

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/325570003>

LABOUR PRACTICES AND WORKING CONDITIONS IN TNCS: THE CASE OF TOYOTA KIRLOSKAR IN INDIA

Chapter · June 2006

CITATIONS

0

READS

81

2 authors, including:



[Krishna Shekhar Das](#)

Gogte Institute of Technology

3 PUBLICATIONS 22 CITATIONS

SEE PROFILE

Some of the authors of this publication are also working on these related projects:



Asian Transnational Monitoring Research by AMRC, Hong Kong along with War On Wants - UK [View project](#)

CHAPTER 9

LABOUR PRACTICES AND WORKING CONDITIONS IN TNCs: THE CASE OF TOYOTA KIRLOSKAR IN INDIA

KRISHNA SHEKHAR LAL DAS & SOBIN GEORGE

1. INTRODUCTION

The study on the working conditions and labour practices in Toyota Kirloskar in India is part of the network research on Transnational Corporation Monitoring in Asia. Since 2002 the Asian Transnational Corporation (ATNC) Monitoring Network has been operational to build up a regional network through which labour organisations in different Asian countries can pursue concrete solidarity actions to improve working conditions of workers employed in transnational corporations (TNC). Against this backdrop, it is aimed to have a closer look at the labour management and forms of employment in automobile and electronics sectors invested by Asian TNCs in Asia. As part of this endeavour, the Centre for Education and Communication (CEC), New Delhi collaborated with the network research coordinated by Asia Monitor Resource Centre (AMRC), Hong Kong to observe the labour practices of Asian TNCs invested in India. In the first phase the network research focused on the movement of capital and its impact on labour by engaging desk research on foreign direct investment (FDI) flows and related aspects. In the current phase, emphasis is on specific cases of labour practices and labour conditions in selected ATNCs.

1.1 Methodology

The present study is situated in the wider context of the dichotomy between labour and capital. The changes of production organisation and resultant labour practices and labour unrest at the micro level are seen as responses to macro level ramifications of trade patterns and subsequent policy level rearrangement in the nation states. The case of Toyota Kirloskar is studied in this framework at large. This

is network research in which all network partners follow similar methodology and structure of report writing, which we also tried to follow as far as possible. The study is qualitative in nature and involves both primary and secondary research. Case studies and discussions are the methods used for primary research. 18 workers were approached and interviewed in which nine case studies from the main line production in Toyota Kirloskar Motors and Toyota Kirloskar Auto Parts are conducted to obtain information regarding wage structure, working conditions, labour practices, collective activities and labour disputes in Toyota Kirloskar. Four case studies, in the form of narration, are included in the text on specific issues of intensification and overwork, occupational safety and health, harassment and victimisation of workers. Apart from that, incidents of labour disputes and actions and reactions of the management are included chronologically in the form of specific related events and narration in the text for reflecting the ground realities. Discussions were held with trade union leaders from the Centre of Indian Trade Unions (CITU), the All India Trade Union Congress (AITUC) and the Indian National Trade Union Congress (INTUC) and the Deputy Labour Commissioner, Bangalore to gather information pertaining to general working conditions, the Toyota system of production, labour disputes and settlement and company practices.

Information pertaining to the history of the unit, market share, details of investments, Government policies etc are gathered through secondary research, largely by reviewing the relevant available literature. Sources of secondary information include policy documents of the Ministry of Commerce and Industries, Government of India (GOI), Government of Karnataka province and Japan Information Cell, labour laws, Register of Dispute Settlements, newspaper reports, published research works and websites related to auto industries in India.

1.2 Organisation of the Study

The study is organised into two sections. The first section gives general information about investment of foreign capital in India's automobile industry and government policies and incentives to attract investment to the sector. The second section tries to analyse the impact of production organisation and flexible production in labour conditions, citing the case of Toyota Motors. It also gives an account of the general background of the workers, wages and working conditions and collective labour actions.

2. INDIAN AUTOMOTIVE SECTOR: CAPITAL INVESTMENT AND GOVERNMENT POLICIES

As part of the strategic move to reduce costs of production to combat the threat of competition globally, automobile companies have begun relocating manufacturing bases to countries where production cost is comparatively low. India has emerged as one of the much-preferred destinations for automobile TNCs to meet the need of cost minimisation in both sourcing components and research and development. The conducive environment in terms of investment promotion and labour market flexibility

subsequent to the introduction of the specific policies of trade liberalisation and labour market deregulation, have facilitated foreign investment in automobile enterprises in India to a certain extent. This indeed is in tune with the larger interests of foreign capital to minimise labour and other production costs. India eventually has become a low cost production base for TNCs.

Cut-throat competition in the automobile industry, specifically in the motorcar sector, across the world demanded 'cheaper production' for the manufacturers. India's cost advantage stems primarily from its abundant availability of skilled manpower at a relatively cheap wage level. Besides, world class quality standards, technological competencies and proven competitive strengths in design and development at low cost make India a preferred production base for car manufactures from other countries (Way2Wealth: 2005). According to a study by Automotive Component Manufacturers Association of India (ACMA) (2000, <http://acmainfo.com/contactus.htm>), India ranks second to Germany in the availability of skilled labour and ranks first in the availability of engineers, followed by Brazil, the US, Mexico, Germany, the Czech Republic and China. Labour costs in terms of wages as a percentage of sales in the forging industry in India are 9.4 percent of the labour costs in US automobile companies. While labour costs in India's automobile sector are 15 percent of total production costs, they are 40 percent in the West (ACMA: 2000, <http://acmainfo.com/contactus.htm>). A skilled operator's salary in India's automobile industry is \$200 (on average) a month whereas it is \$3,200 per month for US workers (Saripalle: 2005). Major automobile and auto parts manufacturing units from the US, Japan, Europe and Korea such as Ford, GM, Delphi, Visteon, Toyota, Honda, Suzuki, Daimler Chrysler, Volvo, Hyundai, and Daewoo etc relocated or started a production base in India eyeing this comparative advantage in the region.

2.1 The Indian Automotive Industry: A Brief Overview

The Indian automotive industry is diverse, encompassing a wide spectrum of segments such as commercial vehicles, multi-utility vehicles, passenger cars, two wheelers, three wheelers, tractors and auto components. India ranks second in the production of two wheelers and fifth in commercial vehicles. India manufactures about 3,800,000 two wheelers, 570,000 passenger cars, 125,000 Multi-utility Vehicles (MUV), 170,000 Commercial Vehicles and 260,000 tractors annually (ACMA: 2000 to 2004, <http://acmainfo.com/contactus.htm>). India's automobile industry is highly labour intensive, employing 450,000 people directly and 10,000,000 people indirectly in auto manufacturing and about 250,000 people in the auto parts industry as of January 2005 (Ibid.). The data obtained from the Ministry of Commerce and Industry, shows a high growth rate since 2001-02 in automobile production continuing in the first three quarters of 2004-05. Figures over the year show that the share of Indian exports of automobile and auto components is on an upward trajectory (Table 1 and 2). The automobile industry grew at a Compound Annual Growth Rate (CAGR) of 22 percent between 1992 and 1997. After 1997, the industry witnessed a steady increase in production and export and relatively low growth in domestic sales. Total production of automobiles rose in the period 2002-04 by 15 percent, from 6.28 million in 2002-03

to 7.23 million in 2003-04. Similarly exports also recorded a quantum leap to 480,000 in 2003-04 from 307,000 in 2002-03. Domestic sales also marked a marginal growth in 2003-04. Data on production by segment over a period of six years from 1998-99 to 2004-05 shows that the two wheeler and passenger car markets are growing in India (Table 3). Among various segments two wheelers recorded highest level of growth. Production of passenger cars doubled between 1998-99 and 2004-05.

2.2 Government Policies

Since 1991, the GOI has liberalised restrictions on FDI in various sectors. As part of the shift from import substitution to export promotion, the Government brought about investment promotion policies pertaining to licensing, finances, import and

Table 1: Production and export of automobiles (by year)

Year	Production (No)	Domestic Sales (No)	Export (No)	Change Production (%)	Change Domestic Sales (%)	Export (%)
2000-01	4,759,392	4,643,422	168,283	-2	-2	21
2001-02	5,316,302	5,225,788	184,680	12	13	10
2002-03	6,279,967	5,941,535	307,308	18	14	66
2003-04	7,229,443	6,794,812	479,350	15	14	56

Source: http://www.directories-today.com/auto_ind.html accessed on 8 November 2004

Table 2: Indian auto components production/export, 1996-97, 2004-05

	Indian Auto Components (\$ million)			
	Production	Investment	Exports	Export (%)
1996-97	3,278	1,705	N/A	
1997-98	3,008	1,813	330	11
1998-99	3,249	1,850	350	11
1999-00	3,894	2,000	456	12
2000-01	4,100	2,300	625	15
2001-02	4,470	2,300	578	13
2002-03	5,430	2,645	760	14
2003-04	6,730	3,100	1,020	15
2004-05	8700	3,950	1,400	16

Source: Compiled from ACMA statistical report and Way2Wealth research report

Table 3. Automobile production by category in India, 1998-99-2004-05 (No.)

	1998-1999	2004-2005
Passenger Cars	390,709	699,082
MUVs	113,328	178,187
Commercial vehicles	135,891	247,797
Two Wheelers	3,374,508	4,758,639
Three Wheelers	209,033	271,983

Source: Annual Reports, Ministry of Heavy Industries and Public Enterprises

investment incentives. Following are some of the major steps undertaken towards facilitating FDI.

- FDI up to 100 percent except strategic sectors
- All items/activities for FDI up to 100 percent by Non-Resident Indians (NRI)/ Overseas Corporate Bodies (OCB) fall under the Automatic Approval Route except those that expressly require prior Government approval
- Permission under the automatic approval route, under which there is no need to obtain prior approval of the GOI, for a fresh investment to be made into an Indian company except procedural filings with the Reserve Bank of India (RBI), India's central bank
- Exemption from industrial licensing requirements except industries reserved for the public sector, retained under compulsory licensing, reserved for small scale sector and reserved under restrictions of location

Along with that, the corresponding State Governments¹ have specific investment incentives with regard to entry tax, power and water supplies and pollution and safety for attracting FDI. Following are some of the state incentives.

- Power Tariff Incentives such as exemption from the payment of electricity duty, freeze on the tariff charged for new units for a few years after commencement of production, assurance of uninterrupted electricity supply, concessional rates of billing subject to certain conditions and fiscal incentives for purchase and installation of captive power generation sets.
- Concessional loans for industries in priority sectors
- Exemption from the payment of entry tax for a certain specified period and preferential allotment of land
- 'Green channel' facility for speedy processing of applications
- Relaxation and simplification of restrictions pertaining to pollution control under the Air and Water Acts.

The removal of quantitative restrictions and the cap on FDI along with the specific state investment incentives have brought about remarkable changes in the automobile sector in India. Initially foreign firms were required to satisfy norms such as establishment of actual production facilities, minimum indigenisation of 50 percent in the third and 70 percent in the fifth years (Auto Policy: 2002, <http://dipp.nic.in>). Presently there is no restriction on FDI in India's auto industry. The investment promotion measures to attract FDI in the automobile sector by the GOI under Auto Policy, 2002 are as follows:

- Address the emerging problems and make the auto sector World Trade Organisation compatible.
- Automatic approval for foreign equity investment up to 100 percent of manufacture of automobiles and components
- The incidence of import tariff will be fixed in a manner so as to facilitate the development of manufacturing capabilities as opposed to mere assembly without

giving undue protection; ensure balanced transition to open trade; promote increased competition in the market and enlarge purchase options to Indian customers

- Periodic review of automobile tariff structure to encourage demand, promote the growth of the industry and prevent India from becoming a dumping ground for international rejects

- Adequate accommodation to indigenous industry to attain global standards in respect of items with bound rates viz. buses, trucks, tractors, completely built up vehicles (CBUs) and auto components.

As a result the share of automobile FDI has steadily increased. Amongst it, a special focus is given to Japanese investment as Japanese TNCs manufacturing automobile and auto parts form a significant share of FDI in the automotive sector in India. FDI outflow from Japan to India has been on an upward flight in the post liberalisation period, though there was some sluggishness at the end of 1990s (Table 4). The economic cooperation as part of the 'Eight-fold Initiatives' between India and Japan with reference to the comprehensive economic engagement through expansion of trade in goods and services, investment flows and exploration of India-Japan economic partnership have further facilitated the FDI inflows to India (Japan Cell: 2005, http://dipp.nic.in/japan/japan_cell/index_japan.htm). Japan's total direct investment in India between 1991 and 2005 was US\$1,914 million on actual basis. This was four percent of the total FDI, making Japan the fourth largest investor in India after the US, Mauritius and England. Japanese investments have been

concentrated mainly in fields like automobiles, home electronics and chemicals. Among these sectors the larger share of FDI outflow to India from Japan is to automobile by the investments of companies such as Suzuki, Honda, Nissan and Toyota. In addition to existing investments, six new FDI projects in the auto sector amounting to 125.7 billion yen (\$1.1 billion) from Japan are in the pipeline. These include Maruti-Suzuki with an investment of 82.8 billion yen, Honda Motorcycle and Scooter with 12.5 billion yen, Hero Honda Motors with 12.5 billion yen and Toyota Motor Corporation with an investment of 15 billion yen (Business Line, Nov. 23: 2005).

Labour Policies

Both central and state governments have amended many labour laws to facilitate foreign investment subsequent to liberalisation. In addition to the removal of the cap on FDI, central and state governments have taken

Table 4: Japanese FDI in India
(US\$ million)

	Approved FDI	Actual Inflow
1991	16	2
1992	214	27
1993	84	26
1994	128	88
1995	482	72
1996	433	88
1997	532	165
1998	325	198
1999	380	151
2000	193	229
2001	152	221
2002	154	413
2003	75	94
2004	32	116
2005	9	24
Total	3,209	1,914

Notes:

1. August to December

2. January to March

Source: Ministry of Commerce and Industry

many policy and legislative initiatives to facilitate FDI in automobile and auto parts sectors. Both central and state governments have amended many existing laws pertaining to industries and labour for flexible production (Despande: 1999). The central and state governments included automobile and auto component industry in the high priority sector. Amendments in existing labour laws pertaining to industrial disputes and retrenchment and migrant and contract labour have been made by the state governments to facilitate foreign investments.

Most of the State governments granted mandatory permission for restructuring, retrenchment and closure of large firms by amending respective laws. The government of Karnataka, for example, through a notification, amended Schedule 1 of the Industrial Dispute Act, 1947 and included automobile and auto parts in the list of public utility services in 2001. Under the provisions of sections 22-25 of the Act, workers are not allowed to engage in activities like strikes in public utility services². Also, relaxation in the Contract Labour Act would facilitate outsourcing of activities without any restrictions and enable companies to offer a greater extent of contract appointments.

This situation has created an environment conducive for violation of labour rights by firms. Special provision such as public utility status, priority categorisation and amendments in trade union laws pertaining to Special Economic Zones (SEZ) in India limit core labour rights such as freedom of association and collective bargaining.

In short, there have been significant changes at policy level; both industrial and labour, for facilitating FDI into the country. But, a survey of literature reflects that policy interventions in most situations have serious repercussions on the labour force as they curtail much of the basic rights of workers. The next chapter attempts to study how these policy changes appropriate the capital-labour relations in TNCs by citing the case of Toyota Motors, a Japanese automobile company invested in India.

3. LABOUR PRACTICES AND WORKING CONDITIONS IN TNCs: THE CASE OF TOYOTA KIRLOSKAR IN INDIA

This section analyses the case studies and discussions conducted among the workers of Toyota Kirloskar, trade union leaders and labour officials regarding the general information of the unit, background of the workforce, labour practices, working conditions, collective activities and labour disputes. The analyses are based on case studies and discussions cited in the form of narratives.

3.1 Toyota in India

Toyota Motor Corporation of Japan in collaboration with Kirloskar Group in India established its motorcar-manufacturing unit, Toyota Kirloskar Motors in Bangalore, Karnataka with a capital investment of Rs. 7 billion in October 1997. The state government granted scores of incentives pertaining to entry tax, pollution control, land acquisition, investment subsidy and power and water supplies for the company to invest in the state. Under the provisions of the new Industrial Policy 2001-2006 of Karnataka, industrial units with an export effort of a minimum of 25

percent of total turnover are eligible for investment subsidy and refund of entry tax and sales tax. Similarly many restrictions pertaining to pollution control under the Air and Water Acts have been relaxed and simplified for foreign investors. In addition the state government introduced the 'green card' facility for TNCs to move their export/import consignment freely without any hindrances (Government of Karnataka, NIP: 2001-06). Along with these incentives, Karnataka Industrial Areas Development Board (KIADB) arranged for 450 acres of land worth around Rs. 2,300 million on a lease-cum-sale basis for Toyota Kirloskar (KIADB: 2005, <http://labour.kar.nic.in>). Furthermore, the state government exempted the unit from entry tax for some period of time under the Mega Project scheme.

Toyota Kirloskar Motors in Bidadi village, Karnataka has been operational since 1999. Initially both Toyota and Kirloskar held equal shares, later changing to 79:21 in 2001 and to 99:1 in 2003 respectively, resulting in a complete takeover by Toyota Motors. Toyota in collaboration with Kirloskar manufactures mid-size and large-size luxury motorcars of Corolla and Innova at present. The unit has the capacity to make 60,000 units annually. The current production level of Toyota Kirloskar is estimated to be 42,000 and 11,000 units for its large size Innova and midsize luxury Corolla respectively. Other products of the Toyota Kirloskar joint venture are Sports Utility Vehicle (SUV) segment, 'Prado', mid-size segment 'Camry' as well as auto parts such as axles, propeller shafts and transmissions for export and domestic assembling. The market share of Toyota segments in India is less than five percent. However the company aims to capture 15 percent of the Indian car market by 2015 (Business Line 25 March 2005). The investment of Toyota Motors in India is largely market-seeking and the share of Toyota Kirloskar in automobile export is comparatively low. Nevertheless the export of auto components, especially gearboxes has been significant for Toyota Kirloskar.

Besides the present investment, the company proposes to set up new plants for models in the volume segment, which presently accounts for over 50 percent of the Indian passenger vehicle market. Toyota and its subsidiary, Daihatsu Motor, plan to set up a small car assembling factory in Bangalore by the end of 2007 with a capacity to produce 1,00,000 cars a year with an additional investment of Rs. 1.5 trillion (The Hindu: 28 Sep. 2005).

Unit and Production Organisation

The Toyota Kirloskar joint venture has three units, comprising one assembly mother plant and two ancillaries in Bidadi, Bangalore. The mother plant, which is referred to as Toyota Kirloskar Motors Ltd (TKML) henceforth, is the main assembling unit. Toyota Auto Parts Ltd. (TKAPL) and Toyota Techno Park are the manufacturing units of auto parts of which the former supplies axles, propeller shafts and transmissions and the latter produces auto parts for export. In addition there are five supplying units, which are not managed by Toyota Kirloskar, attached to the mother plant (Table 5).

The major assembling work in TKML is organised in five lines. The press shop is the first section in the main assembly line where the materials are pressed into

Table 5: Organisation of units

No	Unit	Managed by	Share holding	Production
<i>Mother plant</i>				
	Toyota Kirloskar Motors Ltd.	Toyota Kirloskar	Toyota: 99 Kirloskar: 1	Assembling Motor Car (Innova and Corolla)
<i>Suppliers</i>				
1	Toyota Kirloskar Auto Parts Ltd.	Toyota Kirloskar	Toyota: 90 Kirloskar: 10	Axles, propeller shafts, transmissions
2	ARACO India Ltd.	ARACO	-	Seat covers
3	IFB	IFB	-	Air conditioners
4	Toyota Techno Parks (six units)	Toyota, Kirloskar, STTI, SLC, Stanzeu	Toyota: 100	Accessories
5	Delphi	Delphi	-	Accessories
6	Denso Kirloskar	Denso Kirloskar	-	Electrical goods
7	Mothers San Sumi	-	-	Electrical goods

shaped. The welding shop is the next section of the assembly line. Body parts such as under body, body shell and main body are assembled in this section. Other sections in main line assembly of TKML are paint shop, final assembly and quality checking. Production in TKAPL is also organised into a line system. There are mainly two production lines in TKAPL separated for rear and front axles and gearbox. The companies follow the Toyota Production System (TPS), whereby the work is based on TACT time, which is a ratio of total available task time and total demand³. This time requirement is increased or decreased based on market demand.

3.2 Background of the Workforce

There are three categories of employees in TKML and TKAPL. The major categories are managerial staff starting from higher management officials such as Managing Director and other senior staff to supervisors and general workers. The third group comprises contract labourers, appointed through contractors for certain periods of time for specific tasks such as transportations, housekeeping and computer-related works such as data entry and typing.

General workers on the main line are further categorised as team member trainees or probationary and team members. They are initially absorbed as team member trainee or probationary both in TKML and TKAPL and afterwards confirmed as team members. The workforce in both units is very young, the ages ranging from 21 to 29 and 20 to 32 in TKML and TKAPL respectively. Both units discourage women employees on main line production/assembly. All workers on the main line are technically trained to the requirements of the unit.

There are both regular and contract workers on main line production/assembly of Toyota Kirloskar (Table 6). It is reported that the majority of workers are from nearby areas of Bangalore city or neighbouring districts. The share of interstate migrant workers is nominal and all are from the bordering state of Tamil Nadu. The major chunk of contract workers, engaged in the activities of transportation,

housekeeping, gardening, construction works etc are from the locality; most of them were residents of the place where the company is presently situated. They gained employment through agreement with the Karnataka Industrial Areas Development Board (KIADB) and the company as an incentive for surrendering their land to KIADB. Some of them are from the state of Tamil Nadu and the suburbs of Bangalore. The rest are reportedly from the districts of North Karnataka and Hassan. They reside in rented houses with their fellow workers near to the company.

Table 6: Workforce composition up to the level of supervisor

		No	Units
		TKML	TKAPL
1	Permanent workers *	1,519	410
2	Contract labourers *	300	90
3	Age range	21-29	20-32
4	Sex	All male	All male
5	Education	Secondary/ HSC +Technical	Secondary/ HSC +Technical

* As of July 2005

Sources: 1) Office of the Deputy labour Commissioner,
Publicity and Statistics, Bangalore

2) Documents from TKML and TKAPL employees' Trade Union

3.3 Labour Processes and Labour Relations

Management practices in the automobile sector in India are mainly aimed at reducing production costs. The foremost thrust therefore is upon reducing labour cost in the share of total cost of production. The surplus labour market coupled with contract employment provisions in India helps the management to reduce labour costs substantially. Like other companies, Toyota Kirloskar employs contract labour on main line production. Labour in the company is clearly distinguished as core and periphery. The core structure includes senior management officers and workers up to the level of team members and team member trainees. The periphery consists of contract labourers for tasks such as transportation, housekeeping, security services, gardening, construction, computer-related works and main line production/assembly jobs. Core and periphery workers are distinguishable on the basis of employment contracts with the company - there are considerable differences in the labour processes including recruitment, employment contracts and wages among these workers.

Recruitment

The company uses direct recruitment for permanent workers generally by advertising in newspapers and other media. The workers are initially absorbed as trainees or probationary and are given training for one month. Subsequent to that they are positioned on main line production or assembly line. Trainees and probationary are likely to be confirmed as team members, which is a permanent status, generally after two years. Contract workers, on the other hand, have no

direct work contract with the principal employer and are recruited through contractors for verified tasks according to company requirements. Contract workers on the main line are utilised or kept as a reserve workforce without any formal obligations and are hired and terminated according to demand of work. The duration of contract for contract workers is six months and might be renewed on the recommendation of the company.

Employment Contract and Wage System

There are considerable discrepancies in employment contracts and wages within units in Toyota Kirloskar. The company signs direct employment contracts with regular workers. Conversely, contract workers have no direct employment contracts with the company and are recruited through contractors. The contract for regular workers is formally established through the appointment letter, which is served after confirmation. Contract workers engage in contracts, normally for six months, with the contractor who fixes the terms and conditions pertaining to their employment and wages. The practice is the same in both units of Toyota Kirloskar.

Fixing and revision of wages for regular workers in Toyota Kirloskar is largely based on experience and performance. Though fixing and revision of wages is at the discretion of the management, collective negotiation through the employees' union plays a major role in wages revision in both TKML and TKAPL.

Wages for workers vary across tasks and units in Toyota Kirloskar, which has different wage structures for mother plant and ancillary units. The basic salary for confirmed workers in TKAPL, which is an ancillary unit, is reported to be 15 percent less than the basic salary of counterparts in the mother plant. Wages for full-time confirmed workers in TKML and TKAPL are distributed under the heads of DA, FDA, washing allowance, medical allowance, education allowance, conveyance

Table 7: Monthly salary break down of confirmed workers in TKML and TKAP⁴

SI No.	Details	TKML ⁵			TKAPL		
		8A	8B	8C ⁶	Y3 ⁷ & above	Y2	Y1 ⁸
1	Basic Salary	5,400	5,100	4,300	3,110	2,560	2,095
2	DA/VDA	1,200	1,150	1,100	153	153	153
3	FDA	1,500	1,450	1,400	1,306	1,306	1,306
4	Washing	400	400	400	400	400	400
5	Medical	-	-	-	100	100	100
6	Education	-	-	-	200	200	200
7	Conveyance	800	800	800	800	800	800
8	House rent	2,900	2,800	2,700	3,000	2,700	2,500
9	Good attendance	400	400	400	350	350	350
10	Canteen	335	335	355	-	-	-
11	Other	1,250	1,225	1,200	1,993	1,473	976
Total		1,4185	1,3660	12,655	11,412	1,042	8,880

allowance, house rent allowance, good attendance appreciation and other allowance along with the basic salary (Table 7).

The company does not keep any yardstick for increment or salary revision of the workers. Increments in TKML are fixed on the basis of a performance appraisal system. Nevertheless, union intervention has been the single effective instrument for facilitating salary revision in both TKML and TKAPL. The settlement between the employees' union and management of TKAPL in October 2005, for instance, was instrumental in revising wages and other facilities for workers. Under this memorandum of settlement, management revised salary, leave benefits, shift allowance, ad hoc payments, medical allowance, emergency advance and death relief and introduced incentives for good attendance for regular workers (Registrar of Settlement: 2005, pp. 2-6).

There is no common criterion for wage fixing for contract workers in Toyota Kirloskar. It is reported that contract workers normally get 40-50 percent of the salary of the regular employee on main line production. Wages for work other than production are determined by the contractors. These are fixed on consolidated terms and contract workers are not eligible for provisions and incentives such as wage revision, leave benefits, ad hoc payments, medical allowance, education allowance, house rent allowance and emergency advance. Provisions such as double wages for overtime, shift allowance and night allowance are equally provided for both regular and contract workers.

The wage structure for regular employees in Toyota Kirloskar more or less conforms to market rates. However, contract workers are getting wages far below market rates. It has been noted that there are no mechanisms for regulating wages for contract workers in heavy industries in Karnataka. Labour laws pertaining to regulation of wages such as Payment of Wages Act and Payment of Bonus Act are irrelevant for the contract workers in the auto industry as the company does not officially keep contract workers' records. Though there are provisions in the recent state amendment of the Contract Labour (Regulation and Abolition) Act, 1970, for fixing wages at more than 125 percent of the minimum wage of the specific task, they are not enforced in TKML and TKAPL. Since the contract workers are not part of the employees union in both TKML and TKAPL, scope for negotiation is also limited for this section of workers.

Management Practices

The production system in the automobile industry in India is reported to contribute to the intensification of work (Shrouti: 2004). Toyota Kirloskar follows the TPS in Toyota Kirloskar Motors and Auto Parts in India. TPS is well documented and widely referred to in different contexts. The *kanban* or just in time⁹ is a universal production strategy for Toyota and its ancillary units as the company finds it useful for minimising wastage of resources. The system envisages a higher level of quality production with less resources and manpower. Research studies conducted in Toyota factories and ancillary units across the world showed that TPS is associated with higher levels of workload and stress. Kaneko Fumio argues that TPS forces workers

to be overloaded, referring to the report on Toyota by the Labour Standards Inspection Office, Japan in 2001 (Fumio: 2004).

A major aspect of Toyota system of production or pull production in TKML and TKAPL is TACT time, which is the time fixed for the production/assembling per employee per piece. TACT time, is the time given for an individual worker to perform an assigned specific task on a single piece. It is a ratio of total available task time to the total demand or output produced. The setting of TACT time primarily depends on market demand and availability of workers. Taking the customer demand and availability of workers into account, TACT time is adjusted through TACT UPs and TACT DOWNS.

TACT time is found to be responsible for multi tasking and overwork in both units. It often gets translated into overwork through TACT DOWNS without increasing the number of workers. The process of fixing TACT time is unscientific as it is done on the basis of a rough calculation made on the time taken for producing a single piece. Aspects such as fatigue and exhaustion of workers from continuous speedy work are not taken into account when fixing TACT time. The worker has to comply with TACT time throughout the total production of a day, which varies between 100 and 125 units in TKML. Complying with TACT time, implies that the workers have to stick strictly to this standard for total share of production of the day. Since any delay in TACT time affects the targeted production, the workers are forced to conform to these requirements irrespective of their physical exhaustion.

TACT time in Toyota Motors is less than that of other automobile companies in India (Table 8). While TACT time for manufacturing a car is 87 seconds in Toyota, it is 282 seconds in Ford, 112 seconds in Hyundai, 90 seconds in Maruti Suzuki and 109 seconds in Tata Motors. The striking thing here is that Toyota keeps a lower TACT time with comparatively fewer workers than all other mentioned companies except Ford India. While the employee/product ratio is 11 in Toyota, it is 78 in Maruti Suzuki, 42 in Tata Motors, 40 in Hyundai and 17 in Ford. A lower TACT time obviously leads to higher workload. Therefore it could be inferred that workload is higher for main line workers in Toyota Motors as compared to other major automobile companies in India. In short, TACT time in Toyota Kirloskar limits the freedom and control of workers over their work and the working environment, which are important social determinants of workplace health (Wilkinson: 2001).

Table 8: TACT Time in selected automobile companies

Company	Capacity	Sales	Employees (secs)	TACT time	Cars/day	Car/employee
Ford India	50,000	15,000	900	282	44	17
Hyundai	150,000	102,044	2,700	112	700	40
Maruti Suzuki	350,000	359,960	3,700	90	1,700	78
Tata Motors	150,000	104,000	2,500	109	500	42
Toyota India	50,000	25,050	2,300	87	-	11

Source: Saripalle, M. (2005)

The management is austere following Toyota practices such as *kanban*, Standard Work Combination (SWC), ad hoc jobs, *kaizen*¹⁰, suggestion scheme and quality circles¹¹ in the units. In addition to that TKML has a system for performance appraisal for team members and team member trainees aiming at constant supervision and monitoring. Workers are given performance allowances on the recommendation of the supervisor. Under this system, performance of the workers is evaluated using variables such as attendance, teamwork, attitude, quality, cost reduction, behaviour and adaptability. Evaluation is done on a four-point scale: poor, average, good and very good. Management uses performance appraisal as a tool for controlling and monitoring the workers in TKML. Except attendance and quality, five out of seven criteria taken for performance appraisal are acquiescent for manipulation of workers by the immediate supervisor. It vests an additional power in the supervisor to appropriate the practices of management. Consecutive fall in performance points, for instance, even leads to the termination of services.

Management practice related to the organisation of work is also an important issue of concern here. Main line production in both TKML and TKAPL are supported with a considerable quantum of contract workers. Contract workers constitute one fourth of the production line in Toyota Kirloskar. By doing so management not only keeps a reserve labour force for times of crises due to labour unrest but significantly reduces the cost of production also. This in effect is the actual labour demand of the unit, which ought to be filled by the regular workers.

Management enjoys support from state machinery, police, local government bodies and media for appropriating the labour practices in the company. It is notable that Toyota Kirloskar alone was given public utility service status by the state government in 2001, which later extended to all automobile and auto parts enterprises in the state. The public service utility status of the automobile industry enables management to curtail all forms of agitation of workers in the company. Therefore strikes and protests in Toyota Kirloskar leads to the suspension and sometimes dismissal of workers. Since the state categorised the automobile industry as a high priority sector, as the industry is accountable for a considerable chunk of FDI, the government does not allow any labour practices against the interest of the management. There is constant police alert in the vicinity of the company for every immediate intervention. It is also noted that media do not give adequate attention to the struggles and agitations of the workers.

3.4 Working Conditions

Working conditions in Toyota Kirloskar Motors and Toyota Kirloskar Auto Parts are more or less similar. Nevertheless there are differences in working conditions for regular and contract workers. We found considerable discrepancies in working hours, wages, work environment and labour conditions between regular and contract workers in TKML and TKAPL.

Working Hours and Shifts

The working hours in TKML and TKAPL are determined and regulated by TACT time under the Toyota system of production. All team members are liable to work

under the SWC within cycle times to meet targets, which are set by customer demand. Higher demand in the market decreases TACT time (TACT DOWN) and leads to compulsory overtime. Management generally reduces the TACT time to increase production when market demand is high, which ultimately leads to excessive hours of work.

Work in both TKML and TKAPL are carried out in shifts. There are three shifts in TKML and two in TKAPL (Table 9). The normal duration of work in both TKML and TKAPL is eight hours but extends very often up to nine hours and to compulsory overtime. There are six days of work in a week and total hours of work is thus 54 hours in a week under normal conditions, going up to 55 to 56 hours including compulsory overtime, far exceeding the provisions of hours of work under the Factories Act¹². Workers get two breaks of 10 and 20 minutes, one for breakfast/tea and another for lunch in each shift.

Table 9: Shifts and work times

No	Shifts	Unit			
		TKML		TKAPL	
		Reporting	Leaving	Reporting	Leaving
1	1st	5.15 am	2.35 pm	5.30 am	3.00 pm
2	2nd	3.05 pm	11.35 pm	2. 40 pm	11.40 pm
3	General	9.00 am	5.30 pm	-	-

It is reported that most of the workers in both TKML and TKAPL stay more than 50 kilometres away from the unit, normally travelling around three hours a day. Therefore the total time spent for work in a day becomes more than 12 hours. The burden is not limited to the time of travel and hours of work as it seizes a considerable amount of time from their social lives since workers prepare their day for travel and work well in advance. In order to report at 5.15 am for the morning shift one has to get up by 3 am. It is notable here that a worker reaches his place of residence after the first shift only by 5 pm and gets very limited time for his personal life and even for sleep. All the workers whom the research team interviewed reported that they get less than five hours of sleep a day. The situation is similar for all shifts. The case cited below gives an account of the impact of workload and resulting excessive hours of work on the family and social life of the workers.

The case of this worker reflects many unnoticed aspects of work in TNCs. Overwork and workload in many situations seriously hamper workers' personal, family and social lives. This has far reaching sociological implications as well. All workers in TKML and TKAPL whom the research team interviewed reported that their personal and social lives were disturbed because of the busy work schedule.

The burden of overwork varies for regular and contract workers. It is observed that, though working hours and shift system is equally applicable for contract and permanent workers, contract workers often bear the additional burden of overwork when there are instances of labour shortage and 'ad hoc jobs'. The intrinsic job

Case Study 1

Lokesh Chand (changed name), aged 31, has been working with TKAPL since January 2000. He works as a machine operator on the main line assembly. Lokesh stays on the outskirts of Bangalore, around 50 km away from the factory along with his family including father, mother, siblings and wife. Work in TKAPL is organised in two shifts and the workers have to work in both shifts on a rotation basis. Lokesh has to get up by 3.00 am to catch his company bus that reaches his place by 3.30 am for the first shift. He usually sticks to this time as missing the bus often leads to loss of a day and reduction of leave. Travel to the company from his home takes around two hours and he reaches work by 5.30 am. The first shift begins at 5.30 and actual work starts by 6.00 am after morning exercise and breakfast. There is one break of 20 minutes for lunch. The first shift is over by 2.30 pm and he reaches home by 5.30 pm. He sleeps less than five hours a day. Similarly the second shift also involves nine hours of work including overtime, four hours travelling and one hour of preparation. Lokesh has to maintain this time schedule six days a week. The total hours of work, travel and preparation therefore amount to 84 hours for Lokesh in a week. Sunday is the only day, therefore, available for his personal, family and social life. However he finds more time for sleeping on Sundays because of tiredness after the week's work. The hectic time schedule and highly demanding nature of work have serious ramifications on the family and social life of Lokesh. He says, "My wife is always unhappy about my behaviour and work. She once even asked me why did you get married if you cannot spend time with your wife and family?" He seldom finds time for visiting relatives and friends, attending ceremonies like marriages and maintaining social relationships. His family and social relationships are at stake because of the busy work schedule.

insecurity and lack of organisation put them in a more disadvantageous situation than the regular workers.

The present system of work shift and hours of work in TKML and TKAPL is therefore unfair and exploitative for both permanent and contract workers. It is unambiguously clear that the workers are overstrained by working hours. One notable thing is that working time for the shift is only eight hours for the workers. Thus the company adheres to the provisions of the Factories Act in principle. Nevertheless, in actual practice, it exceeds eight hours excluding overtime in every situation. The total time spent for work by the workers generally comes to around 14 to 15 hours a day including preparations for the day, work, travel and compulsory overtime. It is therefore inferred that working hours under the provisions of the law is not enforced in Toyota Kirloskar.

Occupational Safety and Health

The Central Safety Monitoring Cell of the Department of Labour, Government of Karnataka categorises Toyota Kirloskar Motors as one of the Major Accidents Hazard Units (MAH) in the state (Government of Karnataka: 2004). All Factories having the chemicals stored, used and manufactured in excess of the threshold quantities specified under the Control of Industrial Major Accidents Hazard CIMAH Rules, 1994 are categorised as Major Accident Hazard units by the Cell. Exceeding this limit, Toyota Kirloskar unit in Bangalore stores/handles 60 megatons of liquefied petroleum gas, with associated risks of fire and explosion. Other occupational risks associated with the production/assembly lines as reported by the workers are injuries, burns, sprains and other work-related physical ailments. Chances of accidents such as injuries, breaks and sprains from the pressing machine and conveyor line and burns in the welding section are reported to be high in the units since the work has to be performed quickly.

Additionally work related ailments such as chronic backaches, shoulder pains, muscle pains, respiratory problems and skin allergies are reported to be prevalent in these units. All the workers the team interviewed reported that they are suffering from some of these problems. The problems are multiple in many of them. The common health problems reported by the respondents were backache and muscle pain (Table 10). Shoulder pain and respiratory diseases were ranked second and third respectively. There were also cases of skin allergies and eye diseases, especially for workers in the paint and welding shops; and chronic digestive disorders.

Table 10: Work-related health problems

No	Health problems	No. of Responses	Rank
1	Backache	09	1
2	Respiratory Problem	04	3
3	Skin allergy	02	4
4	Shoulder pain	08	2
5	Muscle pain	09	1
6	Digestive disorder	01	5
7	Ophthalmologic disorder	02	4

The workers are provided with protective equipment such as masks, gloves, aprons, helmets, spectacles and shoes at the work place. Workers thought these safety measures to be helpful to limit respiratory problems and skin allergies to a certain extent. Nevertheless, other work-related health problems, especially physically dangerous and psychologically stressful situations of work are found to be prevailing at the work place. The case of Srinathan S. Kulkarni, a team member in TKAPL, gives a fair account of the physically dangerous and mentally stressful conditions of work in the unit.

The case of this worker reflects many aspects pertaining to working conditions and health in the unit. Concerns for occupational safety and health in the unit are confined merely to industrial accidents and injuries. Exclusion of long-term work related morbidity from insurance coverage reflects that the management does not

Case Study 2

Srinaththan (changed name), aged 28, has been working as a team member for more than five years in TKAPL. Completing a technical training course from one of the Indian Technical Institutes (ITI) from Bangalore, he joined TKAPL as a trainee in 1999 and was confirmed as a team member in 2001. Srinaththan, since the time of joining, has been working as a machine operator on the assembly line. Machine operation involves frequent lift and drop of heavy axles manually. It is roughly estimated that one worker in this section of the assembling line has to lift and drop axles that weigh 11 kg around 2,000 times a day. Srinaththan says, "Everything was all right for me initially but the problems started after one year. My right hand is weakened now because of the continuous action of lifting and dropping the axles. I do not know how long I can work like this." The problem is found to be multifaceted for Srinaththan as he suffers from all the common work-related problems such as chronic back pain, muscle pain and respiratory problems along with weakness of his right hand. In addition to that every worker on the assembly line is reported to be suffering from high levels of stress due to workload and pressure at the time of TACT DOWN, inherent job insecurity and the anxieties related to the deteriorating conditions of their health. He observed, "TACT time set by the management under the Toyota System of Production brings in higher workloads for the workers and accounts for the long-term occupational hazards of the workers." The company provides health insurance coverage for all regular employees in principle. Nevertheless, adding to his agony, Srinaththan was denied this facility, as the provisions for health insurance were limited only to accidents and other casual diseases. He could not consult a medical practitioner outside the company as it involves huge cost for him. The problem is reported to be aggravating for Srinaththan.

recognise long-term physically dangerous and psychologically stressful conditions as a problem of work-related health. This is one of the larger concerns of health by the workers. Another pertinent aspect the case reflects is the health-seeking behaviour of the workers. Most workers do not opt for outside medical check-ups due to constraints of leave, opportunity cost and money. Since the company's medical claim policy does not cover many of their health needs, most of the workers are reported to be neglecting their problems. It could therefore be argued that working conditions in Toyota Kirloskar appropriate the health-seeking behaviour of the workers to a large extent, which has far reaching repercussions for their health. Another grave issue worth mentioning pertaining to workplace health conditions is the association between workload and stress. An empirical case control study is

required for establishing the degree of association between these variables. Nevertheless, out of the nine case studies, a general observation regarding the relationship between workload and stress could be drawn.

Though the risks of occupational hazards are similar for both regular and contract workers, the vulnerability is higher for contract workers. While the regular workers are covered for medical claims for accidents and casual diseases, medical care provision for contract workers is limited to industrial injuries and accidents. Since there is no formal contract with company, medical care even for accidents and injuries is a matter of 'discretion' of the contractor and the company. Incidents in TKML and TKAPL reveal that medical support for contract workers are limited to hospital expenditure. They are also not provided compensation or further rehabilitation, in case of irreversible impairments.

Work-related stressful conditions are also higher for contract workers than regular workers. Though working conditions are similar, contract workers are more susceptible to pressure from management at times of labour shortage and TACT DOWN for overwork. Job insecurity is yet another factor reported as responsible for stressful conditions for contract workers. It is reported that workers are constantly under the threat of frequent suspensions, termination of contract and harassment.

3.5 Collective Labour Relations

Collective labour relations in TKML and TKAPL are limited to the regular workers only. Regular workers in TKML are organised under the Toyota Kirloskar Motors Employees Union, which is affiliated to a central trade union. The union was registered in July 2001 and has a membership of 1,380 workers out of 1,590 including team members and team member trainees. Likewise regular employees in TKAPL were organised under Toyota Kirloskar Auto Parts Employees Union in 2001. The union in TKAPL has a membership of 400 workers from 410 and is not affiliated to any central trade union.

The employees' unions in TKML and TKAPL have been instrumental in containing many unfair practices in the units (Table 11). Major union engagements that found results in TKML were wage revision and increment. The union fought on various issues like removal of suspension of workers, good working conditions and removal of contract labour system on the main production line.

Employees union in TKAPL have also taken up many issues pertaining to the suspension of workers, wage revisions, allowances, working conditions and unfair labour practices in the unit. Union interventions were successful in reducing the period of traineeship from three to two years, scrapping the performance appraisal system, wage revision, leave allowance and medical claim.

It was due to the critical union engagement, that the management revised the salary of the confirmed workers, which had not been done for two years in TKAPL. Introduction of good attendance allowance is yet another achievement of the union. Since the Bidadi industrial area, where the company is situated, is not an Employee State Insurance (ESI) notified area, the union demanded separate medical allowance in lieu of ESI. The management agreed to pay Rs. 100 per month and revised existing mediclaim benefits towards this along with the salary. Another significant achievement

of the employees union in TKAPL is the introduction of death relief (allowance). Upon demand, the management agreed to pay a sum of Rs. 300,000 to the nominee of the employee on production of a valid death certificate. Other significant achievements made by the union are advance, emergency advance and enhancement of earned leave from 45 days to 75 days.

Collective union actions are found to have considerable impacts on the wages and working conditions of the regular employees in both TKML and TKAPL. Bargaining through the union has been instrumental in wage revision and introduction of death relief, mediclaim and shift allowance. Though many of the struggles by the union were not successful, the resistance could make qualitative changes in the work environment in terms of employer-supervisor relationship. Many employees reported that episodes of harassment and victimisation had declined after the consolidation of union activities. Over and above, union activities diverted much public attention to the problems of workers. The perceptible impact of unionisation in Toyota Kirloskar is the increase in dignity and confidence levels of the workers. It could also contain threats and victimisation to some extent. Nevertheless the union could not make inroads into many pertinent issues of job security, control of working situations and decision-making pertaining to labour practices.

Table 11: Major union engagements in TKML and TKAPL

Union	Demands/Negotiations	Results
TKML	Scrapping of workers suspension in 2004	Not yet resolved.
	Wages of suspended workers	Resolved and are getting 75% of the monthly salary
	Wage revision in 2004	Revised the wage structure and included shift allowance
	Increment	Increment based on performance appraisal introduced.
	Good working conditions	Cases of harassment decreased. No other significant changes
	Abolition of contract labour system on main production line	No changes
TKAPL	Period of traineeship	Reduced to two years from three
	Scrapping performance appraisal system	Scrapped
	Scrapping of suspension of two workers in 2001	One worker was taken back
	Working conditions	No significant change
	Wage revision	Revised
	Good attendance appreciation	Resolved
	Ad hoc payments	Workers now receive
	Medical allowance	Workers now receive
	Mediclaim benefits	Agreed
	Leave accumulation/ death relief/ emergency advance and shift allowance	Agreed
	Removal of contract labour system on main production line	Not resolved

Contract workers and apprentices in both TKML and TKAPL are not organised. The scattered nature of the workforce, uncertain employment and fear of loss of job are reported to be the factors limiting unionisation. It is notable that no initiations from the existing unions or any central trade union have been made towards organising contract workers hitherto. As reported by the union members of TKML, TKAPL and the leaders of central trade unions, the uncertainty of employment is the major limiting factor among many in organising the contract workers.

Lack of organisation has significant repercussions on wages, working conditions and labour relations for the contract workers in TKML and TKAPL. There are considerable wage differentials between regular and contract workers on the main production line who perform similar tasks. It is reported that contract workers get 40-50 percent of the salary of the regular worker in Toyota Kirloskar. There is no common criterion for wage determination in Toyota Kirloskar for contract workers and it is often done by the contractors whom the workers are obliged to. Workload, work pressure, harassments and stressful conditions are also found to be higher for contract workers.

Labour Unrest

This section attempts to shed light on the struggles of employees in Toyota Kirloskar facilitated through organised activities.

Timeline of Toyota struggle in TKML

2001

30 Mar Management announced Rs. 300 nominal wage hike

2 Apr This nominal increase made employees upset and they boycotted lunch for one day as a protest

2 Apr Management ordered and pushed the workers outside the factory

2 Apr About 25 leaders were asked by management to come inside for questions and discussions and no progress was made

3 Apr Sit in (Dharna) started by workers

16 Apr One employee terminated on the charge of instigating workers

Management also started targeted all 20 persons who went for discussion

Apr TKM management announced establishment of a Team Member Association (TMA) with the limited purpose of communicating between manager and workers and not for collective bargaining

An active leader and contesting candidate for the TMA was terminated before the result was declared

Election of TMA was over and 15 members were elected

Jun TMA elected committee members; decided to register it as a trade union, which management threatened with dire consequences

TMA committee member Mr Renka Prasad terminated on the charge of non-performance

TMA asked management to explain the reason for termination.

Management responded that TMA is only for work ware issue, canteen issue, or safety issue; refused to discuss termination

Jun Employees provoked and immediately went for strike. Major demands were:
 job security, taking back retrenched three employees, and to reduce the training period from three to one year
 Strike continued for 12 days
 While on strike they applied for registration under TU Act to the TU Registrar
 Tripartite meeting: a settlement in which trainee period was reduced to two years from the existing three years
 No decision of taking back retrenched workers
Dec A trainee was terminated though he completed two years with good performance
 Tool down strike against termination

2002

Jan First week union gave strike notice

9 Jan Two union officials, General Secretary Mr Shiv Kumar B and Joint Secretary Mr Raghu R were terminated
 Workers immediately went on strike
 Strike went on for 52 days with the only demand to take back their two union leaders

Mar First week, Karnataka government declared Toyota as an essential service
 Strike was banned with this order and workers returned to work

Apr A good settlement and Rs 2,500 increase of wage after negotiation

2003

Sept Election took place and seven office bearers and 20 Executive Committee (EC) members were elected

2004

Jan During the process of making the charter of demands two union members of EC terminated on false charge of threatening supervisor.
 In protest workers refused to work OT
 Presidential candidate Ravi R for the next coming election was suspended by management
 Union gave notice to management to boycott morning meeting and physical exercise which was normal practice.
 They stopped meeting and exercise in the morning
 Within a week 12 members were suspended
 Within 20 days another four member suspended, among them two office bearers, five EC members and others were councillors
 Suspension letter given in a simple sheet: 'You committed serious misconduct', without any specific charge

2005

Oct On TU appeal in the Karnataka High Court against declaring automobile as an essential service, Union lost the case

Nov 05 TKMEU appealed to the Division Bench against Karnataka High Court's own decision and proceeding is going on

2006

Apr 15 employees still outside factory as the domestic enquiry was started in Dec 04 and completed in Mar 06. The matter was referred to the Labour Court.

Labour unrest in Toyota Kirloskar started with discriminatory labour practices of the management in terms of salary revision, irrational disciplinary actions and non-confirmation of team member trainees. Salary for the confirmed team members in TKML was Rs. 3,000 per month in the beginning and it continued unaltered till 2001. Toyota Kirloskar Motors in 2001 announced a salary hike of Rs. 300 for team members¹³ in response to the long-standing demand of salary revision of the workers. This nominal increase was unacceptable for the employees and they boycotted lunch for one day as a token protest on 2 April 2001. Protesting workers subsequently were pushed out of the site. Management finally agreed to discuss the issue with some of the representatives of the employees and had solved the problem temporarily by granting an additional shift allowance of Rs. 5 per shift for every worker. Nevertheless the majority of employees were not satisfied with the decision of the management and they decided collectively to go on with protest. Management started disciplinary actions against the leaders to demoralise the protesting workers. After two weeks of protest management suspended three workers on charges of non-performance and instigating violence. Protest of the workers continued regardless of the pressure tactics of victimisation, suspension and harassment by the management.

Management in order to destabilise the collective actions of the workers and curtail the formation of employees' union, suggested constituting a Team Member Association (TMA) in the unit. Though there were differences of opinion, workers responded positively to the idea of constituting a TMA. Subsequently the TMA was formed in TKML with 15 elected members. In the meantime one of the team members, who was very active in the struggle, was terminated on the charge of non-performance. The instances of disciplinary actions on the workers continued despite the formation of the TMA and even extended to the termination of an elected TMA member. Workers through the TMA sought explanations from the management with reference to the suspension of workers. Management was not ready to entertain the TMA at the level of a body for bargaining and negotiation since, as envisaged by management, functions of the TMA were restricted merely to the issues of workers safety and welfare. This led to another strike, which continued for 12 days. Repeated disciplinary actions of management and the incapability of the TMA to counter it prompted the workers to register the TMA as a trade union. The employees union in TKML, subsequently, was formally registered in July 2001. Workers organised under the banner of Toyota Kirloskar Motors Employees Trade Union and submitted a charter of demands comprising revoking the decision of suspensions and terminations and reduction of training period to one year from two to the management.

Some demands of the union were settled in a tripartite meeting organised by the Assistant Commissioner of Labour. The tripartite meeting resulted in a settlement in which the training period was reduced to two from three years and some proceedings were chalked out pertaining to the confirmation of trainees. However, the demand to revoke the suspensions and dismissals was not settled in the meeting. Management went on with terminations of workers. In December 2001 a trainee was terminated

though he had completed two years of traineeship. The trade union agitated against the suspension and served a notice of strike in the first week of January 2002. This led to further disciplinary actions and two of the office bearers of the union including the general secretary and joint secretary were terminated. Upon their terminations, workers immediately turned to strike. The strike went on for 52 days on a single point agenda of 'reappointment' of the two union leaders. It was at this juncture the Government of Karnataka categorically included Toyota Kirloskar in Public Utility Services, under which workers cannot engage in any forms of strike. As a result the strike was called off and the workers returned to work.

Victimisation and disciplinary actions were thereafter took their worst toll and the management started selectively suspending the union leaders on charges of non-performance. In January 2004 two employees, who were executive members of the union were suspended without any notice or enquiry charging non-performance and 'threatening of supervisor'. Though the union approached management for fair enquiry on the action it did not bring any results. The union, against the decision of the management, refused compulsory overtime as a token protest and gave notice to the management about boycotting the morning meeting and physical exercise, which was part of the work. This led to the suspension of many union members. Within a period of three weeks 16 members of the union were suspended on the charge of 'intimidating' team members into boycotting the morning meeting and exercise. Out of the sixteen workers, one member went back with some punishment.

The employees union, in 2004 June, submitted another charter of demands comprising issues of the suspended workers, wage revision, shift allowance and leave allowance to management. Among these, except wage revision, management discarded all workers' demands. Protest continued peacefully in the forms of boycotting lunch and wearing black badges at the workplace. The employees' union in March 2005 submitted a new charter of demands to management including fair enquiry and re-examination of the disciplinary action on 15 suspended workers. Management discarded the demands of employees in total and the union subsequently served a strike notice in May 2005. Since Toyota Kirloskar was included as a public utility service, strikes were not allowed on company premises. The employees protested outside the premises of the company in the form of demonstrations and campaigning. Protest and demonstration rallies extended to the city of Bangalore. The pressure mounted upon the administration and the Minister for Labour, Government of Karnataka, held a discussion with the union members and management for resolving the issue. Nevertheless, the management did not revoke the suspension of workers. Discussions with the Deputy Labour Commissioner also brought no results. Protests and practices of victimisation are still going on in TKML. The case studies on the opposite page give an account of the victimisation and harassment of workers in TKML.

These case studies and commentary of the incidents of labour disputes in TKML reflect how capital manipulates labour and labour relations to facilitate low cost production in developing countries. It also indicates how collective actions

Case Study 3

Deepak Kumar (changed name), aged 27, had been working as a team member in Toyota Kirloskar Motors from September 2001 to February 2004. Deepak joined TKML as a team member trainee in 1999. He was confirmed in 2001 after two years of traineeship. He was suspended from service in February 2004 on the charges of 'threatening the supervisor', non-performance and instigating protest and violence. Among many, Deepak played a very active role in the formation of the union in TKML. The ineffectiveness of the Team Members Association (TMA) in resolving workers' problems with the management had made the employees in TKML register an employees' union. Deepak was one among the 20 team members who had participated in the discussion with management subsequent to the 'lunch boycott protest'. Management henceforth started targeting the 20 team members who represented the employees in TKML and had taken disciplinary actions against them. Deepak, being an office bearer of the union, had not been dealt with seriously in the beginning. In January 2004 when the union was about to submit a charter of demands, Deepak was suspended along with another union leader. This was aimed to threaten the workers and the union. Though the management accused him with threatening supervisor, non-performance and instigating protests and violence verbally, the actual charge as mentioned in the letter served to Deepak was for serious misconduct. They could not serve a charge sheet to Deepak regarding the nature of misconduct he committed in the unit. Management started an enquiry after seven months and could not bring out any serious charges against Deepak. Discussions and negotiations at different levels did not produce any favourable results for Deepak and colleagues. The case is now before the Labour court.

Case Study 4

Ravisankar (changed name), aged 28, has been working with TKML since January 2000. He is working in the capacity of team member in paint shop. Ravisankar has been an active member of the employees union ever since its inception in 2001 and assumed the post of president of the employees union in 2002. In response to the irrational suspensions and victimisation by the management, workers in TKML refused to do overtime as a token of protest in January 2004. Ravisankar, the ex-president of the union and the presidential candidate for the year 2004, organised and led the strike. He was suspended subsequently in February 2004 for a period of 15 days charged with 'violating company rules' with reference to an incident that occurred two months before. The charge against him was found to be false and he was taken back after 25 days.

and rights of the workers are curtailed through stringent labour practices in a highly flexible system of production organisation. Over and above, it elucidates the actions, counter actions and negotiations between labour and capital as well as the changes it can make on wages, working conditions and the status quo of the workers.

TNCs investing in developing countries do not encourage any forms of organised activities of the workers. Toyota Kirloskar, correspondingly, manipulates labour relations in its manufacturing unit in India. This operates at various levels. Toyota Kirloskar in Karnataka, India is in a position to pressurise the state government to deregulate existing laws, which may hinder their production. The categorical inclusion of Toyota Kirloskar as a Public Utility Service by the state government, for instance, was at a stage when production was seriously hampered due to a strike. The arrival of Toyota Kirloskar in Karnataka originated from negotiations of the state government with the corporation. To retain the investment in the state the government flexibilised regulations in the forms of labour laws in tune with the requirements of the company. Deregulation in many situations in Toyota Kirloskar is unfavourable to the workers as it leads to precarious conditions of work and restricted collective actions. In addition to deregulation through dismantling labour laws and formulation of special provisions for Toyota Kirloskar, the state government provides support through police machinery and industry protection forces to deal with labour unrest. The company itself took the initiative to build a police station by spending Rs. 5 million in its vicinity soon after the registration of the employees' union in the unit. Local administration also unequivocally supports the management and discourages union activities in the locality for their services of development of infrastructure facilities such as roads and streetlight and village beautification. Media manipulation is also reported to be practised by management to curtail union activities. In short, management operates union-busting practises through a network of state machinery, local administration and media.

Labour practices within the unit are appropriated in a way to discourage collective activities among workers. Shift time in the unit was organised in such a way that workers in one shift cannot interact with workers of other shifts. It affected the interpersonal communication between workers initially. Along with such labour practices, management used pressure tactics such as threatening, harassment and victimisation of workers in order to discourage unionisation in the unit. With the intention to fetter the unity of the workers, management instituted labour practices within the unit. The performance appraisal system, which was introduced as a criterion for incentives and promotion for workers, for instance, was aimed more at developing a hierarchy among workers of the same status. Irrational promotions on the basis of performance and loyalty to management are deliberately organised to weaken the class consciousness of ordinary workers. It is reported that the management provides special incentives or promotion to the workers who support the management at the time of labour disputes.

4. CONCLUSION

In the current phase of imperialist globalisation, capital through its TNC agents, is on the march to curb the rights of workers and exploit them optimally. In this context the present study has attempted to examine the labour practices, forms of employment, working conditions and collective labour activities in ATNCs in Asia in the milieu of flexibilised production regime with special reference to Toyota Motors in India. The case of Toyota Motors in India reflects many pertinent aspects of capital labour interactions in which capital has complete control over the labour process and workers rights.

Labour market deregulation aiming to attract FDI is one of the major contributing factors of unfair labour practices in TNCs in India. The investment attracting measures with reference to labour market flexibility are very often translated into precarious conditions of work in TNCs. The case of Toyota showed that practices of numerical, functional, temporal and wage flexibilities negatively affect labour conditions. Dismantling labour laws with regard to retrenchment, closure, contract labour and collective labour activities by Central and State Governments have a negative impact on labour conditions in general.

Production organisation is another aspect of concern in TNCs with regard to the labour conditions. Flexible production organisation enables the employer to keep a peripheral workforce on contract basis, thereby helping management to keep a reserve workforce for time of crisis and to minimise the cost of production. There are considerable discrepancies in labour processes including wages, recruitment and welfare provisions between core and periphery workers. Other production practices like TPS, based on TACT time are incongruent with the production environment and responsible for multi-tasking, overwork and stressful conditions for workers. Exclusion of fatigue and exhaustion out of continuous speedy work in fixing TACT time brings about more workload. The production system based on *kanban* in Toyota Kirloskar limits the freedom and control of workers on their work process and the working environment.

Though working conditions in the automobile industry are better compared to other industries, the Toyota case reflects many of the practices in automobile TNCs. The company complies with all provisions in the labour laws pertaining to hours of work, occupational safety and health, overtime, medical allowances and other welfare provisions in principle. Nevertheless, it is understood that the company violates all said norms in actual practice. Total weekly hours of work in Toyota Kirloskar are 54 to 55 hours, infringing the provisions of the Factories Act and ILO standards. The workers are provided with protective measures such as masks, gloves, apron, helmet, spectacles and shoes at the work place as per the legal provisions. These safety measures were found to be helpful by the workers to limit some of the health hazards like respiratory problems and skin allergies to a certain extent. Nevertheless, our research found that major health concerns of the workers in Toyota Kirloskar are physical disabilities and stress, out of excessive work and work related anxiety, and

are totally neglected in the health provisions. It is also found that the health behaviour of the workers depends largely on the work conditions.

Labour practices in TNCs are appropriated towards weakening the collective activities of the employees. Practices like performance appraisal system and discriminatory treatments for promotion and increment in Toyota is aimed more at dividing the unity and class consciousness of the workers. Practices of victimisation, threatening and selective disciplinary actions are found to be prevalent in Toyota for destabilising the collective activities of the workers.

Like other TNCs, job insecurity is found to be rampant in Toyota Kirloskar. The identified sources of insecurity such as absence or reduction of control over work and absence or reduced probability of upward mobility in status (Standing: 1999, p.38) are corroborating with the labour practices in Toyota Kirloskar. Major contributing factors of job insecurity in the unit are performance anxiety, demoralisation, victimisation, irrational disciplinary actions, ill health and higher levels of stress. Job insecurity is found more among contract workers. However, there were instances of terminations of confirmed workers charged with non-performance. Though the foremost charge for terminations of regular workers was non-performance, most of the terminations in Toyota Kirloskar were aimed at destabilising union engagements.

Unionisation in Toyota Kirloskar has made considerable impact on the labour conditions. Union activities in the units have been influential in revising wages and increments and regulating working conditions to a certain extent. There are substantial qualitative changes in terms of employee-supervisor relationship and the confidence of workers in Toyota Kirloskar after unionisation.

The research throws light on various pertinent issues of capital-labour interactions in TNCs invested in developing countries in general and automobile TNCs in India in particular. It is observed that, in most of the situations, labour problems in TNCs are not noticed or neglected because of the preference given to attracting and retaining foreign investment in host countries. Stringent production and labour practices of the companies together with limited state regulation lead to higher levels of job insecurity, precarious conditions of work and breaches of human rights in the workplace. In short, labour, which is an integral part of the production chain, is systematically exploited and undermined in the TNCs in the flexibilised regime of production.

The case of Toyota Kirloskar, therefore, points to further action with reference to challenging priority treatments, advocacy and negotiation, support and education of workers. Following could form the concerns of future actions.

- There is a great need to challenge the irrational priority treatment of Central and State governments for TNCs like public service utility status that curtails the right of workers to protest. In this specific case, Toyota Kirloskar has been given public utility service status by redefining the norms of public utility service by the state of Karnataka.

- Though workers are organised in Toyota Kirloskar, it is found that in many cases collective actions do not translate into effective negotiations or settlements. Therefore there is a great need to empower the unions through education and advocacy.
- Since there is an alarming concern and preferential treatment for foreign investment in the state, the struggles of the workers for their demands are often neglected in the public sphere. Therefore there is a need to bring the issues of workers to the public sphere through media and other campaigning.
- Since the burden of unfair and exploitative labour practices is more on contract workers, there is a need to educate, empower and organise them in TNCs.

REFERENCES

- Business Line, 25 March 2005.
- Dept. of Labour Govt. of Karnataka 2005, 'Memorandum of Settlement between Toyota Kirloskar Auto Parts Employees Union and Toyota Kirloskar Auto Parts Private Ltd', *Register of Settlements*, No. 12, pp. 3-6.
- Despande, L.K. 1999, 'Labour Market and Structural Adjustment', *The Indian Journal of labour Economics*, Vol. 42, No.1, pp. 59-69.
- Fumio, Kaneko 2004, 'World Investment in Japan's Automobile Industry – The Case of Toyota', in Dae-oup Chang and Ed Shepherd (ed.) *Automobile Workers and Industry in Globalising Asia*, Hong Kong: Asia Monitor Resource Centre.
- Government of Karnataka, Department of Labour 2005, Report of Central Safety Monitoring Cell, <http://labour.kar.nic.labour/default.htm>
- Ministry of Heavy Industries and Public Enterprises 2002, *Auto Policy 2002*, New Delhi, Government of India.
- Registrar of Settlement, *Memorandum of Settlement, O No. 12, Date 5/ 10/ 2005*, Bangalore, Karnataka.
- Way 2 Wealth 2005, 'Indian Automotive Component Sector: Going Global', <http://www.way2wealth.com/research/research.php>
- Saripalle, M. 2005, *Competing Through Cost Versus Capabilities, Organisational Transformation of the Indian Automobile Industry*, Dept. of Agriculture and Resource Economics, Connecticut: University of Connecticut.
- Shrouti, Arvind 2004, 'New Management Strategies and Automobile Workers in India', in Dae-oup Chang and Ed Shepherd (eds.) *Automobile Workers and Industry in Globalising Asia*, Hong Kong: Asia Monitor Resource Centre.
- Standing, G. 1999, *Global Flexibility: Seeking Distributive Justice*, London: Macmillan.
- The Factories Act, 1948, as amended by the Factories (Amendment) Act, 1987, Government of India.
- The Hindu Daily, 28 September 2005, Bangalore.
- The Industrial Disputes Act of India, 1947.
- Government of Karnataka 2001, *The New Industrial Policy 2001-2006 of Karnataka*, Karnataka: Government of Karnataka.
- Wilkinson, C. 2001, *Fundamentals of Health at Work*, London: Oxford University Press.

WEB SITE REFERENCES

- <http://acmainfo.com/contactus.htm>
- <http://www.cmie.com>
- <http://dipp.nic.in>

http://dipp.nic.in/japan/japan_cell/index_japan.htm
<http://labour.kar.nic.in>
<http://www.thehindubusinessline.com/2005/11/23/stories/2005112303330900.htm>
<http://www.way2wealth.com/research/research.php>.

NOTES

1 In India, Provincial Governments are known as State Governments.

2 Schedule 1, sec. 22-25, The Industrial Dispute Act, 1947.

3 Optimum level of automation, in automobile manufacturing, depends on TACT. It is determined by dividing the total available task time by total market demand or output produced. This sets the targets to be achieved in a production line.

4 As per the latest wage revision in 2005.

5 Allowances based on performance appraisal and shift are also applicable.

6 8A, 8B and 8C are similar categories corresponding with Y3, Y2 and Y1 in terms of year of joining.

7 Y3 is workers who joined before 31 March 2000 or between 1 April 2000 to 31 March 2001.

8 Y2 is 1 April 2001 to 31 March 2002; Y1 is 1 April 2002 to 31 March 2003.

9 Just in time (JIT) is associated with Japanese methods of organising production. It is a system, which ensures that components or raw materials of the exact quantity and quality are delivered to the appropriate place in the production process at the right time. The adoption of JIT enables companies to avoid stockpiling costly components and raw materials.

10 *Kaizen* is the Japanese concept of continuous improvement.

11 Quality circles (QC) are generally small groups of employees, usually volunteers, who meet periodically to discuss ways of improving quality and productivity in their work areas. QCs were particularly popular in manufacturing in the United Kingdom in the late 1970s and early 1980s but have become less so now. QCs, based on *kaizen* principles, develop shop-floor staff problem-solving skills and encourage their suggestions to eliminate waste.

12 Under provisions in the Factories Act, no adult worker is required or allowed to work in a factory for more than 48 hours in any week. For details, see Chapter VI, The Factories Act, 1948, as amended by the Factories (Amendment) Act, 1987, GOI.

13 All regular and probationary workers are called team members in TKML.

PART 3

TATUNG

CHAPTER 10

TATUNG: FROM TAIWAN NUMBER ONE NATIONAL BRAND TO MOVING OUT

Tsai, CHIH-CHIEH

ABSTRACT

In the 1960s and 1970s, Taiwan's interior market was protected by government for local industries to share with little competition. Under this situation, Tatung Company rose sharply to Taiwan's number one national brand in home appliance production. Tatung implemented conservative labour practices and dismissed unionists if there was any resistance. In the 1980s, Taiwan's government opened the market. Since then, local industries had to face strong challenges from outside; traditional sectors like home appliances have moved out seeking cheaper labour costs and gradually turned to 3C-related productions¹. Tatung not only moves production lines but also management style to the invested countries; union busting comes again but in different nations. In Taiwan, unionists got certain resources from the outside labour movement to keep the unions operating; in Thailand, unions still struggle under hardship. As the company keeps changing face, unions confront a new business structure in this global age.

On 30 March 2006, Tatung Banciao Plant Union mobilized 200 members to demonstrate in front of Ministry of Economic Affairs (MOEA) building because Tatung intends to move the main instruments of Banciao plant to Vietnam. This means production in Banciao plant would finish soon, endangering the job security of 600 workers there. The union chose MOEA as its demonstration object because Taiwan's government encourages Taiwanese businesses to move investments abroad. The union also demanded that the government takes serious action to support 'traditional' industries. Events like this are often seen in recent years; there are many factory closures and Tatung is not an unusual case. Several media companies interviewed people on the demonstration, which became a hot topic on news channels

that day, as Tatung is a famous national Taiwanese company. In the past when air conditioners were uncommon, many Taiwanese used electric fans during summer, many of them came from Tatung. In Taiwan nearly 90 percent of rice cookers are made by Tatung. Furthermore, almost all the students take a rice cooker with them when they study abroad. Along with the government's slogan 'Value the national products!' in the 1970s, Taiwanese people over the age of 25 grew up with Tatung products. And the Banciao plant is the very place manufacturing these appliances. But now the products would not be made in Taiwan anymore.

Tatung Boy (For background about this mascot, see <http://www.tatung.com/en/mascot.asp>) first appeared on TV commercials in 1969 accompanied with the Tatung Song. They were so popular that most Taiwanese over the age of 25 could sing the Tatung Song. Now that Tatung intends to move production out of Taiwan there is no wonder the media paid attention to that demonstration. This report thus tries to show how Tatung strengthened itself under the government's economic protection policy before the 1980s, and started economic liberalization in the 1980s. Finally we will show you the working conditions and labour situation of Tatung in Taiwan and Thailand, and how workers react.

1. THE POST-WAR INDUSTRIAL DEVELOPMENT POLICY OF TAIWAN'S GOVERNMENT AND TATUNG

1.1 Tatung in the Early Years

In 1918 when Taiwan was a Japanese colony, Tatung founder Lin, Shan-Chih set up the Hsieh-Chih Business Association focusing on the construction business. To supply iron reinforcement bars for construction works, Lin set up the Tatung Iron Works in 1939. In 1942, Lin established the Tatung Junior Vocational School (now the private Tatung Junior High School) appointing his eldest son T S Lin as 'unique trinity': Professor and President of Tatung School, and Chairman of Tatung Company.

In 1945, Taiwan was ceded to Republic of China (ROC) from Japan after World War II. Tatung Iron Works changed its name into Tatung Steel and Machinery Manufacturing Company the same year. During the war, railway cars were bombed and destroyed. Tatung was contracted to repair 577 railway cars and input much money, but when the contract was finished, the fixed assets had no work. That left Tatung in heavy debt but marked a very important turning point. First, by the contract Tatung began a close relationship with the ruling Kuomintang Party (KMT). T S Lin was elected as a national legislator, and appointed Chairman of Taiwan Electric Appliance Manufacturers' Association², and Chairman of the Taiwan Association of Machinery Industry. Second, Tatung changed its infrastructure to produce electric fans, creating the base for the later Taiwan number one national industry in home appliances.

1.2 Industrial Development Policy during the Horizontal Import Substitution Era (1946-1959)

After the destruction of World War II, agricultural and industrial production in Taiwan fell seriously. The KMT lost a civil war to the Chinese Communist Party

(CCP) in 1949 and moved the ROC regime to Taiwan, facing deficiencies in production and lack of foreign exchange. The first priority of economic policy was to recover productivity levels and try to supply daily needs locally to save on foreign exchange. We call this time the Horizontal Import Substitution Era. The focus of this era was to ‘cultivate industry from the resources of agriculture, while developing agriculture from industrial forces’. Taiwan’s government launched land reform to increase agricultural productivity and shifted agricultural resources to industry. Thus industrial forces could keep agriculture productivity moving forward. Table 1 shows policy contents to restrain imports, save foreign exchange and protect local industries.

Table 1. Industrial policy contents during the Horizontal Import Substitution Era

Policy	Tariff protection	Import regulation	Limitation on new factories	Domestic-made ratio rules	Foreign exchange rates
Content	High import tariff	Import items differentiated into permitted, regulated and prohibited	Temporary limitation on new factory establishment	Component parts for production had to meet domestic-made ratio, specially for electronic and machinery industries	Low rate for industrial equipments, high rate for luxuries

Source: author

Taking the electrical industry as an example, electric fans were important products protected during the Horizontal Import substitution Era. Import tariff on electric fans in 1948 was 80 percent and usually 60 percent during the 1950s and 1960s. Thus electric fans were in the import-regulated sector in this era (Duan 1999, p.345). During this era, another important issue for Taiwan’s economic development was US Aid, since Taiwan didn’t have enough foreign exchange at that time. Parts of US Aid directly subsidised the private sector; Tatung was one of the supported private enterprises (Lee 1999, p.41).

1.3 Tatung in the 1950s

Tatung began to produce electric fans in 1949 with only 98 employees. Tatung started technical cooperation with Toshiba to produce electric meters in 1954 and cooperation with Westinghouse to manufacture electric motors in 1956. Electric fans, meters, and motors were the three major products of Tatung in the 1950s. In 1956, Tatung established Tatung Industrial College (now the Tatung University) with T S Lin as the first President. Tatung cooperated with NEC to set up Taiwan Telecommunication Industry Company (TTIC) in 1958 to produce telecommunications equipment. At that time, Tatung lacked money and tried hard to collect capital to invest, even thinking about how to get more from the employees. Firstly, from 1946 Tatung began to encourage employees to buy shares in the company. From 1957, Tatung’s shares went public. When the Taiwan Stock Exchange Corporation opened in 1962, Tatung was one of the first companies on Taiwan’s stock market. But even though employees bought shares in the company, the shares were still collectively reserved by the company. The employees couldn’t sell their shares and couldn’t

attend the annual shareholders' meeting unless they quit the company. Tatung did this to collect capital from the employees, and to consolidate control of shares by the Lin family. This issue later became an important point of dispute between the labour and the company. Secondly, Tatung deducted four percent of employees' salary every month as enforced savings for the Annuity Fund (*Tatung Semi-Monthly*³ 47:13, p31). From 1957, Tatung started to collect savings from employees and the general public, in the name of Tatung Employees' Saving Account. Tatung was not a bank but collected savings from people. Actually it was informal and unlawful banking.

1.4 Industrial Development Policy during the Export Oriented Industrialization Era (1960-1972)

As mentioned above, Taiwan's economy in the Horizontal Import Substitution Era was sustained by US Aid. Entering the 1960s, US Aid was coming to an end. To ensure continuous capital accumulation of Taiwan's economy, the US Aid agency in Taiwan directed Taiwan's government to draft the Nineteen-point Financial and Economic Reform Programme in 1960. One important dimension of the programme was to change the import substitution policy into an export oriented one. The same year, the programme was embodied in the Statute for Investment Encouragement. The international situation at that time on one hand was the Cold War confrontation between the Soviet Union and the US. The US had to open its domestic market to support East Asia's economy to compete with the Soviet bloc. But inside the US were emerging voices to move industries abroad, taking advantage of cheaper labour forces in developing countries and sell the products in the US. With this trend, Taiwan became one of the assembly and export bases of US and Japanese capitals, using the export trade to stimulate economic growth and was known as 'improving economic growth by international trade, using the growth to extend trade. Table 2 shows the policy contents to improve exports.

Table 2. Policy content to improve export in Export Oriented Industrialization Era

Policy	Foreign exchange subsidy	Refunding tariffs for exports	Low interest loans for exports
Content	Use foreign exchange earned from exports to import raw materials	Refunding tariffs of imported raw materials after assembly and export	Through industrial associations to set up Cooperation Funds

Source: author

The Statute for Investment Encouragement tried to attract capital by tax advantages. Local capitals were still small, thus foreign capitals became important. In 1964, US company General Instrument came to Taiwan to invest. This was the first 100 percent foreign investment and totally export oriented company that supplied electronic parts to international markets. Besides using Taiwan's cheap labour force, this investment had nothing to do with Taiwan's domestic market. This symbolized that Taiwan had entered the international division of labour by export orientation (Chen 2004). In 1966, the first export processing zone in Taiwan was established⁴.

That was just a continuation of export oriented policy and extension of the export sector.

Now many people think the export oriented policy was the key element in the success of East Asian economic development. So, people emphasized the role of exports too much. In fact, even in this era, import substitution and protection of local markets were still going on in Taiwan. Take the home appliance sector as an example, during 1963 and 1964, Taiwan's government temporarily refused to register new TV set factories (Tu 1999, p.98). And the domestic-made ratio regulation was set up especially for electronic and machinery industries. From 1964 to 1973, the domestic-made ratio of the home appliance sector was around 60 to 70 percent (Duan 1999, pp.349-50).

Except for foreign investments supplying the international market, import substitution and export orientation continued simultaneously. For example Tatung electric fans, which were once protected items during the Import Substitution Era, transformed into important export commodities during the Export Oriented Era. We may say that the possibility of big scale exports was established on the base of the protected inner market since the import substitution era. Only when the inner market was protected did Taiwan's private sector have the chance to obtain adept labour, manufacturing skills, and reproductive capitals through local sales, at the same time getting ready for the opportunity to export. Another big issue relating the export was the break-out of Vietnam War. Taiwan was an important platform to supply the needs of the US army. *Tatung Semi-Monthly* (48:24, pp.4-5) ever had reports very proudly that the company defeated Japanese corporations to win the contracts from the US army.

1.5 Tatung in the 1960s

The 1960s was the first decade of Tatung's big expansion. Two main production sectors emerged in this era: home appliances (rice cookers from 1960; radios and refrigerators, 1961; black & white TVs, air conditioners, and compressors, 1964; colour TVs and wire and cable, 1969; heavy electrical apparatus (power transformer), 1963. The technique source was mostly from Toshiba.

Regarding international trade, Tatung started to export in 1954. The five big exports in the 1960s were electric meters, electric fans, power transformers, electric motors, and rice cookers. But excepting electric fans and later TVs, most products were domestic market oriented. In addition, Tatung began to develop a component parts sector, which was totally export oriented. In 1966, Tatung had technical cooperation with IBM to set up Tatung Electronics, manufacturing parts for mainframe computers. Tatung technically cooperated with General Instrument and Japanese Alps to set up Forward Electronics in 1970, producing parts for TVs and other home appliances.

Through technical cooperation with transnational companies, Tatung also obtained investments from those companies. In 1968, about 15 percent of Tatung's shares were held by foreign capitals. Tatung productions started to export to Japan in 1969. It was well documented in the newspapers meaning that the quality of

Taiwanese products was good enough to ship to the technique resource state. The expansion of production led to the expansion of employment. In 1964, Tatung only had 2,529 employees. In 1967, there were 4,500 employees with average wage of US\$50 per month. At the same time, the price of a 16-inch Tatung TV was \$138, the cheapest refrigerator was US\$142, and a big rice cooker was US\$9.5 (*Tatung Semi-Monthly* 50:4, p.4). In 1969, there were 8,000 employees with average wage of US\$87.5 per month (*Tatung Semi-Monthly* 51:21, pp.6-7).

The 1960s was also the exaltation decade of Tatung in business and politics. In 1967, T S Lin served on the KMT's Central Standing Committee; in 1969, he was elected as Speaker of Taipei City Council and three years later for a second term. The company changed its name from Tatung Steel and Machinery Manufacturing Company to Tatung Company in 1968, representing that the company has crossed the border from steel and machinery to electronics. In 1970, Tatung became the biggest private company in Taiwan, with the total proceeds of US\$55 million.

1.6 Industrial Development Policy during Vertical Import Substitution Era (1973-1979)

After 10 years of export orientation, demand for middle materials had increased. The basic infrastructures like transportation couldn't meet the needs of economic development. In 1973, Taiwan's government changed policy to vertical import substitution, meaning 'backward integration', developing upper stream sectors of the industries. Later, the Ten Big Constructions policy was implemented, focusing on petrochemicals, heavy industries, and transportation infrastructures, to 'adjust economic structure, improve industries upgrading'. Regarding the policy of this era, vertical import substitution is more obvious in two industrial chains: synthetic fibres and plastics linking backward to petrochemicals; and home appliance and machinery linking backward to steel and metal industries. In other words, the focus of vertical import substitution was heavy and petrochemical industries. Because the upper stream sectors could guarantee supply of enough materials, the goal of vertical import substitution was to maintain and expand exports (Yeh 1984, pp.693-4). The Ten Big Constructions policy also provided much business for private companies; Tatung got huge contracts from it, like all the power transformers of the new international airport.

1.7 Tatung in the 1970s

The popularity of Tatung Boy and Tatung Song, announced that the 1970s was the second decade of Tatung's expansion. Tatung's manufacturing plants from Taipei city had extended to Taipei county: Banciao plant was established in 1970 and Sanshia in 1973. Others would come to Taoyuan county later. Expansion also happened overseas. Tatung had set up overseas offices since 1971 to improve international trade. The Singapore office transformed into Tatung Singapore Electronics in 1972. Tatung US was set up the same year, Tatung Japan in 1975 and Tatung UK in 1980. Some of the overseas subsidiaries implemented small-scale manufacturing besides trade. Backward integration was tried inside Tatung Group. In 1970, Tatung together with several Taiwanese home appliance companies technically cooperated with US company RCA to invest in Chunghwa Picture Tubes

(CPT). Main products were picture tubes supplying TVs and monitors. But as time went on, quality couldn't meet expectations. Later, RCA and other Taiwanese investors dropped out. Only Tatung supported CPT independently. Eventually Tatung again found Toshiba to transfer the technique. Then after 16 years, CPT began to make profits in 1986. In 1972, T S Lin's eldest son W S Lin followed his father's footsteps as President General of Tatung Company; T S Lin remained Chairman. In 1975, T S Lin was elected as Chairman of the Chinese National Federation of Industries.

1.8 Industrial Development Policy during the Economic Liberalization Era (1980-now)

In the Vertical Import Substitution Era, the ratio of heavy and petrochemical industries in Taiwan total industrial production values indeed increased. But two oil crises in the 1970s warned not to rely on petrochemicals too much. In 1980, Taiwan's government turned from heavy and petrochemical industries to 'strategic industries'. The establishment of Hsinchu Science Park in 1979 led to the most important strategic industry: information technology (IT). This era was to 'speed up industries upgrading, aggressively develop strategic industries'. In 1984, for first time total export values of electronics were more than textiles. The policy of this era was embodied in the Statute for Upgrading Industries, 1991.

Internationally, advanced capitalist states faced serious economic decline after the two oil crises. They gradually conducted economic protectionism after the 1980s. For example, the US government started limiting Taiwanese imports including steel, rice, textiles, colour TVs, and so on. Furthermore, the US asked Taiwan's government to open the domestic market to foreign goods and revalue the Taiwanese dollar (Duan 1999, pp.293-7). In September 1985, the devaluation of the US dollar led to a sharp revaluation of the Taiwanese dollar. Four years later, the Taiwanese dollar hit the highest point at 25.5:1. Through almost all the 1990s, the exchange rate of the US and Taiwanese dollars stayed under 30:1, until 1997. The revaluation of the Taiwanese dollar made export prices higher, reducing exports (Lin et al 2000a, p.8).

In this sense, Taiwan's government announced the economic liberalization policy in 1983, loosening regulations on import and capital mobility (Lin et al 2000a, pp.11-6). At that time, the protectionist policy since the Horizontal Import Substitution Era went totally. Policies like tariff protection, import regulation, and rule of domestic-made ratio expired. Foreign products come in more easily than ever. Taiwan's government even opened the gate for foreign investments. At this stage, Taiwan products faced serious competition not only in international markets, but also in the domestic market beyond the deregulations. Taiwan industries in the Economic Liberalization Era are much more involved in the international division of labour than ever. Taiwanese companies must be more flexible in the global world, to survive.

Table 3. Deregulation on capital mobility in the 1980s

Date	Implementation
May 1985	Loosening limitations on investing abroad
June 1986	Loosening limitations on foreign investments
Aug 1990	Partly permission on investing in mainland China

Source: Lin et al 2000a, p.14

Loosening limitations on investing abroad and loosening limitations on foreign investments, are two sides of one thing. Because competition increases, Taiwanese corporations must go abroad seeking cheaper labour to reduce costs, and find other export places to avoid trade barriers. And because of Taiwan's diplomatic isolation in international society, Taiwan's government encourages businesses to invest abroad, trying to use investment as a bargaining chip to consolidate diplomatic relationships (Nee 2002, pp.142-56). The goals of Taiwanese overseas investment are listed below. Investment has more and more concentrated on mainland China in recent years.

Table 4. Taiwan investment abroad, 1996-2005 (Unit: US\$1,000)

Year	Mainland China		Other areas		Investing values in mainland China/ total investing values
	Cases	Value	Cases	Value	
1996	383	1,229,241	470	2,165,404	36.21%
1997	728 (7,997)	1,614,542 (2,719,771)	759	2,893,826	35.82%
1998	641 (643)	1,519,209 (515,412)	897	3,296,302	31.55%
1999	488	1,252,780	774	3,269,013	27.71%
2000	840	2,607,142	1,391	5,077,062	33.93%
2001	1,186	2,784,147	1,388	4,391,654	38.80%
2002	1,490 (3,950)	3,858,757 (2,864,301)	925	3,370,046	53.38%
2003	1,837 (8,268)	4,594,985 (3,103,799)	714	3,968,588	53.66%
2004	2,004	6,940,663	658	3,382,022	67.24%
2005	1,297	6,006,953	521	2,447,449	70.62%

Note: Numbers in brackets are remedial applications. Remedial values are excluded from ratio measures.

Source: Department of Investment Services, Ministry of Economic Affairs, Taiwan

Due to political tension between Taiwan and China, Taiwan's government tries to divide capital flow to China. In 1993 and 1998, Taiwan's government proposed a South Bound Policy, hoping businesses would go to Southeast Asian countries to invest. Since the mid-1990s, Taiwan's government identifies Central America as another target. By then Central American countries had diplomatic relationships with Taiwan, so the government lobbied businessmen to invest there (Nee 2002, pp.119-23). But as Table 4 shows, the real effect is little. Most businessmen still like to invest in China.

1.9 Tatung after the 1980s

Although the export value of Tatung was number one in Taiwan's electronics industry by 1980, Tatung met big risks in the mid-1980s. First was saturation of the domestic market. Entering the 1980s, home appliances were common for most Taiwanese families leaving only little space for the growth of home appliance sales. Second was international competition. Taiwan companies faced strong challenges

from Korean electronics companies and still can't compete with them (Lin et al 2000b, p.37). Taiwan's government opened the market completely to the import of home appliances in 1986. Since then, even in domestic market there are more and more competitions. Tatung's exports raced to number one in all Taiwanese companies by 1985, but it seems like a last blossom before the downfall of the home appliance sector.

In 1985, a financial scandal happened in Taiwan. Many people withdrew money from insecure banks, including Tatung Employees' Savings Accounts. Tatung suddenly lost US\$75 million of circulation capital, more than 10% of total assets. Taiwan's government asked state-owned banks to provide financial support for Tatung. So that Tatung hardly passed the difficulty (Lin et al 2000b, p.37-8). The only thing cheerful for Tatung during the hard time was that CPT began to make profits. Facing serious damage in the mid-1980s, Tatung transformed itself to meet the changing situation.

Main Production from Home Appliances and Heavy Electrical Apparatus to 3C
Home appliances and heavy electrical apparatus are domestic oriented, 3C are export oriented

In 1992, the sale of Tatung's 3C productions for the first time outstripped home appliances and heavy electrical apparatus combined. 3C productions are export oriented, contrasting to domestically oriented home appliances and heavy electrical apparatus (See Table 5). In 1999, Tatung's stock on Taiwan's Stock Market Exchange changed from the electrical sector to the electronic sector, declaring that Tatung had transformed and its income was mainly from 3C productions now. In 2005, the ratio of 3C in all sales reached 77.5 percent; heavy electrical apparatus, 8.59 percent; wire and cable, 7.04 percent; home appliances were lowest at 6.87 percent (2005 Annual Report of Tatung Company, p.35).

Table 5. Sales of Tatung products, 1992 (Unit: NT\$1,000; US\$1 = NT\$25)

Computer, communication, and consumer production (50.11%)				Home appliances (23.87%)			
Domestic market		Export		Domestic market		Export	
Value	%	Value	%	Value	%	Value	%
1,238,202	3.74	15,351,284	46.37	7,278,835	21.99	620,907	1.88
Heavy electrical apparatus (20.67%)				Others (5.35%)			
Domestic market		Export		Domestic market		Export	
Value	%	Value	%	Value	%	Value	%
6,567,997	19.84	276,230	0.83	1,658,534	5.01	111,703	0.34

Source: 1994 Annual Report of Tatung Company, p.9

Home appliances and heavy electrical apparatus have own brand, 3C are original equipment manufacturing (OEM) for mainly western brands

Tatung started to produce personal computers (PC) in 1984. In the beginning, the brand on the products was Tatung. But later, there were more and more OEM productions. Especially after 1993, with the price reducing wave of PCs on the

international market, Taiwanese computer manufacturers turn to grab OEM orders from big western brands (Wang 1999, pp.34-6). Taking the example of Tatung, PC orders were mainly from HP and Compaq; monitor orders were from IBM. In 1985, Tatung had a huge order from IBM of one million monitors (Wang 1999, p.32). In 1999, 45.72 percent of Tatung's total income came from HP (1999 Annual Report of Tatung Company, p.13). In 1989, TTIC produced public phones for AT&T. In recent years, Tatung had orders for PCs from Haier, monitors from IBM, and Palma display panel (PDP) TV with thin film transistor-liquid crystal display (TFT-LCD) TV orders from HP, JVC, and Wal-Mart.

Manufacturing plants move abroad, especially China

Appendix 2 shows that Tatung Group has many investments abroad. Two points can be highlighted here about the overseas investments.

Most investments concentrate on China

Tatung set up overseas subsidiaries since the 1970s. Because of the nearby export market, some subsidiaries also launched small scale manufacturing. Up to the mid-1980s, Tatung also established factories in the US and Southeast Asia but not many. The investment boom happened in China from the late 1980s. Almost all companies in Tatung Group have factories in China. Tatung also set up factories in the countries around the US and in Europe like Mexico, Netherlands, and Czech in the past 10 years.

Comparing investment of Tatung Group in 2004 and 2005, FDK-Tatung Thailand (electronic parts), Tatung Indonesia (electric motors) and Cambodia Lan-Sung International (lumber) were already removed from the list. In addition, when CPT Scotland plant was established in 1997, it was such a big event that the UK Queen attended the ceremony. T S Lin was also there. He must be proud that he set up a factory in the homeland of Adam Smith. But the Scotland plant has already closed. All these things make the investments more concentrated in China.

Investments in China are all indirect through companies in third places

Tatung sets up investing companies in tax-free paradises like Singapore and the British Virgin Islands, and then invests in China through these investing companies. Because the subsidiaries in China are indirect investments, Tatung doesn't need to declare the company information in the annual reports.

The segmentation of the company and technique integration

In 2000, Tatung's Information Communication Department was transformed into a new company named Tatung System Technologies. Similarly the same year, the Sales and Service Department and service outlets became Tatung Consumer Productions. It seems that Tatung tried to operate the production and service sectors separately. Since the 1970s, Tatung invested in many subsidiaries (see Appendix 1). The subsidiaries distribute in many industries. It's hard to say that there is any linkage among them. But nowadays Tatung has launched its integration of 3C productions, through outsourcing and mergers. It puts particular products to particular manufacturers in order to specify the skills and reduce the burden of the parent company.

In 2005, Tatung sold its PC department to Elitegroup Computer Systems (ECS), in exchange for 30 percent of ECS shares. Tatung outsourced its PC OEM orders to ECS and transferred all 180 workers in the PC department to ECS. Now Tatung is the biggest shareholder of ECS and the Chairwoman of ECS is W S Lin's wife, the eldest daughter-in-law of Lin's family. Originally the sales of computer systems occupied 70 percent of Tatung total 3C sales in 2004. But due to the outsourcing of the PC department, the percentage was only 14 in 2005; the percentage of flatscreen TVs and monitors increased from 23 to 80 (2005 Annual Report of Tatung Company, p.37). Originally ECS focused on main board production, later extending to PC and laptop manufacture. In July 2006, ECS announced its merger with Uniwill Computer, the laptop manufacturer. In other words, although Tatung itself doesn't conduct computer production anymore, it has outsourced production and integrated the producing technique of main board, PC, and laptop by merger. A similar strategy occurred in CPT. In 1997, CPT got technical cooperation from Mitsubishi Electric's subsidiary Advanced Display Inc. (ADI) to manufacture TFT-LCD and PDP monitors. Since then, CPT once the biggest cathode ray tube (CRT) manufacturer in the world, changed to mainly produce flat monitors. We can see in Table 6 that from 1999 to 2004, the percentage of CRT sales in CPT dropped from 78.80 to 34.12; the percentage of TFT-LCD rose from 14.79 to 63.00.

Table 6. Sales percentage of CPT main productions, 1999 and 2004
(US\$1 = NT\$33)

1999			2004		
Product	Value NT\$1,000	%	Product	Value NT\$1,000	%
CRT	28,437,390	78.80	CRT	39,958,974	34.12
STN-LCD	148,153	0.41	STN-LCD	856,688	0.73
TFT-LCD	5,338,470	14.79	TFT-LCD	73,774,362	63.00
Others	2,165,123	6.00	PDP	2,440,983	2.08
-	-	-	Others	71,212	0.06
Total	36,089,136	100	Total	117,102,219	100

Source: 2000 Annual Report of Chunghwa Picture Tubes, p.23; 2004 Annual Report of Chunghwa Picture Tubes, p.129.

In terms of technique integration: Forward Electronics the Tatung subsidiary produces monitor module; CPT invests to set up Toppan Chunghwa Electronics in 2003, focusing on photo-mask the monitor parts production; also in 2003, CPT closed the CRT production lines of its Yangmei plant in Taiwan, moving them to Malaysia and China plants. July 2006, CPT bought shares of Sintronic Technology to be its biggest shareholder. Sintronic mainly supplies parts for LCD manufacturing.

The attempt of the second own brand

In 2004, Tatung launched its second brand named 'elio'. The first product is called Photo Jukebox, a personal audio and video player like Apple's iPod. Since then, Tatung was the traditional brand for home appliances and heavy electrical apparatus; elio is for fancy 3C products.

1.10 Some consequences: from protection to open, from domestic oriented to export, from national products to moving-out, from home appliances to 3C

If we put the history of Tatung in the context of Taiwan economic policy, we find:

- a) Although home appliance and heavy electrical apparatus sectors have played an important role in exports, basically they are domestic oriented.
- b) The domestic market came from Taiwan's protectionist policy.

The reason why Taiwan national made home appliances in the past could occupy the domestic market completely because of protectionism. Thus, after the economic liberalization policy of the 1980s, Taiwan home appliance firms have to seek more exports. Thus they produce more 3C productions and move the factories overseas. W S Lin once said that he thought the governmental protection of the past was not enough, and that if the government didn't allow Japanese home appliance companies to invest in Taiwan and share the domestic

Table 7. Taiwan yearly top 1,000 manufacturer rankings of Tatung Group companies, 1983-2005

Year	Tatung		TTIC		Forward Electronics		CPT	
	Ranking	No. of employees	Ranking	No. of employees	Ranking	No. of employees	Ranking	No. of employees
1983	7	22,398	112	3,000	138	2,351	-	-
1984	9	22,350	127	340(?)	163	2,233	104	2,500
1985	9	19,717	156	1,800	204	1,778	74	2,750
1986	8	13,000	222	1,450	152	2,160	40	2,950
1987	7	14,139	220	1,471	136	1,925	57	3,833
1988	6	12,386	175	1,472	200	1,613	41	4,558
1989	6	21,346	182	1,365	212	1,357	38	5,584
1990	7	21,346	131	1,350	242	1,289	31	5,956
1991	7	19,967	208	1,160	262	1,310	26	5,921
1992	6	11,000	350	847	-	-	25	5,327
1993	6	10,320	322	775	304	1,181	23	5,327
1994	8	10,353	401	713	318	1,120	28	4,657
1995	8	11,105	362	722	329	1,141	29	5,543
1996	13	11,377	358	772	360	1,082	26	6,430
1997	18	N.A.	376	760	403	1,003	34	N.A.
1998	13	19,200	329	767	341	937	35	6,482
1999	11	18,633	-	-	557	859	24	6,259
2000	11	11,355	-	-	499	1,109	26	6,345
2001	12	6,809	-	-	320	970	30	5,188
2002	18	N.A.	-	-	333	1,021	30	4,980
2003	15	6,000	-	-	359	1,013	28	5,520
2004	18	5,492	-	-	362	974	20	7,605
2005	30	N.A.	-	-	301	3,457	24	22,594

Notes: 1. The ranking is according to the yearly sales.

2. Compared with the statistics from Tatung, the numbers of employees here are very strange. It seems that they use different statistical bases. It's more reasonable here if the numbers between 1992 and 1996, and the numbers after 2000 only refer to the headquarters factory.

3. The income statistics in 2005 include subsidiaries and the employee statistics include the workers in overseas factories.

Source: *Common Wealth, Yearly Corporation Ranking Special Issue, from 1984 to 2006*

market, then maybe Taiwan could have several *chaebols* like Korean Samsung and LG now that they are big enough to compete on the international market (Yu 1994, p.174). That's another argument but we can't deny the governmental protectionism in the past.

c) Seeking technique integration and new own brands represent the limitation of OEM.

The scale of Taiwan companies can't compete with other transnationals so they turn to get OEM orders. But more and more countries go for OEM and profits gradually decline. Companies like Tatung try to integrate technique to save costs and develop new brands to create new outlets. These all show that OEM couldn't be a long term strategy. In addition, let's look back at problems inside Tatung Group. As mentioned above, Tatung has many subsidiaries⁵ but it's hard to see the linkage among them. If we look into the scales, most of them are small. In the most famous Taiwan yearly top 1,000 manufacturer rankings by *Common Wealth*, usually there are only four companies from the Tatung Group: Tatung, TTIC, Forward Electronics, and CPT⁶.

Even though Tatung began to transform itself from the 1980s, the statistics show that the growth of Tatung couldn't reach the companies that concentrate on 3C productions. 1996 was the first time Tatung dropped out of the top 10. 2001 and 2002 was the lowest point for Tatung. The finance of Tatung was minus US\$430 million in those two years and more than minus US\$625 million for all the Tatung Group. The Common Wealth uses combined data of the parent company and its subsidiaries for the 2005 ranking. By the new statistics, Tatung has dropped to number 30, even lower than CPT's number 24.

2. STATE POLICY AND LABOUR LAWS BEFORE THE AUTONOMOUS UNION MOVEMENT

1945, Japanese colonial rule ended with the finish of World War II. Taiwan returned to China after 50 years. But the civil war soon broke out and the KMT, defeated by the CCP, the KMT transferred ROC regime to Taiwan in 1949. Since then there are two Chinese governments beside the Taiwan Strait. In Taiwan, the KMT practiced one party rule and implemented Martial Law to avoid the collective power of workers and peasants. Under Martial Law, strikes were strictly prohibited. The right to strike was recovered in 1988 when the labour movement rose.

2.1 Trade Union Law

After coming to Taiwan, KMT's policy towards labour unions first appeared in 1951, encouraging companies to set up fake unions to prevent workers from authentic organizing. KMT set up official unions not only to control workers but also to mobilize workers to support it (Lee 1999, pp.53-5). In the beginning, the unions were most likely set up in state-owned enterprises. Tatung Union was established in 1959, a very early union in the private sector. Of course it was controlled by the company. The Trade Union Law regulating unions was legislated in mainland China. The

revised edition of 1949 shaped the face of Taiwanese unions until now. Here are some characteristics of this law:

- Single union in a workplace and single official confederation

According to the law, there could only be one union in one workplace. At the same time, there was only one lawful confederation, the Chinese Federation of Labour (CFL). Before the end of Martial Law, every union had to affiliate with the CFL, which was controlled by the KMT. In other words, all the unions were under the control of KMT. At that time, because the union was set up by the employer the union always listened to management not the members. Sometimes the union officers even came from the management. So we call it official union. In workers' folklore, it's called a 'caponized-cock union', meaning useless. Some better unions could demand welfare for workers, but didn't have any right to full collective bargaining. Thus, sometimes we also call it 'welfare union'. Around the end of Martial Law, the labour movement tried to take back the union from the government and the employers. That was the 'autonomous union movement': In the workplace where there was already a union, workers tried to take it back during elections; in the workplace where there was still no union, workers tried to set up one by themselves.

- Differentiation between industrial union and craft union

There are two kinds of unions in Taiwan: industrial craft. In a workplace with more than 30 employees registered in union, that's an industrial union. The craft union is for the self-employed and the employees without a stable job to join the Labour Insurance scheme. Usually craft unions are controlled by the owner of small enterprises. Thus, they couldn't collectively bargain, until now. But the total members of craft unions are much more than the total members of industrial unions. So, generally speaking, the regional federations and CFL were controlled by craft unions. The federations and CFL couldn't represent rank-and-file workers.

- The factory-based 'industrial' union

The industrial union is not really industry-based, but factory-based. According to the law, even in the same enterprise, workers can't organize a union across city or county borders. Because in Taiwan more than 80 percent of enterprises are small-and medium-sized, in general the members of industrial unions are few; unions are weak. But Tatung Union is a special case. The early factories of Tatung were only distributed in Taipei City, and the union was set up very early. As the company extended to other counties gradually, the workers in the outer factories joined the same union. Thus, the union has members across county borders⁷.

2.2 Factory Law

Regulations of labour standards and employment relations in early days came from the Factory Law. Like the Trade Union Law, the Factory Law was legislated in mainland China. According to the law, factories should set up Factory Councils,

Table 8. Resolutions of the first 100 meetings in Tatung Factory Council

Category	No. of resolutions	Percent
Research on improvement of work efficiency	25	5.3%
Improving the relationship between factory and workers	19	4.2%
Implementation of collective bargain agreement, labour contract, and work rules	20	5.0%
Agreement on working hours extension	11	2.8%
Improvement of labour health & safety	44	11.1%
Suggestions for factory reformation	47	11.8%
Workers' welfare	155	39.2%
Other issues	78	19.6%

Note: The category classifications are according to the Factory Law

Source: *Tatung Semi-Monthly* (47:15, pp.8-13)

composed by half management and half workers to discuss the affairs in the workplace once a month. Tatung called the first Factory Council in the end of 1956. By July 1965 there had been 100 meetings in total. At that time *Tatung Semi-Monthly* concluded the 399 resolutions made in those meetings.

Table 8 shows that the Factory Council's role was most like an Employees' Welfare Committee. Nearly 40 percent of the resolutions were linked to workers' welfare. Some resolutions were even about researching to improve work efficiency. The Factory Council was just like a Quality Circle meeting, and shows the employee-employer relation in general.

2.3 Employees' Welfare Fund Act

According to the Employees' Welfare Fund Act also from mainland China, companies should set up Employees' Welfare Funds and Employees' Welfare Committees. The Funds should be collected from company income, employee salary, and the selling of the waste materials. The Committee should be composed of 2/3 labour and 1/3 company together governing the Fund. Because the Committee has lots of money, workers on the autonomous side like to lead the Committee. By that, if the labour side led the Committee, workers could get more resources to consolidate organizing. But since financial administration is controlled by the management, if the management doesn't transfer the money into the Fund, workers have little recourse to respond. So usually the Chair of the Committee is company, even though labour has most seats. Some parts of the Fund came from employees' salary anyway. If the company always manages the Fund, the issue very easily becomes a burning point between the management and the labour. As an example, Tatung's Employees' Welfare Fund was set up in 1948. The employer encouraged workers to buy shares in the company, even using the Fund to buy shares. In other words, the Committee was a big Tatung shareholder. In this sense, the Committee Chair not only has the power to use the Fund, but also play an important role as company shareholder. Definitely the Committee would become a battlefield between management and labour.

3. ADMINISTRATION AND MANAGEMENT STYLE OF TATUNG

Chinese scholar Duan mapped characteristics of Taiwan business groups as: a) collect money, defend money and pinch money; b) family rule; c) weak characteristic of the company (Duan 1999, pp.206-13). These all describe Tatung. Besides, T S Lin on the one hand grew up under the Japanese style of education, and had deep relationships with Japanese corporations; on the other hand he understood that 'Taiwan's technology was far behind western countries'. Thus he showed two characteristics in his business operation: Japanese style of management and respect for national industry.

3.1 Collect Money, Defend Money, And Pinch Money

The first generation of post-war Taiwanese capitalists liked to collect, defend, and pinch money, because usually they built up their enterprises from nothing, or just small business (Duan 1999, p.206). T S Lin's portrayal in the media reflected the image of a frugal family. Lin's car was locally made, echoing the national products of Tatung. Lin disliked golf because he thought it a lavish sport. But if he treats employees like his property, then the virtue of frugality becomes a shortcoming. As mentioned above, Tatung ever encouraged workers to buy company shares. There are more cases to show that the company ignores the rights of workers. In 1983 and 1989, Tatung didn't pay any Labour Insurance for employees and was fined by the government (Lin et al 2000b, p.49; p.109). Before October 1998, Tatung never remitted enough money to the Employees' Retirement Reserve Fund (Lin et al 2000b, p.41). And the accounting of the Employees' Welfare Fund was always unclear, and became an argument between labour and the company (Lin et al 2000b, p.121).

Tatung has vocational schools to train students as future managers and skilled workers. Sometimes the students became a source of cheap labour. In 1987, it even declared that Tatung asked the trainees to work continuously for 14 days without any holiday, and some people worked up to 11 hours overtime in one day (Lin et al 2000b, p.49-50).

3.2 Family Rule

According to the 2005 Annual Report of Tatung Company, there are 17 members on the board, six from the Lin family. The rest come from the two Tatung schools as the representatives of juridical persons. In Tatung and CPT, the positions of Chairman and President General always belong to the Lin family. Family ruling not only means that the important positions in Tatung Group are controlled by Lins, but also that all power is concentrated in the patriarch. W S Lin, the eldest son of T S Lin, served as the President General of Tatung for 34 years, in the shadow of his father. Even though he was President General since 1972, many of his decisions were denied by his father. T S Lin was always the final decision maker, when he was still active. The characteristic of patriarch also represented his 'affection for being the preacher'. T S Lin lectured every week in company and schools. All managers and students had to attend. His beloved textbooks are *The Wealth of Nations*⁸ by Adam Smith and Confucian classics. The lectures have continued for more than 40 years. Now W S Lin takes his father's job as preacher. T S Lin insisted that he should be the President

of Tatung Industrial College. But according to law, he couldn't be chairman of a company and president of a school at the same time. His insistence delayed the process for the school to become a university (Lin et al 2000b, p.42). In March, 2006, T S Lin stepped down from the position of Chairman and gave it to his eldest son. Two months later, he passed away.

Most first generation post-war Taiwanese capitalists have more than two wives. T S Lin had two wives and five sons. Which son would take his place after him was often a news topic. There is a special role in the family. W Y Kuo, the eldest daughter-in-law, W S Lin's wife originally went to Tatung as T S Lin's secretary and then married W S Lin. Since 1998, she served as the Administrative Deputy President General of Tatung Company in charge of the 3C department. Compared to the mild W S Lin, she is much more aggressive. In the famous yearbook on Taiwan business Business Groups in Taiwan (2006 edition), the key person of Tatung Group is listed as W Y Kuo not W S Lin.

3.3 Weak Characteristic of the Company

It's usual that Taiwan business groups don't have enough capital and rely on bank loans. The debt ratio is commonly high. In the mid-1980s, the debt ratio in most of the top 15 enterprises was over 50 percent. The ratio of Tatung at that time was 78 percent (Duan 1999, pp.209-11). In 1985, people withdrew much money from Tatung Employees' Saving Account; the company lost 40 percent of its total assets. In that year, the debt ratio of Tatung was 360 percent, the ratio of self-owned capital only 21.7 percent (Lin et al 2000b, pp.37-8). In 2005, the debt ratio of Tatung was 50.9 percent, CPT 61.34 percent, and Forward Electronics 69.93 percent.

3.4 Incentive and Profit Centre

The first characteristic of Japanese style management in Tatung is the incentive in the wage system and the Profit Centre. We will discuss details of Tatung's wage system in section 5.2. The main point is that basic salary is low and full salary depends on the incentive. When the incentive goes down, full salary is much affected. During the summer time in 2005, several student clubs investigated the working conditions of Tatung Banciao plant by interviewing union members. As quoted in their report, one worker said that the wage in Tatung was as good as Japanese investments in Taiwan during the 1970s and 1980s, "Tatung's operation and employees' wage was the same as Mitsubishi and Panasonic 25 years ago. But it's completely different now." Another worker who entered Tatung in 1986 said, "At that time the economy was good. Although the basic salary was low, the incentive was high. I could even earn US\$240 to 270 of incentive in a month. So I thought it's quite good at that time." (Practice Notes of Taiwan University et al 2005, p.8)

In terms of incentive, there is a very complicated formula to calculate. In an issue of *Tatung Semi-Monthly* (45:3, p.7-9) in 1963, there was an article entitled 'Briefly Introducing the Enforcement of Productivity Index Incentive Payment in Tatung'. It

claimed that through the index calculation, if the productivity increases in one month, the company would use half of the increase for re-investment, and use the other half to increase the wage.

In the spring of 1968, T S Lin announced the 'Planning for Double Incomes in Two Years' to the workers. He was planning to double the company sales in two years, and promised that the wage would be also doubled. Nearly two years later, in another article of *Tatung Semi-Monthly*, he expressed that the goal of double sales had been reached. But the number of the employees grew by 78 percent, so the wage increase percentage was only 75 percent (*Tatung Semi-Monthly* 51:21, p.6)⁹. The economic boom in home appliance sector was never like that again after the mid-1980s.

A related issue is the Profit Centre system. Tatung started Profit Centres in 1966. Coming to recent years, there are some Profit Centres in each workplace. The employee's wage would be affected by the income of the Profit Centre that the employee belongs to. If the Profit Centre makes less profit than others, then the workers there would have less incentive. According to this system, Banciao plant lost money in recent years, so there was a wage-cut of 10 percent salary for all workers in Banciao plant in 2001. The Profit Centre system divides the interest among workers, leading to uncertain workers' collective action.

3.5 Trying to Make the Union a Part of the Company

The second characteristic of Japanese style management in Tatung is that the employer is always trying to make the union a part of the company. This term 'Tatung' in Chinese came from a Confucian classic. The meaning is 'great commonwealth', referring a utopia in which people live in harmony. Under a vision like this, actually T S Lin had a very conservative political ideology. When still under Martial Law, as a minority Taiwanese elite in the KMT, he overwhelmingly supported the anti-communist policy of the ruling party. He was very proud that he could get orders from the US army to support them to set Vietnam 'free'. In labour issues, he implemented the enforcement to encourage workers to buy company shares, and loaned money to workers for housing. He believed that 'worker has his own shares' and 'worker has his own house' responded to the 'Principle of People's Livelihood' in Dr Sun Yat-Sen's 'Three Principles of the People'. He hoped using the Chinese style 'cooperation and harmony' would replace the class struggle of Marxism. T S Lin looked on his employees like a part of his family, the union like a part of the company. In 1989, after the trade unionists set up the new and autonomous unions, he accepted that but led the unionists to the grave of his father-the founder of the company-to worship. He wished that through such an action the unionists would be loyal to the company (Lin et al 2000b, p.71). T S Lin didn't allow anyone to obey his authority. He alone stood for the company to negotiate with unions. He liked to use transference or dismissal to treat unionists who didn't listen to him, no matter how the labour laws were regulated.

Because unions in Taiwan are basically factory-based, even organized labour only has solidarity with the co-workers in the same workplace or the same company.

Workers tend to think that the welfare of the workers depends on the company making profits or not. Workers like to cooperate with the management to raise the production efficiency to compete with other companies, so that company could make more money and then workers could share more. Usually the company identity is stronger than labour identity. Sometimes even the trade unionists have accepted the ideas of ‘cooperation and harmony’. In April 2006, the ex-president¹⁰ of Tatung Union ran for the next term but failed. He soon accepted a position that was provided by the management as a personnel manager in the information plant. He turned his face from the labour to the management very quickly. The new board of the union issued a statement to express the regret. Maybe we could take this as an example that the ideas of ‘cooperation and harmony’ have already invaded the labour movement.

Table 9. Technical cooperation objects of Tatung

Company	Technical cooperation	Main product
Tatung	Toshiba (Japan)	Home appliances, heavy electrical apparatus
	Westinghouse (US)	Electric motor
	Furukawa (Japan)	Wire and cable
	Philips (Netherlands)	Laser players
	ITOKI (Japan)	OA furniture
	Schneider Electric (France)	Heavy electrical apparatus
	Roku (US)	Digital media
TTIC	NEC (Japan)	Telecom equipment
Tatung Electronics	IBM (US)	Computer components
Forward Electronics	Alps (Japan), General Instrument (US)	Electronic parts
CPT	RCA (US), Toshiba (Japan)	CRT
	Mitsubishi Electric-ADI (Japan)	TFT-LCD, PDP
Tatung Chugai Precious Metals	Chugai Electric (Japan)	Contact materials
Tatung Die Casting	Mitsui Kinzoku (Japan)	Moulds
Tatung Precise Meter	Nippon Seiki (Japan)	Speedometers, tachometers
Tatung Fine Chemicals	PPG (US)	Industrial coatings
Tatung Otis Elevator	Otis (US)	Elevator
Tatung FDK	FDK (Japan)	Power supplier
Tatung FANUC Robotics automation	FANUC (Japan)	Robotics for factory
Tatung SM-Cyclo	Sumitomo (Japan)	Speed reducers, speed variators
Tatung Okuma	Okuma (Japan)	Machine tools
Toppan Chunghwa Electronics	Toppan (Japan)	Photo-mask
Green Energy Technology	GT Solar Technologies (US)	Poly silicon wafer
SeQual Technologies	SeQual (US)	Medical instruments

Source: Web sites of above companies, annual reports of Tatung Company

3.6 Contradiction between the Self-respect of National Industry and Technical Dependency on Transnational Corporations

Like other home appliance and heavy electrical apparatus companies in Taiwan, Tatung's technical resources are most likely from Japanese corporations. Tatung's main resources are listed in Table 9. Although we call it 'technical cooperation', in fact Taiwanese companies must pay lots of money to buy the techniques. And for the monopoly on technique, Japan always provides outdated techniques, or keeps key techniques secret. In this sense, Taiwanese companies still have to buy the key component parts from Japan when assembling finished products. This leads to Taiwan's technical dependency on Japan (Duan 1999, pp.263-4).

For Japanese corporations, selling outdated techniques to Taiwan not only makes money, but also finds a place to assemble Japanese products and export them to the US. As mentioned above, since the 1980s the US government conducts trade protectionism. The US government sets up many import barriers to Japanese products. It's easier to sell them to the US from Taiwan. It's said that every one dollar export from Taiwan to overseas, would lead to 0.28 dollar import from Japan to Taiwan; every percentage point growth of Gross National Product in Taiwan, would lead to import growth from Japan of 1.82 percent. Most imported products from Japan are machinery, heavy industrial, and petrochemical products.

Under the technical dependency, T S Lin still had some ideas about the self-respect of national industries. In all Tatung's factories, you see the slogan 'Industries contribute to the state!' As Tatung's achievement in exports was very good, the company always publicized the news of how its products were sold to Japan. One time, one Taiwanese corporation was accused as a business spy in the US. One student in Tatung University asked T S Lin what he thought about that. He answered, "Weak nations should take care and hold the technique independently, to avoid the oppression from strong nations." (The editors of Common Wealth 1997, p.48)

Another example is CPT. As mentioned above, in the beginning at CPT production was not good and investors dropped out. Tatung alone supported CPT for 16 years and the accumulative loss reached US\$30 million. But the single case couldn't defend the trend. Even in the CPT case, Toshiba's involvement was to improve the quality of the production. Tatung had a machine tools centre before, but couldn't make profit. Eventually after Tatung entered a joint-venture with the Japanese, the centre was transformed into a much bigger scale (Huang & Cheng 2003, pp.55-6). In the 1990s, the line of 'national industries' was completely abandoned. Tatung turned from number one national brand to OEM for western brands. In addition to being in Japanese enterprises' interests one reason why Taiwan has technical dependency on Japan is the very low research input of Taiwanese businesses. According to Duan's research, the budget of Taiwan's government on technology research and development was only less than one percent, and most parts of the research belonged to military use but not business use. In enterprises, the research budget usually doesn't reach 0.5 percent of the total income. And the scale of Taiwan enterprises is small. In general, the research budgets of US and Japanese corporations are 10 times the budgets in Taiwanese enterprises (1999, p.131).

4. THE AUTONOMOUS TRADE UNION MOVEMENT IN TATUNG

Entering the 1980s, the one party rule of the KMT began to lose control. The social movements were emerging at that time together with the democracy movement. Gradually the democracy movement got some power from the mobilization of people. At the beginning when the democracy movement got some seats in the parliament, the opposing politicians had the will to use the new resources to support social movements. Thus, the social movements were much linked with the democracy movement. On May Day 1984, the first labour movement organization in post-war Taiwan was established by the Taiwan Labour Legal Aid Association (TLLAA). Later different wings in the labour movement all originated from TLLAA¹¹. In 1986, the biggest opposition party, the Democratic Progressive Party (DPP), was set up. In 1987, the first labour oriented party, the Workers Party¹², was established. Most labour disputes in the 1980s were wage and lay-off related (Lin et al 2000a, pp.27-8).

In 1984, the Labour Standards Law was legislated to replace the Factory Law. At that time the labour movement was still a baby. So the legislation was not from the pressure of labour movement but the pressure of US trade protectionism. As mentioned above, the US government conducted trade protectionism since the 1980s. One of their conditions forced Taiwan's government to legislate the Labour Standards Law. The trade protectionism was in trying to raise labour cost in Taiwan through the implementation of labour standards, thus Taiwan would reduce the export to US by higher labour cost. Actually the Labour Standards Law is similar to the Factory Law, but Factory Law only regulated manufacturing and mining industries, therefore Labour Standards Law extended coverage to construction and partly service industries.

4.1 First Year of the Annual Bonus Dispute

At that stage, Taiwanese workers faced the problem of long working hours and delayed overtime pay. Because there is clear regulation in Labour Standards Law about overtime pay, after the enforcement of Labour Standards Law, workers began to demand overtime pay, together with the annual bonus. In January and February, 1988, before the Lunar New Year, labour disputes broke out all over the island, demanding back pay of overtime and higher annual bonus. On 2 February, Tatung main plant worker Tseng, with the assistance of Workers Party organizers, distributed flyers to co-workers and other Tatung plants saying that the annual bonus of Tatung was much lower than other home appliances companies. Earlier Tatung had announced for only half a month of bonus, but other companies paid at least two months. Tatung workers got very angry. Sabotage soon broke out in almost all plants of Tatung, TTIC, and CPT. The sabotage in Banciao plant lasted for five days. On 10 February, the company announced bonus increase, and the sabotage stopped gradually (Lin et al 2000b, pp.24-6). This sabotage was not the first time. The most serious case was in 1969, over the same demand for higher annual bonus. That sabotage ended with riot police intervention (Lin et al 2000b, pp.55-61).

4.2 The Establishment of Tatung Autonomous Trade Unions

The sabotage gave a good chance for the workers to organize. Workers in the Sanshia plant had already contacted TLLAA for months. Some activists linked with the sabotage leaders applied for the registration of Sanshia Plant Union. On the eve of the preparatory meeting, the company transferred one of the union originators to south Taiwan. On 14 April Sanshia plant workers launched a wildcat strike to support the union and the originator. The still yellow Tatung Union took a grievance to the government to stop the set up of Sanshia Plant Union but failed. On 25 May the union was recognized by the government. On 11 July, the Banciao Plant Union was set up¹³ (Lin et al 2000b, pp.63-73).

At the same time, the unionists had linked with activists in the main plant. On 25 April five workers in main plant including Tseng were transferred to positions out of Taipei. The five didn't accept and made complained to the government. The Labour Bureau of Taipei City judged that the transference was unlawful and the five could get back their former jobs. But T S Lin shut down the electric fan plant completely and laid off all 300 workers, so that the five didn't have 'former jobs' to return to. After negotiations, the five were transferred to other positions in Taipei. During the dispute, organizer Wang was dismissed in August for distributing flyers. The five started to organize workers after going back to the company. On 30 December Tatung Union held elections and the labour side won all the seats of board members (Lin et al 2000b, pp.79-97). In 1989, workers in TTIC set up their union.

4.3 Company Lays Off the Union Board Members

1989 was the second year of annual bonus disputes in Taiwan. But unlike the first year, the government and the capitalists had cooperated together to oppress the labour movement in the second year. In the beginning of 1989, Tatung unions conducted sabotage again but the company was not moved at all. The labour action failed in vain (Lin et al 2000b, pp.106-9).

On 16 May, the Chemical Fibre Plant Union of Far Eastern Textiles, the most famous autonomous union at that time, launched a strike that was violently oppressed. It represented the highest point of Taiwan labour movement, which then declined gradually (Ho 1990). On 25 May, Tatung Union met with T S Lin to discuss the wage increase, but the two sides couldn't agree and conversation ended in argument. On 30 June, the company issued a dismissal notice for union executive board member Chang. On 9 January 1990, union President Pai was also dismissed. Three days later, the company demolished the union office inside the company; the union had to rent a space outside¹⁴. Supporting the dismissed unionists, the autonomous unions decided to push the re-election of the Employees' Welfare Committee and elected off Committee members from labour side on 15 January. On 23 January, union executive board member Tseng was also dismissed. On 3 June, all unionists of the autonomous unions attended the annual shareholders' meeting of Tatung and dominated the microphone. On 7 June, three executive board members of Sanshia Plant Union-Liu, Chiang, and Huang-were dismissed the same day (Lin et al 2000b, pp.110-59).

In southern Taiwan, another unionist was dismissed at the same time in Formosa Plastics. The unions in Formosa Plastics linked with Tatung unions on a relay hunger strike to protest. Formosa Plastics unionists in the south began the hunger strike for 72 hours. Then starting from 18 July, the seven dismissed Tatung unionists launched another 72-hour hunger strike in front of Tatung headquarters. The unionists of Formosa Plastics who had just finished their own hunger strike went to Taipei in solidarity. On the day all the hunger strikes ended, more than 300 labour activists from all over Taiwan gathered to protest against the unlawful dismissals. During the hunger strike, both T S Lin and W S Lin went abroad to avoid the demonstration (Lin et al 2000b, pp.160-9).

The Tatung autonomous unions also kept attending the annual shareholders' meeting and sued in court over Tatung's unlawful banking practice, trying to pressure the company (Lin et al 2000b, pp.184). Because of so many labour disputes and the unlawful banking scandal, T S Lin resigned from the KMT's Central Standing Committee in 1991 (but was soon engaged as National Policy Advisor to the President). In 1994, the unlawful banking case declared Tatung guilty but sentenced probation. It hit the public image of Tatung. In October 1997, the unions launched the re-election of Employees' Welfare Committee. President Pai of Tatung Union was elected Chair of the Committee. But the company refused to co-sign. From the other side, since July 1992, the dismissed unionists took back their jobs through law suits. Most cases were finished within three years, but the longest lasted for eight years. In July 1998, the last one, Pai, went back to Tatung. So far, his case is the longest in unionist dismissal law suit of Taiwan's history. During the law suits, the unions were still operating, and the dismissed unionists lived by donations from union members and labour organizations.

4.4 The Changing Situation in Politics and Economy

After the unionists took back their jobs, relation between the unions and the company improved. The Employees' Welfare Committee chair is still management. At the same time, the outer political situation was changing sharply. Due to people's discontent towards the KMT, the DPP began to have the possibility to win a general election. To attract votes, the DPP adjusted its strategy from street demonstration to negotiations. It also withdrew support from social movements. To get support from the capitalists, the DPP encouraged the ideas of 'cooperation and harmony' which in the past only the conservatives would use. Under this situation, labour movement organizations and trade unions (TU) had to choose between following the steps of the DPP cooperating with bosses, or keeping the autonomous and opposing line. In 2000, the DPP won the Presidency Election. On May Day that year, the so-called 'autonomous confederation' - the Taiwan Confederation of Trade Unions (TCTU) - was formally established. But ironically, the contradiction among the autonomous union movement became more intense. The labour movement organizations and TUs split according to different party identities or strategy lines. The TCTU has taken the legitimacy of the 'autonomous

union movement' and new political resources but follow the DPP policy like any other official confederation. The rest outside the TCTU keep struggling but only maintain a loose alliance, trying to replace the TCTU.

In such an atmosphere, there were different opinions among Tatung unions about the Employees' Welfare Committee and other issues towards management. Tatung Union thought that it's not necessary to take the chair; but three unions - Sanshia Plant Union, Banciao Plant Union, and TTIC Union - thought that labour should take the chair. During 2004 and 2005, when Tatung Employees' Welfare Committee held its annual meeting, the three unions launched a demonstration outside the venue to protest about unclear accounting of the Welfare Fund. The different attitudes among the unions led to the difficulty of union cooperation. A newsletter was originally edited by the four unions together but in 2004, Sanshia Plant Union, Banciao Plant Union, and TTIC Union dropped out of the editing. Now the editing and publishing only takes place in Tatung Union. In 2006, the four unions in Tatung elected new board members. Nowadays the four new boards are seeking the opportunity for new cooperation.

Table 10. The changing labour force in Tatung (1987-2005)

Year	Number	Average age	Average service years	Total labourforce in Tatung Group
1987	15,380	-	-	21,480
1988	16,470	-	-	21,108
1989	17,800	-	-	21,346
1990	18,300	27	7	21,254
1991	19,967	26	6.5	25,109
1992	19,168	25.5	6.5	26,550
1993	18,690	25.4	6.4	27,254
1994	17,869	25.0	6.3	28,000
1995	19,491	25.8	6.8	30,700
1996	20,671	26.0	7.1	33,588
1997	19,575	25.6	7.0	32,278
1998	19,719	27.1	7.6	35,100
1999	18,633	28	8.6	35,164
2000	19,039	26	8.4	35,164
2001	6,809	37	12.9	36,125
2002	6,367	37	12.7	-
2003	5,787	38.03	12.3	-
2004	5,492	38.07	12.7	-
2005	5,322	38.08	12.7	-

Note: Numbers before 2000 refer to total Tatung labour. Numbers after 2001 refer to labour in HQ factory.

Source: *Annual Report of Tatung Company (1994-2005)*; *The Editing Committee of Hsieh-Chih Tatung Establishment & Development History 2003*, p.73.

5. THE WORKING CONDITIONS OF TATUNG TAIWAN WORKERS

5.1 The Changing Number of the Labour Force

When we tried to figure out the total number of Tatung workers, we found that there were different calculations according to statistical bases used. Sometimes the figures referred the number of workers in the whole Tatung Group. According to the statistics from Tatung publications, the changing number of Datung's labour force is listed in Table 10. Through interviews with the unions, we know that there were two high points of the labour force: One was in the early 1980s. At that time there were more than 3,000 workers in both Banciao plant and Sanshia plant. TTIC had 3,500 employees. We may say that it's the highest point of the 'traditional' sectors. The other was in middle and late 1990s. At that time most workers concentrated on the 3C sector.

From the other side, when the company met its biggest management risk in 2001 and 2002, the numbers in Tatung dropped sharply¹⁵ but those of Tatung Group kept increasing. That shows that the scale in the 3C sector has expanded while the traditional sectors shrank. From 1994, in general factories of traditional sectors didn't hire new workers and dismissed workers from time to time. Besides the downfall of the traditional sectors, export of production lines also results in decrease. In the beginning of this report, we mentioned that the company tried to move home appliance production to Vietnam. TTIC only has 190 employers in Taiwan now. All the production lines have moved to China. The move-out is also happening in the 3C sector. Production with lower level techniques is more easily moved. CPT laid off workers in Yangmei in 2001 and 2003. CRT productions have all moved to China. In Taiwan, CPT only has LCD production lines now.

5.2 Recent Working Conditions

The three major productions in Tatung are home appliances, heavy electrical apparatus, and 3C. We only had the opportunity to interview the working conditions in the traditional sectors (home appliances and heavy electrical apparatus).

Table 11. Working conditions in Tatung Banciao and Sanshia plants

	Banciao (home appliances)	Sanshia (heavy electrical apparatus)
Formal worker	650 (450 male, 200 female)	800 (730 male, 70 female)
Informal worker	150 short-termed contractors wage = NT\$750/day on three month contracts	100 dispatched & outsourced workers dispatched wage = NT\$800/ day Outsource refers to Tatung retired workers renting machines from Tatung and work inside the factory
Migrant worker	0	130 (from Indonesia & Thailand)
Average seniority	About 20 years	About 18 years
Average age	40	40-45
Average salary (US\$1= NT\$32)	More than NT\$20,000/month	About NT\$30,000/month
Shifts	3 shifts	Only day shift

Source: Tatung Banciao Plant Union and Sanshia Plant Union

Table 11 shows that workers' average age in traditional sectors is high; female employees are few. Most females work in offices not factories. Female production line workers concentrate on small home appliance products. There are some informal workers, about 20 percent of the total workforce. The wage system for common working conditions in Tatung, is:

Full salary = A+B+C+L9

A = basic salary, decided by worker's schooling and skill when entering the company. It's fixed so young workers' basic salaries could be more than those of older ones

B = position pay

C = special allowances, like skill and danger allowances

L9 = performance based incentive

In general, basic pay is low and full salary depends on incentive. From 2000 to now, there was no wage increase except a small one when W S Lin became Tatung Chairman. Every worker could receive NT\$1,000 bonus at both Dragon Boat Festival and Mid-autumn Festival. Usually the annual bonus is one month of salary, depending on the negotiations between the unions and the management. Comparing average wages in Banciao and Sanshia plants, the salary in home appliances sector is the lowest of Tatung. Because of the Profit Centre system, company cut wages 10 percent in Banciao plant in 2001, in the name of profit¹⁶. Student clubs reports concluded four main problems of workers in Banciao plant: overtime pay, annual leave, wage increase, and gender inequality (Practice Notes of Taiwan University et al 2005, p.32).

Overtime pay. Company asked workers to take more leave instead of paying them overtime pay to reduce retirement pay (Practice Notes of Taiwan University et al 2005, p.3).

Annual leave. In some departments, work intensity is high due to few labourers. Workers don't have enough chances to take annual leave. In some departments, workers are forced to take annual leave because of no work in the low season (Practice Notes of Taiwan University et al 2005, p.6).

Wage increase. No increase (Practice Notes of Taiwan University et al 2005, p.2).

Gender inequality. Equal work doesn't have equal pay (Practice Notes of Taiwan University et al 2005, p.5).

Workers in Banciao face the lowest wage in Tatung and factory closure threat. Maybe that's why Banciao Plant Union cares much about the Employees' Welfare Committee issue. The Union wants clear accounting in the Employees' Welfare Fund and workers to have more welfare from the Fund.

6. TATUNG WORKERS IN THAILAND

During August and September of 2005, we interviewed the conditions of Tatung workers in Thailand. We visited some union committee members and rank-and-file members at Tatung Thailand and FDK Tatung Thailand.

6.1 Tatung Thailand

Tatung Thailand was established in 1989 in Chonburi, a Southeast province about two hours by car from Bangkok. The main products are color TV sets and computer monitors.

Basic Information of Working Conditions

a. Wage: It's usual in Thailand for two kinds of wage systems in one factory. One of them is called direct employee, which means line operator; the other is called indirect employee, which means white collar worker. For direct employees, the wage is daily paid and only covers 26 days per month-Sundays are not paid. Workers get their pay every two weeks. For indirect employees, the wage is monthly paid and Sundays are paid. In August, 2005, there were 264 direct employees and 145 indirect employees at Tatung Thailand. In 2005, the minimum wage in Chonburi was 163 baht per day (US\$1 = 40 baht). So the minimum wage for the direct employees was 4,238 baht per month (163 baht x 26 days). The union told us that the average wage of direct employees at that time was about 4,990 baht per month. Besides, direct employees have extra allowances for skill, environment, night shift, and attendance. For monthly-paid employees, the wage is 145 baht per day and they have more allowances than direct employees.

There is a small annual bonus for workers. In general, the wage system of Tatung Thailand is similar to the parent company in Taiwan. But the average wage of Thai workers is one fifth or one-sixth the average wage of Taiwan workers.

b. Working hours and shifts: The normal working time is 48 hours over six days per week. In the past there were two shifts, but now only a day shift due to not enough orders. The company concentrates weekly working hours in five days, so they work more than eight hours per day.

c. Gender division of labour: In total 409 employees, only 50 are male. Compared to female workers, males are more highly educated and usually skilled workers like engineers, technicians, and supervisors, are monthly-paid. The educational level of male workers is usually high vocational and females only ninth grade. No doubt male receive higher salary than female workers. Although most employees are female, both the president and ex-president of the union are male.

d. Occupational safety and health (OSH): According to the workers, the machines are OK; the company provides health checks once a year by law. But there are many other problems in OSH, like fuel and chemicals are not well managed and exposed to the air, Materials Safety Data Sheets only provide limited information like unsafe lifts, not enough toilets, broken fire alarm, and locked emergency exits. Even though female workers had to work night shift before, there wasn't any dormitory.

Job Insecurity and Union Busting

The trade union of Tatung Thailand finalized registration in 2000. When the company wanted to change the bonus, workers organized the union. Numbers of workers and union members after 2000 are listed in Table 12:

Right after the establishment of the union, the company fired all 15 committee members immediately. Because they were founders of the union and protected by

Table 12. Numbers of workers and union members and issues in Tatung Thailand

Year	No. of workers	No. union members	Important issue
2000	2,000	50	Company laid off all 15 union committee members.
2002	3,000	2,000	Company had lots of orders. union committee members were line leaders, so, it was easy to persuade workers to join TU.
2003	-	-	Company lay-offs. Manager said: "Monitor lines go to China." Under Article 75, company paid workers only half salary; many resigned.
2004	700	-	Company sued union President and refused him entry to factory for six months. Company forced him to accept money and leave in June.
2005 08/27	409	100	Company sued union President and committee members again.
2005/ 9/17	325	-	

Source: Trade Union of Tatung Thailand

law, they got back their jobs after three months. But union busting was still going on. The management warned unionists that Taiwanese bosses don't like unions. The company denied unionists overtime work, monitored their behaviour and prevented them from talking to workers. 2002 was the year of union organizing density high peak. Almost all formal workers joined the union. In 2002, due to the need for labour, the company hired 1,000 temporary workers out of the total 3,000 workers. Temporary workers only received the minimum wage, with no other allowance.

The next year, the company laid off workers. By law, if the company wants lay-offs, it should inform workers in advance by at least one wage-payment period. For daily-paid workers, the period should be two weeks and for monthly-paid employees, one month. But Tatung never followed the rule. The management just tells workers about the lay-offs and pays the compensation. In 2004, another wave of union busting began. The company again dismissed all the committee members. But the union President Somsak at the time was a member of the Committee of Employees. So the company needed to apply for court permission first, otherwise the lay-offs were illegal. The company still filed a case to dismiss Somsak. During the process, management didn't allow him to enter the factory. Somsak asked other committee members to plead in court to get back their jobs. But they gave up because it took too long. In court, the officers suggested Somsak negotiate with the boss himself. At last, they told him to accept the situation because the factory was moving. If he didn't agree, the company could give him the compensation only by law. But at that time, the company agreed to compensate him double. Since other committee members had already left the company, eventually Somsak accepted the compensation.

In May 2005, workers elected seven members to form a new union committee. But again the company attacked the committee. When we visited new union President Chanet in September, four of the seven had already accepted lay-off. Because Chanet is also a member of Committee of Employees, company again filed a law suit to apply

to dismiss him. The company didn't allow Chanet into the workplaces, just put him in a small empty room to monitor him. Although the union had five sub committee members two of them were also laid off. The other three didn't dare to serve as formal committee members. By law, active committee members should be more than half of the seven to operate union affairs, but there were only three. So, the union should set up a meeting to elect. But Chanet was sued by the company, so he worried that once he called a members' meeting, the company would lay him off immediately and the union would be totally destroyed. Chanet said that workers also didn't want to stay in such a factory. They preferred to be laid off and got money, so the committee could do nothing.

We can conclude that whether in Taiwan or Thailand the management of Tatung uses dismissals as a strategy for union busting. In Taiwan, the company failed and the unionists got back their jobs. In Thailand, it seems that the company received some effects. In August 2006, Tatung Thailand is still operating on a small scale, but never closed like the management mentioned. The union keeps struggling, in hardship.

Management

There are five members on the board of Tatung Thailand, but only one stays in Thailand. Before, it was Chen-Hui Chang, the Deputy Manager General. He took charge of Tatung Thailand for daily operations. Besides Chang, there were several top managers from Taiwan. According to the workers, these managers are notorious. They look down on Thai workers, often shout at them and point at workers with their feet (considered very impolite in Thai culture). The union identified that Chang had to take the responsibility of many bad labour practices, like union busting and sexual harassment of women workers. The union requested the victims of harassment to make a grievance. No one stood out because they feared losing their jobs. There were also many rumours about Chang's corruption in the company. Workers told us that there were some Chinese workers in the factory. Maybe they went to the Thai plant to learn the technique and try to transfer it to plants in China. Chang was removed from the board of Tatung Thailand and the position of Deputy Manager General in 2006.

Union

In Thailand, like Taiwan, usually the unions are factory based. Thus, the members are not many so that the union has limited resources. Under this situation, independent unions tend to join actively regional and national labour alliances to demand their rights to the government. The union of Tatung Thailand joined the Eastern Seaboard Trade Union Centre, a regional union alliance of Southeast provinces near Bangkok. The Eastern Seaboard Trade Union Centre is a member of the Thai Labour Solidarity Working Committee, a national alliance of union federations and labour organizations. Another similarity between Tatung Taiwan and Thai union plants is that when the management uses dismissal as a strategy for union busting, usually the response from the unions is legal action. Workers face pressure from the management and don't want to lose their jobs, so it's not easy for them to stand out to fight. But does only legal action mean that the unions cannot mobilize the rank-and-file workers?

Besides, in Taiwan the company only dismissed union executive board members but in Thailand the company had dismissed the whole committee. And in Taiwan the dismissed unionists could get enough resources like donations to sustain their lives but in Thailand there was little resource from outside. That's why the unions in Taiwan could keep operating even under union busting but in Thailand the union was almost not functioning.

6.2 FDK-Tatung Thailand

FDK-Tatung Thailand is a joint venture by Tatung and a Japanese company FDK. It was established in 1991 and is also located in Chonburi. Its main products are similar to Tatung Thailand, such as TVs, computers, small home appliances, and parts for Tatung and Samsung Thailand.

Basic information of working conditions

Before the factory closure at the end of September 2005, the total number of workers of FDK-Tatung Thailand is listed in Table 13:

Table 13. Total number of workers in FDK-Tatung Thailand

	Formal workers		Subcontractors	
	Women	Men	Women	Men
No. of workers	216	54	5	25
No. of union members	193		0	0
Average pay	7,000 baht/month, with OT: 10,000 baht/month (including attendance pay)		Chonburi minimum wage is 163 baht/day	

Source: union of FDK-Tatung Thailand

Most formal workers are female. Subcontractors means dispatched labour. Usually they work for the stove section, which is a very hot workplace. In this sense, most of them are male. The average wage of formal workers is about 7,000 baht per month, if overtime is worked it could reach 10,000 baht, almost double the wage of workers in Tatung Thailand. Subcontractors are paid daily and only receive minimum wage. Besides basic salary, formal workers receive other allowances, such as attendance pay, medical fees and annual bonus of two months salary. Shift style and time: In mould and stove sections, there are two shifts. Day shift from 8 a.m. to 5 p.m.; night shift from 8 p.m. to 5 a.m.; shifts change once a week. In other sections it's one shift: 8 a.m. to 5 p.m., if OT to 8 p.m. The normal working time is eight hours per day, 48 hours per week. In the busy season, they work OT to 12 hours per day. The age of the workers is between 28 and 35. Average service years are above eight years.

Factory Closure and the Union Response

The union was established in July 2000. At the beginning of the union, the company fired two committee members because they were founders of the union. Through lawsuits they returned to work. After that the company kept good relations with the union. Before union establishment, the working conditions were not good but after that the working conditions improved.

Table 14. Differences after the set up of the union in FDK-Tatung Thailand

Before July 2000	After July 2000
Daily pay up to the service years	Monthly pay
	Attendance pay up from 250 baht/month to 650 baht/month)
	More annual-leave pay
10 coupons of food	Free food
Only social insurance	Life insurance
	Savings fund (From deducting 3% of the salary each month; company adds 3%. If workers are dismissed or retire, they get all. But if they resign, they only get their own 3%.)
	Medical fees for parents and children: 10,000 baht/year
	Workers think they get more after the establishment of TU
	TU and management have improved relationship. The Japanese manager often talks with TU

Source: Union of FDK-Tatung Thailand

According to the Union of FDK-Tatung Thailand the Japanese are management and the Taiwanese takes charge of accounting. Basically workers feel like working in a Japanese company, not a Taiwanese one. The unionists think that their working conditions are not as good as auto companies but better than other electronics companies. Several years ago, management told the union that the company has another branch in China, and labour cost there are cheaper. So, company decided to move the Thai plant to China. On 14 July 2005, the company informed workers that the factory would be closed by the end of September and workers would receive the compensation according to law. The union was surprised that it happened so quickly but accepted the decision. The Union of FDK-Tatung Thailand was also a member of Eastern Seaboard Trade Union Centre.

7. CONCLUSIONS: CHALLENGES THAT TATUNG UNIONS HAVE TO FACE

7.1 How to Resist the Ideas of ‘Cooperation and Harmony’

As mentioned above, Taiwan workers tend to think that their welfare depends on the company making profits or not, so they cooperate with the management to improve productive efficiency to compete with other companies. Workers believe that if the company makes more money then workers could share more. Maybe such doings during a flourishing economy could really exchange some welfare. But after the 1980s, global competition was more and more serious. How much ‘cooperation and harmony’ could exchange now, it’s really a question. In fact, the way the company improves productive efficiency is usually to cut labour costs and intensify working conditions. Nowadays Taiwan is facing the most serious unemployment problem in the past 30 years. The government policy asks workers to ‘share the hardship with the employer’, meaning that workers should accept working conditions cut-backs, otherwise they may lose their jobs. It encourages workers to follow the ‘cooperation and harmony’ line, no matter how much could be exchanged. Under this situation, how the autonomous unions mobilize the collective power of the workers to defend labour rights becomes a very important issue.

7.2 How the Old Union Scheme Confronted the New Business Structure

As mentioned above, there were certain autonomous unions organized during the labour movement high tide in the late 1980s. Most of those unions were in 'traditional' industries like textiles and home appliances. So, many unions have already disappeared with the factory closure or transfer. In newly emerging industries like 3C, there are almost no unions. It's a fatal shortcoming for the labour movement. Taking Tatung as an example, although traditional sectors like the Banciao and Sanshia plants are organized, they keep downsizing and face closure. There is a Tatung Union in the 3C sector, but the company is changing its shape very soon through merger and outsourcing. In terms of CPT, there are two factory-based unions located in the Yangmei and Taoyuan plants, but they are not active and never have cooperation with Tatung unions. The workers in the 3C sector are young and not aware of the labour movement. They view themselves as professionals and feel it unnecessary to join a union. That's why union organization rate in the 3C sector is low all over the world. But the foundation of Taiwan's union movement is much weaker than other industrialized countries. If the Taiwan union movement only stays in traditional industries and does not go forward, then it will be almost impossible to negotiate with the capitalists in the future. In fact, workers in Tatung have more advantage than others. Maybe because the Lin family sees the Tatung Group as a whole, workers in Tatung subsidiaries where Tatung has more than half the shares join the Tatung Union, except solitary ones like Banciao Plant Union, and Sanshia Plant Union¹⁷, TTIC Union and CPT unions. In other words, Tatung Union is not only one of the few cross-border unions in Taiwan, but also the only consortium-based union in Taiwan. This gives Tatung Union a very good position to expand. If Tatung Union can consolidate the organizing to the unorganized and cooperate with unions within Tatung Group, then the strength of the unions would be unpredictable.

Another burning issue for the unions is international solidarity. As the company keeps moving out, labour organizing in Taiwan is far below the strength needed to negotiate with the employer. Tatung not only takes the production lines but also the management style to the invested countries. The company provides poor working conditions and conducts union busting everywhere it goes. If labour doesn't find a good resolution to confront the company, then the working conditions will race to the bottom. Tatung unionists in Taiwan should put the topic of how to link with labour in Tatung's overseas factories on the unions' meeting tables.

REFERENCES (ENGLISH)

- Ho, Shuet-Ying 1990, *Taiwan—After a Long Silence: The Emerging New Unions of Taiwan*, Hong Kong: Asia Monitor Resource Centre.
- Lin, Ching-Yuan 1973, *Industrialization in Taiwan, 1946-72: Trade and Import-Substitution Policies for Developing Countries*, New York: Praeger.

REFERENCES (CHINESE)

- Annual Report of Chunghwa Picture Tubes 2000, 2004, and 2005.
Annual Report of Tatung Company 1994 –2005.
Chen, Hsin-Hsing 2004, 'Creating the First Global Assembling Line: Taiwan General Instrument 1964-1990', *pipon yu zaizao* (Critique and Transformation) No. 10, pp. 12-25.
China Credit Information Service 2006, *Business Groups in Taiwan*, 2006 edition, Taipei: China Credit Information Service.
Common Wealth, Yearly Corporation Ranking Special Issue 1984-2006.
Duan, Cheng-Pu (ed.) 1999, *Post-War Economy of Taiwan*, Taipei: Renjian Publishing.
Huang, Hui-Chuan and Cheng-Huang Cheng 2003, 'W. S. Lin Takes the Position: Creating Next Golden Key', *Business Weekly* No. 821, pp. 54-6.
Lee, Kuo-Ting 1976, 'The Growth of Taiwan Private Industries', in W. T. Tu (ed.) *Collecting Papers on Taiwan Industrial Development*, Taipei: Linking Books.
Lee, Yun-Chieh 1999, *The Political and Economic Analysis of Taiwan Union Policy*, the second revised edition, Taipei: Shang-Ting Publishing.
Lin, Sheng-Chou et al. 2000a, *The Era of Economic Liberalization and Big Scale of Unemployment: From 1980 up to Now*, the third volume of *Taiwan Economic History for Workers*, Kaohsiung: The Labor Bureau of Kaohsiung City Government.
Lin, Tsung-Hung et al. 200b, *Fighting for the Respect: The Struggling History of Tatung Unions*, Taipei: Taiwan Labor Front.
Nee, Shih-Chieh 2002, *The Relationship between the State and the Capital Out-moving under Capitalist Globalization: The Critique on the Economic and Trade Strategy of Taiwan Pragmatic Diplomacy*, unpublished master dissertation of Department of Political Science, National Chengchi University.
Practice Notes of Taiwan University, University Forum of Taiwan University, and Black Runnel of Fu-Jen University 2005, *How the Union Confront the Impact of Factory Closure: 2005 Report on Tatung Banciao Plant Investigation*.
Tatung Company and its Subsidiaries' Combined Financial Report 2004 & 2005.
Tatung Semi-Monthly, 1963-1975.
The Editing Committee of Hsieh-Chih Tatung Establishment & Development History 2003, *Hsieh-Chih Tatung Establishment & Development History*, Taipei: Hsieh-Chih Industrial Library Publishing.
The Editors of Common Wealth 1997, 'Some Questions for Professor, President of Tatung School, and Chairman of Tatung Company T. S. Lin', *Common Wealth* No. 198, pp. 47-8.
Tu, Wen-Tien 1976, 'Industrialization and Industrial Protection Policy', in W. T. Tu (ed.) *Collecting Papers on Taiwan Industrial Development*, Taipei: Linking Books.
Wang, Cheng-Fen 1999, *The Information Technology Industry @ Taiwan*, Taipei: Wealth Press.
Yeh, Wan-An 1984, 'The Research and Implementation of Taiwan Industrial Development Policy', in Tsung-Hsien Yu and Ke-Chih Liu (eds) *The Industrial Development of Taiwan*, Taipei: Linking Books.
Yu, Chang-Shan 1994, 'Interviewing the President General Of Tatung Company W. S. Lin: Anyway We have to Develop New Roads', *Common Wealth* No. 159, pp. 173-4.

WEB SITE REFERENCES

- The web site of Chunghwa Picture Tubes: <http://www.cptt.com.tw/>
The web site of Tatung Company: <http://www.tatung.com/en/index.asp>

APPENDIX 1

Tatung and its subsidiaries in Taiwan

Computer, communications & consumer products

Company	Main product	Year established
Tatung	Home appliance, heavy electric apparatus, wire & cable, and 3C productions	1945
Chunghwa Picture Tubes	PDP, TFT-LCD	1971
Tatung System Technologies	3C instrument wholesale & software service	2000
Forward Electronics	Electronic components	1970
Taiwan Telecommunication Industry Company	Telecom equipment	1958
Central Research Technology	Testing and certifying electronic products	1997
San-Chih Semiconductor	Semi-conductor	1995
Green Energy Technology I	Poly silicon wafer	2004
Toes Opto-Mechatronics	Data saving equipments	2004
Toppan Chunghwa Electronics II	Photo-mask	1997
Dahwa Optronics II	PDP	2003

Home appliances

Company	Main product	Year established
Tatung Consumer Productions	Sales and service of 3C productions & home appliances	2000

Heavy electric apparatus & industrial equipment

Company	Main product	Year established
Tatung Otis Elevator	Elevator	1984
Tatung FANUC Robotics	Robotics for factory automation	1994
Tatung SM-Cyclo	Speed reducers, speed variators	1996
Tatung Okuma	Machine tools	1997

Chemical products

Company	Main product	Year established
Kuender	Plastic injection molding	1977
Shang-Chih Chemical Industry	Plastics	1979
Tatung Fine Chemicals	Industrial coatings	1980

Real estate

Company	Main product	Year established
Shang-Chih Real Estate Developing	Real estate developing	1966
Tatung Forestry & Construction	Construction	1950

Others

Company	Main product	Year established
Chunghwa Electronics Development	Investing company	1970
Tatung Die Casting	Moulding	1971
TIS Net Technology	Software design & development	1996
Tatung Horticulture	Trees and flowers plantation	1972
Shang-Chih Investment	Investing company	1990
Tatung Atherton	Sales of imported red wines	1996
SeQual Technologies	Medical equipment	2004
Shang-Chih Container Terminals	Transporting, loading & unloading cargo	1973
Tatung Chugai Precious Metals	Contact materials	1973
Hsieh-Chih Industrial Library Publishing	Publishing	1959
Tatung Precise Meter	Speedometers, tachometers	1977
Taipei Industrial	Ready mixed concrete	1950

Notes I: indirect investment of San-Chih Semiconductor; II indirect investment of CPT
*Appendix 1 sources: 2005 Annual Report of Tatung Company;
 2005 Annual Report of Chunghwa Picture Tubes Company*

APPENDIX 2

Tatung and its subsidiaries abroad

Asia

Company	Main product	Year established
Tatung Electronics (Singapore)	Sales and service of Tatung products	1972
Tatung of Japan	Trade office	1975
Tatung Thailand	LCD TV & monitors	1989
Chunghwa Picture Tubes (Malaysia) X	CRT	1989
Chunghwa Picture Tubes (Malaysia) X Kampar X	CRT	1995
Tatung Singapore Electrics	Investing company	1998
Tatung Singapore Information	Investing company	1999
Tatung Thailand Wire & Cable (Thailand)	Wire & cable	2000
Tatung Vietnam	Home appliances	2005
Makolin Electronics (Malaysia) X	CRT	N/A

Mainland China

Company name	Main product (location)	Year established
Taiwan Telecom Fujian III	Wire telecom instruments (Fujian)	1989
CPTF Optronics X	CRT (Fujian)	1994
Changzhou Shan-Chih Precise Meter V	Speedometers, tachometers (Jiangsu)	1997
Tatung (Shanghai) II	Heavy electric apparatus (Shanghai)	1998
Tatung Coatings (Kunshan) IX	Industrial coatings (Jiangsu)	1998
Tatung Information Technology (Jiangsu) I	Electronics (Jiangsu)	1999
Forward Electronics Equipment (Dongguan) IV	Computer components (Guangdong)	1999
Shan-Chih (Wujiang) Chemical VIII	Plastics (Jiangsu)	2000
Tatung Home Appliances (Wujiang) I	Home appliances (Jiangsu)	2001
Kuender (Wujiang) Plastic Technology VI	Plastics (Jiangsu)	2001
Fujian Fujia Electronics X	Optronic instruments (Fujian)	2001
Chunghwa Picture Tubes (Wujiang) X	LCD module (Jiangsu)	2001
Suzhou Forward Electronics Technology IV	Optronic instruments (Jiangsu)	2002
Chunghwa Picture Tubes (Fuzhou) X	PDP (Fujian)	2003
Tatung Compressors (Zhongshan) I	Compressors (Guangdong)	2004
CPT Display Technology (Fujian) X	LCD module (Fujian)	2004
Tatung Wire & Cable Technology (Wujiang) I	Wire & cable (Jiangsu)	2005
Wuhan Forward Electronic Technology IV	LCD module (Hubei)	2005
CPT TPV Optical (Fujian) X	LCD module (Fujian)	2005
CPT Display Technology (Shenzhen) X	LCD module (Guangdong)	2005
Huaichieh (Wujiang) Plastic Technology VI	Plastics (Jiangsu)	2005
Kuender (Wujiang) Electronic Parts VI	Computer components (Jiangsu)	N/A
Tatung Beifang Telecommunications Technology (Beijing) VII	Wire telecom instruments (Beijing)	N/A
Jiangsu Tatung Telecom Equipment VII	Wire telecom instruments (Jiangsu)	N/A
Wujiang Shanhwa Plastic VIII	Plastics (Jiangsu)	N/A

America

Company	Main product	Year established
Tatung of America	Sales and service of Tatung products	1972
Tatung Science & Technology	Sales of information products (US)	1983
Tatung Telecom	Public phones (US)	1985
Tatung Electric of America	Electric motors (US)	1988
Tatung of Canada	Sales of information products	1997
Tatung Mexico	Information productions	1997
Tatung Monitor Mexico	Monitors	1997

Europe

Company	Main product	Year established
Tatung World	Strategy planning office for European sales (Luxemburg)	1980
Tatung UK	Information productions	1980
Tatung Netherlands	Information productions	1996
Tatung Czech	Electronic instruments	2003

Notes:

I indirect investment of Tatung Singapore Information; II indirect investment of Tatung Singapore Electrics; III indirect investment of TTIC; IV indirect investment of Forward Electronics; V indirect investment of Tatung Precise Meter; VI indirect investment of Kuender; VII indirect investment of Tatung Telecom; VIII indirect investment of Shang Chih Chemical Industry; IX indirect investment of Tatung Fine Chemicals; X indirect investment of CPT.

The indirect investments listed here only include manufacturing and sales company, some investing companies are excluded.

Appendix 2 sources: 2005 Annual Report of Tatung Company; China Credit Information Service 2006, p401-12; Tatung Company and its Subsidiaries' Combined Financial Report 2004 & 2005

NOTES

1 3C means computer, communication, and consumer production, similar to information technology.

2 The name was changed to Taiwan Electrical and Electronic Manufacturers' Association in 1994, in order to include high technology.

3 *Tatung Semi-Monthly* was first published in June 1947 as a Tatung internal journal. In the early days there was rich company information inside the journal. But since the 1970s, it turned to be a literary journal. *Tatung Semi-Monthly* was entitled *Tatung Magazine* and became monthly in 1981.

4 In 1966, Kaoshiung Export Processing Zone was set up; 1971, Taichung Export Processing Zone and Nantzu Export Processing Zone.

5 When interviewed by journals, W S Lin often mentioned that Tatung takes General Electric as a model for an evergreen company with diverse production lines.

6 After the independence of Tatung System Technologies from Tatung, Tatung System Technologies was listed in the yearly top 500 service industries.

7 Cross-border unions also happened in other home appliance companies. From this example we can say that if unionists are willing to organize workers across borders, the limitation from the law is breakable.

8 Inside every issue of *Tatung Semi-Monthly* and *Tatung Magazine* are selections and translations from Adam Smith's *The Wealth of Nations*.

9 Japan's government raised 'Planning for Double National Incomes' in 1961 and declared that it would be achieved in 10 years. It only took seven years. We are not sure that whether Tatung's planning was influenced by the Japanese. But you can see how hot the East Asian economy was in the 1960s.

10 This man served as an executive board member of the union since the autonomous movement began. He was always an executive board member of the Taiwan Labour Front and the Taiwan Confederation of Trade Unions. He is already a senior in the labour movement. But he couldn't help being a manager of the company now.

11 TLLAA changed its name to Taiwan Labour Front in 1992. The Labour Rights Association

(LRA) was established in 1988. Committee for the Actions of Labour Legislation (CALL; the secretariat is known as Information Centre for Labour Education, ICLE) was set up in 1993. These three are widely considered the 'Big Three' labour movement organizations in Taiwan.

12 Workers Party split in 1988. The leadership of Workers Party mainly only took legal action to support workers. That resulted in discontent from parts of its members. The radical wing set up the Labour Party in 1989.

13 These two unions soon affiliated with National Federation of Independent Trade Unions (NAFITU), the first nationwide autonomous confederation in post-war Taiwan which was established on May Day 1988. NAFITU is an affiliation of the Brotherhood of Asian Trade Unionists (BATU) and the World Confederation of Labour (WCL). When the first regional autonomous federation in Taiwan, Taipei County Federation of Trade Unions, was set up in 1994, both Banciao Plant Union and Sanshia Plant Union were founding members.

14 Due to the element of factory-based union, unions in Taiwan lack resources. Usually the union office is provided by the company and located inside the factory. If the union has to rent a space by itself for the office, then it's a big burden for union finance. In the beginning when Sanshia Plant Union set up, the company didn't recognize the union so the union rented a space outside the factory for a period of time. Tatung Union moved the office back to the company in 1998.

15 Another issue is that Tatung System Technologies and Tatung Consumer Productions were separated from Tatung.

16 According to Banciao Plant Union, Banciao plant has to pay lots of money to the company every year for the land rental fee. Besides, sales of home appliances was given to Tatung Consumer Productions. Tatung Consumer Productions takes the products from Banciao plant at a very low price. Thus, we can reasonably assume that Tatung tries to shift profits from the production sector to the service sector, so that the profit of Banciao plant in the accounting is negative.

17 Tatung Die Casting, Tatung SM-Cyclo, Tatung Okuma, and Tatung Otis Elevator are located in Sanshia plant. The workers in Tatung Die Casting, Tatung SM-Cyclo, and Tatung Okuma all join Sanshia Plant Union. But workers in Tatung Otis Elevator don't have a union.

ABOUT THE AUTHORS

Dennis Arnold is currently a PhD candidate in the Department of Geography at the University of North Carolina at Chapel Hill, US. His research interests include the political economy of development, global production networks, labour, labour migration, and trade. Previously, he was the International Coordinator of a Bangkok-based NGO, the Thai Labour Campaign while concurrently pursuing an MA in Human Rights at Mahidol University in Bangkok. He has also participated in the Asian TNC Monitoring Network since 2004 as a researcher and activist. His published work includes articles on Burmese migrant workers in Thailand and free trade agreements in Southeast Asia, which appear in the *Journal of Contemporary Asia*, 'Transnational Migration for Work' (K. Hewison and K. Young, eds. RoutledgeCurzon) and the ATNC Outlook 2004.

Dae-oup Chang is an academic activist and currently the research coordinator of the Asia Monitor Resource Centre (AMRC) based in Hong Kong. His articles on the labour movement and critical political economy appeared in *Historical Materialism*, *Labour, Capital and Society*, *Journal of Contemporary Asia*, and a number of publications of AMRC. He is currently working on a project that addresses the informalisation of labour in globalising Asia. He is currently the campaign coordinator of the Asian TNCs Monitoring Network that aims to contribute to organising increasingly informalising labour in face of mobile capital in Asia.

Kaneko Fumio is a professor in the Faculty of Humanities and International Studies, Yokohama City University, Japan, as well as a member of Yokohama Action Research Center. He is currently researching Japanese FDI and TNCs, Tobin Tax and FTAs in Asia.

Sobin George is associated with the Trade and Labour Rights programme of the Centre for Education and Communication (CEC), New Delhi, India. He is a research scholar of Jawaharlal Nehru University, New Delhi and his areas of work include trade and labour rights, work and health, informalisation of labour and trade and health.

Tono Haruhi is the director of the Yokohama Action Research Center, Japan, and a secretariat member of Support Groups for TMPCWA(Protest Toyota Campaign). Her research focuses on the investment and labour practices of Japanese TNCs. She holds a master's degree from Tokyo University.

Krishna Shekhar Lal Das is currently working with the National Centre for Labour, an apex body of the unorganised/informal sector of labour. He earned his MA in Employment and Labour Study from Institute of Social Studies at The Hague in the Netherlands, and a PhD in Soviet Politics and Administration from J.N.U. New Delhi, India. He has been responsible as a South Asia Researcher for the ATNC Network from 2003 to May 2006. Currently he is directly involved in organising casual, contracts and unorganised labour in India. Also at present he is the editor of NCL Journal (English), NCL Patrika (Hindi) and the International Journal of Disability Studies.

LRC (Labour Resource Centre) is a labour research and networking institute, based at Kuala Lumpur, Malaysia. It provides legal consultation for workers as well as working with trade unions in various labour research programmes. LRC aims to serve as a site of discussion for workers, unionists, labour NGO activists, and academics to bring innovative concepts and ideas for more democratic unions and effective worker organising.

Chih-Chieh Tsai previously worked for Ching-Jen Labor Health & Safety Service Center in Taiwan. The main focuses of the centre included labour health and safety, monitoring Taiwanese TNCs, and international labour solidarity. After the centre closed down, the original work has moved to the Taiwan Labour Information and Education Association (TLIEA).

Monina Wong is currently the executive director of Labour Action China and the research coordinator of Asian TNCs Monitoring Network. She has been doing research on the supply chain and labour conditions in the garment, footwear, toy, and computer industries in China and Asia. She has been also deeply involved in various labour campaigns, such as the Clean Clothes Campaign, the Anti-Sweatshop Campaign, the Clean Up Your Computer Campaign and the International Toy Campaign, as well as multi-stakeholder projects such as the Ethical Trading Initiatives, the Workers' Rights Consortium, and the Fair Wear Foundation. Her current research interest is Chinese workers laid off from state-owned enterprises as well as China's international dispatched workers.