

Foxconn suicides case study



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Introduction

Foxconn Technology Group is a subsidiary of Hon Hai Precision Industry Company Ltd, a Taiwanese company which is a major electronics manufacturer catering to famous-name brands including Sony, Apple and Nokia. With the first manufacturing plant established in Shenzhen, China in 1988, around 450, 000 workers are now employed at the Foxconn City, which intends to act as both working and leisure place to the employees.

Foxconn has been involved in several controversies, relating to how it manages employees. It is mostly known by the public for the series of suicides in 2010. The 2010 Foxconn suicides occurred between January and November, 2010, when eighteen Foxconn employees, aging from 18 to 24, attempted suicide with fourteen deaths. Though investigation has found that employees' personal problems may cause them to commit suicide, low income, enormous working pressure and a lack of communication opportunity are commonly accounted for the incidence.

The suicides drew much media attention and in this project, we will focus on analyzing the managerial problems of Foxconn which lead to the incidence and the effectiveness of the measures taken by Foxconn after the incidence to alleviate those problems.

Management problems:

Military leadership style

Many reports suggested that Foxconn's leadership style is the culprit for continuous suicides. They argued that manufacturing workers also need a

warm and supportive working environment which was the opposite of Foxconn practices.

“ Almost every worker needs to stand to work 12 hours a day intensively so as to maintain their live with the low wages. As they do not have other qualifications, they have no choice but have to choose this kind of harsh jobs” said a first-line manager in Foxconn. After a series of suicides happen in Foxconn, a reporter slipped into the company for 30 days. He found that the environment inside the factory was more terrible than imagine. For instance, no one can leave for a minute for washroom unless he can find someone to replace his duty. It shows that even people’s basic needs are ignored.

In addition, Foxconn stresses heavily on execution and efficiency although it never delivers compensation late. Some workers point out that whenever your boss gives out command, the only respond you can give is “ Yes” or “ OK”. You cannot be suspicious for a second. The only thing you can do is follow his order and delegate the work to your subordinates. In other words, manufacturing workers get extremely low status in the industry. With low status, workers’ duty is to listen and follow their instructions, workers should have no say to what they can do.

We are pretty sure that this kind of military management is unethical as they simply ignore the basic human needs. If we apply the motivation theory- Maslow’s Hierarchy of Needs to Foxconn, they cannot even fulfill the most basic physiological needs like sufficient rest time for the prolonged working hours. Ranging from work conditions to worker status, Foxconn fails to fulfill

those hygiene factors(dissatisfiers) according to Fredrick Herzberg' s Two-Factor Theory. Both of the theories above show us clearly that worker will get dissatisfied with this military leadership style. The strict and inconsiderate leadership style explains why Foxconn was blamed to be inhuman causing endless suicides.

Rewarding policies

From the view of motivating and rewarding employees, some believe that a string of suicides at Foxconn has highlighted what some say that the minimal pay of 900 RMB is exploitative. We shall examine the issue and analyze rewarding policies of Foxconn.

With respect to the monetary rewards, it is laudable that Foxconn has signed labor contract with their workers and pay their basic salaries on time. However, they set the minimum wage in Shenzhen, 900RMB, as the basic salary of workers in the factory before tragedy happened. In fact, the so-called basic salary is not enough to guarantee workers even the basic standard of living. They are long overdue for significant pay raises and the factory pay has not kept pace with inflation over the past decade that makes their lives hard. We may find that the monetary reward offered by Foxconn is insufficient to satisfy even the physiological needs of workers. It is very likely that workers will get more depressed when their job is overwhelming stressful at low pay level. Suicide attempts are usually preceded by a period of serious depression. It is easy to understand that the low pay can induce suicide with tremendous pressure faced by factory workers every day.

After several suicides, Foxconn has reached a preliminary agreement on pension and maintenance payments with the bereaved families that Foxconn would make a 360, 000 RMB pension payment to those families and offered maintenance payments of 30, 000 RMB per year. This practice intensifies the suicidal problem. The original intention of this measure is to pacify the bereaved families, comfort employees after a series of suicide events and at the same time, relief the pressure from public. However, for those workers who are dissatisfied with their lives at Foxconn, huge amount of compensation induces them to end their life as they find it more preferable. The pension payment, being the culprit of suicides, is achieving the opposite.

The dearth of non-monetary rewards also results in a string of suicides at Foxconn. Under the military leadership style, being blamed is one of the job duties. Non-monetary rewards like praise, status promotions or privileges are simply impossible. For general companies, not having any non-monetary or intrinsic rewards is not the critical problem. It is a different story for Foxconn and they become extremely important when monetary and extrinsic rewards are far from sufficient to satisfy workers. It acts as the supplements or compensation to workers with low pay. Unfortunately, Foxconn just does the opposite. There is neither significant extrinsic reward nor any form of intrinsic rewards. Worse still, they tend to punish rather than encourage workers when they get mistakes. All the above rewarding policies fuel the suicide problem.

Communication opportunity

Communication with peers is important to express their ups and downs and relieve their stress. Developing the social network in the industry would also enhance the job satisfaction and sense of belongings to the company.

However, there is a lack of communication in Foxconn. When they are working, workers cannot talk with each other, or else there will be disciplinary action. After work, they seldom talk with their roommates, since they either have to work overtime or need to take a rest after long working hours.

After the first few suicides, Foxconn carries out a number of measures. For example, managers ‘buy’ information with monetary incentive. Whenever workers report employees with psychological problem, two hundred dollar is rewarded. This practice further worsens the relationship between peers, supervisors and subordinates as it weakens the trust between workers, making it more difficult for them to share freely with their peers. When employees are not satisfied with the working environment and have nobody to talk to, their stress level will add up. And one day they can no longer withstand the stress and end their lives to get rid of the work.

Fairness

Have you ever imagined that the unfair treatments in the work place would induce people to commit suicide? People in this generation pay more attention to the fairness. However, unfair affairs exist in Foxconn. There are rumors that security guards maintain order according to their personal mood, rather than the regulations of the company. Whenever one of the

guards does not get along with you, you will be beaten for whatever reasons. One example will be Mr Leung. Some said that he spit to the guard after being dressed down and jumped from the roof the other day. Another example will be the management by Mr Kwok, the chairperson of Foxconn. He was born and educated in Taiwan. That is why he is criticized of preferential treating towards Taiwanese. He often employs Taiwanese to manage Chinese and rewards are different between employees from different origins. Taiwanese have a higher salaries and bonus than Chinese at the same level.

It is true that we cannot check whether the above claims are correct or not. However, discrimination is not uncommon in the real society as we can think and thus it may be the fault of Foxconn not to balance the interests of different parties which directly leads to continuous suicides. With the workers being treated differently and nowhere to complain, they can only endure to it. When it comes to the end of one's patience, some of them choose to end their lives.

Measures taken by the Foxconn Group:

After the consecutive tragedies, the Foxconn Group had adopted various measures to prevent employees from committing suicide again.

These measures included:

- 1.) Increase in workers' wages.

The management raised the wages of all production line workers by 30%. And for the production line operators in Shenzhen, their basic salaries and wages were raised from 1, 200 yuan to 2, 000 yuan per month.

2.) Set up of “ Safety Net”

The company set up a rigid “ Safety Net” within the staff residential areas, which occupied for over 150 million square meters of spaces, thus to avoid the death of any worker directly if they intended to jump off the roof downwards.

3.) Establishment of the “ Caring Team”

Foxconn had divided their workers into groups of 50 people, known as the “ Caring Team”, and their responsibilities included giving cares and love to each other, and to report any unusual emotional changes of their co-workers.

4.) Counselors’ availability to assist the workers

At the time after the incident, the company had already trained 1000 psychological counselors. They were sent to the factory to provide counseling, guidance and assistance to the workers via the psychological consultation hotline.

5.) Mandatory Psychological test

Once new workers were employed after the incident, they should undergo an in-depth mandatory psychological test to evaluate their mental health and provided better guidance on how they could work happily in the future.

To conclude, these measures aimed at preventing the same incident from happening again.

Criticisms on the measures taken by the company

Despite the several measures adopted by the company, did they really benefit the workers permanently? Or did they only bring temporary effects? It was surprising to discover that there were still cases of workers committing suicide shortly after all the above measures were implemented, which gave us the solid evidence that the measures might not be as effective as the managers expected and could not root out the problem.

1. Short-sighted measures without long-term consideration

The above measures could be said to be effective in dealing with short term problems, yet it might not be long-term considered enough. For example, the set up of “ Safety Net” could only enforce workers not to jump downwards from their roof, but it could not solve the workers’ dissatisfaction towards the company and enhance workers’ morale in long-term. Some even argue that the establishment of safety net shows the cool-blooded attitude of Foxconn towards workers.

2. Not sufficient psychological support

Although the company sets up a psychological consultation hotline, helping employees to relieve their stress, this measure is quite passive and the number of employees being helped is limited. Top managers only select 1000 employees to take a training course of psychological consultation. Eighty of them pass the exam helping employees who cannot deal with stress. But, these eighty helpers, relative to over four hundred thousand of

employees, are insufficient to prevent suicide from happening again. We doubt whether it is the effective method to prevent suicide and help employees.

3. Insufficient improvement in satisfying different needs

According to Maslow's hierarchy of needs, it states clearly that different needs ranging from physiological needs to self-actualization and esteem needs, such intrinsic values are the most crucial ingredient in the recipe of motivating workers. However, what Foxconn offered were far from fully satisfying workers' fundamental needs (ie, financial security), not to mention what measures did Foxconn implement to satisfy workers' social needs. Although they set up the caring team to show their "love" to workers, whether it works is in doubt. Can the need of social network be simply replaced by the so-called caring team? The act of suicides proves its effectiveness. Being ignored the intrinsic needs, workers hardly find the feeling of satisfactory and recognition from the work.

Our Suggestions

To coop with the incident, we ought to think of some more probable ways, which are listed in the following:

1. An increase in wages and a reduction on working hours

Most of the workers in Foxconn endured their tiredness by standing for over 10 hours per day, with 6 days per week without adequate rest. The reason that workers choose to work overtime was that the wages were still far from enough for them, even after the little raise in the wages . By increasing the wages, workers no longer need to suffer from the extremely long working

hours. If we want to save workers' lives, we should first make sure that they get sufficient salary to maintain their lives.

2. Satisfying different needs

Under the Maslow's Hierarchy of Needs, social need like affection, belongingness and friendship is one of the essential needs for workers to get work. Apart from encouraging workers to make friends with others so as to alleviate the psychological problems, they should also encourage them to relax by having some leisure activities. Though Foxconn has good relaxing facilities like recreation centre for chess, mountain climbing and fishing, they never promote and encourage workers to enjoy them. From the Shanghai-based China Business News reported, Researchers questioned 1, 736 employees and found they worked an average of 83. 2 hours of overtime a month that is more than twice the maximum of 36 hours allowed under Chinese law. Workers work numerous overtime and thus they do not have time to enjoy those facilities. If Foxconn can truly allow workers to enjoy these facilities, workers would definitely gain a better sense of belonging and the morale would thus be enhanced greatly as different needs are satisfied.

Google which provides its workers a comprehensive working environment and encourages them to enjoy it is a successful example. For instance, swimming pool, 24-hour canteen and gymnastics facilities are all free to use for every employee. Although Foxconn might not be necessary to imitate Google in such ways, it should consider deeply on how it can provide better environment to workers.

3. Means to let workers assure of a more certain future

The suicide cases increase workers' fears towards their future. They feel devastated and uncomfortable to what the public said and even lose confidence on Foxconn. These emotional effects can be disastrous if Foxconn cannot handle it well. We believe that more resources should be spent to stabilize workers' emotion. Foxconn should first explain clearly why several workers committed suicide and hence encourage the remaining to cherish their lives. Secondly, several means should be provided to help workers establish their career paths with promising future so as to reduce their uncertainty about the future. If so, it is believed that the working pressure as well as the turnover rate of current workers would be decreased significantly. Eventually, the occurrence of suicides of workers could be diminished.

Conclusion

Deficiencies in management inevitably account for the series of suicides. The incidence, perhaps, is an alarm to Foxconn for the urge of a change in its management style. Is military leadership still viable and suitable? Or another style, a more caring one should be adopted to encourage workers? Instead of thinking how employees can benefit the company, it is more appropriate for Foxconn to think about how they can benefit the employees and get high productivity in return. The essence of the problem is simple: even human needs are not satisfied in Foxconn. But up to now, measures taken to tackle the problem, mostly short term, are far from satisfactory, or even worsen it. Apparently, these measures do not get to the root of the problem. To alleviate the dissatisfaction of workers, long term solutions to regain employees' confidence towards Foxconn are the only way out.