

CREATING A SKILLED, VALUED & ENGAGED WORKFORCE

HOW NIKE, INC. AND ITS SUPPLIERS APPROACH ENGAGEMENT & WELLBEING FOR THE PEOPLE WHO WORK IN ITS MANUFACTURING SUPPLY CHAIN

At Nike, we're committed to creating a better, more sustainable future for our people the planet and communities around the world. With that, ethical manufacturing has been at the core of our business model for nearly three decades. We work with suppliers who share our commitment to human rights, labor conditions and engagement because we know a skilled, valued and engaged workforce is key for growth and sustainability, both for Nike and our suppliers.

When we set out to better understand how to advance engagement nearly a decade ago, we found resources to measure employee satisfaction and track reputational gains, but there was no off-the-shelf guide to understanding and advancing engagement in a factory setting. We began working with key suppliers to pilot practices intended to improve their employee's wellbeing and engagement for the benefit of factory workers, our suppliers and Nike. In an effort to track, distill and scale our learnings, we developed a survey and worked with data scientists to vet our efforts. We then engaged a variety of stakeholders including factory workers, factory managers, survey experts, and academics to provide input and evolve the process.

The output of those efforts is the Nike Engagement and Wellbeing (EWB) Survey, a tool for factory management to gain a holistic understanding of the experience of employees within a factory. Through an initial four-country pilot conducted from 2014 – 2016 we validated reporting accuracy in reflecting engagement and showed a correlation between higher engagement and stronger factory performance. The survey identifies opportunities for managers to better support their employees, catalyzes two-way communication, and helps build trust by providing a place to anonymously share perspectives and feedback. The results from the survey, when analyzed in aggregate, can also surface trends across a supply chain.

WHEN WORKERS ARE ENGAGED, EVERYONE WINS

Nike looks to work with suppliers who value their employees and are committed to leveraging the knowledge and experience they offer to inform business decisions. Over the trial period, participants reported feeling less stress and more validation. Many noted a sense of pride when their input was used to improve elements of workplace functioning, often in areas like assembly line process or payslip protocol.

Based on broad research on employee engagement and Nike's work with our suppliers we know the higher the employee engagement, the more efficient, agile, and committed the workforce is overall. Employees who feel safe, empowered to speak up and share solutions, and can manage their own day-to-day stress make superior products with better quality.¹ There is business value for suppliers and Nike as well. Engaged workers are less likely to miss work or leave the company. Suppliers with an engaged workforce are also able to more quickly incorporate new styles and can adapt to change with shorter lead time, as compared to non-engaged counterparts.

¹ Nike Sustainable Business Report FY14/FY15 <https://purpose.nike.com/reports>.

ABOUT THE SURVEY

The EWB Survey is comprised of 21 questions that measure engagement from the perspective of the factory employee. With 16 content questions and five demographic questions, and based on factory employee feedback regarding ease of use in the pilot, the survey is designed to be completed in 10-15 minutes. Factories may also add 1-2 additional customized questions.*

In addition to many of the concepts found in traditional surveys—indicators of how employees feel they are treated, strength of relationships to supervisors, breadth of social connections, perceived options for career advancement—we customized our line of inquiry to the factory setting. We elevated topics like safety, stress, financial security, and wellbeing.

The value of the survey comes both from insights gathered and the actions factory management take in response. The standardized reporting template provides a snapshot of survey results and a starting place for translating feedback into changes within a workplace. The survey is not intended to capture information for the purpose of external communications or brand management, nor is it built to assess trends in wellbeing alone.

The EWB Survey has been translated and is available for use in the following 19 languages: Arabic, Bahasa Indonesian, Bahasa Malaysia, Bengali, Burmese, Chinese (Simplified), Chinese (traditional), English, Hindi, Khmer, Nepali, Portuguese, Singhalese, Spanish, Tamil, Thai, Turkish, Urdu, and Vietnamese. We recommend using this survey in its entirety and using the methodology we've outlined in our standard operating guide. We have found the value comes in understanding the complete set of 21 questions. If you do use it, we would be interested to hear about your experience.

RECOMMENDED PRACTICES FOR SURVEY USE

Based on our extensive piloting and surveying best practice, the following recommendations ensure the best experience for survey respondents and actionable results for management.

- There are many tools to measure engagement in more traditional office settings. The EWB Survey is specifically designed to measure the experience of people on the production floor, so **participants should be the production workers** (team members, team leaders, and group leaders) who make up the vast majority of any factory workforce.
- The EWB Survey should be **administered through vetted third-party vendors** to protect the confidentiality of respondents and guarantee that a consistent methodology is followed. This helps build trust between employees and management and leads to more accurate responses.
- Mobile is the future. By **deploying through tech-based solutions**, the EWB Survey elicits direct and private input from respondents and yields data that can be aggregated and analyzed. We defer to technology used by the target population in a given region or factory, and use smartphones whenever possible. We suggest on-site tablets as a back-up option when smartphone usage is limited.
- A goal of the survey is to create stronger feedback loops between employees and management, so it is most effective when **bundled into a technology platform that enables communication with management**. When employees have a variety of ways to provide feedback and obtain information in the workplace, their engagement increases and turnover decreases.

- Factory management should **communicate survey results to employees as soon as possible**, ideally within one month. Timely turnaround in addition to recurring updates on the implementation of actions factory management has taken based on the results shows that management is listening and deepens trust between parties.
- The survey is just **a starting point to catalyze factory management to further engage employees**. The survey results will pinpoint opportunities for factories to focus their attention. But the most valuable work remains in using the results to identify and implement actions to best increase engagement in key areas.
- Context matters. World-class factories **integrate employee engagement results with other factory performance metrics**, such as productivity and quality, to identify and address underlying issues.
- In isolation, a decreased score might not be significant. Many factors affect engagement within a workplace—things like seasonality, demand changes, or a heightened sense of honesty among employees who feel that management is listening. Management should **examine which questions are low-performing over time and work to determine root causes**.
- There is no single score for engagement. The most effective factories **focus on strategic actions to improve on areas of engagement** over investing in discrete tasks to increase a score. For example, a survey with low results in the question related to management making effort to get the opinions of employees should not just prompt management to ask workers' opinions, but rather should prompt factories to review broader communication and feedback systems with employees.

SURVEY METHODOLOGY

Our six-part methodology will guide you in conducting the survey at your factory or across your supply chain.

1. **Plan:** Identify the timeframe within which you will administer the survey, which factories you will target, and which third party survey vendor to use.
2. **Prepare:** Determine factory-specific details, including which technology is best suited, the sampling regime, how to encourage participation, and the process for compensating participants for their time.
3. **Deploy:** Administer the survey via third-party vendor. The vendor may conduct activity either on-site or remotely. Make sure the sampling plan suits your needs. The survey is ideally deployed one to two times per year.
4. **Synthesize:** Collect and interpret survey results as a factory management team. Identify how and when to share results with employees.
5. **Game-plan:** Identify low-scoring questions and consider root causes by holding focus groups or analyzing EWB Survey results alongside other factory metrics. Use this additional input to create concrete action steps to increase employee engagement in targeted ways.
6. **Implement:** Take action based on lowest-scoring engagement areas and business priorities. Measure progress of these activities over time.

NIKE's Engagement and Wellbeing Survey

By using the survey, or any portion of it, you acknowledge that Nike makes no representations therewith and agree to release Nike from any claims or damages relating to its use

All experience questions have the following 7 point Likert scale answer options unless otherwise noted. 1=Strongly disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither agree nor disagree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree. All questions also have a "choose not to answer" option or can be skipped.

Factories may also add 1-2 additional customized questions.*

Introduction:

We would like you to participate in this survey. Your employer is interested in your opinions on your engagement and wellbeing. Your response is anonymous and confidential. Your honest and sincere feedback is valued and appreciated.

1. I have learned skills in the past 12 months that will help me get a better job in the future.
2. Great effort is made to get the opinions of employees in this factory.
3. When I face a challenge at work my supervisor does not help me resolve it.
4. The stress associated with my job is acceptable.
5. I get sick often.
6. I am able to meet my family's financial needs.
7. My workplace negatively affects my health.
8. My supervisor shows they care about me.
9. At work, I am treated with fairness and respect.
10. One of the reasons I choose to work here is because I receive higher pay compared to other opportunities nearby.
11. Is sexual harassment or sexual touching a concern for workers in your factory?***
12. I hear my supervisor talk about safety on a daily basis.
13. I am comfortable making suggestions on improvements in the factory.
14. I understand how targets are set.
15. I regularly see different members from management on the production floor.
16. I have good friends at work.

Demographic Questions:

1. What is your gender? (Answer options: Male, Female)
2. What is your job role? Please select carefully. (Answer options: Team Member, Team Leader, Group Leader).
3. How long have you been working at this factory? (Answer options: Less than 6 months, More than 6 months - 1 year, More than 1 year to 3 years, More than 3 years to 10 years, More than 10 years)
4. What is your relationship status? (Answer options: Married, Single, Widow, In a relationship, but not married).
5. How many individuals are financially dependent on you? (Answer Options: (Answer options: 0, 1-2, More than 2).

Concluding Statement: Thank you for taking this survey. Your response is anonymous and confidential.

** Suggested additional question from United Nations Foundation, United Nations Population Fund, and UN Global Compact, as recommended by the Framework for Corporate Action on Workplace Women's Health and Empowerment: "My work provides me with health care information and services I need (including reproductive and maternal health care for women workers)."*

**** Use of this question was granted by permission of Better Work. Answer options for this question only: No, not a concern, Yes, a concern but have not spoken about it with others, Yes, discussed with co-workers, Yes, discussed with supervisor or manager, Yes, discussed with the trade union representative, Yes, considered quitting, Yes, threatened a strike, Yes, caused a strike.*

LOOKING AHEAD: CATALYZING A MOVEMENT

We seek to support an industry-wide movement where suppliers engage and care for their employees for reasons both economic and intrinsic. We believe that engagement can lead to a more resilient, higher-performing manufacturing model and improve the lives of people working in supply chains globally.