

# Chapter 4

## Building the European centre in Czechia: Foxconn's local integration in regional and global labour markets

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### 1. Introduction

Foxconn decided to expand its production in Europe at the end of 1990s, which coincided with the launch of the Social Democratic government's push to attract more FDI to Czechia.<sup>2</sup> Pardubice, a town of 100,000 inhabitants 100 km east of Prague, became its preferred destination due to its geographical proximity to Western markets, good infrastructure, relatively low wages and skilled workforce. At first an assembly plant, it has evolved into a European centre of Foxconn operations and has also undergone industrial upgrading. Among other things, this was related to the opening of a new factory in Kutná Hora in the vicinity of Pardubice.

Drawing on previous research on Foxconn in Czechia (Andrijasevic and Sacchetto 2014; Andrijasevic and Sacchetto 2015; Sýkora et al. 2015), articles from (especially) the Czech media and interviews carried out with Foxconn employees and trade unions, this chapter analyses Foxconn's expansion strategy, the development of a fragmented multinational workforce, working conditions and employment relations, including the role of trade unions.

Foxconn's regimented culture and demands on employee flexibility were initially contested by the workers. However, the company was able to implement intensive work processes and a flexible working-time system based on long shifts. The company seems to treat its workers within the legal limits of the Labour Code and other obligations. Nevertheless, this has allowed for very high flexibility and cost reduction due to the 11.5 hour-long shifts and the introduction of time accounts. Moreover, Foxconn has developed the practice of outsourcing its assembly lines to

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  2. The evolution of state policy towards FDI is analysed in detail in Drahoukoupil (2009).

subcontractors, which externalises potential risks connected with the second element of its flexibility strategy, namely employing migrant workers through labour-market intermediaries (cf. Altreiter, Fibich and Flecker 2015). This practice used by multiple companies in Czechia has been investigated by the Labour Inspectorate and may be found in violation of EU and national rules as it circumvents the employment relationship and violates the principle of equal treatment of workers.

## **2. Establishment and expansion of Foxconn in Czechia**

In May 2000 Foxconn bought what remained of the former socialist electronics company, Tesla. This made possible the rapid commencement of production as early as August of the same year. The fact that Foxconn chose a brownfield site for its operations was appreciated by the city of Pardubice, which had been concerned about the use of buildings of the former Tesla factory, spread over four areas covering about 36 hectares (Doubrava 2000a). Foxconn eventually bought the land and buildings of the bankrupt HTT Tesla, paying 102 million CZK (around 2.9 million euros<sup>3</sup>) (Kačer 2000). Although the value of the land was probably higher, this investment was favoured as likely to bring jobs and support the local economy.

Tesla Pardubice used to be an important producer of electronics in socialist Czechoslovakia. It dates back to 1919 when the company Telegrafia was established. It produced mainly telephone switchboards and, later on, radio receivers. After the Second World War the company was nationalised and became part of the national company Tesla. It produced TV sets, computers, tape recorders and radiolocators for military production. A trade union, part of the branch Metalworkers' Organisation (KOVO), was also present in the plant.

After 1989 the company stopped being competitive, lost its COMECON markets and went through a failed privatisation attempt after the HTT company run by a 'previously unknown group of four army officers' took the company over, beating the French company Thomson CSF in 1993 (McNally 1995). The decline of HTT Tesla throughout the 1990s was gradual, which meant that the unemployment rate in Pardubice did not increase dramatically at a particular point in time (Kostlán 2002).

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3. Based on the exchange rate of 31 Dec 2000, cnb.cz; 1 EUR=35.09 CZK.

Foxconn's localisation strategy reflected a mix of factors, including state policies of FDI support, labour market and migration policies, supply of suitable workforce (mostly for low-skilled and semi-skilled positions), weak labour, the availability of the EU's free-trade area and proximity to its main customers (Andrijasevic and Sacchetto forthcoming). As will be seen, Foxconn developed here into the centre for Europe, the Middle East and Africa, known as the EMEA region.

After the start of its Czech operations Foxconn soon became an important company in both the Pardubice region and the Czech and European context. It was the first major foreign direct investment after 1989 in the electronics industry in Pardubice, but others were soon to follow (for example, Matsushita). It received tax incentives from the Czech government (see Table 1, p. 98). At the Czech level Foxconn became a major company measured by annual revenue. Already in 2003 it entered the list of ten biggest companies and has been in the top five in recent years. In terms of exports it became the second biggest exporter after Škoda Auto with about 3.7 per cent of total Czech exports in 2008 (Lüthje et al. 2013: 139). Net profits have been much lower than those of other companies with similar revenues due to Foxconn's generally low margins (Prandi 2013).

While in 2000 Foxconn produced and shipped about 41,000 iMacs, a year later the new hall for the assembly of Compaq desktops enabled the production of 10,000 PCs per day (Hospodářské noviny 2001). In 2012 about 38,000 desktops were produced daily in Pardubice (Prandi 2013). Gradually, new parts of production and services were added. In 2002 new mass metal production was introduced, including a metal pressing shop and a paint shop. In 2004 there was a new pressing and a paint shop, as well as a repair and service centre. Meanwhile, logistics were also being developed to enable Pardubice's Foxconn to become the logistics centre for the EMEA. Jim Chang of Foxconn CZ saw the role of the Czech operations in the following way: 'Foxconn CZ is on the way to fulfilling its aim of becoming the central production point in Europe and to fully serve the EMEA region and provide complete services from one place' (Seiner 2007).

Foxconn's Pardubice site was deemed insufficient after a few years and it was decided to build a new plant at a different location, Kutná Hora, in central Bohemia, about 50 km from Pardubice. The Czech government provided tax incentives once again (see Table 1). The initial, more

Table 1 FDI subsidies received by Foxconn in Czechia

Company	Type of investment project	Investment (mil. EUR)	Newly created jobs	Granted Incentives
FOXCONN CZ s.r.o.	Production	78.67	1 930	Taxes
Foxconn Technology CZ s.r.o.	Production	97.22	6 400	Taxes
FOXCONN CZ s.r.o.	Production	43.39	656	Taxes
FOXCONN Network Technology CZ s.r.o.	Production	19.17	744	Taxes
Foxconn Technology CZ s.r.o.	Strategic service centre/repair centre	0.48	125	Taxes

Company	Ceiling of state aid (mil. CZK)	Aid intensity	Location	Application – Year	Decision
FOXCONN CZ s.r.o.	–		Pardubice	2000	2001
Foxconn Technology CZ s.r.o.	815,09	0.30	Kutná Hora, Pardubice	2007	2009
FOXCONN CZ s.r.o.	456,47	0.40	Pardubice	2010	2011
FOXCONN Network Technology CZ s.r.o.	192,34	0.40	Pardubice	2011	Cancelled
Foxconn Technology CZ s.r.o.	39,43	3.29	Kutná Hora	2013	2014

Aid intensity is defined a share of state aid in eligible costs. It is calculated here as  $[\text{ceiling of state aid}]/[\text{value of investment}]$ , as published by CzechInvest.

Source: [www.czechinvest.org/dwn-investicni-pobidky](http://www.czechinvest.org/dwn-investicni-pobidky)

ambitious growth plans were reined in after the 2008 economic and financial crisis.

The modern plant in Kutná Hora specialises in the production of servers (including expensive customised servers for HP), racks, cloud solutions and other services. This, together with other parts of production in Pardubice – for example, hi-tech production of cartridges at the rate of 1,000 per hour (Prandi 2013) – show that more sophisticated kinds of production have become part of Foxconn operations in Czechia, requiring a more skilled workforce than in Pardubice. Despite industrial upgrading, desktop assembly is still at the core of Foxconn's operation. Further changes are planned, with investments in automation, research and data

centres that were announced in a memorandum signed by Foxconn's chairman Terry Gou and Czech Prime Minister Bohumil Sobotka in summer 2015 (Ministry of Industry and Trade of the CR 2015).

The growth of Foxconn in Czechia has been tied to relocations of production to the factories based in this country, for example from HP's Erskine plant in Scotland (Times Scotland 2005; McCourt 2010) or more recently from Foxconn CZ's now closed Shushary plant in Russia (Appleapple.top 2015). On the other hand, some production has been moved elsewhere (for example, to Foxconn's Turkish plant, production of notebooks to China). These decisions are made in collaboration with Foxconn's main customers. Currently, the most important customers are HP (desktops, servers, cartridges) and Cisco (routers, switches, servers); in the past Foxconn also produced desktops for Apple, Acer, Compaq and Lenovo, mobile phones for Nokia, as well as set top boxes or LCD screens of many different brands (interview on 6 March 2015).

When deciding where to locate the production of particular products or product parts the management weighs up a number of aspects, including the price of production as against logistics. This may be illustrated by the production of chassis in Czechia for particular customers. It might have been cheaper to produce them in China, but production in Czechia means that logistical problems disappear. Expansion of production is also related to continuous negotiations with Foxconn's customers with the aim of persuading them that outsourcing of production would be cheaper. Thus Foxconn is able to increase its share in the production of particular items, their logistics and other services (interview on 13 April 2015).

Foxconn in Pardubice and Kutná Hora has grown into a major producer that will probably remain an important part of the European electronics industry for some time. The development of Foxconn sites in Czechia has been very far from unidirectional.

### 3. Employment structure

Employment at Foxconn grew steadily until 2008. The rise in employment was interrupted and the composition of the workforce was influenced by the global economic and financial crisis, the decisions of the company, Czech migration policies and the rising availability of circular unemployed EU mobile workers from eastern and south-eastern Europe.

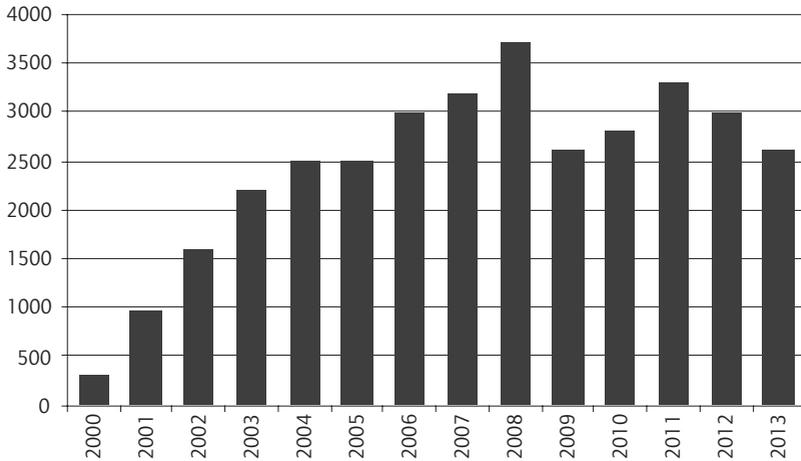
From a few hundred workers in 2000 the workforce reached the current level of about 5,000 workers (of whom around 2,000 are indirect) at the Pardubice plant and about 1,200 workers (around 300 of them indirect) at the Kutná Hora plant. The recruitment of more and more workers meant that Foxconn could partially offset job losses in other companies that were downsizing in the area, in the chemical and other industries. However, having reached a threshold of workers willing to work and commute under the prevailing conditions at Foxconn from Pardubice and the surrounding area, Foxconn in Czechia relatively soon became characterised by a multinational workforce composed of both direct and indirect workers, with different kinds of rights, contracts and social positions (Andrijasevic and Sacchetto 2014). The indirect workforce – composed mostly of migrant workers – has ranged from about 30 to 50 per cent of the total in manual positions, with indirect workers constituting the majority in some departments (see below).

Temporary migrant workers were initially recruited from Slovakia and already made up a quarter of all employees in 2001 (Macháček and Milata 2001). Unlike some other multinational corporations in the electronics industry in Pardubice (for example, Matsushita, which employs mainly Czech and Slovak workers) the Foxconn factory has become integrated in the regional (European) and global labour markets to a much greater degree. Both EU and non-EU employees were recruited, either through external temporary workers agencies or directly by Foxconn. Foxconn has employed foreign managers and skilled workers but also workers for low-skilled assembly line jobs. The Czech project of the ‘competition state’ (creating advantageous conditions for capital accumulation by MNCs) supported liberalisation of migration policies (Čaněk 2014). Foxconn seemed to support this by lobbying the Czech government and especially the Ministry of Industry and Trade (Čižinský and Kušnínáková 2011).

From autumn 2008 the Czech government started to implement restrictions on the migration of non-EU citizens. Foxconn started to recruit

indirect workers mostly from among EU citizens in Bulgaria, Romania, Slovakia and Poland. It also kept a smaller number of Mongolian and Vietnamese workers as part of its core workforce, the majority of whom have been Czech (Andrijasevic and Sacchetto 2014). The number of Foxconn core employees dropped substantially after 2008, as can be seen from the development of Foxconn CZ's employment statistics,<sup>4</sup> which recorded a 30 per cent decrease, from about 3,700 employees in 2008 to about 2,600 in 2009 (Table 2). This decrease can only be partially explained by decisions regarding the outsourcing of some tasks (for example, building maintenance, cleaning) to external companies (interview on 13 April 2015).

Figure 1 Number of core workers employed by Foxconn CZ



Source: Official annual reports from [justice.cz](http://justice.cz)

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4. Apart from Foxconn CZ there currently exist Foxconn Global Services Division, Global Logistics Solutions, Global Services Solutions and Foxconn Network Technology, which are all related to Pardubice operations of Foxconn. The Foxconn Technology is operating in Kutná Hora.

## 4. Early contestations of Foxconn's regimented culture

At the very beginning of Foxconn's establishment in Pardubice, the first industrial relations conflict broke out. While the investment was supported by the Czech government, its Czechinvest agency and the town's mayor, it soon met with protests by the company's workers and the metalworkers trade union KOVO. Foxconn has thus been one of the more contested investments by Asian multinational corporations in Czechia (cf. Veverková 2010). The industrial relations conflict at the start of Foxconn's operations was widely reported in both local and national media (which is the main source of information for describing this period).

The first Foxconn employees were somewhat taken aback by the company's disciplined working practices, based on assembly line production with increasing speed, strict conditions concerning leaving the workplace and security precautions. Assembly line production was new to Tesla. Such demands on the workers led some journalists to question whether 'Czech employees would accept them' (Krčál 2000). The pay offered by Foxconn in the range of 8,000 to 10,000 Czech crowns was criticised as low by the trade unions. However, for some employees, especially women, the main issue was not the wage but the abrupt changes in production output: 'You just can't plan anything. Your life has to be totally subordinated to the needs of the employer. There's tons of compulsory overtime for 12,000 [Czech crowns] a month. However, try to find a job in Pardubice where women can get this money!' A few Czech workers also complained to a newspaper (Prouza 2002).

It was especially during the first training courses and at the beginning of production that some workers complained about the regimented culture. One article, entitled 'Taiwanese shock their Czech workers' (September 2000) cited the reactions of a few employees:

Some working methods, transferred from China to Central Europe, have shocked Czech workers. 'I have been a driver for about a quarter of a century and now I should get used to opening the door for the boss whenever I reach the destination. Before that even his predecessors who were three times older did not ask for this', one of the company chauffeurs [complained]. ... 'Whoever leaves the [assembly] line for example when going to the toilet needs to ask the supervisor who watches the clock. You can't return to your place,

however. You become a part the reserve and hope that somebody's kidneys let them down [and you take his/her place in the assembly line]. This is because your wage is lower when you're standing by the wall'. (Seiner 2000a)

Two petitions were organised by workers in a short span of time complaining about, for example, the absence of water in the workplace, unpaid bonuses for overtime, work discipline, insufficient hygiene or security at the workplace. One petition was signed by almost a hundred workers and sent to Foxconn's management, the Labour Office, the Ministry of Labour and Social Affairs and the mayor of Pardubice (Biben 2000). According to the trade unions Foxconn expected that each employee worked overtime as not enough people were recruited for the planned shifts. The head of the trade unions feared that the 'working conditions would be adapted to Chinese ones' due to the relatively low wages (Pardubické noviny 8/8/2000). Those who were most dissatisfied with the working conditions and Foxconn's corporate culture left (Balada 2000).

Foxconn contested most of the demands as unsubstantiated. After the takeover of HTT Tesla Foxconn refused to communicate with the trade unions and at first did not recognise the existing collective agreement. The workers' protests and media pressure eventually made Foxconn recognise the trade union. The Pardubice municipality partially mediated the industrial relations conflict. The representatives of the trade unions and the workers cited in the media interpreted the agreements with Foxconn as a compromise. A 40 year-old woman said: 'Both sides had to temper their demands but I admit that the Taiwanese taught us a lesson. We met about half-way through and I don't intend to leave for a different job. Things could work this way' (Seiner 2000b).

The first industrial relations conflict that Foxconn encountered in 2000 in Pardubice can thus be understood as a process of local embedding. The introduction of a fast-paced and completely new assembly line production, together with demands for overtime and 'Chinese' managerial practices were opposed by the workers. The Foxconn managers, however, soon managed to introduce a strict working regime and high productivity comparable with other plants in China, Scotland and Ireland (Kučera 2000). The creation of a 'standard factory' after 'long years of loafing' (ibid.) was welcome by Foxconn's customers. Supposedly the Vice President of Compaq said in 2003: 'Terry [Gou]'s efforts at building a standard factory in Czech have built an excellent paradigm for

suppliers among Compaq's supply chain' (Chang in Tony Fu-Lai Yu, Ho-Don Yan 2014: 309).

## **5. Trade unions and the organising of workers**

The transfer from Tesla to Foxconn meant two important things for the trade unions at Foxconn. First, due to the brownfield investment Foxconn also inherited the former Tesla trade union. Although initially resisted by the Taiwanese MNC, it managed to survive. Second, the trade union inherited property from socialist times, which gave it some economic independence (for example, paying a trade union representative).

The trade union at Foxconn has represented workers in both the Pardubice and Kutná Hora plants. A separate trade union could have been formed at the Kutná Hora plant, but Foxconn intervened; it preferred to have only one negotiating partner. Trade union density is relatively low – about 10 per cent – and has been relatively stable. Members pay dues worth 1 per cent of their wage (25 per cent is transferred to the metalworkers trade union Kovo), but they receive most, if not all of the money back through various family and other subsidies; these come from the returns on the aforementioned property. Currently, Foxconn pays the salary of the trade union representative, while the trade union pays the salary of an economist (interview on 7 March 2015).

One of the main areas of activity for the trade union is the negotiation of the collective bargaining agreements, where the focus is on wages and elements of the flexibility regime. The first collective bargaining agreement was signed in 2000 and signified the acceptance of the trade union by Foxconn. Only in 2002 did Foxconn wages rise for the first time. Since then each collective agreement has contained a clause on wage rises (interview on 21 February 2015).

Currently, the usual wage of a core worker (an operator) is between 14,000 and 17,000 Czech crowns. Foxconn kept wages at the average Pardubice regional level. At comparable companies, however, it seems that recently wages have risen more quickly than at Foxconn. The trade union has generally been critical of the low wages, especially of blue-collar workers in comparison with other industries (for example, the car industry), as well as the rising living costs. However, it has also exercised wage moderation, being aware of wage levels at other Foxconn plants

globally. In other areas, the trade union has successfully negotiated bonuses (higher than those in the Labour Code), more holidays and the provision of catering to workers (interview on 21 February 2015).

The collective agreement covers only core workers and not the indirect ones working for Foxconn's subcontractors, where there is no trade union presence. The migrant workers have been better represented by the NGO Most Pro in case of individual grievances (Andrijasevic and Sacchetto 2014).

Information is scarce about some localised struggles and protests, including work stoppages. A case in point was the protest against working conditions and for higher wages in the former Apple division in Kutná Hora. Here Foxconn's separation into particular companies and divisions proved to be problematic for the trade unions; supposedly, trade union members were not offered further contracts in other divisions once the Apple division closed down (Andrijasevic and Sacchetto 2014). The most common reaction in the case of worker dissatisfaction among both Czech and migrant workers has been to leave the company (Andrijasevic and Sacchetto forthcoming).

There have also been cases of different groups of workers in conflict. For example, ethnic Czechs complained about the hygiene conditions, pointing to the presence of migrant workers. The multifarious divisions among the workforce are most evident between direct and indirect workforce. The trade union has been too weak to address the unequal conditions between these groups. Its main focus has been the situation of core workers, which weakens the union's overall position, especially in view of the high proportion of indirect workers (Andrijasevic and Sacchetto 2014).

## **6. Local strategies of labour flexibility**

Employment at Foxconn is still characterised by high levels of flexibility in relation to lean management, product changes and growing competition. Most important is numerical flexibility because most employees work in assembly, where the required skills are low. Turnover of employees is high. Planning of production and the number of assembly line workers needed in particular periods has become even more complicated and less precise than before because in the past few years the main

customer, HP, has been losing out in the PC market to Lenovo (Bott 2015). Foxconn's flexibility regime in Czechia is composed of a few main elements that will be presented below to complement the preceding descriptions.

First, various working time arrangements have been experimented with. Work accounts have been used to change working time based on current labour needs. Therefore every week core workers may face a different working time (for example, one week six shifts and another week just two). Over a period of 26 weeks working time needs to equal 26 weeks at 37.5 hours/week. For Foxconn this means that overtime bonuses are minimised and it does not have to pay for down-time. For core workers for whom overtime represented an extra part of their salary, however, this means a loss. On top of that, shifts may be changed only 48 hours before they start. This condition was included in the collective bargaining agreement between Foxconn and the trade unions signed during the economic crisis after 2008 (interview on 21 February 2015).

Currently, there are three shifts for core workers of 11.5 hours, combined with the work accounts. At first production at Foxconn was organised on the basis of one eight-hour shift or two or three shifts 7.5 hours long. After that there were four shifts of 11.5 hours in order to be able to organise production on Saturdays and Sundays. Subsequently, Foxconn returned to the system of three shifts, but the length of 11.5 hours remained the same (interview on 21 February 2015).

The long shifts in combination with periods of high production increase the weariness of the workers. In particular workers with children do not like having to work at the weekend. It is common that women leave Foxconn after returning from maternity leave because they find it hard to combine the shifts and child care. The consequences of such flexible planning of production thus tend to affect women more than men. They are also harder for older people.

Second, Foxconn has used a strategy of externalising a substantial part of the workforce by contracting temporary work agencies (TWA) (Andrijasevic and Sacchetto 2014). The indirect workforce – mostly migrant workers constructed as an ideal workforce<sup>5</sup> (McKenzie, Forde

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5. There is a hierarchy of migrant workers; for example, Mongolian workers are valued highly and have become part of the core workforce. On the other hand, Bulgarian workers rarely become core workers.

2009) – has ranged from 30 to 50 per cent of total manual workers. However, they can even represent the majority in some departments. The two Slovak TWAs that currently supply workers to Foxconn, however, have acted as subcontractors rather than temp agencies. They lease assembly lines from Foxconn and as a result neither they nor Foxconn need to make sure that the conditions of direct and indirect employees are similar, as would be the case for temp agency employment according to the Labour Code. Whether Foxconn is thus guilty of regulatory evasion (Berntsen and Lillie 2015) has been investigated by the Czech Labour Inspectorate.

Subcontracting has been used by Foxconn to distance itself (Merk 2011) from its responsibility for wages and working conditions with the TWAs. Some of the TWAs were criticised a few years ago by a local NGO, *Most pro lidská práva* (currently called *Most Pro*) for not providing social or health insurance (or providing falsified health insurance cards), not respecting holidays, delays in payment of maternity benefits, threatening workers, partly paying envelope wages or asking workers to sign an agreement on the termination of the work contract at the very beginning of the contract or changes of the legal names of the TWAs. After a particular media case involving Bulgarian workers who complained about long working hours, unpaid overtime and other labour rights violations (E15.cz 2010), Foxconn eventually stopped cooperating with one of the TWAs, VVV Tour. The number of complaints received by *Most Pro* from migrant workers has gone down, which may be an indication of Foxconn's changing strategy in relation to subcontractors. Most current issues for migrant workers concern the sometimes high level of precariousness in wages and working conditions (for example, unstable income, living conditions in some dormitories and so on).

Third, a variant of the dormitory labour regime was introduced in which dormitories serve as places where workers are readily available to be sent to work, as well as places in which they can be controlled by Foxconn's subcontractors (Andrijasevic and Sacchetto 2014; Sýkora et al. 2015). In 2001 Foxconn was considering building its own dormitory for 1,800 employees close to the factory. Following a petition and local opposition in Pardubice to the building of this dormitory (Seiner 2001) Foxconn has relied on external providers of workers (subcontractors) and of accommodation; thus Foxconn in Czechia usually does not provide accommodation or only temporarily to its own employees.

Thanks to the current system of shifts Foxconn is able to produce without any interruptions and may cancel shifts for both direct and indirect workers at a time of low production to save labour costs. There are, however, a number of issues related to the sustaining of such a flexible labour regime (Peck 1992). First, it is crisis-prone because, especially in times of economic upswing and job opportunities elsewhere in Czechia (for example in the car industry) or in other parts of Europe, Foxconn and its subcontractors have difficulties retaining workers. This is even more the case with EU citizens who are free to move in the European Union labour market. Second, the partial disembeddness of migrant workers from surrounding society (Altreiter, Fibich and Flecker 2015) may create animosities towards these workers. This has happened, for example, in the area with the largest isolated dormitory Hůrka on the periphery of Pardubice, where about 600 migrant workers live. The attitudes of the inhabitants of the local town have ranged from neutral to very negative (Sýkora et al. 2015).

## **7. Conclusion**

This chapter analysed the multifaceted and complex development of Foxconn in Czechia in the older Pardubice plant and the very modern one in Kutná Hora. Although establishment in Pardubice in 2000 proved to be advantageous for Foxconn, it inherited the trade unions as part of the brownfield investment. The trade unions' and first Foxconn employees' opposition to its disciplined and culturally different practices played an important role in how the company became embedded in the local environment.

Almost from the beginning of its production the company has relied on the employment of a multinational workforce. It started with the temporary employment of Slovak workers and it continued to integrate regional and global workers from other EU and non-EU countries, especially as indirect workers through subcontractors. Both direct and indirect workforce workers are subject to high levels of flexibility. Although the fragmentation of the workforce and the trade union representation of only core employees has weakened the Foxconn workers, there are limits to flexibility with both direct and indirect workers. Foxconn has faced high fluctuation of workers and difficulties in retaining workers especially in times of economic growth.

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