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Kingmaker Footwear (Timberland made in China)

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Dear friends,

Chinese workers need your help! We hope you will join our writing campaign to Timberland to urge them to improve the working and living condition of their workers in factories in China.

The following is an investigative report on one of the factories owned by the Kingmaker Footwear Holdings Ltd. Based on the information obtained from many sources, including interviews conducted with workers from the factory, this report is intended to document several instances, in which the factory operators violate their workers' legal rights, to disseminate that information to the international community, and to call for corrective actions by the factory to improve working conditions for its workers.

Our short-term goal is that the Timberland Company, the factory's primary client, will take immediate measures to improve workers' working conditions in the factory and announce these improvements to the public.

Our concrete demands are as follows:

1. The factory should meet the local minimum wage standard and provide workers with sufficient overtime premium wages;
2. Workers' overtime should not exceed 36 hours per month in accordance with China's labor laws;
3. The factory should provide all workers with pension, medical and unemployment insurance;
4. Workers should be permitted to take all statutory holidays off;
5. The factory should pay, immediately, all previously-delayed payments;
6. Workers should be allowed to establish trade unions;
7. The factory should stop utilizing toxic chemicals in its production (without adequate protection in place?);
8. The factory should stop employing child laborers, and provide travel expenses for those children who are currently being employed, to return home.

The present report is broken down as follows:

1. Factory Profile
2. Work Hours

3. Work Intensity and Cheap Labor
4. Fines and Deductions
5. Meals
6. Living Conditions
7. Required Worker Deposits
8. Insurance
9. Holidays and Welfare
10. Verbal Harassment and Physical Abuse
11. Hiring Policy
12. Child Labor
13. Toxic Chemicals
14. Monitoring

Friends, Chinese workers need your help. Take action now! We sincerely appreciate you help.

Sincerely,

Li Qiang

Executive Director, China Labor Watch

Please direct your appeal to the individuals below:

Jeffrey B. Swartz

Timberland Inc

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Stratham, NH 03885

USA

Kingmaker Footwear Factory Report

(Chinese name: XinXing factory)

I. Factory Profile

Kingmaker Footwear Holdings Ltd is a Taiwan-invested company that produces baby, fashion, casual and rugged footwear. Kingmaker operates 35 production lines in China and Vietnam with about 20,000 total employees. Its largest customers include multinational footwear manufacturers Timberland, Skechers, Clarks, Stride Rite and Wolverine.

The factory is located in the Changle industrial zone, Nanlang town, Zhongshan city, Guangdong Province. It employs a total of 4,700 employees, and primarily manufactures footwear products for Timberland Company.

II. Work Hours

Factory records show that work hours are as follows:

7: 30 am – 11: 30 am, working time

11: 30 am – 1: 00 pm, rest and lunchtime

1: 00 pm – 5: 00 pm, working time

5: 00 pm – 6: 00 pm, rest and supper

6: 00 pm – 9: 00 pm, mandatory overtime

(What is worth mentioning is that the factory has three different sets of work hours which begin at 7:30am, 7:45am, and 8:00am, respectively, and the off duty time is delayed accordingly).

It is obvious from the above timetable that workers spend 13.5 hours in the factory every day, including 11 work hours and 2.5 hours for rest. Moreover, workers typically work until 10 pm on Fridays.

The workers are permitted 1.5 days off every week: Sunday and a half day on Saturday.

Thus, during regular times (i.e. during slow seasons when no extra overtime hours are needed) the workers have a workweek of 60 hours (11 hours x 5 days + 1 extra overtime hour on Friday + 4 hours on Saturday).

According to Article 36 of Chinese Labor Law, laborers may work for no more than 8 hours in a day or more than 40 hours a week, on the average. In accordance with the above time schedule, the regular work time in this factory has already exceeded the legal requirement by more than 20 hours.

In fact, during peak production season¹, workers are often required to work over time until 10 pm every night. Many workers said that they had only 1 or 2 days off in July, 2004 and often had to work until 10 pm or even 11 pm without being permitted to indicate the overtime worked on their time cards. They were also instructed not to punch their time cards on Saturdays and Sundays so that there would be no record of those violations of work time.

Article 41 of the Labor Law states that employers may extend working hours due to the requirements of its production or business, or other special reasons, but the total extension, per employee, in a month should not exceed 36 hours.

However, the workers in the Kingmaker factory are required to work overtime all year round, regardless of whether there are special reasons or not. During regular production seasons, the total overtime can be as much as 80 hours a month, and during peak seasons this number could be over 100 hours a month.

When there is an additional job request by a factory client, workers sometimes have to work during their free time (such as lunch time), or start work earlier than the standard 7 am, in order to complete the work.

In addition, they are required to attend work-related morning meetings and do workplace cleaning every morning from 7 am to 7:30 am without receiving any compensation.

Although the workers understand that these deviations from their standard work hours are illegal, they state that they cannot do anything about it.

Rest Hours

The Kingmaker workers are only permitted two and a half hour's of rest time during which they have lunch and dinner.

The workers are not permitted to go back to their dormitories during lunchtime and must take rests at their workstations. This is very dangerous and may cause injuries to the workers. For example, workers sleep at or near hazardous zones such as the leathers cutting section. Other workers from the stitching department often sleep on their own seats near the toxic chemical bowls used in the footwear production.

III. Work Intensity and Cheap Labor

Currently, this factory primarily manufactures sandals and slippers. The major models include small size shoes 7233-08, 7233-05, and male shoes 92301, 92306.

Even though the time this report was compiled (Winter, 2004) was considered a slow season, the volume of production is still very large, and the workers are under intense pressure every day.

There are three major steps in the manufacture of a pair of shoes: cutting, stitching, and molding. The stitching section in this factory has three workshops: A, B, and D. Workshop A alone has 18 production lines, with 40 workers on each line producing 2,000 pairs of shoes daily. The molding section has more than 700 workers on 9 production lines and each line has to finish a daily production quota of 2,000 – 2,400 pairs. Thus, the total monthly production is 50,000 to

60,000 pairs.

However, the labor cost for producing the shoes is very low. Based on workers' calculation, for the production of most models that do not require complex processes, the labor cost in the cutting section is 1.2 to 1.4 Yuan/pair (about 15 to 17 cents, \$US), in the stitching section – 1.8 Yuan/pair (about 22 cents, \$US), and in the molding section – 1.2 to 1.5 Yuan/pair (about 15 to 18 cents, \$US). That is to say, for producing one pair of Timberland shoes that is sold for dozens or hundreds of dollars in the retail market, workers from the three processes receive less than 5 Yuan, which is equivalent to 60 cents, \$US.

IV. Wages

Except for a few staff members who receive their wages in one monthly payment, regular production workers' wages are monthly basis wage, which is 450 Yuan/month (about \$55 US), plus piece rate wages (i.e. paid in accordance with how many pieces they made)².

Workers in the Kingmaker factory said that they do not know how the piece rate is calculated and how the factory management decides the price per piece manufactured. In addition, workers on the production lines must work in any post or location assigned by their supervisor and any worker may expect to work one post today and a different post tomorrow. As each post has a different piece price, workers have no control over their wages. Workers also indicated that the supervisors' relatives often receive better post assignments or piece prices.

We obtained four wage slips from a worker in the Kingmaker factory with information on his income from July to October 2004. The slips for July and August do not indicate how the wages are calculated nor is there any information indicating the worker's actual total working days, working hours, overtime hours, overtime premiums, etc. For example, the only information one can find on the slip for July is: basic wage 450 Yuan, total wage 757 Yuan, deductions for food 125 Yuan (which became 150 Yuan as of August, 2004), deductions for dormitory 46 Yuan, and the worker's real wage 586 Yuan.

This report assumes that all wage slips prior to July, 2004 contained no more information than this one. However, the factory has made some improvement since September, 2004 where the wage slips for September and October provide such additional information as overtime hours and premium during both normal times and holidays, and legal subsidies.

In September, the same worker worked 51 overtime hours during normal work days and 24 hours during his rest days, and received 206 Yuan and 129 Yuan for those overtime periods, respectively. His total wage for that month was 785 Yuan, of which 136 Yuan is a subsidy, and the deductions for food and dormitory were 196 Yuan in total. Thus, after finishing the fixed production quota and working 76 overtime hours in that particular month (which exceeds the legal regulations on overtime by 40 hours), the worker only received 589 Yuan (\$US 71.80). His wages in October were similar: 590 Yuan paid for a total of 78 overtime hours worked.

Article 44 in the Labor Law states that employers should pay no less than 150 percent of the normal wages if the extension of working hours is arranged during normal working days, no less than 200 percent on days of rest, and no less than 300 percent on statutory holidays.

However, the remuneration at the Kingmaker factory indicates that an overtime hour is 1.5 times regular hourly pay during normal times, and only 2 times regular hourly pay during statutory holidays. The workers have also indicated that the calculation of the overtime premium is inaccurate. They have stated that there is often no difference in wages whether they finish the work at 8:30 pm or 11:00 pm during the peak season. Moreover, the hours that they are instructed to complete work during their rest times is not included in the calculation of their total work hours.

Another significant issue is that workers receive their work payment one month in arrears. According to the factory's policy, workers get the first month's pay on the 25th of their second month of employment. With this policy, a worker loses one month's payment if he resigns from the factory. There was a two-day strike in June, 2004 at the Kingmaker factory; one of the reasons given for the strike was that the factory delayed the wage payments to the workers.

V. Fine and Deductions

Workers' already low wages are often further reduced by the factory using a variety of dubious deductions. Workers said that the factory has used many ways to reduce their wages, such as deducting pieces produced by the workers from the worker's overall piece calculation, reducing the wage rate per piece, etc.

Monetary fines still exist in the factory. Based on the reward/punishment policy long-established in the factory, these deductions vary from 10 to 270 Yuan. A "major offence" results in a fine of 90 Yuan, a "minor offence" – 30 Yuan. If a worker asks for one day off, two day's pay is deducted and, due to the one-day absence, he or she also loses the achievement bonus for that month, which is 80-120 Yuan.

The factory also deducts 150 Yuan per month from every worker's wage for 3 meals being provided by the factory, daily. Even if workers eat outside of the factory or they do not take all three meals, especially breakfast, the same amount of money is deducted each month. In addition, many workers are charged for a temporary residence card and for their factory dormitory.

After all fines and deductions are calculated, many workers only receive 400-500 Yuan for one month's work.

VI. Meals

As previously noted, the factory has a dining hall and provides three meals to the workers, for which workers have to pay 150 Yuan per month regardless of whether they take the meals or not. There are usually three dishes and a soup served during each meal, but even that is very poorly cooked (for instance, very little oil is used in the preparation). Most of the time, only vegetarian dishes are available and, when meat dishes are occasionally provided, the little amount of meat used is usually cut into tiny slices and mixed with vegetables. Workers have repeatedly complained about the quality of meals, but no improvement has been made.

For example, the following dishes were provided for lunch on December 14, 2004: coagulated pig blood, cabbage, bamboo shoots, and tomato and egg soup. These dishes, as usual, were poorly cooked (the bamboo shoots were a little black even after cooking). What is worth mentioning here is that there was an incident of food poisoning in early December, 2004 due to rotten bamboo shoots being used in the cooking, and more than 50 workers were treated for food poisoning in the stitching department alone.

Even though workers work overtime at least five nights a week, the factory does not provide any additional food at night. After working their overtime hours, workers often buy snacks or eat at the small restaurants near the factory. The dining hall provides meals during weekends, but the quality is no better than during the work week. Therefore, some workers choose to eat out. In addition, the workers said that the food prepared by the Kingmaker factory would not be enough for all workers if they ate in the factory, because the factory does not prepare sufficient amounts of food during the weekends. Workers who live in rented rooms outside the factory either get together with their friends and cook by themselves, or eat at the restaurant to supplement their diet.

VII. Living Conditions

Each room in the factory dormitory contains 8 beds with upper and lower bunks, housing 16 workers. All rooms have bathrooms. However, hot water is provided only after 9 pm and it is always difficult for the workers to take a shower with so many people in one room. Also, workers are required to pay 46 Yuan per month as housing fees if they use the dorms.

Some workers choose to live outside the factory for convenience. For example, if four people share a single room that costs about 150 Yuan per month, each person only pays 40 Yuan, which is less than they pay for the factory dorm, and they do not have to wait for a long time to take a shower.

VIII. Required Worker Deposits

Stitching workers have to pay 60-100 Yuan as a deposit for the stitching accessories they use in their work, when they first enter the factory. The deposit will be returned to them only when they resign from the factory.

Workers also said that it is not easy to get replacement accessories from the factory if they have lost or broken them, and most of the time they have to buy replacements using their own money.

IX. Insurance

Article 72 of China's Labor Law states that employers and laborers must participate in social insurance in accordance with law and pay social insurance costs.

However, the Kingmaker factory does not provide any insurance for regular production workers, only for staff members on monthly salary.

X. Holidays and Welfare

China's labor law and local regulations on labor management state that workers enjoy legal holidays³, annual leaves, marriage leaves, bereavement, and maternity leaves.

Although the Kingmaker factory did announce that employees were permitted a three-month maternity leave, marriage leave and bereavement, and a five-day annual leave, workers said that no annual leaves requested by them were granted. One supervisor also stated, when questioned, that he did not know whether there is a legally mandated annual leave permitted at the Kingmaker site.

The factory does not grant workers sick leave either. When workers get sick and take a sick leave, they do not receive any payment. For example, the factory did not provide any kind of compensation or pay medical expenses for those workers who had to go to the hospital in the food poisoning incident noted above. In fact, their response to the poisoning was to only distribute some pills for the workers to take.

Although the factory has drafted a pregnancy policy, they do not have a system to keep track of the pregnant workers and new mothers on staff or whether they have pregnant workers or new mothers working at production areas. Three workers with 6-9 month old babies were found in the residential areas during the investigation, and they said that there were no maternity benefits, such as the government-mandated three-month leave, provided to them.

Despite the Kingmaker factory's policy, their actual practice is to require these pregnant workers and new mothers to either take unpaid leaves or resign from the factory during any child bearing periods. The mothers do not receive any breast feeding allotment (30 minutes for every 4 hours in their lactation period) as required by the local law.

In addition, according to the factory's policy, all pregnant workers need to present their marriage certificate and the permit they received from local family planning department in order to bear a child. Under this policy, unmarried mothers do not receive any maternity benefits.

XI. Verbal Harassment and Physical Abuse

Although the Kingmaker factory has announced a non-harassment policy, many workers are not aware of it. Supervisors continue to verbally harass workers in the factory by calling them "pigs", cursing their parents, etc.

Earlier this month (December, 2004), a female worker was beaten by a male group leader at the molding section, and one of her ribs was broken. At present time, the female worker is still hospitalized, the male employee continues to work in the factory, and the factory management has assumed no responsibility for the woman's medical expenses. In fact, they asked the group leader to solve the problem by himself.

XII. Hiring Policy

Based on the Kingmaker factory's hiring policy, the factory only hires workers between the ages of 18 and 30 years. The majority of the workers are from Hunan and Sichuan provinces. Generally, females are hired very frequently while male workers have to know people in the management or pay a pre-employment fee to be hired. Female workers account for 80% of the total workforce, while male workers only 20%. Although the factory has also posted a notice that no introduction fee is allowed during the hiring process, some managers still openly request money from male workers.

XIII. Child Labor

According to Article 15 of China's Labor Law, employers are prohibited from hiring laborers younger than 16 years old. However, workers in this factory said that there are child laborers of 14 to 16 years old in each workshop. They all presented fake ID cards or borrowed others' cards to join the factory. During this investigation's interviews, all workers were unwilling to provide their real names in fear of being fired.

XIV. Toxic Chemicals

The factory still uses two banned chemicals. However, the workers stated that they do not know the name of the chemicals nor were they informed about the potential damage that these chemicals might cause to their health.

XV. Monitoring

Workers said, when questioned, that they do not know if there is a trade union branch in the factory. The factory has appointed worker representatives from every production line who meet with the management once every two months. However, most of the workers do not know who these representatives are and, because they are appointed by the management, workers believe that they cannot offer much help.

The factory also has a suggestion box for workers' complaints. However, workers said that they dare not raise any issues such as wage, work hours or unfair treatment at production areas to the management. They believe supervisors would retaliate against them if they raised any work related issues.

The factory also coaches the workers on how to speak with compliance teams or human rights monitoring staff who visit the facility. One worker said her supervisor threatened her group that, if they said anything to the monitoring teams, they would have to leave the factory once the compliance team left.

Notes:

1. Normally the peak production season is from April to November.
2. Staff member, i.e. those who do not work on the production lines, such as staff working in the office, receive a fixed monthly payment, while production workers' wages are their monthly basic wages (if they finish the production quota) plus payment for the extra pieces they make. However, the calculation of wages in this factory is very complicated and confusing. The workers do not know how their wages are calculated and their pay stubs do not provide any clear information either. This report can only present the information that we have obtained so far, and we are working with our sources in China for more information on this issue.
3. China's statutory holidays include: the New Year's Day, the Spring Festival (Chinese New Year), the International Labor Day (May 1st), the National Day (October 1st).

You may also write to the following organizations to further assist this cause:

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