

# MIGRANT LABOR AND TEMPORARY WORK AGENCIES IN THE CASE OF FOXCONN IN THE CZECH REPUBLIC

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## Introduction

The role of TWAs, whether formal or informal, has been commonly seen as connected to the demand for temporary and flexible labor determined especially by seasonal aspects of production. While this is certainly true and we could observe the fluctuation of migrant workers depending on production needs, what we would like to suggest is that the role of the agencies cannot be reduced to that of supplying workers based on just-in-time production. In the case of Foxconn the role of the TWA is not only a help to meet shortages or a form of probation, after which agency workers should be hired with direct contracts. Agency workers are a steady and fundamental part of the Foxconn workforce, with a strong labor turnover.

The literature that explores the intersection between a TWA and migrant labor in Europe is rather scarce and tends to focus on the role of the TWA in recruiting migrants already in the country of destination rather than on the migration process in its entirety (see McDowell et al. 2008, and McKay and Markova 2010). The TWA facilitates cross-border migration and employment with a variety of roles, services and activities to a much broader and varied chain of recruitment and management of migrant workers than initially proposed by Coe, Jones and Ward (2010). These diversified activities performed by the work agencies are explored in the context of Foxconn manufacturing plants in the Czech Republic due to the electronics industry's heavy reliance on temporary agency workers and Foxconn's familiarity with large-scale deployment of internal migrants at its Chinese factories (Chan et al. 2013).

TWAs move groups of workers from their homeland directly to the factory depending on the demand for labor, matching the need of Foxconn on a just-in-time basis. In this way TWAs channel groups of migrant workers to plants,

playing a role of a decrease of autonomy of migration on one hand and helping migrants to find a job without loss of time and money. International temporary work agencies in Europe move labor across different territories, facilitating movement of migrants across national borders. (McDowell et al. 2009). TWAs broaden national labor markets by creating new differentiated niches which can be mobilized on demand, like a prosthesis.

Some authors suggest that temporary workers are the most vulnerable to extreme forms of exploitation (McDowell et al. 2009; Barrientos et al. 2011). We think that this view is not able to represent the experience of migrants fully. Through TWAs migrant workers can in fact broaden their labor market chances, flowing in new areas. From this point of view, TWAs construct a market, but migrant workers also contribute to this construction. Obviously, as Tyner (1998) notes, TWAs contribute to the racialized and gendered patterns of labor migration. But TWAs also permit workers “to move quickly to ‘better’ jobs, thus demonstrating individual worker agency” (Enright 2013: 296). The reshaping of the spatialities of worker mobility provoked by TWAs is counter-balanced by the chance for migrant workers to use different networks, informal and formal, or different TWAs to look for a job. As Rogaly (2009: 1975) notes, “Capital sought its own ‘spatial fix,’ but so did labor.” For the laborer, in any case, moving is not an easy choice because he/she is embedded in a social context and has a specific language. Spatial mobility for workers is linked not only to better wages, but also to other elements, as for example the desire to run away from patriarchal pressure. So the mobility of labor is not only managed from multinationals or a TWA, but is a field of struggle because a migrant worker is not a docile pawn but an individual who tries to construct his/her life.

## **Research Context, Method and Data**

This paper draws from the ethnographic study of the Foxconn assembly plants in the Czech Republic, which is the hub of the export-oriented electronics industry and Foxconn’s most important European site. Radosevic (2004) notes that, among emerging markets, Central and Eastern Europe (CEE) has developed into the second tier global location in the electronics industry just after East Asia due to regional competitive advantage factors such as low labor costs, skilled labor and proximity to the EU market.

Foxconn entered the electronics market in the Czech Republic in 2000 when it acquired in Pardubice, about 100 km. (about 62 miles) from Prague,

a pre-existing socialist conglomerate's infrastructure belonging to the Tesla Group, and then, seven years later, built a new factory close by in Kutná Hora. One of the incentives was a ten-year tax holiday that Foxconn received from the Czech government (Bormann and Plank 2010: 41). Both plants assemble desktops, laptops, servers and printer cartridges for major brands such as HP, Sony, Samsung, Chimei, Innolux, Cisco and also, until a couple of years ago, Apple. Combined, the two factories employ either directly or indirectly about 8,000–9,000 workers and rely heavily on agency workers for the assembly-line operations.

The fieldwork on which this article is based took place in February, June and September 2012 and the authors conducted interviews with workers and key informants predominantly in the city of Pardubice where Foxconn's main plant is located and to a lesser extent in Kutná Hora and Prague. The main body of data consists of 48 interviews with Foxconn's workers aged 25–65 and employed directly (23) as well as via a TWA (25).

The authors relied on the translation provided by the two research assistants as the majority of interviews were conducted in languages other than English, so field notes became a crucial tool both for recording key aspects of the interviews at the end of each day and, as the fieldwork progressed, for noting down more reflexive observations and discussions.<sup>1</sup>

## **Managing the Migrant Labor: recruitment and organization of mobility**

Foxconn started to make use of agency workers in late 2004 when the Czech government passed a new employment act (Hála 2007). At the Pardubice plant, 2000–2500 out of 5000–6000 are agency workers; at Kutná Hora, the number is 1000–1500 out of a total of 2500–3000 workers. The percentage of agency workers is steady at about 40 per cent but at times it may reach a high of 60 per cent as it happened in 2009 (Bormann and Plank 2010: 41). Foxconn's reliance on agency work takes place in a context of the market uncertainty and fast turnover of core workers. With a labor turnover of about 25–30 per cent per year and high levels of seasonal fluctuating production, the importance of temporary agency workers becomes evident.

Foxconn relies mainly on three TWAs: Xawax, Express People and VVV Tour. Xawax supplies most of the workers for the Padubice plant while Express

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People provides workers predominantly for the factory in Kutná Hora. Each agency specializes in the recruitment of a particular nationality of workers, although sometimes they might also recruit workers of others nationalities: Xawax works mostly with Romanians, Express People with Slovaks and Poles, and VVV Tour with Bulgarians. The divisions are steady and Foxconn does not seem to change agencies frequently: the only change since 2004 has been that Xawax has replaced VVV Tour as the largest supplier of a temporary workforce. Whether the workers are Slovaks, Romanians, Poles or Bulgarians, all three agencies operate in a similar manner.

TWAs achieve the availability of a temporary work-force, as we can see, by keeping short the supply of “labor-chains,” relying heavily on cross-border strategies, and operating a selection and training of workers. Agencies recruit and select workers directly in their countries of origin via on-line and newspaper advertisements. There, the TWA provides potential workers with initial job information and selects workers based on a medical certificate and his/her penal record as well as through basic math and logic tests. Recruitment modalities happen rather quickly: some workers say they were recruited just a few days before starting to work at Foxconn. Apart from responding to an advertisement placed in the local newspaper or on the Internet, migrants also contacted work agencies as they had a friend or a family member who was working at Foxconn, and whose migration was also facilitated by the TWA.

Transport to the Czech Republic is organized by the agencies, too. By using coaches or mini-vans and stopping at several points to collect other workers, agencies move workers from their countries of origin directly to the Foxconn plants in the Czech Republic. There workers are divided into local coaches and distributed into dormitories, all of which are off-site and about 20–30 minutes drive from the factory. These operations typically take place on the weekend: buses arrive at Foxconn on a Sunday afternoon and, on a Monday, workers begin their work at the plants. Apart from bringing workers to the Czech Republic, TWAs also organize workers group transportation back to their country of origin (and then back to the factories again). Such group-organized movement permits agencies to secure workers presence and avoid late returns as it might happen when travel is undertaken on individual basis. TWAs’ organization of workers’ movement is related to Foxconn’s production needs. In the periods when there is no sufficient work, agencies transport the workers back to their countries of origin where they wait for the production to resume again.

The ability to move workers across national borders needs to be considered in relation to the EU enlargement process. Frequently criticized for creating stratification and hierarchies of citizenship due to temporary exclusion of Eastern European nationals from the common EU labor market (see Rigo, 2005), the EU enlargement has also enabled EU-wide labor mobility of nationals from the new member states. It is this newly acquired right by the new EU nationals to move and work across the EU that TWAs rely on and, at the same time, attempt to capture, channel and put to work.

The role of the state and a supranational institution then, even when the firm, workforce and recruitment are transnational, remains a crucial one and suggests the importance of examining what Peng (2011: 727) has called the “interaction between ‘production politics’ and ‘state politics’” for the labor process. As the right of new EU nationals from Eastern Europe to move and work in the enlarged EU enabled agencies to recruit workers in Slovakia, Poland, Romania and Bulgaria, it also limited the access agencies previously had to workers from non-EU countries. Since 2012 agencies are not permitted to lease non-EU workers to client firms and those non-EU nationals who are already employed need to renew their work permits every six months instead of every one or two years as before. This creates a bigger administrative burden and risk for employers and it has changed the composition of the migrant workforce at Foxconn so that the numbers of workers from Mongolia, Ukraine and Vietnam employed through direct contracts have decreased, and those of agency workers from neighboring EU countries have increased. Foxconn vitalized the basin of recruitment based on a “communist language.” The old institutional and migrant relationships among ex-, or still-, communist countries remain fundamental to improving the flow of workers to recruit.

### **Management of the workforce inside the factories**

Scholars have pointed out that the triangular employment relationship fragments the workforce as the core and agency workers share the same production space, but do not share the same employer and have different wages, rights and benefits (Davidov 2004). This separation is visible at Foxconn’s plants where migrant agency workers are employed mainly on the assembly line and core workers who are predominantly Czech nationals, in positions such as foremen, group leaders, and supervisors. State regulations in relation to TWAs play an important role in sustaining this fragmentation. One of the

main important differences is linked to wages because Foxconn employees are paid around 3.5 Euros per hour and earn 550–650 Euros per month, but temporary workers are paid only when they actually work and have to make do with 2.5 Euros per hour and a monthly pay packet of 400-500 Euros. The low wages are a key incentive for maintaining high productivity levels. Workers can increase their wages through additional bonuses when they reach their production targets and through overtime. At the same time temporary workers work only in 12-hour shifts, day and night. Foxconn employees work with different working shifts such as 8- or 12-hour shifts depending on the tasks performed.

The links between Foxconn and TWAs are rather close, which is best noted by the fact that Xawax, the TWA that supplies most of the workers to Foxconn in Pardubice, has its offices within the factory complex. Inside the factories, agencies play an active part and are responsible for the quality, quantity and timing of the work performed by agency workers. The key figure in the agency is the so-called coordinator of production or line-leader. The role of the coordinator is to distribute on a weekly or daily basis the agency workforce based on factories needs: he or she attends meetings with Foxconn so as to have a clear idea of how many workers are needed on what shift, in what positions, for how many hours and who the workers are that Foxconn managers would like to have again or whom they do not want. Additionally, the agency coordinator is in charge of agency workers' performance on the assembly line.

Given the fact that the coordinator needs to interact with the agency workers and that most of these are non-Czech speakers, the coordinators are usually of the same nationality as the workers and also speak (some) Czech so that they can interpret when needed. The coordinator is hence responsible for agency workers' performance and provides workers with their uniforms, which are color-coded in order to distinguish core workers from agency workers; this becomes key in situations of low production when agency and core workers might end up working next to each other on the same line. We have to note that agency workers are paid only when they are working, so Foxconn prefers to use core workers when the production slows down.

The roles performed by the coordinator certainly confirm the idea of the duality of control in that both the client firm and the agency exercise control over workers. However, the involvement and responsibilities of the coordinator also cast a new light on the role of the TWA in relation to the production. Commonly, in a triangular employment relationship that regulates the interaction between

the client firm, the TWA and workers, managerial responsibilities for the production are with the firm and legal with the agency (Purcell et al., 2004). However in the case of agency workers at Foxconn, the boundaries between responsibilities that lie with the agency and with the client firm become blurred as TWAs are in direct charge of organizing, controlling and managing of agency workers' performance on the assembly line.

## **Management of the workforce outside the factories**

The segmentation of the workforce inside the factories is replicated even outside thanks to dormitories that play a key role in relation to TWAs' management of the workforce. Czech workers are residents and they live in houses and apartments in villages and cities close to the factories, while migrant workers are housed in dormitories and separated on the basis of their nationality. This means that Czech and migrant workers live in spaces that are becoming more and more segmented and racialized. The role of TWAs in managing space and time is crucial because they build forms of pigeonholing from which workers struggle to emancipate themselves. We suggest therefore that the organization of production and reproduction takes place through Foxconn and the TWAs and that both produce a compression of space in order to respond to the temporalities of the just-in-time production. Just-in-time production is managed through the control of the workers' time and space inside and outside the shop floor. To fulfill an order, Foxconn can compel workers to change shifts or to do overtime. The low wages and the accommodations without any kind of family responsibility – because in the dormitory it is not possible to host children – push the workers to accept overtime.

In Pardubice, dormitories are located off the factory site and across town. In the past these dormitories used to be hotels, army barracks or ex-factory accommodations. The dormitories vary in size and can host from a couple of hundred to a thousand people and each dormitory is mostly rented out to one agency. The dormitories can host workers employed in different enterprises. The dormitories vary when it comes to level of comfort and cleanliness. While it is standard to find four workers per room in several dormitories, it is the availability of a connecting bathroom and kitchenette that radically differs from dormitory to dormitory.

The allocation of workers in each dormitory as well as their distribution in rooms is also managed by the agencies. The agency employee in charge of this

distribution is known as the “coordinator” for dormitories: he or she allocates workers to the rooms on the basis of their nationality, keeps the discipline and cuts down on any excessive behavior such as drinking, partying or bringing external guests into the room. Additionally, the TWA staff organizes agency workers’ transport to the factory by using smaller or larger vans or by driving them personally when extra workers are needed on a shift.

In the context of Foxconn’s production in the Czech Republic, dormitories play a key role with respect to a TWA’s management of migrant labor. This questions the uniqueness of the Chinese dormitory labor regime, identified by Pun Nagi and Chris Smith (2007), and suggests that in the Czech Republic as much as in China, large-scale factory production that relies on migrant labor is organized in such a way as to combine the space of work with that of residence.

## **The Overlap of Production and Reproduction Spheres**

As discussed in the previous sections, the activities of the TWA extend to encompass all of the stages of the labor migration process: recruitment, selection, cross-border transportation, work and living arrangement, and returns of workers. This wide reach of TWA activities and roles has a significant impact on the triangular employment relationship as well as for the theorization of this relationship.

Dormitories are fundamental to a TWA’s management of migrant labor as well as to the TWA’s ability to meet Foxconn’s demand for a flexible and temporary workforce. Dormitories facilitate cross-border labor mobility and provide a place of socialization and exchange of information between workers. This is especially important at the moment of arrival when workers are struggling to orient themselves in a new environment. At the same time, however, dormitories also make it possible for agencies (and Foxconn) to keep the workers under permanent and discreet control and to extract additional labor from workers.

In order to escape such forms of pressure, some workers move to private flats where they feel more independent and less controlled. When workers move into flats, agencies contribute 3000 Czech crowns (CZK) or approximately € 115 (US \$154) towards the rent and the workers put in the rest, namely another € 150–250 (US \$201–\$269). In order to qualify for the contribution, workers need to work a minimum of 150 hours per month.

It is not uncommon for workers to have to wait for a week in the dormitory without work. In light of fluctuating production needs, it is dormitories in fact that make it possible for the agencies and Foxconn not to put workers to work for several days without the risk of having to deal with a shortage of workers. Dormitories and flats are therefore keys in constructing and maintaining a pool of a stationary workforce marked by the feeling of what Gregg (2011) has called “work’s intimacy,” namely the anxiety that results from the anticipation and always potentially being ready to work. Moreover, as no children are permitted in the dormitories and hence no disruptions are caused by the needs of schooling or parenting, the dormitories place workers outside the regular cycles of the reproductive sphere and orientate all activity towards meeting the production needs of the client firm. The only kind of reproduction that agency workers are allowed is, in fact, manufacturing. Migrant agency workers are both removed from home life that might act as consolation in between periods of paid work as well as detached from a possible form of a generative community as their non-work sphere is completely controlled by the employer. The dormitories therefore make visible the interdependence of the production and the reproduction spheres when it comes to interaction between TWA, Foxconn and migrant workers and hence the significance of extending theorizations of the triangular employment relationship beyond production proper.

Managing migrant labor through a TWA permits Foxconn to compress time-space elements to produce just-in-time, but also to prevent organizing workers. In fact, the space-time compression slows down the rise of collective protest because workers have little time to organize themselves and are disoriented.

## **Conclusion**

Migrant agency workers at Foxconn plants in the Czech Republic are hired on a succession of temporary contracts that do not lead to a permanent contract; they work extremely irregular shifts and are always on call, and are fired quickly without rights of appeal for reasons such as illness or seeking advice from an NGO. They are not able to join the trade union at Foxconn because legally their employer is the TWA and not the client firm and, if they are fired, they lose their right to stay in the dormitory and need to vacate within 1–2 days time, which results in their having no income and no place to live either.

When orders from Foxconn’s customers decrease in number and there is not much work, TWAs transport migrant agency workers back to their countries

of origin without a guarantee that they will be called back when a new order comes in. While it is important to acknowledge that being transported back home might also favor workers as they can look for work elsewhere and with a new employer, what this paper wanted to bring to the fore is that the ability of TWAs to intervene along all of the migration and employment process, meaning to recruit, hire, transport, lodge, control at work, fire and repatriate the workforce creates a labor regime where migrant agency workers, despite their large numbers, “disappear” from a client firm’s official workforce or, as a Foxconn manager put it, “They do not work for Foxconn.”<sup>2</sup>

This “disappearance” is enabled by that fact that, in the triangular employment relationship, a worker’s employment contract is contingent on and derives from the business contract between the firm and the TWA, a situation which shifts the balance towards the commercial rather than the employment realm. The most tangible aspect of this “disappearance” is that agencies transport workers away from the Czech Republic and back to their countries of origin when the production is low or when they fire workers and hence literally make them disappear from the site and process of production. This in turn keeps the migrant agency workers out of the reach of the trade unions and pre-empts potential acts of disobedience and/or of workers’ collective actions. Equally important is the TWAs’ intervention into the sphere of reproduction via the system of dormitories and intrusions into workers’ life outside the factories. TWAs therefore certainly play, as Coe et al. put it (2010: 1063) “a key role in the construction and making of the markets,” but agencies are equally pivotal in the construction of the mode of life/existence that fully subordinates reproduction needs to those of production. This implies that a scholarly analysis of the triangular employment relationship and the role of a TWA herein needs to encompass both the linkages between the production and the reproduction spheres as well as an outlook on the living and working conditions of a migrant labor force that is not confined to the national territory of the destination state. To say this differently, in order to account for the changes brought about by a client firm’s use of a TWA and of temporary migrant labor, investigation and theorization of the triangular employment relationship require scholars to look beyond the factory doors and the nation-state borders.

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<sup>2</sup> <http://www.heise.de/ct/artikel/Shenzhen-an-der-Elbe-1960336.html?artikelseite=7>

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