



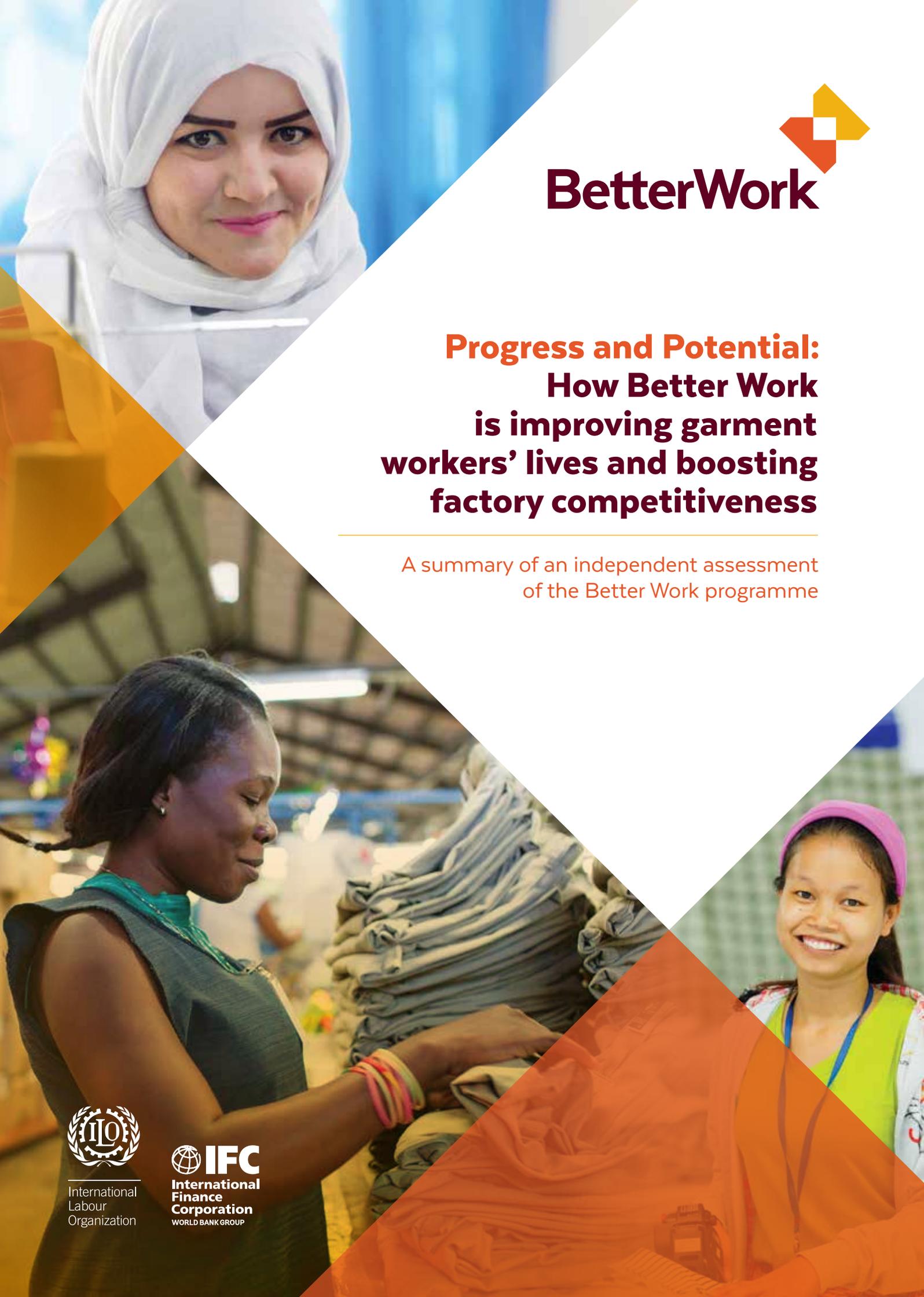
BetterWork

Progress and Potential: How Better Work is improving garment workers' lives and boosting factory competitiveness

A summary of an independent assessment
of the Better Work programme



International
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OVERVIEW

The Better Work programme, a joint initiative of the International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group, has been working since 2007 to improve working conditions and promote competitiveness in global garment supply chains. As a result of their participation in Better Work, factories have steadily improved compliance with ILO core labour standards and national legislation covering compensation, contracts, occupational safety and health and working time. This has significantly improved working conditions while enhancing factory productivity and profitability.

To further understand the impact of its work, Better Work commissioned Tufts University to conduct an independent impact assessment. Since the programme's inception, Tufts' interdisciplinary research team has gathered and analysed nearly 15,000 survey responses from garment workers and 2,000 responses from factory managers in Haiti, Indonesia, Jordan, Nicaragua and Vietnam. The analysis of these responses represents an in-depth evaluation of Better Work's effectiveness in changing workers' lives and boosting factory competitiveness.

The researchers used different evaluation strategies to measure the impact of the programme. These included a strategy to isolate the impact of the programme using randomized intervals of time – reflecting factories' different periods of exposure to Better Work services – as well as a randomized controlled trial to evaluate the impact of training supervisors.

By capturing this unique set of data and by establishing a rigorous analytical framework and methodology, the researchers were able to test – often for the first time – hypotheses on multiple issues including human resource management strategies, firm organization and global supply chain dynamics. Their assessment is an invaluable contribution to the world's understanding of labour in global supply chains.

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INTRODUCING BETTER WORK

Better Work mobilizes global brands, governments, factory owners and workers to improve garment factory working conditions, increase competitiveness and create a fairer, more prosperous world. Active in more than 1,300 factories across the world, the programme creates lasting, positive change, changing attitudes and behaviour through assessments, advisory services, training and research.

A partnership between the United Nations' International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group, Better Work specializes in helping diverse stakeholder groups navigate complex challenges and forge solutions that benefit all parties. By sharing its approach and the results of its on-the-ground work in countries, the programme influences governments, non-governmental agencies, global brands and others to improve working conditions across the world.



Introduction

The global garment industry has the potential to be a critical engine for social and economic development. It offers employment to tens of millions of workers worldwide – the vast majority of them women – and presents major export opportunities for developing countries. However, the industry is plagued by poor working conditions, such as long hours, low wages and insufficient occupational safety and health standards, as well as by abusive practices such as the verbal and sexual harassment of workers.

Factories enrolled in Better Work typically improve their compliance with ILO core labour standards and national labour laws (see Figure 1), according to compliance assessment data produced and compiled by the programme. These changes include improvements in compensation, contracts, occupational safety and health and working time.

To further understand the impact of its work, Better Work commissioned a research team from Tufts University to conduct an independent impact assessment. Since the programme's inception, Tufts' interdisciplinary research team has gathered and analysed nearly 15,000 survey responses from garment workers and 2,000 responses from factory managers in Haiti, Indonesia, Jordan, Nicaragua and Vietnam.¹ In particular, they sought to evaluate Better Work's effectiveness in changing workers' lives and boosting factory profitability.

TUFTS UNIVERSITY IMPACT ASSESSMENT OF THE BETTER WORK PROGRAMME

A comprehensive, independent evaluation of the Better Work programme by researchers at Tufts University, drawing on detailed, confidential surveys conducted among workers and managers in Better Work factories, as well as data from Better Work compliance assessments and operations.

BETTER WORK COMPLIANCE ASSESSMENT

One of the core services provided by the Better Work programme, the compliance assessment is a regular unannounced audit of participating factories' compliance with ILO core labour standards and national legislation.

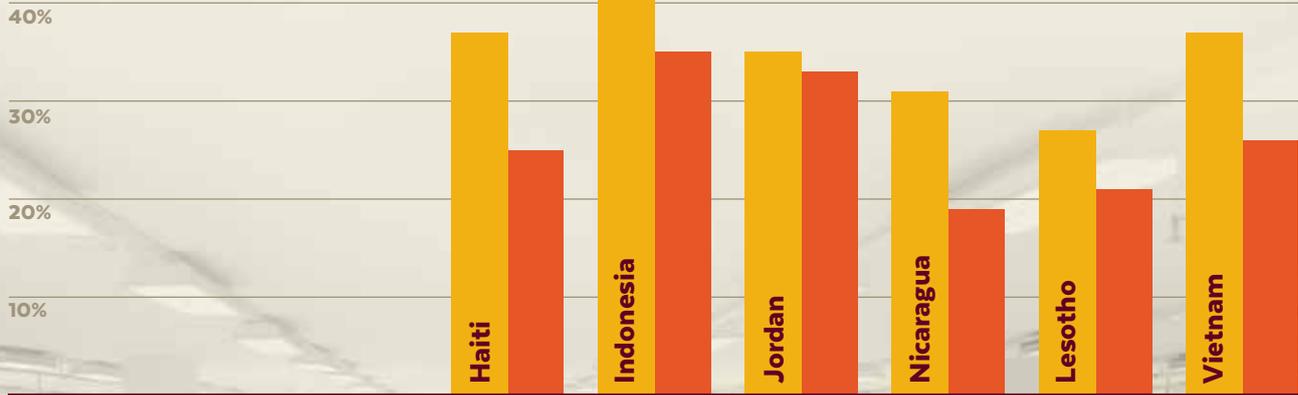
FIGURE 1

Overall Non-Compliance Rates

A common trend emerges when rates of non-compliance are aggregated across all compliance points and results are compared between Better Work's first assessment and its most recent. In each country context, aggregate non-compliance rates decrease over time, which reflects improving conditions in the factory workplace.

Caution should be used when comparing non-compliance rates across country programmes. Legal requirements for working conditions, stipulated by national legislation, vary greatly across countries.

FIRST BW VISIT LATEST BW VISIT



The purpose of Tufts' assessment of Better Work is to provide evidence on the programme's impact on factory working conditions, on firm performance and competitiveness in global supply chains, and ultimately on social and human development indicators. These include women's empowerment, health and education for workers' children and siblings. The Tufts researchers developed a theory to understand the steps that lead to good or bad working conditions in garment factories, and set out to test whether Better Work is making a

positive difference. The full report can be found at betterwork.org. While research is ongoing, this milestone report shares the key findings to date.

A rigorous evaluation of Better Work's effectiveness in changing workers' lives and the businesses of firms, the impact assessment by Tufts University builds on a unique set of information that allows researchers to test – often for the first time – hypotheses about multiple issues such as human resource management



strategies, firm organization and global supply chain dynamics. As such, it represents an invaluable contribution to the collective understanding of labour in global supply chains.

1.1 DATA AND METHODOLOGY

There are many accepted evaluation strategies used to identify the causes behind certain outcomes associated with programme interventions like Better Work. Tufts researchers used a multi-disciplinary approach to evaluate the Better Work programme. They drew broadly from social sciences – particularly from economics and social psychology – to model how firms and workers make decisions and how they change due to Better Work’s influence. They collected data independently from Better Work to test their model and determine the impact of the programme.

The researchers used several strategies:

- ◆ Conducting surveys among workers and managers after varying periods of their factories’ exposure to Better Work services, in order to isolate the change due to Better Work in Haiti, Indonesia, Jordan, Nicaragua and Vietnam.
- ◆ Running a randomized controlled trial to analyse Better Work’s Supervisory Skills Training programme in Cambodia, Haiti, Indonesia, Jordan, Lesotho, Nicaragua and Vietnam.
- ◆ Developing case studies to evaluate changes in managerial practices and occupational safety and health in Haiti.

The researchers used two sources of data to evaluate the effectiveness of the Better Work programme: data from Better Work’s own compliance assessments, and impact assessment survey data collected directly from workers and managers in Better Work factories by independent research teams.

For Better Work’s compliance assessments, two members of its trained staff – known as Enterprise Advisors – use a customized tool to assess factory compliance in unannounced audits over two days. The Compliance Assessment Tool is organized into eight compliance clusters. The first four cover the ILO core labour standards: child labour, discrimination, forced labour

and freedom of association and collective bargaining. The second four clusters are based on national labour law and assess compliance with the law in the following areas: compensation, contracts and human resources, occupational safety and health and working time. The tool is tailored to each country, and consists of approximately 250 questions.

Tufts collected original data through its impact assessment surveys and interviews from workers, line supervisors (i.e., the first level of management in the factory) and managers. They adapted the survey to each country, following in-depth interviews with Better Work staff, government officials, the ILO, union organizations, manufacturers’ associations and workers. The researchers typically conducted an initial impact assessment survey shortly after a factory enrolled in the Better Work programme. They selected 30 workers at random to complete anonymous surveys, as well as four managers. Each factory participated in follow-up impact assessment surveys after a randomized interval of time.

In order to establish a direct link between Better Work compliance assessments, advisory services and training, and factory improvements, Tufts studied similar firms that had been exposed to Better Work for different lengths of time. While it was not possible to select firms at random,² the timing of Better Work compliance assessments was, to some degree, random, since they were unannounced and occurred at intervals of 11 to 14 months. One way to observe how Better Work is making a difference at the factory level is to observe the change in indicators by assessment cycle.³ The researchers also aimed to identify the effect of the degree of exposure to Better Work services. In the period after its Better Work compliance assessment, the factory engages in a year-long cycle with Better Work, receiving advisory services, industry seminars and training.⁴

The time that elapsed between the initial compliance assessment and the follow-up impact assessment data collection indicates how much Better Work ‘treatment’ the factory has received.⁵ Understanding the difference made by the length of exposure to Better Work services helps researchers identify whether improvements are sustained or diminish over time.

TABLE 1

Better Work impact assessment survey sample size 2010-2016

	WORKER SURVEYS	MANAGER SURVEYS			
		General Manager	Financial Manager	Human Resources	Industrial Engineer
Haiti	1,114	41	22	42	37
Indonesia	4,767	149	140	152	149
Jordan	2,357	86	81	85	72
Nicaragua	669	18	19	20	19
Vietnam	5,828	208	207	208	207
TOTAL	14,735	502	469	507	484

Building on the experience of this study, the Tufts researchers are conducting impact assessments in Bangladesh and Cambodia. In Lesotho, independent researchers have evaluated the effectiveness and impact of the programme with a small-scale, largely qualitative study, available at betterwork.org

Tufts researchers partnered with local organizations to conduct follow-up surveys among workers. In this way, they gained a set of information on the same key issues over a period of time across multiple countries. The information gathered is not entirely complete, with some factories dropping out and follow-up data collection occurring on a rolling basis.

The questions on impact assessment surveys for workers related to demographics, perceptions of working conditions (including wages, working time and health and safety), their concerns, relationship with supervisors, voice and representation, debt repayment, physical and

mental health, life satisfaction, education of children and siblings and additional country-specific issues.

The researchers used a tablet computer for the worker surveys, with Audio Computer-Assisted Self-Interviews (ACASI) software. The questions were translated and read out in the local language, complemented in some cases with images to aid low literacy workers (Figure 2). In this way, the researchers sought to help workers feel more comfortable in sharing their concerns. This method also shielded them from the risk of being overheard by supervisors or managers while sharing their responses.

In each factory, the researchers surveyed four managers: the general manager, finance officer, HR manager and an industrial engineer. The questions related to supply chain position, products, production systems, human resources systems, sales, exports, order volumes, capacity utilization rates, relationship with global buyers and concerns and obstacles to business success. Manager surveys were also computer-assisted but did not have audio support. As part of the evaluation of Better Work's Supervisory Skills Training, supervisors also responded to surveys, following the same method.

Data relating to all the participants in the impact assessment survey are presented in Figure 3. Overall, the researchers conducted nearly 15,000 worker surveys and 2,000 manager surveys across five countries.

FIGURE 2

Example of ACASI from Vietnam



The question above reads: "What is your current marital status?". The possible answers are "Single/Married/Widowed, Divorced or Separated", with the additional options in the right upper corner of "I don't know how to answer/I don't want to answer".

FIGURE 3

The typical garment worker in Better Work factories

VIETNAM

GENDER



Female

81% of workforce

AGE

26

FAMILY

**Married
2 children**

EDUCATION COMPLETED

Lower secondary

TIME IN CURRENT FACTORY

≤ 3 years

JORDAN

GENDER



Female

69% of workforce

AGE

26-30

FAMILY

Migrant

EDUCATION COMPLETED

Lower secondary

TIME IN CURRENT FACTORY

2 years

HAITI

GENDER



Female

69% of workforce

AGE

30

FAMILY

Single

EDUCATION COMPLETED

Secondary

TIME IN CURRENT FACTORY

≤ 2 years

NICARAGUA

GENDER



Female

but almost half of workforce - 47% - is male

AGE

26-30

FAMILY

Has children

EDUCATION COMPLETED

Junior high School

TIME IN CURRENT FACTORY

≤ 2 years

INDONESIA

GENDER



Female

86% of workforce

AGE

26-30

FAMILY

Has children

EDUCATION COMPLETED

Junior high school

TIME IN CURRENT FACTORY

≤ 2 years



2

Better Work's impact on working conditions

2.1 Working conditions and human resource management practices

Why are labour conditions often challenging in the world's garment factories? Many observers and advocates make the case that power imbalances in the global apparel industry drive poor conditions. The push from brands and retailers to achieve ever lower production costs to meet consumer demands for cheaper prices pits garment manufacturers against one another, competing on price and speed in a labour-intensive market. As a result, garment factories may cut corners on investing in a safe and compliant workplace, and suppress wages in the rush to maximize work hours and productivity.

Despite facing the same supply chain pressures, Better Work's experience and data show that working conditions vary significantly across garment suppliers. Some factories devolve into sweatshops, while others offer relatively more humane opportunities to pursue a livelihood among workers, many of whom are entering the formal workforce for the first time.

The Tufts researchers took the view that working conditions in a factory can be considered as the outcome of human resource (HR) management practices. That is, violations of national labour law and international standards are symptoms of management choices. Abusive treatment, low pay and excessive overtime, among other violations, reflect underlying decisions to follow a certain type of HR management system. Nevertheless, it is important to note that the factories surveyed are subject to broader supply chain pressures, which can affect or even restrict some types of HR management systems.

Previous studies suggest that some HR management systems could be classified as following a sweatshop model, particularly where violations of core labour standards, unsafe conditions of work, failure to pay minimum wages and exploitation (in terms of contracts and working hours) are widespread.

Innovations in labour management include HR systems that move away from a sweatshop model by differing degrees. First, pay can be designed to prompt certain types of work effort, retain investments in workers or respond to worker preferences concerning compensation and work environment. The payment of annual leave, for example, rewards duration of employment and can help a factory retain investments in workers. By contrast, improvements in machine safety, noise, ventilation and temperature, as well as the provision of maternity benefits, may require costly investments by the factory. They may also be accompanied by a reduction in wages.

More advanced HR management systems are exemplified by workplaces that value worker-manager communication and use it as a competitive asset. Tufts researchers used this theory to predict how interactions may change in factories as a result of joining Better Work, and find that it has a measurable impact on multiple aspects of working conditions – effectively moving factories from the sweatshop model towards more innovative HR management systems.

The following sections highlight the drivers and unintended consequences of certain working conditions, and explore the impact made by Better Work in these areas.

2.2 A snapshot of labour conditions when the Better Work programme launched

The poor labour conditions observed throughout the global apparel industry are visible to varying degrees in all the garment factories where Better Work operates. In particular, the Better Work programme stands to make a significant impact in countries where poor working conditions and inefficient production characterize much of the sector.

It was clear from reviewing the first extensive independent surveys of workers and managers against Better Work's compliance assessments that conditions were tough, and Better Work faced steep challenges in establishing a programme intended to spur meaningful change.

For example, when workers were initially asked to share any concerns regarding their immediate health and safety, nearly one in three workers in factories in Haiti, Indonesia, Jordan and Nicaragua stated that working with dangerous equipment was a concern among their colleagues. Fears of being involved in a workplace accident or incurring an injury while at work were also reported at similar rates, with up to 40 per cent of workers in Jordan highlighting injuries as a concern.

Beyond immediate risks to health and safety – made prominent in the public eye by disasters like the 2013 Rana Plaza building collapse in Dhaka, Bangladesh that killed more than 1,100 people – workers also expressed concerns regarding violations of fundamental workplace rights. These included the ability to move freely, to freely associate and form a union and to be free from discrimination. Violations of the ILO's core labour standards were apparent in many contexts where Better Work began its operations. In Jordan, where of the majority of the garment workforce is comprised of migrant workers from South and South-East Asia, some two-thirds of participating factories were found non-compliant in the area of restricting the movement of workers from their workplace, dormitory or broader industrial zone.

Additionally, the first Better Work impact assessment worker surveys highlighted concerns of sexual harassment. Despite varying cultural perceptions of

what constitutes sexual harassment, worker surveys indicated that this was a widespread problem in the sector. At least 3 in 10 workers in Haiti, Jordan and Nicaragua reported that sexual harassment was a concern for workers in their factory. In Indonesia, where workers were more willing to voice concerns, 4 in 5 workers expressed through surveys that sexual harassment was a concern among workers in their factory.

The initial snapshot of labour conditions also revealed stark differences in the experiences of men and women garment workers. The researchers found evidence of gender discrimination in job assignments, pay, promotions and working hours. In Vietnam, for example, women earned on average 85 per cent as much as their male counterparts, and were less likely to be promoted or receive training.

Similarly, intimidation was used in many Better Work countries to prevent workers from organizing or joining unions. Less than 10 per cent of workers in Haiti reported being part of a union when the programme began, while 35 per cent feared losing their job if they joined a union. Furthermore, in Nicaragua, 46 per cent of workers surveyed said they would avoid joining a union for fear of losing their job.

Concerns about compensation practices represented a significant issue in the countries where Better Work launched its programme. In several countries nearly half or more of worker respondents stated that low wages were a concern among workers in their factory.

The difficult situations facing workers extended beyond the factory floor. Myriad challenges confront the administrative teams of garment factories in an industry with vast power imbalances between the top and bottom of the supply chain. One in five factory managers claimed stress among line supervisors was a major obstacle to business success. Uncertain orders, late penalties, last minute changes in technical requirements and defect penalties were rated as serious challenges by nearly half of all factory managers.

2.3 Forced labour

Migrant workers are particularly vulnerable to workplace abuses in the apparel industry, including conditions that may constitute forced labour. In Jordan, the majority of garment workers are international migrants. Reports of workplace abuse relating to restriction of movement and coercion were documented in the country before the Better Work programme began. This negative attention included a series of international media exposés with allegations of poor working and living conditions, limited access to water, inconsistent wage payments and restricted access to identification documents. Better Work Jordan began its engagement in the sector in this contentious environment.

FORCED LABOUR IN JORDAN

When Better Work Jordan began operating in 2008, approximately one in five migrant workers in Jordan stated that their employer held their passport. When asked whether they had the ability to return home if they wished, half of respondents said that they could not, citing obstacles including factory control of passports, as well as the cost of a plane ticket and debt.

The legal structure that regulates guest workers and their employers, known as the *kafala* system, can enable an environment conducive to such abuse (see box).

Worker wellbeing is directly affected by conditions of forced labour. Researchers asked how often workers felt fearful about the future, or overwhelmed with distress to the point of crying. In particular, they found that when workers are prevented from returning home by their employer, they are up to 20 per cent more likely to be

distressed (as evidenced by crying more often). In factories where workers suffer abusive treatment – defined by worker reports of punishments such as shouting, insulting language, slapping, hitting or being locked in a dormitory or closet – there is a ten per cent increase in workers feeling fearful about the future. Loss of passport control, debt and worker perceptions that their own family will not welcome them home (if the debt they incurred to move for work has not been repaid) all increase the sense of fearfulness among workers.

Furthermore, financial data provided by firm managers at the outset confirmed the assumptions and worst fears of many: using tactics of forced labour was profitable for those firms choosing the ‘low road’ strategy in their human resources management.⁶ Factories with policies that contributed to restrictions on workers’ freedom of movement offered lower wages and poorer working conditions, while increasing worker productivity. The Tufts researchers attribute this increased productivity to the fact that having little power and being subject to dehumanization – being seen as interchangeable machines rather than unique human beings – leads workers to be completely disempowered and more accepting of abusive policies.

Additionally, the research team theorized that when migrant workers enter the Jordanian garment sector, they may deny that working conditions are poor in order to avoid having conflicting feelings about it. That is, they may wish to allay fears of regret for having migrated, and as a result, maintain their productivity despite the exploitative conditions.

UNDERSTANDING THE KAFALA SYSTEM IN JORDAN

In many countries in the Middle East, including Jordan, the relationship between a migrant worker and his or her employer is regulated by a state-implemented sponsorship, or *kafala*, system. The employer is obliged by law to assume full economic and legal responsibility for employees who migrate from abroad. This sponsorship arrangement enables employers to exercise a large amount of power over their employees. When this unbalanced power dynamic between workers and employers is abused, the worker may be subject to conditions of forced labour. Some employers in the region have used the *kafala* system to justify the retention of workers’ identification documents, and the legal structure itself can be perceived as the main obstacle to workers’ freedom of movement.

BETTER WORK JORDAN'S IMPACT ON REDUCING FORCED LABOUR CONDITIONS

In Jordan, Better Work is having a direct effect on curbing forced labour tactics. Trends from Better Work's compliance assessment data show a sharp decline in the use of coercive tactics (such as not allowing workers to come and go freely from dormitories in industrial zones) over time. As of the beginning of 2016, just four of 64 factories were found to be employing coercive tactics. Among factories with the same supply chain position, the number of months a factory is enrolled in Better Work Jordan corresponds to a reduction in coercive activities. It also leads to a decrease in the percentage of workers reporting that their passport, residency permit or worker permit are held by the factory.

Secondly, Better Work Jordan has helped to reduce incidences of factories withholding workers' passports as a form of punishment. The proportion of workers who say there is a threat of their passport being confiscated or a threat of being punished through

deportation decreases over time. Furthermore, six years of data show Better Work Jordan has helped to lower the proportion of workers who cannot go home due to the cost of airfare. This trend is growing over time.

Forced labour tactics trigger increased distress among workers. Tufts researchers measure worker distress by tracking worker reports of feeling fearful or crying on a five-point scale ranging from 'never' to 'always'. Both of these indicators of distress decrease as a result of factory participation in Better Work Jordan.

Working conditions associated with forced labour were widespread when Better Work Jordan began. Overall, Tufts' findings present strong evidence that the reported decline in compliance violations in this area can be attributed to the length of time factories have participated in the Better Work Jordan programme. Although migrant workers remain vulnerable to coercive labour practices, Better Work Jordan has helped to reduce these threats, boosting workers' willingness to voice their concerns, and improving their wellbeing.

2.4 Verbal abuse

Exploitative HR management systems in garment factories often subject workers to harsh conditions, and include verbal abuse such as shouting, abusive and vulgar language and bullying. In addition to negatively affecting the wellbeing of workers, analysis shows that verbal abuse detracts from worker productivity and is associated with lower factory profitability.

UNDERSTANDING WHERE VERBAL ABUSE IS MOST PREVALENT

The researchers measured verbal abuse by asking workers whether they or their colleagues were concerned about shouting or vulgar language in their factory. Table 2 shows the prevalence of concerns about verbal abuse in factories participating in this study at baseline. Verbal abuse is commonly reported across countries where Better Work operates, with the notable exception of Vietnam.

UNDERSTANDING THE ROOT CAUSES OF VERBAL ABUSE

Viewed as a symptom of HR management decisions, verbal abuse can be a perverse strategy undertaken to motivate workers. Poorly trained line supervisors may resort to shouting at workers because they lack exposure to more effective management skills. The findings of Tufts' impact assessment suggest that multiple conditions, both internal and external, determine whether factory managers tolerate such strategies in pursuit of their goals.

The most prominent of these conditions are:

Misaligned incentives – A factory's wage structure is a significant factor in determining whether and to what degree workers experience verbal abuse while at work. Managers seeking to maximize efficiency in their factories often create strategies to encourage

productivity. For example, they may pay workers by the number of pieces they produce (a ‘piece rate’), or pay supervisors by the productivity of their line. These strategies can be classified as ‘high-powered’ incentives. Conversely, paying an hourly wage for either workers or supervisors is considered a ‘low-powered’ incentive. Verbal abuse is most likely to occur when wage incentives are misaligned among workers and supervisors, particularly where workers have low-powered incentives and supervisors have high-powered incentives. In this case, supervisors may use verbal abuse to prompt workers to work faster, and they are more likely to verbally harass if their pay depends on worker productivity.⁷

Evidence from Jordan shows that motivating effort from workers through piece rate wages decreases the likelihood they will experience verbal abuse. Incidences of verbal abuse decrease as workers are motivated by monetary incentives rather than by shouting. In contrast, workers are more concerned by verbal abuse if their supervisor is paid based on worker efficiency, but workers are paid hourly.

External pressure from buyers – Supply chain pressure from buyers – including late delivery penalties and rush orders – is associated with higher verbal

abuse in factories. In Jordan, verbal abuse is up to 23 per cent more likely where managers report customer penalties for late delivery as a major problem. Evidence from Vietnam shows that verbal abuse is three per cent more likely to occur in factories where rush orders from customers is perceived by managers as a serious obstacle to business success. As managers feel increasingly squeezed by late delivery penalties, verbal abuse is more likely to be used in an effort to meet production deadlines.

Supervisor stress – When stress levels rise among supervisors, they are more likely to shout at workers. Through the surveys, a majority of managers across countries indicated that they thought stress levels of their supervisors impeded business success. In Jordan, in factories where supervisor stress is a major concern, verbal abuse is up to 17 per cent more likely. Furthermore, supervisor stress rises along with concerns surrounding high-pressure buyer sourcing patterns. External pressure from buyers is therefore likely to be increasing levels of verbal abuse by raising supervisors’ stress levels.

Lack of effective workplace dialogue or collective bargaining agreement – Effective workplace dialogue is associated with lower levels of verbal abuse. Indeed,

TABLE 2

“Is verbal abuse such as shouting or vulgar language a concern for workers in your factory?”

PER CENT, BASELINE:	JORDAN N=267	VIETNAM N=2,211	INDONESIA N=801	HAITI N=51	NICARAGUA N=160
No, not a concern	62.6	91.6	21.6	39.2	46.9
Yes, discussed with colleagues	12.7	4.6	24.1	45.1	25.6
Yes, discussed with supervisor or manager	11.6	2.2	30.3	7.8	10.6
Yes, discussed with the trade union representative	–	1.0	14.2	–	6.9
Yes, considered quitting	7.5	0.5	7.0	7.8	8.8
Yes, threatened a strike	–	0.1	0.9	–	1.3
Yes, caused a strike	5.6	–	1.9	–	–

verbal abuse decreases when workers are more comfortable raising concerns with their supervisors, and where workers are part of a collective bargaining agreement. In Indonesia and Vietnam, workers who are less comfortable approaching their supervisor are more likely to be in an environment with higher verbal abuse. Formal channels for worker-manager dialogue can discourage verbal abuse. For example, in Jordan, Nicaragua and Vietnam, the presence of a collective bargaining agreement significantly decreases the likelihood of workers being concerned with verbal abuse.

NEGATIVE UNINTENDED CONSEQUENCES OF VERBAL ABUSE

The presence of verbal abuse – whether as a strategy to intimidate or elicit work effort, or as a by-product of extreme stress in the factory environment – has a negative impact on workers’ lives and should be rejected outright. But what other impacts does it produce in factories, besides the clear harm it causes to workers? Although managers or supervisors may use verbal abuse against workers with the goal of motivating work

and protecting their bottom line, impact assessment data provide evidence that verbal abuse is counterproductive to this aim. See Section 3 for full details of the negative impact of verbal abuse on productivity and profitability.

HOW BETTER WORK IS REDUCING THE PREVALENCE OF VERBAL ABUSE

Exposure to Better Work services decreases the use and prevalence of verbal abuse among garment factories. This is most evident in Jordan, where there has been a steady decline in workers’ reports of verbal abuse as a direct result of exposure to Better Work Jordan. This remains constant despite variations in production peaks, wage incentives and supply chain pressures. Workers report a steady reduction in concerns surrounding verbal abuse. Moreover, this effect is magnified through advisory services. In Haiti, Indonesia and Vietnam, there is similar evidence suggesting a significant effect can be attributed to Better Work in reducing the prevalence of verbal abuse. This effect increases as factories participate in the programme longer.

2.5 Sexual harassment

Another type of abuse to which workers in garment factories are often vulnerable is sexual harassment, which is defined as the unwelcome conduct of a sexual nature that makes a person feel offended, humiliated or intimidated. In the workplace, such conduct may also be seen by workers as a condition of their employment or as a requirement for promotion. In addition to the damaging psychological and physical effects sexual harassment can have on victims, it can negatively affect workplace communication and overall factory productivity.

SEXUAL HARASSMENT CONCERNS IN BETTER WORK FACTORIES

The Tufts researchers asked workers “Is sexual harassment a concern for workers in your factory?”, giving them the option to answer “No” or choose between a range of actions taken as a result of their sexual harassment concern, such as “Yes, discussed with

co-workers” or “Yes, threatened a strike.”⁸ Table 3 presents workers’ responses to the question in each country at the outset of the programme. Sexual harassment emerges as a prevalent issue in all Better Work countries, with the exception of Vietnam, where “Yes” responses are very few.

DRIVERS OF SEXUAL HARASSMENT

Some of the basic characteristics of the export-oriented garment industry make workers particularly vulnerable to sexual harassment. The industry is largely comprised of women workers under the age of 30, many of whom migrate from rural areas or from abroad for their first formal sector job. They often occupy a position of low power in a garment factory, especially in relation to a line supervisor who assesses worker performance. The Tufts researchers predicted that the most likely perpetrator of sexual harassment would be the line supervisor

Sexual harassment is a violation of people's rights and dignity and has detrimental effects on workers' mental health. As a result, it affects their productivity and hurts business performance.

and the most likely victim would be the worker. There may, however, be cases that do not reflect this dynamic. The researchers identified the following set of drivers that lead to a higher likelihood of sexual harassment occurring in garment factories, and tested these assumptions through the impact assessment surveys.

The key drivers of sexual harassment in garment factories are:

Misaligned incentives – Sexual harassment is most common in factories where workers have high-powered incentives (i.e., they are paid ‘by the piece’) and supervisors have low-powered incentives (i.e., they are paid a fixed salary). Workers in Jordan are less likely to be concerned with sexual harassment if their supervisor’s pay is linked to production efficiency. Haitian workers who report they have a daily production target are 50 per cent more likely to be concerned with sexual harassment. Furthermore, workers in Haiti who report that they – but not their supervisors – receive a pay bonus if their daily production target is met are 25

per cent more likely to report that sexual harassment is a concern in their factory.

When a factory’s pay scheme is misaligned, supervisors lack the incentive to improve the overall efficiency of their production line. In addition, supervisors who are charged with monitoring individual worker productivity and determining bonuses may exercise their power over workers by forcing them into sexual encounters. The balance of power is such that supervisors are able to demand bribes, in the form of sexual favours, in exchange for giving a positive report or assessment of a worker’s performance. Correspondingly, factories that incentivize supervisors by tying their pay to production efficiency, rather than giving them a fixed salary, witness lower concern with sexual harassment among workers. This incentive structure may also explain the fact that sexual harassment concerns are higher during low season months, and that more pressure to meet production goals results in a lower incidence of sexual harassment.

TABLE 3

“Is sexual harassment a concern for workers in your factory?”

PER CENT, BASELINE:	JORDAN N=444	INDONESIA N=626	HAITI N=63	NICARAGUA N=277	VIETNAM N=2,207
No, not a concern	70.1	15.7	68.3	70.4	97.6
Yes, discussed with co-workers	8.8	12.8	19.1	13.7	0.9
Yes, discussed with supervisor or manager	10.1	36.7	7.9	8.7	0.7
Yes, discussed with trade union representative	2.5	20.9	—	2.9	0.5
Yes, considered quitting	3.2	8.6	4.8	3.3	0.2
Yes, nearly caused a strike	0.9	1.0	—	1.1	0.1
Yes, caused a strike	4.5	4.3	—	—	0.1

Answers of “I don’t know” or “don’t want to answer” are excluded from the above table. Such responses suggest that the topic continues to be taboo and therefore the Tufts assessment may not have captured all worker concerns. This is particularly relevant in Jordan, where migrant workers (particularly from Bangladesh and Sri Lanka) are far less likely to report sexual harassment concerns than Jordanian workers. This may be due to the perceived risks in reporting due to fear of stigma, retaliation (including fear of deportation) and language barriers.

Low organizational awareness and lack of behavioural norms

– When managers are not aware of the concerns of their supervisors and workers, and do not establish factory norms such as anti-sexual harassment policies, sexual harassment is more prevalent.

In Jordan, sexual harassment is less likely to be a problem in factories where managers recognize the challenges facing supervisors in terms of stress and labour-management skills. Workers are 4.6 per cent less likely to be concerned with sexual harassment if their managers are attentive to supervisors' labour-management skills. Similarly, workers are 4.9 per cent less likely to express concern with sexual harassment if managers are tuned in to supervisors' stress levels. In both cases, managers are more likely to create work environments that discourage sexual harassment.

Few alternative job options – The researchers predicted that tolerance for sexual harassment would be lower when factories compete to attract and retain workers. This was borne out by the impact assessment, which showed that factories with nearby competitors have fewer reported concerns with sexual harassment. In Haiti, for example, sexual harassment is 5.5 per cent less likely to be a concern among workers in factories with nearby competitors. Additionally, workers who are isolated or have less ability to move freely are more likely to encounter sexual harassment. Workers in Jordan without access to a phone are 35 per cent more likely to express concerns regarding sexual harassment.

SEXUAL HARASSMENT LEADS TO LOWER PRODUCTIVITY AND PROFITABILITY

Sexual harassment is a violation of people's rights and dignity and has detrimental effects on workers' mental health. As a result, it affects their productivity and hurts business performance. Emerging evidence from the impact assessment indicates that where sexual harassment is more prevalent, indicators of business success are negatively affected, from individual worker productivity to average profits.

In Vietnam, production efficiency declines as worker concern with sexual harassment increases. Workers

who are more concerned by sexual harassment in their work environment require additional time to reach their daily production target, slowing overall factory efficiency. Similarly, in Jordan, the measure of output efficiency reported by managers is significantly lower in factories where worker concerns surrounding sexual harassment are high.

In Vietnam and Jordan, there is a strong negative relationship between the average profits reported by managers and the average level of concern with sexual harassment in the workplace. That is, as sexual harassment concerns among workers increase, average profits earned by the firm decrease. Full details on the impact of sexual harassment on productivity and profits are illustrated in Section 3.

THE IMPACT OF BETTER WORK ON PREVENTING SEXUAL HARASSMENT

Better Work has decreased sexual harassment concerns in most countries where the programme is active. The dominant trend is toward improvement over time. Even after taking into account external factors, the programme's services account for a significant share of the reduction in sexual harassment concerns.

The impact of Better Work is most evident in Jordan, where the programme reduced the probability of workers being concerned with sexual harassment by 18 percentage points by the sixth year of participation in Better Work (Figure 4). While sexual harassment reports increased after the first compliance assessment, in the months after the second assessment, they declined. The higher incidence of concern with sexual harassment during the second cycle could also be attributed to workers feeling more empowered and willing to report concerns. Better Work offers specialized training on sexual harassment awareness, first introduced in 2013, which likely contributes to this effect.

In Vietnam, workers reported very low levels of concerns with sexual harassment at the outset of the programme. Nevertheless, taking part in Better Work Vietnam helped factories drive concern with this abusive workplace condition even lower.

Even after taking into account external factors, the programme’s services account for a significant share of the reduction in sexual harassment concerns.

The average level of sexual harassment concern per factory is higher in Indonesia, but there is evidence to suggest that workers are more comfortable expressing their opinions and seeking help from their trade union representative. Over the course of a factory’s participation in Better Work, workers reported concerns with sexual harassment decreased, and workers are more likely to take their concern to a trade union representative. This suggests that workers are becoming more aware of their rights and are increasingly confident about seeking help to address the issue.

In Nicaragua, despite the small number of factories evaluated, there is evidence when managers are aware of the problem, worker concerns decline by 29 percentage points. It is arguable that this manager

awareness could translate to broader organizational awareness, such as the establishment of anti-harassment policies.

The Tufts analysis suggests that change is driven by a combination of Better Work interventions, starting with the compliance assessment, the introduction of anti-sexual harassment policies and the provision of targeted training services. Despite falling levels of concern, sexual harassment remains a pressing problem for workers in many factories. This is exemplified by the high percentage of workers who did not want to answer the question about sexual harassment, suggesting that concerns about this issue continue to be high and should remain a priority for Better Work.

FIGURE 4
Better Work Jordan impact on sexual harassment concerns, by year in Better Work
Percentage change since baseline



2.6 Curbing excessive working hours

Garment manufacturing has long been associated with excessive work hours. This is true in the factories where Better Work operates today, and is confirmed by evidence gathered by both Better Work and Tufts University. Across Better Work Vietnam factories, between 80 and 90 per cent of factories did not comply with daily limits on overtime in the first four years of the programme. The reality of excess overtime is echoed in workers' own voices. To avoid coached answers, researchers asked workers when they started and finished work on several recent days of the week. They then calculated daily working hour averages. Workers in Better Work Jordan reported, on average, working 13 hours per day. Workers in Vietnam were working approximately 59 hours per week on average near the time of the first compliance assessment cycle.

Managers often seek to maximize working time in the belief that excessive work hours boost profits. Adhering to an eight-hour working day leaves a factory's manufacturing lines idle for the remaining two thirds of the day. Best practice in managing human resources would dictate two to three eight-hour shifts to comply with working time regulations while also maximizing use of assets such as machinery. However, the use of multiple shifts is uncommon in the modern garment industry. Instead, uncertain orders, short delivery times or unexpected changes in technical requirements of products prompt managers to extract the maximum work effort possible from one shift of workers. Inevitably, managers then seek ways to incentivize, or in some cases force, as much overtime on workers as possible.

If a factory rejects the use of overt forced labour strategies for promoting maximum work hours (restricting worker movement by locking exit doors until a last minute order is completed, for example) what strategies remain for coaxing workers to log as many hours as possible? One crude approach is to use verbal abuse and physical intimidation to ensure workers stay at their station. A subtler approach would be to pay a low base wage, so that workers are motivated to work as much

overtime as they can. Another scenario could see managers threatening to fire workers who refuse to work long overtime hours (a strategy referred to as the 'dismissal threat' strategy in the remainder of this section).

The Tufts researchers have developed a theory to explain the multiple decisions at play in a factory when overtime hours are determined. It assumes that all factories face the same consistent supply chain production and price pressures, and that worker wellbeing is considered secondary to business priorities. In this environment, researchers predicted that factories left completely unconstrained would first choose to use forced labour tactics to maximize overtime hours. If this was not possible, managers would next use very low base pay. Constrained by complying with minimum wage regulations, a firm would move to threatening to fire workers who refuse overtime (which could take the form of excessive or improper use of probationary contracts). Researchers have referred to this shift as a 'cascade' of strategies to encourage long working time (Figure 5).

Better Work Vietnam: addressing the 'cascade' of overtime-inducing strategies

By analysing Better Work Vietnam compliance assessment data, the researchers found that the results were consistent with the above 'cascade' of strategies they predicted factories might use to maximize overtime. Most factories in Vietnam, as in other Better Work countries, do not comply with limits on daily overtime when they first join the programme. The tactics of forced labour were not at play in this instance. In addition, the Better Work Vietnam factories had already progressed past the strategy of excessively low base pay. Some 15 per cent of factories did not comply with minimum wage laws at the outset. This fell to just three per cent by their fifth year of participating in the programme.

Dismissal threats (the third step in the 'cascade') featured most prominently in the participating Vietnam factories – evidence from Better Work's first

FIGURE 5

Cascade of overtime-inducing strategies



compliance assessments in 2010 demonstrated many factories were not complying with regulation of probationary contracts. Half of factories were not respecting the proper legal use of probationary contracts. Instead, they were using these contracts repeatedly over time. Keeping workers on precarious contracts opens the door to threatening them with dismissal if they refuse to work overtime.

Better Work's role in influencing 'cascading' hours strategies

Better Work compliance assessment data show that factories progress through a series of strategies to ensure as much overtime as possible. Building on this finding, the Tufts researchers tested the degree to which Better Work Vietnam affected factories' decision-making with regard to the 'cascade of strategies'. They uncovered multiple positive impacts attributable to the programme.

Reduction in excessive overtime – Workers in Vietnam reported working 59 hours per week when Better Work conducted its first compliance assessment. By the fifth cycle of the programme, this fell to less than 55 hours per week. Additionally, by the time of the second and third assessments completed by Better Work Vietnam, there is a marked drop in workers' reported concerns surrounding excessive overtime. However, there is evidence that these improvements may not be sustainable. The reduction in working hours disappears within one month of the fifth assessment, and worker concern fluctuates. For example, during advisory periods after the fourth and fifth compliance assessments, concern with excess overtime crept back upward.

Better Work increases worker take-home pay – As mentioned above, factories in Vietnam had already progressed past the low base pay strategy to induce overtime. Furthermore, the Tufts impact assessment data suggests that participating in Better Work made this strategy even less prevalent, which in turn helped to increase weekly pay. By ensuring compliance with



paying wages according to law and as promised in workers' contracts, Better Work is showing a measurable effect on the take-home pay of workers, as reported by workers in surveys. Researchers observed this effect in Jordan, Indonesia and Vietnam.

Workers are less concerned about low pay – By the time of the third Better Work Vietnam compliance assessment, workers' concern with low pay had decreased. Their concerns had diminished further after the fourth and fifth compliance assessments, as well as in the interim period of advisory services. This suggests that workers perceive their regular pay as sufficient, which in turn makes them less likely to consider working overtime. However, in line with the 'cascade of strategies', a decline in worker concern with low pay predicts a greater tendency for factories to resort to the threat of dismissal by not respecting probationary contracts.

Factories are less likely to threaten workers with dismissal – The longer factories participate in the programme, the less often they misuse probationary

contracts. This was clear both at the time of Better Work's compliance assessments and during advisory periods.

Overall, Better Work Vietnam is encouraging factories to stop using a low base pay strategy to push workers to work overtime. Through the programme, factories also gain knowledge on best practice in contract use via both assessments and advisory services. This helps to prevent the misuse of contracts to force workers into a precarious contract situation, where the threat of non-renewal or dismissal can force a worker into unwanted overtime hours. Overtime hours remain a challenge, although the proportion of Better Work Vietnam factories operating excessive overtime hours fell from 90 per cent at the outset to 50 per cent by the fifth year of Better Work's operation. The Tufts University researchers conclude yet another step in the 'cascade of strategies' may be at play – the use of deceptive pay practices (withholding information about actual pay and hours, or not paying correctly for overtime hours) to ensure overtime remains high.

2.7 Closing the gender pay gap

Women make up a large majority of the workers on average across Better Work factories. Their experiences tend to differ from their male counterparts. They have less opportunity to progress at work, receive lower pay and suffer higher levels of abusive treatment. The impact assessment highlights that Better Work is helping to improve these conditions of work for women, including in the areas of working hours and pay.

Importantly, Better Work has a pronounced impact on gender pay disparities in Haiti, Nicaragua and Vietnam. In Haiti, factories significantly reduced the gender pay gap as a consequence of participating in Better Work. At the outset, women were working longer hours for less pay than men. Over the course of the programme, the

average number of weekly hours reported by women decreased, while their total pay relative to men increased.

Similarly, in Nicaragua, the gender wage gap declines, as does the gap in working hours between women and men. The gender wage gap begins to close immediately following the first Better Work compliance assessment. In Vietnam, Better Work's positive impact on closing the gender pay gap intensifies as factories maintain their access to the programme's services over several years. In Jordan, there is no visible effect on pay and hours. However, it is important to note that there does not appear to be a gender wage gap issue among Better Work Jordan factories.



2.8 Health and safety in the workplace

Properly enforced national labour laws can protect the health and safety of workers. Such laws vary from regulating the type of personal protective equipment (PPE) required for workers to defining necessary elements of emergency preparedness in the workplace. Violations of national laws regulating occupational safety and health (OSH) are among the most frequently cited in Better Work compliance assessments.

Several factors could explain factories' poor OSH compliance records. Factory managers attribute it partly to stringent or inconsistent national laws regarding work safety and health standards. Another plausible driver is the hesitancy of managers to invest scarce resources in improving working environments.

Resistance to behavioural change also prevents improvements in workplace safety. For example, Tufts University case study research in Haiti reveals workers at standing workstations tend not to use fatigue mats, preferring to stand directly on a hard floor. Similarly, managers struggle to ensure that workers use back support belts to lift heavy materials. Face masks can be provided to workers operating in dusty environments, but workers must understand the value of using such a piece of PPE in order to comply and benefit.

Both the case study research in Lesotho and in Haiti provide insight into the gains and challenges of improving occupational safety and health in the garment sector where Better Work operates. Analysis of empirical data on Better Work's impact on workplace safety is still forthcoming.

WAGE STRUCTURE AND PERCEPTIONS OF OCCUPATIONAL SAFETY AND HEALTH CONDITIONS

Taking an in-depth look at how occupational safety and health concerns are affected by wage-setting yields multiple insights. Garment factories often pay workers by the piece, assuming that this will generate an increase in productivity. However, such productivity gains may, in fact, be offset by higher production costs if production time is lost through errors and OSH-related injuries as workers are incentivized to work more quickly.

Since payment structures vary across factories participating in Better Work Vietnam, the Tufts researchers were able to investigate the relationship between wage structures and workplace safety across a range of businesses. Some 72 per cent of workers surveyed in Vietnam are paid by the hour, 20 per cent are paid entirely by piece rate, and eight per cent report a combination of the two (a 'partial piece rate'). Furthermore, 37 per cent of workers say they have a production quota (either a daily or weekly quota).

Analysing this pay structure in relation to workplace safety suggests that wage incentives ('piece rate' pay) consistently corresponds to increased worker concerns about their occupational environments. These workers are more likely to report concern surrounding accidents, dangerous equipment, air quality and chemical hazards. This could be because workers are less likely to take proper safety precautions, particularly those might slow the pace of work, when they are incentivised to work quickly. Another possible explanation is that 'piece rate' workers who have learnt about the hazards of workplace safety and health violations may be more proactive in reporting their concerns if they think it will impede productivity, and therefore pay.

Additionally, workers paid by the piece or subject to a production quota exhibit worse physical and emotional health than workers paid by the hour. In short, a faster pace of work may mean workers give less attention to preserving their health in the pursuit of maximizing pay.

In both cases, however, the 'partial piece rate' group is the driving force behind this dynamic, rather than the group of workers paid entirely by the piece. This makes it harder to determine clear implications. It could be that uncertainty in pay, rather than one pay incentive scheme or another, is driving poor safety and health outcomes.

Davis, Mary E., 2016. "Pay Matters: The Piece Rate and Health in the Developing World," *Annals of Global Health*, <http://dx.doi.org/10.1016/j.aogh.2016.05.005>

Improving health and safety in Lesotho garment factories

The Better Work Lesotho factories had previously faced serious workplace safety challenges, including a lack of emergency procedures, ineffective fire safety equipment and few emergency medical supplies. Workers struggled to gain access to personal protective equipment, and there was little focus on basic hygiene, cleanliness or safety in the workplace.

Better Work Lesotho worked in partnership with factories and unions to train workers on health and safety practices, fire safety, first aid and emergency preparedness.

By studying the same key measures over a period of time (in 2011, 2013 and 2015), holding focus groups and interviewing workers, supervisors and managers, independent researchers gained an in-depth view of how Better Work training improved workplace safety. By 2013, it was clear that workers were regularly thinking about occupational safety and health issues. Indeed, workplace safety had become the top priority in discussions on improving factory working conditions since the programme began, mentioned by nearly half of all workers. For example, they gained access to personal protective equipment more easily, fire emergency procedures and medical supplies improved, as well as hygiene levels. Managers also confirmed that safety and health had improved, and this trend continued in 2015.

Both managers and workers told researchers that they had seen notable positive improvements in OSH conditions in their factory since participating in the Better Work training.

While managers concurred that awareness and adherence to OSH regulations increased through engagement with Better Work, they also highlighted the struggle to sustain behavioural change in the factory.

“ We are very proud of Better Work. Before, it was a struggle for us to get personal protection equipment. The fire extinguishers had all expired. First aid boxes were always open, not locked and empty. There was no toilet paper in the toilets, nor soap. Since Better Work, all [these things]... are in order now.”

LESOTHO GARMENT FACTORY WORKER

“ Before Better Work all emergency doors were locked and I was afraid if there were any sort of emergency we would not know which door to use. Since Better Work, we are so free. Before we start the day, they make sure that all the eye guards on the machines are all open. They make sure that the factory is clean. They look after sick people. Better Work has really done a miracle for us.”

LESOTHO GARMENT FACTORY WORKER

“ Better Work has had a big impact on OSH. We did not comply before. Workers threw away face masks and we did not care because we did not see it as a problem. We now realise that we must be responsible even if it means disciplining workers to comply. We had no fire drills. Now workers and everybody listen to what the OSH committee says because if they don't they will be disciplined.”

LESOTHO GARMENT FACTORY SENIOR MANAGER

Pike, Kelly and Godfrey, Shane, “Two Sides to Better Work: A Comparative Analysis of Worker and Management Perceptions of the impact of Better Work Lesotho,” International Labour Office. Geneva: ILO, 2015. Better Work discussion paper no. 20.



Tufts researchers focusing on occupational safety and health in Haiti observed issues on-site and interviewed managers in several factories to identify challenges and track improvements and workplace innovations. In particular, they identified positive improvements over time on noise hazards, with managers becoming more aware of the problem following Better Work compliance assessments, and replacing old machinery. They also uncovered a lack of policies preventing pregnant workers from coming into contact with hazardous chemicals, and measured particulate air pollution in and around garment factories.

In Haiti, localized air pollution was very high, posing a risk of serious worker illness in both the short and long-term. It was primarily caused by diesel generators and scrap boilers, as well as emissions from diesel transport trucks near factories. Workers are particularly vulnerable when these activities are concentrated in a small area, such as industrial parks with multiple factories. Despite this, the subject of hazardous air quality currently receives little attention relative to other high-profile challenges in the sector.

Gender and workplace-based healthcare

Nearly 8 in 10 workers across all factories enrolled in Better Work are women, with the majority under the age of 30. Better Work has expanded access to pregnancy-related healthcare, a vital service for many young women working long hours in the garment sector. In Haiti, only six per cent of female workers reported having access to prenatal check-ups at the outset of the programme. This increased to 26 per cent after five years. In Vietnam, Better Work's impact in improving prenatal care was clearly visible after the first and second compliance assessments. Similar results were observed for Indonesia, and the programme achieved an even greater impact on pregnancy-related healthcare, both pre and post-natal, in Jordan. By the fourth and fifth assessments and in the subsequent months of advisory services, the probability of having access to both types of pregnancy care increased further.

2.9 Compliance and worker wellbeing

The safety and wellbeing of garment workers depends on the ability and willingness of factories to improve their human resources practices, adopting more sophisticated, humane models of human resource organization.

Feedback from workers confirms that working conditions have a direct impact on their wellbeing. While managers may recognize this relationship and make investments that lead to better worker pay and safer workplaces, it is ultimately the workers' perception that counts when it comes to evaluating progress. Worker wellbeing typically increases only when workers themselves perceive that conditions have improved. Additionally, if factory managers underestimate how a particular factory improvement can boost the wellbeing of workers, they are not likely to invest resources effectively. This can limit the intended benefits for both workers and the factory's bottom line.

Higher compliance levels improve the life satisfaction and wellbeing of workers, according to Tufts' analysis of Better Work Vietnam factories. In particular, workers report higher levels of life satisfaction and wellbeing if they work in factories that comply with laws regarding child labour, discrimination and forced labour.

Worker wellbeing is also higher in factories where workers perceive better working environments. Feeling safe from accidents and working in an environment with good air quality and comfortable temperatures are particularly important for the wellbeing of workers.

Furthermore, wages – both their actual rate and workers' concerns surrounding low wages – also significantly affect worker wellbeing. As workers' concern with low wages decreases, their wellbeing increases at a significant rate. Similarly, their wellbeing also improves substantially when they are less concerned about wage deductions, in-kind compensation and excessive overtime, and believe pay practices are transparent. Workers also enjoy higher levels of wellbeing and life satisfaction in factories that comply with limits on working time.

While managers may believe they have addressed working environment improvements adequately, workers' perceptions of the improvements may differ. This mismatch of perceptions can be striking. For example, managers may recognize that workers value the safety and comfort of a workplace, but they underestimate how important a safe environment is for their wellbeing. In particular, they underestimate by a magnitude of four times the impact of air quality and factory temperature on worker wellbeing. This disparity suggests managers must find ways to better understand which working conditions affect the happiness of workers and to what extent they make an impact. It also has important implications for workers' productivity. By better understanding how improvements in working conditions are perceived by workers, managers gain an opportunity to prioritize investments to improve both working conditions and productivity.



Measuring the impact of better working conditions on the bottom line

Poor working conditions in apparel factories in developing countries are often viewed as the inevitable consequence of the fine division of labour common in the early stages of industrialization, where global pressure drives apparel producers in pursuit of ever-lower costs. Differing working conditions across factories facing similar pressures, however, suggests sweatshop conditions are not inevitable for firms to thrive. For example, poor conditions may persist because garment factory managers lack knowledge of best practices in human resources management, such as positive motivational techniques or multi-dimensional pay packages. They may instead resort to strategies like verbal and physical abuse to elicit more effort from workers.

However, better management practices related to labour conditions may not necessarily translate to improved business outcomes and higher profitability. If factories are able to profit by coercing effort from workers through harsh treatment, low pay or excessive overtime, they may see no commercial advantage in moving away from a sweatshop model. Furthermore, factory managers may believe that the only way to keep their firms profitable while meeting the lead time, quality and cost demands of international buyers is through coercing effort from workers. In this light, they may make little to no investment in basic improvements to the factory environment. Using abuse or irregular pay practices to maintain profits represent a 'low

road' business strategy, in contrast to steps such as linking compensation to work effort or implementing other human resources innovations.

Evidence of a win-win outcome – improving working conditions while boosting profit margins – has to date largely been anecdotal. Tufts University's impact assessment has made significant strides in establishing evidence of this relationship. Firstly, the research demonstrates the link between working conditions and productivity and firm profitability (among factories facing similar supply chain pressures). Secondly, it provides evidence of how the Better Work approach itself leads to improved competitiveness in factories.

30 *Evidence of a win-win outcome – improving working conditions while boosting profit margins – has to date largely been anecdotal. Tufts University’s impact assessment has made significant strides in establishing evidence of this relationship.*

3.1 Better working conditions and higher productivity

Evidence from Better Work Vietnam indicates that better working conditions are linked to higher levels of worker productivity. Where working conditions are better, particularly those relating to the working environment, workers reach daily production targets nearly 40 minutes faster than workers in factories with worse conditions.

Further links exist between working conditions and worker productivity. Individual worker productivity decreases as verbal abuse increases in the work setting. Evidence from Vietnam shows that while the average worker takes ten hours to reach the daily production target set by her supervisor, workers concerned by verbal abuse – but with the same education, training and experience – required almost one additional hour per day to reach this target.

There are also positive steps factories can take to increase productivity. For example, the impact assessment data show that basic skills training reduces the time workers need to reach a target. Workers in Vietnam who report taking part in basic skills training were found to reach production targets on average nearly 15 minutes faster than those who did not participate.

The positive effects of training are not limited to workers. Training supervisors has a measurable effect on productivity as well. The effects of Better Work’s Supervisory Skills Training (SST) programme on productivity present a clear case for empowering supervisors to excel at their work.

The SST programme increased the productivity of lines supervised by trained supervisors, as it reduced the time needed to reach production targets, resulting in a 22 per cent increase in productivity. This effect is driven by the female supervisors who undertake the SST training.

Evaluation of the SST programme reveals several other productivity-enhancing effects. The training lowered injury rates among workers. It also reduced instances of unbalanced lines, in which garments pile up at one workstation and workers sit idle at another. In particular, training cut instances of unbalanced lines among those supervisors with supportive managers, those who perceived that they exercised little power in relation to their manager, and those who believed they could learn new skills. The researchers found that the programme lowers turnover among supervisors, as well as among workers overseen by trained supervisors.

MEASURING PRODUCTIVITY IN BETTER WORK FACTORIES

The most common measure of productivity in the apparel industry is the efficiency rate. The efficiency rate measures the actual production relative to targeted production. Tufts researchers used a variation of the efficiency rate to measure productivity in their impact assessment of Better Work to maximize available data and increase reliability.

Rather than measure the efficiency rate, researchers use data elicited from workers to determine how much time is necessary to reach a production target. Workers are also asked about the total length of their work day, a variable constructed by asking workers what time they arrive and leave the factory on a given day, to avoid the possibly coached answers. In the case of a daily target, the length of the work day is controlled under the assumption that firms with a longer planned workday incentivize work by setting a production target that takes correspondingly longer to reach. Changing external conditions – such as peak production periods, garment complexity and rush orders – are effectively controlled for with this method, as managers adjust targets to meet business needs.

FIGURE 6

Profitability and Verbal Abuse

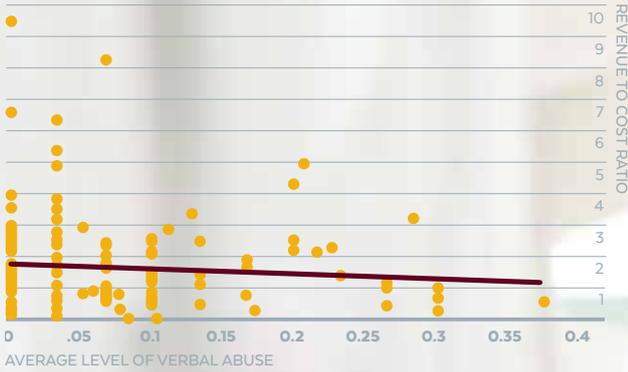
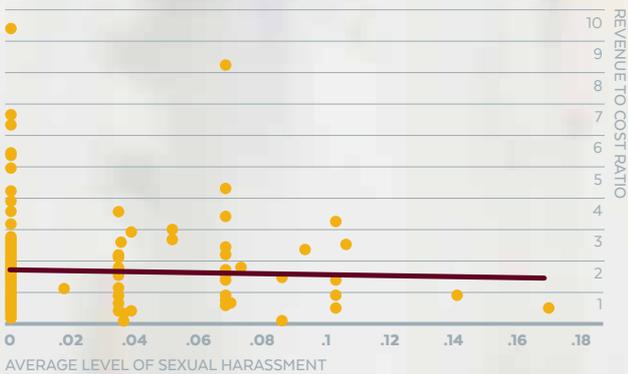


FIGURE 7

Profitability and Sexual Harassment



3.2 Better Work’s impact on profitability in Vietnam

Improved working conditions and high profit levels can go hand in hand. Profitability is measured in the impact assessment as the ratio of total revenue versus total costs, constructed from management surveys. More profitable firms exhibited better working conditions, greater compliance with labour standards and more innovative human resource management practices. Factories with better working conditions, from the perspective of workers, are up to eight per cent more profitable than their counterparts. Compliance with core labour standards is associated with higher profitability.

Higher profitability is driven by increased productivity among workers in better working environments. In the same way, lost productivity due to worker concerns about verbal abuse leads to lower profitability. Figure 6 shows the negative relationship between verbal abuse and firm profitability. Average levels of verbal abuse are indicated on the horizontal axis. The ratio of revenue to cost is highlighted on the vertical axis. Many factories – both high and low-performing – have few reports of verbal abuse. In factories where verbal abuse is more prevalent, the revenue relative to cost declines as the number of verbal abuse reports rise. This indicates that removing verbal abuse does not in itself guarantee an increase in profits, but it is a necessary

condition. High-performing firms do not exhibit a high incidence of verbal abuse. Similar conclusions can be drawn on the relationship between sexual harassment and productivity and profitability (Figure 7).

Furthermore, factories with more productive workers do not pay lower wages in exchange for better working conditions. Instead of suppressing wages, more profitable factories with more productive workers also pay workers more. Finally, although researchers found mixed evidence that greater compliance leads directly to a better supply chain position, they did discover that as a factory’s workers become more productive, its supply chain position improves.

Overall, profitability rises in factories as a result of their participation in Better Work. The Tufts researchers were able to understand how profitability changes as a factory enters the Better Work programme by holding other factors constant and taking into account whether profitability initially deteriorates as a result of costly compliance investments. Across all factories tracked in Vietnam, after four years of participation in the programme, the revenue–cost ratio increased by 25 per cent. The Tufts researchers aim to replicate this profitability analysis in other country programmes, where sufficient data is available.



3.3 Better Work's effect on other factors influencing factory competitiveness

Participation in Better Work may indirectly boost business performance by improving a firm's supply chain position, prompting key customers to request larger orders or reducing social audits from individual buyers that can slow production. Buyer terms, order size and social audit frequency are addressed in Section 4.

Researchers asked factory managers whether they believed that their customers had offered more advantageous contract terms or made additional orders as a result of their participation in Better Work. Across all firms, managers perceive better business terms with buyers, particularly after the second and third Better Work compliance assessments.

Managers at 'Free-on-Board' firms or firms that consider themselves as subcontractors are most likely to report more advantageous terms from buyers as a result of participating in Better Work. The longer the pre-existing relationship between a factory and its

most important buyer, the less likely the manager is to report an improvement. This may indicate a higher level of trust and commitment between the supplier and buyer.

Factories with initially low compliance rates are the most likely to report better business terms with their important buyers as a consequence of joining Better Work. Improved compliance, particularly on pay and working hours, typically leads to larger order sizes from buyers. Even when compliance rates remain the same, evidence suggests that Better Work factories experience a sharp increase in order size after entering the programme, possibly because it enhances their reputation. In time, the order sizes do not increase further, but overall, the effect is still positive. Variations explained by changes in production years are considered and held constant in the estimation.

3.4 Emerging implications from research on firm performance

The impact assessment research has established a direct link between better working conditions and higher profit firms. These firms exhibit minimal levels of verbal abuse and sexual harassment, and invest in the working environment of their factories. Moreover, the longer they engage with Better Work, the greater the positive impact on productivity and profitability, even while controlling for external factors such as industry trends.

So, if improving working environments and eliminating abusive behaviour help to maximize profit, why would firms not pursue these strategies on their own? Supply chain pressures can create conditions in which managers and supervisors are overloaded with information and demands. When individuals are inundated with external demands for their attention and under pressure from time constraints, they can begin to experience what social psychologists term 'cognitive load', a state of being mentally overwhelmed. In this state, the individual will be less able to process or act on new information in ways economic models would expect from rational actors. For more information, see Section 4.

Also, when workers are dehumanized in the minds of supervisors or managers – viewed as less than human, or like interchangeable machines – managers are less likely to see improved and humane working conditions as a means to achieve productivity, rather than as a cost.

Finally, managers may lack the necessary information on the business case for the 'high road' to production systems.

Although firms with better working conditions post higher profits, it is clear that market forces alone will not eliminate 'low road' strategies in the garment industry. Brands and retailers must review current supply chain models in order to address root causes of workplace abuses, as discussed in Section 4. Meanwhile, there needs to be a wholesale shift in the way factory managers perceive workers, as well as an increased understanding of which human resource strategies optimize commercial performance.



Adverse consequences of sourcing pressure: evidence from factory compliance levels and workers' experiences

4.1 The link between sourcing practices and non-compliance

Better Work factories have consistently improved their compliance records over time. However, compliance with working hours and overtime regulations remains a challenge, and the root cause may lie beyond the factory floor. These issues are deeply bound up with global supply chain dynamics. Global buyers' sourcing practices, particularly in an industry increasingly characterised by 'fast fashion', put factories under pressure to deliver within short lead times, respond to frequent order changes and operate with high levels of flexibility. This has a direct knock-on effect on a factory's ability to comply with key elements of decent work, and in turn, influences workers' perceptions of working conditions.

Managers in Better Work factories expressed significant concern about how their main customers' sourcing practices affected their business. In relation to their two most important customers, nearly half of managers responded that uncertain orders, late delivery penalties, changes in technical requirements and defect penalties presented a serious challenge to business success. Only 12 per cent of factory managers did not perceive such issues as a business challenge.

Sourcing practices can also affect firms' compliance outcomes. Researchers tested whether the underlying choice of a particular human resource management system (which is inextricably linked to its compliance record), was affected by its business relationship with its main customers. In factories in Vietnam, non-compliance on working time

persists during their participation in Better Work. This suggests that despite the support of the programme, compliance on this issue remains a struggle.

In particular, manager concern with rush orders and late penalties from customers is associated with higher rates of non-compliance with working hours. Their concern with these supply chain pressures often translates to working hours violations. In addition, uncertain orders can make production planning challenging. Rather than planning multiple work shifts per day to maximize use of machinery, uncertain orders may prompt garment firms to choose a single work shift (whereby the same set of workers may work long hours). The length of this shift depends on a factory's delivery schedule, and expands quickly when a large or last-minute order is received.

Similarly, if managers cite serious concerns with sourcing practices such as changes in technical requirements or order size, or fines for defects, the factory is significantly more likely not to comply with aspects of workplace safety and health. It is possible that when managers are concerned with such sourcing practices, their HR management system practices (in this case related to workplace safety) deteriorate. This could be because when suppliers are under intense pressure to deliver and need to produce as fast as possible, they may disregard personal protective equipment requirements perceived to slow workers down.

4.2 Buyer order patterns and excessive hours

The Tufts researchers explored how buyers' purchasing practices influence overtime violations by analysing the factors determining order size. In this context, the size of an order gives an indication of where international buyers want to direct their business, and serves as a means to measure the success of potential supplier factories as they seek to secure multiple large orders. If factories receiving large orders are consistently flouting working hours regulations (both regular and overtime), this suggests that buyers' sourcing decisions are reinforcing a production system designed principally on a single shift with unpredictable and excessive overtime hours.

Order size is determined by many factors: product type, length of the buyer-supplier relationship, supply chain position, factory size, year, season and firm productivity. The researchers took each of these characteristics into account. In order to understand how sourcing pressures, such as order size, relate to working time, the researchers studied factory compliance levels

with working hours. In addition, they also measured actual hours worked, as reported by workers.

Initially, a positive picture emerges. Buyers appear to be directing larger orders to firms with better compliance reports, including those with better track records on working time. This could be interpreted as buyers supporting positive HR management systems by directing business to factories that perform well on working hours.

A deeper investigation, however, encompassing the perspective of workers, reveals evidence of a less encouraging picture. As order size increases, workers' reports of their time at the factory indicate working hours rise above legal limits. These conflicting findings suggest that factories have strong incentives to falsify working hours records for the sake of a clean compliance report. It also suggests that buyers are contributing to a business model that leads to a non-compliant supply chain.

4.3 Sourcing practices and workers' experiences

Understanding how workers perceive working conditions (in addition to evaluating factory compliance records) is integral to uncovering the effect of buyers' sourcing practices. The Tufts researchers investigated the effect of sourcing practices on workers' perceptions of pay, working time and work satisfaction.

They discovered that as the length of time between the delivery of an order and payment by a buyer increases, weekly pay as reported by workers decreases at a significant rate. This suggests that cash flow constraints may constrict firms' abilities not only to upgrade or replace machinery, but also to pay workers. Additionally, workers report longer hours if they work in factories where replenishment orders and late penalties are concerns for managers.

In conducting this analysis, it is important to consider whether workers want to work more hours. The researchers made an educated estimate by studying the effect of increased hours on the life satisfaction index they developed from worker surveys. It was clear that workers become less satisfied as they worked longer hours (keeping pay and factory characteristics constant). In the same way, worker satisfaction falls as manager concerns with late penalties rise, and when there is a long gap between order fulfilment and the factory receiving payment.

4.4 Supervisor stress and sourcing practices

By asking factory managers whether stress levels among their supervisors is a significant problem, the researchers were able to explore which sourcing practices were likely to create the most stress. Their findings demonstrate that supervisor stress increases in line with negative sourcing practices. Supervisor stress is more likely to be a problem when managers in the same factories identify the following conditions as obstacles to business success:

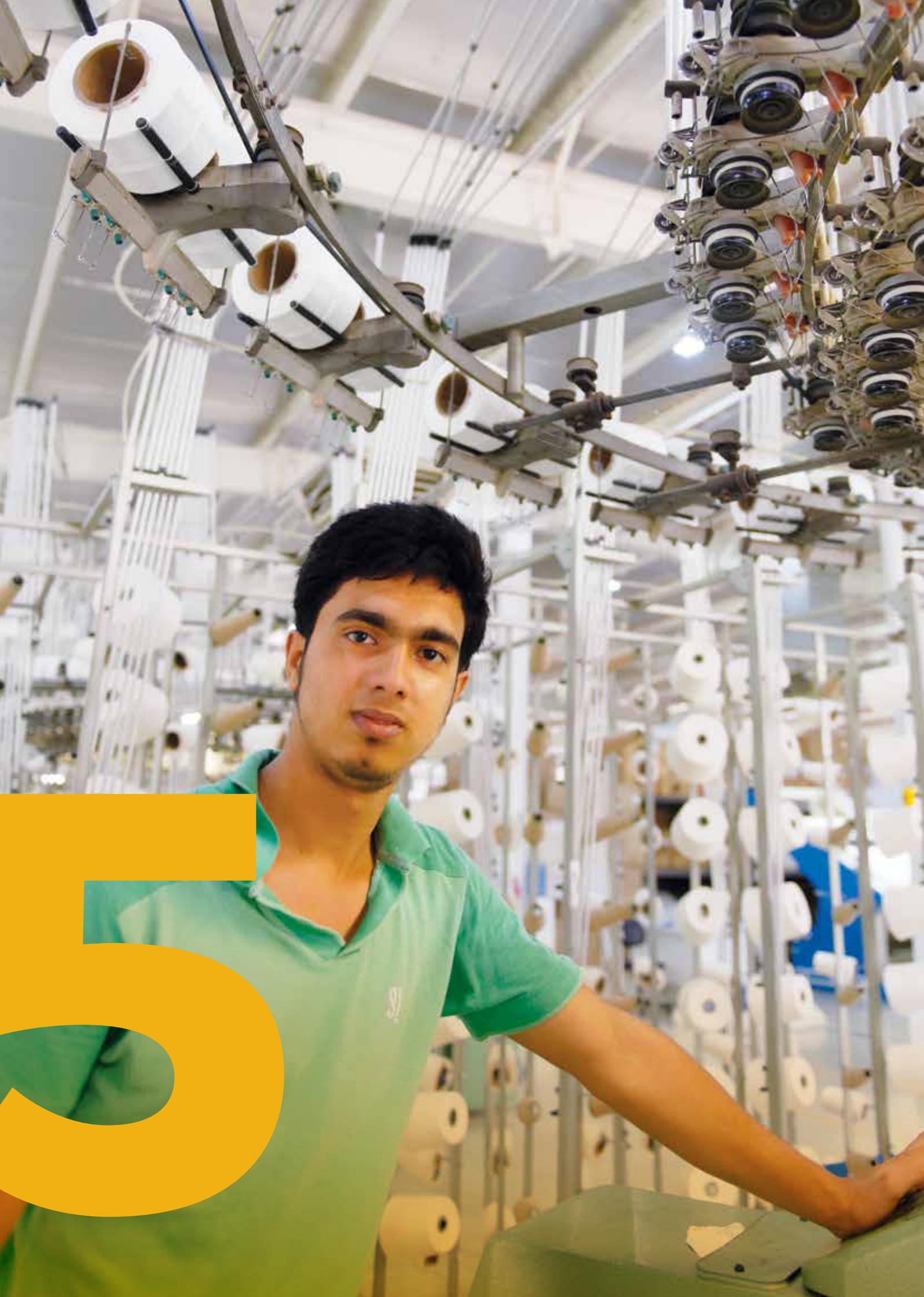
- ◆ Variations in technical requirements
- ◆ Variations in social compliance requirements
- ◆ Late delivery penalties
- ◆ Changes in technical requirements
- ◆ Defect penalties
- ◆ Replenishment orders and uncertain orders

As shown in Section 2, the higher the levels of supervisor stress in a factory, the more likely it is that verbal abuse will be a problem. High-pressured sourcing practices can increase the likelihood that workers experience abusive treatment.

How Better Work is reducing duplicative audits

One of Better Work's goals is to reduce the inefficiency of excessive auditing in the garment industry. When multiple buyers each arrange their own inspections of working conditions in the same factory, production disruptions increase and "audit fatigue" soon sets in. Better Work buyer partners commit to ending duplicative audits in their factories enrolled in the Better Work programme, which benefits both the factory and the buying organisation. The net result is that buyers are conducting fewer audits in Better Work factories.

Evidence from Vietnam indicates that with each passing Better Work compliance assessment cycle, factories are more likely to report that their main customer has stopped conducting its own social audits. Factory managers report that the number of compliance assessment visits from their top two buyers declines after at least one year in Better Work. In addition, factories are increasingly likely to report that their main buyers are contacting them about their Better Work assessments. This suggests that information from Better Work assessments is being used as a basis for continuous improvement, and as an objective standard for discussing how to meet expectations with commercial partners.





Differentiating the impact of Better Work's assessments, advisory and training services

The Better Work programme is a comprehensive combination of assessments, advisory services and training sessions conducted at the factory level. Researchers explored the relative importance of these components, finding that each service is fundamental to achieving desired positive impacts on increased compliance and improved working conditions. Reminding managers of ethical standards through regular compliance assessment visits affects their behaviour and encourages them to be in compliance. At the same time, advisory services create a healthy environment for social dialogue, whereby workers, particularly women, have fair and transparent representation. This plays a significant role in improving working conditions. Finally, building capacity through training equips workers, supervisors and managers with the knowledge and skills they need to fulfill their factory roles, and helps to ensure more humane working conditions.

5.1 Assessments

Under Better Work's service delivery model studied, compliance assessments were the first service provided to factories enrolling in the programme. This was an important area of focus in every Better Work country as assessments are necessary to ensure ongoing improvements. The research findings show that factories respond directly to the assessment feedback given by Better Work, in particular on reducing forced labour,

verbal abuse and sexual harassment, and concerns with injuries and dangerous equipment. As noted in Section 2.4, it is critical to adopt a holistic approach to compliance. Otherwise, when one strategy leading to non-compliance is removed by Better Work, other exploitative strategies may emerge. That is, there may be unintended negative consequences when addressing only one facet of working conditions at a time.

5.2 Advisory

Evaluating the impact of Better Work's advisory services is more complex, since they have a wide scope and are tailored to each factory's specific needs. Drawing from analysis in Indonesia, Jordan and Vietnam, researchers employed two approaches to draw conclusions regarding advisory services:

1. Analysing the changes in the months following each Better Work compliance assessment, i.e. the months during which advisory services are provided. In some cases, such as verbal abuse, the impact of Better Work is evident at the time of the assessment and is reinforced during the advisory months to even greater effect. In other instances, improvements take place during assessments but decline in the subsequent months.
2. Investigating whether the establishment and quality of Performance Improvement Consultative Committees (PICCs) – factory-level committees comprised of managers and workers' representatives – lead to improvements in working conditions, and whether they change worker and manager perceptions of social dialogue.

ESTABLISHMENT OF THE PICC AS A SOCIAL DIALOGUE MECHANISM

Workers benefit from the presence of PICCs in Better Work factories. If a PICC is present, workers typically perceive that working conditions improve. In particular, they report less verbal abuse, significantly less dizziness and restlessness and improved water quality and availability. This may be due to the focus on occupational safety and health in the early meetings of the PICCs. Workers are also more likely to seek help from their trade union representative. In contrast, the mere presence of a PICC or a union is not always seen positively by managers, who consequently tend to undervalue the ability of PICCs, worker committees or unions to solve problems. The presence of a PICC alone, without considering its quality, also tends to create more supervisor stress. HR managers seem to have a better predisposition to PICCs, perhaps because they are often directly participating in them.

QUALITY OF SOCIAL DIALOGUE IN THE PICCS

The quality of PICCs is essential to improving working conditions and workers' physical and mental well-being. The most critical characteristics of a quality, functioning PICC are:

Gender representation – When women take part in the PICC, in numbers reflective of the overall workforce, this significantly improves outcomes for workers, particularly in terms of reducing workers' sexual harassment concerns. Managers are also more likely to see worker committees in a positive light and supervisors are less stressed.

Representativeness of PICC members – Positive perceptions of the PICC are heightened when members of the PICC are freely chosen. Workers report reduced verbal abuse, less dizziness, aches and thirst, and better quality food and toilet facilities. Meanwhile, managers report a greater likelihood that the PICC or other worker committees can help resolve worker-manager conflict, and that stress levels among supervisors are lower.

Furthermore, workers perceive greater positive effects on working conditions when the PICC has a bipartite chair, meets without a Better Work advisor or holds regular meetings. Workers also perceive greater positive improvements when PICC members receive training, and when recommendations from the PICC are incorporated into managers' decisions.

Certain dimensions of PICCs are also critical in changing managers' perceptions of social dialogue. Managers are most positive about the PICCs when unions and women are fairly represented, workers are freely able to choose their representatives among multiple candidates and when minutes of the meeting are

taken and distributed to workers. Once there is union representation on the PICC, managers are more likely to perceive that the committees can help resolve conflicts between workers and managers. However, HR managers can be reluctant to relinquish their role in solving such conflicts, as they report less effective problem solving when the PICC has a bipartite chair.

SOCIAL DIALOGUE AND WORKER OUTCOMES

Researchers also explored how other types of social dialogue strengthen the positive outcomes of effective PICCs. Using the presence of a collective bargaining agreement (CBA) to indicate good social dialogue and industrial relations in the factory, they demonstrated that when there is a CBA in place, the PICC effects are even greater. The quality of PICCs and the presence of a CBA go hand in hand. While further research is needed to confirm whether PICCs lead to establishing collective bargaining in the workplace, there is evidence that factories with PICCs improve their compliance record on legal requirements in CBAs.

As with effective PICCs, CBAs have a direct impact on reducing concerns regarding verbal abuse and sexual harassment, improving worker satisfaction with the outcomes of complaints and encouraging workers to raise concerns with trade union representatives. As working conditions improve, workers' physical and mental health also benefits.

Overall, PICC quality and the presence of a CBA have measurable positive impacts on reducing workers' reports on fatigue, dizziness, ache and thirst. Good social dialogue also results in workers feeling less fearful about their future.

5.3 Training

The most popular training offered by Better Work is its Supervisory Skills Training (SST). This training takes a unique approach to addressing a common garment industry problem: supervisors responsible for overseeing the work of a large number of workers are ill prepared for the job. Supervisors are often promoted as a result of their skills as an operator, but in their new position they must meet managers' demands and motivate their line of workers in a high-pressure environment. In short, the job of a supervisor requires very different skills. In addition, supervisors in foreign-invested garment factories (for example, a Korean supplier establishing operations in Vietnam) frequently operate in diverse cultural environments that can add an additional layer of complexity to their work.

Supervisory Skills Training focuses on the key soft and tactical skills needed by supervisors to succeed in this challenging role. The interactive training takes place over three days, and it is tailored to the specific challenges facing supervisors in the garment sector.

Tufts researchers used a randomized controlled trial methodology to evaluate the impact of SST. This approach took advantage of a phased-in rollout of supervisory skills training in 18 factories in seven countries.

Researchers measured nearly 800 supervisors' opinions and perceptions on diverse aspects of workplace relations and efficiency levels on their respective production lines. Importantly, the researchers also considered the role of social psychology, anticipating that supervisor behaviour towards workers could be influenced significantly by the extent they take alternative points of view, failure to view workers as human beings and the mental pressure associated with busy factory environments.

They conducted surveys of two groups of supervisors before the training began in 2014, after which Group One received SST. Approximately six months later, supervisors were surveyed again, at which point Group Two received the SST. A final survey took place six months afterwards (see Figure 8). The phased-in approach allowed researchers to isolate the effects of the training in order to estimate its impact. Worker surveys also took place in the interim to assess whether their supervisors' training had resulted in improved working conditions on their production lines.

FIGURE 8



The SST evaluation confirmed widely held assumptions of best practice management techniques. For example:

- ◆ Manager support of training is associated with increased supervisor confidence. Supervisors who believe their manager supports training, in particular SST, have more confidence in their ability to carry out their jobs effectively.
- ◆ Supervisors' confidence in their ability to do their job decreases as the perceived gap between their level of power and their manager's level of power widens.

In addition, the SST evaluation shows that the training significantly boosts supervisor confidence, turnover, line productivity and the quality of overall workplace relations.

Supervisor confidence – The SST programme improves supervisor confidence in their ability to carry out their job effectively. However, this is only the case if they believe that the training will have a positive impact on their ability, knowledge and skills. Supervisors who initially felt a high level of power in the factory see their confidence diminish with training (in the short term). This could be evidence of supervisors' confidence being shaken by the realization of the knowledge they lacked.

Turnover – The SST evaluation shed light on how training supervisors improves several aspects of productivity and competitiveness in a factory. For example, a common hesitancy of managers to invest in training supervisors is that it will encourage turnover in their ranks as supervisors become more competitive candidates for other jobs. In fact, the SST evaluation showed that training supervisors reduced supervisor

turnover. In addition, turnover among workers supervised by women decreased when the female supervisor undertook the SST.

Productivity – Training reduced injury rates among workers, as reported by supervisors, as well as instances of unbalanced lines (work piling up and workers sitting idle). Ultimately, training lowered the time needed to reach production targets, resulting in a 22 per cent increase in productivity. This effect was driven by female supervisors.

Workplace relations – Several months after the three-day training, supervisors were more likely to listen to their workers' concerns regularly. Again, this effect is magnified when supervisors perceive that they have their manager's support. Supervisors who felt less powerful than their manager not only gained confidence in their skills, but also changed the most positively in terms of holding viewpoints consistent with humane labour management.

Overall, the research findings provide robust evidence that targeted training, particularly undertaken by disempowered supervisors, can enhance supervisors' skills, benefit workers and improve productivity.

Specialized training on specific issues can also benefit workers. For example, the sexual harassment prevention training piloted by Better Work Jordan in 2013 is likely a large driver of the reduced concern with sexual harassment observed in factories.

Researchers will continue to investigate the impact of other Better Work training courses.





Beyond the workplace

Workers may pursue jobs in the garment sector to both secure their own livelihood and create a brighter future for their families. While having a job is recognized as an important route out of poverty, the quality of that job is critical to achieving this aim. Better Work strives to support high quality jobs in garment factories by encouraging dialogue between workers and managers to improve compliance with labour standards. Strengthening workers' voices can ultimately improve their ability to pay for basic household goods and support their children. This further reinforces economic and social development.

This section analyses the impact of Better Work beyond the workplace, focusing on how improved working conditions benefit workers' households and communities in terms of reducing poverty and hunger, increasing educational opportunities, improving health (including maternal health) and promoting gender equality.⁹

6.1 Impact on poverty

The greatest opportunity available to people caught in a cycle of poverty is often to work in exchange for wages. An increase in labour earnings can therefore be central to reducing extreme poverty.

Most workers in Better Work factories use their wages to support family members. Figure 9 shows the percentage of workers who send money most frequently to their families, as reported in the first year of impact surveys (year one) and during the second follow-up survey at least two years later (year three). Workers in Jordan are most likely to report sending money home regularly. The industry in Jordan attracts large numbers of migrant workers, who are incentivized to migrate for the opportunity to earn higher wages than possible in their home country.

By asking workers how their families use the money they send home, researchers were able to confirm that these wages play an important role in improving the wellbeing of families. At the outset of the Better Work Jordan programme, the top three reported uses for workers' wages among family members were for basic needs: food, clothes and household items. Repayment of debt (both worker and family debt), was also a frequently cited use. Two years later, the top three cited uses of the money remained the same, but there were two more notable trends: increasing reports of using the money to educate children, and decreasing reports of using it to pay off debt.

In the third survey, some 20 per cent of workers sending money home said it was used in part to educate their children (an increase of 33 per cent from the

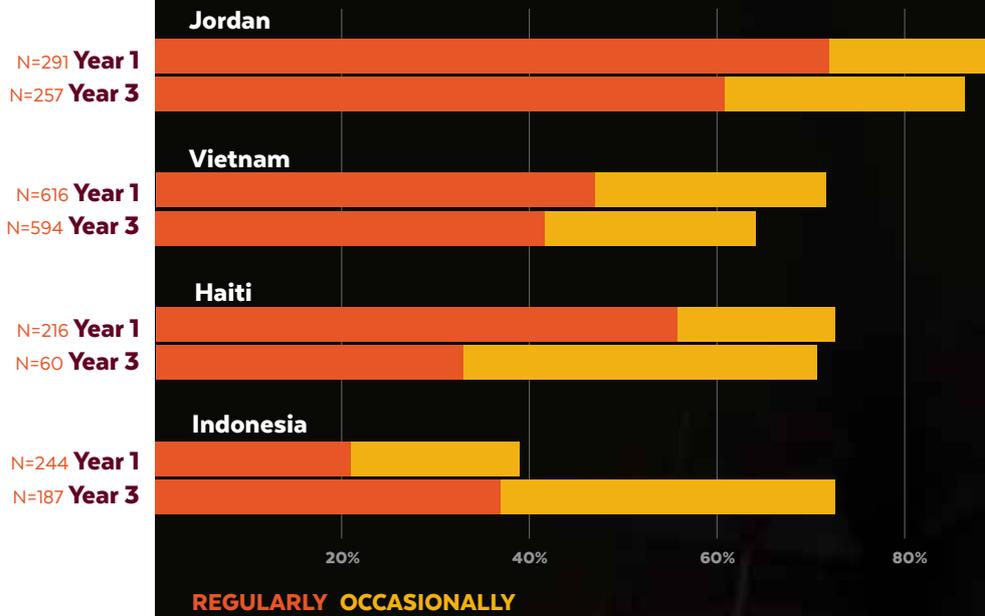
outset of the programme) and just 17 per cent said it was being used to pay off their own debt (a decline of 19 per cent). This could be because more workers' children were entering school-age years. However, together, the two trends suggest a greater productive use and re-investment of money sent home as workers gain a foothold in the sector. On average, more than one in five workers report that money sent home is spent on family healthcare by the third survey.

The desire to support family members in their home communities may sometimes lead workers to compromise their own wellbeing, particularly by suffering from severe hunger. Researchers asked workers how often they experienced severe hunger, identifying diverse trends according to the particular context in each country. In Nicaragua, hunger emerges as a significant issue, with 24 per cent of workers reporting being hungry most or all the time at the outset of the programme. There is evidence that Better Work Nicaragua has a direct effect in diminishing extreme hunger in the months after the second Better Work compliance assessment. There is also strong evidence of Better Work alleviating worker hunger in Jordan. Worker reports of extreme hunger decrease consistently over time, indicating that the programme's impact is sustained and continues after each compliance assessment and advisory cycle.

In Haiti, hunger is also a significant problem, but there does not appear to be a consistent pattern of improvement driven by Better Work. It is likely that adverse external events – such as the 2010 earthquake and cholera epidemic – overwhelm any Better Work effect.

FIGURE 9

Percentage of workers sending money to family



REGULARLY OCCASIONALLY



6.2 Impact on education of workers' family members

Most workers in Better Work factories have at least some formal education, and they are often migrating from rural areas or abroad for formal employment. The researchers measured the impact of Better Work on education by exploring whether the programme is helping workers to create opportunities for their children and siblings.

Encouragingly, in Vietnam and Indonesia, nearly 90 per cent of children of workers in Better Work factories are enrolled in school. Better Work Vietnam helps increase the percentage of workers' daughters who are attending school. This effect is detected after the first compliance assessment, but there are no further increases observed in subsequent cycles. However, this is to be expected given the high attendance rates preceding the introduction of the programme. A similar pattern emerges for boys in Indonesia.

Financial constraints significantly affected child schooling in Nicaragua at the outset of the programme, with 19 per cent of workers reporting having school-aged sons out of school for financial reasons. The situation improves after one year of Better Work Nicaragua (even though there the differences are less pronounced due to the small number of factories participating in the country). Similarly, in Haiti, children are often not in school for financial reasons at the beginning, with girls being more affected than boys. Young women workers who are parents of girls are those most likely to be affected by financial constraints in schooling. Better Work Haiti does not appear to have a statistically significant effect in increasing opportunities for girls' schooling.

6.3 Worker and family health

By asking workers health questions that relate directly to safety and health conditions in their factory, researchers were able to gain an insight into how Better Work influences worker health. Workers in factories enrolled in Better Work Haiti, for example, reported suffering less often from headaches, fatigue and thirst while at work in 2014-2015, relative to earlier years. Qualitative case study work in Lesotho has also provided insight into how worker participation in Better Work training can improve health among both workers and their families.

In Vietnam, the researchers were able to measure the health status of workers' families directly by asking them about their children's health. Results show that initial health conditions are precarious – nearly a

quarter of workers in Vietnam rate the health of their children as fair or poor. After participation in the Better Work programme, workers are more likely to report that their children's health has improved.

Although it is not possible to make conclusive statements on the overall impact of the programme on children's health due to data limitations, the researchers believe that Better Work is helping to play an important role. They identified that children's health improves when parents work fewer hours and receive more pay. In light of the fact that Better Work has significantly reduced hours and increased pay, particularly for women, researchers identify an indirect positive effect on child health.

Supporting workers in Lesotho, improving their home life and family health

Working long hours and suffering from the stress associated with poor labour conditions, garment workers in Lesotho often faced a challenging home life. They may lack the knowledge or time to manage the household budget effectively, or take care of seriously ill family members.

Better Work offers workers ‘workplace cooperation’ and financial literacy training in order to help them gain communication and practical skills that they can use at work and at home. By transferring these skills to their households, workers have been able to improve communication with their relatives about budgeting and resolve conflicts more easily. Workers also report that they have transferred the knowledge gained from safety and health training to their homes, thereby improving the health and safety of their families.

Additionally, due to improvements in communication and relationships with supervisors in the factory, workers feel less stressed when they arrive home, which has also has a positive effect on communication and relations among family members.

Focus group discussions and in-depth interviews with workers in Better Work Lesotho factories shine a light on how Better Work has benefited workers’ lives beyond the factory.

“ Even at home, I think Better Work has really improved our lives. We now share responsibilities. Even our community is cleaner because we apply whatever we learn from the Better Work training courses. For example, as we both are working, if I arrive home early, I cook, I clean the house. She [my wife] finds everything in a good space. I do laundry also. We help each other. [Before Better Work] I seldom did it. Now I do it often.”

GARMENT WORKER, LESOTHO

In regard to worker health, the 2015 focus group discussions at the end of the study saw nearly half of workers who mentioned Better Work’s influence on their home life highlight the impact of Better Work’s HIV/AIDS training. Workers who undertook this training felt better equipped to help prevent or treat the disease in themselves or others, and more comfortable addressing the topic generally. They discussed how their improved knowledge has led to a greater sense of empowerment in their lives.

“ Since the Better Work training, when we come back from the clinic and we are told that we’re HIV positive, before it was going to be difficult to tell my partner that I’m infected. Now we are able to discuss this illness openly. And we have learnt that we can even have a child when we are both positive. And we have taught our other siblings about this disease, explaining that you can eat the food that has been prepared by an HIV positive person.”

GARMENT WORKER, LESOTHO



Conclusions and future research

Better Work is having a positive impact on working conditions, worker wellbeing, factory performance, buyer behaviour and social and human development. This section explores the programme's successes while identifying opportunities to create more impact in the years to come. The Tufts University report summarized here is a critical and timely contribution to Better Work's strategy development and its objective of transforming the global garment industry. Lessons learnt from this study will help inform Better Work's operations and policy influence at the factory, industry and global supply chain levels.

Better Work works

Factory-level evidence across all countries shows that the Better Work programme is having a significant and positive impact on working conditions. This includes reducing the prevalence of abusive workplace practices, increasing pay and reducing excessive working hours, and creating positive effects outside the factory for workers and their families. These effects occur while increasing the competitiveness of firms. The combination of services that Better Work provides to factories is critical in achieving its objectives. It is also clear that monitoring compliance matters. The researchers demonstrated that factories make improvements around the time of assessments, but these improvements may not increase indefinitely. Better Work's regular monitoring of compliance with ILO standards and national legislation therefore plays a pivotal role. Furthermore, there is initial indication that social dialogue plays an important part in improving workers' outcomes, provided that certain conditions are in place. In particular, having women representatives and fair elections for worker representatives are fundamental to ensuring effective social dialogue.

Empowering women is critical

Having female representatives on the PICCs and training female supervisors are key strategies for achieving better working conditions and improving productivity.

Improving working conditions is an investment, not a cost

There is strong evidence demonstrating that improving working conditions is not a financial burden for a factory; on the contrary, it is a critical component of its success. Factories where workers report better working conditions, where compliance is higher and where supervisors are well equipped for their jobs are more productive and more profitable. Abusive treatment such as verbal abuse or sexual harassment are not only morally deplorable but also associated with poor business performance.

A holistic approach is needed to address global supply chain pressures

Sourcing practices create inherent challenges in achieving decent work in supplier factories. They influence worker wellbeing directly by adversely affecting working hours and pay. They also influence supervisor stress and behaviour, by creating unpredictability in production schedules. When managers and supervisors are under pressure, they are unable to act upon the information and evidence they receive, including the observation that exploitative working conditions are bad for business. Establishing a 'business case' for high quality jobs therefore requires all stakeholders – brands, retailers, factories, policymakers, NGOs and workers and their representatives – to develop a holistic approach to finding solutions across the global supply chain.

The Tufts University impact assessment research is unique in that it has established an unprecedented level of in-depth information for the garment industry on the link between labour conditions and profitability, including first-hand perceptions from workers and detailed business data from managers. This is essential in providing empirical evidence to inform policy makers' decisions, strategies and practices. It also helps brands and retailers to build the business case to deepen their partnerships with first tier suppliers and support them in improving factory conditions. It is also fundamental to helping factory managers understand the commercial rationale for improving pay and labour conditions in their factories.

The research methods used are also helping to improve the effectiveness of other research on sustainable development issues. Collecting data through audio-assisted tablet surveys is innovative and ensures that all workers, including low literacy workers or those who might have been reluctant to share experiences with physical interviewers, can express their opinions in a structured way. New technologies of this kind, such as ACASI, have since become widely used in the development community to collect beneficiaries' views on their experiences.

The Tufts University research team is still collecting data and conducting research on the impact of Better Work. Their future research efforts will focus on:

Impact of advisory services and social dialogue

The available analysis sheds some light on the way PICCs work and the characteristics that drive their effectiveness. However, it is important to further explore the interplay between PICCs, trade unions, worker voice and representation and broader social dialogue. This area of work will be strengthened upon completion of the current data collection in Cambodia, which is designed to isolate the impact of the different core services provided by Better Work.

Sustainable business models

Building on the existing evidence establishing a business case for improved working conditions in the global apparel industry, future research will focus on analysing which business models can deliver sustainable change in the garment supply chain. This will entail expanding the analysis to include brands and intermediaries.

Women's economic empowerment

On average nearly 80 per cent of garment workers are women in the countries where Better Work is active. There is significant potential for better quality jobs in the sector, especially for women, to contribute to broader economic and social development. Catalysing action on improving job opportunities for women garment workers will require a more in-depth investigation of how good quality work benefits women, as well as their families and communities.

Benefits beyond the factory floor

Researchers will focus on understanding how the dimensions of 'better jobs' that Better Work can influence translate into improvements in households' livelihoods and developmental outcomes, such as how money sent home by workers helps to improve their families' lives.

Conducting further research on these important aspects is vital to highlighting the impact of Better Work. Greater demonstration of our impact will encourage governments, donors, workers' organizations and more brands and retailers to support the initiative and help the programme to scale up and expand its reach. More broadly, in-depth research on how improving working conditions in global supply chains can reinforce profitable and sustainable business models and economic and social development in workers' communities is vital to accelerating the transformation of the garment industry.

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NOTES

- 1** Baseline surveys in Bangladesh and Cambodia were first launched in 2015 and are currently being implemented. As a result, they are not included in the current sample of the impact assessment. Better Work Bangladesh has to date only carried out one round of assessment visits. Better Factories Cambodia has until recently used a different methodology to monitor compliance and is therefore not included in Figure 1. In Lesotho, Better Work commissioned qualitative research published at betterwork.org.
- 2** Initially, the entire impact assessment was designed as a randomized controlled trial, based on the assumption that in large programmes, such as Vietnam and Indonesia, there would be an oversubscription of factories (which would mean researchers could select 'treatment' and 'control' groups randomly without ethical concerns). However, this was not the case, as Better Work country programmes were able to provide services to all factories joining the programme. Consequently, it was decided not to pursue this strategy.
- 3** The analysis considers both the calendar year and a garment industry season, in order to disentangle programme effects and time trends, especially due to the high seasonality of the industry.
- 4** The way Better Work delivers in-factory services changed during the data collection for the impact assessment. Among the aims were to stimulate faster improvements in critical areas of non-compliance and foster high levels of factory ownership and responsibility. For example, the order in which services are delivered has changed, with advisory services being provided for 100 days when a factory first enrolls. The assessment follows that period. Training services are provided throughout the cycle.
- 5** This identification strategy builds on the assumption that Better Work services are provided in the same way across all factories, i.e. their content is constant within a cycle.
- 6** In this case, the 'low-road' strategy characterized firms that did not comply with the following questions from the Better Work Compliance Assessment Tool:
 - 1) Do migrant workers have valid work permits and residence IDs?
 - 2) Does the employer pay for the return trip of migrant workers who have been expelled from the country because of an invalid residence ID?
 - 3) Has the employer taken steps to ensure that migrant workers do not pay any unauthorized fees?
 - 4) Does the employer deny workers access to their personal documents?
 - 5) Does the employer use threats such as deportation, cancellation of visas or reporting to the authorities in order to force workers to stay at the job?
- 7** Aligning pay incentives for workers and supervisors in a way that focuses attention on productivity has been found key to reducing other forms of abuse, such as sexual harassment. See subsequent section.
- 8** Workers are not asked about their own experiences with sexual harassment because they would be expected to be nervous, intimidated or potentially ashamed to report their own experiences. Instead, this general question allows a certain amount of anonymity and encourages people to be honest about their experiences and what they have observed in the factory.
- 9** The Tufts impact assessment of the Better Work programme was partly designed to identify Better Work's contribution in reaching the Millennium Development Goals. Specific attention was paid to **Goal 1** Eradicating Extreme Hunger and Poverty; **Goal 2** Achieving Universal Primary Education; **Goal 3** Promoting Gender Equality and Women's Empowerment; and **Goal 5** Improving Maternal Health.



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