



SOCIAL OBSERVATORY

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SOCIAL AND LABOR CONDUCT EXECUTIVE REPORT

**NOKIA DO BRASIL
TECNOLOGIA LTDA.**
2002, JULY

LIST OF ABBREVIATIONS AND TRANSLATIONS

AC – Acordo Coletivo [Collective Accord]
ANATEL – Agência Nacional de Telecomunicações [National Telecommunications Agency]
CCT – Convenção Coletiva de Trabalho [Collective Labor Contract]
CEDEC – Centro de Estudos de Cultura Contemporânea [Center for Contemporary Cultural Studies]
CIPA – Comissão Interna de Prevenção de Acidentes [Internal Commission for the Prevention of Accidents]
CPqD – Centro de Pesquisas e Desenvolvimento da Telebrás [Telebras Research and Development Center]
CUT – Central Única dos Trabalhadores [Single Workers Central]
DIEESE – Departamento Intersindical de Estatísticas e Estudos Sócio-Econômicos [Inter-union Department of Statistics and Social Economic Studies]
DIM – Distrito Industrial de Manaus [Manaus Industrial District]
DRT – Delegacia Regional do Trabalho [Regional Labor Precinct]
ECNs – Empresas de Capital Nacional [Companies established with Domestic Capital]
EPI – Equipamento da Proteção Individual [Individual Protection Equipment]
IBGE – Instituto Brasileiro de Geografia e Estatística [Brazilian Institute of Geography and Statistics]
ICM – Imposto sobre Circulação de Mercadorias [Sales Tax]
IEX – Imposto Sobre Exportação [Export Tax]
II – Imposto de Importação [Import Tax]
IOF – Imposto Sobre Operações Financeiras [Financial Operations Tax]
IPAAM – Instituto de Proteção Ambiental do Amazonas [Amazon Environmental Protection Institute]
IPEA – Instituto de Pesquisa Econômica Aplicada [Institute of Applied Economic Research]
IPI – Imposto Sobre Produtos Industrializados [Value Added Tax]
ISS – Imposto Sobre Serviços [Service Tax]
MTE – Ministério do Trabalho e Emprego [Ministry of Labor and Employment]
NR – Norma Regulamentadora [Regulatory Norm]
OIT – Organização Internacional do Trabalho [International Labor Organization]
PAM – Plano de Auxílio Mútuo [Mutual Action Program]
PCMSO – Programa de Controle Médico de Saúde Ocupacional [Medical Control Program for Occupational Health]
PIM – Pólo Industrial de Manaus [Manaus Industrial Pole]
PNAD – Pesquisa Nacional por Amostra de Domicílio [National Domestic Study by Sample]
PND – Plano Nacional de Desenvolvimento [National Development Program]
PPR – Programa de Participação nos Resultados [Income Sharing Plan]
PPRA – Programa de Prevenção de Riscos Ambientais [Environmental Risk Prevention Program]
PROEX – Programa Especial de Exportação [Special Export Program]
REDOR – Rede Feminista Norte e Nordeste de Estudo sobre a Mulher e Relações de Gênero [Feminist Network of the North and Northeast for the Study of Women and Gender Relations]
REST - Reforma Estrutural do Setor de Telecomunicações [Structural Reform of the Telecommunications Sector]
REST – Reforma Estrutural do Setor de Telecomunicações [Structural Reform of the Telecommunications Sector]
SASK - Centro de Solidariedade Sindical da Finlândia [Finnish Union Solidarity Center]
SEDEMA – Secretaria de Desenvolvimento e Meio Ambiente [Secretariat of Development and the Environment]
SESMT – Serviço Especializado de Segurança e Medicina do Trabalho [Specialized Labor Safety and Medicine Service]
SIC – Secretaria de Indústria e Comércio do Amazonas [Amazon Secretariat of Industry and Commerce]
SIPAT – Semana Interna de Prevenção de Acidentes de Trabalho [Internal Labor Accident Prevention Week]
SM – Salário Mínimo [Minimum Salary]
SMM – Sindicato dos Metalúrgicos de Manaus [Manaus Metalworkers Union]
SO – Observatório Social [Social Observatory]
SUFRAMA – Superintendência da Zona Franca de Manaus [Superintendency of the Manaus Duty Free Zone]
TRT – Tribunal Regional do Trabalho [Regional Labor Court]
UNITRABALHO – Rede Inter-Universitária de Estudos e Pesquisas sobre o Trabalho [Inter-University Network of Labor Study and Research]
ZFM – Zona Franca de Manaus [Manaus Duty Free Zone]

1. INTRODUCTION

The purpose of this Executive Report prepared by the Social Observatory is to succinctly present the results of the study of the social-labor performance at the Nokia company's plant in Manaus, Amazonas state. The Social Observatory undertook the study from October 2001 – June 2002. It included the participation of the Nokia company, the Manaus Metalworkers Union (SMM), the National Confederation of Metalworkers (CNM/CUT) and the Union Solidarity Center of Finland (SASK).

2.1 WHAT IS THE SOCIAL OBSERVATORY

The Social Observatory is an initiative of CUT BRASIL in partnership with Cedec, Dieese and Unitrabalho. Its goal is to generate and organize reliable information about labor conditions and social policies at companies, considering compliance with the social and environmental clauses in international trade agreements. The analysis of the Observatory concerns the following rights: union freedom, collective bargaining, child labor, forced labor, racial and gender discrimination, the environment, and occupational health and safety.

2.2 WHAT IS THE ILO

The references for the Observatory's study are the basic labor rights defended by the International Labor Organization (ILO). ILO is a United Nations agency founded on a tripartite structure, in which governments, employers and workers join together to promote social justice and improved living and working conditions throughout the world.

2.3 THE GLOBALIZATION OF RIGHTS

Globalization stimulates brutal worldwide competition for investments from multinational companies, offering, as an attraction, continuous reductions in social and labor costs. As a consequence, there is a general trend toward the suspension of rights that causes the impoverishment of social indicators in vast regions of the planet. One of the ways to avoid this vicious cycle, is the observation of company activities in order to provide society with means to combat detrimental practices and, above all, to promote social justice.

The union movement is concerned with globalization for various reasons, among which stands out the trend toward reduction of labor and social rights, with a consequential deterioration in the living conditions of workers. For this reason, intensive studies are needed that conduct a permanent diagnosis and monitoring of the situations of labor rights, offering information and subsidies for effective social activities in this field. Another concern of the union movement, shared by non-governmental organizations (NGOs) and by the academic community, concerns the difficulties that the lower and working classes in developing

countries have to organize in defense of their interests before the effects of globalization. Technical and scientific knowledge is an important component of the organized action of the population before the problems that emerge with globalization.

The themes of basic labor rights and the environment are on the international agenda as priorities for a socially just world. Society is increasingly attentive to these issues, demanding more space in negotiations, particularly in the realm of the World Trade Organization (WTO) and other multilateral organizations such as the World Bank (IBRD) and the International Monetary Fund (IMF). This favors the establishment of concrete initiatives for universalization of these rights and for environmental preservation. Despite the resistance in many developing countries – which are against the establishment of minimal labor standards in world trade because they fear the possible increasing cost of their products and the consequential loss of competitiveness in international markets – there is considerable room to develop awareness about the conditions under which goods and services are produced and sold. Economic competitiveness should be based principally on education, information technology and on the production processes and not on the reduction of rights.

The Social Observatory understands that it is necessary to develop mechanisms that encourage the universalization of basic rights in light of the negative effects of globalization and the free market. The data gathered reveals that, in many countries, the growth of economies is increasingly disassociated from improved social conditions. Many studies are confirming this evaluation, pointing in particular to the enormous distance between economic and social indicators.

The initiative for the creation of the Observatory is based on:

- *The need for urgent concrete actions to promote the globalization of rights nationally and internationally.*
- *Defense of the social and environmental clauses in international commerce and in the formation of economic blocks in order to protect and broaden union and social rights.*
- *The need for promotion of information, diagnoses, and understanding of economic and social changes.*
- *The need for urgent initiatives that articulate union activity with other social subjects.*

2. OBJECTIVES

The *general objective* of this study is to evaluate the degree of compliance with basic labor rights, using as a reference the ILO Conventions related to the themes of freedom of association, collective bargaining, child labor, race and gender discrimination, in addition to issues related to health and safety at work and the environment.

In conjunction with the general objective, the following *specific* objectives were established:

- characterize labor relations at the Nokia company located in Amazonas state;
- analyze company conduct in relation to the community and the environment;
- contribute to the strengthening of local union activities, establish the union as one of the tools for negotiation with the company;
- socialize information that supports the articulation between unions that represent company workers on a national and international level;
- promote the participation and involvement of workers and their unions in the observation of the company, contributing to a fertile dialogue between the company and workers in order to improve understanding of the well-being of employees;
- generate a body of information about the company to contribute to the Social Observatory data base;
- and prepare a proposal to accompany the company observation.

3. METHODOLOGY

The study concentrated on the Nokia industrial unit located in the Manaus Duty Free Zone (AM). The parameters for the evaluation of the Observatory’s methodology are the ILO Conventions described in Table 1.

TABLE 1: CONTENT OF THE ILO CONVENTIONS SELECTED FOR OBSERVATION

CONVENTION THEMES	MAIN ISSUE
Freedom of Association/ 87 & 135	Check the workers freedom to organize without interference from employers.
Collective Bargaining / 98	Assure the right of all workers to collective bargaining without interference from employers.
Child Labor / 138 & 182	Assure the effective abolition of child labor.
Race and Gender Discrimination/ 100 & 111	Establish equal opportunity regardless of race, religion, political opinion or descent.
Environment/ 148, 155, 170,174	Check the suitability of the internal and outdoor environment To the occupational health and safety of the workers and the neighborhood.

Prepared by the : Social Observatory, 2001.

3.1 RESEARCH STEPS

The study was conducted in three phases and each phase was divided into the following steps:

1st. PHASE (contacts, union workshop and survey of secondary data)

The following steps were undertaken in this phase:

1. Presentation of the research and negotiation project to the invited organizations–Sindicato dos Metalúrgicos de Manaus (SMM) [Metalworkers Union of Manaus], Confederação dos Metalúrgicos da CUT (CUT/CNM) The CUT Metalworkers Confederation and the Nokia Company – in order to formalize the Agreement Terms.
2. Formation of the Union Group for Support and Research: constituted by 3 (three) leaders of the Manaus Metalworkers Union (SMM/CUT).
3. Survey of Secondary Data: diversified research materials were gathered from the Manaus Metalworkers Union, the print and broadcast media, governmental and non-governmental agencies; state, federal and municipal institutions such as the Superintendency of the Manaus Duty Free Zone (SUFRAMA); Amazonas Environmental Protection Agency (IPAAM); Secretariat of Development and the Environment (SEDEMA), Regional Labor Precinct (DRT), Ministry of Labor and Employment (MTE), Regional Labor Tribune (TRT), among others.

4. Workshop with Union members from the Manaus plant with the presence of three union leaders and that followed the issues pre-established by an outline for semi-structured interviews.
5. Union Workshop: with the participation of 12 Nokia company workers. This activity was based on a semi-structured collective interview and sought two principal objectives: to publicize the work of the Social Observatory and conduct a preliminary analysis of company behavior in relation to the research themes.
6. Of the 12 workers who participated in the Union Workshop - eight women and four men - 90% were on company staff for one to three years; approximately 70% of the participants were 26-29 years old; 50% were union members and 50% were not; 50% receive a salary between R\$ 451,00 and R\$ 550,00; and identified themselves Station Operators.

SECOND PHASE (field research)

This phase was subdivided in two steps, the survey of quantitative and qualitative data. Each step was conducted in accord with the activities described below.

a) Realization of Quantitative Research among company workers, through the questionnaire to be answered individually, with participation of the staff workers and those contracted through third parties, both men and women.

The priority of the quantitative study was to reach all of the workers at the operational level, where approximately 75% of the company workers are concentrated. To do so, 800 forms were produced. To allow for possible loses and or errors in completion, they were distributed to 779 workers at the operational level.

The company assumed responsibility for delivery and collection of the research tools, under a schedule established in April 2002, prepared in conjunction with the company, the Union Action and Research Group (GSAP) and the research team. A structured questionnaire was utilized for the collection of data. It included 22 (twenty two) multiple choice questions and 1 (one) open question, and sought to assure the secrecy of the identity of the research participants.

A total of 192 questionnaires were responded to and returned, corresponding to approximately 25% of all the workers at the company's operational level. The *workers participating in the quantitative study* had the following profile.

The predominant *age range* of the workers who participated in the study was between 26 and 33 (47.90%), while those just younger (22 - 25 years) and just older (34 - 37 years) had identical participation rates of 15.10%. The number of Nokia workers between the 30 – 34 age group and the 46 – 50 age group reflects a trend in the current labor market, in which the number of workers drops dramatically with age.

TABLE 2: AGE RANGE OF WORKERS (APRIL - 2002)

AGE	TOTAL	%
18 - 21	03	1.56
22 - 25	29	15.10
26 - 29	47	24.47
30 - 33	45	23.43
34 - 37	29	15.10
38 - 41	19	9.89
42 - 45	07	3.64

46 - 50	03	1.56
NO RESPONSE	10	5.20
TOTAL	192	100

Source: Social Observatory

The *percentage of men and women* studied was 42.71% men and 54.69% women (11.98% more women than men).

The *self-identification by color* made by the study participants indicates that most of the participants are mixed race – 55.73%, followed by whites – 29.69%, with a much lower percentage of blacks – 8.33%.

Workers in the 12 *company sectors* were studied, given that most came from the so-called factory floor (direct production):

TABLE 3 WORKERS' SECTOR OF OPERATION (APRIL - 2002)

NAME OF SECTOR	TOTAL	%
Production	152	79.17
Manufacturing	03	1.56
Human Resources	07	3.65
Packaging	03	1.56
Quality Control	03	1.56
Storage	01	0.52
General Services	02	1.04
Distribution Center (CD)	01	0.52
Technology Development Center (TDC)	01	0.52
Engineering	02	1.04
Materials	01	0.52
Engineering	01	0.52
No Response	15	7.82
Total	192	100.00

Source: Social Observatory, 2002.

While most of the study participants work in the production sector, they had a broad *diversification of functions*, although most workers who participated in the study are at the operational level:

TABLE 4: WORKERS FUNCTIONS (APRIL - 2002)

FUNCTION	TOTAL	%
Station Operator	113	58.85
MPWS I Operator	02	1.04
Key Operator (Reserve)	06	3.13
Process Technician	03	1.56
Electronic Technician	01	0.52
Diagnostic Technician	10	5.22
Part Exchange	03	1.56
Quality Control Technician	01	0.52

Production Chief	02	1.04
Line Feeder	04	2.08
Reviewer	02	1.04
Production Supervisor	10	5.22
Calibrator	06	3.13
Specialist	01	0.52
Storage	02	1.04
Technician I	01	0.52
Analyst	03	1.56
Assistant	02	1.04
Production Indicator	01	0.52
Nutritionist	01	0.52
Security Technician	01	0.52
Servant	01	0.52
No Response	16	8.34
Total	192	100.00

Source: Social Observatory, 2002.

Concerning the *time of employment* of the study participants, a concentration in the ranges from 1- 6 years was identified (80.21%). Since Nokia bought all the shares of the joint-venture Nokia Gradiente Industrial (NGI) in 2000, and now operates individually, it can be inferred that the company kept on many workers, even after the acquisition.

The percentages referring to the *type of employment tie* of the study participants reveal that although there was a massive concentration of staff workers (81.25%), 23 of the workers interviewed were contracted by third parties (11.98%).

There is a minimum pre-requisite that workers be high school graduates in order to enter the formal labor market of companies in the Manaus Industrial District. It was found that Nokia is in compliance, given that approximately 90% of the study participants are high school graduates.

The percentages concerning the *unionization of the study participants* reveal that most are not in the union (58.85%), although a still considerable percentage of workers are associated to the union (30.73%).

b) Qualitative Research, conducted through interviews with four semi-structured lists of questions, prepared according to the characteristics of the following interviewees:

- Workers at the Nokia company (who are not on the accident prevention commission, on staff, third party contractees and ex-staff);
- workers on the accident prevention commission (representatives of the company and the workers);
- representatives of the Nokia company;
- representatives of the Manaus Metalworkers Union.

The interviews were conducted between February and April 2002 and the *profile of the qualitative research study* is presented in Table 5.

TABLE 5: PROFILE OF THE PARTICIPANTS IN THE QUALITATIVE STUDY (MAY - 2002)

Identification	Sector	Position	Level	Sex	Age Group	Time at the Company	Schooling	Type of Link	Union Mem-ber
Company Representative	H.R.	HR Analyst	Intermediary	M	23	4 years	College incomplete	Staff	No
Company Representative	Quality and Environment	Analyst	Intermediary	F	27	3 years	Specialist in Env. Management	Staff	NR
Company Representative	Human Resources	HR Manager	Management	M	38	4 years	College Graduate	Staff	No
Company Representative	Human Resources	Social Assistant	Intermediary	M	NR	3 years	College Graduate	Staff	Yes
Company Representative	Human Resources	Labor Safety Engineer	Intermediary	F	NR	3 years	College Graduate	Staff	No
Company Representative	Quality Area	Quality and Environmental Coordinator	Intermediary	F	33	4 years	College Graduate	Staff	No
Company Representative	Human Resources	Salary and Job Coordinator	Intermediary	M	29	4 years	College Incomplete	Staff	No
Company Representative in the CIPA	Materials	Storage	Operational	M	40	NR	High School Graduate	Staff	No
Workers Representative in the CIPA	Production	Station Operator	Operational	M	22	2 years	College Incomplete	Staff	Yes
Worker	Production	Calibrator	Operational	F	24	3 years	College Incomplete	Staff	No
Worker	Production	Assembler	Operational	F	30	2 years	College Incomplete	Staff	Yes
Worker	Gardening	Head Gardener	Operational	M	24	8 months	Elementary School	Third Party Contractees	Yes
Worker	General Service	Administrative Assist.	Operational	F	30	4 months	High School	Third Party Contractees	No
Former-employee*	Materials	Materials Analyst	Operational	M	38	3 years	High School Graduate	Staff	No
Former-employee*	Materials	Storage II	Operational	M	32	3 years	High School	Staff	No

Source: Social Observatory.

NR= No Response

*Workers recently laid off from the company

THIRD PHASE (data analysis, preparation and promotion of results)

In this phase, the following activities were undertaken:

1. Organization and analysis of data and information collected;
2. Preparation of Preliminary Observation Report;
3. Preparation of the General and Executive Observation Reports;
4. Presentation of the final results to the Union and to the company;
5. Promotion of the final study results.

4. COMPANY PROFILE

Nokia is leader in supplying mobile phones and one of the principal suppliers of mobile and fixed phone networks, of Internet Protocol (IP), related services, and multimedia terminals.

With headquarters in Espoo, Finland, the company trades on the New York, Helsinki, Stockholm, London, Frankfurt and Paris stock exchanges.

The Nokia group is formed by two business units:

1. Nokia Networks (division for infrastructure solutions) and Nokia Mobile Phones (Mobile Telephones);

2. Nokia Ventures Organization (a separate organization that includes Nokia Entrepreneurial Web; Nokia Venture Partners; Nokia Internet Communications; Nokia Home Communications; Nokia Mobile Display Appliances; Nokia Multimedia Terminals) and **Nokia Research Center**.

Nokia conducts international university cooperation projects, and participates in various multilateral research and development programs in Europe, Asia and the Americas. It also participates in various social programs, through its units distributed in various countries.

Nokia has more than 60 thousand employees around the world, and a total of eight cellular factories located in China, Finland, Germany, Hungary, Mexico, South Korea the United States and Brazil. It is 59th in the ranking of the 500 largest companies, and was the 6th among the world's 50 largest digital companies (Exame magazine, July 2001), it is present on four continents – America, Asia, Europe and Oceania – in exactly 50 different countries and sells cellular phones in 130 countries.

The principal products produced by Nokia are cellular telephones. The company sells more than 10 different models, and has 37 % share of the international market.

Nokia also has Research and Development Centers in 15 countries and on 4 continents, which account for one third of its staff. In 1999, Nokia invested 1.8 billion Euros in research and development (R&D) (8.9% of sales in 1999). In 1998 it invested the equivalent of 11 billion Euros in R&D (8.6% of sales in 1998). The fruit of this type of investment allows Nokia's GSM technology to be sold by 100 operators throughout the world. In 2001, the company was selected to be the supplier of 3G technology to a total of 13 operators in Asia, the United States, and Europe.

In 2002 Nokia sold 128.4 million cellular telephones and strengthened its market leadership that is permanently reinforced by average annual sales of 150 million cellular devices - more than one third of total world consumption. In addition, the company launched a new cellular model every three weeks.

In 1999 company profits were US\$ 19.9 billion; in 2000, Nokia's net sales totaled 30,376 billion Euros, a growth of 54% over 1999. In 2000 company billing was US\$ 27 billion, with a profit margin of 15%.

In 2001 Nokia transferred a large portion of production to Latin America and closed factories in Europe and the United States where it laid off 800 employees.

The company has operated in Brazil since 1991 through distributors and since 1996, with its own offices. Nokia employs 1,500 people in Brazil at offices in São Paulo, Rio de Janeiro, Salvador, Belo Horizonte and Brasília, and at the cellular phone factory in Manaus. It supplies TDMA and CDMA devices for all consumer segments in the country. It also serves the corporate market, with solutions for GPRS and GSM segments, mobile Internet, and professional radio systems, in addition to a series of IP products and services for corporate security.

In 1997 Nokia had a tiny participation in the Brazilian market but now has 50% of the market, having passed Motorola. Cell phones penetrate only 15% of the Brazilian market, compared to 90% in Nordic countries. In Europe 7 of 10 people have a cell phone, and sales are falling. For this reason, while the global crisis has affected sales, Brazilian revenues are high and strategic because the company sees great potential for growth in Brazil.

The Nokia operations in Brazil, the world's seventh largest market, are represented by three business units:

Nokia Mobile Phones – cellular phones division;

Nokia Networks – infrastructure solutions division;

Nokia Internet Communications – another Nokia business group, attends companies and Internet service and applications providers (www.nokia.com.br).

According to data from Anatel (The National Telecommunications Agency), the mobile telephone network should grow 25% per year until 2005 and the number of cellular telephones in the country should reach 58 million. The projection of investments for the telephone sector in coming years is for US\$64 billion, an average of US\$ 11 billion per year.

In the Manaus Duty Free Zone Nokia has been conquering market and assuring growing profitably. The special fiscal incentives of the Duty Free Zone encompass the federal, state and municipal levels and according to Nokia representatives, it benefits from all of the incentives inherent to the Duty Free Zones' development model.

Cellular phones are among the products with highest demand at the Manaus Industrial Pole (PIM). In 1999, when they entered the list of products, cell phones accounted for only 0.29% of local exports, with a balance of R\$1.256 million. In 2001, cellular phones performed better in foreign markets than any other product manufactured in Manaus. Exports in this segment grew nothing less than 5,420.40% over the previous year, according to Suframa data. This represents a leap of US\$ 145.7 million in sales volume and a participation of 17.12% of the total exported by ZFM.

In the Manaus Duty Free Zone, Nokia's competitors are Gradiente, Samsung, Ericsson and Lucky Goldstar (LG), all located at the Manaus Industrial Pole.

Nokia stood out in the ranking of the largest companies in the Manaus Industrial District in the year 2000 with net income of US\$ 495.860 million. It is one of the 170 multinational companies that operate in the Manaus Duty Free Zone, and the only one from Finland. The other 169 have capital from many different countries including the United States, Holland, the Cayman Islands, Italy, Japan, South Korea, Austria, France, Spain, England, Malaysia, Panama, Switzerland, Uruguay, Portugal and the Virgin Islands.

Nokia has 1,087 workers in Manaus at an area of 90,000 m². Of this total 30,000m² is being utilized and 25,000m² is built space.

The Manaus plant began operations in 1996 and is one of the eight Nokia cellular factories in the world. It was certified by ISO norm 9000/94 in 1998 and by ISO 14000/96 in 1999.

In 2000 Nokia expanded its participation in Nokia Gradiente Industrial (NGI) by 100% through acquisition of joint venture shares for the manufacturing of cellular phones, seeking primarily to supply the Brazilian market with the Nokia and Gradiente brands, through an investment of US\$ 415 million. This investment made Nokia the largest company in the Manaus Industrial Pole and the largest in terms of total sales in Brazil's entire Northern region, according to data from the Secretariat of Industry and Commerce of Amazonas and the annual report of the *Gazeta Mercantil* newspaper. In 2000 Nokia had income of US\$ 27.03 million, and net sales of 7.05 billion Euros in the third semester of 2001. (*Jornal A Crítica* of Nov. 27, 2001)

The principal products made by the Nokia unit in Manaus are cellular telephones that are classified by different levels: basic, classic, premium and media wap phones, and that include more than 10 different models : 3320, 3280, 5125, 8260, 6180i, 6180, 6120i, 5180, 5120i, 7160, 8860. The company is not highly verticalized given that it is not involved in production from the preparation of raw materials to final manufacturing, but uses various local, national and international suppliers. The company reported that its main suppliers include Sanyo, Gradiente and Philips.

The organizational structure of the company includes four large areas and their respective sectors: production (including the integration laboratory, distribution center, materials and production); administration, Human Resources (factory kitchen and health clinic); and the engineering facilities. These sectors are divided among three levels: operational, managerial and intermediary.

Nokia does not have a high employee turnover compared to average layoffs at other companies in the Manaus Industrial District. The data collected found that Nokia had a growing rate of layoffs from 1999 – 2001 (89 without just cause). But this is comparatively lower than layoffs at other companies. Nokia has fewer layoffs than Philips for example.

According to information from the Regional Labor Court of the 11th Region for the year 2001, 5 workers filed complaints against Nokia in 2001, or only 2.35 % of the 47 people laid off in that year.

The company Integration Manual is being prepared. Nevertheless, the company already has a program of organizational socialization, in which the staff, third party contractees and outsiders are integrated to norms, practices, work philosophy and benefits offered by Nokia. The company annually invests nearly R\$ 650 thousand in this program.

Nokia has prepared a monitoring system to evaluate the level of staff and client satisfaction through an opinion poll known as Listening to You.

Labor relations at Nokia are based on four values that are the foundation of the Nokia culture: client satisfaction (C); realization (R); integrity and respect for the individual (I); and continuous learning (A). The company considers the combined values known as CRIA (or create in Portuguese) to be a Code of Conduct.

Nokia has a number of social projects including¹: Fundação Nokia [Nokia Foundation]; Projeto Renascer [Renaissance Project]; Nokia Fuji Training Center; Projeto Ct Informática

¹ Social action is understood as any activity that is not required that companies conduct to serve communities or employees and their families in the fields of social assistance, nutrition, health care and education. This includes small occasional donations even to large well-structured projects. It does not include activities of a social nature

[Computer Project]; Projeto Utam; Mudando A História [Changing History]; Projeto Lição Das Águas [Water Education Project].

The company also undertakes cultural projects, distributes flu vaccines to neighboring communities, signed an accord with the Fundação Rede Amazônica to support the television mini-series “O Auto do Boi-Bumbá” and provides incentives to sports and leisure at its club, where there are team sports and cultural activities.

Nokia is creating the Instituto Nokia de Tecnologia - INDT [Nokia Technology Institute] in Manaus. The institute is an independent non profit agency aimed at developing high technology projects in the telecommunications sector and should begin operations at the beginning of 2003.

The Manaus factory conquered first place in the Sixth SESI Quality of Life Prize (PSQT-2001), in the large company category (those with more than 500 employees). It also received the Worker’s Order of Merit, the highest award issued by the Ministry of Labor and Employment (MTE).

executed by legal requirement such as, compliance with the norms for environmental licensing, compulsory contributions to Sebrae, SESI, SESC, SENAI and SENAR and mandatory services for employees such as transportation vouchers and family-salary (IPEA, 2001).

5. WORKER PROFILE

The Nokia Manaus unit employs 1,356 workers, distributed as indicated in Table 6:

TABLE 6: NOKIA WORKERS BY EMPLOYMENT TIE AND BY SEX (MANAUS UNITS)

TYPE OF EMPLOYEE	M	%	W	%	TOTAL	%
STAFF	553	50.87	534	49.12	1,087	80.16
THIRD PARTY CONTRACTEES	53	20	212	80	265	19.55
TRAINEES	-	-	04	100	04	0.29
TOTAL	606		750	1.356	1.356	100

Source: Nokia, Jan. 01, 2002.

Prepared by: Social Observatory, 2002

Nokia has nearly three times as many workers who are third party contractees than other companies in the Manaus Industrial District in 2001. Nokia has 19.55%, compared to an average of 7.20% at the other companies.

Workers are inserted in three different levels of the company, and perform a heterogeneity of functions: *managerial level*: corresponds to managers and directors – and represents 0.91% of all employees; *intermediary level*: corresponds to employees at the technical administrative level – 18.38% - and supervisors and administrators – 9.02%; and those at the *operational level* – which includes the large majority of the different types of station workers – and 71.66% of all staff.

Nokia employs 183 workers that have different types of physical deficiencies including those with hearing problems - 100 workers, vision problems – 20 workers; and other physical deficiencies – 63 workers. These workers are distributed among the different company sectors.

According to company information, the workers have the following profile:

TABLE 7: PROFILE BY SPECIFIC ITEM OF STAFF WORKERS AT NOKIA (MANAUS PLANT)

ITEM	MEN	WOMEN
Average Age	31	31
Average Schooling	High School	High School
Average Salary	R\$ 1.219,00	R\$ 1.219,00
Base Salary	R\$ 411,40	R\$ 411,40
Salary Ceiling Production	R\$ 3.300,00	R\$ 3.300,00
Salary Ceiling – Hourly workers	R\$ 1.931,78	R\$ 1.931,78
Salary Ceiling Management	R\$ 7.695,00	R\$ 7.695,00

Source: Nokia, April 24, 2002.

Preparation: Social Observatory, 2002.

According to the data supplied by the company, these averages are absolutely identical in relation to the characteristics that involve men and women within Nokia. In reality, this is a

subject that requires greater study, given that, considering specifically the indicator “average salary”, note that 70% of the posts at the intermediary and management level are occupied by men, which indicates that men have an average salary higher than women.

In the age range between 18 – 30 (46.87% of the total), there are more women working, while in the age range between 31 – 40 (44.65% of the total), there are more men. Despite this distinction, there is a balance between the number of men and women in the total number of workers at Nokia, Manaus.

In relation to education, approximately 99% of all workers have completed high school.

The company now has a total of 123 employees who are students, 62 men and 61 women. There are 961 employees who are not students, of these 490 are men and 471 are women.

According to information provided by the company, 46.21% of the workers are concentrated in the salary range between 2 and 3 minimum wages, followed by a total of 14.02% who earn between 3 and 4 minimum wages. That is, 60.23% of all Nokia workers earn between 2 – 4 minimum wages:

TABLE 8: SALARIES AT NOKIA (MANAUS PLANT)

Distribution of Salaries by Salary Range (In Min. Salary)	TOTAL	%	Total Salary (R\$)	%	% Accumulated
2 - 3	501	46.21	235.99	17.85	17.85
3 - 4	152	14.02	100.333	7.59	25.44
4 - 5	18	1.66	16.200	1.22	26.66
5 - 6	73	6.73	77.781	5.88	32.54
6 - 7	41	3.78	53.370	4.03	36.57
7 - 8	79	7.28	113.357	8.57	45.14
8 - 9	47	4.33	80.126	6.06	51.20
9 - 10	19	1.75	35.550	2.69	53.89
10 - 11	18	1.66	38.616	2.92	56.81
11 - 12	10	0.92	23.418	1.77	58.58
12 - 13	20	1.84	50.194	3.79	62.37
13 - 14	17	1.56	46.143	3.49	65,86
14 - 15	11	1.01	32.236	2.43	68.29
15 - 20	35	3.22	121.308	9.18	77.47
Above 20	43	4.03	296.772	22.53	100.00
Total	1084	100.00	1.321.401	100.00	100.00

Source and Preparation: Nokia, April 24, 2002

Of the total of 1,084 company employees, 284 are hired on a monthly basis and are “direct laborers”. In relation to the staff considered “indirect labor”, 710 are hired by the hour and 90 by the month.

Only staff workers have the rights to the benefits offered by the company: medical assistance, dental assistance; eye care and pharmaceutical plans; health insurance plans with SUL AMÉRICA, UNIMED and AGF; an agreement with INSS, a nursery, loans, product sales, nutrition, transportation and educational incentives.

Nokia’s benefit policy offers some peculiar characteristics. There are benefits established by Collective Labor Accord (ACT) or Collective Agreement (CC) which refer mostly to

mandatory legal requirements – nursery assistance, transportation assistance and food assistance. Comparing these benefits with those offered to workers by company choice – medical assistance, integral hospitalization care, hospitalization for dependents, dental assistance, loans, educational assistance, recreational club, life insurance – it is found that the latter go beyond the number of benefits stipulated by the collective accords and agreements, to the benefit of workers.

7. COMPANY EVALUATION:

7.1 UNION LIBERTY AND COLLECTIVE BARGAINING

According to the parameters defined in the research methodology, the analysis of the results obtained through observation of social-labor and environmental **behavior** at the company allow the following considerations:

- The company recognizes the Manaus Metalworkers Union as an interlocutor and representative of the electronics category in the collective bargaining process and in the collective accords, and provides the information requested by the union.
- The company does not reject negotiating with the union requested to do so and supplies the information required for negotiation, respecting the signed accords, as demonstrated by the case of the Profit Sharing Plan, respecting Law n. 10.101, of Dec. 19, 2000, which assures union participation through a representative.
- The company has been regularly complying with the financial pass-along to the union, in relation to the associative and assistance contributions, respecting the right of unionized workers to make contributions.
- The company only allows access of the worker representative to the workplace with previous authorization.
- Nokia only allows the union to pass out information and communication with workers at the Manaus industrial unit with previous authorization.
- Nokia does not have union delegates, or any type of basic union organization.

7.2 RACE AND GENDER DISCRIMINATION

- It was found that at the Nokia company there is a balance between female workers (49.08%) and male workers (50.92%). However, of the total number of third-party workers (265) 80% are women, which means that despite the relative balance in the insertion of men and women on staff, among third party contractees the majority are women. This finding demonstrates that women are inserted in the company under more precarious conditions than men.
- It is also noted that despite the fact that in the perception of those interviewed there is no gender discrimination, the total exclusivity of men in management positions and their substantial majority in administrative and supervisory positions are indications of discrimination.
- A specific comparison about the execution of equal functions by men and women and their respective remuneration cannot be conducted as desired because the company informed that it has not systematized the requested data by gender. This may indicate a

gap in compliance with the principles defended by the Instituto Ethos and the company code of conduct ruling at the world level, given that it does not allow transparency of company behavior in relation to gender discrimination.

- Those interviewed affirmed the existence of equal opportunities for professional improvement for men and women at the Nokia company, although the fact that men occupy 70.15% of higher level position makes this questionable and deserves greater analysis and consideration.
- In an analysis of the clauses of the Collective Conventions 2000 and 2001, nothing was found to guarantee anti-discriminatory mechanisms by the part of companies in relation to gender, race or color, which denotes the inexistence of any type of affirmative action by its part.

7.3 ENVIRONMENT, HEALTH AND SAFETY AT WORK

- According to the data collected, the information passed on by the company about health and safety risks in the work environment appears to arrive in a clear form to most company workers. However, approximately 17% of the workers said they were little informed about risks. This can indicate the existence of problems in specific sectors and deserves deeper study.
- The control of levels and limits of worker exposure to noise and vibration appears to be effective, considering that in the perception of workers studied, the prevalence of diseases that are related to noise in the work environment is very low. It is also important to emphasize that according to the data registered in Nokia's CATs, from January to December 2001, no work accident occurred in the period mentioned was caused by noise. This indicates that there are few environmental risks that fit into the category physical risks at the company.
- Nevertheless, the results of the study indicate that 56.12% of the responses collected indicate that the most frequent types of diseases mentioned fit into the category of ergonomic environmental risks, where workers cited diseases related to repetitive strain injuries and those related to an intense work pace. This may be related to the intensification of the work pace established by the evaluation and control methods of the Profit Sharing Plan and by the frequent realization of overtime, demonstrating a management practice to prolong the work day.
- It is also important to emphasize that the scope of the Specialized Services in Safety Engineering and Labor Medicine – SESMT found at Nokia is broader than that demanded by law (NR-4).
- In relation to the general labor conditions at the company, 95.93% of the workers chose the grades excellent and good which demonstrates a work environment that meets the legally established conditions.
- The company fulfills the items referring to a health clinic, labor safety doctor and the frequency of medical exams for employees.
- Another issue to highlight is that, according to the workers studied, Nokia offers sufficient Protective Equipment to its staff.

- Although the research data indicates that training to avoid health and safety problems at work is frequently conducted at Nokia, reaching 90.01% of those studied, 20.83% of the workers considered the training received to be insufficient.
- According to the data collected, the operations of the Accident Prevention Commission at the company are known by the large majority of Nokia workers, although 13.02% are not aware of the activities. More than 50% of the study participants had a negative opinion of the CIPA's, indicating possible difficulties in their performance in relation to the operations to prevent risks to occupational health and safety.
- Another problematic factor concerns the fact that the CAT's were not sent by the company to the union as required by law (Lei 8213/91, Art. 22, § 1º).
- The study results indicate that Nokia, through its Specialized Service of Labor Safety and Medicine (SESMT), demonstrated interest and responsibility in undertaking occupational health services in conjunction with the Medical Control of Occupational Health Program (PCMSO) and the activities executed by the Environmental Risk Prevention Program (PPRA), prepared and coordinated by the work doctor and engineer. It is also important to emphasize that the scope of the Specialized Service in Safety Engineering and Work Medicine - SESMT at Nokia is superior to that required by law.
- The company's position in relation to the internal and exterior environment demonstrates that activities have been undertaken that seek to make concrete Nokia's commitment to the health of workers, consumers and to the environment through environmental management measures that seek to control environmental impacts caused by the productive process, through environmental management programs, seeking to involve workers and the community through agreements, programs and projects.
- It should also be mentioned that the company has a site for treating waste, and separates solid waste from the production process, reutilizing or decreasing its volume as required by law.

8. THE RIGHTS BEING STUDIED

The rights studied by the Social Observatory are guaranteed by norms, codes of conduct and principally ILO Conventions. The principal Conventions observed are presented here:

FREEDOM OF ASSOCIATION

- **Convention 87 – Freedom of Association and protection of the right to organize**, passed in 1948, guarantees the right to the free exercise, by workers and employers without any distinction, to organize, promote and defend their respective interests. Brazil did not ratify this convention and the national right to unionize is established by professional category, with a limit of one union per category, representation limited to the municipality and the establishment of a mandatory financial contribution to the union (the so called union tax).
- **Convention 135 – Workers Representatives**, of 1971, ratified by Brazil in 1990 guarantees the protection of workers representatives at companies and establishes the types of activities that they should be allowed to conduct.

COLLECTIVE BARGAINING

- **Convention 98 – Freedom of association and collective bargaining**, of 1949, ratified by Brazil in 1952, protects union activity from discrimination in relation to employment and promotes collective voluntary negotiations between employers or employer organizations and workers organizations.
- **Convention 151 – Labor Relations (Public Service)**, of 1978, protects the right to unionization and negotiation for government employees. It has not been ratified by Brazil.

FORCED LABOR

- **Convention 29 – Forced or Compulsory Labor**, of 1930, ratified by Brazil in 1957, proposes the abolition of the use of all forms of forced or compulsory labor.
- **Convention 105 – Abolition of Forced Labor**, of 1957, ratified by Brazil in 1965, reaffirms that certain forms of forced or compulsory labor constitute human rights violations and must be abolished. It determines that each member nation must not use forced labor as a measure of coercion or political education, as a method of mobilization or for the use of labor power, as a means of discipline or punishment for participation in strikes or as a means of racial, social, national or religious discrimination.

CHILD LABOR

- **Convention 138 – Minimum Age for Admission to Employment**, of 1973, ratified by Brazil in 2000, establishes the abolition of child labor and fixes the minimum age for admission to employment or work not lower than the age in which obligatory schooling ceases. At the end of 1988, when the Brazilian National Congress approved Constitutional Amendment no. 20, the minimum working age was fixed at 16 years. Brazilian legislation prohibits youths of less than 18 years old to conduct work considered to be dangerous, taxing

or unhealthy; and the work conducted within education and professional training programs must be submit to pedagogic criteria and must have the supervision of competent authorities.

- **Convention 182 – Prohibition and immediate actions for the elimination of the worst forms of child labor**, of 1999, ratified by Brazil in 2000, determines that every member country should adopt immediate and effective measures to assure the prohibition and elimination of the worst forms of child labor for youth up to 18 years of age. The worst forms include slavery, prostitution, production of pornography, utilization of children for illicit activities and labor and those that are harmful to health and safety.

RACE AND GENDER DISCRIMINATION

- **Convention 100 – Equal Remuneration**, of 1951, ratified by Brazil in 1957, concerns equal pay for men and women for equal work, and determines that member countries should promote or guarantee compatible means and methods that assure such equality.

- **Convention 111 – Discrimination**, of 1958, ratified by Brazil in 1965, promotes equal opportunity and treatment for employment and occupation.

ENVIRONMENT, HEALTH AND SAFETY

Various ILO Conventions and other international documents concern the environmental and health and safety factors of labor. The principal ILO conventions are:

- **Convention 148 – Working Environment**, 1977, ratified by Brazil in 1982, seeks the elimination of risks caused by air pollution, noise and vibration at work sites.

- **Convention 155 – Occupational Safety and Health**, 1981, ratified by Brazil in 1992, intends to guarantee the occupational safety and health of workers and a working environment without health risks, or of accidents. An important aspect of this convention is the concern for improvement in the quantity and quality of information about occupational safety and health and the working environment. Article 20 of the convention concerns the need to adopt cooperative measures between company administration and workers and their representatives, which contribute to reinforce the ILO conventions about the forms of organization at the workplace.

- **Convention 161 – Occupational Health Services**, of 1985, ratified by Brazil in 1990, points to the need for essentially preventive services, that seek to establish and maintain a safe and healthy work environment that is supportive of the physical and mental health of workers.

- **Convention 170 – Chemicals Convention**, of 1990, ratified by Brazil in 1996, seeks to prevent or reduce illnesses and accidents caused by chemical products at work.

- **Convention 174 – Prevention of major industrial accidents**, of 1993, concerns measures to prevent major industrial accidents or limit their consequences.

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