

Report on the

## **Working Conditions of Soccer and Football Workers in Mainland China**

**Hong Kong Christian Industrial Committee, Revised Version May 2002**

*This is a revised version of HKCIC's report (first released in April 2002) on the Working Conditions of Soccer and Football Workers in Mainland China. Four points are noted in this version.*

- i) Adidas as named in the April report for being the client to Guangzhou Tai Yang Sports Good Co. Ltd is to be confirmed.*
- ii) The sewing process of soccer ball making in Guan Ho Sporting Good Ltd includes both machine sewing and hand sewing. Hand sewing takes place at the last stage when workers sew-assemble the leather parts into a soccer ball by hand. This is to clarify misunderstanding as the sewing process reported here is different from South Asian countries in which the whole soccer ball is hand sewn.*
- iii) All the individuals named in this report are represented by pseudo names so as to protect the interviewees.*
- iv) The exchange rate used in this report is taken as USD1 = RMB7.8.*

### **Summary**

The report is based on a preliminary research done by HKCIC from February to March 2002, on the working conditions of soccer/football workers in Guangdong province of mainland China. Workers from three foreign investors, soccer/football factories, were interviewed, thereby giving a snapshot of their living and working conditions. The three operations are run by Taiwanese and Hong Kong owners, the manufacturing is mainly done for export of famous brand names such as PUMA, WILSON, UMBRO and DIADORA. Two of the factories have been supplying to ADIDAS, which is the major World Cup sponsor.

The findings reveal a minimal labor protection for soccer/football workers in mainland China. It was found that there were wage violations, long working hours, bad living conditions, bad health and safety conditions, lacking social security provisions and even restriction on personal freedom in the three operations.

### **Introduction**

(Overview of football manufacturing in China)

The following report is based on a preliminary research done by the HKCIC from February to March 2002, on the working conditions of soccer/football workers in Guangdong province of mainland China. Workers from three foreign invested soccer/football factories were interviewed to give a snapshot of their living and working conditions. The three operations are run by Taiwanese and Hong Kong

capital, manufacturing mainly for exports to famous brand names such as PUMA, WILSON, UMBRO and DIADORA. Two of them have been supplying to ADIDAS, which is the major World Cup sponsor.

The three supplier factories covered in this report are all located in Guangdong province of southern China. Two of them are Taiwan capital and the other is Hong Kong owned. Various forms of labor rights violations are found. Below is a table summarizing the major violations.

	Guan Ho	Cheong Yip	Tai Yang
Capital	Taiwan	Hong Kong	Taiwan
Location	Dongguan City	Dongguan City	Gaungzhou
Brand names	Wilson, Adidas, Amdame	Umbro, Diadora, Lotto, Amdame	Wilson, Puma, Conti
Products	Soccer ball, football, basket ball	Soccer ball, football, basketball, gloves and accessories	Soccer ball
Average number of working hours for production workers in the peak season	From 11 to 15 hours. Latest: 26:00 - 27:00.	13 – 14 hours. Latest: 23:00 – 24:00.	11 hours. Latest: 24:00.
Average salary for a production line worker in the low season	RMB300 – 400.	RMB300 – 400.	RMB 300 plus.
Average salary for a production line worker in the high season (before deductions of food and lodgings)	RMB600 – 1000 plus. Maximum RMB1400 plus.	RMB800 – 900.	RMB 600 – 700.
Legal minimum wage at the host town/city	RMB450	RMB450	RMB450
Piece rate calculation	a) RMB0.7 / soccer ball size 5; 7-80 pieces/person a day. b) RMB0.3 / soccer ball size 4; 100 pieces/person a day. c) RMB0.03 / non-game ball; 300 pieces/person a day.	Not clear.	RMB24 / day regardless of the number of OT hours, has to finish the set daily quota.
Food and lodging deductions	RMB165	RMB60-70	Not clear.
Major problems identified	a) Serious safety and health hazards. b) Long working hours and exhaustion. c) Down payment, pay delay.	a) Safety and health hazards. b) Long working hours and exhaustion. c) Low wages d) Arbitrary penalties.	a) Restriction on personal freedom. b) Low wages. c) Safety and health problems. d) Long working hours and exhaustion.

The findings reveal a minimal labor protection for soccer/football workers in mainland China. It was found that there were wage violations, long working hours reaching 13 hours a day, bad living conditions, lacking social security provisions and even restriction on personal freedom in the three operations. Unique to the production of soccer that is used in international soccer competition, a lot of the manufacturing processes require high labor intensity and hand sewing. Chemicals and intensive heat are used in processing genuine leather and yet workers were not equipped with appropriate safety and health protection resulting in workers being exposed to a number of industrial and health hazards. Mechanical injuries are commonly found in the cutting department. Heat poisoning and burning is found in the pressing department. Exposure to chemicals is found in the stamping department whereas serious cutting and ergonomical problems are major hazards found in the stitching and sewing department. Safety and health hazards particular to the manufacturing of soccer/football are not addressed properly in these foreign invested factories that supply to world-famous soccer/football brand name companies.

The manufacturing process of soccer can be broken down to up to 50 or more stages. Some of the key manufacturing processes include: leather cutting, leather pressing and steaming, printing, sewing (include machine sewing, stitching and hand-sewing), bladder inserting, lacing, quality control and packaging. The quality of soccer/football that supplies to western brand name companies for international competition is strictly controlled. A game soccer/football may have to pass through 10 quality inspections before finishing. Hand-sewn soccer/football is regarded as of the best quality, thus quality control over hand-sewing and stitching workers is the strictest. Workers must have agile fingers, strong wrists and arms, plus accurate and sophisticated stitching and sewing skills. Otherwise they cannot even earn the USD0.03-0.04 rate for each soccer/football they sew. During the busy months, they have bend their heads sewing and sewing up to 11 hours a day while earning even less than USD50, that is what a soccer/football costs on the shelf.

Similar to their fellow workers in other labor intensive industries in Guangdong province of China, most of the soccer/football workers laboring in this corner of the world are migrant workers from various inland provinces. Similar to their fellow workers, the rights of soccer/football workers have not got improved by the various codes of conduct devised by brand name soccer companies. The factories covered in this report are supplying to ADIDAS, PUMA, WILSON, UMBRO and DIADORA and all of them have their own codes of conduct. Another code regulating workers' rights in the production of soccer/football in particular is endorsed by the FIFA - Federation Internationale de Football Association in 1998. Yet as in other labor intensive industries being sub-contracted to third-world countries for production, haphazard and problematic implementation, particularly in the China context, undermine their original intentions.

Since the major part of soccer production is found in Fujian and Jiangsu province, only a limited number of factories manufacturing game soccer/football is found in Guangdong province. The

following report covers three soccer/football factories and offers perhaps only a glimpse of the conditions of soccer workers in Guangdong province. Yet, being the first report on soccer production in China, it may represent some of the common problems, especially regarding safety and health of soccer production in China.

## **(I) Guan Ho Sporting Goods Limited**

Factory location: LongYan District, Humen Town, Dongguan City, Guangdong province

Ownership of capital: Taiwan

Products: Soccer, Football, basketball and accessories

Major clients: Adidas, Wilson, Amdame

## **1. General working conditions**

### **1.1 Recruitment**

The factory recruits workers on a regular basis. No contract is signed with workers. New recruits pay RMB50 (USD6.4) for uniform fee. They will be reimbursed a month later. But they have to pay RMB200 (USD25.6) by installments as down-payment. They are supposed to get back the down-payment when they quit the job. But demanding workers pay down-payment is already a violation of the Chinese labor law.

### **1.2 Working hours**

A small number of departments such as the pressing and stamping department, have two 8-hour shifts (from 06:30 to 18:30; and from 18:30 to 06:30) a day. There is a one-hour lunch break and workers from these two departments work 11 to 11.5 hours. This is a clear violation of the Chinese Labor Law on working hours. On busy days, workers only have a 30-minute lunch break. For workers in other departments such as the cutting, stitching, hand sewing, quality control and packaging department, they work from 07:00 to 23:00. They have two lunch breaks of one hour each, but during the peak season the lunch break will be compressed to half an hour only. In general these workers work up to 14 to 15 hours a day. Long working hours is an obnoxious issue. To finish a batch of order during the peak season, workers in some departments such as the sewing and packaging department, may have to stay up to work till 26:00 or 27:00, ie working continuously for 20 to 21 hours. No day off is given for the whole month during the peak season.

*Chapter IV of the Chinese Labor Law provides clear statements on working hours, rest and vacations. The number of working hours should be no more than 40 a week, whereas the number of overtime hours not more than 3 a day. There should at least be one rest day per week and workers are entitled to have paid statutory holidays.*

### 1.3 Wages

Production workers are paid by piece rate and non-production workers such as quality control and supervisors etc, are paid by time rate. The wage level varies between different departments. Time rate workers such as quality controllers, receive a daily rate of RMB20 (USD2.56) and have no overtime compensation or allowance. New recruits are also paid by time rate and they receive a daily wage of RMB20 (USD2.56). No overtime compensation is paid. They will be shifted to be piece-rate workers after two weeks' probation.

The monthly wages of piece-rate workers vary according to the department, the skills level, the task difficulty, the price level of the product as well as the size of the order etc. Take a sewing worker as an example. The unit price of the product he or she produces is set and depending on the number of balls made, the average income ranges from RMB300 (low season) to RMB1000 - 1400 (almost the maximum wage level attained when counted by piece rate in high season). Counting by piece rate, there is no overtime compensation. There is a daily production quota which is set so high especially during the busy seasons that workers have to work very fast to finish the quota. Or they will be reprimanded by the supervisors and work till they finish the quota without any compensation. For production line workers, there is a 30-day delay in delivering their wages which means a virtual detention of a month's wages.

*The legal minimum wage in Dongguan city (year 2002) is RMB450 (USD57.69) a month. The employing unit should pay 150% of the normal rate as overtime compensation during week days, 200% on Saturday or Sunday, and 300% on statutory holidays.*

*First, workers at Guan Ho do not get the minimum wage(RMB450) during the low season. Second, the unit price is set so low (RMB0.7 for a standard size game soccer ball, RMB0.09 for a small ball) that workers must produce as quickly and as many as possible. Paying by piece rate avoids the question of overtime compensation and provides the best motivation for workers to produce as "efficiently" as possible. The high salary a production line worker gets in the peak season (ie RMB1400) is hardly earned by laboring hard and quick for more than 15 hours, making 70 to 300 soccer balls a day. The price for earning RMB1400 is a pair of deformed hands as revealed in the cases of the interviewed young female workers from the sewing department.*

### 1.4 Living conditions

Food and lodgings used to be provided by the factory. Starting from 1 February 2002, workers pay for from their own purse. RMB165 (USD21.15) is deducted from the monthly pay as living expenses which means a reduction in their real income. Depending on the production season and the size of the work force, the number of people sharing a room in the dormitory ranges from

ten to twenty. Dormitory rooms are furnished with washing facilities, toilets and fans. Yet the interviewed workers complained that there were too many people staying in a room, especially during the peak season. Entertainment facilities such as a basketball court and a facility room are provided in the factory complex. But workers said they barely had time and mood to enjoy these facilities as the number of working hours was too long.

### **1.5 Penalty**

Imposing penalties can be quite arbitrary. Cases were reported that workers were fined for RMB50 to 100 (USD6.4 to 12.8) for being late or absent from work. That costs about at least 7% and at most one-third of their average monthly pay (that ranges from RMB300 to 1400 in general).

### **1.6 Workers' welfare**

There is a factory clinic that provides free diagnosis and medicine to workers.

Regarding social insurance, only workers who have served for at least three years are entitled to social security provisions. This may constitute a discrimination of junior workers. *Such a practice can be abused as the terms of service is misleading since workers that are told to "take vacation" in low season, or workers that have gone back home for the New Year might be counted as "new" workers. They start anew every year and thus are not entitled to the legal provision of social security.*

*Article 72, Chapter IX of the Chinese labor law states that "The employing unit and labourers must participate in social insurance and pay social insurance premiums in accordance with the law."*

### **1.7 Labor disputes and industrial actions**

An industrial action was reported in February 2002. The incident started with the management pressing down the wages of a number of senior production line workers. They got around RMB2000 (USD250.6) for their January salary and the management considered that "too high". The management then lowered the unit price in an attempt to lower the take-home pay. The act outraged the workers and around 200 to 300 senior production line workers struck to protest the unreasonable wage reduction. February 2002 was a peak season for the factory and the management conceded by paying workers the original unit price. Yet the management retaliated by firing one of the strike leaders from Henan province and threatened not to recruit workers from Henan province.

*Article 46, Chapter V of the Chinese Labor Law states that, "The distribution of wages shall follow the principle of distribution according to work and equal pay for equal work."*

*Although piece rate workers are paid according to the amount of products they finish, in reality, there is always an income ceiling which is flexible and unknown to workers.*

## **1.8 Industrial accidents**

Industrial accidents are frequently reported in the cutting department. New recruits who have not received any safety and health training are particularly vulnerable to accidents. The cutting job is performed by two workers with the first worker fixes the leather in place and the other presses the button. The two must concentrate and work in good coordination. Cases of workers having their fingers pressed by machines were reported in this department since the beginning of year 2002. The factory would pay for the medical expenses and the injured workers could take paid sick leave. But no injury rating was done and no compensation was given to the injured workers. Workers in general would misleadingly put the blame on their own carelessness. Seldom would they question the safety of the machines or the responsibility of the management.

*Article 54 of Chapter VI of the Chinese Labor Law states that, "The employing unit must provide labourers with occupational safety and health conditions conforming to the provisions of the State and necessary articles of labour protection, and provide regular health examination for labourers engaged in work with occupational hazards."*

*Workers injured in industrial accidents should receive medical treatment, an injury rating, and compensation according to the law.*

## **2. Safety and health conditions in different departments**

### **2.1 Stitching department**

Wages for sewing workers are paid in piece rate. Workers get RMB0.7 (USD0.009) for sewing a standard size (size number 5) soccer ball. A skilled worker laboring continuously for 11 hours a day can finish up to seventy to eighty soccer of this size meaning earning a daily salary of RMB49 to RMB56 (USD6.28 to 7.18). Whereas RMB0.3-0.4 (USD0.38 to 0.5) is paid per piece to workers that sew size number 4 soccer ball. To produce that, a skilled worker that labor 11 hours a day can produce about 100 pieces a day. Sewing workers have to perform 4 tasks: sewing, lacing, bladder inserting and finishing. Their wages range from RMB300 (USD38.46) in the low season to a maximum of RMB1400 (USD179.48) in the peak season. They normally work 11 plus hours a day with no day off in the whole month. Three female interviewed workers told us how hard a job it was to sew a soccer. The sewing process includes machine sewing and hand sewing. Leather pieces are sewn up together by machines. At the last stage, workers sew up the whole ball by hands. Stitching by hand is a delicate task and they cannot wear protective gloves. Yet it also requires a lot of finger strength to press and pierce the leather and workers complained that their hands were deformed as they constantly pressed the hard leather. From time to time the needle would get into their fingers and it was extra painful to sew and press the leather with injured fingers. The interviewers could observe during the short conversation that

their fingers were dry, their skin cracked and their hands were crisscrossed with deep lines. The roughness of the hands of these young female workers offered a stark contrast to the innocent look on their faces. Their fingernails were broken and all their fingers were bandaged. They had to work in high concentration as the quality control for hand sewn soccer was very strict. Any mistakes found would cost them a penalty of RMB10 (USD1.28) or above.

## **2.2 Stamping department**

Workers from the stamping department work in two shifts of 11 hours a day. The average pay in this department ranges from RMB600 – 1000 (USD76.9 to 128.2). Workers print the logo on the leather for sewing and assembly. Most of the workers are male and it is not difficult to tell from the dirt on their faces and their uniforms which department they are working in. The factory provides them with a top wear as uniform, but no uniform pants are provided. This is probably because stamping would dirty workers' pants and they have to change their pants almost everyday. The interviewed male workers joked that they had no clean pants that would not shame them in front of others. Cotton gloves and masks were delivered to them but they seldom wore them because of discomfort and inconvenience. The main reason is that wearing gloves would slow down the pace of work and miss the daily production quota.

## **2.3 Pressing department**

Leather is steamed under high temperature in the pressing department to give an appropriate degree of tenderness for further processing. The temperature in the pressing department is very high and the leather would give a strong chemical smell under high heat. Workers from this department would get a high temperature allowance and their wage level is higher than workers in other department. Conditions in winter time is slightly more tolerable whereas in summer, the work place gets so hot and the leather smell so strong that workers are sweating all day and they have no appetite for anything when they are off work.

## **3. Voices of Workers**

➤ Extract from a conversation between two female production line workers:

A: "I'm quitting the job."

B: "Did you get back the RMB200 down-payment?"

A: "Yes, I did."

B: "That's good. I don't want to stay any longer, it's so exhausting. But I cannot jump cos' I don't have another factory to go to. I wonder if they are going to deliver last month's salary today. If I have the money (meaning her salary) in my pocket, I won't rush. I'll work slowly. For what? But if I quit the job later this month, not sure if I can get this month's salary back. Anyway, I don't care. We have only half an hour for dinner today and OT straight after that. Hmm, there are so many balls piling up on the line.... so frustrating."

A: "Right, who cares? Let's go to have fun tonight."

B: "No, I haven't got last month's salary. I don't want to give them an excuse to deduct my money. The small white balls we made last month were easy to make. It's RMB0.09 (USD0.01) each. I could make 300 balls a day. But they deducted RMB165 for living expenses. Anyway, I'll quit right away when I've got last month's salary. My fingers ache. It's awful. "

*Worker B worked at least 11 hours a day during the peak season. Her salary is dependent on the kind of balls she is making. In the above case, she could finish 300 balls a day that costs RMB0.09 each. By estimation, she earns RMB27 (USD3.46) a day or RMB2.45 (USD0.31) an hour. Even if she worked non-stop making 300 balls a day in 11 hours a day and 30 days a month, she would receive RMB810 (USD103.85), less than 2 game soccer (suppose a Wilson game soccer costs USD40 and an Adidas game soccer costs USD50) sold in developed countries.*

*Worker B paid a down payment of RMB200 when she entered the factory. That's why she felt hesitant to quit her job although she felt so exhausted and wanted to leave. It would be difficult for her to get back the down payment and her last month's pay when she joined a new factory. The factory also deducted RMB165 for food and lodging, which means she had only around RMB645 (RMB810 – RMB165) as real take home income.*

## **(II) Cheong Yip Sports Products Company**

Factory location: Su Keng District, Chung Pin Town, Dongguan City, Guangdong province

Ownership of capital: Hong Kong

Products: Soccer, football, basketball, baseball and accessories such as football and baseball gloves

Export to: US and Europe

Clients: Umbro, Diadora, Andame and Lotto etc.

### **1. Company information**

Cheong Yip has two plants producing in Dongguan City. Plant one produces baseball and baseball gloves whereas plant two produces soccer/football and basketball. The two plants have around 1,000 workers each. Both men and women workers come from different inland provinces in China. The majority of production line workers age between 20 to 25 years old.

### **2. General working conditions**

#### **2.1 Wages**

Non-production workers such as supervisors and the managerial staff are paid by time rate. New recruits are paid by time rate in the first month. They get RMB10 (USD1.28) a day and an overtime compensation of RMB2 (USD0.26) per hour. The rest of the production line workers are paid by piece rate. Their monthly pay varies depending on the department, the size of the order, the kind and unit price of product and the skill level of workers. No overtime

compensation, bonus or allowance is paid. None of the interviewed workers can explain to the interviewers how their wages were calculated or how the "unit price" was rated. They had only a rough range of wages paid for different tasks performed in different departments. A rough matrix of the wages paid in this factory ranges from RMB300 – 400 during the low season (USD38.4 to 51.2) to RMB 800 to 900 (USD102.56 to 115.38) in the peak season. Supervisor level may have more than RMB1000 (USD128.2) a month. Only the "senior" production line workers receive RMB150 (USD19.2) as the year-end bonus.

During the low season that lasts for 4 to 5 months, workers do not have enough work to do and they do not receive even the legal minimum wage during the low season period. There is a 30-day delay in delivering the wages which actually pulls them back from quitting their job at will especially during the peak season. No pay stuff is given to the workers making it difficult for them to tell if they are paid the right rate. Workers can only compare their pay amongst themselves and there is little complaint as long as everybody receives similar pay.

## **2.2 Working hours**

Production line workers start working from 08:00 to 12:00 and from 14:00 to 18:00 (8 normal working hours). Overtime work starts from 18:00 to 23:00 (5 overtime hours). It depends on the size of order to determine the length of overtime. In peak season, it is assumed that workers work approximately 13 hours a day, while six and a half days a week. They are free only on Sunday evening. If they have to rush the lead time, they might have to work even on statutory holidays.

*The Chinese Labor Law states that workers should work not more than 40 hours. The overtime hours should not exceed 39 per week and 3 per day. For overtime compensation, workers should receive 150% of the normal rate for overtime work on normal week day, 200% on Saturday or Sunday, and 300% on statutory holidays.*

*Workers from Cheong Yip said the factory management did not explain the remuneration terms to them when they entered the factory. Nor do they receive any pay stuff from the management. Without knowing the unit price of the product they are making, the number of product they are making and various deductions, there is no way for them to tell if they are cheated and how much they are cheated.*

*Chapter III of the Chinese Labor Law states clear that the employer should explain and conclude in clear terms in labor contracts the remuneration, the method of wage calculation, terms of employment, contents of work, labor protection, working conditions, labor disciplines, conditions of termination of the contract etc.*

## 2.3 Living conditions

The factory provides free lodging to the workers. To pay for two meals a day at the canteen, RMB60 to 70 (USD7.69 to 8.97) will be deducted monthly for food. The interviewed workers complain generally about the food. Around 14 people share a room of around 26 to 30 square meters in the dormitory. Some of the interviewed workers complained that there was no hot water in some dormitories and they had to carry hot water from other dormitories. The dormitory does not have couple room for married production line workers.

## 2.4 Penalty and welfare

RMB 20 to 30 (USD2.56 to 3.85) is charged for being late or absent from work. Only part of the workforce, the size of which cannot be confirmed in the interviews, enjoy selective items of social security provisions (for instance some workers will have RMB30 or USD3.84 deducted per month for old age insurance). For workers that work in departments that have more safety and health problems such as the cutting department, they are covered with medical insurance. For the rest of the workforce, they do not enjoy any social security provisions.

*Article 73 of Chapter IX of the Chinese labor law states that, "Labourers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: 1, retirement; 2, illness or injury; 3, disability caused by work-related injury or occupational diseases; 4, unemployment; and 5, child-bearing."*

## 2.5 Safety and Health conditions

No safety and health training is provided to the workers. They are just verbally instructed and reminded by senior workers to be careful during production. Workers from the cutting department are more liable to industrial injuries as they will cut or even lose their fingers if anything goes wrong during the operation. But the interviewed workers do not receive proper safety and health instructions, nor do they know about their rights and compensation for industrial accidents. Fire is another potential hazards as a lot of flammable materials are found at the work place. Despite the provision of fire extinguishers and fire exits, workers expressed worry about fire safety at the work place.

## 3 Voices of Workers

### ➤ Xiao Nan

Xiao Nan works in the cutting department. She did not recall the factory explaining to her how her wages was calculated and she did not know the unit price either. The cutting department is operating in 3 shifts a day and the cutting machine is running without stop. Although she does not have much overtime work and she works 8 hours a day, she feels very tired. She wants to earn as much as possible, at the same time, she is afraid that her hands would be cut by the running machine.

➤ Bing Bing

Workers in the molding department put leather on the machine more than a hundred times a day. Your hands will get pressed if you are off your mind. Cases of workers having their fingers cut were compensated with a few thousand RMB and sent home. And that is their life. Bing Bing wants to be very careful but at the same time, he wants to earn more. He finds himself under very stressful conditions at work. His hands are hardened and rough. The lowest salary he has ever got is around RMB500 – 600 (USD64 to 76.9). Deducting RMB165 for food and lodgings and sending money home, he has a little more than RMB200 (USD25.6) left. The highest income he gets during the peak season is around RMB800 – 900 (USD102.56 – 115.38). That is not much as he has a daughter going to school and his parents to support at his home village.

➤ Xiao Fun

“The chemical smell in the silk screening department is very strong. At first, it was very difficult to work there. I’ve got used to it now. Our department is in a rush at the moment (February 2002) and we work till 11pm every night. We have no day off for more than a month now. Even though we are working 5 to 6 overtime hours a day, we all get a bit more than RMB800 (USD102.56) a month. It is more miserable in the low season. We get RMB300 – 400 (USD38.5 – 51.28) a month. Some of us get as low as RMB100 (USD12.8)...”

### **(III) Guanzhou Taiyang Sports Goods Co. Ltd**

Factory location: Shi Jin Town, Bai Yun District, Guangzhou City, Guangdong province

Ownership of capital: Taiwan

Products: Soccer

Export to: US and Europe

Clients: Wilson, Puma, Conti (local brand name)

#### **1. Company information**

Taiyang Sports Goods is a Taiwan company registered in Hong Kong. The company started investment in the mainland in 1993. The production facility in Guangzhou has a 500-600 strong workforce, the majority of whom come from inland provinces such as Hunan, Hubei, Quizhou. About 70% of them are women workers.

#### **2. General working conditions**

##### **2.1 Recruitment**

No contract is signed with production workers. Once recruited, RMB50 (USD44.87) would be deducted by installments from workers’ monthly pay over a length of 2 years. The management claimed that they were helping workers to save money for their own good and the money could be withdrawn in full when they left the factory. But if workers quit without following the proper procedures or getting the approval from the management, they cannot get the money back.

## 2.2 Working hours

07:00 Morning exercise. Working hours: 08:00 - 12:00; 13:00 - 17:00. 17:30 - evening exercise. Overtime work starts from 17:50 - 19:50 or 21:50. Taiyang workers work 8 hours a day, and an average of 2 to 3 overtime hours a day during the peak season. It happened that workers in some department worked till 24:00 during the peak season, meaning in this worst case, workers work 5 overtime hours or 13 hours a day. During the peak season, workers do not have rest day for a whole month.

Workers staying in the dormitories must get permits to leave the factory complex on Wednesday, Saturday and Sunday. On the other days, and for those that have not acquired the permits, they cannot leave the factory. Workers may take holiday and rest in their dormitories on Sunday during the slack season. They normally do not have rest day during the peak season.

## 2.3 Wages

New recruits are paid at a time rate of RMB13 (USD1.67) a day. No overtime compensation is paid. Their wages will be adjusted after probation. For the majority of the production line workers, their wages vary depending on the department and the skill level. In general, wages for production line are composed of a daily rate of RMB24 (USD2.08) in average a day and full-attendance allowance of RMB30 (USD3.85) a month.

*By paying a standard daily rate of RMB24 for a total of 10 to 11 hours' work a day, Taiyang is not paying overtime compensation to workers who work an average of 2 to 3 OT hours a day during the peak season. Paying a standard daily rate also means that you will not get more even if you work fast. Yet the factory would set a daily production quota to make sure that workers won't cheat. Taiyang on the other hand is cheating workers by requiring workers work an average of 3 overtime hours a day and six and half day a week without paying them the legal compensation rate. The Chinese Labor Law states that the total number of working hours should not exceed 40 per week, ie 8 hours on average per day. The Law also requires the employer to pay 150% of the normal rate as overtime compensation on week day and 200% on Saturday and Sunday, while 300% on statutory holidays. Suppose that in the peak season, workers from Taiyang work 10 to 11hours a day and 26 days a month (suppose they at least have one day off during the week), they would receive a monthly salary of RMB654 or USD83.8. [RMB24 daily rate x 26 days (no holiday is taken during the peak season) + RMB30 full-attendance allowance]. That is less than the price of 2 game soccer (a Wilson game soccer is sold at around USD40 and an Adidas game soccer costs around USD40 - 50 each) on the shelf.*

## 2.4 Food and lodging

The factory has a dormitory inside the factory complex. The company also rents apartments

outside the factory as dormitories. About 30 people share a room. Compared to workers staying inside the factory who are not allowed to go out and thus have everything done within the factory complex, those staying in dormitories outside said at least they were walking to and from work and could leave the factory complex everyday.

There was a basketball court, a cinema and other simple entertainment facilities within the factory complex. But all they want is more freedom.

## **2.5 Penalty**

The factory has a penalty and fine system as follows: RMB100 (USD12.8) for a big demerit, RMB50 (USD6.4) for a small demerit or RMB30 (USD3.84) for verbal warning. Suppose a production line worker gets RMB654 a month (see above), these penalties might cost them 4.6% to 15% of their monthly salary. Other petty penalties are charged at RMB5 to 10. The interviewed workers complained that the penalties are arbitrary and heavy.

## **2.6 Social Security Provisions**

Although it was required by law that the employer should provide social insurance for the whole workforce, yet not all the workers are insured. Only part of the work force was paying RMB40 to 60 (USD5.12 to 7.69) for old age insurance. There is a factory clinic and workers can get free medical service there.

*Article 73 of Chapter IX of the Chinese labor law states that, "Labourers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: 1, retirement; 2, illness or injury; 3, disability caused by work-related injury or occupational diseases; 4, unemployment; and 5, child-bearing."*

## **3. Voices of Workers**

Yun Yun

Yun Yun was a new recruit. She found herself paying a number of fees before she started her work. She paid RMB35.5 (USD4.55) for the worker ID, RMB27 (USD3.46) for the marital status record, RMB27 (USD3.46) for body check up (according to the Labor Law, the employer should be paying for the body check up for new recruits). When all the documents were ready, she had to attend a three-day training without pay. She was instructed the factory rules, the wage calculation, working hours etc. The factory has very strict demand on physical exercises. Those failed or performed badly in the morning and evening exercises would be dismissed.

Xiao Dong

Xiao Dong had worked in the factory for a few years. He got a daily wage of RMB18.29 in the past. It was later raised to RMB24 (USD3.08). Xiao Dong was very unhappy about the factory

rules particularly the restriction on personal freedom. They were not allowed to leave their work place, move around or talk during work. When the factory needed them to work overtime, they could not object. "It is very inhuman (to allow workers to leave the factory only three days a week)." Xiao Dong rented a small flat outside the factory and paid RMB120 (USD15.38) a month, thus increasing his financial burden. Xiao Dong was also complaining about the penalty saying that it was too arbitrary and the 5-dollar and 10-dollar penalties mean a lot to them. Xiao Dong was not aware about any posting of code of conduct on the shop floor. After understanding our explanation on code of conduct, he said, "Our rights are not protected because we are supplying to too many clients. Which of them (the clients) cares what happen to us?" When their major clients such as Wilson and Puma came for factory inspection, the management would do a lot of preparation work such as cleaning up the place, posting a lot of slogans or documents on the wall etc. According to Xiao Dong a lot of the factory documents such as wage, hours and welfare records, were falsified.

*The stories of workers from Taiyang show that the worker situation in mainland China resembles indentured labor found in primitive capitalist societies. Not only does one's physical labor can be appropriated at a rate, even the leisure and freedom of workers is nothing but a commodity to be "bought" and controlled by the employer. The only difference is that we have modern factory complex to replace the fence and a "permit"(you can apply a permit to go out) to cover up the naked exploitation of imprisonment. The employer has complete control not only over work, the setting of factory, dormitory rules and the organizing of factory space and movement are control mechanisms over the physical being as well as the leisure of workers.*