

**HOW HASBRO, MCDONALD'S, MATTEL AND DISNEY
MANUFACTURE THEIR TOYS**

**Report on the Labor Rights and Occupational Safety and Health
Conditions of Toy Workers in Foreign Investment Enterprises
In Southern Mainland China**

**Hong Kong Christian Industrial Committee
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Executive Summary

From August to October 2001, the Hong Kong Christian Industrial Committee (HKCIC) conducted a research on the occupational safety and health (OSH) conditions and consciousness of workers employed in the manufacture of toys for export in Guangdong province of mainland China. 93 workers were interviewed with a questionnaire that focussed on the OSH and related issues. The research covered more than 20 toy plants of varying sizes out of which 8 major supplying toy companies/corporations were identified for detailed research. 7 of them belonged to Hong Kong based corporations and one belonged to South Korean capital. The largest manufacturing company and its subsidiaries employed about 25,000 workers, while the smallest one had about 300 workers. All of them were operating in the major industrial cities in Guangdong province, namely Shenzhen, Dongguan, Guangzhou and Nan Hoi. They were all suppliers to prominent toy companies, retailers and brand names in the world, namely Hasbro, McDonald's, Mattel and Disney. A rough estimation shows that the above trans-national toy giants share more than 50% of the global toy market.

It should also be noted that the above brand name toy companies have been contracting the manufacture of toys all over the world and all of them have developed comprehensive company codes of conduct or ethical business principles to regulate their global suppliers. All of them have been relying on either an internal monitoring system or commercial social auditors in conducting factory audits or inspection on the labor and OSH standards of their global suppliers. Yet, aside from violations of the Chinese Labor Law regarding wages and working hours, the research found that the OSH conditions at the 20 supplier plants were far from satisfactory. Not only was the Chinese Labor Law and the industry's social code (ie the International Council of the Toy Industry or ICTI's Code of Business Practice) violated, each individual company's code of conduct was poorly observed. There was a general lack of OSH provision and consciousness amongst both the workers and the management personnel at the factory level. In some cases, the working conditions as well as the OSH problems were so serious that grave concern was called for.

The HKCIC has studied and compared the company codes of conduct or ethical business principles of Mattel, Hasbro, McDonald's, Disney, as well as the ICTI Code of Business Practice. It is found that all these giant toy companies propagated their commitment to work with their suppliers all over the world in implementing the company codes of conduct or ethical business principles. The question is what goes wrong here? Interviews with toy workers provide evidence of the failure of a lot of code monitoring or ethical standards auditing, both internal and external. The bitter irony is that about 90% of the interviewed workers report that they do not know what company code of conduct or ethical business principles are.

Since 1996, the HKCIC, in collaboration with the Asia Monitor Resource Center (AMRC) and the Coalition for the Charter on the Safe Production of Toys, have released a number of reports on the working conditions of mainland toy factories that contracted manufacturing for the world's top toy labels, including Mattel, Hasbro, McDonald's and Disney.¹ Violations of the Chinese Labor Law, the ILO (International Labor Organization) core labor standards as well as the ICTI Code of Business Practice, are persistent in the export toy industry in mainland China. Nor is the failure of toy companies' voluntary codes and the monitoring system a newly discovered thing. On top of wages and working-hours violations, the safety and health of millions of workers employed in the export toy industry in this country remains an important but long forgotten issue. Of the million-strong workforce employed in the toy industry, an absolute majority of them are migrant workers coming from inland provinces and most of them are women workers. Incidences of industrial accidents or the acquiring of chronic occupational diseases could mean deaths, loss of working ability or equally terribly, the carrying of chronic diseases back to the home provinces as these migrant workers finished their short service term in the foreign owned toy plants. Compensation for industrial injury or accidents is usually below the labor law standards. Treatment for injuries or occupational diseases is, in most cases, improper or limited. On top of them, the OSH problems are, very often than not, neglected by the workers themselves, the plant management and the trans-national toy companies that place orders. The result is repetition of human tragedies, many of which are not made known to the general public.

¹ Two reports, namely "Labor Rights Report on Hong Kong Invested Toy Factories in China No.1" and "Labor Rights Report on Hong Kong Invested Toy Factories in China No.2" edited by AMRC for Coalition for the Charter on the Safe Production of Toys were released in 1996 and 1997 respectively. "The Working Conditions of the Toy Industry in China" written and edited in the same collaborative effort was released in 1999. In August 2000, the HKCIC released a report on McDonald's, named "McDonald's Toys – Do They Create More Fun or Exploitation". Later in the same year, HKCIC released the "Beware of Mickey" report on the conditions of Disney workers in China. In December, the AMRC released a report on the monitoring system of Mattel, named "Monitoring Mattel: Codes of Conduct, Workers and Toys in Southern China".

While the giant trans-national companies in the toy industry have been propagating their social responsibility to the international community, the responsibility of actually implementing the ethical business standards, including paying the costs and building infrastructure for observing such standards, are largely shifted to their global suppliers along the production chain. On the ground level, we witness rather the persistence of social irresponsibility.

The HKCIC believes that the toy retailers and brand name companies should be held responsible for the labor rights abuses and OSH problems of the toy workers employed by their supplier plants in mainland China. These mainland workers may not have a contract with Mattel, Hasbro, McDonald's or Disney, but every day they are manufacturing semi-finished or finished products that bear the labels of these trans-national toy giants. The order placing practices of these trans-national companies (including the bid to the bottom pricing practice, zero inventory and just-in-time production) should be held largely responsible for the long working hours, low wages as well as safety and health hazards that are found at the supplying factory level. The practice of trans-national companies in contracting out social responsibility and industrial accidents via the global sub-contracting system will not be accepted by the international community that is increasingly concerned with labor and social standards.

The HKCIC believes that both the trans-national toy companies as well as their suppliers have the responsibility in seeing that the Chinese Labor Law as well as the voluntary codes of conduct or ethical business standards of the toy industry be implemented in real terms. The trans-national toy retailers and brand name companies that determine the pricing and delivery lead time of the actual manufacturing of toys should take up a larger share of liability. They should demonstrate their commitment by evaluating their order placing practices that, eventually are responsible for the labor rights abuses and OSH problems found at the supplying factory level.

The HKCIC demands that, both the trans-national toy companies and their suppliers,

- 1. Develop both long and short term plan of corrective actions, to address and eventually eliminate the occupational safety and health hazards found at the work place.*
- 2. Comply with the Chinese Labor Law and improve the working conditions of toy*

workers.

3. *Set up occupational safety and health committees with workers representation and participation at the factory level to monitor the safety and health conditions in the manufactures of toys.*

4. *That the Hong Kong Toy Manufacturers' Association and the Hong Kong Toy Council develop a plan of occupational safety and health education that aims at improving the consciousness of toy workers towards safety and health issues, as well as their legal rights. Such a platform should be open to NGO participation.*

Statement on the Presentation and Usage of this Report

The HKCIC would like to make a clear statement here regarding the objectives, presentation and usage of this report.

1. This report is published to give a general illustration of the problems regarding the OSH and working conditions of toy workers that manufacture for the world's top brand name companies, namely Hasbro, McDonald's, Mattel and Disney.

The HKCIC, as well as concerned international communities, would condemn any penalizing actions, or gestures which would result in a penalizing effect, that might be taken up by the above 4 brand name companies towards the 20 supplying factories that are currently employing a 90,000 strong work force. Any utilization of the report information that results in a simple cut and run action by the concerned brand name companies that would lead to the closing down of the supplier factories and mass unemployment of the toy workers would be condemned and exposed to the international community.

In August 2000, McDonald's consented to the termination of contract with City Toys, a premium toy supplier operating in Shenzhen, mainland China. The move was made after the release of HKCIC's report on the gross violations of labor rights and South China Morning Post's coverage of the use of child labor at City Toys. The cut and run act resulted in the closing down of 4 subsidiary plants of City Toys and the immediate lay off of tens of thousands of workers without due compensation. In a meeting HKCIC had with the Corporate Responsibility Department of the McDonald's headquarters in HK in November 2000, HKCIC demanded reinstatement and compensation to City Toy workers. It was met with rejection and a clear statement from the McDonald's representative, declaring that the City Toy workers were not McDonald's workers. Having learned about how fragile a ground lies corporate responsibility, and not wanting to see a repetition of the same disaster,

HKCIC has no choice, but to veil the names of the 20 supplying factories that are covered in this report. The supplying factories are named by alphabets as Factory A, Factory B etc. They could be identified with the toy labels they were manufacturing. It should be noted that such arrangement would, in no way, diminish the responsibilities the brand name companies have for their suppliers.

All the individual names quoted in this report are pseudo names. This is to avoid retaliation on individuals for expressing their opinions during the interviews.

In this report, reference to monetary terms are made first in the currency used in mainland China ie. RMB. Conversion to US dollars is made at an approximate exchange rate of 1USD = 8.3RMB.

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I. THE HONG KONG TOY INDUSTRY AND THE INTERNATIONAL SUB-CONTRACTING SYSTEM

The Hong Kong toy industry started in the 1950s. In the beginning, the operations were small and depended heavily on manual labor. In 1967, the biggest factories in Hong Kong employed around 1,500 workers.

A. Playing the OEM Role

In the early seventies, the industry saw rapid development as production was diversified from stuffed toys and wind-up toys to battery-operated toys and later, electronic and even interactive toys. In 1977, Hong Kong had 1,629 plants producing toys and games. The number grew to 2,244 in 1982. From late seventies to early eighties, the industry saw a turning point as major multinational toy companies, such as Hasbro and Tonka, started to set up offices and move their production to Hong Kong. They set their eyes on Hong Kong because of the low production and labor cost. Gradually Hong Kong manufacturers played the OEM (original equipment manufacturing) role to US, Japan and European toy companies shifted to focus on design and innovation as well as the ownership of toy labels via mergers and take over. That gave Hong Kong manufacturers the opportunity to export to overseas market without bearing the marketing risks. A number of toy companies emerged to become OEM partners to big multinational toy companies.

B. Moving to Mainland China

In the early 80s, 2,200 toy factories employing 51,716 workers were found in Hong Kong. The number of workers dropped to 46,198 by 1987 and further to 3,437 in 1997 – a result of the rising production and labor cost in Hong Kong. The open door policy of China starting 1979 helped Hong Kong manufacturers solve the problem by shifting the production base of toys to the Pearl River Delta of Guangdong province of mainland China. Today, it is estimated that only about 2% of the total volume of Hong Kong's toy export is made in Hong Kong. The rest comes from China. A survey done by the HKTDC in 1997 revealed that almost 95% of HK toy manufacturers had relocated their production facilities to the Chinese mainland. The Hong Kong Trade Development Council (HKTDC) reported that, about 3,000 HK toy companies were estimated to be operating in HK and the Chinese mainland.² The estimated number

² P1, "Practical Guide to Exporting Toys for HK Traders", March 1999, published by HKTDC Research Department.

of workers employed by HK toy companies was around 3 million. Figures from the Hong Kong Census and Statistics department shows that export of the toy industry reached US\$91.5 billion in year 2000.

C. The International Sub-Contracting System of Toys

The US, being the largest market for consumer goods in the world since the cold war, is also the host of the world's biggest toy companies. Since the 60s, American toy companies have been sub-contracting the production of toys to Asian countries. Their first stop was Japan and in the 1970s, it was Hong Kong.

The manufacture of toys was then broken down into processes which allowed for an international division of labor and the emergence of trans-national toy companies. A simplified production chain is drawn as such:

Concept – R&D – Design – Sample – Testing – Manufacturing - Marketing

Production processes that are less profitable were contracted out to wherever the cost is cheap. The higher end of the production chain, for instance design as well as R&D, are taken up by the trans-national toy companies because of higher value-added-ness and thus a better profit margin. The increasing importance of patent rights aggregates this uneven distribution of profit margins.

On the other hand, as trade becomes not only international but global, production (especially over-production) becomes more and more dependent on consumption. That necessitates good access to big overseas consumer markets for instance the US, Europe and Japan. The other end of the production chain, ie, distribution and marketing, also becomes increasingly important. Retailers, especially global chained retailers like ToysRus and Wal-Mart, dominate the picture³. According to the Toy Manufacturers of America in 1999, the average gross profit of toys taken by retailers is about 33%.⁴

The production chain of the toy industry, composing of sectors that have uneven value added-ness and different profit margins, is more a hierarchy than a chain.

³ In 1996 and 1997, ToysR' Us was the biggest traditional toy retailers in the US, taking up a market share of 18.9% and 18.4% respectively. This was followed by Wal-Mart that had 15.3% and 16.4% market share. The situation changed in the past two years. Wal-Mart surpasses ToysR' Us to become the biggest toy retailers in the US market.

⁴ P.29, "Practical Guide to Exporting Toys for HK Traders", March 1999, HKTDC Research Department.

Toy Retailers (eg ToysR' Us, Wal-Mart)

?

License / Brand Name Owners (eg Disney)

?

Trans-National Toy Manufacturers (eg Mattel, Hasbro)

?

Sub-Contracting Toy Manufacturers (OEM Toy Manufacturers)

The chain remains the same hierarchical when placed against the geographical background.

Retailers (US, Japan, Europe)

?

License / Brand Name Company (US, Europe, Japan)

?

Trans –National Toy Companies (US, Europe, Japan)

?

OEM Toy Companies (Hong Kong)

?

Production Facilities (Mainland China, Vietnam, Thailand, Mexico etc)

How is profit distributed down the hierarchy? How is responsibility, particularly social responsibility, shared down the hierarchy? If the globalization of (toy) production of trans-national (toy) companies is said to have created jobs to developing countries, why is it that only low-end, exploitative jobs are contracted out, and the profit hierarchy has not been changed at all? Who will be next after Hong Kong and China? Will the race-to-the-bottom-game end?

D. Changing Landscape

To acquire a larger market share and to remain competitive in the manufacturing of toys, aggressive trans-national toy companies start to either move upstream to buy more licensed products; or move horizontally to acquire other ODM toy companies. Since mid 1980s, Hasbro for instance, has been acquiring license companies and other toy companies such as Kenner, Parker Brothers, Tonka, Larami, MicroProse, Galoob, Tiger Electronics, Oddzon and Cap Toys, Bludbird and Atari etc. The company is

also the licensee to a number of frenzy hit characters or series, like the Star War series, Telebubbies, Spice Girls, Pokemon, and recently Harry Porter. Mattel has acquired Fisher-Price, Tyco, and Pleasant Company etc.

Besides vertical integration, the toy industry is closely linked with the entertainment industry. Huge license fees are paid to giant entertainment corporations like Warner Brothers and Disney and to manufacture toys based on TV series and cartoon movie characters. In the last 20 years, a close link was built between the toy manufacturing industry and the fast food industry. Global fast food chains like McDonald's comes into the scene. Premium toys are produced to promote the chain store's business.

What happens is that the industry is controlled in a small number of giant players. They include trans-national toy retailers that dominate the marketing of toys in the world's most important toy markets, a few entertainment or fast food giants that hold license to popular product lines or labels. And a number of prominent trans-national toy companies. The toy industry remains highly concentrated at the top of the pyramid. It is estimated that the top 50 toy companies in the US have captured about 90% of the market sales of the US, which is also the world's single biggest toy market. These include names such as Mattel, Hasbro, Galoob Toys, Toy Biz ... , to name but a few.⁵

E. Contracting Production

To take a more focussed look at the manufacturing sector of the production hierarchy, the sub-contracting of toy production takes place via various channels.

Trans-national toy companies, toy retailers and license companies that own no production facility, may place orders with OEM toy companies through:

- 1) The local or regional buying office, eg Disney, Mattel and Hasbro
- 2) Agents or promoting companies, eg McDonald's
- 3) Trading companies, eg Li & Fung also sources production for Disney
- 4) The importer

There are problems associating with different ways of contracting production.

1. Contracting production via a middleman may further squeeze the price down the chain. The lower the price the middleman offers, the higher the profit margin he

⁵ P21 "Practical Guide to Exporting Toys for HK Traders", March 1999, HKTDC Research department.

can get. The middleman helps largely in racing the price to the bottom.

2. Profit maximization being the objective, the buying office (of a trans-national toy company) would “naturally” seek for the lowest price. The interests of the company’s buying office may clash with the social responsibility commitment of the mother company.

F. Trends in the Toy Industry

As global competition for greater market share and for cheaper production and labor cost continues, the toy industry has been re-engineered to meet the grand challenge. These changes will be directly responsible for worsened conditions for manufacturing toy workers.

1. Mergers and Acquisitions of Toy Companies

In light of a rising trend of merging activities of trans-national toy companies, their bargaining power is further enhanced vis a vis the supplying companies. To survive, the supplying companies are forced to be more and more “competitive”, in terms of price, quality, lead time etc.

2. “The Retailers’ market”

The greater concentration in the retail sector in the US and Europe, results in a continued squeeze on prices, while shorter life cycle of toys has increased the risk of product development.⁶ In order to be more competitive, retailers need a small inventory and a responsive supply that can capture the whims of the market. The risk of inventory is gradually shifted to the manufacturers. Orders will be placed just before the shopping season begins.

G. Industrial Re-Engineering and its Relation to the Working Conditions of Workers in China

1. *Just-in-time delivery*

Small orders with short delivery lead-time are placed with manufacturers as buyers wait to see the market response. By adopting just-in-time inventory systems, overseas buyers may put more pressure on toy manufacturers for smaller orders and shorter delivery time. “It places the burden of inventory management on the toy manufacturers, complicating their already tricky timing

⁶ Trade Watch, April 2000, HKTDC Research Department.

exercise during the holiday season.”⁷

The following table is about the delivery lead time given by the four trans-national companies, Mattel, Hasbro, Disney and McDonald’s to their OEM suppliers. The time is taken as between the placing of the order and the delivery of goods on board. Thus only the time spent on manufacturing the particular product is taken.

Table 1: Delivery Lead Time

No.	Product Type	Delivery Lead Time (in week)	Order Quantity
1	Action Figure	2	5040
2	Doll	2.5	7200
3	Figure	2.5	10800
4	Doll	4	11520
5	Electronic Toy	4.5	35160
6	Plush	5	8640
7	Electronic Plush	5	12960
8	Electronic Plush	4	11890
9	Action Figure	5.5	47800
10	Activity Toy	6	24000
11	Plush	7	5004
12	Plush	7	5004
13	Plush	7	6960
14	Plush	7	4008
15	Plush	5.71	4998
16	Plush	6.57	4998
17	Plush	5.71	4992
18	Plush	6.57	5004
19	Plush	5.71	4998
20	Plush	6.57	5004
21	Plastic Playset	4.14	12784
22	Electronic Robot	2	24996
23	Electronic Interactive Doll	4.43	50004
24	Electronic Interactive Doll	2.57	6000
25	Plastic Playset	4.71	20001
26	Plastic Playset	n/a	n/a
27	Plastic Playset	n/a	n/a
28	Doll	n/a	n/a
29	Activity Toy	n/a	n/a
30	Baby Playset	n/a	n/a
31	Plastic Toy	5	10008
32	Plastic Playset	6.57	25008
33	Toy Watch	2	10754

⁷ P7, Practical Guide to Exporting Toys for HK Traders, March 1999, TDC Research Department.

34	Wire Control Car	2	1200
35	Projector Dome	6.43	n/a
36	Plastic Toy	5	n/a
37	Plastic Playset	5	n/a
38	Action Figure	5	n/a
39	Action Figure	6	n/a
40	Plastic Toy	4	n/a
41	Plastic Playset	4	n/a
42	Plastic Playset	4	n/a
43	Plastic Toy	4	n/a
44	Plastic Toy	4	n/a
45	Plastic Toy	4	n/a
46	Electronic Interactive Doll	2	2100
47	Electronic Toy	2.14	5500
48	Electronic Interactive Doll	1.86	48000
49	Electronic Interactive Plus	1.43	4400
50	Electronic Interactive Doll	1	4000

(Source: toy manufacturers in Hong Kong)

Take the case of the production of electronic robot (no.22), only 2 weeks were given for an order quantity of 24996 pieces. Of course there are a lot of factors that are absent at this stage to help evaluating the delivery lead time, such as the production capacity of the supplier plant and the steps that are needed to produce the product. Yet, the figures still give us a glimpse on the tight production schedule of the toy industry and its workers. The following question should rather be directed to the 4 trans-national toy companies, namely Hasbro, Mattel, McDonald's and Disney:

How are orders placed with the suppliers?

How do the 4 companies balance just-in-time delivery with the company commitment to comply with the Chinese Labor Law with regard to limiting working hours to not more than 40 a week?

2. Pricing

The pricing of a piece of toys, hard or soft, in general is composed of the following: labor, depreciation, raw material and overhead. In a buyers' market that pits manufacturers against manufacturers, workers against workers and countries against countries, prices race to the bottom.

The following information shows the percentage of direct labor cost (take-home-pay for workers) over the retail price of a number of toy products

produced by Mattel, Hasbro, McDonald's and Disney in facilities in mainland China.

Table 2: Direct Labor Cost Percentage

No.	Product Type	Direct Labor Cost	Retail Price	Direct Labor Cost / Retail Price %
1	Action Figure	US\$0.659	US\$11.99	5.5
2	Doll	US\$0.46	US\$9.99	4.6
3	Figure	US\$0.21	US\$7.49	2.8
4	Doll	US\$0.561	US\$16.99	3.3
5	Electronic Toy	US\$0.81	US\$44.99	1.8
6	Plush	US\$0.168	US\$6.99	2.4
7	Electronic Plush	US\$0.387	US\$15.49	2.5
8	Electronic Plush	US\$1.188	US\$43.99	2.7
9	Action Figure	US\$0.148	US\$4.49	3.3
10	Activity Toy	US\$0.105	US\$14.99	0.7
11	Plush	US\$0.367	US\$9.99	3.67
12	Plush	US\$0.368	US\$9.99	3.68
13	Plush	US\$0.36	US\$10.99	3.28
14	Plush	US\$0.382	US\$9.99	3.82
15	Plush	US\$0.175	US\$6.99	2.5
16	Plush	US\$0.175	US\$6.99	2.5
17	Plush	US\$0.175	US\$6.99	2.5
18	Plush	US\$0.175	US\$6.99	2.5
19	Plush	US\$0.267	US\$9.99	2.67
20	Plush	US\$0.175	US\$6.99	2.5
21	Plastic Playset	US\$0.264	US\$10.99	2.4
22	Electronic Robot	US\$0.539	US\$76.99	0.7
23	Electronic Interactive Doll	US\$0.87	US\$29.99	2.9
24	Electronic Interactive Doll	US\$0.26	US\$64.99	0.4
25	Plastic Playset	US\$0.273	US\$12.99	2.1
26	Plastic Playset	US\$0.216	US\$11.99	1.8
27	Plastic Playset	US\$0.245	US\$34.99	0.7
28	Doll	US\$0.144	US\$11.99	1.2
29	Activity Toy	US\$0.14	US\$19.99	0.7
30	Baby Playset	US\$0.175	US\$24.99	0.7
31	Plastic Toy	US\$0.045	US\$4.5	1
32	Plastic Playset	US\$0.094	US\$12.5	0.75
33	Toy Watch	US\$0.035	US\$1.99	1.76
34	Wire Control Car	US\$0.264	US\$27.2	0.97
35	Projector Dome	US\$0.215	US\$24.99	0.86
36	Plastic Toy	US\$0.17	US\$4.99	3.4
37	Plastic Playset	US\$0.4	US\$7.99	5
38	Action Figure	US\$0.323	US\$7.69	4.2
39	Action Figure	US\$0.172	US\$5.39	3.2
40	Plastic Toy	US\$0.517	US\$10.99	4.7
41	Plastic Playset	US\$0.32	US\$7.99	4

42	Plastic Playset	US\$0.407	US\$7.99	5.1
43	Plastic Toy	US\$0.17	US\$3.69	4.6
44	Plastic Toy	US\$0.192	US\$3.99	4.8
45	Plastic Toy	US\$1.78	US\$4.69	3.8
46	Electronic Interactive Doll	US\$0.831	US\$24.99	3.33
47	Electronic Toy	US\$1.314	US\$27.99	4.7
48	Electronic Interactive Doll	US\$2.454	US\$99.99	2.45
49	Electronic Interactive Plus	US\$0.73	US\$24.99	2.92
50	Electronic Interactive Doll	US\$0.82	US\$19.99	4.1

(Source: from toy manufacturers in Hong Kong)

None of the above cases show the four trans-national companies as paying more than 6% of the retail price of their products to the Chinese workers. In the most extreme case, only 0.4% or US\$0.26 was paid to the workers for the electronics interactive dolls that were sold at US\$64.99.

Can Mattel, Hasbro, McDonald's and Disney be sure that the less than 6% direct labor cost / retail price is enough to pay the minimum wage and legal overtime compensation to a Chinese worker that works 14 –16 hours a day in the peak season?

3. Job Insecurity

Seasonality is obvious in the toy industry and this applies to both the US and European market. The retailing system in the US and the toy business rely heavily on the holiday season of conscience. And Chinese workers work long hours just to support the December shopping craze. Lately, there is a tendency to push the holiday season to just a few weeks before Christmas. The holiday season of shopping is compressed due to keen competition and the reliance on just-in-time delivery. That means the peak season for toy production has a tendency to becoming shorter and drawn closer towards the end of the year. On the part of Chinese workers, it means more irregular and fragmented work as well as unstable employment. Visits to toy factories in China during the slack period give a stark contrast to the scenario in the peak season. Up to half or two-third of the workforce would be laid off during the slack season.

The table below shows the seasonal demand pattern for a total of 21 toy products of Mattel, Hasbro, McDonald's and Disney in the year 2000. As shown, July – September is the peak season for toy production in the mainland facilities that produce the four labels. It should be added that on top of the seasonality is the

popularity of the particular toy. The demand for interactive doll (no 48) demonstrates a big fluctuation. It rises from 2.66% in the second quarter to the peak of 84.88%. From there drops to 12.47% in the last quarter. Similar fluctuations can be observed with item 3, 24 and 34.

Table 3: Year Demand Pattern (Year 2000)

No.	Demand Pattern (in%)	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
1	Action Figure	13.3	22.5	44	20.2	100
2	Doll	11.3	19	47	22.7	100
3	Figure	9	22	56.3	12.7	100
4	Doll	12.5	24	47.5	16	100
5	Electronic Toy	13.5	20	47.5	19	100
21	Plastic Playset	18.5	22.4	47.2	11.9	100
22	Electronic Robot	20	14.4	50.6	15	100
23	Electronic Interactive Doll	18.7	29.7	27.8	23.8	100
24	Electronic Interactive Doll	6.1	25.4	53.9	14.6	100
25	Plastic Playset	12	20.7	53.7	13.6	100
31	Plastic Toy	17.45	22.61	38.58	21.36	100
32	Plastic Playset	11.56	63.77	4.9	19.77	100
33	Toy Watch	20.59	30.81	24.81	23.79	100
34	Wire Control Car	35.27	2.72	37.41	24.6	100
35	Projector Dome	1.51	25.8	41.8	30.89	100
	N/a	10	18	55	17	100
46	Electronic Interactive Doll	10.33	6.08	63.09	20.5	100
47	Electronic Toy	5.95	10.51	68.87	14.67	100
48	Electronic Interactive Doll	0	2.66	84.88	12.47	100
49	Electronic Interactive Plus	14.26	13.41	63.93	8.4	100
50	Electronic Interactive Doll	9.51	34.47	35.9	20.12	100

(Source: from toy manufacturers in Hong Kong)

Sub-contracting workers are dismissed or “told to take a vacation” during the slack season. In most cases, they are not compensated. The seasonality of the industry makes these workers seasonal workers, depriving them the right to enjoy long-term benefits, such as pension and progressive training.

Too big a fluctuation in the yearly demand pattern is not advantageous to the development of a long term working relationship between the order-placing company and the suppliers, which is important to the implementation of the toy companies’ code of conduct.

Will Mattel, Hasbro, McDonald’s review their yearly demand pattern with their suppliers? What will the four companies do, as said in all the four companies’ code of conduct, to work with the suppliers in implementing the

company code of conduct?

☞☞ If the industry is becoming more seasonal, should the code of conduct of the four trans-national toy companies also cover the irregular or seasonal workforce?

4. Occupational Safety and Health Problems

Long working hours, low wages, payment by piece rate, are some of the major reasons behind the OSH problems, both acute and chronic, of the sub-contracting toy workers in mainland China. What happens in the upper stream of the industry have implications for the management of workflow and the pay system at the supplier level. The tendency of the industry to price down, the just-in-time delivery, as well as inventory control, are related to long working hours and persistent exposure to a higher risk of acquiring OSH problems at the supplying factory level.

II. Comments and Recommendations on the OSH and Working Conditions in 8 Supplying Toy Plants in Mainland China

This part is a summary of the research findings based on the interviews and finished questionnaire conducted with 93 toy workers employed by 20 manufacturing plants operating in Guangdong province of mainland China. The research was conducted from 9 August to 21 September 2001.

A. Research Objectives

The Occupational safety and health problem at the work place remains a problem that receives less attention. By interviewing more than 90 mainland workers, the HKCIC aims to:

- i. Understand the OSH problems and conditions associated with the manufactures of toys for export to the world' s leading toy companies.
- ii. Understand the toy workers' awareness for OSH and related issues.
- iii. Understand the toy workers' legal consciousness regarding labor rights.
- iv. Give a voice to the needs and aspirations of the toy workers.

B. Research Target

i. Production plants

93 workers from more than 20 operating plants of varying sizes were interviewed in this research. Amongst the 20 operating plants, the research team identified 8 toy corporations or companies to focus the study. 7 of them are Hong Kong capital investments whereas the other one is a South Korean company. The names of the 8 corporations and their subsidiaries will not be disclosed to protect the contracting factories and their workers. They will be named by alphabets but they can be distinguished in terms of their supplying relations with the 4 brand name toy companies. The biggest corporation amongst the 8 identified suppliers employed around 25,000 workers during the peak season, whereas the smallest one had a 300-strong work force. All the operating plants are located in industrial cities in the Pearl River Delta of Guangdong province, namely Shenzhen, Dongguan and Nan Hoi.

All the 20 and more plants were supplying to world famous brand name companies in the toy industry namely, Hasbro, Mattel, McDonald' s and Disney etc.

Table1: The 4 trans-national toy companies and their suppliers

<i>Trans-National Toy Companies</i>	<i>Suppliers</i>
Hasbro	Company A, B, C, D
McDonald' s	Company E, F, G, H
Mattel	Company A, B
Disney	Company B, G, H

ii. Workers

A total of 93 workers (44% male and 56% female) were interviewed. They were working in different departments, both production and non-production. Their age ranged from 18 to 35. They came from different inland provinces in the mainland, including Sichuan, Henan, Hubei, Hunan, Guangxi, Jiangxi etc.

Table 2: Distribution of interviewed workers in various departments

<i>Department</i>	<i>Percentage</i>
Assembly and Packaging	40%
Spraying and Coloring (included paint coloring, spray coloring and refine coloring)	24%
Molding	8%
Sewing	6%
Others (include work processes such as making holes, trimming, wood processing, mold making etc)	22%

Table 3: Distribution of workers employed in the 8 supplying companies/corporations

<i>Supplying company/ corporation</i>	<i>Percentage</i>
Company A	26%
Company B	16%
Company C	14%
Company D	13%
Company F	9%
Company G	7%
Others (including Company E + H)	15%

C. Research Methodology

The research aimed at giving a general picture of the OSH problems and consciousness of toy workers manufacturing for export, and equally importantly, to give a voice to the workers. All the interviews were done based on a 3-page questionnaire. As occupational safety and health issues involve not only infrastructures, but also management policy and workers' consciousness, it is thus important to understand how workers view and frame the problems. Open questions were asked where appropriate. It is deemed that not only the statistics, but the way workers understand and frame the problems is also indicative of the level of their

OSH consciousness which in itself is an important reference standard to evaluate the OSH provisions and policies carried out by the factory management. Whenever possible, the interviewed workers would be asked to assess and prioritize the most serious source of hazards at the work place. This should give a reference to factories and brand name companies in addressing the problems.

The drafting of the questionnaire is based on consultation with OSH experts in the US, India and Hong Kong. The questionnaire has three sections. The first part asks about specific OSH problems identified in different departments of a toy factory.

Questions in the second part ask about other OSH infrastructures and policies executed at the work place. The last part looks at the interviewed workers' OSH consciousness and awareness of their legal rights. The last question asks workers to indicate their interest in receiving more information and training on OSH issues.

D. Research Findings – Summary

The following is an abstract of the research findings based on the 93 finished questionnaires. It gives a general picture of the OSH conditions found in the 8 supplying toy companies/corporations that manufactured for Hasbro, Mattel, McDonald's and Disney during the research period.

(A) OSH problems Encountered in Different Departments

The Assembly and Packaging Department

Work Stress is the major OSH problem found in this department. The assembly and packaging department is the last department where all the pressure associated with various stages of production will be accumulated. This is particularly serious in the peak season. Interview findings showed that this department worked up as long as 12 –16 hours a day, if not overnight, during the peak season. To meet the tight delivery time and shipment schedule, long working hours is usually coupled with a high daily production quota thus scheduled. Failure to hit the production quota usually means overtime work (in a lot of cases, not duly compensated according to law) and unstable lunch breaks. In some cases workers had to finish their lunch and dinner breaks in a couple of minutes whereas in other cases, workers had to eat at the work place and go back to work immediately after lunch/dinner. Stomach and digestive problems were common due to work stress. In a lot of instances, workers felt under great pressure to get the permission from the supervisors to go to the toilet or to drink

water.

✍ Ergonomic problems associated with long and repetitive jobs found in this department include, stiffness, numbness, pain and physical weakness developed at various body parts of the body including shoulders, necks, waist and the lower bottom of the body. Workers assembling or packaging stuffed toys had skin allergy and sore throats as they inhaled the stuffing particles in the air. Temperature at the work place was another source of health hazards especially in summer, which is also the peak season. In Factory B, cases of workers collapse as they could not stand the long hours and the heat were reported.

The Spraying and Coloring Department

✍ A lack of safety and health training for new and current workers is a major problem found in this department. Spraying and coloring workers are persistently exposed to chemicals. Yet it is found that they were at most taught about the usage of the chemicals but not the hazards and proper treatment in case of chemical poisoning. The interviewed workers in this department had inadequate understanding of the chemical labels they came across. They could not tell whether the labels were correct or informative enough. None of the 22 interviewed workers could name the chemicals (including paints, thinner and other chemicals) they were using. Nor the usage, hazards and treatment in case of poisoning.

✍ Most of the visited plants had ventilation system installed in the spraying and coloring department. Yet as workers were not equipped with proper knowledge, they could not tell whether the ventilation system could effectively lower the level of paint particles in the air. On the contrary, a lot of them complained about strong chemical smell and high paint particle level as indicated by either their body discomforts or the need to frequently change their cotton masks.

✍ The inadequate provision of personal protective equipment (PPE) is another common problem. Three scenarios regarding this issue can be generalized. 1. The factory management did not deliver any PPE to the workers and workers were exposed to chemicals without protection at all. 2. PPE would be delivered and workers would be requested to wear whenever there is a factory inspection or social audit. The provision of PPE was more for show rather than the protection of workers. For the rest of the time workers were working under no protection at all. 3. In some of the plants visited, PPE was delivered once a

week. But the workers reported that the cotton masks and cotton gloves were filled with paint particles or dirtied in one or two days' time. That indicates either an excessive high chemical paint exposure or the employment of improper PPE. It should be noted that the PPE in use in the reported cases referred to cotton masks and gloves whose effectiveness in protecting workers against direct skin exposure, inhalation and chemical poisoning was called into question.

- ✍✍ Interviews with the workers indicated a strong reluctance to wear the PPE, if delivered. The main reasons for that are inconvenience, feeling uncomfortable and the fear that wearing PPE would slow down the production speed and thus affecting the income. It should be understood that production stress, the daily production quota system, as well as the piece rate payment of wages are important reasons discouraging workers from wearing the PPE.
- ✍✍ The availability of proper solvent for workers to wash their hands is another issue of concern. Workers could not wash away the chemical paint left on their hands with plain water. They did so with thinner of various kinds whose hazards they were totally ignorant of.
- ✍✍ Bodily reactions to long hours of chemical exposure as reported by the interviewed workers include, dizziness, headaches, skin allergies, sore problems, vomits and a higher liability to acquire hepatitis B.
- ✍✍ Other sources of safety and health hazards identified in this department include poor ventilation, high temperature (during summer) and noise pollution (associated with the spraying machines and the ventilation).
- ✍✍ Long working hours, especially during the peak season, is a constant problem. Cases of working 12 –16 hours a day or even overnight during the peak season were reported. It should be noted that working long hours in the spraying and coloring department means being exposed persistently to chemicals thus creating double hazards to the workers.

The Die-Casting Department

- ✍✍ Mechanical injury is a constant source of hazard in the die-casting department. Accidents like cutting fingers can easily take place in the die-casting department if machines are poorly maintained, not properly guarded and proper safety training for workers is not provided. The interviewed workers were asked

questions about machine guard and related operation problems. It is found that the die-casting machines operated by many interviewed workers were one-button rather than two-button controlled. Mechanical injuries can easily happen as workers use the other hand to place or hold the plastic or metal parts for molding. The danger aggregates when workers have to work fast during the peak season. Incidents of mechanical injury were reported in Factory A, B, and E. In one incident, the emergency button that cut off the power supply was located far from the injured worker's work place and the worker had his fingers cut. The interviewed workers also expressed concern about operating unguarded machines.

☞ Formal and proper training on the safe operation of machines is absolutely necessary for both new and current workers. In many of the interviewed cases, it is found that workers were verbally instructed about how to operate the machines not how to “safely” operate the machines. Few workers reported that safety machine instructions were posted.

☞ Other hazards identified in this department include noise pollution and high temperature. Yet few workers reported that they were delivered PPE like ear plugs, face and eye masks. The other main problem is that workers showed reluctance in wearing the PPE. Fear of slowing down the production speed and affecting income, inconvenience and feeling uncomfortable are the major reasons for that.

☞ Strong physique is required in this department and very often, male workers are employed. Factories would also arrange two or three shifts for workers. Workers work shorter hours. But the liability of having industrial injuries is high in the die-casting department especially without proper safeguards and training provision.

The Sewing Department

☞ Finger cut is a commonly identified industrial accident in the sewing department. The needle of the sewing machine can be easily broken when workers are operating in high speed. Accidents of this kind frequently take place in the peak season. No factory has machine guard installed in the sewing machines.

☞ Noise pollution is another problem. The interviewed workers in some of the visited factories said they could hardly hear or talk to each other at the work

place. No factory was providing regular ear tests or ear protection to workers.

☞☞ Long working hours is identified by workers as a major hazard. Workers have to sit for 12 – 16 hours, sometimes overnight, repeating the same motif of work. Ergonomic problems like stiffened shoulders and waists, fatigue, body weakness and pained legs (to operate the handle of the sewing machine) are commonly found. The provision of standardized wooden seats might not fit workers of various heights. That might aggregate the ergonomic hazards workers thus suffered.

The Silk Screening Department

☞☞ Silk screening workers are exposed to chemicals. It was observed in the course of the interviews that the paint had got into the hands of the interviewed workers. Workers interviewed in this department did not understand the hazards of the chemicals and the thinner used.

Tooling Department

☞☞ *The work place at the tooling department is usually noisy and the temperature high. Temperature of the tooling machine in operation can be as high as 200 or 300 degree C whereas temperature at the work place ranges from 33 –38 degree C. Exhaustion, high temperature as well as mechanical injury are common sources of hazards.*

Hole Pressing Department

☞☞ Mechanical injury is identified as a source of hazards in this department. Absence of proper machine guard and a lack of proper training for workers could result in injuries especially when production pressure is intense during the peak season.

The Trimming Department

☞☞ Interviewed workers from this department were given a cutter to trim the edges of plastic toy parts. They were not equipped with proper gloves and could get cut from time to time, especially during the peak season. Lack of proper treatment could result in infection and other ulcerous diseases.

(B) Other OSH Problems in General

Fire drills and fire prevention

Amongst the plants visited, large-scale operations have regular (quarterly or yearly) fire drills at the work place. Still more has to be done. First, even for large-scale plants, the fire drills might not necessarily cover the dormitory. Second, in some factories, the fire drills were done by selective or random participation from each department (like asking part of the work force or the security guards to participate). It could be that the management did not want to disrupt production especially during the peak season. Yet, this undermines the meaning and effectiveness of fire drills. Third, fire drills were found to be effective since the participated workers said the drills helped them to identify the exits. But many of them did not know how to use the fire extinguishers. For smaller to medium sized plants, having infrequent or even no fire drill is a problem. Some of the interviewed workers, whether from large or small-scale plants, also reported storage of goods at the alleys. This was the case especially during the peak season or when there was no factory audit. What is reflected from the workers shows that fire prevention has to be persistently taken rather than a show for audits. And that there is a further need to strengthen the fire prevention consciousness at both the workers and the management level.

Long Working Hours

Long working hours is a persistent source of safety and health hazards for all plants, big or small. The interviews were done in August and September. It was the peak production season and thus also the high-risk season for safety and health problems. As gathered from the interviews, most of the workers worked seven or six-and-a-half- day a week and 14-18 hours a day at most. The worst case reported overnight work and continuous overnight work. Long working hours led to exhaustion and lack of concentration that could lead to industrial injuries. What is more worrying is that long-hour work undermines the health and the body resistance towards various kinds of diseases and chemical poisoning. It leads to hidden and chronic health hazards. The implications call for grave attention as the work force in the toy industry is highly seasonal and mobile, workers might not be able to identify or prove the acquisition of occupational diseases once they left the factory.

Faints and deaths

Faints are constantly reported in the workers' interviews. Cases were reported to have happened in the assembly department of Company D, the spraying department of Company B, the tooling department of Company C, the hole

making department of Company H and the spraying department of Company A. This constitutes not a small percentage for a random research. The fact that faints are common during the peak season should not undermine its grave implications. Possible reasons leading to faints at the work place can be long working hours, physical weakness, heat or chemical poisoning etc. In most cases, proper treatment and detailed diagnoses were not given, making it difficult to relate faints to work place hazards and to eliminate the source of hazards. Workers in general were told to take a rest, have some herbal ointment and go back to work. A general lack of proper diagnoses and medical documentation as well as a general negligence at both the workers and the management level calls for alarm.

✍️ Though not equipped with enough access to information to clarify, cases of unknown deaths were reported in the trimming department of Factory H during the research period. As understood by the interviewers, the causes of deaths were not known making it impossible for the family or the fellow workers to investigate whether the deaths were occupation related. It is understood that there might be a lot of reasons, both relating and not relating to the occupation, that lead to unknown deaths during a worker's terms of service at a particular factory. Yet, the way the reported case of unknown death was handled was both illegal and unjust. The management did not want to spread the issue and a sum of compensation was given to the families. Without proper assistance and adequate legal knowledge, the families could not get due compensation according to law. Nor were they equipped with the means to demand or take an investigation on whether the death were occupation related. Whereas the rest of the work force was kept in the dark while the source of hazards was not eliminated.

Medical Provision and Lack of an OSH Policy

✍️ Body check-up

Regular body check-ups (yearly or twice a year) took place in the large-scale plants that were visited. It varied from factory to factory whether the check-ups were paid by the management or the workers. What cannot be accepted is that some of the factories, even large-scale ones, used body check-ups as a screen test to remove workers (current or new) that were weak or sick. These workers would be blatantly fired, "advised" to quit or simply told by the management to take a "long vacation". What these factories doing is illegal and irresponsible as the Chinese Labor Law states that workers that have acquired diseases or illnesses during the terms of service should be protected, not fired.

✍️ Factory clinic

Large-scale factories had factory clinics, but not for smaller scale ones. In general workers had to pay a subsidized medical fee. Workers would be sent to the hospital in case of industrial injuries.

✍️ OSH policy

None of the factories visited had an OSH policy or an OSH committee that workers could name of. It can be seen in the above parts that a systematic documentation of the medical and injury records is urgently needed. A record of both workers' medical histories as well as that of the factory's OSH hazards and accidents can help both parties to identify, report, investigate and eliminate hazards. It also helps both parties to give and receive proper and legal treatment.

Women's health

✍️ A large proportion of the work force in the toy industry is female labor. In many instances, women workers have to pay a high price in exchange for a job in the factory. The Chinese Labor Law as well as the "Regulation on the Protection of Female Workers" states clearly the rights of women workers to legal protection during the menstruation period, pregnancy, maternity and breast-feeding period. Yet none of these provisions was implemented for rank and file women workers in all the 20 plants covered in the research. The fact that both the workers and the management did not have the awareness for gender specific rights and provisions calls for urgent attention and improvement. As reported in a case, it was generally accepted that the pregnant worker would "naturally" quit the job when she was about to give birth.

(C) Legal Rights Knowledge and Awareness of Workers

The following figures give an idea of the legal rights understanding of the 93 workers that were interviewed.

Table 4:

Questions:	Yes, I know	I've heard about it	No, I don't know
1. Do you know the legal minimum wage of the town you are working in?	10%	0	90%
2. Do you know the legal working hours ceiling of the town you are working in?	4%	1%	95%
3. Do you know how much compensation you can	0	1%	99%

get if you are industrially injured?			
4.Do you know anything about the Chinese Labor Law?	8%	25%	67%
5.Do you know anything about the “Regulation on the Protection of Female Workers”?	0	1%	99%
6.Do you know anything about the “Law on the Protection on Teenagers”?	1%	1%	98%
7.Do you know anything about code of conduct?	9%	1%	90%
8.Do you want to get more information and training on OSH issues?	Yes, I want. 82%	I have no opinion. 16%	No, I don’ t want. 2%

✍✍ The Chinese Labor Law is the relatively more well-known or well-heard-of piece of labor rights provision amongst the interviewed workers. But the percentage is still low, less than 25%.

✍✍ Company code of conduct as put forth by trans-national corporations and in this case, all the four world-famous brand name toy companies, is, disappointingly poorly known amongst the interviewed workers. Only 10% of the interviewees said they knew or had heard about company code of conduct. This is a big slap in the face for the trans-national companies that have spent millions of dollars promoting and propagating their company code of conduct which they claim, can protect third-world workers along the production chain.

✍✍ A significantly high percentage of the interviewees (80%) showed positive interest in acquiring more information and training on OSH issues. This represents a voice and a desire for more education and rights protection, contrary to the casual argument that mainland workers coming from poor inland provinces had low educational level and were too pragmatic and utilitarian to care about their rights.

✍✍ It is found that without proper legal rights education, workers have a lot of wrong interpretation and confused understanding about their rights and relevant labor rights provisions. A large proportion of the interviewees took legal minimum wage as the lowest pay they had ever received. Similarly, they confused company code of conduct with factory regulations. This totally works against the intended objectives of having a company code of conduct. In many instances, workers could not even tell what brand name product they were manufacturing. Nor could they distinguish and see the relationship (both business as well as ethically binding) between the trans-national companies that placed orders and the supplying factory that they had an employment

relationship with. Without proper training and education in this regard, code of conduct cannot work effectively as a tool to protect the interests of grass-root workers. And the supplying factory can take advantage of workers' ignorance to give a sham to code of conduct or ethical business standards.

✍✍ Inadequate understanding of their legal rights has more implications as workers in general equate labor rights with proper payment, working hours and other benefits. A serious lack of consciousness for laws on women worker protection, teenager protection, OSH protection and industrial injury compensation means that workers do not understand their rights to healthy and safe work and that health and safety are regarded as marginal issues compared to work pay. This reflects in a lot of the interviews as workers could only tell the pay day but nothing about the treatment and sources of assistance that they could turn to in case of accidents or injuries. They expressed a vague understanding and reliance on the management to take care of everything if misfortune knocked on the door. Such a mentality and such a serious lack of rights consciousness is both worrisome and dangerous.

(D) Comments and Recommendations

1. *OSH at Three Levels*

✍✍ The OSH issue is a complicated issue. It relates not only to the nature of the industry and physical factors, such as the physical set up of the work place, the machines in operation and the raw materials used. It is also highly related to administrative and management policies including work flow management, personnel management and factory information documentation etc. Thirdly, the OSH issue cannot be separated from education and training, both for rank and file workers as well as the management.

✍✍ The first rule on OSH and related issues is always prevention and not aftermath treatment. To develop a preventive plan requires identification, investigation, analysis, documentation and evaluation. And that it should be done in a consistent and interactive manner.

✍✍ Three levels of hazard control are distinguished: engineering control, administrative control and personal protective measures. It should be emphasized that to prevent, it is more important to first reduce the risk and hazard level at the work place and gradually replace it with a healthier work

environment. Taking personal protective measures is always the last resort. Yet the general response from the management would be putting the blame on the poor consciousness and reluctance of workers to wear PPE. This argument puts the cart before the horse and cannot be accepted.

The HKCIC demands that the supplying factories/toy companies covered in this report start a thorough investigation of the OSH hazards and devise a progressive plan to ratify OSH problems at all the three levels ie engineering, administrative and personal protection level.

2. *Ratifying long working hours*

✍✍ The research findings show that long working hours and huge work stress under the piece rate pay system and the production quota system are two general and major sources of hazards to safety and health, be it large or small scale factories. And it is the situation for the toy industry as a whole, especially during the peak season.

✍✍ *The HKCIC demands that the factory management of the 8 supplying companies that are covered in this report, review and re-arrange the work flow and work force management.*

✍✍ *At the same time, the 4 brand name toy companies, namely Hasbro, Mattel, McDonald's and Disney should also review and re-schedule the production lead time they give to all their supplying factories.*

✍✍ The HKCIC believes that one cannot go without the other. Both the order-placing toy companies and the supplying factories should work together in this particular area.

3. *Establish a systematic approach to OSH issues*

✍✍ As gathered from the workers' interviews, none of the visited factories seems to have developed a systematic and coherent approach to prevent, identify, report, investigate, ratify and document OSH and related problems. None of the factory visited had an OSH committee to specifically handle the matter.

✍✍ This is true not only at the supplying factory level. It applies also to the 4 trans-national toy companies. Cases of failure of code of conduct auditors, whether internal or external, to spot the problems can be found in detailed

factory reports put under Part III.

- ✍✍ The HKCIC demands that the 8 supplying companies set up OSH committees to develop a systematic approach to OSH issues. The formation of this OSH committee should have rank and file workers participation. (for details about the OSH committee, see Part IV)*
- ✍✍ The four brand name toy companies, namely Hasbro, Mattel, McDonald's and Disney, should take up the responsibility to support and give assistance, including technical, informational and financial ones, to their suppliers to ratify safety and health problems and to prevent and control safety and health hazards. Without substantial commitment, a better OSH code or more factory audits are nothing but a sham only.*

4. *Formal OSH education and training for both workers and the management*

- ✍✍ A lack of formal safety and health training is a chief factor directly responsible for industrial accidents or injuries and chronic occupational diseases. Mechanical injuries like cutting hands and fingers, as well as chemical poisoning are two common OSH problems associated with the toy industry. They can be more effectively controlled if formal training and education is given to workers. All the 8 supplying toy companies fare poorly in this area. It should be reminded that providing education and training to workers by no means imply that the management can shift the responsibility to the workers. Without proper engineering and administrative control, a mere provision of OSH education and training has no substantial meaning.*

- ✍✍ The HKCIC deems that both the supplying factory and the brand name toy companies, namely Mattel, Hasbro, McDonald's and Disney, should support and cooperate in launching formal OSH training for both workers and the management.*

5. **Regular Medical Check-Ups and Documentation**

- ✍✍ Medical check-ups can help the factory management to identify and trace the sources of hazards to eventually control and eliminate them. It is not a means to screen, remove and penalize sick workers.*
- ✍✍ Regular check-ups should be provided to the whole work force. A personal as well as factory-level medical history record should be kept. Workers should be*

educated about the significance of such a recording system.

☞☞ Medical check-ups cannot be isolated from a coherent OSH approach that coordinate resources and investigates the linkage between symptoms and occupation related hazards and diseases.

6. Safety and Health Protection for Women Workers

☞☞ Gender specific training and legal rights education should be given to both the management and the rank and file women workers. Both parties should learn that women workers enjoy legal protection in particular areas.

☞☞ Pregnant workers should not be arranged to take up dangerous or high-risk jobs.

☞☞ It is recommended that the medical provisions can be more gender specific and more assistance should be given to women workers during the “4 periods” – menstruation, pregnancy, maternity and breast-feeding period – according to the labor law.

7. Measures to be taken at specific departments

The Assembly and Packaging Department

☞☞ Long working hours and work stress are two major problems in this department.

☞☞ It is demanded that both the supplying factory and the 4 brand name toy companies work together for a better lead time schedule that gears towards reducing overtime hours and improving unstable working hours.

☞☞ It is recommended that more breaks be arranged between the two lunches

☞☞ Workers should be given lunch breaks of reasonable length for them to eat and take proper rest.

The Spraying Department

☞☞ Constant exposure to chemicals is a major hazard in this department.

☞☞ Education and training on the name, composition, hazards and proper treatment of the chemicals used should be given to the workers.

☞☞ Chemical labels should contain information such as the names, composition, hazards, use instructions, and proper treatment. They should be written and put in a clear and easy to read manner.

☞☞ The supplying factories should replace hazardous chemicals with ones that are less hazardous to health.

☞☞ An OSH committee should keep a record of the hazardous chemicals used,

explain to the workers, and deliver appropriate PPE that offers effective protection to specific chemical poisoning to workers.

✍✍ Engineering control measures should review and improve ventilation system at the work place.

The Sewing Department

✍✍ Noise pollution and ergonomic problems are identified in this department.

✍✍ It is recommended that more breaks be given between the two lunches.

✍✍ Regular ear test be given to workers to keep record of the hearing problems of the workers.

✍✍ The factory management should review the work floor plan to avoid an over-crowdiness of workers and sewing machines at the shop floor.

The Molding Department

✍✍ Mechanical injury is the major hazard.

✍✍ Proper machine guidance and maintenance should be kept.

✍✍ Formal safety training is urgently needed for both current and new workers.

✍✍ OSH education should be given to workers to strengthen their safety awareness and awareness for their rights protection in case of industrial accident.

✍✍ An industrial accident record should be kept. The information is useful for further engineering control and safety education purposes.

✍✍ Working long hours should be avoided in the molding department. A better management system of the work flow that aims at minimizing accidents not maximizing production should be put in place.