



Effective Ways to Increase Social Performance through Worker Satisfaction

Overview

The UN Guiding Principles on Business and Human Rights place grievance mechanisms at the heart of effective due diligence in the responsibility of business enterprises to respect human and labour rights as well as in the center of the pillar for remedy. Speakers of this session will share their experience of how to learn and build an effective grievance mechanism through participation of a pilot in China to enhance their social performance with increasing workers satisfaction and other benefits.

Speakers:

Moderator: Joyce Chau, Representative China - FTA

- Mr Lee Fang Lun, President – Dong Guan Fine Hau Automobile Accessories
- Ms Jenny Lam, General Manager - Wang Wang Group (HK) Ltd
- Ms. Delia Sun, Manager of Technical & Compliance Development - Li & Fung Trading Service (representing Miles Fashion GmbH)
- Mr. Martin Kottmann, Manager, CRI – ALDI Einkauf GmbH & Co. oHG

Session Highlights

- BSCI Code aligns to the UN Guiding Principles and its characteristics for grievance mechanism.
- From March to December 2015, FTA launched the Grievance Mechanism Pilot for producers in China (Guangdong Province, Qingdao and Shanghai)
 - o This was a 6-month period trying to tackle the root causes to improve social compliance
- China was a pioneering country to test this pilot, FTA wants to expand the Grievance Mechanism Program to other places (Morocco, Thailand, Bangladesh)
- Key Learnings:
 - o The mind set of management and the capability of HR have the biggest impact on project success

- Other factories struggled to genuinely engage workers in solving grievances due to entrenched beliefs i.e. fear if they couldn't respond to worker concerns it would provoke a strike
- timely feedback and communication with workers is as important as the problem resolving itself.

Factory Case Study 1: Mr Lee Fang Lun, President – Dong Guan Fine Hau Automobile Accessories

- Factory: 130,000 square feet, 1600 employees, product lines included tie downs, bungee cords, tow rope, cargo net, EPDM rubber straps, hardware
- Implementation of the Grievance Mechanism Pilot:
 - Established the Grievance Office and a clear Grievance process & procedure
 - Grievance training & election of representatives
 - Promotion of Grievance procedures (training/propaganda)
 - Established a grievance procedure (i.e. grievance box/suggestion box)
 - Collection of grievance files, discussion, investigation & practice
- Examples:
 - The problem of childcare was presented through the outlined Grievance procedure, through a discussion with managers, a decision was made to establish a kindergarten and recruit a professional teacher to take care of the children from 3-12, while their parents are working
 - Since the pilot program, many employees have sought improvement of hygiene, menu and price of the canteen. Through the grievance procedures outlined, the improvements is seen and satisfied
- Results:
 - The rate of grievances filed is reduced from 10-15 times/month to 5 times/month
 - The production effectiveness is raised by 5% to 8%
 - Effective communication platform has been established between employees and managers

Factory Case Study 2: Ms Jenny Lam, General Manager - Wang Wang Group (HK) Ltd

- Wang Wang Group is a lingerie manufacturer, exporting to the US, Germany, and UK
- Implementation of the Grievance Mechanism Pilot:
 - Goal to improve the communication system between management and employees
 - Encourage worker representative for participation - they can gather workers problems & opinion and then feedback to management
 - Collecting worker opinion by worker representatives (via suggestion box/e-mail, phone call, message)
 - Worker representative get into management meeting to discuss workers opinions and ideas to find a better solution and solve the problems
- Examples:
 - Wang Wang Group allows workers to have a short break throughout the working hours, as well as have eye exams/exercise
 - The company has organised different types of entertainment activities for a better recreational lifestyle

- Results:
 - Allowed us to provide training for our workers & increase the communication skills and also let our management & workers have more discussion and contact
 - Workers have been able to bring up their opinions and suggestions that helped to solve internal management problems and improve the workers life
 - Based on the workers participation & monitoring the system the social responsibilities of Wang Wang Group have improved as well as the production

Factory Case Study 3: Ms. Delia Sun, Manager of Technical & Compliance Development - Li & Fung Trading Service (representing Miles Fashion GmbH)

- Li & Fung is the leading consumer goods design development, sourcing, and logistics company for major retailers and brands around the world.
- In 2008, MILES became a subsidiary of the Li & Fung Group
- Li & Fung focused on channeled feedback mechanism, timely responses to solutions, and results orientated
- Greatest benefit was to effectively build up solid relationship with the factory and being a part of the success of the factory

Quotes

- *“To install a Grievance Mechanism in a factory is not the complicated part, the key challenge is to encourage workers to speak up”* – Mr. Martin Kottmann, Manager, CRI – ALDI SOUTH
- *“This pilot was a starting point. If I have to be honest, it’s hard work to maintain the level that the factories have achieved now. After that, you have to be on the ground, support the suppliers and be honest with regards to voicing the complaints and issues”*- Mr. Martin Kottmann, Manager, CRI – ALDI SOUTH
- *“I was touched about how open people were to try something different. This is just a start, we then have to invite factories to think about how they will do it in their own way and maintain it”* – Dionne Harrison, Director Impactt Limited