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## Kong Tai Shoes Mfg. Co., Ltd

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### Profile

Location: Shenzhen (Long Gang Township, Long Gang district)

Contractor with Reebok

Employees: 5500-6000

Sex ratio: 1 (male) to 7 (female)

This is a contractor with Reebok. One pair of shoes produced is sold on average around \$50. The workers are paid less than 60 cents.

### Introduction

In peak production season workers are required to work 13.5 hours a day, seven days a week, and 30 days a month.

On the most important Chinese holidays, the maximum leave allowed by the management is four days. Some workers haven't had the chance to go home as long as six years.

Female workers of age 16-17 are found in the factory. Generally female workers are hired. Sex ratio of the work force is one male to seven female workers.

Pay is based on work quota. Daily quota is usually too high to be finished within eight hours. No overtime pay.

Those workers with less than one year's experience are paid at 21 cents an hour.

A very small dormitory houses 15 workers. No bathroom and toilets.

Employment requires a 30 RMB application fee (nonreturnable). Workers receive their first month pay after being employed 60 days, with one month's wages withheld as deposit.

Very harsh factory regulations. Violations are met by fines or firing.

Unions exist. Monthly membership contribution of 2 RMB. Not elected by workers. Most workers are ignorant of its existence or purpose. The leaders of the unions appointed by management.

When leaving the worksite, workers are searched. Dorms and worksites both under the surveillance of security guards hired by management

Work injuries are generally not compensated. No medical, unemployment and retirement insurance.

In certain working sections, toxic chemical (HP2) used. Affected workers are not informed.

Reebok has special human rights office on worksite, which is of only symbolic significance. Workers don't dare to report human rights and other violations, for fear of the inevitable retributions by the management.

### Hours

Under normal conditions, workers stay inside the factory for about 13.5 hours.

7:30-8:00 Forced morning physical exercise

8:00-12:00 Working  
 12:00-13:00 Lunch break  
 13:00- 17:30 Working  
 17:30-18:00 Supper break  
 18:00-21:00 Forced Overtime (On some Saturdays no overtime)

Workers work six days a week. Every week total time at the worksite amounts to an average of 81 hours and working time 69 hours.

In the peak season, workers stay in the factory for an average of 15.5 hours per day.

6:30-12:00 Working  
 12:00-13:00 Lunch break  
 13:00- 17:30 Working  
 17:30-18:00 Supper break  
 18:00-21:00 Forced Overtime (sometimes until 22:00)

Workers work seven days a week. Every week total time at the worksite amounts to an average of 108.5 hours and working time 91-98 hours.

In February 1999, the factory's forced overtime resulted in several reportings by some courageous workers. Reebok representatives heard the complaint and punished the factory symbolically by a fine of 5,000 RMB. Afterwards the management fired the reporting workers and asked employees to work behind curtains so their labor is not directly observable by those outside, such as Reebok representatives. Another counter-measure by the management is setting an early work start from 6:30 am. Workers are not even able to have their breakfast.

### **Holidays**

Before July 1998 workers only have two days off per month. Afterwards it was doubled to four days. In peak seasons there is none. In this factory every year has two to three months peak season (for example, in one case some workers continually worked for six weeks).

On the most important Chinese festival, Spring Festival, there is only a four-day vacation. Since most workers come from other provinces, a home visit would include at least two days on the road under China's transportation conditions, so most workers are practically unable to spend their spring holidays with their families. It is not unusual to find workers in this factory who haven't gone back home for three or four years. Some have even worked six years away from home.

### **Gender Issue**

Most workers in this factory are females between ages 19 to 21. They come from Sichuan, Hunan and Jiangxi, mainly the remote mountain areas of these provinces. 85% of them have only junior high school education. Some have only primary school education.

The factory sets its recruiting range between ages 18 and 25. Female workers beyond 25 are considered physically unfit for the tough working conditions. Only the sections where male labors are unavoidable have male worker presence. This is because in the understanding of the management male workers are more rebellious. In the nearby factories, those who lead strikes or other protests are in most cases male workers.

There are some female workers between ages 15 and 17. They used false identification documents to get into the factory. Once found out by the management, the younger female workers are fired with no pay.

### **Pay**

The base daily wage is 5 RMB (about 60 cents). The actual pay scale is calculated in the following way:

Actual working days x 5 RMB (60 cents) + quota remuneration

Quota remuneration is not fixed. It depends on workers' experience. Those with two years' experience are paid 50 RMB (\$6) more than those with only one year experience. Those with three years' experience are paid 40 RMB (\$5) more than those with two years.

The quota is generally set too high to be finished within eight hours. The whole production of shoes are divided into three major stages: cutting, stitching, and molding. Molding stage costs 1.2 RMB (15 cents). A worker could produce about 20 per day. The stitching section unit normally has 50 workers who produce 650 pairs of shoes. The unit cost of one pair at this stage is only about 2 RMB (23 cents). The molding section unit normally has 95 workers who produce 2,600-2,800 pairs of shoes. The unit cost of one pair at this stage is only about 1 RMB (12 cents).

The total unit costs after the three major stages are around 50 cents.

What the workers get from their work?

\$0.21 an hour;  
 \$2.41 a day (11.5 hours);  
 \$14.46 a week (6 days);  
 \$62.60 a month (26 days)

Above calculation is for a worker with one-year experience. Those with two years are \$68.60. The line supervisor could earn \$110; a work unit leader \$210-230; section head \$420-500.

### **Housing**

There are 10 factory dorm buildings. One for male workers. Eight for female workers. One for married workers. Eight inside and two outside the factory.

A dorm averages around 20 square meters, housing 15 people. Workers sleep in bunkers and part of the room is occupied by the luggage of the workers. There is no private bath and toilets. There is a public bathroom and toilets on every floor.

### **Sign-up and Quitting**

When workers sign up for the job, they are required to pay a 30 RMB application fee. Workers receive their first month's pay after they worked 60 days, with one month's wages withheld as deposit.

Most workers don't have a contract. Generally workers cannot quit their jobs. They could leave on their own, in which case they don't receive their last month's pay. Many workers have left their jobs. They tried to quit, but generally the management doesn't allow them to quit so that they have to leave without the last month pay. Over 90 percent of workers who left the factory belong to this category.

### **Harsh Factory Rules**

A major offense results in a fine of 90 RMB (\$11); a minor one 30 RMB (\$4.20); warning 10 RMB (\$1.20).

For example, if late, a worker would be fined 10 RMB; if the dorm is not clean, fined 10 RMB; if refusing to work overtime, fined 90 RMB; three times's refusing to work overtime lead to firing.

### **Union**

There is a union which is set up under pressure by Reebok. However, the chair of the union is appointed by the management, not elected by the workers. Many workers don't know there is a union. Those who have some knowledge don't know what it does. (The chair of the union is named Jiang Wenjian, but most workers don't know him at all.) They are required to pay a monthly union membership contribution (2 RMB).

### **Human Rights Monitoring**

Reebok has a special human rights office at the work site to monitor whether the factory complies with Reebok's standards of conduct. There is also a complaint mailbox where workers are supposed to put in their complaints.

If workers do file a complaint against the management, Reebok human rights office would respond by an investigation. In most cases it results in nothing more than a 90 RMB fine on the direct supervisor of the complaining worker(s). Afterwards the worker(s) would be punished indirectly in various ways and often forced to leave. So in general it becomes in the worker's interest not to use this channel to protest. The general manager of the factory publicly warns workers not to do so.

The number of complaints has been declining very fast to a very small number.

The workers are often forced to stay after work to be lectured by supervisors.

### **Bodily Search**

When leaving the factory, the workers are always searched by the security guards, on the grounds that there are incidents of theft. If suspected of stealing shoes, a worker would be taken to a small room and asked to take off her clothes. There are more such cases in the winter. Once found stealing shoes, a worker will be fired immediately and sometimes turned to the police.

### **Welfare**

There is no medical, unemployment, and retirement insurances. If injured during work, the workers are not compensated.

For example, in November 1998, a female worker, Liang Geying, lost a finger while working in the molding section. The factory paid the medical bills and the wages when she was in the hospital. In addition, she receives a bonus of 300 RMB a year for three years (on the condition that she remains in the factory).

### **Toxic Chemicals**

Since March 1999, nontoxic glue supplied by Li Bao Co. began being used. However, some sections are still using toxic glue since it is more effective, for example in the molding and cleaning.

There is no mask used in the toxic environment except on occasions when inspectors from Reebok come.

### **Inspection**

Sometimes inspectors from human rights organizations and Reebok come to the factory. However, the management warns the workers in advance that they may not tell the truth. For example, the workers are asked to say that in the cleaning procedure the nontoxic HP is used, while in fact it is toxic HP2 used. If workers tell the truth, they will be punished.

### **Summary**

Kong Tai Shoes Mfg. Co., Ltd. Kong Tai Shoes City, Hua Te Industrial City Long Gang, Shenzhen has two subsidiaries: Phoenix, at Feng Gang Township, Dongguan; Yong Rong, at Chang An Township, Dongguan. Its order is also sub-contracted with Ping Ji factory.

The local Chinese contractors with Reebok include Kong Tai Shoes Mfg. Co., Ltd., Shenzhen; Chang Deng Shoe Factory, Dongguan; Bao Yuan No. 1, at Shanxiang Township, Zhongshan.

Reebok contractors are reported to have the best working and living conditions among Chinese local factories. Many workers consider themselves fortunate to be able to work in Reebok contractor factories.

For this report, Li Qiang interviewed five people between February 1998 and January 2000.

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