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## **Hiring System, Grievance Procedure, and Worker Participation: Worker Survey Report**

**Prepared for PT. Glostar Indonesia (GSI)  
Prepared by Fair Labor Association**

### **Executive Summary**

#### **The main findings are as follows:**

- Results reveal significant knowledge and perception gaps between supervisors and line workers regarding systems in the factory. Such gaps are especially stark in their perception of the grievance procedure and workers' participation. Supervisors show universally better knowledge and a higher level of awareness of the systems.
- Training provided by GSI is neither sufficient nor effective based on its particularly low score for frequency and quality, and neither workers nor management staff are well-trained on the grievance procedure or on how to get involved in factory affairs.
- There is almost a complete lack of documentation for workers' performance appraisals, grievances received and handled, and worker participation. There is little communication on the function and mandate of worker representative bodies or decisions reached.

#### **Recommendations**

- GSI's human resources department should focus more on how it can motivate, develop and enhance the skills of its employees through regular and interactive training, documented and well-communicated feedback, and increased information sharing on relevant policies and procedures.
- A robust training program should be implemented to close the gaps in knowledge and perception between the different levels of management, and between management and workers.
- GSI should implement an effective documentation system, particularly for its grievance procedure, to increase trust in the system and to motivate workers to participate. The significant challenge of communication between the expatriate upper management, on the one hand, and local supervisors and workers, on the other, makes this task highly important.

### **I. Introduction**

Commissioned by GSI, the Fair Labor Association (FLA) conducted a SCOPE Worker Survey on its hiring system, grievance procedure, and worker participation following a Management Survey on the same topics. The survey took place at the GSI factory, located in Sukabumi, Indonesia in November 2011.

The objective of this project is to evaluate GSI's existing hiring system, grievance procedure and worker participation from the workers' perspective. Findings from the survey are intended to help GSI gain a thorough understanding of the knowledge and awareness of the workers, and develop next steps for their capacity building plans.

## Methodology

The *Hiring System* Worker Survey assesses GSI's current hiring Policy, Procedure, Training, Implementation, Documentation, Communication, and the Workers' Opinion of the system. The Worker Survey on *Grievance Procedure* assesses GSI workers' level of understanding and awareness of GSI's grievance system through Policy, Procedure, Training, Implementation, Documentation, Quality of Responsible Personnel, and Workers' Opinion. The Worker Survey on *Worker Participation* assesses worker representation and participation through Policy, Procedure, Training, Implementation, Documentation, Work Climate, and Opinion.

Each element is measured on a scale of 1 to 5. A score below 3 indicates substantive problems and a serious need for improvement, and a score of 4 or above indicates good performance. The survey

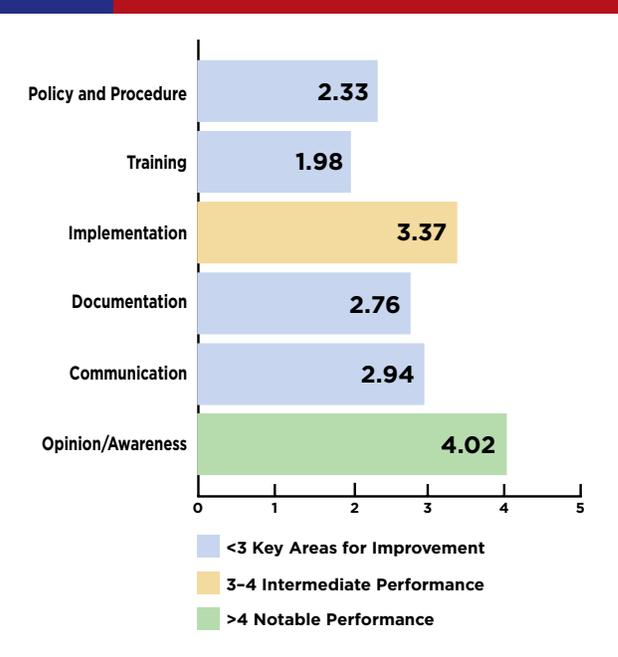
followed a quantitative approach with questionnaires comprised of multiple-choice questions and open-ended questions.

## Factory Information

At the time of survey, GSI had a workforce of 12,446 workers, of whom 148 workers were randomly selected to participate in the survey.<sup>1</sup> Table 1 shows the basic characteristics of the surveyed workers.<sup>2</sup>

Unlike the Management Survey, where a majority of the participants were expatriates, the workers surveyed were all Indonesian and the questionnaires were translated into Bahasa.

FIGURE 1 Scores for Hiring System



## II. Key Findings from Hiring System

Figure 1 shows that workers in general have a high Opinion of GSI's hiring system, but the low score of Training calls for immediate action. As universally low scores for Training and high scores for Opinion are observed from the results of *Grievance Procedure* (see Fig.2) and *Worker Participation* (see Fig.4), these two elements are not discussed in details under each topic; instead, a whole section of this survey is dedicated to overall findings from Training and Opinion (see below).

### 2.1 Policy and Procedure (2.33)

Workers' knowledge of GSI's hiring system, especially about performance assessment and career development, is quite limited. The majority of surveyed workers are not aware of the written procedure about promotion (87%) or how the work performance of newly-hired workers is assessed (73%).

### 2.2 Implementation (3.37)

Almost all of the workers state that someone orally explains to them the terms and conditions of employment (90%), and a vast majority of the workers have been assigned an experienced worker as a supervisor (83%) upon induction. However, over a third of the workers (36%) report not signing a work contract

when they are hired.

### 2.3 Documentation (2.76) and Communication (2.94)

GSI's assessment tools on workers' performance and long-term development is poorly documented and communicated. A significant number of the workers (87%) have never received a copy of their job performance assessments. Three quarters of respondents (76%) have never or rarely been informed of the quality of their job performance.<sup>3</sup>

### 2.4 Factors Concerning Hiring System

Different elements were analyzed and measured to identify which factors might positively or negatively influence GSI's hiring system. The findings are as follows:

- Communication positively correlates with Training.<sup>4</sup> Workers who feel that the factory does a good job communicating about the hiring system also tend to be better trained.
- There is a positive correlation between Implementation and Documentation.<sup>5</sup> Workers who feel that the hiring policies and regulations are effectively implemented also think that the system is well-documented.

GSI should strengthen its training programs on hiring, which may help better communicate to workers the current policies and procedures of the hiring system. GSI should also document promotion and evaluation decisions to ensure that workers see value in staying with GSI.

## III. Key Findings from Grievance Procedure

Workers' relatively high level of awareness regarding grievance procedure (see Fig. 2) suggests that GSI may be able to build a fully effective grievance procedure system, while low scores on Documentation and Training suggest that serious improvement is needed.

### 3.1 Policy and Procedure (2.78)

The low Policy and Procedure scores indicate

that workers do not know how their grievances and complaints are handled by the factory. A majority of the respondents are not aware of the written procedure indicating to whom they should talk if they want to complain (65%) or the timeline within which the grievances should be handled (87%).

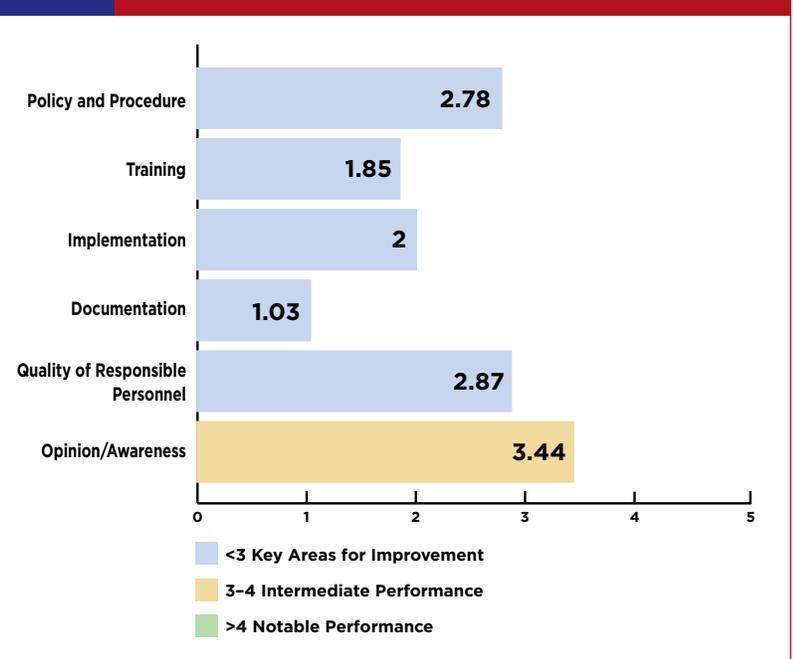
### 3.2 Implementation (2.00)

Among the grievance channels listed in the questionnaire,<sup>6</sup> talking to supervisors is the most frequently used. Almost a third of the respondents (29%) report talking to a supervisor at least once about a problem regarding work or the work environment in the last twelve months, among whom 11% have talked to a supervisor more than five times. Among those who have ever used a grievance channel, topics that concern them the most are problems with food (35%), wages and benefits (32%), and leave/vacation (27%).

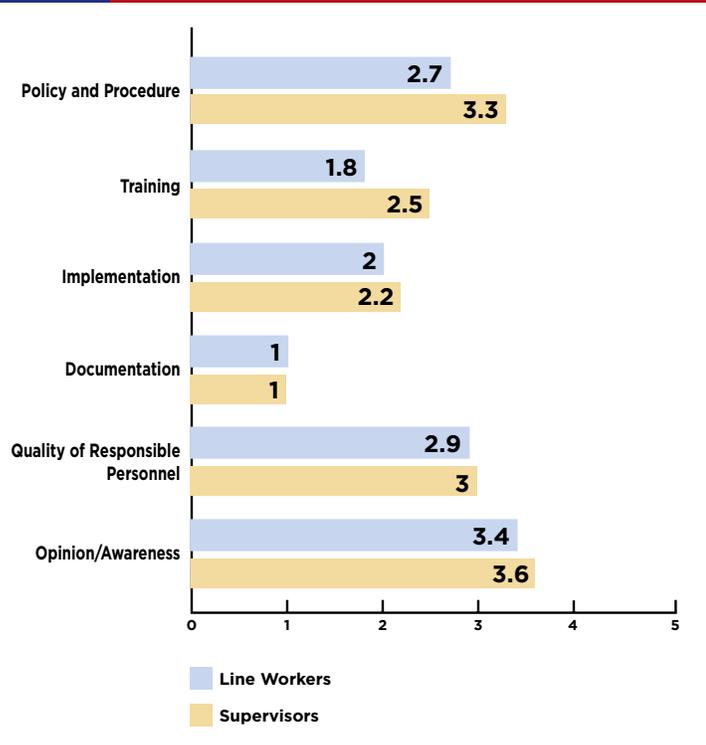
### 3.3 Documentation (1.03)

Grievance procedure is very poorly documented in GSI; for those respondents who have used grievance or complaint channels, 98% have never received any written confirmation that they have submitted a complaint, who would handle the matter, or the final decision addressing the complaint. A poorly documented grievance system makes it difficult to

FIGURE 2 Scores for Grievance Procedure



**FIGURE 3** Grievance Procedure Scores by Current Position



follow up on the complaints, to find effective solutions, and to instill trust in the system.

### 3.4 Quality of Responsible Personnel (2.87)

One out of the four (24%) surveyed workers do not trust the personnel responsible for handling grievances, and over a third of the respondents (35%) do not think the responsible personnel have the necessary power to address their complaints.

### 3.5 Factors Concerning Grievance Procedure

Different elements were analyzed and measured to identify which factors might be positively or negatively related to the effectiveness of GSI's grievance procedure. The key findings are as follows:

- Training positively correlates with Policy and Procedure.<sup>7</sup> Workers who are better trained on grievance procedure also have better knowledge of the policy and procedure regarding the issue.
- Figure 3 suggests that supervisors

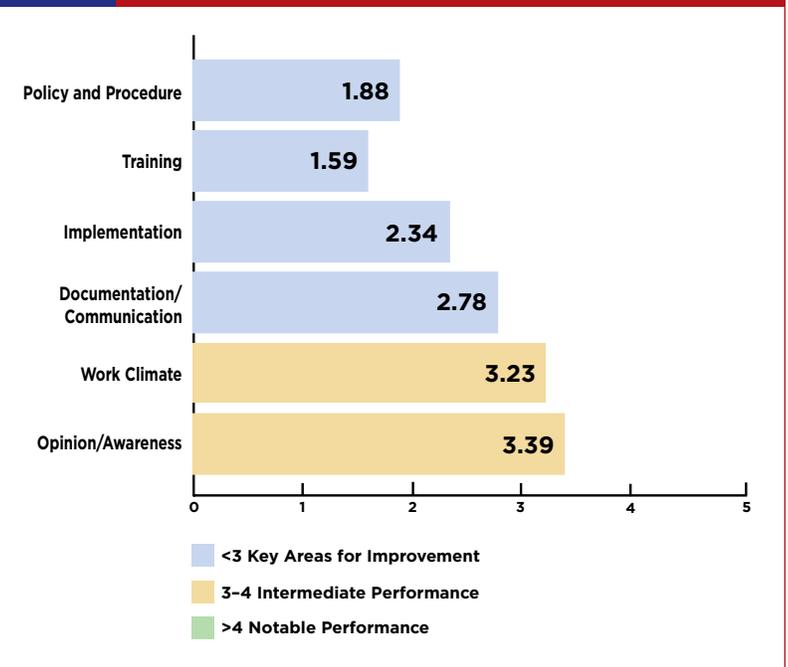
generally have a better understanding and higher level of training than line workers. The reason may be that supervisors have more channels and resources to access the information regarding GSI's grievance procedure, but that they fail to share the information and knowledge with the line workers.

Serving as a bridge between top management and the workforce, supervisors play an important role in implementing GSI's policies and regulations. GSI should offer more training to supervisors on its existing grievance and other systems and on communication techniques and skills to facilitate the information flow between the top management and the general workforce.

## IV. Key Findings from Worker Participation

Figure 4 shows a high score given by workers to Work Climate and Opinion and a low score to Training and Policy. Workers report a high level of awareness on the importance of worker participation but the factory needs to take efforts to improve its policies and procedures on worker participation and strengthen its training programs.

**FIGURE 4** Scores for Worker Participation



#### 4.1 Policy and Procedure (1.88)

According to the survey results, current policies and procedures fail to support effective worker participation. A vast majority of the respondents (86%) state that GSI has no written policy on worker participation; most workers are not aware of the written procedure on the steps to follow if they want to discuss an issue with management (76%) or if they want to be active in factory affairs (93%).

#### 4.2 Implementation (2.34)

Results show that workers are not motivated to actively participate in factory affairs. A majority of the workers (88%) state that a trade union exists but almost half of the respondents (46%) are worried that there could be negative consequences if they participate in worker committees or representative bodies. Most of the workers report that they have neither participated in any decision-making process (80%) nor gotten involved in solving disputes in the factory (91%). Results suggest that worker participation is not only not supported by management, but rather, suppressed in certain ways.

#### 4.3 Documentation (2.78)

Communication between worker representative bodies and the general workforce is quite limited. A majority of the respondents have never received written information on the activities of a worker representative body (77%) nor on decisions made by or involving management and the bodies (69%).

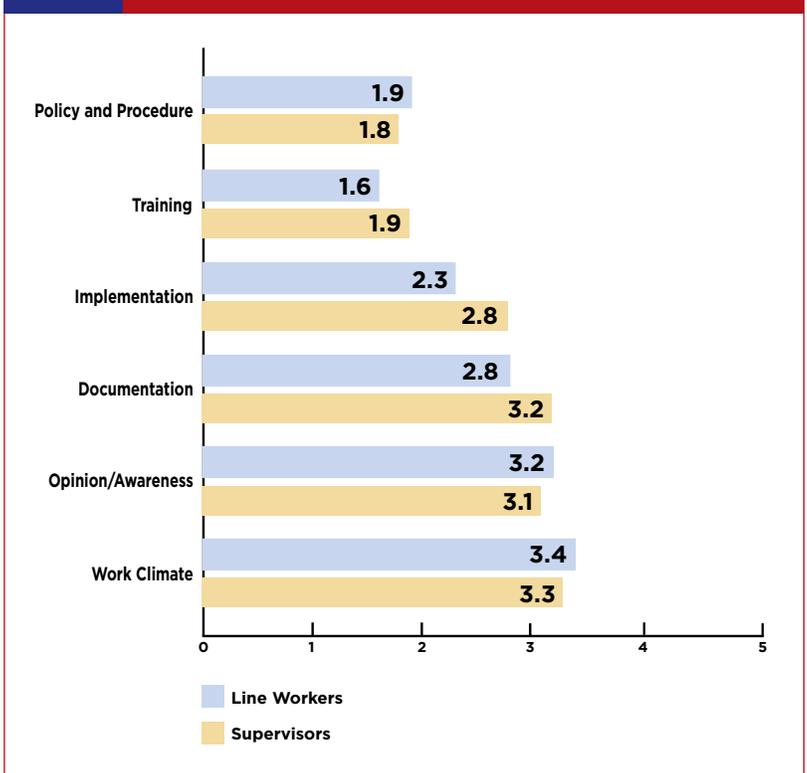
#### 4.4 Work Climate (3.23)

Workers in general hold a positive attitude towards their workplace. Most of the workers are proud of the factory (85%) and think that the goods produced are of good quality (95%).

#### 4.5 Factors Concerning Worker Participation

Different elements were analyzed and measured to

FIGURE 5 Worker Participation Scores by Current Position



determine which factors might positively or negatively correlate to workers' participation. The key findings are as follows:

- There is a positive correlation between Training and Policy and Procedure.<sup>8</sup> Workers who are better trained on worker participation also have better knowledge of the policy and procedure regarding the issue.
- Implementation scores for worker participation differ significantly between line workers and supervisors.<sup>9</sup> Figure 5 suggests that workers and supervisors have a similar level of knowledge and awareness of GSI's worker representative bodies but that supervisors feel that the system is better implemented. Supervisors also tend to be better trained on worker participation and consider the system better-documented than the line workers.

GSI should strengthen its training programs on worker participation, and improve workers' knowledge

of the existing policies and procedures. Additionally, supervisors should bridge the gap between management and the general workforce so that factory policies are clearly understood and effectively implemented by all.

## V. Overall Findings

Low scores for Training and high scores for Opinion are found across all three topics. Below is a detailed analysis on workers' overall feedback on these two dimensions.

### 5.1 Training is Generally Insufficient

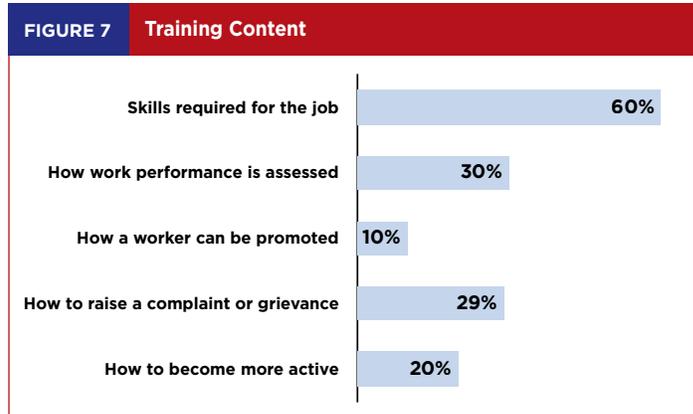
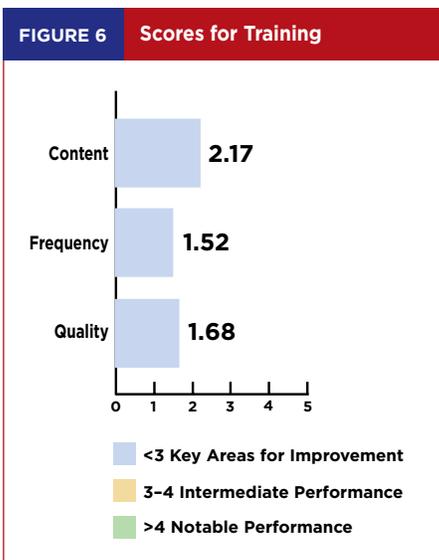
We use three different factors to assess the current training program: Content, Frequency, and Quality. Each factor is measured on a scale of 1 to 5. Figure 6 shows that all the factors are rated near or below 2, indicating a need for serious improvement, especially in the frequency of the training.

The low score of Content suggests that GSI fails to provide sufficient training on the topics that

most concern the workers. Figure 7 lists percentages of workers and the topics on which they have been trained. GSI should offer more training on grievance procedure and worker participation to support and encourage workers' involvement in the factory. Additionally, in order to motivate and retain the workforce, GSI

should enhance its skills development training to help workers better understand performance assessment and promotion.

Regular training sessions keep workers well informed and updated on the factory's policies and regulations while strengthening communication between management and workers. The quality of GSI's training programs must also be improved. A more interactive and participatory approach should be used during training to help efficiently convey the information to the workers.



### 5.2 Workers in General Have High Level of Opinion

Most of the respondents consider the hiring system quite fair. Two thirds of the workers (66%) report that supervisors are equally strict with workers irrespective of the place of origin. A vast majority of the workers (85%) claim that promotion does not depend on their relationship with their supervisor or floor manager, but on their work performance.

The comparatively high score of Opinion on GSI's *Grievance Procedure* and *Worker Participation* suggests that workers are aware of the importance of participating in factory affairs, and of the value of workers' opinions about the factory's operations. A majority of the respondents (64%) believe that workers should complain about bad situations for the sake of others. Almost all the respondents agree that it is important that workers organize in worker representative bodies (91%) and that they participate in the factory's decision-making processes (92%). These results suggest that workers are willing to voice their concerns and suggestions. Their high awareness lays a good foundation for future improvement on *Grievance Procedure* and *Worker Participation*.

### 5.3 Comparison Between SCOPE Worker Survey and Management Survey

Comparing results from the Worker Survey and Management Survey presents a more comprehensive picture of GSI's existing *Hiring System*, *Grievance Procedure* and *Worker Participation*, and shows discrepancies between workers' and management's perceptions.

Both the Worker Survey and Management Survey suggest that GSI's human resources department fails to

go beyond its administrative function to motivate the workforce and promote productivity. GSI's management largely views the HR department as an administrative agent, and does not recognize its role as a driver for personnel development or worker retention. Workers' feedback on the poorly established evaluation tools to assess workers' performance and support their long-term development also reflects GSI's lack of strategic human resources system.

Meanwhile, big gaps are observed when comparing the results of the Worker Survey with that of the Management Survey on *Grievance Procedure* and *Worker Participation* (Fig. 8). In general, management scores much higher than the workers on Policy, Procedure, and Training, but have a similar level of awareness on the importance of having well-implemented grievance procedure and worker representative bodies.

The discrepancies in the scores for Policy and Procedure suggest that the management staff have a higher level of knowledge regarding the factory's existing policies and procedures, but that the information is not effectively shared with the general workforce. Language barriers and cultural differences between the top management and the workers could be one of the reasons for communication gaps. GSI's current top-down communication method may also lead to loss of information.

Moreover, results show that there are insufficient opportunities for workers and management to attend

training, and that the workers receive less training than the management. Workers are not motivated to raise their concerns and to communicate with the management, and thus information gaps and communication barriers persist.

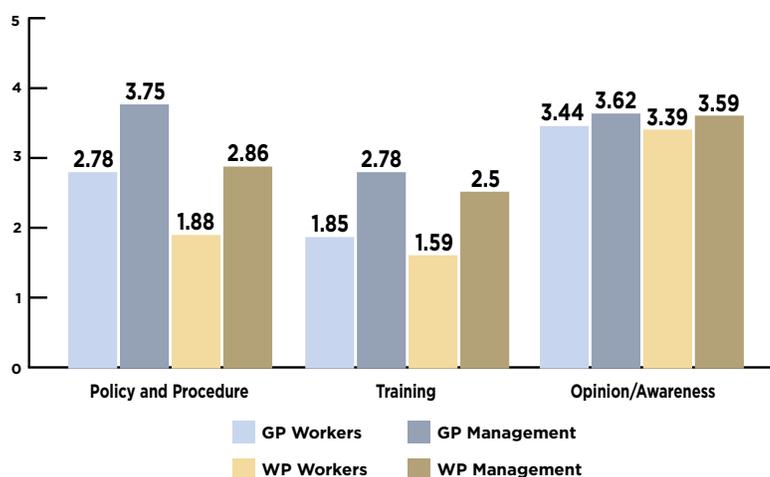
## VI. Summary and Recommendations

The Worker Survey examines the core functions of the existing *Hiring System* from workers' perspective, and assesses the *Grievance Procedure and Worker Participation* mechanisms in the factory. Findings from the survey can serve as a benchmark against which to compare the results for an impact assessment, which will take place after the period of capacity building. Key findings and recommendations are summarized below:

### Key Findings

- GSI currently lacks a strategic hiring system with effective performance assessment tools and long-term development support that can motivate the workforce and boost productivity;
- GSI's documentation of grievance procedures does not support identifying problems, finding solutions and communicating actions taken;
- Generally speaking, workers express a positive opinion of GSI's current hiring system, and are aware of the importance of grievance procedure and worker participation, which lays a good foundation for future improvement;
  - Nevertheless, in comparison with management staff, the workers' levels of knowledge and understanding of GSI's current policies and procedures on the three topics remains low. In particular, there are big gaps of knowledge and perception between supervisors and line workers;
- Training provided by GSI is neither sufficient nor effective in its content, frequency, and quality, and consequently both workers and management staff are not well-trained on the hiring system, grievance procedure or on how to participate in factory affairs.

**FIGURE 8** Grievance Procedure and Worker Participation Score Comparison



### What do these findings mean?

**Standardized Performance Evaluation Tools and Career Development Support:**

Standardizing assessment criteria and supporting workers' long-term development will enable GSI to build a strategic hiring system that can retain workers and boost productivity. GSI also needs to strengthen communication channels and offer regular training to keep workers well informed and updated on their job performance and career development opportunities.

#### **More Comprehensive Documentation System on Grievance Procedure:**

A documentation system for its grievance procedure can help GSI effectively record workers' complaints and quickly identify existing systemic problems. Feedback on workers' suggestions is also essential to strengthen trust between the management and the

workers, and encourage the workers to actively voice their concerns.

#### **Training for Supervisors to Bridge Communication Barriers:**

Supervisors play an important role in bridging the gap between management and the workforce. Offering regular training to the supervisors can increase their level of understanding of GSI's current policies and procedures, while facilitating the flow of information between management and the workers. Moreover, the existing top-down communication approach needs to be revamped, and top management should encourage bottom-up communication through workers' feedback and suggestions.

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#### **FOOTNOTES**

- <sup>1</sup> Sample size was based on (+/-) 8% error range, at 95% confidence level.
- <sup>2</sup> To protect the anonymity of respondents, operators were asked not to fill in their names on the questionnaire. Table 1 shows the basic characteristics of the survey participants. Numbers on the tables may not always add up to 100% due to unanswered questions.
- <sup>3</sup> 68% of the workers are never informed of their job performance, and 8% are rarely informed of their job performance.
- <sup>4</sup> The correlation coefficient between Communication and Training is 0.308 (statistically significant at 0.01 level).
- <sup>5</sup> The correlation coefficient between Implementation and Documentation is 0.455 (statistically significant at 0.01 level).
- <sup>6</sup> Channels include: suggestion box, talking to supervisors, security personnel, human resource department, people in the health center, department managers, general manager, factory's counselor, or union or union representatives, and using suggestion e-mail box or hotline.
- <sup>7</sup> The correlation coefficient between Training and Policy and Procedure is 0.405 (statistically significant at 0.01 level).
- <sup>8</sup> The correlation coefficient between Training and Policy and procedure is 0.377 (statistically significant at 0.01 level).
- <sup>9</sup> The result of one-way ANOVA shows that the scores for Policy and Procedure and Implementation on hiring system between workers and supervisors are statistically different (significance level is 0.05).