

Procter & Gamble Factory Investigation

China Labor Watch (CLW) conducted an investigation of two factories, one in Guangdong Province and one in Sichuan Province.

Investigation I:

Procter & Gamble Huangpu Factory, Guangzhou City, Guangdong Province

Translated by Manfred Elfstrom



Bestfriend Human Resources Co. Ltd. Dormitory for Temporary Workers at the Procter & Gamble Huangpu Factory in Guangzhou

- I. Respondents and Research Methods
- II. Background and Factory Overview
- III. Work Hours
- IV. Forced Overtime
- V. Wages
- VI. Living Conditions
- VII. Meals
- VIII. Working Environment and Management
- IX. Benefits

I. Respondents and Research Methods

Three investigations were conducted between August and October 2005. All investigations centered around the P&G Huangpu Factory, located on Binhe Road in the Guangzhou Economic Development Zone. As the investigator could not enter factory grounds, the interviews were conducted off-site. Eight workers were interviewed, of whom four were women and four were men. Six other workers were approached but refused to be interviewed. All interviewees were randomly selected

II. Background and Factory Overview

Procter and Gamble (P & G) is a Fortune 500 American company with branches in 80 countries and distribution in over 160 countries. Its products include paper goods, household cleaners, prescription drugs, cosmetics, snacks, beverages and skin and hair care products. Altogether, P & G owns more than 300 brands. In 1988, P & G established its first joint venture in China: the Guangzhou Procter and Gamble, Ltd. Since then, the corporation has begun joint ventures and independent enterprises in over a dozen places in China.

Workers are separated into formal and temporary workers. Formal workers usually live in Guangzhou city and commute to work via a company shuttle. It is possible that the workers who declined to be interviewed were formal workers. Temporary workers are contracted out by the Guangdong Bestfriend Human Resource Co. Ltd. (Bestfriend Co.) These workers are under the employ of both Bestfriend Co. and P&G. There are between 200-300 such temporary workers at the factory, though interviewees did not have exact numbers. The factory produces shampoo, skin care products, feminine care products and oral hygiene products. The factory manufactures for the following companies: OLAY, Rejoice, Pantene, Head & Shoulder, Sassoon and Crest.



Procter & Gamble Huangpu Factory, Guangzhou

III. Work Hours

All contract workers work 12 hour days. The factory works two shifts. The day shift is from 8am to 8pm, with the night shift taking over at 8pm. Workers switch shifts about every two weeks. Day shift workers have a paid half hour lunch break from 2pm to 2:30pm. Night shift workers have two paid breaks, one for twenty minutes and one for thirty. Workers can eat and speak to one another during the breaks but are not allowed to leave the compound.

Workers are allowed four days off per month. Workers must rotate their days off such that there are enough workers at any given time. If there is not an overwhelming demand, workers can take holidays off, as well.

Attendance is kept by what are called “group leaders.” Once attendance has been recorded, the supervisor at the factory must sign off so that the contractor, Bestfriend Co., can calculate payment with P&G.

IV. Forced Overtime

Workers are sometimes sent to the packaging department of the Procter & Gamble Zhong Yuan Wu Liu Company South District Distribution Center. They are forced to do overtime here after they have already put in 12 hours at the factory. Sometimes, if all the work at the Huangpu factory has been completed and there’s nothing else to do, the workers will be sent straight to the Zhong Yuan Wu Liu Company. Because of this, the workers are completely exhausted. Even when there is no work for them to do at P&G, they are still not allowed to rest. If these workers do not put in the overtime they will be sanctioned by Bestfriend Co. The worker will either have 60 *yuan* deducted from his/her next pay check or be suspended for seven work days. For these seven days, of course, there is no pay.



Procter & Gamble Zhong Yuan Wu Liu Company South District Distribution Center

V. Wages

Contract workers are paid 4.07 *yuan* per hour. Overtime pay is 6.1 *yuan* per hour, which complies with the national requirement that workers receive time-and-a-half for overtime. When workers work on statutory holidays they receive three times their standard wage.

An average temporary worker's monthly income is 1,200-1,300 *yuan*, but there are also occasionally months when they receive only 700-800 *yuan*. Their pay depends on the demand for the factory's goods.

Workers are paid on the 25th of each month. Usually wages are distributed on time, but occasionally workers get paid a day or two late.

VI. Living Conditions

Bestfriend Co. rents several apartments at a "Peasant Apartment District," which is basically a ghetto for migrant workers from the countryside. Due to the paternalistic nature of the dormitory management, which includes giving adult workers curfews, a large number of workers decide to rent apartments independently though it means they must travel further to get to work.

In the Bestfriend Co. dormitories the rooms measure about 12-13 square meters. In these are placed four bunk beds, accommodating six or eight workers total. There is also a collective closet in which workers can keep personal affects. There is a ceiling fan in each room for ventilation. Each room has its own small bathroom. The workers in each room divide the rent, 280 *yuan*, between themselves. The dormitory also has a common room with a few tables and chairs, as well as a television.



Common Area at the Bestfriend Human Resources Co. Dormitory for Temporary Workers at Procter & Gamble, Guangzhou

VII. Meals

Workers eat lunch and dinner at the factory cafeteria. Breakfast is not provided. A standard meal consists of four dishes, rice and soup. The workers have stated that the food is sub-standard, though the sanitary conditions are acceptable.

VIII. Work Environment and Management

The Bestfriend Human Resource Company has a rigid set of “Reward and Punishment Regulations” (see attached). There are six levels of punishment. The first four are monetary, ranging from a 10 *yuan* fine to a 60 *yuan* fine. Losing one’s job is the fifth level of punishment while losing one’s job with no severance pay is the sixth. One can receive the sanction by either P&G or the Bestfriend Human Resources Company.

The workshop is air-conditioned and workers are not required to move or lift heavy objects. There are no objectionable chemicals or odors in the factory.

IX. Benefits

Temporary workers do not enjoy paid marriage or bereavement leave. As P&G mostly only hires younger workers (between 18-23), there is no child labor and there are no pregnant women in the factory. Temporary workers receive no social insurance whatsoever. Some workers have a contract with Bestfriend (see attached), but few with P&G. There is no union.

Workers who have no recorded absences receive a monthly bonus of 20 *yuan*. Workers who have had no citations for safety or quality violations receive a bonus of 100 *yuan* per month.

Before workers are hired they are required to pay for a health exam in order to receive a Health Card.

Investigation II:

Chengdu Procter & Gamble, Ltd., Chengdu City, Sichuan Province

Translated by Manfred Elfstrom

- I. Overview
- II. Work Hours
- III. Wages.
- IV. Meals
- V. Work Pace
- VI. Fines and Deductions
- VII. Holidays and Benefits
- VIII. Hiring Policy
- IX. Work Safety
- X. Supervision and Inspection

I. Overview

The subject of this report is P & G's independent enterprise, Chengdu Procter and Gamble, Ltd (CPG). CPG is located in Chengdu City's Qing Bai Jiang District in Da Wan Town, on Solidarity Street. It employs almost 500 people, of whom 160 are formally employed and 300 are "temporary", workers on contracts. CPG manufactures Ariel and Tide laundry detergents.

II. Work hours

CPG uses four teams of workers which rotate such that there teams are working on any given day and the fourth team rests. In this way every team has a break every four days and each worker puts in roughly 23 days of work per month. This schedule does not change for holidays.

The day shift starts at 7:45am and ends at 3:45pm. The middle shift is from 3:45pm to 11:45pm and the night shift from 11:45pm to 7:00am.

III. Wages

Managers, skilled workers and formal workers all receive hourly wages. Some of those who do physical labor, such as packing, are paid hourly wages and some are paid piece-rate wages. Workers receive their wages in sealed envelopes such that no workers know what others are earning.

Formal workers' wages are decided according to their position, the type of work they do and the number of years they have worked at the factory. Those who have just become formal workers earn a base wage of 800 *yuan* per month. Taking into account bonuses and housing subsidies, these workers earn a total of about 1,200 *yuan* per month.

Workers who have been with the factory a bit longer can bring in 1,700 or 2,000 *yuan* per month. High-level managers earn approximately 5,000 *yuan*.

Temporary workers usually earn about 23 *yuan* per day or 400 or 500 *yuan* per month. .

IV. Meals

The factory has a cafeteria, which is divided into a formal workers' cafeteria and a temporary workers' cafeteria. Formal workers pay about eight *yuan* per meal. The temporary workers pay three *yuan* per meal. The temporary workers often choose to eat at outdoor stalls across the street, as they find the cafeteria food unacceptable.

V. Fines and Deductions.

For every product lost due to worker error, the company deducts 10 *yuan* and the worker must compensate for the lost product.

A formal worker who misses two or three days of work will be fired. A temporary worker who misses work only once or twice will be fired. Formal workers who miss work lose half of their year-end bonus as punishment.

Formal workers may disobey management twice before being removed. A temporary worker can do so only once before dismissal.

Workers are also required to wear work uniforms. For these, the temporary workers must pay at least 10 *yuan*. Formal workers receive the uniforms free of charge.

VI. Holidays and Benefits

Only when demand is especially high do workers need to work their usual schedules on holidays. Formal workers, unlike temporary workers, receive paid holidays, marital leave and bereavement leave.

For formal workers, the factory supplies pension insurance, health insurance and all other social insurance, as is stipulated by Chinese law. However, temporary workers receive none of these benefits – even those temporary workers who have worked for many years at the factory. Furthermore, temporary workers receive no housing subsidies, while formal workers do.

VII. Hiring Policy

Every year the factory goes to a few professional schools to recruit graduates to be formal workers. Every year the factory will also promote two or three temporary workers to formal workers status.

For the most part, the temporary workers come from the area. There are a two contracting

companies that will hire out temporary workers to the factory. The workers' pay checks are deducted to compensate the contracting companies. The factory itself has no contract with these workers.

VIII. Work Safety

The workers work with dangerous chemicals, such as sodium alkyl benzene sulfonate, when producing the detergent. The workers, formal and temporary, are required to wear protective goggles and ear covers, as these chemicals can cause severe damage upon contact.

IX. Supervision and Inspection

There is a suggestion box in the factory, but workers rarely make use of it. There is a union, but it is an officially created union. It was not organized by the workers. The factory was originally a state owned enterprise, therefore having a union that was essentially an arm of the government. Although the factory is now independent of the government, the union is basically the same. Therefore, the workers do not feel that they can approach the unions to help resolve their problems.