

# ***IUF/Coca-Cola Meeting***

***7 October, 2008 Atlanta, USA***



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## **Precarious employment in the Coca-Cola system**

***Summary Conclusions from the Preliminary Report***

***09-24-2008***

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## 1. Background

Following the mandate received by the 2<sup>nd</sup> Coca-Cola Unions Global Meeting in May 2008 to tackle precarious employment<sup>1</sup> in the Coca-Cola system as a priority matter, the IUF is taking a close look at the different shapes precarious work takes within Coca-Cola operations and is analysing its social implications for workers and their unions. The IUF proposed the Coca-Cola Company to open a discussion on this matter and explore ways to improve the working and living conditions of Coca-Cola workers directly or indirectly affected by the consequence of precarious employment.

## 2. Methodology

The IUF circulated a questionnaire initially among a number of its food and beverage affiliates requesting feedback on this issue. The IUF also held interviews with union representatives and electronic communication on these matters through its Regional Offices and International Secretariat. Some cases, data and anecdotal evidence have been collected for Coca-Cola operations in 14 countries so far (India, The Philippines, South Africa, Spain, Serbia, the UK, Nigeria, China, Japan, Tunisia, Germany, Austria, the USA and Pakistan). As the report is still work in progress, more cases and examples may emerge from other countries that are being or will be surveyed in the near future. In the case of China and the UK, some of the information is drawn from newspaper articles, whose source is quoted. Information about The Philippines comes from reports of the IUF A/P Regional Office.

## 3. Summary Conclusions

As a result of an initial survey carried out by the IUF precarious employment some of the main findings of the implications of precarious employment relations at Coca-Cola operations are the following:

- **Precarious employment relations are predominant at some Coca-Cola locations, exceeding 50% of total workers and reaching 100% in at least one case.**

At Hindustan Coca-Cola operations in **India**, in at least 4 out of 5 the surveyed plants (**Nasik, Maharashtra; Jorhat, Assam; Hospet, Karnakat; Visakapatnam A.P., Aminpur, A.P.**) casual workers are over 60% of the workforce. Overall, out of a total 1590 workers, 974 are casuals (61%) and only 616 (39%) are permanent workers and they coincide with the total union membership. In the case of another 6<sup>th</sup> TCCC-owned plant at Hindustan Coca-Cola Varanasi, all 80 workers are precarious, out of which 65 are contract workers. There is no union at Varanasi.

- **Precarious employment can be systematically used on a long-term basis to cut costs even for positions that are critical to the company economic performance and image.**

In **The Philippines**, the Supreme Court decision issued on 31 January 2008 determined that seven sales route helpers employed by CCBPI were entitled to regular employment because the work undertaken was necessary or desirable to CCBPI's usual business and was directly related to the company's business and trade. In addition the Court ruled that: "Being regular employees of respondent, petitioners are entitled to security of tenure, as provided in Article 279 of the Labor Code, and may only be terminated from employment due to just or authorized causes. Because respondent failed to show such cause, the petitioners are deemed illegally dismissed and therefore entitled to back wages and reinstatement without loss of seniority rights and other privileges."<sup>2</sup> Dozens of similar cases are outstanding against CCBPI (now fully owned by The Coca-Cola Company - TCCC) as a result of two decades of

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<sup>1</sup> A definition of "precarious employment" is provided in Appendix I, p.10.

<sup>2</sup> The full text of the court case is available here:

<http://www.supremecourt.gov.ph/jurisprudence/2008/jan2008/157966.htm>

systematic abuse of casual workers and a brutal outsourcing and casualization drive launched in 2000 that slashed thousands of unionized jobs under San Miguel management<sup>3</sup>.

At the **German** bottler CCEAG, casual work is either present under the form of agency work or as "Werkverträge". The latter expression designates a contract that requests the provision of a finished product (good or service), while the costs and means to produce and deliver is left at discretion of the external contractor. Some CCEAG locations enter into these contract-relationships with people who actually perform work under the direct control of the company, not as independent contractors. As a result of these arrangements, people who are entitled to employee legal protection and to be covered by the collective agreements are in fact excluded because of their fake "self-employed" service-providers status. Besides, this practice shifts costs and a number of business and health risk from the company to the worker, now re-named "external contractor". According to information provided by the company, 44% of the 80 CCEAG locations use agency workers from various labour suppliers. Union representatives estimate that where precarious work arrangements are used, this can amount to between 20-50% of total workforce, including agency workers and "Werkverträge" arrangements.

At the CCBPL plant in Karachi, **Pakistan**, sales, distribution and packing operations are 100% outsourced, more of 50% of the administration is external, as are 50% of logistics workers, as well as 20-30% of production and quality control workers. These numbers are increasing.

- **Precarious employment entails pay, bonus, overtime and/or social security and other forms of discrimination almost at every surveyed location.**

At Hindustan Coca-Cola **Raninagar** plant in **India** they are not paying minimum wages. They have increased wages from 56 to 75 rupees per day. The minimum wage in Kolkatta is 108 rupees which means they pay 33 rupees less which is illegal. Also, there is no uniform implementation of legal benefits for contract workers across **Hindustan Coca-Cola operations**, so in some company owned plants some contract workers receive some of these benefits and in others they receive nothing. The main concern is ESIC, the Provident Fund and "gratuity". Discrimination between regular and precarious workers also involves the right to paid leave, the use the factory canteen and the lack of identity cards.

At **SABCO** operations in **South Africa** (Port Elisabeth, Polokwane, Nelspruit, Port Shepstone, Bloemfontein) there are overall 2115 regular workers and the company employs up to 1000 temporary workers. These get lower pay rates, no social benefits, no bonuses, and have no employment security. Working hours are equal (45h), but OSH measures differ for temporary workers in the different areas.

At one of the bottlers in **Spain**<sup>4</sup>, wage levels for outsourced/agency workers are lower than regular workers with same seniority. Working hours are very different, with precarious workers being asked to work longer hours. Precarious workers who refuse overtime or day planning changes can be victimized or fired with the allegation that he/she lacks the flexibility demanded by the job description for that position.

Reports from another bottler in **Spain** hold that the major difference between regular and precarious workers concerns pay and remuneration. Precarious staff they only receive pay according to their professional category without bonuses or other economic benefit. Their job stability always depends on the agency/outsourcing company, rationalization plans, cost cutting policies etc. Also, they lack social protection as the large majority of these workers are not covered by any collective agreement inside the outsourcing companies. Precarious workers are often not skilled enough to carry out the tasks they are requested to fulfil and work in some cases in deplorable conditions.

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<sup>3</sup> Report by IUF A/P, March 25, 2008.

<sup>4</sup> Further details of quoted operations are available from the full IUF report upon request.

At CCHBC's recently acquired **Fresh&Co** plant in **Serbia** agency labor works loading products into pallets, sorting production for deliveries: as a result, this work is often carried out by high school and college students. Their hourly wages are about 10% higher than those of regular workers, but they don't get paid for overtime and have no social benefits. They also have no access to night shift and weekend bonuses. Some of these workers look particularly young, between 16-20. There was a number of work accidents with these agency workers, now it has been reduced as the union insisted in providing them with proper protective clothing (shoes, gloves, etc.)

At the **Wakefield** plant in the **UK**, CCE engaged an employment agency known as Right Direction UK specifically to recruit Polish workers to do 'quality checking' work at £7 per hour. This is significantly below the pay rates for equivalent workers organised by Unite Amicus Section on site. Agency workers also miss out on a 38% shift allowance. The company is also making significant savings by avoiding paying for pension contributions, sick pay, profit sharing and holiday pay terms that have been negotiated by the union. Pay rates: Permanent staff: £12.13 an hour/Temporary agency workers: £7<sup>5</sup>.

At the Coca-Cola plant in Niamey **Nigeria (BRANIGER)** precarious workers make up 30% of the total workforce and have different pay and working conditions worse than those of regular workers.

At the CCBPL plant in Karachi, **Pakistan**, precarious workers receive 40% pay less than regular workers on a monthly wage of 128 USD. They are not entitled to health insurance, social security, bonuses and other benefits such as a cost of living allowance and worker participation in the company profit that regular workers enjoy. These workers do not have a uniform, do not get access to safety training and food allowances that their permanent colleagues get.

- **The excessive use of precarious employment undermines worker morale, creates uncertainty for the future of families and communities and social disparities at the workplace.**

In **The Philippines**, hundreds of workers hired to replace union members who were falsely declared "redundant" by CCBPI management are only on 5 month contracts and are paid the minimum wage. Every morning they report to the plant and the supervisor from the labour hire agency assigns them to different positions - including positions already included in the scope of CBAs. For this new generation of contract workers the future is grim - trained to perform the jobs of regular workers, they face unemployment after 5 months and are never rehired. Francisco (Frank) A. Delos Reyes, President of GSCCPFWU, describes the contract system as a new form of "slavery" that has led to "a great disparity among workers." Workers on 5 month contracts can expect only the minimum wage. To earn more than the minimum wage in their region they must work overtime. They are paid every 15 days (for 12 days work) through the labour agency, and after their 5 month contract expires they are not re-hired. Photos from the CCBPI plant in General Santos in Mindanao show 5-month contract workers hired through the JLBP labour hire agency working at positions on the line that are normally filled by regular workers and are covered by the existing CBA. Having worked at the plant for 39 years, Frank sees that the exploitation of contract workers is not only unjust, and their assignment to positions covered in the CBA illegal, but even in terms of business makes no sense. "How can workers do their jobs and do it productively if they only have a 5 month contract?" he asks. "They spend the whole time worrying about what will happen next, what will their future be." Union Vice President and Vice President of ACCUP Mindanao, Michael Salunga, argues that the plight of the 5-month contract workers, who suffer constantly from an uncertain future, is one of the main reasons why the national campaign slogan is, 'Save Jobs! Save the future!' "The campaign is not just for us, the regular workers who are an endangered species," says Michael. "It's for our children, our future." "We put our children through kindergarten, primary

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<sup>5</sup> Source: Amicus Section of UNITE website  
<http://www.amicustheunion.org/default.aspx?page=6607>

school, elementary school, high school and college, all those years and the most they can expect now is a 5 month contract. What kind of future is that?", asks Michael. One of these contract workers (who must remain anonymous) described the idea of a regular job at the plant as "a blessing", adding that, "having a stable job is a goal in my life."<sup>6</sup>

- **Outsourcing companies can have their permanent premises installed within the bottler premises but their workers are still considered "outsourced".**
- **Bottlers can "outsource" a whole department that used to completely belong to the company (often distribution). While all the rest stays the same, the department is re-named as independent supplier and its workers subject to inferior conditions. Alternatively, trucks are sold to the workers who become "independent contractors" themselves working as "self-employed" delivery workers, even when they work 100% for Coca-Cola.**

At the **Guizhou COFCO** plant in southern **China**, on April 3 workers were suddenly informed without prior notice that their jobs in the distribution were being outsourced and turned over to a third party. More than 20 distribution and warehousing employees had left the company. These workers had once received a basic salary of 2,500 yuan (U.S. \$365) a month, but their incomes were cut in half after the transfer to the labor contractors. The third party they were going to is the labor provider Rongcheng, which is actually the joint-venture company Guizhou Coca Cola itself. It changed its name to Rongcheng so that those workers are not directly employed by Coca Cola but by the newly formed labor contractor. After they were contracted out, the delivery workers have still been driving the same trucks and benefits and salary continued to be paid by the Guizhou Coca-Cola Company. But since workers have signed a new contract with Rongcheng, they no longer had a legal working relationship with Guizhou Coca-Cola<sup>7</sup>.

One of the bottlers in **Spain**, allowed plastic a bottle supplier to have its own "company" inside the bottler's premises. Despite its location at the plant, the supplier is considered an external contractor and its workers outsourced. Also, at the same plant, management "outsourced" loading/unloading and distribution operations basically by creating a "new" company with its internal distribution department and workers, who became "external". This new "company" has its warehouse just next to the Coca-Cola bottler's plant.

- **The presence of unskilled precarious workers – especially when outsourced and in case of high turnover – can increase the risk of product quality issues and food scares, especially when workers receive no or little training and have no time to acquire the necessary know-how to implement their function correctly. Ultimately, the abuse of precarious work can damage the business as well as the image and reputation of the company.**

At one bottler in **Spain**, jobs related to food safety (salmonellosis), cleaning in production areas, electrical and mechanical maintenance and recycling are outsourced, entailing potential food safety and environmental risk.

At the CCBPI plant in General Santos in **The Philippines** Coke's Global Audit conducted between May 15-18 2007 found non-compliance with regard to the number of regular workers employed at the plant as too many workers were involved in "visual inspection" are contractual.

At a different plant in **Spain**, one problem caused by precarious employment is the fact that some of these temporary/outsourced workers such as sales agents, actually represent the image of the company. Coca-Cola is a company that not only sells specific products but also

<sup>6</sup> Report and interviews by IUF A/P, February 23, 2007.

<sup>7</sup> Source: Radio Free Asia, "Chinese Workers in Coca-Cola Dispute"  
<http://www.rfa.org/english/news/china/labor-09122008092421.html>

markets and sells them directly to customers and provides services to them. But with subcontracting and outsourcing the quality of these services becomes secondary to costs and conditions under outsourcing contracts. The issues apply to the work carried out in machinery maintenance, the quality of finishes, the time of delivery, etc.

At one Coca-Cola location in **Japan**, it was reported that the quality of the work carried out at the plant to lowered with the increase of contract labour.

At the CCBPL plant in Karachi, **Pakistan**, precarious work is associated with lower hygiene and quality of products, with lower production speed and less efficiency and with lower worker skills and loyalty to the company.

- **The presence of unskilled precarious workers – especially when outsourced and in case of high turnover – can increase the risk of OSH accidents, when precarious workers are not given the necessary protective equipment, receive no or little training and have no time to acquire the necessary know-how to protect themselves and the others.**

At one bottler in **Spain**, despite national legislation mandates otherwise, outsourced workers are the first ones to get the most dangerous and unpleasant tasks.

The company has some standard requirements both for employment and for OSH measures at the plant. Theoretically, precarious workers would be perfectly qualified to perform their tasks, should they comply with those standards. But the reality is totally different, as outsourcing companies camouflage data, OSH security standards are signed on paper but not implemented in reality. It is very common to meet precarious staff without the appropriate skills needed for the task he/she is assigned to. When a regular worker cannot perform a task, supervisors usually reproach him/her, but if it is a precarious worker lacking the skills they just comment " what can we do, we have to do with what we have".

At **Hindustan Coca-Cola operations** the lack of uniforms and safety equipment and training for contract workers is a major concern. One report holds that the accident rate of contract workers is very high because they are not provided with safety equipment: for example people working in the glass bottle department are not given safety shoes.

At one of Coca-Cola operations in **Japan**, the percentage of precarious work amounts to more than 50% including re-employed workers<sup>8</sup>. Many non-regular workers have less experience due to their shorter length of service, which increases the workload of the regular workers. Although non-regular workers have access to OSH education as their regular colleagues, they do not have enough awareness of OSH issues. Work accidents occur more often with non-regular workers than with regular workers.

At the Shanduka (Nigel) plant in **South Africa** (Coca-Cola Shanduka Beverages, SABCO) the presence of precarious work is reported to be associated with higher accident rates.

At the Ben Arous Tunis operations (Coca-Cola bottler part of Groupe SFBT) in **Tunisia**, precarious work entails problems related to product quality, lack of skills and qualification to carry out certain tasks.

At the CCBPL plant in Karachi, **Pakistan**, precarious work is associated to 4-5 small accident oper month and to 2-3 major ones in a year.

- **The above points can also apply to recycling, energy efficiency, water efficiency concerns and other environmental issues that require some specific training and need to be carried out efficiently.**

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<sup>8</sup> Re-employed workers are workers who used to be employed as regular full-time workers but retired and work under fixed term contract (1 year) after retirement.

- **Precarious employment also jeopardizes rights, as poor or hostile legislation does not allow precarious workers to join a union or the to be in the same union permanent workers belong to. As a result, precarious workers cannot benefit from representation, negotiation and collective agreements coverage. As precarious employment increases union membership and capacity decline resulting into a deterioration of working and social conditions among employees.**

At Hindustan Coca-Cola operations in **India**, contract workers do not have the legal right to join a union. This situation creates a greater vulnerability for contract workers as they are not covered by collective bargaining agreements and therefore work on lower and worse conditions than their permanent colleagues who are organized in the union and covered by agreements.

At **SABCO** operations in **South Africa** (Port Elisabeth, Polokwane, Nelspruit, Port Shepstone, Bloemfontein), none of the temporary workers are union members. The union claims that for Sabco plants these workers cannot be union members, and their union rights are not protected. IUF-affiliate FAWU reports that casualisation weakens the union by creating “an environment for victimization of both regular and casual workers”.

At the CCBPL operations in **Pakistan**, precarious workers cannot be union members. They can form their own union at their agency/outsourcing company, but as a matter of certainty, they will be immediately fired if they do so. An increase in precarious employment at this location automatically translates into lower union membership and less negotiating capacity.

- **Once permanent workers retire, they are often not replaced or their positions are filled with precarious workers. When permanent positions are outsourced, they will hardly become permanent again and may even disappear, overburdening the reduced workforce. This practice results into a significant loss in union membership, into the exclusion of precarious workers from the coverage of collective bargaining agreements and into employment destruction.**

Between 2001-2007 San Miguel Corp – then Coca-Cola bottler in **The Philippines** - has destroyed regular jobs and cut union membership in Coke operations by half, with a loss of over 3000 regular jobs. In most cases union members were falsely declared “redundant” by the management and were replaced with contractual workers (on 6 and 5 month contracts) and third-party contractors. This was despite the fact that these positions were covered in the scope of CBAs (e.g. fork lift operators, washed bottle inspectors, pre feed inspectors etc). Widespread contracting out of warehouse, fork lift, sales & distribution operations to third-party contractors under GTM (Going To Market) etc has led to early retirement and retrenchment of union members.

At CCHBC's recently acquired **Fresh&Co** plant in **Serbia**, plant management is implementing a “labour systematization” plan, whose objective is to run the plant with a minimum of directly employed workers placed in “core” positions, while adding poorly qualified auxiliary workers according to seasonal needs. There currently are ongoing talks about hiring engineers through labour agencies in order to enhance flexibility. In particular, outsourcing and job destruction have affected distribution to warehouses (about 20 people), distribution to customers (about 60 jobs), cleaning (out of 10 workers, 7 were transferred to an outsourcing firm) and security. No information is available about conditions in the outsourcing firms. The IUF-affiliated Nezavisnost union representing blue collars at Fresh & Co is fighting to avoid further job destruction and to maintain conditions at the plant.

At one bottler in **Spain**, the whole process of loading, unloading, storage etc. is centrally coordinated by a warehouse next to the Coca-Cola plant. This warehouse is owned by the same owner of the bottler. The personnel belonging to the bottler who used to fulfil those tasks now outsourced was relocated to other assignments at the plant. This regular staff is progressively retiring and is not being replaced, meaning that these permanent jobs are lost for good.

- **Precarious workers are often from the most vulnerable categories of employees, such as migrants.**

At the **Wakefield** plant in the **UK**, CCE engaged an employment agency known as Right Direction UK specifically to recruit Polish workers to do 'quality checking' work at £7 per hour. This is significantly below the pay rates for equivalent workers organised by Unite Amicus Section on site.

- **Precarious workers at Coca-Cola can be provided by a large number of labour agencies and external suppliers, in some cases with high turnover.**

In **Germany**, about 120 suppliers have been used overall by CCEAG, many of them only once. A core of 35 firms has been used more regularly, with high incidence in Northern Germany (Lower Saxonia).

At one single bottler in **Spain**, agency workers are provided by 10 different agencies and outsourced services are carried out by another 13.

#### **4. Looking for solutions**

- **Regularizing precarious workers, opening more permanent positions and negotiating with unions significantly mitigate and can eliminate the problems caused by the nature and by the excessive use of precarious employment.**

In **Austria**, an agreement between the IUF-affiliated GMTN union and labour agencies ensures that all agency workers (not only the ones working for Coca-Cola) receive a treatment that is equal to regular workers in their respective company under all aspects. According to the agreement, agency workers receive salaries equal to those indicated in the collective agreements in force at a company. If the salary under the collective agreement is lower than the rate paid by the agency, then agency workers receive the agency rate. The agreement also regulates specific issues arising from the agency worker status, such as pay while the agency worker is not employed by any of the agency's customers, and job classification for agency workers, in order to avoid they are placed into the lowest category. Agency workers employed at Coca-Cola Austria operations have a permanent, regular employment relationship with the labour agency and can join unions without problems. The workers representatives at Coca-Cola are legally entitled to represent agency workers in Coca-Cola as well. GMTN concludes that if agency work is properly regulated, there are no negative consequences for workers and unions. As far as outsourcing is concerned, in 2007 there were negotiations about the outsourcing of distribution. An agreement at company level exists to regulate the outsourcing of a small number distribution routes. However, there are concerns about currently ongoing plans for more extensive outsourcing that could endanger this relatively successful model.

In **Germany** the NGG at Coca-Cola demanded the implementation of the Confederation of German Trade Unions (DGB) collective agreement for agency workers and the limitation of the use of such forms of labour relationships in clearly defined situations only. The DGB agreements cover pay, working time, paid leave and bonus payments. As for "Werkverträge" (external contractors), the General Works Council of CCEAG drafted an agreement and is negotiating it with the company to exclude its use in cases where this form of employment relationship is inappropriate. Sticky issues in the negotiations remain the equal treatment between permanent and non-permanent workers; a clear definition of "Werkverträge" that would exclude its abuse and the setting of a limit to the number of agency workers.

At one bottler in **Spain**, outsourcing was rolled back since the 80s and employment regularized and stabilized through collective bargaining. The local works council negotiated an agreement with management to ensure that no labour agencies are involved in the recruitment of workers, so that all workers are directly employed by the bottler. Between 2006-2007, 110 temporary jobs were created with a direct employment relationship with bottlers. By the end of 2008, 30 new permanent jobs will be created. As a result, employment

at this location is stable. Some services are however outsourced: security, cleaning, distribution and the canteen. IUJ-affiliated Spanish Comisiones Obreras (CC.OO.) and UGT keep on working through collective bargaining in order to enable precarious workers to be made regular at the Coca-Cola plant.

At the **Wakefield CCE** plant in the **UK**, where a large majority of staff is organized by UNITE the union – including precarious workers - the use of agencies and the work they do is controlled by both the company and UNITE so that accidents or quality issues are limited. There are no agreements limiting casualisation at Wakefield. However UNITE controls the growth of the number of casuals through meetings with management and if this fails it uses the grievance procedure. This method has been used effectively but the company does not wish to increase the use of agency at Wakefield any further as they need stability and experience from the full time employees. As a result, the percentage of precarious workers at Wakefield is stable, at around 15%. The use of agencies and the work they do is controlled by both the company and UNITE increases in accidents or quality issues are limited. However, pay discrimination issues remain with one of the two labour agencies employed by CCE at Wakefield, Right Direction UK.

In the **USA**, RWDSU/UFCW contracts with Coca-Cola do not allow for casual work other than seasonal college students who work in the summer and pay union dues. Some IBT contracts include wording limiting or constraining the use of outsourcing through geographical delimitation (deliveries) and by mandating the coverage of IBT collective agreements, minimum working hours, training and priority in taking up permanent openings for outsourced workers.

At the Ben Arous Tunis operations in Tunisia, precarious workers make up about 15-20% of the workforce and can join the **UGTT** union, which has been negotiating on their behalf to obtain their regularization and priority rights in case of openings.

At Hindustan Coca-Cola operations in **India**, the best way to reverse this trend would be (1) to entitle contract workers to a legal right to become permanent (and therefore automatically in the union) after 12 months of continued employment and (2) to hire more permanent workers. These proposals are encompassed in the charter of demands that All India Cola and other Allied Industries Employees' Federation<sup>9</sup> made with Coca-Cola management that includes the following points:

- (1) Implement minimum wages for contract workers announced by respective State Government;
- (2) Regularize contract workers till then the contract workers will continue in service though contractors may change and go away.(As it has been agreed with the Wada union in their agreement );
- (3) Implement fair wages for contract workers where Supreme Court has given parameter for wage fixation
- (4) Issue Identity Cards
- (5) To sets of Uniforms and Safety equipment
- (6) Fulfill all Statutory Regulations by enforcing ESI, Provident fund, Leave
- (7) Where ESI is not applicable in those areas the management take out medical claim policy and Group personal Insurance
- (8) Leave Paid holiday 14 days, Casual leave 7 days, Sick leave - 7 days and privilege leave according to Factory Act
- (9) Bonus and Gratuity must be paid to all the contract workers across India in all the plants
- (10) Extend Canteen facility to all the contract workers which is currently given only to all permanent workers
- (11) The transport facility to be extended to contract workers which is currently given only to all permanent workers
- (12) Pay double overtime as per Factory Act.

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<sup>9</sup> The India Cola and other Allied Industries Employees' Federation bring together 16 Coca-Cola and Pepsi unions in the country.

## Appendix 1: Definition of “precarious employment”

The IUF refers to “precarious employment” to describe a whole range of employment conditions that are not standard or regular employment arrangements. A standard or regular employment relationship is one where workers are employed under an employment contract for an indefinite period. According to the ILO: "The traditional pattern of the employment relationship, or standard employment relationship, has for many years been that of full time work, under a contract of employment for unlimited duration, with a single employer, and protected against unjustified dismissal". [from: ILO Contracts of Employment]

There are various types of precarious employment arrangements, including:

- outsourcing, contracting-out or subcontracting
- casualization, contractualization or fixed-term contracts
- use of labour agencies or labour-only hiring
- hiring of temporary or contingent workers
- abusive use of seasonal and probationary employment and traineeships
- “self-employment” and independent contractors

This is just a partial list of those employment relationships that may be described as precarious. “Precarious” is a useful umbrella term to cover a wide range of employment relationships, from outsourcing to casual, seasonal and temporary work, because it emphasizes the risk and insecurity faced by these workers. In contrast to workers with regular or standard employment, workers hired through outsourcing or labour agencies or those hired on a casual, seasonal or temporary basis face constant uncertainty about their wages, working hours, shifts and assignments. They are always insecure about whether they will continue to be employed and for how long. Workers re-hired yearly or monthly on fixed term contracts may end up working for a company for 10 years, but they will never be certain of the next contract. Precarious employment arrangements are often characterized by discrimination, where precarious workers do the same work as regular workers, but earn less pay and receive fewer non-wage benefits, or none at all. This is especially the case with discrimination based on race and gender. In many countries precarious workers in the food and beverage industry are women and/or migrant or immigrant workers.

The general characteristics of precarious employment may be summarized as follows:

- Employment can be terminated by the employer with little or no prior notice
- Irregular hours or intermittent work
- Working time is unpredictable or can be changed at will by the employer
- Wages are lower than the wages of regular workers
- Workers’ earnings are unstable or uncertain, posing income risks
- Work tasks or functions can be changed at will by the employer
- Short duration or instability of contracts
- No explicit or implicit contract for ongoing employment
- Little or no access to standard non-wage benefits such as paid sick leave, parental leave, bereavement leave; or if benefits are received they are sub-standard
- Limited or no opportunity to acquire and retain skills through education and training
- Greater health and safety risks and exposure to hazardous working conditions

### Precarious employment

"Precarious employment is employment that is low quality and that encompasses a range of factors that put workers at risk of injury, illness and/or poverty. This includes factors such as low wages, low job security, limited control over workplace conditions, little protection from health and safety risks in the workplace and less opportunity for training and career progression.

Gerry Rodgers & Janine Rodgers, *Precarious Jobs in Labour Market Regulation; the Growth of Atypical Employment in Western Europe*, International Institute for Labour Studies, International Labour Organisation, Geneva, 1989; John Burgess Iain Campbell, ‘The Nature and Dimensions of Precarious Employment in Australia’, *Labour & Industry*, Vol. 8, No. 3, April 1998, p 5–21.