Labour Law Issues - Apple-Wistron Case

Why in news?

- Global software and hardware conglomerate Apple recently placed all fresh production orders on hold for one of its vendors, Wistron.
- This came after violence broke out at one of its manufacturing unit following workers' protest against non-payment of their dues.

What is the Wistron's Narasapura facility?

- Like the other contract manufacturers of Apple, Wistron is also involved in production of its flagship iPhones and other gadgets.
- The factory in Narasapura is a new unit, which was opened in July 2020.
- The Narasapura unit employs about 2,000 regular employees and some 7000 contractual employees.
- The other unit in Bengaluru is in the Peenya locality of the city's outskirts, from where Wistron has been producing iPhone SE models since 2017.
- The Peenya unit employs about 3,500 people on a permanent basis.
- The flagship iPhones produced at the Narasapura and Peenya unit are also exported to other countries across the world.

What happened at the Narasapura facility?

- Temporary workers employed at Wistron's Narasapura facility in Bengaluru were protesting against non-payment of regular and overtime dues by the company.
- They raised slogans and vandalised vehicles parked inside the factory premises.
- Reportedly, some iPhones, which had been manufactured at the factory and were kept for export, were also looted by the workers.
- The event is one of the biggest expressions of industrial unrest in India in recent years.
- The state government authorities arrested some of the workers involved in the protests.
- Wistron in its initial statement said it had followed all laws and was supporting the authorities in their investigation.
- Apple said it had immediately launched a detailed investigation at Wistron's Narasapura facility in India.

What was the company response?

- After the initial investigations, both Wistron and Apple have acknowledged the "lapses" in payment and work schedules.
- Even the state government agreed that contractual workers at the plant had not been paid regular and overtime dues over the past 3-4 months.
- Wistron also said that it had fired its vice-president who was overseeing the business in India.
- Wistron agreed that some of the processes in place to manage labour agencies and payments needed to be strengthened and upgraded.
- It was taking immediate action to correct this, including disciplinary action.
- On the other hand, Apple said that they had placed Wistron on probation.
- Wistron would not receive any new business from Apple before they complete corrective actions.

What were the similar labour issues in China?

- Outside of the US, China has until remained one of the largest workplaces for Apple.
- Three of its biggest vendors are Pegatron, Foxconn and Wistron.
- These three have huge factories dedicated exclusively to the manufacturing and assembly of iPhones, iPad, iWacthes and a range of other Apple products in China.
- As early as 2010, there have been allegations of serious labour law violations against Apple's suppliers and vendors.
- In 2011, an explosion at Foxconn's Chengdu unit had left 4 workers dead and injured about 18 others.
- In the same year, another explosion at one of the units of Pegatron left 59 workers injured.
- China Labour Watch, an independent not-for-profit organisation, has since 2010 tracked Apple and its vendors' labour laws and the alleged violations.
    - It has repeatedly raised questions about the working conditions inside the factories of these companies.
    - As early as 2013, the agency had flagged the working conditions in Pegatron
    - Workers at Pegatron were "working long overtime hours to turn out a scaled-back, less expensive version of the iPhone".
    - The income here was less than half the average local monthly income and far below the basic living wage necessary to live in Shanghai, one of the costliest cities in China.
- Six years later, China Labour Watch came up with another report that alleged that Foxconn violated labour laws in its factories.

How different was Apple's response in China?

- Notably, Apple did nothing to stop the Foxconn labour law violations in China.
- Apple has done very little to improve the rights of workers in their supplier factories in China.
- In fact, workers are paid wages that are close to or equivalent to the local minimum wage.
- It is difficult for workers to sustain their livelihood on the minimum wage, as noted by China Labour Watch report.
- Apple denied all the allegations.
- But it accepted that the company "did exceed the number of contract workers allowed by Chinese law".
- Earlier in November 2020, Apple also suspended "business operations" with Pegatron after finding out that the company violated Apple's supplier code of conduct by violating student workers' programme.

What is the Centre's stance?

- The Centre asked the B.S. Yediyurappa administration for an expeditious inquiry to identify the culprits.
- It has been asked to ensure that investor sentiment was not affected due to the 'one-off incident'.
- All necessary support has been promised from the Centre so that the firm may restart operations.
- That may take a while now given that Apple's own probe has found glaring lapses in Wistron's treatment of its staffers.

What is the way forward?

- Enforcement of labour laws for employees' benefit will make India an even more attractive and contrasting alternative to China where labour exploitation is rife.
- Global firms are under pressure to exhibit higher standards in environmental, social and corporate governance.
- Given this, India also needs to strengthen enforcing compliance with the laws of the land and treating labour-employer disputes in an even-handed manner.
- India is moving in to a new labour law regime being marketed as a business-friendly regimen.
- So, misgivings about their provisions or unresponsive systems for employees' grievances may only increase such industrial unrest.
- It may be a good time for the government to renew a tripartite dialogue

mechanism with trade unions and employers like the erstwhile Indian Labour Conference, not held since 2015.

Source: The Indian Express, The Hindu

