

FACTSHEET: KAHOINDAH BEKASI

WHAT HAPPENED?

Nike had been a major buyer of collegiate apparel from Hojeon Ltd., the Korean owner of the Kahoindah factory, since 2009 until the Kahoindah factory closed in 2018.

In order to be able to sell to universities across the United States, Nike agreed to ensure workers receive all legally owed compensation - including severance pay - at all factories producing Nike collegiate apparel.





In Autumn 2018, Hojeon decided to close the Kahoindah factory and move to another area in Indonesia. The company referenced the impending withdrawal of orders from Nike, a longtime buyer from the plant, as the primary cause of the closure.

Under Indonesian law, when a factory relocates, it must pay workers twice the normal severance, unless the factory allows them to continue their employment in the new location and workers refuse.

In the case of PT Kahoindah Bekasi, management pretended to make such an offer of continued employment to Siti and her colleagues, and then started to intimidate them - demanding instead that workers resign.

An investigation found that the employees at the Kahoindah factory 'resigned' only after factory management carried out a campaign of coercion and deception designed to intimidate, pressure, and trick them into doing so. This campaign of fear succeeded: 97% of the workforce resigned, giving up their jobs and half of their severance entitlement. Out of 2,000 workers, only 67 were initially able to continue their employment (thanks to aggressive advocacy by their union).

Jaba Garmino

Number of factories in Indonesia	1 (Hojeon owns several factories in Indonesia)
Workforce	2000 workers
Supplied global brands including:	   

Nike

Brand worth	US\$35 million. Nike is the world's most valuable apparel brand.
CEO	John Donahoe, who has a net worth of \$135 million



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At the new factory, even these workers were pushed out: management isolated the 67 workers from other employees and continually pressured them to resign. Most did. As a result, although the factory claims it offered workers the opportunity to keep their jobs, not a single worker has been able to do so.

The only former Kahಿಂದah workers now at Hojeon's operation in Cakung are temps - with no job security, no severance benefits, and no expectation of continued employment.

It is estimated that the average financial loss for Siti and the others, as a result of being compelled or misled to resign, was US\$1,500 to \$2,000 (21,239,700 to 28,319,600 IDR).

In many cases of unpaid or underpaid severance, the factory owner has disappeared and no longer has resources to make the workers whole. In this case, Hojeon was still an ongoing concern and Nike was obligated, under the terms of its agreements with its university licensors, to use the means at its disposal to press Hojeon to pay the workers.

At the start, Nike refused to use its full leverage potential. It took public reporting by the Worker Rights Consortium and a public campaign by a global coalition, including United Students Against Sweatshops and the Clean Clothes Campaign, that lasted months to push Nike to finally act. In August 2019, Siti and her colleagues were finally paid the US\$4.5 million they were owed, the equivalent of seven months work, a life-changing amount. It is the largest amount ever won by garment workers in a single case of illegally denied severance.

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