INDEPENDENT EXTERNAL ASSESSMENT

Worker Survey
& Management Self-Assessment Report

COMPANY: ASICS
COUNTRY: China
FACTORY CODE: GS201205
SURVEY DATE: November 19, 2012
PRODUCTS: Apparel
TOTAL NUMBER OF WORKERS: 103
NUMBER OF WORKERS SURVEYED: 53

FLA Comment: Asics ceased affiliation with FLA at the end of 2013. Therefore, the company will not be reporting to FLA on the remedial efforts regarding issues identified in this report.
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EXECUTIVE SUMMARY

Fair Labor Association (FLA) conducted an Independent External Assessment in a factory in China, a supplier of Asics, on November 19, 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 53 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

• Factory has clear policies and procedures in place to manage its practices in relation to assessed employment functions. These policies and procedures are communicated to workers mainly through orientation training; however, workers’ knowledge of these policies and procedures is insufficient.

• Along with a great gap in perception between management and workers, several risks are identified in Hours of Work, Industrial Relations, Grievance System, and Termination & Retrenchment that are likely to undermine the factory’s sustainable development.

I. INTRODUCTION

Fair Labor Association (FLA) conducted an Independent External Assessment in a factory in China, a supplier of Asics, on November 19, 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 is comprised of 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 78 production-related workers at the factory, 53 of whom were randomly selected to participate in the survey\(^1\). 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\(^2\).

Management Self-Assessment
Factory management was also requested to complete an online Management Self-Assessment and to submit some documents for review\(^3\); 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.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Characteristics of Surveyed Workers</th>
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<tbody>
<tr>
<td></td>
<td>(%)</td>
</tr>
<tr>
<td>Gender</td>
<td>Migrant or Local</td>
</tr>
<tr>
<td>Male</td>
<td>32.1</td>
</tr>
<tr>
<td>Female</td>
<td>67.9</td>
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<tr>
<td>Education</td>
<td>Position</td>
</tr>
<tr>
<td>No Schooling</td>
<td>9.4</td>
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<tr>
<td>Primary School</td>
<td>24.5</td>
</tr>
<tr>
<td>Middle School</td>
<td>56.6</td>
</tr>
<tr>
<td>High School</td>
<td>7.5</td>
</tr>
<tr>
<td>Technical/Vocational School</td>
<td>1.9</td>
</tr>
<tr>
<td>College/University</td>
<td>/</td>
</tr>
<tr>
<td>Average Age (Years)</td>
<td>31.1</td>
</tr>
</tbody>
</table>

\(^1\) Sample size was based on \((+/-) 7.5\%\) error range, at 95\% confidence level. The total workforce of the factory is 103, 78 of those workers are production-related frontline workers. Thus, 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.

\(^3\) 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.
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 Health & Safety and Environmental Protection the highest scores, while management gave Health & Safety and Hours of Work the highest scores. Disparities between management and workers are particularly profound in Hours of Work, Industrial Relations, Grievance System, and Termination & Retrenchment. Wide perception gaps between management and workers may point to possible system weaknesses in need of improvement.

2.1 Recruitment, Hiring & Personnel Development

This employment function covers the hiring process and procedure, investigating their implementation within the factory. Results from both workers and management show that, generally, the factory manages its hiring and career development practices with clearly established policy and procedures. Almost all (91%) workers have signed contracts upon employment, and all 91% have received a copy of their contract. Nearly all (93%) workers were

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4 The few (5) workers who did not sign the contract explained to on-site assessors that they were illiterate so they did not sign the contracts by themselves; however, they were aware of this procedure.
informed about the terms and conditions of hire and state that the factory does not hold their original identification papers (96%). According to 70% 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\(^5\) when they joined the factory.

The employment function also assesses the factory’s training program. Most (74%) workers have received orientation training, and 62% have received ongoing training. Nevertheless, the quality of the training is unsatisfactory, as only 43% of the workers could either “completely” or “mostly” understand the orientation training content.

Therefore, the factory is suggested to review its hiring procedures to make sure that all workers have signed contracts upon hire and have received a copy of their signed contract. For workers who are illiterate, the factory is responsible for explaining employment terms. Any changes paid by workers upon or before hire are to be avoided and may lead to a risk of violation of FLA benchmarks\(^6\). The factory should also make efforts to improve the coverage and effectiveness of its training programs.

### 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. All (100%) workers indicate that there were neither delays nor underpayment regarding wages. 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). Nearly all (96%) workers receive pay slips every month and workers tend to have adequate knowledge of the information listed on their pay slips\(^7\). On top of the basic salary, the factory also offers social insurance and several bonuses and benefits. Most (77%) workers are covered by the social insurance system\(^8\). Management states that bonuses offered in the factory include those related to attendance, position, and individual performance, while most workers are only aware of the first one\(^9\). Many workers assume that they have a year-end bonus (67%) and free medical care (38%), items that, according to management, are not provided. In addition, the factory provides free/subsidized meals and accommodation, which the majority of workers report

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Monthly Salary (RMB)</th>
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<tbody>
<tr>
<td>Legal Local Minimum Wage</td>
<td>1,500</td>
</tr>
<tr>
<td>Basic Salary Offered*</td>
<td>1,500</td>
</tr>
<tr>
<td>Average Monthly Salary*</td>
<td>1,869 (Net)</td>
</tr>
</tbody>
</table>

* Source: Management Self-Assessment & Worker Survey

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5 4 cases of fees paid for medical tests and 1 case of fees paid for labor contractor.

6 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.

7 Items indicated by management and found by assessors on the pay slips during document review are reported known by most workers: minimum or base wage (77%), bonuses or allowances (81%), legal deductions (81%), overtime compensation (83%), number of total hours worked (60%), number of regular hours (58%), and number of overtime hours (52%).

8 15% of workers have no idea as to whether or not they are covered by insurance and 8% are not covered.

9 Workers indicate there are bonuses related to attendance (94%), individual performance (31%), and position (15%).
to be covered\textsuperscript{10}. Management also states that training is provided as a benefit; only 11\% of workers agree with this. When asked if the wage they earn is sufficient to cover their basic needs\textsuperscript{11}, around half (47\%) of workers report it is absolutely sufficient, while another half (49\%) say it is partly sufficient. Most workers listed that their wage allows them to satisfy their basic living needs in terms of housing (96\%), food (89\%), health care (68\%), and clothing (57\%).

In terms of overtime payment, nearly all (97\%) workers who have worked overtime state that they are always compensated for overtime hours\textsuperscript{12}. Though most (70\%) of these respondents are aware of their overtime payment calculation, nearly one-third (30\%) of those who get paid for overtime either assume overtime hours are paid the same as regular hours, or have no idea about the calculation. In addition, workers are aware that they are entitled to many types of leave, such as annual leave (91\%), public holiday (89\%), sick leave (74\%), marriage leave (68\%), maternity leave (66\%), and personal leave due to an emergency (59\%). The majority (74\%) of workers say that they are paid for the full period of these leaves.

In general, workers have knowledge of the factory’s compensation policy. However, more improvements could be achieved, as many of the findings above suggest that a considerable amount of workers are found lacking sufficient knowledge, implying that communication regarding workers’ welfare is not that clear in this factory. Thus, it is recommended that factory strengthen its training and communication to workers regarding their wages and benefits policies and practices.

2.3 Hours of Work

This section looks into the factory’s working hours management system and its daily practices. According to management, workers’ working hours are recorded using magnetic cards; nearly all (98\%) workers state that their working hours are well recorded, supporting management’s claims. Management reports that there is an obvious distinction between peak season and off-peak season, and that workers normally work 10 hours/day for 6 days/week, with a maximum of 11 hours/day and 6 days/week when the factory is busy. Worker Survey results show that the majority (96\%) of workers normally work 8 hours/day for 5-6 days/week (98\%)\textsuperscript{13}. When production is busy, 42\% of workers work 11 hours/day for 6-7 days/week and 8\% of workers work 12 hours/day for 5.5-6 days/week. Therefore, at least 50\%\textsuperscript{14} of workers work excessively over 60 hours/week when the factory is particularly busy, meaning that potential violations of FLA

\textsuperscript{10} Almost all workers receive free/subsidized accommodation (85\%) and free/subsidized meals (89\%).

\textsuperscript{11} “Sufficient to cover basic needs” means that the salary, bonus, and benefits the factory provides are enough to cover food, water, housing, and other basic needs like clothing, schooling for children/dependents, electricity, etc.

\textsuperscript{12} 30\% of workers state that they have never worked overtime; among the remaining 70\% who have worked overtime, 1 worker said overtime was mostly paid and the rest majority said overtime was always paid.

\textsuperscript{13} 96\% work 8 hours and 2\% work 10 hours a day normally. As for workdays, 38\% report to work 5 days/week, 4\% work 5.5 days/week, and 57\% work 6 days.

\textsuperscript{14} This judgment is based on the fact that 42\% work 11 hours/day for 6-7 days/week and 8\% of workers work 12 hours/day for 5.5-6 days/week.
benchmarks\textsuperscript{15} may exist at the factory. Possible root causes for excessive work could be related to: 1) sudden increases in orders, 2) customers’ cutting down on delivery time, and 3) labor shortages, all of which, according to management, have occurred several times or frequently in the past 12 months.

With regards to overtime arrangements, management says workers are informed 1 day or more in advance; however, most (68\%) workers report that they are informed on the same day. Moreover, 21\% of workers report that they have never been told that they could refuse to work overtime. These findings suggest the factory needs to make further improvements in communicating and implementing its working hours’ policies and overtime arrangements to workers.

2.4 Industrial Relations

The Industrial Relations dimension examines the relationship between management and workers, focusing on communication, representation, consultation, and participation. According to management, there is no worker representative body or worker representatives in the factory, even though a small percentage (23\%) of workers assume their existence\textsuperscript{16}. Although management claims that discussions between workers and management are frequently held, topics of which include all aspects of the 9 employment functions, workers’ feedback is not that supportive. 59\% of workers indicate that none of the 9 employment functions are discussed among workers and management and only 34\% have ever received feedback on worker/management meetings. Moreover, management says training on how to participate in the factory’s affairs is provided and received by all workers; however, merely 24\% of workers agree.

In spite of the above-mentioned discrepancies between workers’ and management’s opinions about the factory’s worker participation system, worker and management relationships appear to be decent in this factory: 64\% of workers get along well with their supervisors; 93\% do not feel nervous when management is present at production floor; and 83\% trust that management cares a lot about workers’ suggestions and problems. Good worker-management relationships and a relaxed work environment can serve as a solid foundation for the future establishment of worker representative bodies. The factory is advised to establish a functional worker representative body in the long run that can: 1) help strengthen the multi-level communication between workers and management and 2) maintain both a healthy working environment and a stable workforce.

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

\textsuperscript{15} As defined in FLA Workplace Code of Conduct & 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.

\textsuperscript{16} 23\% assume that there is a worker representative body and 19\% believe there are worker representatives in the factory.
with respect to harassment, abuse, discipline, security checks, and workers’ freedom of movement.

Workers display insufficient knowledge of the factory’s workplace conduct, as nearly half (45%) of workers\(^\text{17}\) have no idea of the factory’s policies and regulations regarding harassment, abuse\(^\text{18}\), discrimination, and workplace conduct/discipline. Even among workers (55%) who know these polices or regulations, less than half (45%) are familiar with them. While relevant documents regarding disciplinary rules with written rewards and penalty measures are provided by the factory upon document review, one-quarter (25%) of workers believe there are no disciplinary measures. Hence, the factory is recommended to review its current top-down approaches of workplace conduct communication.

Regardless of their lack of awareness of the related regulations, survey results show none of the workers reported: 1) experiencing any form of harassment or abuse in the factory or 2) being punished by monetary fines due to their poor performance or violation of factory rules, regulations or policies. Nearly all workers have free access to water (100%) and toilets (96%), and almost all (87%) workers are always allowed to leave during working hours if they have a fair reason.

Although management says that they have never performed any form of searches for security reasons, 7 (out of 53) workers claim they were searched. While 86% of these respondents think those searches are appropriate\(^\text{19}\) and the 2 workers who claimed to have been body searched think there was a legitimate reason for doing so, security searches, especially body searches, have potentially negative influences towards workers’ emotions and job satisfaction. As body searches, without legitimate reasons, may violate FLA benchmarks,\(^\text{20}\) management should be cautious when conducting such actions.

2.6 Grievance System

Grievance System examines: 1) a factory’s systems, policies and practices on workers’ abilities 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.

While assessment results show that the factory has several grievance channels\(^\text{21}\) for workers to file complaints and express concerns/problems, not many workers use these

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\(^{17}\) Among them, 30% assume there was no such policy or regulation; and 15% have no idea if there is any.

\(^{18}\) Shouting and yelling are defined as a form of abuse.

\(^{19}\) 6 of them think those searches are appropriate.

\(^{20}\) 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.

\(^{21}\) 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) top management, and 7) hotline/text messages to top management.
channels. Only half (51%) of workers know the existence of a specialized grievance procedure and merely 17% are aware of the policy that protects workers from retaliation by the management. Around a third (30%) state that they have not used the channels, as they have no concerns or dissatisfaction. Of the remaining 70% of workers who have concerns, the majority (84%) has never used the grievance channels.

The few (6 out of 37) workers who have filed complaints or concerns chose to either talk to their line supervisors/section leaders (50%) or directors/department managers (33%) or to use the suggestion/complaint box (17%). On-site document review reveals that the factory has well documented workers’ grievances and each received case was announced publicly with a final solution. These results are supported by Worker Survey results, as most (67%) workers who have filed complaints report that their cases were followed up on with solutions or feedback from management; none report to be unsatisfied with the handling results of their cases.

The low score from workers is not only due to their limited use of grievance channels as previously mentioned, but also due to their lack of knowledge regarding grievance policies and their respective specialized training. A mere 36% of workers report that grievance procedures and channels are covered in orientation training, and just one-third (34%) of workers know the grievance policies and regulations. Therefore, the factory is advised to take the necessary measures to: 1) encourage workers to use the factory’s grievance system and 2) strengthen the communication of and training on the grievance procedures and polices.

2.7 Health & Safety

This section explores the extent to which the factory ensures a healthy and safe work environment. The investigation regarding Health & Safety focuses on its workplace, dormitory, and canteen.

Worker Survey and the Management Self-Assessment results have displayed the factory’s strong performance in providing its workers a healthy and safe production site. Most (87%) workers believe their workplace is not dangerous and does not contain any health and safety risks. None of the workers find that their workplace is “very noisy” or “quite noisy.”

Management and nearly all (94%) workers agree that there are first aid kits on each production floor and that they are easily accessible.

Nevertheless, in terms of the provision of personal protective equipment (PPE), workers display different opinions from the management. 81% of workers think that PPE provided by the factory is sufficient enough to prevent them from unsafe exposure to health and safety hazards; however,

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22 Only 6 (out of 37) workers have ever used the grievance channels, and only 1 of them has used them more than once.

23 The rest (33%) report that their complaints/grievances were partly followed up on, but that no final solution or feedback was provided.

24 83% are “absolutely” or “mostly” satisfied with handling results; the rest (17%) are “more or less” fine with the solution/feedback.

25 11% are not sure of the health and safety risks of the workplace, and 2% think their workplace is okay, but there are possible risks in the long run.

26 57% state that their workplace is “not noisy at all,” 9% state “a bit noisy,” and 34% find it “somewhat noisy.”
11% of workers state that while the PPE is provided, it is insufficient and 8% claim there is no PPE provided at all. Insufficient provision of PPE may explain the reported cases of work-related injuries. Though management reports no injuries at work in the past 12 months, 9% report to have experienced or witnessed work-related injuries.

The survey also assessed the factory’s practice of evacuation drills carried out in both the workplace and dorms. 83% of workers indicate they have participated in evacuation drills, with 11% reporting not having attending a drill even though they have worked in the factory for more than 12 months; these results differ from those from the Management Self-Assessment, which indicate that all workers have been trained in evacuation drills. The majority (79%) of workers live in the factory’s dormitory; however, an alarming number (16%) of those who live in the dormitory have never participated in evacuation drills organized in the dormitory27.

In general, the factory provides a healthy and safe work environment and the majority of its workers are well informed of the factory’s health and safety practices. However, the factory should not overlook the number of workers: 1) who were injured at work or 2) that considers the PPE insufficient; subsequently, the factory should provide relevant support. The factory should also ensure full coverage of evacuation drills both at workplace and dorms.

2.8 Environmental Protection
This employment function examines the knowledge and awareness of both workers and management on environmental protection. In general, workers have a passable knowledge of the factory’s policy and procedures regarding environmental protection. According to management, the factory’s policy on environmental protection includes: 1) the introduction of chemical usage and storage in the workplace, 2) the procedure for the storage, disposal, and recycling of production waste, and 3) the procedure for sewage treatment. Worker Survey results indicate that most (60%) workers know these policies and procedures. 62% know how to deal with production waste, and most (87%) workers recognize the existence of a dedicated area to store production waste. Of those 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 regarding saving water and energy, as most (81%) value the importance of saving water and energy at the production site. However, while management reports that they openly encourage workers to save energy28, 19% of workers believe that no encouragements or incentives are made, and a few (4%) are uncertain about these efforts.

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 that there is a written resignation procedure in the factory

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27 5 (out of 32) have never participated in evacuation drills, even though they have been staying in the dormitory for more than a year.

28 As stated in the Management Self-Assessment, the factory offers monthly rewards/prizes to those employees who cut power off in the factory everyday after work.
and that most (66%) workers are aware of its existence. The rest either have no idea whether there is any resignation procedure (26%) or believe there is none (8%). Despite some workers’ insufficient knowledge on resignation procedures, management reports that only 2 workers left the factory without notifying factory management in the last 12 months\(^{29}\), and according to all workers, the factory has never fired any worker without appropriate reasons.

94% 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 steps prior to resignation (61%), the resignation notice period (64%), the staff responsible for the resignation process (58%), the termination payout (64%), and written notification from the factory (46%). The vast majority (83%) of workers strongly disagree that the factory can fire workers without any appropriate reasons. Almost all (96%) workers would take action if they were unfairly retrenched, through talking to their supervisor (42%), speaking to management (28%), or contacting local labor bureau (19%).

The gap between management and workers in this Employment Function is rooted in the fact that although the factory has well-established termination and retrenchment procedures, workers are not adequately trained in this regard; only 36% of workers report that resignation and termination procedures are covered in the orientation training. Therefore, the factory is recommended to provide its workers a special training session to make sure workers fully understand the relevant policies; doing so can help facilitate a more functional resignation and termination system and ensure better communication between workers and management.

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 comprehensive and systematic detection of potential risks and systemic failures. Worker Survey and Management Self-Assessment results (see Figure 2) show that

![Figure 2](image_url)

**Figure 2** Overall Results: Management Functions

**Figure 3** Factory Policies/Regulations that Workers Know of

<table>
<thead>
<tr>
<th>Policy and Procedure</th>
<th>Training</th>
<th>Implementation</th>
<th>Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5</td>
<td>4.44</td>
<td>4.62</td>
<td>4.48</td>
</tr>
</tbody>
</table>

Worker Survey (SCOPE) Management Self-Assessment (SCAT)

<table>
<thead>
<tr>
<th>Rewards and penalties</th>
<th>Grievance procedure</th>
<th>Non-discrimination</th>
<th>Worker participation &amp; integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>34%</td>
<td>29%</td>
<td>19%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Worker Survey

A few (9%) workers say that they have seen/heard their co-workers leaving the factory without informing the management.
more efforts should be invested in Policy & Procedure, Training, and Communication.

The documents submitted by management 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 extent, workers know about these policies and procedures, but the coverage is not sufficient for all of these topics, especially on Worker Participation & Integration, Non-Discrimination, Grievance Procedure, and Rewards & Penalties, as illustrated in Figure 3. When asked how they learned about these policies and procedures, 52% of workers report orientation training, followed by notice board posting (35%), and briefing/meetings (26%).

Reviewed documents also show that training in this factory is very insufficient, as there was only 1 recorded orientation training session in the past year. Thus, the factory needs to strengthen its training program by increasing the frequency of training and improving its efficiency to better deliver key messages like policy and procedures.

Communication refers to workers’ communication with both management and worker representatives. The results presented in relation to communication in Industrial Relations, Grievance System, Hours of Work, and Termination & Retrenchment suggest that the interaction between workers and management is not sufficient. Some of the issues, such as problems with supervisors, can be addressed through a better communication.

85% of workers indicate they intend not to leave the factory within the next 2 months, while a still considerable number (15%) of workers display their intention to leave within a short term. As illustrated in Figure 4, 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 towards working and living conditions provided by the factory and their tendency to leave. As illustrated in Figure 4,

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30 Document review shows that the factory has provided only one orientation training on February 7, 2012. No other training records on policy and procedures could be found except for that.
investigating those who tend to stay for the short term, a handful (7%) of them intend to leave in 1 year, and less than one-third (31%) express the wish to stay. These results are, to some degree, associated with workers' level of satisfaction with factory. One-quarter of workers are not “mostly satisfied” or “very satisfied” with factory’s working conditions; this percentage goes up to 63% when referring to wage level (see Figure 5).

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:

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

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

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31 The correlation coefficient between Grievance System and Industrial Relations is 0.478 (statistically significant at 0.01 level). The correlation coefficient between Compensation and Industrial Relations is 0.487 (statistically significant at 0.01 level). The correlation coefficient between Termination & Retrenchment and Industrial Relations is 0.450 (statistically significant at 0.01 level).
32 The correlation coefficient between Termination & Retrenchment and Compensation is 0.658 (statistically significant at 0.01 level). The correlation coefficient between Termination & Retrenchment and Hours of Work is 0.559 (statistically significant at 0.01 level). The correlation coefficient between Termination & Retrenchment and Workplace Conduct is 0.615 (statistically significant at 0.01 level). The correlation coefficient between Termination & Retrenchment and Grievance System is 0.448 (statistically significant at 0.01 level).
33 The correlation coefficient between Communication and Policy & Procedure is 0.663 (statistically significant at 0.01 level). The correlation coefficient between Communication and Implementation is 0.624 (statistically significant at 0.01 level).