



## Dongguan Elegant Top Shoes Co., payroll stub

Monday, October 1, 2001

This payroll stub is part of China Labor Watch's report on the Dongguan Elegant Top Shoes Co., which produces shoes for Reebok.

| Name                 | Zhang xx        | Zhang xx | Zhang xx | Zhang xx | Zhang | Zhang |
|----------------------|-----------------|----------|----------|----------|-------|-------|
| Basic wage           | 18.25           | 18.5     | 18.5     | 18.5     | 18.5  | 18.5  |
| On duty              | 21.7            | 23       | 21       | 21       | 23    | 20    |
| Overtime             | 24              | 36       | 3        | 36       | 36    | 36    |
| Overtime Weekend     | 40              | 50       | 32       | 54       | 30    | 52    |
| Overtime holiday     |                 |          |          |          |       |       |
| Absence              | Issues          |          |          |          |       |       |
|                      | Illness         | 2.5      |          | 8        |       |       |
|                      | No reason       |          |          |          |       |       |
|                      | Public holidays |          |          |          |       |       |
|                      | Special break   |          |          |          |       |       |
| Bonus days           |                 |          |          |          |       |       |
| Duty days            | 36.2            | 42.3     | 29.6     | 41.3     | 37.3  | 39.8  |
| Late and early leave |                 |          |          |          |       |       |
| Full duty            |                 |          |          |          |       |       |
| Others               |                 |          |          |          |       |       |
| Gross                | 660.7           | 782.6    | 547.6    | 764.1    | 690.1 | 736.3 |
| Meal and dorm        | 60              | 60       | 58       | 60       | 60    | 60    |
| Fines                |                 |          |          |          |       |       |
| Welfares             | 15              | 15       | 15       | 15       | 15    | 15    |
| Labor Administration |                 |          |          |          |       |       |
| Tools                |                 |          |          |          |       |       |
| Others               |                 |          |          |          |       |       |
| Deposit              |                 |          |          |          |       |       |
| Medical fund         | 2               | 2        | 2        | 2        | 2     | 2     |
| Factory ID           |                 |          |          |          | 1     |       |
| Net                  | 583.7           | 705.6    | 460.6    | 687.1    | 612.1 | 659.3 |

A worker's payroll stubs from October 2000 to June 2001 were received and only six months' stubs are used here.

1. The wages are calculated by day. The factory administration does not obey the minimum wage standard in Dongguan. The daily pay for new workers is as low as 16 Yuan (or 1.95 US dollar).

The basic wage of a new worker is 16 Yuan or 1.95 US dollar.<sup>[1]</sup> The average hourly wage is 18 Yuan or 27.4 US cents, while the minimum hourly pay rate is 31.2 US cents.<sup>[2]</sup> The factory does not pay even minimum wage to the workers. The minimum monthly pay is 450 Yuan

but the factory only gives the workers 400 Yuan.

The factory uses a daily pay rate. An average worker in the shape formation section gets 18 Yuan per day, if he or she works 22 days a month, he or she can earn 396 Yuan. The skilled workers, such as in the sewing sections, have a daily pay rate is 20 or 22 Yuan according to his or her skills. These wages will be adjusted every six months and are mostly decided by the team leaders. Some workers get 0.25 Yuan and some get 0.50 Yuan.

A typical wage slip of Mr. Zhang is attached in this report. For the month in which Mr. Zhang got his largest wages, his basic daily wage is 18.5 Yuan and he worked 23 days in this month. His gross pay was  $18.5 \times 23 = 425.5$  Yuan.

His overtime hours are 36 hours, which include the extended work hours in Mondays, Tuesdays, Thursdays and Fridays. According to the Chinese Labor law, the extended work rate should be 1.5 times of the normal work hours. The 36 extended work hours should be equal to  $36 \times 1.5 = 54$  normal work hours, i.e., the workers should earn 54 hours wages if they work for an extended term of 36 hours.

Mr. Zhang worked for 50 hours during the five Saturdays in this month. According to the Chinese Labor Laws, the pay rate for weekend extended hours should double the normal rate. In these Saturdays, Mr. Zhang earned 100 hours normal work wages.

The sum of the 54 hours from weekday extension and 100 hours from weekend extension work is 154 hours, which correspond to 19.3 working days according to an 8 hour work day. So his total overtime should be:  $18.5 \times 19.3 = 357.1$  Yuan.

The gross income for Mr. Zhang in this month is the normal work pay of 425.5 Yuan plus the extension work pay of 357.1 Yuan, or 782.6 Yuan (\$95.4).<sup>[2]</sup>

## 2. About 9.3 dollar will be deducted from the monthly wage as miscellaneous fees.<sup>[2]</sup>

The meal and dormitory fees of 60 Yuan will be deducted from every worker's income, as well as 15 Yuan welfare fee and 2 Yuan medical fund. The net income is obtained after these deductions. For Mr. Zhang, in the shape formation section, his gross income is 782.6 Yuan but the net income is  $782.6 - 60 - 15 - 2 = 705.6$  Yuan or \$86 US.

His net income in the six months is  $705.6 + 460.6 + 583.7 + 687.1 + 612.1 + 659.2 = 3708.3$  Yuan, and on average his monthly income is 618.05 Yuan, equivalent to 75.37 US dollars.

A worker's payroll stubs from October 2000 to June 2001 were received but only six months' of the stub is used here.

A worker with one year's experience can earn 75.37 US per month, and for two years experience 80.6 US per month. In general, the group leaders earn 130 to 150 US per month, as their daily wage is 31 Yuan or \$3.7 US. The team leaders' daily wage is 42 Yuan or \$5.1 US and they earn 200 to 230 US monthly. The department leaders' month income ranges from 410 to 500 US.<sup>[2]</sup>

The working conditions in this factory are far worse than the nation-owned factories in Dongguan. In a national-owned factory, a worker works 176 hours per month with minimum monthly wages of 750 Yuan, along with medical insurance, welfare and employment insurance and pension plan. The workers in Elegant Top Shoes Co., Ltd have to work 270 hours with an average wage of 610 Yuan without any welfare.

The actually income level is only half that of the nation-owned factories. The wages of Elegant Top Shoes Co., Ltd workers are 50% less than the workers in Nestle Coffee Factory in Dongguan, which located 800 meters away.<sup>[1]</sup>

## Notes

[1] Investigation conducted by Li Qiang from February 1999 to February 2000

[2] The activists in this factory in corresponding to Li Qiang's request from US. The answers to the questions were received by June 15th, 2001.