

Living Wages Project – Summary of Project

Living wage:

A living wage ensures acceptable living standards for worker and family. A living wage should not to be mistaken with minimum wage which is the legal requirement.

Intention:

The project should help us better understand the wage practices in our supply chain, and give us an idea of the situation at some key factories.

Methodology:

The assessments were done by representatives from the Fair Wage Network (<http://www.fair-wage.com/>), and the assessments were based on their methodology. An assessment entails a management self-assessment (questionnaire), survey of workers (questionnaire and interviews), and qualitative case studies (in depth analysis of issues). The wage systems and procedures of a company are assessed along 12 dimensions (can be found here: <http://www.fair-wage.com/en/fair-wage-approach-menu/12-fair-wage-dimensions-menu.html>).

Scope:

3 of our key factories were assessed in this project. Two in Vietnam and one in China.

Findings:

The assessments show that wage procedures at the factories were satisfactory. Wages were paid on time and in full, and always in accordance with legal requirements. Workers have contracts, and pay slips are distributed. Issues we find are that the workers receive limited information regarding the prevailing wage levels, the factory's performance and the role of unions.

The wage levels were generally satisfactory compared to the thresholds set by independent 3rd parties (e.g. Oxfam, Wageindicator.org, Asian Floor Wage), but we saw that unskilled workers are paid insufficiently at one of the factories. Our production requires skilled labor and therefore there are limited number of unskilled workers at our factories (also shown by the same assessment). We also find evidence of excessive overtime in certain periods, and this is a common problem in the industry.

Actions taken:

Norrøna have continued to work to alleviate the pressure on the factories we use by planning our productions as early as possible. Furthermore we have introduced a fourth production period to spread out the production further. We also identify certain high volume selling products and push the production out of the peak season. This way we spread our production throughout the year and promote a predictable future for the factories and the workers. For the factory with low wages for unskilled workers we have set several orders outside peak season.

We have found that close cooperation yields more results than warnings and threats, and we believe that initiatives such as moving production and expanding production periods are the right tools to promote living wages and reduce the use of excessive overtime.