

Ju Qian (Capable) Furniture Factory Report

(Ikea and Conforama: Made in China)

China Labor Watch

April 20,2007

I. Factory Profile

Dongguan Ju Qian Furniture Corporation is a Taiwan-based company that is a part of the Tian He Corporation. In 1989, the factory was established. After years of expansion, Ju Qian is now in possession of five branch factories. The total area of factory is approximately ten thousand square meters, employs 3,000 workers. The current company products are bathroom sets, living room sets, dining room sets, leisure room sets, reading room sets, and a variety of other merchandise. The products are mainly sold to the United States and Europe. Its primary clients are Ikea and Conforama etc.

Image 1: Tian He Corporation's order form

天荷集團有限公司

裝櫃通知單

單號 2007010333627 出貨工廠 加東二部 日期 2007-02-20

批次 0 備註 陽板, 女頭

訂單號	工令號	客戶品番	天荷品番	裝櫃內容	裝箱	裝箱方式	數量	櫃尺	S/O NO.	船名/貨名	目的地	裝櫃日期	封櫃日期	備註
P06-01358	20061129070010	2007940	PH-80879	床頭尾	藍色流體漆 (S10F)	1PCS/1CTNS	10,000				英國	2007-02-02	2007-02-04	
P06-01358	20061129070011	1007941	PH-80881	床身	藍色流體漆 (S10F)	1PCS/1CTNS	10,000				英國	2007-02-02	2007-02-04	
P06-01416	20061220033012	1007900	PH-90677	床頭尾	藍色S10F顏色流體漆	1PCS/1CTNS	50,000				英國	2007-02-02	2007-02-04	
P06-01416	20061220033012	2007901	PH-90678	床身	藍色 (S10F) 藍色流體漆	1PCS/1CTNS	50,000				英國	2007-02-02	2007-02-04	
P06-01416	20061220033012	1007940	PH-90679	床頭尾	藍色流體漆 (S10F)	1PCS/1CTNS	30,000				英國	2007-02-02	2007-02-04	
P06-01416	20061220033012	1007941	PH-80881	床身	藍色流體漆 (S10F)	1PCS/1CTNS	30,000				英國	2007-02-02	2007-02-04	

行銷協理: [Signature] 行銷副理: [Signature] 業務專員: [Signature]

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Image 2: Ikea's product purchased in the US



Out of five factories, Factory number one, two, three and four are located in the same area, and the fifth factory is approximately one thousand meters away from the main factory site. Factory number one, two and five mainly produce metal parts of furniture items, Factory number three produces wooden products, and Factory number four produces glass or plastic parts. Jun Qian factory first packages the parts, and then exports the packages to foreign countries. The products are mostly exported to American, European, Japanese, and Korean markets.

English name: Capable (Dongguan) Furniture Co. Ltd.

Company address: Guangdong Province, Dongguan City, Shi Jie Township, next to Si Jia Oil Depot

Telephone: 0769-86306168

Image 3&4: Exterior of Jun Qian



II. Summary of Violations

- I. Workers are not given the legally mandated rest time and holiday vacation
- II. Compulsory overtime and inadequate compensation for overtime work
- III. Workers work six days a week
- IV. Work related injury insurance is not purchased for workers as required by law

- V . One day of rest day during the peak season
- VI. Skilled workers are not allowed to resign during peak season
- VII. Verbal and physical harassment from managers and staff
- VIII. Tiny dorm room housing ten workers

- IX. Work environment does not meet safety regulations

III. Labor Contract

A large percentage of workers are recruited from local recruitment offices and through advertisements posted on the Ju Qian factory gate. Applicants are required to provide a valid Identification card, and go to an assigned local clinic for basic health examination. The factory generally hires workers who passed the health examination. During the slow season, factory usually stops recruiting. During the peak season, however, due to lack of workers enrolled in addition of average benefits offered which makes the job less attracting, the factory sets the work qualification including age requirement, at a very low standard. Even applicants around the age 40 have a very easy time to be enrolled in the factory.

Upon recruitment, workers are required to sign a document agreeing to work under probation (work agreement is targeting employees offered with monthly salary). The contract stipulates that the probationary period is three months. During the three months, workers under probation are required to work five days a week.

The Probationary Work Agreement contains the followings:

Regular Work Schedule:

Monday-Friday Work 8 am to 12 pm

Lunch break 12 pm – 1 pm

Work 1 pm to 5 pm

Saturday Fixed day of overtime

Sunday Off

Ju Qian states that, under the policy, it preserves the rights to arrange probationary overtime to workers under probation. The work nature is up to each worker's sense of responsibility, the ultimate goal is to finish appointed task.

Benefits during probationary work are minimum wage plus a subsidy for full attendance, which is approximately ¥ 900 RMB/month. On the other hand, the factory imposes fines or immediate dismissal on the probationary workers for gambling, quarreling, fist fighting, going on strike etc.

Image 5: Jun Qian's probation agreement

巨千家具有限公司一五厂
试用同意书

姓名： 性别： 学历：

身份证号码：

家庭住址：

附件内容：身份证复印件，体检表，健康证复印件，
学历证复印件，及其它相关有效说明证件复印件。

兹同意下列条件：

一、试用期限：自200 年 月 日起至200 年 月 日止计三个月。

二、试用工作性质：部门 _____ 职位 _____

三、工作时间：公司实行每周五天制。

1、正班时间具体的安排为：
08:00~12:00；13:00~17:00；午休时间为12:00~13:00

2、每个星期六为固定加班日，星期日为休息日。

3、根据工作需要，公司可以在正常工作时间外安排试用加班。

4、试用工作性质为责任制，试用人以工作任务完成为原则。

四、福利待遇：

1、薪资：底薪 _____，津贴 _____ 元，全勤50元/月；

2、发放厂服两件；

五、工作纪律：

1、试用人要遵守公司的厂规厂纪，不可以有赌博、吵架、打架、斗殴、罢工、吸毒等行为，一经发现，从重处罚或立即解除试用关系，或交公安机关处理。

2、公司企业管理以公司制度为准（公司制度手册及公告公文）。

六、在试用期内，部门主管可随时对其工作表现进行相关考核评估，并以此为转正依据。

立同意书人（签名及手印）

(手印)

Jun Qian factory offers skilled workers wage calculated under a piece-rate system, and these workers are hired automatically without going through the probation. Thus, the more pieces these workers produce, the more they earn. Since this group of workers is the factory's main force of production, in order to attract the workers in staying during slow season, the factory offers the skilled workers a contract of benefits upon employment (The factory states that this document is equivalent to the contract).

The contract policy states, when the total piece-rate wage is higher than the total hourly rate wage, the factory will use piece-rate wage to calculate the payroll, and vice versa. However, if a worker does not complete the task, then his/her salary will be calculated by the system that offers

lower wage. Moreover, same punishment will be imposed if a worker is absence without noticing the factory. In addition, one unnoticed absence day is a warning, and three warnings lead to unconditional dismissal.

Piece-rate wage is applied to workers who have workdays less than or equal to 26 days in a month. On the 10th of every month, Jun Qian posts individual workers' wage statement on the bulletin board in each department. Workers are allowed to view the board and go to the management department for any questions relating to wages. If the workers use protesting as a way of increasing work benefits, Ju Qian will treat the problem as unnoticed absence.

Ju Qian's policy states, an hourly wage worker earns ¥ 4.12/hour, regardless if it is regular hour or overtime. Moreover, piece-rate pay is calculated by the worker's daily output times the piece rate.

Under the factory-employee contract, Ju Qian clearly states that hourly waged workers are paid ¥ 4.12/hour, same as the minimum wage imposed by the Dongguan City. However, Ju Qian also states that overtime rate is ¥ 4.12/hour as well, which clearly violates the labor law. Under the labor law, worker's regular overtime rate should be 1.5 times more than the regular wage, rest day overtime rate needs to be twice as much as the regular wage, and vacation day overtime should be three times more than the regular wage.

Furthermore, during the peak season, there is no time given for a regular rest day. Employees report that there is no overtime only when electrical power outage occurs, and sometimes when there are urgent orders that need to be completed, the factory will activate its power generators for overtime shift.

IV. Work Schedule

In the contract, it states that a regular work schedule is five days per week, and eight hours per workday. Regarding to employee vacation, the factory policy states that the most vacation days taken in one month cannot exceed four days. In practice, however, this kind of vacation does not exist for employees

Due to the large area of factory and amount of workers, Ju Qian's regular work schedule is set up as such:

8 am – 12 pm work

12 pm – 1 pm rest

1 pm – 5 pm work

5 pm – 6 pm rest

7 pm – 8 pm work

Ju Qian's peak season work schedule:

8 am – 12 pm work

12 pm – 1 pm rest

1 pm – 5 pm work

5 pm – 6 pm rest

7 pm – 11 pm work

The factory has four sectors that are concentrated, and one sector is apart from the four. Some workers can get off work ten minutes early or late, thus separates workers' lunch and dinnertime.

Every morning and after dinnertime, workers are required to gather by their departments for a twenty-minute exercise and few safety announcements.

During the course of investigation, a forklift operator from factory number four says

“Our factory offers very little break, there's generally no break time during the peak season. Workers have to ask for leave if they want to rest, and the days off can only be up to four days within one month. When the factory is busy, workers generally cannot ask for leave. The only break time is only when power failure occurs. In terms of power failure however, sometimes Ju Qian would use its back-up generators in order to maintain production. Furthermore, many departments have two shifts, workers often are required to work two to three hours of overtime daily.

According to the factory gate's personnel office, its recruitment policy clearly states that when the factory is busy there is no rest time, and employees must follow the factory time schedule otherwise, it would be counted as unnoticed leave. It essentially became a reason why Ju Qian is having a difficult time recruiting workers.

In addition, in order to have a better understanding about the workers' work environment, we conducted interviews questioning about the work procedures at Ju Qiang,

1. Q: What are the work procedures for producing furniture?

A: This factory produces steel and wood furniture. The steps for steel furniture production are the followings: Shaping, bending, welding, polishing, painting, searing, packing etc. The steps for producing wood furniture are collecting materials, opening material (kai liao), sorting, spreading ash (shang hui), polishing, blowing (chui hui), trimming, taping, and sorting sand (ping sha).

2. Q: Can you briefly describe the number of workers in each department/workshop?

A: The polishing workshop has about 30 workers, carpentering workshop has about 200 workers, and other workshops have workers ranging from 150 to 200. However, I don't know the actual amount of workers in the factory.

3. Q: What is the production rate of the factory?

A: The factory does not produce assembled products. The packaging department only packages the furniture parts, and the parts are assembled after being exported to the destination. There are large package and small package, the department can assemble large package at 80-100 package/hour, and the small package usually can be produced at the rate of 120-150 package/hour. In addition, workers are responsible to cut materials every three second.

V . Work Benefits and Remuneration

Upon entering the factory as employees, the workers are only required to provide a health exam certificate, and the factory provides two sets of work uniforms with no charge.

There are three ways to calculate workers' pay at Ju Qian, hourly, piece-rate, and monthly. Hourly and piece-rate systems are the most common ways that regular workers are paid; this group of workers' work condition can also be determined by the piece-rate system. Hourly wage system is to ensure the workers' base wage. Currently, Ju Qian's base pay is ¥1200 RMB/month. If a worker's monthly piece-rate is under ¥1200 RMB/month, the factory will still offers ¥1200 RMB to the worker. However, if a worker continuously cannot meet the requirements for three months, then he/she will be fired.

Monthly salary is usually offered to employees at the management level, forklift operators, production managers, quality control managers etc. These workers' work performance cannot be determined by piece-rate system, thus their salary is generally calculated by monthly rate. In addition, the probationary period salary for these employees is ¥ 900/month.

Ju Qian's peak season is usually from January to April, and November and December, all other times are the slow season.

During the slow season, monthly paid workers receive approximately ¥ 1000 RMB. Piece-rate workers receive about ¥ 900 RMB. During the busy season, monthly paid workers' pay remains the same, however the piece-rate workers' salary are usually around ¥ 1700 RMB.

There is work evaluation in January, April, and September. A worker with good record can receive monthly bonus ranging from ¥30 to ¥200 RMB; it mainly depends on the relationship between the worker and the management department.

The factory enrolls workers in work-related injury insurance and pension. If an employee is enrolled in work-related injury insurance, a ¥ 70 - ¥ 80 RMB will be deducted from his/her salary. The factory adopts a voluntarily enrolment system, the factory does not voluntarily offers to enroll workers in any kind of insurance. Many employees fear for their unstable financial status after purchasing insurance. Thus, not many workers have insurance.

Ju Qian provides workers with a monthly ¥ 50 RMB award for full work attendance. Monthly paid workers are offered with a monthly living subsidy of ¥ 180 RMB. The factory has year-end bonuses, and longer working time leads to more money. A regular employee's year-end bonus is usually calculated by the months worked within the year. The total amount of bonus is calculated by the total work month * ¥ 20 RMB . Night shift workers receive a subsidy of ¥ 2 RMB for food costs.

Female workers have a three-month maternity leave. During vacation, Ju Qian offers workers base pay. Lunar New Year, May Day, and Nation Day, workers have three days of paid vacation, and one day for New Year's Day. (Paid based on the hourly wages standard).

It is very difficult for workers to leave or resign during the peak season; it usually requires a 30-day prior notice. If the position is unique, the factory usually will not approve requests. Workers often have to wait until the factory hires a worker with the same qualifications in order to be permitted to leave.

VI. Meal and Accommodation

Workers who reside in the factory dormitory are required to pay a ¥ 80 RMB/month accommodation fee. The factory provides monthly salary workers a subsidy of ¥ 80 RMB /month for accommodation expenses. In terms of meal, employees who eat at the factory only have to pay for what they eat. A meal is between ¥ 0.8 - ¥ 3 RMB. Workers state that the meals are standard.

A dormitory room usually houses around 10 workers, equipped with two electric fans, a toilet and a bathroom. Each floor has a place providing hot water.

VII. Safety Protection

The factory will enroll employees in work-related injury insurance. When new workers arrive on their first day, they will be required to have a health examination. On the second day, they are assigned to a dormitory room. The third day, workers are gathered to learn factory policy and other safety and training work.

Ju Qian generally assigns a skilled technician to repair and inspect the machines periodically. The factory workshop is a one story steel building, the ceiling is considerably low, and there are few electric fans. Workers often will quarrel over an electric fan. The factory is currently in the process of considering on installing air conditioning in certain sections.

Every section of the workshop has installed a large polluted air ventilation system that expels dust, dirt and gases from the workspace. In the polishing sector, the factory provides workers with safety glasses and respirators. However, there are still workers without proper safety equipment. In Factory number five, the lumber workers are only equipped with gloves and are not provided with dust-proof respirators.

VIII. Fines and Other Issues

The factory generally does not impose a system of fines. However, there are warnings, minor violations, major violations etc. Regular workers with three major violations will be immediately dismissed

Ju Qian has no trade union, nor any kind of worker organization. Workers with problems or objections generally would be able to express themselves at the factory's morning, evening, or overtime meetings.

During the course of the investigation, Ju Qian gave workers four days of vacation leave for Lunar New Year. Some departments demanded workers who work during the daytime to continue to work at night continuously for approximately 24 hours. Many employees were unwilling to comply with the overtime. However, in the end they were forced to work.

Workers are unlikely to be searched as they enter and leave the factory. However, if they do not take their work seriously, they will be lectured and verbally abused by the management department.

April 20, 2007

Dear friends,

Chinese workers need your help! We hope you will join our writing campaign to Conforama and IKEA to urge them to improve the working and living condition of their supplier factory's workers in China.

The following is an investigative report on one of the supplier factories for Conforama, a large furniture company in Europe, and IKEA. 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 Conforama and IKEA, the factory's primary clients, will take immediate measures to improve workers' working conditions in the factory and announce these improvements to the public.

We have found the problems as follows:

- I. Workers are not given the legally mandated rest time and holiday vacation
- II. Compulsory overtime and inadequate compensation for overtime work
- III. Workers work six days a week
- IV. Work related injury insurance is not purchased for workers as required by law

- V . One day of rest day during the peak season
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The present report is broken down as follows:

I. Factory Profile

II. Summary of Violations

III. Labor Contract

IV. Work Schedule

V . Work Benefits and Remuneration

VI. Meal and Accommodation

VII. Safety Protection

III. Fines and Other Issues

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:

- **Conforama:**

Christophe Cuvillier, CEO

Conforama SA.

80, bd du Mandinet – 77185 Lognes, France

Tél. : 0160952800

Fax. : 0160174026

E-Mail : lhannequin@conforama.fr

- **IKEA:**

Anders Dahlvig, CEO

IKEA Customer Relations

9930 Franklin Square Drive

Baltimore, MD 21236

Tel: 1-800-434-IKEA

Contact Online: <http://info.ikea-usa.com/IKEAContactUs/Contact.aspx>

Please following this letter to your friend