INDEPENDENT EXTERNAL ASSESSMENT
Worker Survey
& Management Self-Assessment Report

COMPANY: s.Oliver
COUNTRY: China
FACTORY CODE: GS201213
SURVEY DATE: September 21, 2012
PRODUCTS: Clothes
TOTAL NUMBER OF WORKERS: 195
NUMBER OF WORKERS SURVEYED: 91

Company Comment: As remediation efforts began for this factory, the factory management resigned. Therefore, the shareholder of the factory decided to close the facility in May 2013. However, the workforce was integrated in another factory of the shareholder. s.Oliver has continued to engage with the other factory to ensure that the workers are well integrated and sustainability standards are observed.
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EXECUTIVE SUMMARY

Fair Labor Association (FLA) conducted an Independent External Assessment in a factory in China, a supplier of s.Oliver, on September 21, 2012. The assessment evaluates a facility’s performance in upholding fair labor standards through effective management practices throughout the entire employment lifecycle of workers. The assessment includes a Worker Survey and a Management Self-Assessment. A total of 91 workers were randomly selected to anonymously participate in the survey. Management was also requested to complete an online self-assessment and to submit several documents for review. Comparing results from both sources enriches our understanding of the factory’s overall management system, and may point to possible root causes of system weaknesses in need of improvement.

Key Findings

• The factory has clear policies and procedures in place to manage its practices in relation to employment functions; these policies and procedures were communicated to workers mainly through the worker orientation training and regular meetings.

• Several risks are identified in Hours of Work, Industrial Relations, and Grievance System. As these factors impact healthy worker-management relationships, problems with them can undermine the factory’s sustainable development.

Recommendations for Action

• Review current practices in relation to identified issues mentioned under each employment function; subsequently, the factory should then work out an action plan to tackle these issues.

• Strengthen training and communication practices in the factory by providing sufficient training to the general workforce and enhancing training effectiveness; also, communication and consultation opportunities for the general workforce need to be created as workers begin to have more knowledge of and confidence in the factory’s systems.

• Make efforts to strengthen the workers’ trust in the factory’s systems, especially the grievance system, in order to help improve the factory’s worker-management relationships.
I. INTRODUCTION

Fair Labor Association (FLA) conducted an Independent External Assessment in a factory in China, a supplier of s.Oliver, on September 21, 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 comprises a Worker Survey and a Management Self-Assessment. Findings from both the Worker Survey and the Management Self-Assessment help to 1) provide a broad picture of the current conditions, 2) identify areas of good performance as well as weakness, and 3) offer recommendations for corrective actions.

Worker Survey

At the time of the survey, there were 195 workers at the factory, 91 of whom were randomly selected to participate in the survey¹. 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 workers².

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Characteristics of Surveyed Workers</th>
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<tbody>
<tr>
<td></td>
<td>(%)</td>
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<tr>
<td>Gender</td>
<td>Migrant or Local</td>
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<tr>
<td>Male</td>
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<tr>
<td>Female</td>
<td>63.7 Migrant</td>
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<tr>
<td>Education</td>
<td>Position</td>
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<tr>
<td>Primary School</td>
<td>Supervisor</td>
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<td>Fixed/Long-term Contract</td>
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<tr>
<td>Technical/Vocational School</td>
<td>Contractor/Dispatched Worker</td>
</tr>
<tr>
<td>College/University</td>
<td>Intern/Temporary</td>
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<tr>
<td>Average Age (Years)</td>
<td>Average Length of Service (Months)</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 195, on which the sample selection is based.

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.
Factory management was also requested to complete an online Management Self-Assessment and to submit some documents for review; this assessment is structured in line with the Worker Survey and aims to assess performance from management’s point of view. Comparing results from both sources enriches our understanding of the factory’s overall management system, by showing how it is viewed from both the factory floor and the management office.

II. KEY FINDINGS

The Independent External Assessment evaluates the impact of a factory’s practices on a worker’s 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 both the Worker Survey and the Management Self-Assessment with respect to each Employment Function. Workers gave both Health & Safety and Recruitment, Hiring & Personnel Development the highest scores, while management gave Workplace Conduct and Termination & Retrenchment the highest scores. Disparities between management and workers are particularly profound in Hours of Work, Industrial Relations, Termination & Retrenchment, and Grievance System. A wide gap in perception between management and workers may point to possible root causes of system weaknesses in need of improvement.

Figure 1 Overall Results: Employment Functions

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The assessors reviewed some documents on the same day of the worker survey. The reviewed documents include: factory’s existing policy and procedures; training records; payroll and pay slips; records of working hours; meeting minutes; filed grievances; and other relevant documents.

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2.1 Recruitment, Hiring & Personnel Development

This employment function covers the hiring process and procedure, investigating their implementation within the factory. High scores in the assessment results from both workers and management show that the factory manages its practices on hiring and career development with clearly established policy and procedures. All workers have signed contracts upon employment and all have received a copy of their contract. Nearly all (97%) were informed of the hiring terms and conditions and state that the factory does not hold their original identification papers (99%). Almost all (99%) workers have received orientation training, and the vast majority (91%) has received on-the-job training. 86% of workers could completely or mostly understand the orientation training content. According to 78% of workers, the factory reviews workers’ job performance and 89% of these respondents have received feedback from management.

However, a few workers reported that they were asked to pay certain fees when joining the factory. Although these reported cases imply no direct risk of violation of FLA benchmarks, the factory is suggested to review its hiring procedures to avoid unnecessary or unacceptable charges.

2.2 Compensation

Compensation examines the wage and benefits system within a factory, whether it complies with regulatory standards and if it ensures fairness and productivity. Both workers and management report that the factory paid wages on time and in full over the last 12 months. Almost all workers indicate no delays (93%) and no underpayment (99%). According to management, the factory adopts a comprehensive wage calculation system: 1) payment for normal working hours is piece rated and payment for overtime is hourly rated and 2) 80% of workers’ payments are based on this calculation and the rest is purely rated by hour. Management Self-Assessment results and the pay slips reviewed by assessors show that the basic salary offered by the factory is the same as the legally required minimum wage (see Table 2). More than half (59%) of workers consider their wages sufficient to cover their basic needs; the rest feel that their wages are not enough to satisfy their needs regarding health care, education for themselves, and education for their dependents.

On top of the basic salary, the factory also offers social insurance and several bonuses and benefits. Bonuses offered include those related to attendance, seniority, team performance, position, individual performance, and the year’s end, as echoed by workers. Furthermore, the factory provides free/subsidized meals, accommodation, medical care, and training, which

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Monthly Salary (RMB)</th>
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<tr>
<td>Legal Local Minimum Wage</td>
<td>1,310</td>
</tr>
<tr>
<td>Basic Salary Offered*</td>
<td>1,310</td>
</tr>
<tr>
<td>Average Monthly Wage</td>
<td>2,740 (Net)</td>
</tr>
</tbody>
</table>

* Source: Management Self-Assessment & Worker Survey

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4 There are 4 cases; fees were paid for medical tests.

5 37% think their wages can “partly cover” their basic needs and 3% say “not at all.”

6 Only 40% state that their wages can cover health care; 29% for self-education; and 21% for education for their dependents.

7 A majority of workers indicate there are bonuses related to attendance (74%), seniority (75%), team performance (31%), factory performance (22%), position (17%), individual performance (28%), and the year’s end (84%).
workers report to be covered to varying extents. Most (78%) workers are covered by the social insurance system. 92% of workers state that they are always compensated for overtime hours and most (81%) are aware that overtime payments are calculated at a premium rate. In addition, the majority (76%) says that they are paid for the full period of legally-entitled leave.

In general, workers have knowledge of the factory’s compensation policy. Yet, more improvements could be made, as a considerable amount of workers are found to lack sufficient knowledge. 8% of workers do not know if they are covered by social insurance; only a few are aware that their working hours are listed on their pay slips; and nearly a fifth (19%) of workers who get paid for overtime either assume overtime hours are paid the same as regular hours or have no idea about their calculation. It is recommended that the factory strengthen its training and communication to workers regarding their wages and benefits’ policies.

2.3 Hours of Work

This section looks into the factory’s working hours management system and its daily practices. Management reports that there is no obvious distinction between peak season and off-peak season, and that workers normally work 9 hours/day 6 days/week, and work a maximum of 10 hours/day and 6 days/week when the factory is busy. Worker Survey results show that the majority (75%) of workers normally work 8 – 10 hours/day 6 days/week (80%). During occasions when production is busy, most (87%) workers work between 10 – 12 hours/day 6 days/week (74%). 2 issues need to be addressed: 1) 22% of workers work over 60 hours/week normally and 54% of workers work excessively over 60 hours/week when the factory is particularly busy and 2) some workers do not get a day off after 6 consecutive days of work; one-fifth (20%) of workers state that they work 7 days a week when the factory is busy. Both of these issues indicate that violations of FLA benchmarks may exist at the factory. Possible root causes

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8 Almost all workers receive free/subsidized meals (91%) and accommodation (96%), followed by medical care (42%), and training (25%).

9 8% of workers have no idea as to whether or not they are covered by insurance and 14% are not covered.

10 Some items found by assessors on the pay slip during document review are reported known by a small proportion of the whole population: number of total hours worked (25%), number of regular hours (29%), number of overtime hours (30%), and number of sick days (6%).

11 28% work 8 hours; 3% work 9 hours and 43% work 10 hours a day normally. As for workdays, 9% report working 5 days/week, 7% work 5.5 days/week, and 4% work 7 days or more.

12 3% report working 8 hours/day, 10% work 9 hours/day, 33% work 10 hours/day, 32% work 11 hours/day, 17% work 12 hours, and 5% work 13 hours/day. As for workdays, 2% report they work 5 days/week, 4% work 5.5 days/week, and 20% work 7 days/week.

13 15% report working 11 hours/day 6 days/week; 6% report working 12 hours/day 6 days/week; and 1% reports working 10 hours/day 7 days/week.

14 1% report working 10 hours/day 7 days/week; 31% report working 11 hours/day 6-7 days/week; 17% report working 12 hours/day 6-7 days/week; and 6% report working 13 hours/day 6-7 days/week.

15 As defined in FLA Workplace Code of Conduct and Compliance Benchmarks, HOW 1.3: Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime) shall not exceed 60 hours per week. HOW 2 Rest Day: 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 7-day period or immediately following.
for excessive work could be related to 1) sudden increases in orders; 2) customers’ cutting delivery time; 3) labor shortages; and 4) overload of orders accepted. According to management, all of these have occurred several times in the past 12 months.

In regard to time recording, management says all working hours are well recorded by magnetic cards; however, one fifth of workers indicates that their working hours are not well recorded, implying that 1) a few workers lack knowledge of the factory’s time recording requirements that define when and how workers should record their working hours and 2) working hours documentation is not well implemented in this factory. Moreover, half of workers report that they have never been told that they could refuse to work overtime. These findings suggest that the factory needs to 1) make further improvements in the documentation of working hours; 2) make flexible production plans based on their actual situation to avoid excessive working hours; and 3) ensure that workers can have at least 1 day off per 7-day period, even in peak seasons.

2.4 Industrial Relations

The Industrial Relations dimension examines the relationship between management and workers, focusing on communication, representation, consultation, and participation. According to workers and management, there are both a trade union and 10 worker representatives in the factory. Nearly all (96%) workers are aware of the existence of the union and worker representatives. According to the Worker Survey, all representatives are elected by workers themselves (86%) and 82% have participated in elections, results consistent with the Management Self-Assessment. The vast majority (86%) of workers have participated in activities or meetings organized by the trade union. Worker-management relationships appear to be decent in this factory: 77% get along well with their supervisors; 71% do not feel nervous when management is present on the production floor; and 85% trust that management cares a lot about workers’ suggestions and problems.

The profound score gap in this employment function is rooted in workers’ insufficient understanding of the functions of the worker representative bodies and those bodies’ subsequent engagement in factory affairs.

Although 93% of workers understand the responsibilities of worker representatives to varying extents, over half (58%) have never spoken to worker representatives to discuss problems encountered or to give suggestions. Management reports that training on worker participation and communication is offered to all workers; however, up to 19% of workers state they have never attended any training on worker participation and communication. Moreover, 56% state that they either have never received updates on or do not know about the meeting results between

16 19% report that working hours (including overtime) are partly recorded or not recorded at all.

17 According to the management, the trade union was founded in October 2010. Major responsibilities of the trade union include: dealing with workers’ grievances, ensuring workers’ welfare, and enriching worker’s spare time activities.

18 According to the management, responsibilities of the worker representatives include: 1) discussing factory affairs relevant to workers’ benefits and reporting the decisions to all workers; 2) receiving reports from the management and supervising the factory’s work flow; and 3) collecting suggestions and opinions from workers and reporting them to management.
workers/worker representatives and management, contrary to management’s report that the results are always communicated to workers.

The findings above suggest that the factory needs to strengthen its 1) communication about the policies and regulations on worker participation and integration and 2) training on the worker representative bodies and their functions.

2.5 Workplace Conduct

Workplace Conduct gathers knowledge on the rules and regulations that govern what is and what is not acceptable behavior among staff and workers at the factory. It probes the factory’s practices with respect to harassment, abuse, discipline, security checks, and workers’ freedom of movement.

Nearly all workers have free access to water (97%) and the toilet (99%) and almost all (95%) workers are allowed to leave during working hours if they have a fair reason. Survey results show none of the workers reported to have experienced any form of harassment or abuse in the factory or to have been punished by monetary fines due to their poor performance or violation of factory rules, regulations or policies. Though management says that they have never performed any form of search for security reasons, 6 (out of 91) workers claim that they have been searched. 5 of these workers think that those searches were appropriate; the 3 workers who claimed to have been body searched think that there was a legitimate reason for doing so.

Nevertheless, less than half (41%) of workers know of the factory’s policies and regulations regarding harassment, abuse\(^{19}\), discrimination, and workplace conduct/discipline\(^{20}\). While relevant documents regarding disciplinary rules with written rewards and penalty measures were provided by the factory upon review, nearly half (44%) of workers believe that there are no disciplinary measures. Hence, the factory is recommended to review its current top-down approaches towards workplace conduct communication.

2.6 Grievance System

Grievance System examines a factory’s systems, policies, and practices on 1) workers’ ability to voice their opinions and complaints; 2) workers’ ability to communicate with management on issues affecting their work and workplace environment; and 3) the factory’s ability to understand and address these issues while also taking action to prevent similar problems in the future.

Assessment results show that the factory has several grievance channels\(^{21}\) for workers to file complaints and express concerns/problems, but that many workers do not use these channels. Among workers, over three quarters (78%) know of the existence of a specialized

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\(^{19}\) Shouting and yelling are defined as forms of abuse.

\(^{20}\) Among those workers, 70% think they are very familiar with the policy and regulations; 22% partly know of those policies and regulations.

\(^{21}\) According to management, workers can file complaints or express concerns/problems through 1) suggestion/complaint box, 2) line supervisors/section leaders, 3) department manager, 4) HR staff, 5) specialized grievance channel, 6) trade union/worker representative, and 7) specialized grievance channels. Workers also report the existence of specialized grievance channels (78%).
grievance procedure, but less than half (48%) are aware of the policy that protects workers from retaliation by the management. Around a third (31%) state that they have not used the channels, as they have no concerns or dissatisfaction. Of the remaining 69% of workers who have concerns, the majority (73%) has never used the grievance channels.22

According to 17 workers who have filed complaints or concerns, more than half (53%) of them chose to talk to their line supervisors or section leaders, 30% used the suggestion/complaint box, and 12% sought support from directors or department managers. Most (71%) report that their cases were followed up with solutions or feedback from management, and of those who received a response from management, none report being unsatisfied with the handling results of their cases.24. Workers’ complaints or problems mainly focus on canteen food (41%); working hours and shift arrangements (35%); and personal issues (24%).25

The low score from workers is not only due to their limited use of grievance channels as previously mentioned, but also due to a lack of knowledge with respect to grievance policies and specialized training in this regard. A mere 23% of workers report that grievance procedures and channels are covered in orientation training and less than one third (29%) of workers knows the grievance policies and regulations. Therefore, the factory is advised to take necessary measures to 1) encourage workers to use the factory’s grievance system and 2) strengthen the communication and training of grievance procedures and policies.

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 workers, the investigation regarding Health and Safety focuses on its workplace and canteen.

Most (85%) workers believe their workplace is not dangerous and does not contain any health and safety risks. Only 5% of workers report that their workplace is either “very noisy” (2%) or “quite noisy” (3%).26 85% of workers think that the personal protective equipment (PPE) provided by the factory is sufficient enough to prevent them from unsafe exposure to health and safety hazards; however, 13% of workers state that while PPE is provided, it is insufficient. Though management reports no record of injuries at work, 10% of workers report to have experienced or witnessed injuries in the workplace in the past 12 months.

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22 16% of those who have concerns or dissatisfaction have used the grievance channels once, and 11% have used them more than once.

23 12% report that their complaints/grievances were followed up on and that either a final solution or feedback was provided; 18% say there was no follow up.

24 86% are “absolutely” or “mostly” satisfied with handling results; the rest (14%) are “more or less” fine with the solution/feedback.

25 Other issues include: problems with co-workers (18%); wages and benefits (12%); dormitories (12%); and dissatisfaction with factory regulations (12%).

26 36% consider their workplace somewhat noisy; 43% report that it is a bit noisy; and 15% state that it is not noisy at all.
Management and nearly all (97%) workers agree that there are first aid kits on each production floor and that they are easily accessible. Over one third (37%) of workers live in the factory’s dormitory, and almost all (94%) workers who live there find it uncrowded and equipped with enough toilets, and are satisfied with the shower facilities (91%). All workers dine at the factory’s canteen and the majority (67%) considers it clean and hygienic.27

93% of workers have participated in evacuation drills organized in the workplace. However, 2 workers (out of 91) have never participated in them, even though they have worked in the factory for more than 1 year. Among those who live the dormitory, 2 (out of 34) workers have never participated in any evacuation drill either. Management also states that not all workers have been covered28 in evacuation drills. Therefore, the factory is recommended to strengthen its practices in this regard to make sure all workers participate in evacuation drills and have sufficient knowledge evacuation procedures in case of an emergency.

In general, the factory provides a healthy and safe work environment and the majority of its workers are well informed of factory’s health and safety practices. Nevertheless, the factory should not overlook the number of workers who 1) were not trained on evacuation, 2) have been injured at work, and 3) consider the PPE insufficient; instead, the factory should provide relevant support.

2.8 Environmental Protection
This employment function examines the knowledge and awareness of both workers and management on environmental protection. The relatively high scores from both sides indicate that, generally, workers have a good knowledge of the factory’s policies and procedures with regard to environmental protection. 79% of workers know of the policy and procedure on environmental protection. 81% know how to deal with production waste, and almost all (97%) workers recognize the existence of a dedicated area to store production waste. Of the workers who use chemicals in their daily work (6%), all confirm that there is a dedicated area to store chemicals.

Workers have a generally high awareness of water and energy saving, as most value the importance of saving water and energy at the production site (97%). Yet, while management reports that they openly encourage workers to save water, energy, and raw materials,29 only around half (52%) of workers are aware of the incentives; 31% of workers believe that no encouragements are made; and the remaining 17% are uncertain.

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. Document review shows there is a written resignation procedure in the factory and that most (81%) workers are aware of its existence. The rest either have no idea whether

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27 The remaining 33% think the canteen is “more or less” clean and hygienic.
28 According to the management, the majority (60%-99%) of workers have received training on evacuation.
29 As stated by management, the factory offers a Best Energy Saving Prize to its employees.
there is any resignation procedure (11%) or believe there is none (8%). Although management says that no workers have left the factory without notifying factory management in the last 12 months, up to 17% of workers report they have seen/heard about their co-workers leaving the factory without informing management.

91% of workers believe the factory would not force them to stay if they tendered their resignation. Worker Survey results show that workers have knowledge and awareness of the factory’s termination and retrenchment practices. Those who know of the resignation procedure (81%) are clear about the resignation notice period (70%), the responsible staff that processes resignations (73%), the termination payout (65%), and the written notification from the factory (70%). Almost all (94%) workers disagree that the factory can fire workers without any appropriate reason. 89% of workers would take action if they were unfairly retrenched through talking to their supervisor (50%), contacting the local labor bureau (41%), speaking to management (40%), and using the grievance channels (25%).

Nevertheless, the management’s relatively lower score in this Employment Function is rooted in the fact that only a few relevant personnel have been trained to handle termination and retrenchment, as reflected in the Management Self-Assessment. Therefore, the factory is recommended to hold a training session to help facilitate a more functional resignation and termination system and to provide regular training to the administration and HR staff on termination and resignation policy and procedures.

2.10 Management Functions

The assessment also analyzes a factory’s performance in regards to 4 Management Functions: Policy & Procedure, Training, Implementation, and Communication. This allows for a comprehensive and systematic detection of potential risks and systemic failures. Worker Survey and Management Self-Assessment results (see Figure 2) show large gaps in perception regarding Policy & Procedure and Communication, suggesting that more efforts should be invested in those areas.

Document review results show that the factory has written policies and procedures in place that cover all 9 assessed Employment Functions. Results from the Worker Survey show that, to some

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30 87% answer “absolutely disagree,” 7% “mostly disagree,” 1% “more or less,” 1% mostly agree, and 4% absolutely agree.

31 Communication refers to workers’ communication with both management and worker representative body/worker representatives.
extent, workers know about these policies and procedures, but the coverage is not sufficient for all of these topics, especially Rewards & Penalties, Non-Discrimination, Worker Participation & Integration, and Grievance Procedure. When asked how they learned about these policies and procedures, most (96%) workers report orientation training, followed by regular meetings (56%), and ongoing training (46%). Therefore, the factory is advised to 1) better inform its workers on the factory’s policies and rules, especially on rewards and penalties, as well as other discipline regarding workplace conduct; 2) strengthen its communication among management, worker representative bodies/worker representatives, and workers; and 3) improve its training program by enhancing training efficiency and adding some key topics, such as worker representation and grievance procedure.

2.11 Loyalty & Satisfaction

In addition to the 9 employment functions and 4 management functions, the Worker Survey collects workers’ feedback about their satisfaction towards the working and living conditions provided by the factory and their tendency to leave. As illustrated in Figure 4, 93% of workers indicate they do not intend to leave the factory within the next 2 months. Of that 93%, we find a handful (7%) of them intend to leave within 1 year, with 42% expressing their wish to stay for 1 year or more. The result is to some degree associated with their level of satisfaction with the factory: very few (3%) workers are “hardly” or “not satisfied” with the factory’s working conditions and wages; 48% of workers are “mostly satisfied” with wage levels; and the percentage goes up to 51% when referring to the factory’s working conditions (see Figure 4).

2.12 Correlation Analysis

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

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32 Only 14% are familiar with policies in rewards and penalties; 28% in worker participation and integration; 29% in grievance procedures; and 23% in non-discrimination.
• Compensation, Grievance System, Termination & Retrenchment, and Workplace Conduct positively correlate with Industrial Relations. Factory’s performance on Workplace Conduct, Compensation, and Grievance System influences its relationship with workers. Improving the performance in those areas will help to maintain a harmonious work environment.

• Termination & Retrenchment positively correlates with Compensation, Hours of Work, Grievance Procedure, and Workplace Conduct. Factory’s performance on Compensation, Hours of Work, Grievance Procedure, and Workplace Conduct influences workers’ attitudes towards resignation. Those workers who report more negatively on the 4 employment functions are more likely to resign.

• Training positively correlates with Implementation, Policy & Procedure, and Communication. The better training the factory provides, 1) the wider the knowledge of workers on Policy & Procedure and 2) the better the communication and implementation results that can be achieved among workers, management, and worker representatives.

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33 The correlation coefficient between Grievance System and Industrial Relations is 0.586 (statistically significant at 0.01 level). The correlation coefficient between Compensation and Industrial Relations is 0.592 (statistically significant at 0.01 level). The correlation coefficient between Workplace Conduct and Industrial Relations is 0.570 (statistically significant at 0.01 level). The correlation coefficient between Termination & Retrenchment and Industrial Relations is 0.517 (statistically significant at 0.01 level).

34 The correlation coefficient between Termination & Retrenchment and Compensation is 0.480 (statistically significant at 0.01 level). The correlation coefficient between Termination & Retrenchment and Hours of Work is 0.541 (statistically significant at 0.01 level). The correlation coefficient between Termination & Retrenchment and Workplace Conduct is 0.514 (statistically significant at 0.01 level). The correlation coefficient between Termination & Retrenchment and Grievance Procedure is 0.570 (statistically significant at 0.01 level).

35 The correlation coefficient between Training and Policy & Procedure is 0.566 (statistically significant at 0.01 level). The correlation coefficient between Training and Communication is 0.566 (statistically significant at 0.01 level). The correlation coefficient between Training and Implementation is 0.596 (statistically significant at 0.01 level).