

Foreign supermarket in Jinhua county, Zhejiang, closes: Workers unhappy with compensation offer block doors and refuse to move merchandise

By Jin Bin, *Zhejiang Online*

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The shuttering of Jinhua county's Tesco store has become a foregone conclusion. Recently, Tesco has been busy preparing to close down, and its "stock-clearing" has attracted many Jinhua residents. However, this final "shopping revelry" came to a screeching halt last Friday, 25 November, when store workers "sent away" bargain hunters by blockading the front doors.

A banner with all the employees' signatures was strung above the ground-floor entrance. Other entrances were sealed off too, with shopping carts, shelving units and cabinets. These entrances were usually guarded by one or two uniformed employees with work passes. Some people tried to get in, but were unable to negotiate the barricade. An employee, Mr Chen, said that he had not slept properly for three days ever since the shop closed last Friday. They slept on the ground inside the store, and everyone took turns to be on watch.

The employees' reason for "blockading the door" was that the compensation offered by the company was unsatisfactory and that overtime was not paid in full. On 15 November, management had informed the employees that the store would be closed down and staff laid-off. A "Policy Notice" on financial compensation was also issued. According to this notice, the company would provide compensation to every employee as stipulated by the *Labour Law*: from the first day of employment to the end of 2007, regardless of whether employees had worked for a full year, they would receive a month's salary as compensation. From 1 January, 2008 to the present, for every year worked, Tesco would pay out a month's salary. In addition, employees could also obtain a fixed year-end bonus.

Mr Chen said many employees were dissatisfied with this compensation scheme, but when they tried to communicate this to the management they got no response.

In the following ten days, the goods in the store quickly disappeared as residents went on a buying spree. Store employees started to worry that they would have no leverage in their demands for more compensation if all the stock was cleared out and operations ceased. As a result, some employees got organised to "guard" store merchandise and prevent its sale.

The employees' biggest bone of contention was with the way overtime pay was calculated. One employee, Mr Wang, who had worked in the grain and oil department for eight months, explained that, according to his contract, work time was calculated in a "summative" manner – eight hours daily or 168 hours a month. In reality, he said:

I have to work at least ten hours daily, and often until the small hours of the morning during sales and staff inspection. In addition, the stipulated one-hour lunch break is reduced to 30 minutes. Over-time pay that is owed to us must be clearly sorted out before the store closes down.

In response to the workers' blockade, management invited officials from the local Public Security Bureau, Commerce and Labour departments to participate in tripartite discussions to resolve the outstanding issues.

The tripartite negotiations among the management, about 20 worker representatives and the government departments officially began at 3.00 pm. on 28 November, in the employee cafeteria. Worker representatives presented a list of 13 demands, and Madam Wu, head of human resources of the East China region, and Chen Jie, head of human resources for the Northern Zhejiang branches, responded to their demands on behalf of Tesco. ***See record below:***

WORKERS: To be given access to computerized records of employees' daily work-hours, and to calculate the actual hours worked by every employee, so that the correct overtime pay can be dispersed.

TESCO: This can be done, but the records are currently in the safekeeping of the labour supervision office, and it will require time to go through them and do the calculations.

WORKERS: What is to be done about Tesco's failure to make the social security payments during employees' probationary period?

TESCO: After investigating properly, the company will take responsibility for any outstanding payments.

WORKERS: According to company regulations, work on public holidays should be six hours per shift, but it always exceeds that by a wide margin. How will employees be compensated?

TESCO: A decision will be made after clarifying the situation with the manager in charge.

WORKERS: Only two days of overtime pay was given for working seven days over National Day and Chinese New Year. The outstanding amount should be paid to employees.

TESCO: Employees will be reimbursed if investigations reveal that this is indeed the case.

WORKERS: What is to be done about the hours and pay deducted when employees had an abortion?

TESCO: Reimbursements will be made according to national family planning regulations, if this is indeed the case.

WORKERS: Why is an allowance given to cashiers, and not employees in customer services?

TESCO: This is due to the different nature of each job. The company considers the risk undertaken by the cashier, and therefore provides a risk allowance. This is not particular to the Jinhua branch, but is applied to all branches.

WORKERS: The birthday allowance is always being paid out as part of other holiday allowances, and it should be reimbursed to the employees.

TESCO: After investigation, if this is proven to be true then reimbursement will be made.

During the exchange, workers' representatives stressed that even though the discussion with management yielded results, this did not mean that operations would resume immediately. "We no longer trust the company, we trust the government, and this is why we are asking the company to pay a security deposit of five million yuan to the government," the workers' representatives said. They added that workers would resume store operations as soon as the government confirmed the security deposit had been made.

Tesco managers indicated that they would need to get approval from their headquarters, which too would need time to discuss how best to resolve the matter according to company procedures.

Views from various sides

Fu Tao, Senior Business Manager, Tesco (East China):

We hope to resolve this matter quickly and in the best way possible. We are very sincere about this, which is why we have invited the heads from the Bureaus of Commerce, Labour and Public Security to join in the negotiations, and company headquarters have also sent the managers who are overseeing the shut-down of the branch. We ought to be operating at this time, but the past few days were a stalemate, and the company has suffered great losses. It is even harder to account to the consumers. The workers' representatives only have to produce credible evidence, and indeed legitimate and reasonable requests, we are sure to help them resolve the issues.

Zheng Xianjun, Labour Supervision Department, Wu city, Jinhua municipality:

With regard to the workers' representatives' demand for a security deposit, it can be paid to the labour department, or to other government departments. As to the exact amount, it must be more than enough to pay the expenses related to the store's closing. However, there are too few people in our department, it will take a very long time to inspect and verify everything. I recommend that Tesco entrust this task to an accounting firm.

The first day ended in stalemate but a follow up [report](#) in *Wu City Today* (今日婺城) suggested that even though the store remained in lockdown, some progress had been made.

Cao Xuming, a member of the labour supervision team stationed at the supermarket told the newspaper that the workers had presented a list of 14 demands to the corporation's representatives. After discussion and negotiation between the two parties, the corporation representatives accepted the workers' demands on the payment of social security, women workers' protection etc. The only key issue left was overtime. In response to worker demands, the corporation representatives declared that they could examine employee time cards one by one to calculate the correct overtime payment. However, the two parties did not agree on the calculation and confirmation of overtime. As for the demand for a five million yuan security deposit, the corporation said it was willing to pay it wished it to be capped at 500,000 yuan. Workers could not accept this figure.

Cao Xuming argued however:

Although the two parties have thus far failed to reach agreement on the amount of the security deposit, the fact that the corporation has agreed in principle to the deposit has helped relieve tensions. If both sides can improve their communication skills, it is possible that things will change for the better pretty quickly.

With regard to the points already accepted by the corporation, the labour supervision team will work through the night over the coming days to verify the facts and validate the relevant documents and data for the employees concerned.