Position of the industry

- ❑ Generally speaking electronics companies refuse to see an issue with increasing outsourcing practices. Labour flexibilisation is hailed as the solution for globalised production.
- ❑ User companies refuse to negotiate with temporary agency workers claiming there is no formal employment relationship; labour agencies refuse to negotiate claiming to have no control of terms and conditions of employment.
- ❑ Corporate codes of conduct are not geared towards detecting or addressing excessive use of temporary agency labour.

