

## **Bohemia-Fashion, s.r.o., Czech Republic. Company profile concerning labour conditions**

**Fact sheet**  
September 2010

### **Summary**

Bohemia-Fashion is a small OPT-manufacturer with about 20 workers located in the North Western part of the Czech Republic near the German border. It sews baby clothes and garments for public institutions.

1. The factory obeys the Czech and international law in many respects.
2. Workers are not paid a living wage. The company just pays the legal minimum wage or slightly higher. The legal minimum wage (8.000 CZK) is far below the official Living Minimum for a family of four (20.000 CZK).
3. There are irregularities in overtime practices. However, overtime is no common practice.
4. There is no trade union organization.

### **Introduction**

The fact sheet is based on the research of an independent Czech researcher, who

- undertook desk research (Czech Trade database, Czech Register of Companies, Information Portal of the Ministry of Labor and Social Affairs),
- did general observations of the surrounding of the factory (when are workers leaving and coming e.g.),
- conducted 7 interviews with workers outside the factory in May 2010 and
- interviewed regional and central trade union representatives by phone.

Name + Address<sup>1</sup>

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The company was founded as a Limited Company (s.r.o.) in 1994 by two German nationals. The company has a license for producing, buying and selling textiles<sup>2</sup>. The customers usually supply the

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<sup>1</sup> Czech Trade international, Czech Trade database of manufacturers - suppliers, manufacturers, exporters, and importers: <http://bohemia-fashion.trade.cz/>



raw materials and Bohemia-Fashion returns manufactured clothes. The company is working under the "Lohn-System", the Outward Processing Trade scheme.

The working place is located in a building of a former grocery store in a peaceful residential area of Novy Bor.

The workers talked about two frequent kinds of orders: clothes for babies and clothes for governments and local governments in EU. As examples, the workers talked about uniforms for Dutch police and some clothes for Greek government.

No of workers: appr. 20 Czech women and 1 male - Women are working in the following professions: sewers, packers, ironers, controller, clerk, and forewoman. The only man is about 65 years old mechanic. Some interviewed employees work in the factory since the very beginning.

The Ministry of Labour and Social Affairs had issued a certificate to Bohemia-Fashion, s.r.o. approving the company to employ 25 foreigners in 2006 and 33 foreigners in 2008<sup>3</sup>. According to the workers, several foreigners from Mongolia worked in Bohemia-Fashion two years ago.

## Findings on labour standards

### 1. Employment is freely chosen

One of the interviewed workers was recruited via Labour Office, two others via advertisement in a newspaper. All interviewed workers joined the factory on their free will. It is possible to refuse overtime work. However, there is not any formal mechanism of accepting or refusing overtime work.

### 2. Child labour

No indications found.

### 3. Discrimination in Employment

No indication of gender discrimination found.

No indication of discriminating against minorities such as Roma by refusing to employ them. It is likely that no Roma ever applied for a job at this company.

The interviewees also negated discrimination in access to employment. They said nobody asked them about children and family during the job interview. On the contrary, the bosses are very friendly to workers with small children, they can work on part time basis, they can stay home when the children are sick, and they can start the working day later if they need to accompany kids to kindergarten.

The employer has to provide leave when kids are sick. It is also set by the law that the employer is not entitled to ask about the family status during the job interview; however the contrary is a common practice and having young children is often times seen as an obstacle for women to do their work properly. Even if the leave in the case of sick children is mandatory, it is common practice that the employer is rude and informally pushes the parents not to ask for the leave, feel guilty about asking for leave and even compensate for asking leave in some way, etc. But all this was not reported from Bohemia Fashion.

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<sup>2</sup> Czech Register of Companies: <http://obchodnirejstrik.cz/bohemia-fashion-s-r-o-60280751/>

<sup>3</sup> The information web page of the Ministry of Labour and Social Affairs:

[http://portal.mpsv.cz/sz/local/cl\\_info/info106-99/zam\\_ciz](http://portal.mpsv.cz/sz/local/cl_info/info106-99/zam_ciz)

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#### **4. Right to organize and collective bargaining**

The local trade union representatives could not supply further information on the company. Apparently, there is no garment workers union active in the company and also not in the area in general.

On one hand, the workers confirmed that there is no labor union organization in the company. On the other hand, they did not see the labor union as useful. All the conflicts or questions they solve with the forewoman or with the boss. They do not have any formal procedures for solving conflicts, but they are very confined with informal structures. The workers expressed high loyalty with the company.

#### **5. Working hours**

The workers do not work in shifts. They work regularly 8 hours a day, from 6 a.m. until 14:30 a.m. with 30 minutes unpaid break for lunch. This is exactly according to the Czech Labor Code. 8 hours a day with a 30 minutes unpaid break for the lunch.

If the company does not have enough work, the boss solves it by one of the following ways: compulsory paid vacation (The wage during such vacation is an average wage of last three month.), workers take free time as a compensation for the overtime hours, or they have to take unpaid leave. This situation has happened often during 2009 due to the financial crisis. Because of this, one interviewed worker had a problem taking two weeks leave for vacation during the summer. However, finally she was able to come to an agreement with the bosses.

The employees of the enterprise get the legally required minimum paid vacation time of 20 days (4 weeks). The amount of overtime hours does not exceed the limits set by the Labor Code. Work during Saturday is only rare. Overtime is not everyday routine in Bohemia-Fashion.

Workers provided different information about pay for overtime work. The worker with much shorter history in Bohemia-Fashion said she does not have extra pay for the overtime hours. The worker employed 16 years in Bohemia-Fashion said she gets 25% for overtime during the week and 50% for Saturdays. Probably the contracts were more advantageous in the 1990s and less advantageous later. The workers reported that the overtime is calculated and paid correctly. The Labor Law sets either 25% bonus or compensation in time for overtime work – taking that amount as time off.

#### **6. Wage**

All the interviewed workers agreed that the wage level is very low.

The ironer and the packer have fixed wage based on the amount of working hours. It is on the level of minimum wage. The sewers work is organized and paid according to the amount of manufactured pieces. With a "slow" (according to workers) work rhythm workers just reach the legal minimum wage. If the workers have problems and do not make enough pieces to get the minimum wage, the employer pays the difference.

The minimum wage is 8.000 CZK (307 EUR) in the Czech Republic (2010).

The interviewed workers did not report any delays or other problems with paying of wages. The workers get pay slips and they say those slips are correct.

The Czech Law provides for a „Living Minimum“ and a „Subsistence Minimum“.

Living minimum is a socially recognized minimum level of income to ensure subsistence plus other basic personal needs. Subsistence Minimum is a minimum level of income, which is considered to be necessary to allow the individual to survive. Subsistence.

Living Minimum (monthly in CZK) for a family of 4:  
 $2,880 + 2,600 + 1,600 + 1,960 = 9,040$  (348 EUR)  
(Source: <http://www.mpsv.cz/en/4749>)

Living Minimum and Subsistence Minimum do not include the housing costs. Housing needs are treated separately through Housing Allowances. For a family of 4 and more: 11 213 CZK.

( Source: [http://portal.mpsv.cz/soc/ssp/obcane/prisp\\_na\\_bydleni](http://portal.mpsv.cz/soc/ssp/obcane/prisp_na_bydleni))

Living Minimum plus Normative Housing Needs Calculation:  
Family of 4: 9,040 + 11,213 = **20,253 (779 EUR)**

If the total income of a family does not reach the level of a living minimum plus a minimum housing needs, the family can ask the government for allowances within the frame of the State Social Support system.

### **7. Occupational Health & Safety**

The workers feel fine with the low level of noise, good light, seats etc. The first aid kit is present at the working place. There was an accident in the workplace approximately a year ago. One sewer hurt her finger on the machine fixing suds (iron buttons). She was present during one interview and she said it was her fault.

### **8. Employment relationship**

Workers we have interviewed have permanent working contracts. They reported that other workers have also permanent working contracts.

The employer pays health and social insurance. This is compulsory by law.

The interviewees did not know about workers without contract or about any illegal or misuse practices of the employer.

### **Findings on the existing knowledge among workers, trade unions and NGOs about codes of conduct, internal monitoring and external verification**

The workers did not know what a codes of conduct is. After explanation, they said there are no codes of conduct in Bohemia-Fashion.

### **Overall conclusion on interviews**

Bohemia-Fashion is a small company and most of its labor related mechanisms are informal (which is quite usual in the Czech context for small organizations and companies). They are also very confined with working conditions in all aspects. The workers do not subjectively feel abused or exploited. They only said wage could be higher. However, they did not blame the employer but the competition of Chinese and Vietnamese producers that put prices down.