



Protestors representing Students and Scholars Against Corporate Misbehavior demonstrated outside Foxconn's annual general meeting in Hong Kong by displaying a long list of labor abuses and stressful working conditions that contributed to the suicides of 13 young employees. To reduce employee stress, Foxconn improved its workplace environment by establishing new safety procedures and hiring additional employees that reduced overtime hours.

Source: Mike Clarke/AFP/Getty Images/Newscom

We know that too much stress can be bad for our health and well-being. That connection has proved itself painfully and tragically in two high-profile situations at France Télécom and at China's Foxconn Technology Group.⁸¹

Between 2008 and 2011, more than 50 people at France Télécom committed suicide. The situation captured the attention of the worldwide media, the public, and the French government because many of the suicides and more than a dozen failed suicide attempts were attributed to work-related problems. Although France has a higher suicide rate than any other large Western country, this scenario is particularly troublesome. So much so, that the Paris prosecutor's office opened an investigation of the company over accusations of psychological harassment. The judicial inquiry began with a complaint by the union Solidaires Unitaires Démocratiques against France

Télécom's former chief executive and two members of his top management team. The complaint accused management of conducting a "pathogenic restructuring." Excerpts of the inspector's report, although not public, were published in the French media and described a situation in which the company used various forms of psychological pressure in an effort to eliminate 22,000 jobs from 2006 to 2008. Company doctors alerted management about the possible psychological dangers of the stress that could accompany such drastic change. "The spate of suicides highlighted a quirk at the heart of French society: Even with robust labor protection, workers see themselves as profoundly insecure in the face of globalization, with many complaining about being pushed beyond their limits." A company lawyer denied that France Télécom had systematically pressured employees to leave.

Company executives realized they needed to take drastic measures to address the issue. One of the first changes was a new CEO, Stéphane Richard, who said his priority “would be to rebuild the morale of staff who have been through trauma, suffering and much worse.” The company halted some workplace practices identified as particularly disruptive, like involuntary transfers, and began encouraging more supportive practices, including working from home. A company spokesperson says the company has completed two of six agreements with unions that cover a wide range of workplace issues such as mobility, work-life balance, and stress. Yet, France isn’t the only country dealing with worker suicides.

Workplace conditions at China’s Foxconn Technology Group—the world’s largest maker of electronic components, which employs over a million workers—were strongly criticized after a series of suicides among young workers. In what was described as sweatshop conditions, employees often worked 76-hour weeks for low wages. Some workers said they had to stand so long, their legs swelled until they could barely walk. Other complaints revolved around child labor and hazardous waste. One worker said, “The assembly line ran very fast and after just one morning we all had blisters and the skin on our hand was black. The factory was also really choked with dust and no one could bear it.” In March 2012, Apple and Foxconn reached an agreement to improve conditions for the workers assembling iPhones and iPads. According to the agreement, Foxconn would hire thousands of new workers to reduce overtime work, improve safety protocols, and upgrade housing and other amenities. It’s also reported that the company has launched a \$224 million project to build one million robots in the next three years to use in its factories. This “empire of robots” will replace half a million Foxconn employees and move them “higher up the value chain.”

DISCUSSION QUESTIONS ★

1. What is your reaction to the situations described in this case? What factors, both inside the companies and externally, appear to have contributed to this situation?
2. What appeared to be happening in the France Télécom’s workplace? What stress symptoms might have alerted managers to a problem?
3. Should managers be free to make decisions that are in the best interests of the company without worrying about employee reactions? Discuss. What are the implications for managing change?
4. What are France Télécom’s and Foxconn’s executives doing to address the situation? Do you think it’s enough? Are there other actions they might take? If so, describe those actions. If not, why not?
5. What could other companies and managers learn from this situation?