

Working Conditions for Garment Workers in Cambodia, 2006-2007: A Progress Report

The end of the Multi-Fibre Agreement (MFA) and its quota system at the end of 2004 had a strong effect on the Cambodian garment industry and its workers. In 2006 WAC published a report detailing those effects and the changes made to the garment industry in 2005. This paper serves as a follow-up, using information collected through interviews, the meetings, quarterly gathering, and interactions with garment workers to document the changes (or lack thereof) to the garment industry in the second year following the end of the MFA.

Major themes from the 2006 report include increasing threat of dismissal, escalating demands on output by employers, declining bargaining power, and abysmal working conditions. These themes, along with several new ones, will be explored in this paper to determine if the situation for workers is improving, deteriorating or remaining the same.

Taking Leave

Almost universally, workers complain that taking days off from work to see their families, attend weddings, or deal with other personal matters is difficult. Some workers face demanding line leaders or administrators who state flat-out that workers are not allowed to take leave, as in factories in Choumpou Wan and Prey Tea, or swap shifts, like one in Mean Chey. These leaders make statements such as “It’s not your marriage...and there is no need to see your parents,” according to a worker in Prey Tea. Other workers are able to obtain permission, but suffer severe financial penalties for taking days off. Although most factories deduct between \$1 and \$2 dollars a day for taking leave, some factories, including two in Tuol Sangke and Dangkor, deduct \$7 for one day of leave, 5\$ from incentive pay and 2\$ of daily wage. Additional penalties, such as not being allowed to work overtime and being denied incentive money, are not uncommon, as shown by the policies of two Dangkor area factories. A few particularly strict factories penalize workers simply for asking for leave; one in Dangkor punishes those workers asking for one day leave by forcing them to take three days of unpaid leave and deducting \$16 from their salary. For those working in factories that undertake many urgent orders, like one in Dangkor, taking leave is almost impossible, as every worker must be on hand to help complete an urgent order.

From the interviews, it appears that over the course of 2006, factories put in place more hurdles for workers to cross regarding leave. For example, letters of ‘proof of illness’ from the state hospital are required of workers in Dangkor and Mean Chey area factories as of the summer of 2006. Even after receiving permission, workers are sometimes not permitted to leave work until 4pm, as in the case of a worker in Dangkor who wanted to leave after the death of one of her parents. If workers come back to work after the deadline set by the factory (i.e. they take three days off instead of two), they are often forced to retest for a position or must start as a contract/temporary worker, even if they

were permanent workers before the leave. For a factory in Toeuk Thla, this also holds true for workers returning from having a baby for factories without maternity leave.

Difficulty in obtaining leave is not a new story in garment factories, as evidenced in the 2006 WAC report and discussions with garment workers. However, the end of the MFA has brought other changes to the garment industry which put both workers and factories in a more precarious position. In turn, this increases worker dependence on the factories and gives them more power to control when and how much their employees work. Factories, for their part, are under greater strain to produce more goods and to keep prices low so that they can compete in the free trade world of the post-MFA era.

Competitiveness

In order to increase productivity and spur their workers to work harder, many factories, like two in Chumpou Wan and Toeuk Thla, switched to the LEAN system in 2006. Under this model workers are dependent on each other to achieve their daily quotas. Slower workers delay the whole group, and thus become the target of blame from both line leader and other workers.

Even under non-LEAN systems workers are increasingly being pushed to produce more and factories are trying various means to spur workers. Some, such as a Tuol Sangke area factory, have tried sewing speed contests with small prizes like cooking oil for the winning worker or group. Others use overtime (OT) as an incentive for workers to reach their quota, so that if a worker fails to fulfill their quota by even a small amount, they will not be allowed to work OT. Simultaneously, quotas are set artificially high, and then increased once workers start regularly reaching them. Workers in a Teouk Thla area factory have complained that even when they do achieve quota, they are still yelled at by their line leader, because another group has produced even more. This same factory has also begun adding clauses to workers' contracts allowing them to be fired for performing poorly, and this practice is likely to become increasingly common.

Still, the most common way for factories to increase their productivity is by threats or warnings. Verbal abuse by line leaders and administrators was reported by almost every worker surveyed, as were instances of coerced work. Workers recalled routinely being yelled at for failing to meet their quota, taking too long in the toilet, complaining about working conditions and working too slowly; other instances recalled include being yelled at for letting one's hair down, standing up to rearrange clothes, and talking too much. Sometimes rather than simply scold workers, line leaders or administrators issue warnings or take thumbprints for these offenses, big or small. In most factories, once a worker reaches three warnings or three thumbprints, they are dismissed. Workers live in fear of losing their jobs, and are thus willing to give in to factory demands and work harder to avoid receiving warnings or thumbprints.

While most workers work both a regular shift and overtime, they sometimes have to work even longer if there is a rush order. Workers from Prey Tea, Mean Chey, and Teouk Thla area factories, among others, reported being forced to work through the night to complete urgent requests, and then being forced to stay the next day to complete their regular shift,

without rest. Workers who refuse to work through the night or stay on for the day shift are issued warnings. Because of the worker's fear of receiving a warning, most agree to work overnight, and for minimal wages. Unfortunately, these overnight shifts are likely to become more frequent as the number of urgent orders rises. The end of the MFA has increased competition between factories and buyers are taking advantage of this by demanding the cheaper and faster manufacturing of goods, which in turn places a larger production burden on the shoulders of garment workers.

Health, Well-being and Safety

As the pressure on workers to produce more grows, the conditions under which they labour- seem to deteriorate. Lack of clean drinking water, assault, exposure to dangerous materials, physically demanding work, and substandard (and costly) health care all characterize the work environment for Cambodian garment workers. Given the relative weak position of the unions, it seems unlikely that these conditions will improve, and in fact, will likely get worse as factory try to cut even more corners in an attempt to increase productivity and profits.

During interviews with garment workers WAC heard several stories of line leaders or guards assaulting workers. In one case from Dangkor, the leader cut a worker's hand with scissors; in another from Tuol Sangke the leader struck a worker's shoulder); in yet another a leader in Toekthla bit a worker. Although some of these workers, and some other victims, were able to receive compensation or at least an apology, many are not so lucky. In addition, the offending leader is usually able to keep their job. A security guard was also allowed to keep his job after groping a female worker during a screening as she was entering the building. The pressure to reach the quota or increase productivity usually drives the leaders, who are also under quota pressure, to these extremes, although that hardly makes it permissible.

Even without such sadistic line leaders, workers are still at great risk for injury or illness. According to workers from a silk screening factory in Toekthla, two workers died from prolonged exposure to chemicals used in the silk screening process. Although medical evidence to prove this claim is unavailable, given the toxicity of many chemicals used in the process, this is not unlikely. Workers in other sections are also subject to serious injury, as was the case with three workers who suffered electric shocks from their sewing machines. After regaining consciousness, the workers were taken to the local hospital, where they each had to pay \$10 for treatment.

Having to pay out-of-pocket for treatment is common practice, and workers have no choice if they need more than the most minimal of care, as factory clinics provide extremely limited, if any, services. In the factory where the workers suffered the electric shocks, the clinic contains no medicine, just disinfecting alcohol, at least according to workers. Factory clinics in fact serve as little more than resting areas for sick or injured workers. Through WAC's interviews with workers, fainting or becoming unconscious seem to be the most common serious injuries suffered. When that happens workers are brought to the clinic to be revived and rest. However, when they do regain consciousness, it is common practice by the administrators to ask them to return to work.

In other cases involving sick workers, the factory will not allow them to go home early, or to even grant one day of leave, as is the case in of factory in Prey Tea.

Such severe policies also prevent workers from fully disclosing their medical history to the factories. Several workers described how when workers contract a disease or develop a chronic condition, they do not tell their employer, out of fear that they will be fired. Some worker contracts even contain clauses that allow factories to fire workers who develop illnesses, whether or not those illnesses impair their ability to work. Conversely, pregnant workers and new mothers are usually allowed to continue working, although they receive no special considerations. For example workers recalled instances of new mothers being forced to carry heavy loads, and pregnant women fainting and having to pay out-of-pocket for treatment and check-ups.

In early 2004, WAC published a report on the health and welfare of garment workers. At the time, one of the most common medical problems endured by workers was urinary and kidney infections, which stemmed from a lack of access to clean toilet facilities. Sadly, this issue continues today, and has even gotten worse. Workers now routinely report that the restrooms are “very dirty, smell bad and have no sanitation” and that the factory is unresponsive to their demands that more toilets be installed. In most factories workers must present special ID cards when going to the restroom; in some cases there are two cards per twenty or thirty works, in others, only two cards per 100 workers. Furthermore, it is typical for factories to prevent workers from going together to the restroom and/or to record their ID numbers when they use the restroom, along with the frequency and length of usage. Several factories have policies that if workers take longer than fifteen minutes in the restroom, or use the facilities too frequently, they will be dismissed for not spending enough time working. Because so many factories are now on the piece-rate system where it is in worker’s best interest (financially) to put in as much time as possible at their station, many do not want to take the time away from working to use the restroom. This situation, combined with the factories’ conditions and policies, result in workers failing to use the restrooms when they need to, and thus contracting painful and potentially dangerous urinary tract and kidney infections.

Workers suffer under these abysmal conditions because of weak union bargaining power (see below), and fear of reprisal if they make complaints or demands. According to workers, several factories, including two in Dangkor, have ties to gangs. Even without the threat of violence, workers fear losing their jobs if they criticize the factory. Without the “safety in numbers” that the union provides, workers have little incentive to submit complaints and make themselves more visible to the factory administration and its allies. Although the situation is bad now, it is likely to get worse, as factories try to cut corners in order to reduce costs and become more competitive in the post-MFA market.

Compensation and Worker Status

On 23rd October 2006, the Ministry of Labour and Vocational Training issued a Prakas about the increase of the minimum wage of workers, \$45 a month for worker on probation and \$50 a month for permanent worker. However, in reality many workers do

not even receive this pittance. Most factories divide their workforce into at least two categories: permanent and contract workers. Many factories, such as one in Tuol Sangke, exploit this loophole by keeping workers on short-term contracts, even though they may have been with the factory for years. Others will not allow male workers to become permanent, out of fear that they will become union leaders. Some only allow workers to become permanent if they fulfill certain requirements, such as not asking for leave during their first three months of work, or being unmarried. A few employers in Dangkor and Toekthla have taken this one step further, and now keep all their workers on short contract or probationary status to reduce their costs. Not only do contract workers receive a lower salary, but they are often not allowed to join unions or submit complaints, do not receive incentive pay or compensation at the end of their contract, and can be fired more easily.

Factories also decrease workers' take-home pay by instituting penalties for taking (or even asking for) leave, deducting from salaries when the factory must temporarily close due to lack of work, and punishing workers who fail to reach their daily quotas or commit minor offenses. Such financial penalties include deducting \$1.73 from a \$45 salary for every day the factory, which is in Dangkor, is closed; \$7 for arriving to work five minutes late to a factory in Mean Chey; \$16 and three days of forced leave for talking too much while working or not fulfilling one's quota in another Dangkor factory; and withholding paychecks if worker refuse to work overtime, which is a widespread practice. Equally common is for the factory administration or individual line leaders to take a cut of workers' salaries for themselves (often as much as \$15 out of their \$45 monthly wage), leaving workers little recourse to recover the money. Time and again workers, especially temporary ones, expressed their frustration about not being able to receive their full salary, and their fear of being dismissed if they complained to the factory, a fear which was grounded in experience. In the words of two workers:

“When workers receive their salary and some money is lost, they are afraid to complain to the office. They are very scared of the employer.”

~A worker from a factory in Toekthla.

“She [a sowing section worker] demanded an increase in the piece rate...After that the worker was dismissed and she was given \$370. The union took \$150 from her, as they claimed that they helped her get the money.”

~A worker from a factory in Mean Chey.

This type of financial abuse by unions is not uncommon, and shall be further explored in another section on union activity. On the factory side, the current focus on increasing productivity (as described above in the “Competitiveness” section) has brought about further salary abuses. The end of the MFA and the drive to produce more goods has prompted factories to switch to LEAN and higher quota systems, has also brought changes to the ways in which workers are compensated. Many factories over the course of 2006 switched from a wage system to a piece-rate system, where workers are paid according to how much they produce in a day. Numerous workers complained to WAC

that the piece rate had been declining over the course of 2006. At a Mean Chey area factory the rate is now just \$0.02 per dozen pieces produced (in the quality control section), so that take-home pay for permanent workers is well below the legal minimum wage of \$45. Another factory in the same area summarily fired 70 workers who demanded that the piece-rate be restored to a higher rate. The workers were compensated by the factory, which determined that the profits from the lower piece wage were greater than the cost of compensating 70 workers. Unfortunately, the practice of decreasing piece-wages is widespread and serves as another way for employers to exploit their workers, as it forces them to work even harder to earn even a low wage.

The pay rate for night shift work has also decreased. In March 2007 Prime Minister Hun Sen successfully lobbied the National Assembly to amend the Labour Law to cut the wage for night work from 200% of the day wage to 1%. He argued that the reduction was necessary to make Cambodia a more attractive place for foreign investors to set up large factories. This argument has been repeatedly advocated for by the Secretary General of the Garment Manufacturing Association in Cambodia and the Commerce Minister in the annual Government and Private Sector Meeting in 2006 and 2007. On July 20th 2007 the, the amendment of the article 139 and 144 of the labour law, came into effect. Since the beginning of the discussion on the reduction of the wage for night shift workers by GMAC, there are support and opposition for this call from the trade unions such as the leader Coalition of Cambodian Apparel Worker Democratic Union (C.CAWDU) made a clear statement about the lost of livelihood of workers that would result from this reduction, in the ‘Seizing Global Opportunity’ conference held in Phnom Penh in February 2005.

Given that night shift workers face increased dangers from gangs and other criminals on their way to and from the factories, it follows that they should be properly compensated for taking such a risk. Most workers would readily agree that a % bump in their already meager salary is certainly not worth the risk, even if more night shifts were available. This policy change is another example of the pressure the government feels from the global economy to increase the competitiveness of the garment industry and their willingness to sacrifice the livelihood of workers to achieve that goal.

Even when factories close (either temporarily or permanently) workers are still not properly compensated. When factories are forced to close their doors for a short time due to lack of work, employees are often either asked to use some of their annual leave days, or to accept only 50% or less of their salary. These closures can last from only a few days to a few months, or even turn into permanent closures, leaving workers with a very uncertain future. An example of what happens when factories do shut their doors for good comes from a factory in Tuol Sangke. A worker who had been working there for five years described how when the factory closed last year, she only received \$70 in severance pay. However, given that many factories close without giving proper notice to their workers or leaving them any compensation, some would consider this worker one of the luckier ones. That sentiment is an indication of how pervasive financial abuse by factories has become in Cambodia and the pittance that workers are forced to settle for despite their hard work.

Overtime

Despite the long hours and grueling work, most garment worker daily work overtime in order to earn more money to support themselves and their families. Unlike their regular shifts where workers are paid piece-rate, during overtime they typically receive an hourly wage or piece rate payment. The wage ranges from 500R to 10R per hour, and overtime shifts can last from two to six hours, or even through the night if there is a rush order. At a Dangkor factory, workers report working overtime from 4pm to 8pm or even 10pm; after three months of this they each receive \$5. For the piece rate, their payment is calculated on the amount of products done. Employer has the responsibility to provide meal or substitute that with payment for meal while workers are doing OT; it is usually 1,000R.

Besides the low wage, worker face two seemingly contradictory problems related to overtime: not being allowed to work OT, and being forced to work OT. Because factories know that workers are under pressure from their families to earn more, they use OT as an incentive to push their employees to work even hard. For example, if workers in a Teouk Thla factory fail to reach their daily quota during their regular shift, they will not be allowed to work OT; the same holds true for workers who take too many sick days in a Dangkor factory. Conversely, on occasion workers do not want to work overtime, either for personal reasons (a wedding or funeral to attend) or because they are sick or too tired to continue. As factories are trying to maximize the output of each worker, such refusals are severely punished in order to send a message to other workers. At a factory in Tuol Sangke, if a worker twice refuses to stay for OT, they will not be allowed to do OT in the future; at another Russey Keo factory, workers are fired for refusing to work OT or on Sunday; at many others, workers receive a warning or thumbprint. Both these scenarios, forced OT and denial of OT work, demonstrate the authoritarian character of the current garment system and worker's lack of rights in determining their own schedules.

Union Activity

In theory, the poor conditions of Cambodia's factories could be improved if worker's unions exerted proper pressure on factory administrators and the government oversight agencies. However, the union system of the garment industry has proven itself to be rather ineffective at promoting the interests of workers. Through information gathered from garment workers, it appears that there are problems at every stage of union development and activity, from the initial establishment of a union, to the maintenance of its independence, to the building of relationships with workers, to its ability to work cooperatively with other unions. In total these flaws decrease the bargaining power of workers at a time when factory standards are declining, such that the unions are doing a great disservice to the very people they are intended to help.

Although most unions seem to be rather ineffective, the majority of factory administrators and owners still oppose the establishment of independent unions. Workers at several factories report that in their factories anyone even suspected of wanting or

trying to start a union will immediately be dismissed. This threat has proven very successful in preventing the formation of independent unions and has allowed factories to start unions that they control and which are often mandatory for workers to join. With forced or automatic enrollment in the union, workers frequently forfeit their right to strike or renegotiate their contracts. These “yellow” unions are under the total control of the factory administration, who hand-pick the workers’ representatives and use financial rewards to maintain their loyalty.

“The union takes money from the factory [administration] so they do not help the workers. There was a worker who wanted to create a new union but he was beaten and was banned by the old union, for whom the factory bought a car.”

~A worker from a factory in Choumpou Wan

Given the potential benefits if they cooperate, those workers chosen by the factory as representatives rarely, if ever, take the side of other workers in negotiations. Many workers complained throughout the year that their representatives make unilateral decisions during meetings with the factory administration and often agree to concessions that regular workers do not support. Unfortunately for the workers, because no other unions are allowed to form, they must try to work within the yellow system, a system not at all conducive to improving working conditions.

Even in “independent” unions, relations between representatives and workers are sometimes not good. Workers regularly say that their representatives do not participate in talks or other activities with the factory at all, nor do they interact with workers; some said they had never even seen their representatives face and don’t know their name. Even direct benefits to workers are often limited; some unions are planning on cutting benefits even further in order to save money for “union strengthening” activities. In some cases, like one from the Mean Chey area, “union strengthening” activities are undertaken to improve the position of the union in relation to the factory; in others, to improve the position of the union in relation to other unions within the factory.

When multiple unions exist in a single factory, they rarely work cooperatively. Instead they compete for workers in order to increase their rolls and therefore establish themselves as an authority in the factory. Simultaneously, to curry favor with the factory administration, unions undercut one another in negotiations and allow themselves to be played against each other as owners and managers try to get the best deal on labour-. Workers are aware of this behavior, and say that it is very difficult for them to improve their wages or working conditions when unions compete. However, most workers feel that they are powerless to change this system and are scared to create another union through which they could air their grievances. Thus, they receive poor treatment by both the factory and the organizations intended to help improve their situations.

Despite all these flaws, a few success stories do exist. There are some union representatives who are well-established within the factory and involved with workers; some unions provide training and education to their workers about their rights and proper

contract negotiation procedure. Although sometimes organized by individual workers or small groups of workers, unions often facilitate strikes, one of the most popular ways to bring about change in the factories. While workers typically do not have all their demands met in strikes directed by either individuals or unions, from speaking with workers it appears that those strikes with union involvement have a marginally greater rate of success. However, as 32 workers at one factory in Mean Chey discovered, simply holding a strike demanding better working conditions can lead to being locked out of the factory and fired without notification. In this case, even the Labour- Arbitration Council of the government was ineffective in making even the smallest strides towards getting the factory to even negotiate with the organizing union and no significant concessions were made by the factory, not even the rehiring of the fired workers. Nonetheless, given the dire conditions of garment factories in Cambodia, even small victories, however rare, are important in improving the long-run situation of workers.

Other Issues

Beyond the major themes discussed above, workers also brought up a range of issues which further exemplify the abusive and exploitive environment they face. Among these were financial manipulation, misinformation, and overly controlling demands made by the factory.

Given that most workers interviewed reported earning between \$30 and \$50 a month, even a small deduction in their wages, or an extra cost, has a significant impact on their standard of living. Such a cost include having to pay \$5 every three months for their own ID cards, and compensating the factory if found “responsible” for damaging a machine, as was the case of a worker who broke the pin of a weaving machine and was then fined \$0 by her factory. Apart from factory charges, workers almost universally described rising rent and utility costs, which also squeezed their wallets. In addition, many workers told stories of factories withholding paychecks or overtime pay for various reasons, even though they knew that most workers’ rent was due. Another cost charged of workers sometimes comes from the administrator, guard or other worker who helped get them their job. Workers often must pay a contact to help them find work once they come to the city, and payments upwards of \$60 are not uncommon, putting even greater strain on workers to earn more money.

Making it harder for workers to report such problems is a lack of accurate information provided to them. Many do not know their hourly wage, or how to calculate their overtime or piece-rate payment, and are dependent on the factory administration to do so for them, leaving them vulnerable to exploitation. Payroll receipts and other important documents are often printed in English according to workers, further inhibiting their access to information.

The factories also make demands of workers that seek to control them. Such demands include not allowing workers to wear shoes; moving their work station frequently (so that they will sit where administrators dictate), forcing them to do physically exercise multiple times a day, and making them carry a special card if they want to move about the factory. Unfortunately, given the abundance of young women desperate for work,

factories know that they can find workers who will concede to all these demands, which in turns makes dismissals for small infractions even more common.

Conclusion

Major change did take place within the garment industry in the year of 2006 and 2007, remarkably to do with wage of workers. The petty increase of the minimum wage from \$45 to \$50 a month, although not satisfy enough to meet the basic needs of workers relying on minimum wage, is still a positive sign for workers. However, the decline of the payment for night shift workers, from 200% to 130%, poses serious concerns for workers as employers will twist the situation when they can in order to maximise the profit, which translate into exploitation on workers.

Beside, the increasing difficulties in working conditions, precarious employment through the short contract work, difficulty in obtaining leaves from the factory, and other issues highlighted in this report should be addressed by different stake holders in the garment industry.