INDEPENDENT EXTERNAL ASSESSMENT

Worker Survey & Management Self-Assessment Report

COMPANY: Nike
COUNTRY: Vietnam
FACTORY CODE: GS201211
SURVEY DATE: November 20, 2012
PRODUCTS: Shoes
TOTAL NUMBER OF WORKERS: 1845
NUMBER OF WORKERS SURVEYED: 154

FLA Comment: As of July 1, 2013, this factory has closed. When Nike received this report in May 2013, it followed up with the factory regarding certain issues mentioned in the report. However, as its closure was due to strategy regarding optimizing supply chain resources, it was not possible to create a complete action plan for this factory. Nike did ask the factory to follow its procedure for divestiture and to comply with local law when closing the facility, including compensation and benefits for both foreign and local workers.
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EXECUTIVE SUMMARY

Fair Labor Association (FLA) conducted an Independent External Assessment in a factory in Vietnam, a supplier of Nike, on November 20, 2012. The assessment evaluates a facility’s performance in upholding fair labor standards through effective management practices throughout the entire employment lifecycle of workers. A standard assessment includes a Worker Survey and a Management Self-Assessment. However, since factory management failed to submit the result of Management Self-Assessment, findings in this report are solely based on Worker Survey results and review of certain documents. A total of 154 workers were randomly selected to anonymously participate in the survey.

Key Findings

• In general, workers in this factory display a good knowledge of policies and procedures in relation to the 9 assessed Employment Functions; however, discrepancies are found among workers on the worker representative selection system; the health and safety system; and the overtime policy, this might be due to workers’ poor understanding of the related topics.

• The factory has established grievance channels for workers to file complaints; however, management fails to track all grievances and to send feedback on them.

Recommendations for Action

• Strengthen training programs and improve the training quality and effectiveness by: 1) ensuring wider coverage among workers, 2) offering in-depth sessions on topics that workers display little knowledge of, such as the representative selection system and the overtime policy, 3) collecting workers’ feedback, and 4) evaluating workers’ training needs after each session.

• Establish an effective system to better track grievances and improve the quality of grievance handling. Grievances and suggestions can help the factory immediately identify the issues that most concern workers; in resolving these issues, the factory can win workers’ trust and loyalty.

I. INTRODUCTION

Fair Labor Association (FLA) conducted an Independent External Assessment in a factory in Vietnam, a supplier of Nike, on November 20, 2012. The assessment evaluates a facility’s performance in upholding fair labor standards through effective management practices throughout the entire employment lifecycle, covering all aspects of a worker’s relationship with the facility, from their date of hire to the end of their employment.

The assessment consists of a Worker Survey; the results of which help to: 1) identify areas of good performance as well as weakness from workers’ perspectives and 2) offer recommendations for corrective actions.
Worker Survey

At the time of the survey, there were 1584 production-related workers at the factory, 154 of whom were randomly selected to participate in the survey. To protect the anonymity of respondents, workers were asked not to fill in their names on the questionnaire. Table 1 summarizes the basic characteristics of the surveyed workers.

II. KEY FINDINGS

The Independent External Assessment evaluates the impact of a factory’s practices on a worker’s

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Characteristics of Surveyed Workers</th>
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<tbody>
<tr>
<td>Gender</td>
<td>Migrant or Local</td>
</tr>
<tr>
<td>Male</td>
<td>5.8</td>
</tr>
<tr>
<td>Female</td>
<td>94.2</td>
</tr>
<tr>
<td>Education</td>
<td>Position</td>
</tr>
<tr>
<td>No Schooling</td>
<td>2.6</td>
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<tr>
<td>Primary School</td>
<td>3.9</td>
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<tr>
<td>Middle School</td>
<td>48.7</td>
</tr>
<tr>
<td>High School</td>
<td>33.8</td>
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<tr>
<td>Technical/Vocational School</td>
<td>11.0</td>
</tr>
<tr>
<td>College/University</td>
<td>-</td>
</tr>
<tr>
<td>Average Age (Years)</td>
<td>25.1</td>
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1 Sample size was based on (+/-) 7.5% error range, at 95% confidence level. The total workforce of the factory is 1,845, 1,584 of whom are production-related frontline workers; therefore, the sample selection is based on frontline workers.

2 Table 1 shows the basic characteristics of the workers participating in the survey. Numbers may not always add up to 100% due to unanswered questions.
employment lifecycle, from hiring, through workplace conduct and grievance procedure, all the way to termination and retrenchment. It examines the whole process, aspects of which are referred to as “Employment Functions:” 1) Recruitment, Hiring & Personnel Development; 2) Compensation; 3) Hours of Work; 4) Industrial Relations; 5) Workplace Conduct; 6) Grievance System; 7) Environmental Protection; 8) Health & Safety; and 9) Termination & Retrenchment. Each employment function is measured on a scale from 1 to 5. A score below 3 indicates substantive problems; a score between 3 and 4 shows both positive achievements and room for improvement; and a score above 4 suggests a notable performance.

Figure 1 displays the results from the Worker Survey. Overall, from a workers’ perspective, the factory does a satisfactory job with respect to each Employment Function. Workers rate all dimensions above 4, except for Industrial Relations, Grievance System, and Health & Safety; for these lower scoring dimensions, further efforts need to be invested to improve their overall performance.

2.1 Recruitment, Hiring & Personnel Development

This employment function examines the factory’s recruitment and hiring process, and assesses the impact of orientation and on-the-job training. Workers’ responses show that the factory prepares job descriptions for most vacancies (95%) and signs labor contracts with a large number of workers upon hire (93%). However, risks within the hiring process are found in some cases; 7% of workers did not sign an employment contract upon hire and, more seriously, 22% report that the factory holds their original identification papers³. Also, 3% of workers reported that they were asked to pay agent fees⁴ when joining the factory, a practice that is not acceptable under FLA benchmarks⁵. Therefore, the factory should review its hiring procedures and regulate the agent’s behavior to avoid unnecessary fees.

According to Worker Survey results, the factory offers orientation training to every newly hired worker that covers various topics concerning their work life; 97% of participants have received orientation training and 81% “absolutely” or “mostly” understand the orientation training content. In addition, 91% have received on-the-job training. According to workers’ responses, the vast majority (89%) of workers report that the factory has reviewed their job performance; 86% of these respondents have received assessment results from management.

The findings above suggest that, in general, the factory performs well in relation to the Recruitment, Hiring & Personnel Development dimension; however, the risks noted in the hiring process suggest room for improvement. Therefore, the factory is recommended to review its hiring practices to ensure that every worker has signed a work contract with the factory upon hire and has a copy of it. Additionally, holding workers’ original identification, as reported by some workers,

³ Vietnam’s Labor Code Article 20 states that it is prohibited for the factory to keep the originals of a worker’s identity papers, certificates, and/or qualifications.

⁴ Among those who have paid fees, 5 workers (3%) paid for agent’s fee/commission.

⁵ FLA Benchmark ER.5.3: Employers shall not use employment agencies that rely on practices such as requiring workers to pay recruitment and/or employment fees.
indicates a violation of FLA benchmarks⁶; therefore, the factory is advised to investigate this matter and to return workers’ original identification, if any are found. Also worth noting is the payment of the agent’s fee or commission, as mentioned by a few workers. The factory should make sure that no fees are charged to workers during the recruitment process; this should also clearly be explained to any agents currently working with the factory.

### 2.2 Compensation

Compensation examines the wage and benefits system within a factory, as to whether it complies with regulatory standards and if it ensures fairness and productivity.

The factory paid wages in full and on time over the last 12 months, as 99% of workers have never experienced any delay in wage payment and 96% have always received their wages in full. Nearly all (99%) workers are provided pay slips and workers are aware of the information on their pay slips⁷. Social insurance is also provided, as 97% of workers are covered⁸. In addition, workers report that the factory offers various benefits including free/subsidized accommodation, free/subsidized meals, free/subsidized transportation, free medical care, and education⁹. Workers’ responses reveal that bonuses related to attendance, seniority, team performance, and the year’s end are provided in this factory¹⁰. The factory also offers various leaves, including annual leave, public holidays, sick leave, marriage leave, maternity/paternity leave, and personal leave due to emergency¹¹. According to workers’ feedback, most (82%) workers are paid for the full period of their legally entitled leaves. Nevertheless, 16% of workers report that their leaves are only partly paid, with another 2% believing their leaves are not paid at all.

When asked if the wage they earn is sufficient to cover their basic needs, a mere 15% of workers report that it is sufficient¹². Most (89%) workers listed that their wage can satisfy their basic living

<table>
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<th>Table 2</th>
<th>Monthly Wage (VND)</th>
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<tr>
<td>Legal Local Minimum Wage</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Average Monthly Wage*</td>
<td>2,439,601 (Net)</td>
</tr>
</tbody>
</table>

* Source: Worker Survey

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⁶ FLA Benchmark F.9.1: Workers shall retain possession or control of their passports, identity papers, travel documents, and other personal legal documents. F.9.2: Employers may obtain copies of original documents for record-keeping purposes.

⁷ The majority of workers know about items included on their pay slips: employee minimum or base wage (98%); bonuses or allowances (95%); legal deductions (98%); overtime compensation (94%); clear subtotals and totals (92%); number of total hours worked (63%); number of overtime hours (86%); and number of rest days (71%).

⁸ 1% does not know if they are covered by social insurance and 2% report that they are not covered by any social insurance.

⁹ 43% of workers indicate that they have received free/subsidized accommodation; 68% of workers indicate that they have received free/subsidized meals; 91% of workers indicate that they have received free/subsidized transportation; 55% report they have received free medical care; and 17% have received education/training offered by the factory.

¹⁰ 90% report the factory offers an attendance bonus and a seniority bonus; 83% report there is a team performance; and 93% report there is a year’s end bonus.

¹¹ Most workers report receiving annual leave (93%), public holidays (100%), sick leave (96%), marriage leave (99%), maternity/paternity leave (99%), and personal leave (81%).

¹² 15% of workers consider their wages sufficient to cover their basic needs; 62% consider them “partly sufficient”; and 23% consider them “not sufficient.”
needs in terms of food, while only some workers report that it can satisfy their expenses regarding clothing (53%), housing (37%), health care (34%), and education for dependents (28%).

75% of workers who have worked overtime report that their overtime hours are always paid. According to most (75%) workers, overtime hours were paid at a premium rate; however, some workers report that their overtime hours were paid the same as regular hours. Thus, the factory should address the issue of overtime payment to make sure all workers get the correct overtime compensation. If the issue is caused by a perception discrepancy between some workers and management, the factory is advised to strengthen its orientation training and communication to workers regarding the overtime payment calculation and the overtime premium rate.

The findings above imply that most workers are aware of their wages and benefits. However, some workers have displayed a lack of awareness regarding their entitled bonus, leave compensation, and overtime compensation, suggesting room for improvement in the factory’s training and communication to workers on the related policies and regulations.

2.3 Hours of Work

This section looks into the factory’s working hours management system and its daily practices. According to the Worker Survey results, almost all (95%) workers normally work 8 hours a day and 93% of workers work 6 days a week. When the factory is particularly busy, 90% work between 9 and 10 hours a day and 85% work 6 days a week. However, a few workers report working continuously for 7 days each week, indicating that a risk of violation of FLA benchmarks exists at the factory. These findings suggest that the factory needs to make further improvements in its working hours policies and overtime arrangements implementation, so as to prevent workers from working consecutively 7 days or more—in peak seasons or otherwise.

In terms of documentation of working hours and communication on overtime hours, the factory has done a satisfactory job. According to 90% of respondents, all of their working hours are recorded. 10% of workers are informed of overtime work 1 day or more in advance and 79% are informed in the morning of the same day. However, it is worth pointing out that 48% of workers report that they have never been informed by the factory that they have the right to refuse to work overtime without fear of negative consequences. Therefore, the factory is advised to strengthen its communication to workers on their right to refuse overtime.

2.4 Industrial Relations

The Industrial Relations dimension examines the functioning of the factory’s current worker participation system and how well workers are integrated into factory affairs.

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13 6% of workers report that they have never worked overtime.
14 16% of workers report that their overtime hours are mostly paid; 9% report that their overtime hours are sometimes paid.
15 5% of workers work 7 days/week normally; 7% work 7 days/week when the factory is particularly busy.
16 As defined in FLA Benchmark HOW2: Workers shall be entitled to at least 24 consecutive hours of rest in every 7-day period. If workers must work on a rest day, an alternative consecutive 24 hours must be provided within that same 7-day period or immediately following.
Almost all (99%) workers are aware of the existence of the factory’s worker representative bodies and a vast majority (98%) has participated in activities/meetings organized by those worker representative bodies. The topics with highest participation rates are workers’ benefits (95%); hours of work (90%); salary (89%); workplace health and safety (81%); and grievance and complaints (78%).

Workers’ responses also indicate their trust in worker representatives. Most (96%) workers are aware of the worker representatives’ presence in the factory and 58% of these respondents understand their responsibilities to a good extent. Survey results suggest that a considerable number (60%) of workers have spoken to worker representatives regarding problems encountered on/off work or to give suggestions. Most (68%) of these workers believe speaking to worker representatives is an effective way to solve problems, with another 31% implying that it is effective in some cases. In addition, the vast majority (90%) of workers trust that management will take workers’ issues and suggestions into account and most (65%) have always received feedback on discussion/meeting results between worker representatives and management.

Additionally, Worker Survey results suggest that the factory has a more or less relaxed working climate. 55% of workers feel that they get along “very well” with their supervisors and another 44% consider their relationship “more or less ok.” Merely 4% feel “quite nervous” or “very nervous” when management walks through the production floor. Despite the factory having good practice overall in this dimension, a few minor issues are found in the discrepancies among workers. According to 40% of workers, workers elect all worker representatives; however, 16% of workers report that management appoints all worker representatives and 34% state that workers elect some worker representatives and that management appoints some of them. Additionally, another 10% have no idea how worker representatives are elected. Discrepancies are also found among workers’ responses to trainings on worker participation: around a third (34%) of workers are regularly trained in this regard; 43% have participated in such training once or twice; and 23% have never received such training.

Thus, we can see that there is room for improvement with respect to Industrial Relations. The factory needs to: 1) strengthen its communication with workers about the worker representatives’ functions and elections and 2) evaluate the coverage and quality of training on worker representative bodies and worker participation.

2.5 Workplace Conduct

Workplace Conduct gathers knowledge on the factory’s rules and regulations with respect to harassment, abuse, discipline, security checks, and workers’ access to toilets and drinking water.

According to the vast majority (82%) of workers, the factory has policies on workplace conduct with regard to harassment, abuse, discrimination, and discipline, and most (79%) workers are

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17. 35% of those workers partly understand their responsibilities and 7% do not really understand their responsibilities.

18. 36% do not feel nervous at all, 24% mostly do not feel so, 36% only feel a bit nervous, 3% feel quite nervous, and 1% feels very nervous.
quite familiar with the terms. Despite FLA benchmarks’ clearly defined prohibition of any form of harassment and abuse or discrimination, a few workers still reported that they have experienced some forms of harassment (5%) and discrimination (5%). Moreover, 8% of workers confirmed that they have received monetary fines or penalties for poor performance, or for violating company rules and regulations, which again indicates a risk of violation of FLA benchmarks.19

Although almost all (97%) workers report that they have free access to drinking water, an alarming number (21%) of workers report some restrictions on toilet use,20 suggesting a risk of violation of FLA benchmarks.21 Therefore, the factory is advised to inform the workers and line supervisors that workers have free access to the toilets and drinking water at any time and to ensure that their entitled rights are well recognized and protected on the production floor. Another risk is found in the factory’s practice of body searching. 76% of workers reported that searches are performed for security reasons. Although FLA benchmarks state that body searches are to be performed only when there is a legitimate reason to do so and upon consent of workers22, 9% of workers report that body searches are a daily practice with no legitimate reason.

The cases of discrimination and the restrictions on toilet use found in workers’ responses violate FLA benchmarks, and actions are required to ensure that the factory’s policies and procedures are in line with FLA benchmarks and are well implemented on the production floor. In terms of the factory’s violations regarding the imposition of monetary fines to maintain labor discipline and the practice of daily body searches, the factory is advised to consult Vietnam’s Labor Code and FLA benchmarks, and to adjust its practice to strictly follow their requirements.

2.6 Grievance System

Grievance System examines the workers’ usage of the factory’s grievance channels and the factory’s practice of how to handle the grievances received and how to take action to prevent similar problems in the future.

According to 82% of workers, there is a specialized grievance procedure through which workers can file complaints and various additional grievance channels are available for workers to voice problems and grievances. While 61% report the existence of a policy that

19 FLA’s benchmark H/A.2 states that employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies.

20 5% report there are restrictions on both time and frequency, 12% report restriction on time, and 5% report restriction on frequency.

21 FLA Benchmark HSE.21 states that employers shall not place any undue restrictions on toilet use in terms of time and frequency.

22 FLA Benchmark H/A.10.2 states that body searches and physical pat downs shall only be undertaken when there is a legitimate reason to do so and upon consent of workers, unless a state official with the power to do so (e.g., police officer) has ordered the search.

23 According to workers’ responses, available channels include: 1) suggestion/complaint box (66%), 2) section leaders/line supervisors (50%), 3) department manager (27%), 4) HR staff (20%), 5) factory director or general manager (10%), 6) the specialized grievance channel (19%), 7) worker representative (59%), and 8) factory’s hotline/email (9%).
protects workers from retaliation from management upon use of the channels, 26% denies its existence and another 13% has no idea about it. Nearly all (93%) claim that they would not keep silent if dissatisfied with working or living conditions in the factory. However, in practice, 48% of those who have concerns have never used the above-mentioned channels to express their problems or dissatisfaction. Among those who have filed complaint reports, using the suggestion box (69%) and talking to section leaders/line supervisors (46%) are the most frequently used channels. Workers’ responses show that their complaints or suggestions mainly concern wages and benefits; working hours and shifts; social insurance; and contract issues.

As stated by most (77%) workers, the factory follows up on submitted grievances with final feedback or a final solution. Nevertheless, quite a few (22%) workers who have filed complaints have never received any final feedback or solution and 2% state that there was no follow up at all. Moreover, 10% of those who have filed complaints expressed their dissatisfaction with the results. Therefore, the factory is advised to take necessary measures to: 1) keep better track of grievances submitted from workers and 2) improve the quality of grievance handling.

2.7 Health & Safety

This section explores the extent to which the factory ensures a healthy and safe work environment. As the factory does not have a dormitory for production workers, the investigation regarding Health & Safety focuses on its workplace and canteen.

Worker Survey results show discrepancies among workers’ opinions on the health and safety of production sites. While 36% of workers consider their workplace quite safe, more than half (53%) believe there are possible long-term health risks, with very few (3%) claiming that their workplace is quite dangerous. Although the vast majority (90%) of workers believe that the factory provides them with all the appropriate and necessary personal protective equipment, 7% of participants report that the personal protective equipment provided by the factory is not sufficient. The vast majority (94%) of workers dine in the factory’s canteen and most (71%) of these respondents find it “absolutely” clean and hygienic.

Also, a small number of workers are not aware of either the existence of the first aid kits (4%) or their location (1%), and 8% consider them inaccessible. As a considerable number (70%) of workers report that work-related injuries or accidents occurred in the factory during the last 12 months, it is very necessary for the factory to ensure that the first aid kits are easily accessible to all workers on the production floor and that workers know of their location. Relevant training regarding machine usage and safety rules might help reduce worker injuries. Further, an alarming

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24 36% of workers do not have any concerns; among the remaining 64%, 33% have used grievance channels once, and 19% have used them more than once.

25 Among those who have used the grievance channels, 96% report their problems concern wages and benefits; 89% with respect to working hours and shifts; 69% on social insurance; and 62% on contract issues.

26 14% are “absolutely satisfied” with the handling results; 26% are “mostly satisfied;” 50% are “more or less satisfied;” and 10% are “mostly dissatisfied.”
number (16%) of workers have never participated in any evacuation drill, even though they have worked in the factory for more than 12 months.

Therefore, it is highly recommended for the factory to: 1) collect workers’ feedback regarding its health and safety practices and 2) ensure that evacuation drills with full participation are organized in the workplace.

2.8 Environmental Protection

This employment function examines the knowledge and awareness of both workers and management on environmental protection. Nearly all (97%) workers report that there is policy and procedure in place on environmental protection and most workers display a good knowledge of the factory’s regulations on environmental protection, as 92% know how to deal with production waste and 98% recognize the existence of a dedicated area to store production waste. For those who use chemicals in their daily work, 99% agree that there is a dedicated area to store chemicals. In addition, workers are highly aware of the importance of saving water and energy. Most (97%) workers value saving water and energy at the production site and some (38%) workers report that management has created incentives to encourage workers to save water and energy.

2.9 Termination & Retrenchment

This employment function examines the factory’s protocol when workers resign, and addresses the transparency, fairness, and objectivity of the factory’s termination and retrenchment policy and procedures. Worker Survey results show that there is a written termination and resignation procedure in place to regulate the factory’s practices in this regard. Almost all (98%) workers know of the existence of the resignation procedure and nearly all (99%) workers are clear about the responsible personnel in this regard. Despite workers’ good knowledge of the termination and resignation procedure, 34% report witnessing workers leaving the factory without informing management in the last 12 months. Also, quite a few (17%) workers assume that the factory would either force them to stay or would be very likely to do so if they were to tender their resignation. Workers’ termination without any notification causes unexpected disruption to the factory’s production, leads to difficulties in human resource management, and results in loss to both the employer and the remaining workers, which further increases the instability of the workforce. It is recommended for the factory to: 1) emphasize its terms regarding the steps workers must take prior to leaving the factory and the relevant notice period, and 2) encourage better communication between workers and management to establish a more functional resignation and termination system.

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27 According to the Worker Survey, 56% use chemicals in their daily work.

28 According to the Worker Survey, 38% state that the factory uses incentives to encourage them to save water and electricity; 45% report otherwise, and 17% have no idea about it.
2.10 Management Functions

The assessment also analyzes the factory’s performance in regards to 4 Management Functions: Policy & Procedure, Training, Implementation, and Communication. This allows for comprehensive detection of potential risks and systemic failures. Worker Survey results (see Figure 2) show that more efforts should be invested in Communication.

Worker Survey results show that workers are well informed and trained in respect to all assessed employment functions except for worker participation, as less than half (48%) report that they know the policies and regulations regarding worker participation and integration. Workers mainly learned these polices through the employment handbook (96%), ongoing training (81%), and orientation training (68%). Thus, wider coverage and better quality of training on a regular basis is highly recommended. Communication measures worker-management communication with respect to Hours of Work and Industrial Relations. Workers are well informed of their overtime schedule, but nearly half (48%) are poorly informed on their entitled right to refuse overtime work without fear of negative consequences. More efforts can be made in this regard.

2.11 Loyalty and Satisfaction

In addition to the 9 employment functions and 4 management functions, the Worker Survey collects workers’ feedback about their satisfaction with the factory’s working and living conditions and their tendency to leave.

In general, workers display a relatively high level of loyalty towards the factory. As illustrated in Figure 3, only 5% of workers are considering leaving the factory in the short run and a mere 9% intend to leave within the next 2 years. As displayed in Figure 4, only 11% of workers are not

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29 1% report “not satisfied at all,” and 10% report “hardly satisfied.”
satisfied with factory’s working conditions, while the majority (60%)\textsuperscript{30} finds the working conditions satisfactory. On the other hand, 52\% of workers are “partly satisfied” with their wages, while almost a quarter (24\%) consider their wages not satisfactory.

2.12 Correlation Analysis

Different elements are analyzed and measured to see if there are any factors that positively or negatively affect the factory’s overall performance. Key findings are as follows:

- There is a positive correlation between Grievance System and Compensation, Industrial Relations, and Workplace Conduct\textsuperscript{31}. Workers who are willing to use grievance channels to voice their concerns also tend to display: 1) high levels of satisfaction with their compensation, 2) better involvement in factory affairs, and 3) high levels of awareness of the factory’s workplace code of conduct.

- Within the 4 Management Functions, positive correlation is found between Implementation and Policy & Procedure, Training, and Communication\textsuperscript{32}. Better knowledge among workers of the factory’s current policies and procedures and a more comprehensive training and communication system can ensure that the factory’s regulations are well implemented on the production floor.

The findings above suggest that the factory should: 1) make efforts to strengthen worker-management communication, and 2) cover topics of worker participation and integration in orientation training and on-the-job training to encourage worker integration and usage of grievance channels.

- Establish an effective system to better track grievances and improve the quality of grievance handling. As talking to section leaders and supervisors is widely chosen among workers to file their grievances, the factory should make efforts in training the section leaders and supervisors to record workers’ complaints and suggestions on a regular basis and to keep workers updated on the grievance handling process. Grievances and suggestions can help the factory immediately identify the issues that most concern the workers, and, by resolving these issues, the factory can better win workers’ trust and loyalty.

\textsuperscript{30} 50\% report “mostly satisfied,” and 10\% report “very satisfied.”

\textsuperscript{31} The correlation coefficient between Grievance System and Compensation is 0.480 (statistically significant at 0.01 level). The correlation coefficient between Grievance System and Industrial Relations is 0.511 (statistically significant at 0.01 level). The correlation coefficient between Grievance System and Workplace Conduct is 0.520 (statistically significant at 0.01 level).

\textsuperscript{32} The correlation coefficient between Communication and Policy & Procedure is 0.526 (statistically significant at 0.01 level). The correlation coefficient between Communication and Training is 0.574 (statistically significant at 0.01 level). The correlation coefficient between Communication and Implementation is 0.650 (statistically significant at 0.01 level).