

# Investigative Report of HTNS Shenzhen Co., Ltd. (Huizhou Branch)

Friday, December 14, 2012

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## I. Company profile

HTNS Shenzhen Co., Ltd. (Huizhou Branch) (hereafter referred to as HTNS) primarily assembles Samsung cell phone covers and is a Samsung partner factory. The screen detector, punch press, and plastic crates in HTNS all have Samsung's logo printed on them. The manufacturing guidance manuals is also provided by Samsung. And some office personnel have "Samsung Huizhou" printed on their work IDs.

The scope of HTNS's operations include processing and assembly of electronic products, international shipping, loading, goods import-export, and technology import-export.



Workers standing

HTNS's old factory is located on Chenjiang Avenue, Chenjiang Township, Huizhou City. The new factory is located at Zhongkai Sixth Avenue and Chenjiang Avenue, Chenjiang Township, Huicheng District, Huizhou City.

HTNS has about 1100 workers. It runs more than 20 production lines during a day and night shift. One production line has 18 workers. After adding two floating workers, there are 20 workers on each line. There are two shifts, each of which works 12 hours. But there is also overtime above these 12 hours. There are various types of cell phones assembled, including i9300, i9500, and i515. Of those, i9300 has the largest production yield. This smartphone is sold for more than 3000 RMB on the market. One production line, including both day and night shifts, can turn out about 4400 cell phones in a day. Based on this number, we can conclude that the entire factory can produce about 110,000 cell phones in one day.

The primary links of the production line include: material staging, display detection, display and case bonding, motor installation, motor detection, screw application, camera installation, cameras detection, product quality inspection, and packaging. Other than screw application, all links in the line require workers to stand.

HTNS's primary suppliers include: Ruiyuan Tinajin Electronics, Huizhou Yuyuan Huayang Precision Parts, Huizhou Ou'erti Precision Parts, Dongguan Zhanmu Kangliao Technology, and Dongguan Jingsheng Precision Parts.

## II. Recruitment and resignation



People filling out forms as part of recruitment

## Recruitment

At 8:00 AM, people will begin lining up outside the factory. The HR department of the factory will lead people to the cafeteria where they will count people. After this, they will ask people to fill out resume forms. After this, each worker is asked some simple questions.

Recruitment is restricted to people under 40 years of age. Those with tattoos will not be hired. Those with long fingernails have to cut them.

## Training

In the morning, new recruits fill out resume forms. In the afternoon, they sign labor contracts. After this, newly hires are trained. At 3:30 PM, they are led into the cafeteria, and in this room that lacks both a television and projector, a person discusses some issues that workers should be aware of for 15 minutes. Another 15 minutes is spent explaining the production work. No time is spent on safety or health training.

## Recruitment health exam

There is a health exam fee to workers of 35 RMB which HTNS's HR department says goes to the hospital.

Three times per week, a car from the hospital comes to the factory to carry out examinations on newly hires. The HR department says, "Because we all use the same chopsticks, if we find that a person has any infectious diseases, then we have to ask that person to leave. If that person has been working in the company for a few days, then he will not receive any wages."

## Resignation procedures

There are two types of resignation forms: department and HR forms. Departmental forms need the signatures of the foreman, assistant director, and manager. The HR forms need the signature of

the manager. Resigning employees must write their reason for leaving. After that, she must return the appropriate things back to each department—e.g., keys, slippers, etc.

Aside from resignation forms, an employee still has to fill out a “Form on Resignating Employee’s Care Interview”, which also requires the signatures of the foreman, director, and manager. The interviewer is the HR manager. The interview has six parts: 1) reason for resignation, 2) problems with work, 3) views of negative work environment, 4) relationships with colleagues, 5) problems in work life, and 6) evaluation of managerial personnel.

The last line of the form reads: Resigning employees are valuable to our company. When we hear their true feelings, we are able to perfect our work, spurring the healthy, stable development of our company.

But in reality, resignation is difficult. Production managers often say: If you go, there’s no one to take your post. What would we do?The following are a few examples of people attempting to resign:

1. Luo Jianqiang, a 20-year old worker from Linchuan who began working after graduating from high school. After working at HTNS for three days, he was really tired, but he wasn’t able to successfully resign, resulting in him losing those wages.
2. Zhang Yang, a man who entered the factory with his wife, who like him is from Nanyang in Henan Province. After five days, his wife’s feet began to swell. He applied for resignation, but the factory wouldn’t approve it, forcing Yang and his wife to leave without any wages for the time worked. They do not want to work in any more factories that require workers to stand while working, but such work would require them to go back home.
3. Mei Sancheng, a person from Xinyang in Henan Province, worked at HTNS for 19 days before applying for resignation due to an urgent family issue. His resignation was denied, and he only received four days wages, equivalent to taking half a month of his wages.



Lai Xiaomin and Wu Xiaolan

### III. Child Workers

The factory uses labor dispatch companies to hire a portion of its workers. Some of these companies, for their own economic interests, will create fraudulent IDs in order to get child labor into HTNS, and HTNS doesn't carry out strict verifications. This has resulted in child workers and adult workers working together without sufficient concern for the children.

Child Workers Discovered at HTNS				
Name	Gender	Department	Work ID	Notes
Wu Xiaolan	Female	3P detection room	20120406	15 y.o.a. Hometown is Maoming, Guangdong.
Lai Xiaomin	Female	3P detection room	20120401	14 y.o.a. Hometown is also Maoming, Guangdong.
Liu Tiantian	Female	A09 Line		15 y.o.a. Many in the company know she's underage. Tiantian has worked at HTNS for three months.



Work IDs of Wu Xiaolan and Lai Xiaomin

The work IDs of Wu Xiaolan and Lai Xiaomin. Our investigator recorded a conversation with both of these girls in which they admitted to being under 16 years of age.

HTNS 赫那罗国际货运代理有限公司 人事登记表

应聘者填写) 申请职位: 期望月工资(含税): 面试日期: 是否有住宿( )

(人事记录) 入职日期: 部门名称: 身份证号: 手机号: 电子邮箱:

姓名	中文	性别	户籍性质	农村 <input type="checkbox"/>
	英文	出生日期	城镇 <input type="checkbox"/>	
婚姻状况	身份证号	手机		
宅电				
户籍地址				
现住址				
*特殊情况联系人	姓名	地址		联系方式

家庭成员:

姓名	年龄	关系	所在单位	联系方式

教育情况:

毕业院校	起止时间	学历	专业	证明人

培训情况:

培训机构	起止时间	培训专业	培训项目	所获证书	证明人

The factory registration and personal ID of Liu Tiantian obviously uses different photos.

The factory registration and personal ID of Liu Tiantian obviously uses different photos. The actual worker herself looks like the girl in the top photo, meaning that the personal ID is not hers.

## IV. Labor contracts

The legal representative for the company is Wang Yong.

The probation period is one month, after which a three-year contract is signed. Two copies of the contract are made, but workers don't receive a copy until they've finished three months of work.

## V. Working hours

Most workers work standing from 8:00 to 20:00 with an hour break for lunch, 40 minutes for dinner, and 10 minute breaks every two hours. Before work there is a morning meeting that requires workers to come 20 minutes early. After work, there is also a short meeting before lining up to swipe cards. The clock-out process is very slow, and it takes about 15 minutes for everyone to clock out.

During the peak season, workers' lunch break is reduced to just 30 minutes and the dinner to just 20 minutes. Sometimes the time it takes to get to the cafeteria to get food and come back alone take 10 to 15 minutes, leaving little time for eating and resting.

Shift	Working hours	Notes
Day shift	8:00 to 20:00	One hour for lunch and 40 minutes for dinner. After working for 2 hours standing, workers are allowed to rest for 10 minutes (20 minutes in one work day). There are no wages for these 20 minutes. For one day of work, workers are given wages for 10 hours of work.
Night shift	20: 00 to 8: 00 the second day	Including two meal and 20 minutes of rest, the night shift workers also get about 2 hours of rest overall that are not counted toward wages. Overall night shift workers are given wages for 10 hours of work per day.

## VI. Overtime

The investigation discovered forced overtime in HTNS. Some employees ask to stop working after 8 hours, but they rarely get the permission.

After 8 PM, if management believes that work isn't yet finished, then they will require workers to keep working. Sometimes, this will require another 3 or 4 hours of work. During the peak season, workers may do over 150 hours of overtime per month without rest on Sundays and sometimes working 14 or 15-hour days.

## VII. Production facility apparel

Workers must wear work uniforms when they are in the production facility. They are not permitted to wear their own clothing. Cell phones, cigarettes, and lighters are not allowed to be brought into the production facility. Workers must pass through a metal detector because metals are also not allowed in the facility. However, this only applies to workers as management can bring metal items into the facility. Workers are not allowed to wear belts, so they will use a rope and tie it around their waists.



Workers lining up to swipe their cards

## VIII. Attendance

When workers get on and off their shifts, they must swipe their cards to clock in and out. Here are a list of attendance-related rules:

1. If a worker is late three times in one month, then she is considered to have skipped worked.
2. Taking leave without proper approval is considered skipping work.
3. If a worker forgets to swipe her card and does not inform management in within two days, then it is considered skipping work.
4. The worker herself must swipe the card; she cannot entrust someone to do it for her, otherwise it is considered as fraudulent behavior in the record.
5. Workers should not be absent from overtime hours for no reason.
6. One skipped day results in two days' pay being deducted.
7. A worker will be fired for skipping two days in a row or for accumulating three skipped days in a year.

## IX. Compensation and benefits

### Wages

The base monthly wage at HTNS is 1200 RMB, but it's only 1120 RMB during the probation period. Workers can only obtain their wages through from the Huizhou branch of Chinese Construction Bank.

Workers do not need to swipe a card to eat in the cafeteria. Whether or not they use the cafeteria services, each worker has 50 RMB deducted from their wages each month for these services.



150 RMB is given to male workers each month because there is no male dormitory. Workers are given 50 RMB for perfect attendance. Annuals bonuses are given based on performance.

Wage item schedule		
Item	Amount	Notes
Base salary	1120 RMB and 1200 RMB per month	1120 RMB per month during the probation period and 1200 RMB per month beginning in the second month.
Overtime fees	1.5 times, 2 times, and 3 times base wage (for weekday, weekend, and holidays, respectively)	
Night shift subsidy	20 RMB per day	Distributed based on the number of night shifts workers. Only formal workers receive this subsidy, not dispatch workers.
High-temperature allowance	100 RMB per month	Given during high-temperature months.
Perfect attendance bonus	50 RMB per month	Leaving late or early, skipping work, taking leave, taking sick leave, or taking injury leave all count as marks toward perfect attendance.
Peak season subsidy	200 RMB per month	October, November, and December of each year.

Deduction item schedule		
Item	Amount	Notes
Meal fee	50 RMB per month	All employees, regardless whether or not one uses the meal services.
Uniform	58 RMB	If a work does not finish three months of work, then she must pay 58 RMB for the uniform. The uniform must be returned.
Health exam fee	35 RMB	Money given to a hospital that the factory has been cooperating with for a long time.

## Benefits

Dormitory rooms are provided for all female workers and dispatch workers. Male workers are otherwise not provided with living accommodations and are given 120 RMB as a living subsidy.

After work, life is monotonous. There are no cultural or other activities in the factory complex.



All factory windows have metal bars

## X. Occupational safety and labor safeguards

### Air pollution

In order to prevent thieves, the factory has installed prefab material around the manufacturing facility. The windows are closed tightly and there are only air conditioners and door vents. The result is a lack of proper ventilation and poor air quality.

### Fire protection



The fire hydrant lacks both an inspection time and a certification.

The fire hydrant lacks both an inspection time and a certification. There is only one fire extinguisher in the factory; it is rusty and empty.

Workers do not know whether or not there are fire drills.

## Medical

There is neither an infirmary nor medical kit in the factory.

## Labor safeguards

Workers who have to wipe down products with alcohol are not given gloves. The workers are not aware of the Labor Safety Committee in the factory.

# XI. Other penalties

## Deductions

If a worker loses her electrostatic ring, she is charged 10 RMB. If a worker scratches the paint off a phone, she is penalized 30 RMB on the spot. Management will penalize a worker 50 RMB if she takes too much rice and doesn't finish it. If a non-formal worker smokes in non-smoking areas, she will be penalized the entire month's subsidy, which may be as much as 200 RMB. Dispatch workers are fired for smoking in non-smoking areas. If a dorm room's lights are found to still be on after everyone is sleeping, everyone in the room is penalized 20 RMB.



A meal at the cafeteria

# XII. Meal and living conditions

## Meals

There is a cafeteria in the factory complex which is open 40 minutes for dinner and breakfast and one hour for lunch. Breakfast is usually stir-fried noodles. Lunch is composed of three dishes and rice; workers can take as much rice as they like. Workers think that the food isn't very good and there is too little meat in the dishes.

Although there are 1100 workers at HTNS, there are only three windows at which workers can get food, and workers must line up for 15 minutes before they can get their food. When work is extended and half of workers' lunch time is spent working, they must go to the cafeteria, line up, get their food, eat, and go back to the production facility in 30 minutes. It is very rushed.



A dormitory



Outside apartments

## Living conditions

The dormitory building in HTNS's new factory complex has two areas, one for formal female workers and another for dispatch workers. This 5-story dorm building is rented by the factory.

The space in dispatch worker dorm rooms is very tight. 6 to 8 people live in an area of 10 square meters. There is no water dispenser, so workers cannot get hot water and can only buy water in stores. The rooms do have neither balconies nor lockers for personal effects. Things are often lost and cell phones have been stolen.

Workers are not permitted to bring any food into the dormitories.

Before midnight, all lights and speakers must be turned off so as not to influence sleeping workers. Violators will be penalized 20 RMB.

## Outside apartments

These vary in size, price, and other attributes. Usually, an apartment will run between 150 to 300 RMB per worker. To rent an apartment, workers are often required to rent for at least 3 months. If they don't stay for that long, their one-month deposit won't be returned. Given the fact that many workers don't have much savings, many new workers will choose to live together with hometown friends or relatives, squeezing with one or two other people into one bed.



Dispatch company advertisement

## XIII. Dispatch Labor

HTNS uses many labor dispatch companies to hire workers, including Penghui Labor, Honghe Labor, Zhuorui Industry, Mingxin Labor, Zhongxing Labor, and Juyuan Labor. Labor dispatch companies' wages are varied; some are 8 RMB per hour while some are 8.5 RMB, including overtime. Dispatch workers can live for free in the dormitory, but they cannot enjoy any of the other benefits that

formal workers enjoy, such as the peak season subsidy or perfect attendance bonus. They also do not receive social insurance.

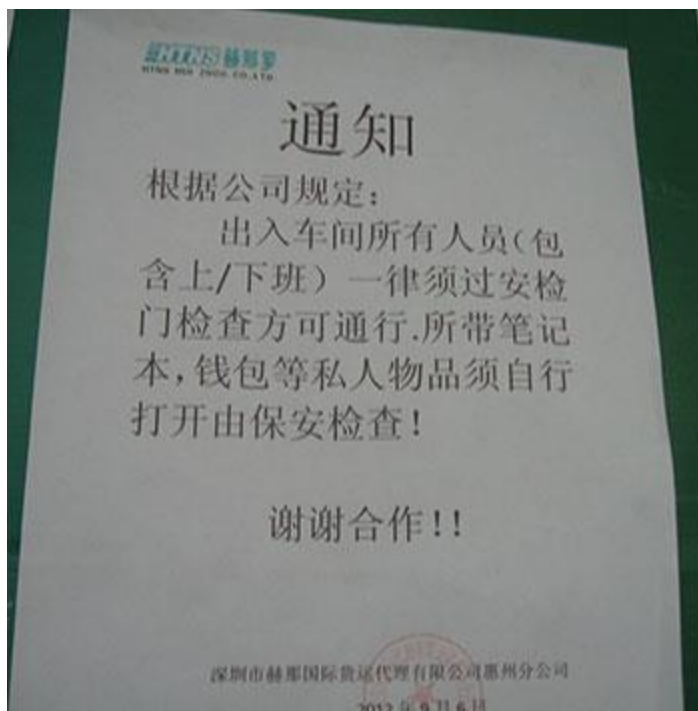
The ratio of formal workers to dispatch workers is 1:2. The HR department at HTNS also separates formal and dispatch workers; they are split into day and night shifts, so their interaction is minimal.

Dispatch companies advertise 9 RMB per hour for its workers, but in reality it's closely to 8 RMB because 200 RMB is taken every month by way of a management fee.

## XIV. Union

There is no union. When workers' rights are violated, there is no complaint channel. If workers cannot take it and cannot be approved for resignation, they simply leave and give up a part of their wages.

In the past, workers complained about a dispatch company's wage arrears to the local labor monitoring bureau, but it did not turn up any results.



The notice says that the guards will search the workers when they enter and leave the facility

## XV. Other issues

### Holding workers' IDs

When newly hires enter the factory, a person for the HR department will take their IDs in order to create a worker ID for them. But this person says, There is only one person doing this job, so it will be a bit slow. We cannot tell you for sure when your ID will be returned.

This can be interpreted as an excuse to hold someone's ID as a deposit.

## **Violation of privacy**

There is a notice in the production facility that says that any personal effects brought into the production facility, such as a notebook or wallet, must be opened and undergo the inspection of guards when workers enter and leave the facility.

## **Crude management culture**

Management will say unreasonable or crude things like the following:

Don't speak while working. If it doesn't have to do with work then it doesn't need to be said. We are not short of troublesome workers here. It's hard to get into the factory right now. Switching factories almost every day is not good for you either. I don't like it when workers are always asking for leave; if that's you, then I'll let you take an eternal vacation.

Always do what your supervisor orders you to do. Even if it is wrong, you must do it.

When there are meetings, management will often yell or curse people. Meetings are required to be done standing. Even though there are stools, workers are not allowed to sit.

There are 20 people on a production line and one line leader for each line. This line leader is always walking up and down the line watching workers, saying things like, you aren't allowed to sit, do your work and don't talk, or what's so funny.