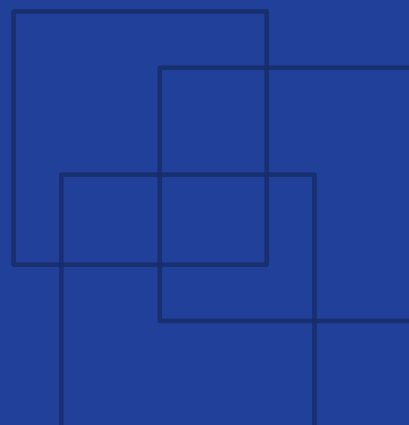




International  
Labour  
Organization

# Human resources management - 2

Staff management systems



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# Factory Improvement Toolset

The Factory Improvement Toolset (FIT) is an innovative self-facilitated, activity-based learning approach designed by the International Labour Organization (ILO) to create more decent and sustainable employment. FIT supports manufacturers in global supply chains to improve productivity, competitiveness and working conditions by upgrading production systems and factory practices.

FIT has been developed to be a sustainable, time- and cost-efficient option for supporting factories to enhance productivity through improved business practices and working conditions. FIT focuses on areas of production improvement and actions to be taken specific to each participating factory. It can be utilized as stand-alone learning tools or to complement other training programmes.

With each module lasting no more than 2.5 hours, FIT enables factories to train personnel, whilst minimizing interference with production realities. The easy-to-use methodology makes it possible to rapidly scale the implementation to reach a large cohort of trainees across multiple production facilities.

Working in small groups, participants review real-life situations and engage in discussions to determine improvements to be made in factory without an external trainer or specialist. This self-facilitated, activity-based and highly participatory learning approach positions participants as both student and teacher and makes the toolset self-tailored to the needs and interests of each group.

## About this module

The FIT module on Human resources management is a training for garment manufacturers to improve systems that support the factory. Participants will work on setting up HR management systems to improve compensation systems, discipline and grievances procedures, and the working environment. This module takes about 2 hours to complete.

## Upon completion of the training, participants should have:

- Understood the importance of having good human resources management systems.
- Identified ways to improve compensation systems to better motivate staff.
- Discussed policies and procedures in place to discipline staff and handle grievances.
- Discussed ways to improve the working environment and obtain employees' suggestions.

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The **Factory Improvement Toolset** of the **International Labour Organization (ILO)** are developed and provided by the ILO's **Enterprises Department**.

**Authors:** Alix Machiels, Sara Andersson, Charles Bodwell.

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# Guidelines for successfully using the training tool

## Read out-loud

The FIT tool is designed for participants to take turns reading the instructions in the modules out loud to the group. At least one member of the group should be selected in the beginning of the session to take this responsibility.

## Work as a group

Always work in groups of 5-7 during a FIT session. The programme will not be successful if participants work independently or do not collaborate with each other.

## Be active

Encourage everyone in the group to actively contribute to the discussion. Ensure that no group member dominates the discussion or does not participate at all.

## Monitor the time

Select one member of the group to monitor the time for each activity and remind the group when it is time to move to the next exercise.

## Complete the action plan

Complete the action plan at the end of the session. This will help ensure that FIT results in improvements in the factory. Review the plan a while after the session to make sure that actions in the plan has been completed accordingly.

# Icons

A set of icons is used throughout the modules to provide easy to recognize reference points for different tasks within each session and activity.



## Read out loud

One member of the group should read out loud to the rest of group.



## Knowledge link

Knowledge and skills are linked to other FIT learning resources and support.



## Time allotted

Indicates how much time each sessions and activity should take.



## Supplies needed

Indicates that supplies may be necessary to complete the session.



## Begin step-by-step instructions

Indicates that the step-by-step instructions for an activity are beginning.



## Think about it

Indicates additional information for the participants to think about.

# Measuring your performance

Measuring operational efficiency is a key aspect of running a productive factory. The box(es) below guides you in understanding which measurement indicator(s) can be used to measure and evaluate the performance of your factory in relation to the topic of this FIT module.

<b>Indicator</b>	<b>Absenteeism rate (%)</b>
<b>Definition</b>	The amount of time (days) your employees were absent over a period of time, as a proportion of the total amount of time (days) they worked during that time.
<b>Purpose</b>	To understand how high your absenteeism rate is, set an absenteeism reduction target, and identify solutions to reduce absenteeism in your factory.
<b>Calculation</b>	$(\# \text{ days lost due to absences} / \text{total \# of available days}) \times 100\%$ Notes: Total # days worked = (total # employees) x (# working days during that month) # days lost due to absences = summation of all absences during the period of time (record all absences for all employees)
<b>Frequency</b>	Calculate monthly.
<b>Responsible</b>	HR manager





Session 1

# Business case study

## Goals

**Preparing you for the type of discussions you will have with other group members throughout the learning module and understanding the benefits of being exposed to different perspectives.**

**Understanding better why having good human resources management practices is important in the factory.**

# Session 1

## Overview



**One member should read the full session out loud to the rest of group**



**15 minutes**



**Learning manual, pens, markers and poster paper**

A business case study presents a real-life situation for learners to reflect on and discuss with other group members. By discussing the case, students learn from others' ideas and perspectives, and develop an understanding of the topic at hand within the workplace.



**One group member reads the case study out loud**



**The whole group discusses the case study**



**Everyone develops a deeper understanding of the topic**

# Activities

Activity

1



15 minutes

## Case study

The case study below presents a situation that could happen in real life.



### Instructions:

- 1) As a group, listen to one member read the case study below while following along in your learning module.

Nila is a new HR manager at the HS garment factory. She thinks that its staff management system is poor. Working hours are very long. Staff do not understand wage and benefits calculations and do not trust the factory. There is no system in place for handling misconducts, and for staff to report problems. All accused people are fired without any investigation. Employees do not feel listened to, and do not dare to report problems or complain to managers and HR officers. They are demotivated, and turnover is very high. As a result, productivity and quality are low in the factory.

To solve these issues, Nila talks to the production manager, and together they agree on a number of steps. First, they set up new compensation, discipline and grievance systems. Working hours are set to 8 hours a day, and the factory starts using simple pay slips to calculate wages and overtime. Nila also drafts a new staff behavior policy, agreed with management, which explains what measures will be taken for each type of misconduct. She also sets up a procedure for staff to report issues to their supervisors. Lastly, Nila puts a suggestion box in the canteen, where employees can make written suggestions on how to improve the workplace. She opens them weekly and attempts to implement suggestions in consultation with the concerned departments.

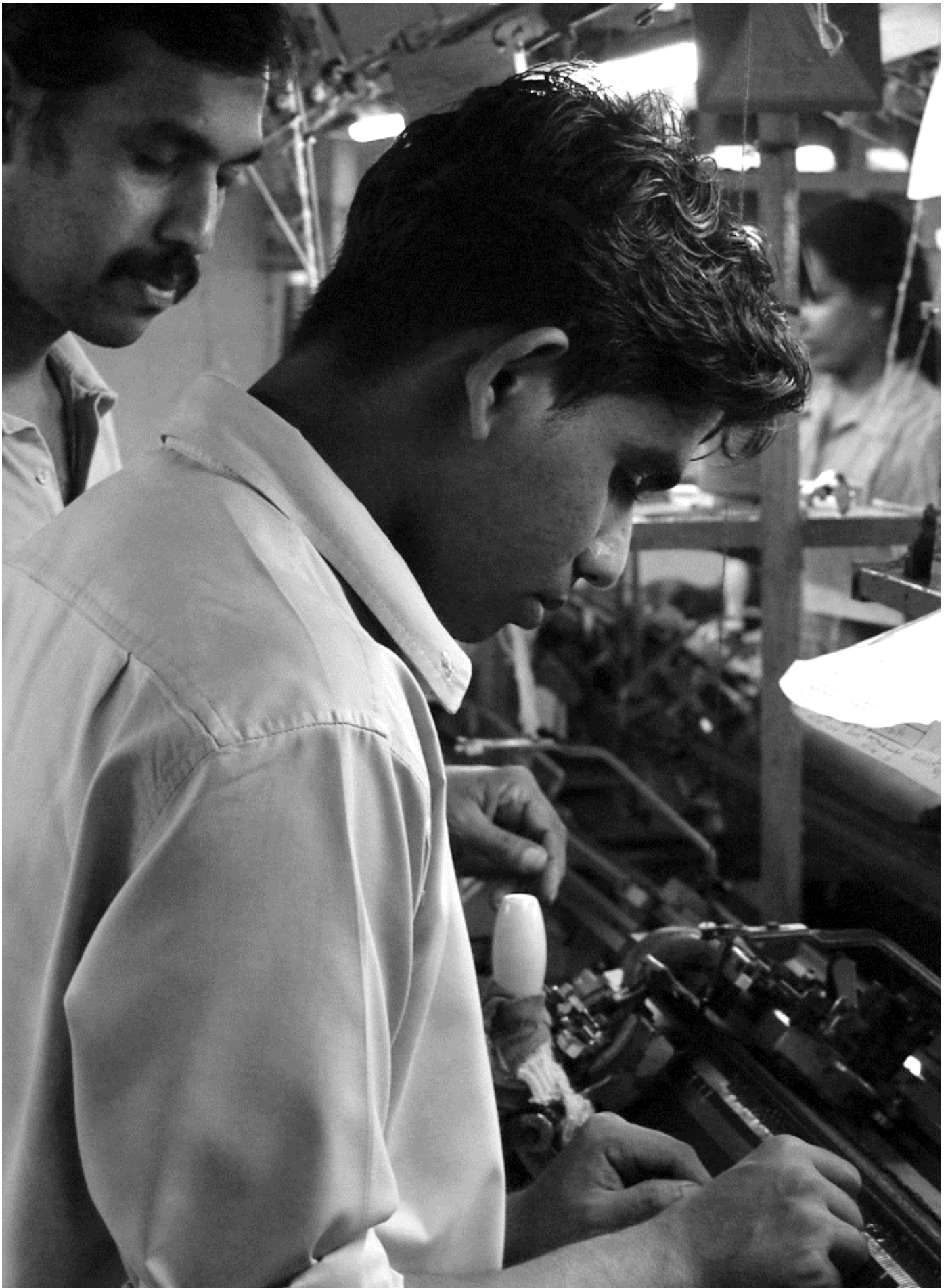
Thanks to these changes, employees understand factory policies better, feel more valued, and become more trusting of management. Motivation and job satisfaction increase, and turnover is lowered. As a result, productivity and quality improve.

- 2) Together, discuss Nila's situation by answering the three questions in table 1 on the next page.

## Table 1. Questions about Nila's situation

1. What problems has Nila identified? What impact do these problems have on the factory and its staff?
2. What does Nila and the staff do or change in order to solve these problems? Who would need to be involved in making these sorts of changes in your factory?
3. What are the results of these solutions for the factory and its staff?

This page has been intentionally left blank and can be used for note taking.



## Session 2

# Learning about the topic

### Goals

**Discussing working hours, overtime, wages and staff benefits and rewards, and learning how to use a pay slip.**

**Learning more about how to discipline staff and deal with separations in the factory.**

**Learning more about how to handle grievances in a fair and efficient manner.**

**Discussing ways to engage workers in identifying areas for improvement by increasing employees' suggestions.**

## Session 2

# Overview



One member should read the full session out loud to the rest of group



90 minutes



Learning manual, pens, and markers

This training module will help you improve your factory operations by improving the way you manage human resources (your staff). Human Resources (HR) management means having a system to attract, develop and retain good, skilled employees. Effective HR improves quality and productivity, and creates a working environment that is safe, fair and healthy for all. Throughout this module, you will work on the four steps of HR management below.

**Compensating & motivating staff**

**Disciplining staff**

**Handling grievances**

**Involving your staff**

Firstly, you will discuss working hours in your factory, as well as wages, benefits and rewards that can be used to motivate staff. Then, you will discuss discipline measures, as well as grievance procedures in your factory. Lastly, you will discuss how to improve the working environment and worker engagement in your factory.



To learn more about the other aspects of HR management (recruitment, performance), ask for the “HR management 1” module!



# Activities

Activity

## 2a



25 minutes

## Compensating staff

**Compensation** is the process of paying and rewarding staff for their hours worked. It is a way to attract, motivate and retain skilled workers. In this activity, you will discuss working hours and wages.



### Instructions:

- 1) Have a participant read aloud the text below. Then, discuss:
  - Do you have a standard working time in your factory?
  - Do workers do a lot of overtime in your factory?
- 2) Together, look at the good practices in table 2, and put a ✓ in the column on the right if you do it in your factory.
- 3) Have a participant read aloud the text box on the next page. Then, together, look at the payslip example in table 3, and discuss the two questions below the payslip.



It is important to have a standard working time and to avoid excessive overtime. Excessive working time increases stress and fatigue, demotivates workers, and exposes them to poor health and accidents, lowering performance. It also increases absenteeism and turnover, causes extra costs for the factory, and decreases productivity.

Table 2. Working hours & wages

Good practices	✓
1. There is a standard working time of 8 hours a day, 48 hours (6 days) a week.	
2. Staff gets at least one day off every week (after 6 days of work).	
3. Hours worked in addition to normal working hours are considered as overtime.	
4. Workers are asked first if they want to do overtime.	
5. Overtime amount does not exceed the maximum amount set by the law.	
6. Overtime is paid at minimum based on the overtime rate set by the law.	

7. Wages are set on a scale (based on type of work and skills / experience).	
8. Wages are the same for all men and women in the same level of the scale.	
9. Hourly wages are based on a minimum wage set by the law.	
10. Hours and pay are tracked and recorded using regular pay slips.	
11. Pay slips show the number of hours worked, pay rate and overtime rate.	
12. The pay slip is clear and explicit so that staff can understand the content.	



Wages can affect staff turnover. If you pay lower than your competitors, you may have a higher turnover (and thus lower productivity). To attract and retain skilled workers, factories usually pay more than the minimum.

**Table 3. Pay slip example**

Employee's name:	Sopheia S.	Date:	16 March 2020
Job title:	Junior sewing operator	Pay period:	1-15 March 2020
<b>Wage calculations</b>			
<i>Hourly rate</i>	# of hours: 104	Rate: \$ 1.50	Amount: \$ 156.00
<i>Overtime</i>	# of hours: 10	Rate: \$ 2.25	Amount: \$ 22.50
<i>Allowances</i>	Individual performance reward		Amount: \$ 4.00
<b>Gross wages</b>			<b>\$ 182.50</b>
<i>Deductions</i>	Taxes (10%)		Amount: \$ 18.25
	Health insurance (2%)		Amount: \$ 3.65
	Others: /		Amount: /
<b>Total deductions</b>			<b>\$ 21.90</b>
<b>Net wages</b> (gross wages – total deductions)			<b>\$ 160.60</b>

**Discussion questions**

1. How do you set wages (hourly / per piece / fixed salary)? Is this above the minimum wage?
2. How could you improve your pay slip system? How can you make sure staff understand the content of the pay slip?

Activity

## 2b



15 minutes

### Motivating staff

Compensation is an important way to attract, motivate and retain a skilled workforce. To further **motivate** your employees to perform well and stay in your factory, you can also offer benefits and rewards. In this activity, you will discuss benefits and reward systems in the factory.



#### Instructions:

- 1) Have a participant read aloud the text box below. Then, together, look at the list of benefits and rewards to motivate employees in table 4, and put a ✓ in the right column if you do these things in your factory.
- 2) Together, discuss: How could you improve your benefits and rewards systems to increase staff motivation? Write down your ideas in the space provided in table 4.



Motivating employees through benefits and rewards helps make employees feel valued and committed to the factory. When this happens, employees are more likely to perform well. This means higher productivity and quality, lower turnover, and better communication!

**Table 4. Rewards & Benefits**

<b>Benefits &amp; rewards</b>	✓
1. Health insurance (the factory pays one part, the worker pays the other part).	
2. Accident insurance (the factory pays one part, the worker pays the other part).	
3. Paid sick leave and working injury pay (when the worker cannot work).	
4. Paid (holiday) leave. Every staff should be entitled to it after 6 months.	
5. Paid maternity leave (14 weeks, of which 6 are mandatory).	
6. Pensions – depending on contract duration, as set by the law.	
7. Promotions as reward for good performance (see previous activity).	
8. Individual performance reward (for example, based on target achievement).	
9. Team performance reward (for example, based on line performance).	
10. Public recognition (for example, employee of the month, star employee).	

**Improving your systems**

How could you improve your benefits & rewards systems to increase staff motivation?

Activity

# 2c



15 minutes

## Discipline & separation

HR is also responsible for **disciplining** staff when necessary, and handling separations – whether voluntary or involuntary. In this activity, you will discuss your discipline measures.



### Instructions:

- 1) Have a participant read aloud the text box below. Then, look at the examples of offenses and disciplinary actions in table 5. For each offense, discuss:
  - Is this offense minor or serious?
  - Which disciplinary action would you select? What would your decision depend on?
- 2) Have a participant read aloud the text box on the next page. Then, together, look at the good practices for handling separations in table 6, and put a ✓ on the right if you do it in your factory.



Discipline is the process of correcting a staff's unacceptable behaviour. It must follow a clear written policy that is the same for everyone. No action should be taken until the accusation has been investigated. Staff should have the opportunity to explain their side of the situation. All disciplinary actions must be recorded.

Table 5. Disciplining staff

Offenses	Disciplinary actions
1. An employee always shows up 20 minutes late for work.	<ul style="list-style-type: none"><li>• Oral or written reprimands</li><li>• First warning (duly recorded)</li><li>• Suspension with pay</li><li>• Suspension without pay</li><li>• Demotion (opposite of promotion)</li><li>• Transfer (to other department)</li><li>• Dismissal (firing the employee)</li><li>• Involving the police</li></ul>
2. An employee is found guilty of stealing garments from the stores.	
3. An employee drinks during working hours and shows up drunk for work.	
4. An employee misuses a tool, causing damage, and doesn't listen to instructions.	
5. An employee is found guilty of sexually harassing another employee.	



There are several ways through which a staff may leave the factory:

- **Voluntary separation:** The employee wants to leave.
- **Involuntary separation:** The factory needs to cut labour costs.
- **Dismissal:** The employee is fired due to serious misconduct.
- **Retirement:** The employee has reached retirement age.

Table 6. Dealing with separations

Good practices	✓
1. When there is voluntary separation, HR conducts an exit interview to understand the reasons why the employee is leaving.	
2. During exit interviews, HR tries to identify both professional (e.g. wages) and personal reasons for leaving (e.g. family), without blaming the employee.	
3. HR tries to retain good employees by discussing the situation and negotiating with them, showing to the employee that the factory values her/him.	
4. HR records the amount of voluntary separations and the reasons why they are happening to understand how to reduce turnover and improve the factory.	
5. If an employee retires, HR thanks the employee for their commitment, and discusses how to improve the workplace with the employee.	
6. Before conducting involuntary separations (the employee is dismissed), HR identifies other alternatives (e.g. reducing hours or freezing pay).	
7. Dismissal only takes place when all other discipline options have been considered and the employee has committed repeated or serious offenses.	
8. There is always a legitimate reason for dismissing an employee, and dismissal can never be based on characteristics such as religion or gender.	
9. The factory has a clear policy on which offenses employees can be dismissed for (such as stealing, harassment, endangering other staff, etc.).	
10. Dismissal only happens after a disciplinary meeting, to give the employee an opportunity to tell their side of the story or change their behaviour.	

Activity

2d



20 minutes

## Grievance handling

HR is also responsible for ensuring that employees' voices are heard, and their **grievances** (complaints or issues) addressed. In this activity, you will discuss grievance procedures in your factory.



### Instructions:

- 1) Have a participant read aloud the text box below. Then, together, discuss: Do you have a grievance procedure in your factory? Does it work? Why, or why not?
- 2) Together, look at table 7 listing steps for handling grievances, and put them in the right order by writing a number from 1 to 7 on the right. Solutions are at the bottom of the page.
- 3) Together, discuss the two questions on handling procedures in table 8. Write down your answers in the space provided.



A grievance procedure is a formal process, taken when solutions are not found through informal factory floor discussions between workers and their supervisors. The procedure is made up of steps to receive and handle employees' disputes or problems at work. All staff must have the right and opportunity to report issues that cannot be solved informally. This helps build trust in the factory and improve the working environment. All grievances must be addressed systematically and quickly to avoid problems escalating.

**Table 7. Grievance procedure**

Steps	#
If not resolved, the worker may seek legal help.	
The senior manager incorporates suggestions from the committee, then replies in writing within 10 working days.	
If not resolved, the worker communicates the matter to senior level management.	
A worker communicates a grievance (often verbally, but ideally with a written record) to his/her supervisor.	
If not resolved, the worker is invited to a meeting involving a committee of workers' representatives and managers to discuss the grievance.	
The senior manager listens, investigates the matter and responds within 10 days.	
The supervisor listens, then investigates and responds within 10 days.	

**Table 8. Handling grievances**

<p>1. How can you make sure that all workers understand the grievance procedures and use it in case of problem?</p>
<p>2. How can you make sure that supervisors and managers understand how to deal with workers' grievances, listen to them and follow the procedure?</p>

Solutions: 7, 6, 3, 1, 5, 4, 2



Activity

2e



15 minutes

## Involving employees

HR is also responsible for ensuring a good, fair working environment for **all employees**. This means that employees must be able to communicate their opinions and suggestions to you. In this activity, you will discuss ways to involve workers in improving the workplace.



### Instructions:

- 1) Together, brainstorm: What is a good working environment? Write down your ideas around the cloud in table 9 below.
- 2) Together, look at the good practices for using suggestion boxes in table 10, and put a ✓ on the right if you do it in your factory.

Table 9. A good working environment

Example: A safe environment.



To learn more on how to promote equality and address sexual harassment in your factory, ask for the “Inclusive factories” and “Dealing with sexual harassment” modules! To learn more on how to guarantee safety and health in your factory, as for the “Introduction to OSH”, “Better ergonomics” and “Improving welfare” modules!

**Table 10. Using suggestion boxes**

<b>Good practices</b>	✓
1. Pieces of paper are provided by the box for employees to write on.	
2. Employees are not forced to mention their name when making a suggestion.	
3. The box is placed in an easily accessible place, away from production areas.	
4. The box is placed in a more quiet area, away from CCTVs and managers' offices or vision field.	
5. A designated person (e.g. HR officer) empties the box once a week and reads the suggestions.	
6. A committee decides which suggestions to implement, taking into account impact, ease of implementation and ease of maintenance.	
7. When a suggestion is implemented, thank the employee for the suggestion if his/her name was listed. If it is not implemented, explain why.	
8. Request suggestions for improvements only. Complaints should be addressed through grievances procedures.	
9. Encourage workers to provide suggestions, and emphasize that they will not be penalized for doing so.	
10. To encourage workers to provide suggestions, set a new theme each month (for instance quality, welfare, safety, food, etc.).	

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## Session 3

# Action items

### Goals

**Summarizing and revising the new knowledge gained.**

**Identifying concrete applications of the new knowledge that benefit your factory.**

# Session 3

## Overview



One member should read the full session out loud to the rest of group



20 minutes



Learning manual, pens, and markers

Throughout this module, you gained new knowledge on how to improve your human resources management systems by improving your compensation, discipline and grievances practices, and involving employees in improving the working environment.

**Compensating staff**

**Disciplining staff**

**Handling grievances**

**Involving employees**

In this session, you will think of ways to apply your new knowledge to improve human resources management in your factory by reviewing best practices and drafting your own action plan.



A pay slip template is available online for you to print out and use in your own factory. To obtain it, contact your factory's FIT coordinator!

# Activities

Activity

## 3a



5 minutes

### Best practices checklist

In this activity, you will review best practices as a next step for evaluating your own and implementing improvements.



#### Instructions:

- 1) Together, look at the list of best practices in table 11, and put a ✓ in the column on the right if you use these practices in your factory.

Table 11. Human resources management - 2

Best practices	✓
1. The factory has a standard working time. Hours worked and overtime are recorded for each employee.	
2. HR uses pay slips to record and calculate wages and overtime. Pay slips are issued regularly, and the content is made clear to workers.	
3. The factory uses benefits and rewards systems to motivate staff.	
4. HR sets up and follows clear policies and procedures to discipline staff and handle separations.	
5. The factory has grievances submission and handling procedures. Grievances are addressed timely and decisions communicated to workers.	
6. HR systematically identifies ways to improve the working environment based on employees' suggestions.	

Activity

# 3b



15 minutes

## Your action plan

In this activity, you will think of ways to apply your new knowledge to improve how you manage your human resources by drafting your own action plan.



### Instructions:

- 1) Together, fill in the action plan (table 12) on the next page. Identify a key problem that you want to solve and write down the solutions you identified while working on this module.



**Table 12. Human resources management 2 – Action Plan**

<b>Problem identified</b>				
<b>Solutions identified</b>	<b>Action(s) to be taken</b>	<b>Person responsible</b>	<b>By when?</b>	<b>How will improvements be measured?</b>

# Human resources management - 2

The Factory Improvement Toolset (FIT) is an innovative self-facilitated, activity-based learning approach designed by the International Labour Organization (ILO) to create more decent and sustainable employment. FIT supports manufacturers in global supply chains to improve productivity, competitiveness and working conditions by upgrading production systems and factory practices.

FIT is being piloted in Asia under the regional Decent Work in the Garment Sector Supply Chains in Asia project funded by the Government of Sweden.

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