

CASE STUDY

ESCP'S PRACTICAL LOCAL SUPPORT & TRAINING HELPS NEW FACTORY IN INDONESIA GET CUSTOMERS QUICKER

AT A GLANCE



Industry:
Plush and Soft Toys

Joined ESCP:
2025

CHALLENGES

- Establishing a new factory in Indonesia while adapting to local laws, workforce practices and customer requirements
- Onsite training
- Tailored local guidance

SOLUTIONS

HIGHLIGHTS

- Achieved ESCP certification
- Became a McDonald's supplier
- Reduced employee turnover from 12% to under 5%

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Mr. Si Changchun
Vice General Manager
PT Mayuanda Industrial Indonesia

For companies expanding manufacturing overseas, a successful start for a new site can depend on how effectively global standards are adopted. That was the challenge facing Yongzhou Mayuanda Toys Co., Ltd. as it prepared to open its first factory in Southeast Asia, with China-based management having to navigate unfamiliar laws, regulations and working practices.

We speak with Mr. Si Changchun, who led the setup of PT Mayuanda Industrial Indonesia, to find out how the Ethical Supply Chain Program (ESCP) helped the business get its new site ready for business and adapt to a very different environment.



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PREPARING THE SITE FROM THE OUTSET

In response to the impact of tariffs on China-based manufacturing, the group made the strategic decision to establish a factory in Indonesia's East Java Province, producing plush and soft toys for clients including Disney and McDonald's. To meet customer expectations and secure recognition from international customers, Mayuanda sought ESCP certification.

One reason ESCP stood out was that its audit checklist aligned brand requirements with the day-to-day realities of factory management, enabling the business to prepare for certification and strengthen its systems over time. For Mr. Changchun, Vice General Manager, it was also a trusted choice, with the group's two China factories having already been members for several years.

"We actually reached out to ESCP before construction on the new site began and this gave us a real head start," he says. "At first, we worked with their team in China, who guided us on documentation requirements and the core processes we needed to put in place. As Indonesia was a new country for us, we needed advice on local laws, regulations, recruitment rules and customs. ESCP helped us understand and consider cultural differences. Most workers in Indonesia are Muslim, for example, so holiday arrangements and daily prayer practices are very different from those in China. Early in the process, ESCP advised us to plan for prayer rooms within the facility to meet the needs of local staff.

"They also encouraged us to prepare properly for Ramadan. Because workers fast during the day, physical exhaustion can become a real risk. ESCP suggested setting up a medical room with stretchers, sugary drinks and snacks. That proved to be practical advice, as later there was a case where a worker fainted during production, but because we were prepared, we were able to administer first aid immediately."

TACKLING RISKS AS PRODUCTION BEGAN

As production got under way, Mr. Changchun and the senior management team began to have concerns about whether it would be able to meet the expectations of an audit, which, due to client requirements, needed to be completed quickly.

ESCP's team in Indonesia responded with in-person training for upper and middle management, as well as frontline production staff. Around 80 people took part, and Mr. Changchun recalls that while a small number of employees did not initially understand the purpose of the sessions, that changed once it was complete and everyone had a much clearer grasp of the systems and processes required.

SOLUTION

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The training helped the factory address an early-stage recruitment issue that had created a risk around wage payments for certain employees. Left unresolved, that could have had very real implications and also hinder obtaining ESCP certification. Mr. Changchun also refers to a challenge around working hours, where some of the 1,400 employees had been failing to tap in and tap out at the start and end of their shifts, and managers choosing to ignore this, creating accurate record issues.

"The biggest change is that the supervisors have shifted from being passive to active," says Mr. Changchun. "Now, if they notice irregular clocking in and out by employees, they will proactively report it and seek a solution. There are other day-to-day changes that are just as noticeable, such as the reporting and replacing of expired fire extinguishers. The overall management level has improved greatly."

That progress has also been seen in more complex areas of compliance. While at the site, ESCP identified a gap in how the company was handling employees aged 15 to 18. Though young workers can be employed legally under the right conditions, the factory did not yet fully understand the detailed standards around job allocation – such as not assigning them to posts with chemical exposure or to night shifts – and oversight.

"If this issue had not been picked up, it could have caused serious problems," says Mr. Changchun. "It would have been seen as a severe violation in the eyes of our clients, and it would have also meant we were not meeting Indonesian legal requirements. Had it not been for ESCP, it's likely the issue would have gone undetected."

The factory quickly addressed the matter, introducing a more structured system that has eliminated the compliance risk in this area.

STRONGER SYSTEMS AND STRONGER RESULTS

The training was delivered by a team in Indonesia with experience of the legal, cultural and operational context on the ground, which was seen as a major advantage: "They listened to our specific requests and clearly customized the training content, so it closely aligned with our actual operations. If we hadn't partnered with ESCP, we would have had to invest a lot more money and effort into fire safety, administration and personnel. We saved significantly on costs, our processes became smoother, and our anxiety was reduced."

The training provided by ESCP, really helped Mayuanda understand the requirements expected by international clients and the cultural nuances of operating in Indonesia, ensuring that they achieved certification with no outstanding non-compliances. ESCP's support has also delivered measurable performance results. The average monthly turnover rate of employees has dropped from 12% to under 5%. Per capita production efficiency has increased by around 10%–15%, while losses caused by staff turnover or compliance-related stoppages have been reduced. Monthly labor disputes and employee complaints have fallen by more than 80%, and audit-related manpower and remediation costs are down by around 30% year on year.

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The improvements have delivered clear commercial value. As Mr. Changchun explains: “The most direct benefit is that we secured entry into the McDonald's supplier system. It took us less than a year to get the ESCP certificate and become a McDonald's supplier. Compared to other new factories in Southeast Asia during the same period, we have been the most efficient.”

Concrete changes and improvements have included:

Strengthening recruitment and HR controls:

Mayuanda introduced a more standardized and traceable approach to recruitment and employment, including tighter age and identity checks, clearer controls for young workers, stronger safeguards against discrimination and forced labor, and individual employee files containing key documentation for audit purposes. It also tightened recruitment procedures during peak periods, helping reduce non-compliance risks, labor disputes and staff turnover.

Establishing an Indonesian-language employee suggestion box and regular communication meetings:

This has helped the factory respond more quickly to concerns relating to wages, rest and labor protection, ensuring issues are corrected promptly.

Targeted safety protocols:

For roles such as toy sewing and stuffing, Mayuanda strengthened equipment protection, PPE distribution and fire inspection procedures in line with the training.

An additional benefit of the Ethical Supply Chain Program's support is that it continues beyond achieving certification. The factory remains in regular contact with ESCP, seeking guidance from an Indonesia-based team that can respond quickly on local laws and practical issues, and draw on wider examples of what is working well across the industry. “What stands out is the broader perspective ESCP brings,” adds Mr. Changchun. “They share best practice from other factories, which is not only very useful but also really motivates us. ESCP aren't just an audit provider, but genuinely help develop our factory management”

With work also under way to support future customer requirements, including Primark, ongoing access to local expertise remains an important part of the company's next phase of growth.

For companies expanding overseas, ESCP provides practical local support to help new sites adapt quickly and establish stronger, more compliant operations.

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