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International  
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Organization

# ▶ Working conditions in BWJ participating non-garment factories





## ► Introduction

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### ► ILO and Better Work Jordan

The overall mission of the ILO in Jordan focuses on improving economic and social stability through improved access to national social protection, employment opportunities and decent work. This contributes to the achievement of Sustainable Development Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all and build resilient future.

The Decent Work Country Programme (DWCP) in Jordan sets the overarching framework for the delivery of support to ILO's social partners and national stakeholders. The DWCP 2018-2022 has three main priorities: (i) Employment creation contributes to economic and social stability at household and community levels; (ii) Decent working conditions for all creates a level playing field for Jordanians, Refugees and Migrant Women and Men and; (iii) Social partners increase contributions to decent work. Better Work Jordan (BWJ) is a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC). The ILO flagship programme brings together stakeholders from all levels of the global garment manufacturing industry to improve working conditions, enhance respect for labour rights, and boost competitiveness. Better Work Jordan was established in 2008 at the request of the Government of Jordan (GoJ) and the United States (US) government.

### ► EU Relaxed Rules of Origin and ILO project

In 2002, Jordan entered the Association Agreement with the European Union (EU) that enabled a Free Trade Area opening two-way trade. The agreement was revisited in 2016 when the EU and Jordan agreed to simplify the rules of origin (RoO) requirements as a component of the EU's broader response to the Syrian refugee crisis. The revisions were aimed at boosting Jordan's trade competitiveness, supporting the host communities, and promoting job creation for Jordanians and Syrians.

In response to the provisions set forward under the simplified RoO and in support of the objectives of the Jordan Compact, the Ministry of Labour (MoL), the EU and the ILO signed a one-year collaboration agreement to implement the scheme and ensure decent working conditions in the appropriate production facilities. The one-year collaboration facilitated the implementation of the ILO's role in the monitoring of authorised companies as prescribed under the relaxed RoO. The EU-ILO collaboration for the first phase provided an overall framework for the ILO to support, monitor and provide technical assistance to Jordan in context to the simplified RoO and its response for the Syria crisis.

The EU-ILO collaboration is now in its second phase, under the project "EU-ILO Collaboration in the Monitoring of Labour Aspects in the Implementation of the EU's Rules of Origin Initiative for Jordan." The project has two main outcomes: (i) Employment and job matching services facilitate Jordanian and Syrian job seekers' access to decent work opportunities in sectors exporting to the EU under the new trade agreement and; (ii) Decent work principles are monitored and promoted in enterprises authorised to benefit from the EU's relaxed RoO.

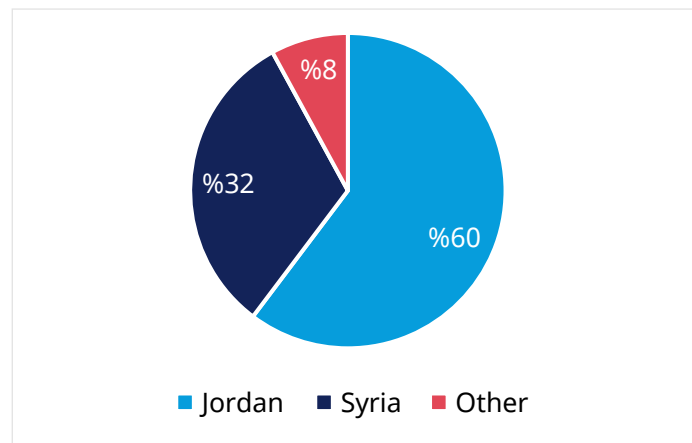


## ► Profile of non-garment factories

There are currently five non-garment factories registered with Better Work Jordan. Three factories are in the plastics sector, one is in chemicals, and one is in engineering. The majority of the factories were previously located in Syria but moved to Jordan due to the conflict in Syria. The factories have been operating for an average of 10 years in Jordan.

Based on data from assessment visits conducted in 2021 and Q1 2022, the five factories employ a total of 491 employees, of which 12 per cent are women. The majority of workers are Jordanian, with roughly a third Syrian and some migrant workers, primarily from India (see **Figure 1**).

► **Figure 1. Nationality of workforce in participating non-garment factories**



The factories range in size from roughly 50 to 200 employees. The production process in these factories is highly technical and mechanized. Many employees have technical and mechanical skills and earn above the minimum wage as a result. Women are more likely to be packers or cleaners and earn minimum wage.





## ▶ Working conditions

### ▶ Data and methodology

Working conditions are measured by reviewing and aggregating the data from Better Work Jordan assessments. Better Work's enterprise assessment is a key component of the programme's core services.<sup>1</sup> During the assessment, factories are marked as non-compliant if it can be proven that they do not adhere to specific components of Jordanian national labour law or core international labour standards. The compliance data is divided into eight clusters: four designated as core labour standards (assessed against international labour standards) and four falling under working conditions (assessed according to national law and regulations).<sup>2</sup> While individual assessment reports allow Better Work, the factory, and buyers to identify and understand non-compliance in factories, this report presents an opportunity to analyse sectoral trends, put them in context, and share them publicly with key stakeholders.

Across the five non-garment factories, the Better Work Jordan and the Ministry of Labour have conducted 11 assessments. These assessments occurred between 2019 and Q1 2022, with a gap for most of 2021 due to the Covid-19 pandemic and resulting movement restrictions (see **Table 1**).

▶ **Table 1. Dates of assessments**

Factory	2019	2020	2021	2022
Factory 1	Oct – Cycle 1		Jan – Cycle 2	Jan – Cycle 3
Factory 2	Oct – Cycle 1		Jan – Cycle 2	Feb – Cycle 3
Factory 3		July – Cycle 1	July – Cycle 2	
Factory 4		Feb – Cycle 1		Jan – Cycle 2
Factory 5				Jan – Cycle 1

Typically, the Better Work service model follows a one-year cycle. The cycle starts with an introductory advisory visit and then an assessment is conducted after three months. During the assessment visit two assessors determine if the factory is violating any aspect of national labour law or international labour standards by triangulating information from direct observation, document review, and worker interviews. Following the assessment, Better Work continues engagement with the factory through advisory services and training and records these steps in the first and second progress reports. At the end of a year, the cycle repeats with an un-announced assessment visit.

<sup>1</sup> In addition to a yearly compliance assessment, the programme also conducts advisory visits throughout the year to work with factory managers and worker representatives to improve working conditions, and training for managers and workers. The advisory and training plans are tailored for each factory and change depending on the compliance assessment findings.

<sup>2</sup> The eight clusters are Child Labour, Discrimination, Forced Labour, Freedom of Association and Collective Bargaining, Compensation, Contracts and Human Resources, Occupational Safety and Health, and Working Time



Cycle is therefore a measurement of exposure to the Better Work programme, as all actively engaged factories will be assessed on a yearly basis. Because the programme was phased in for factories over a period of several years, the best way to compare experiences across factories is by cycle (time actively engaged in the programme) rather than by year.

All assessments were done either jointly by Ministry of Labour (MoL) inspectors and Better Work Jordan, or were conducted by MoL inspectors with support and quality assurance provided by Better Work Jordan.

## ► Limitations

There are several limitations to this analysis that are important to consider. Chiefly, the data set is very small as it only covers observations from five different factories. When looking at issues over cycle, the dataset gets even smaller as some factories are newer participants in the programme. The small sample size makes it difficult to draw generalizable conclusions about the state of working conditions in the three different industries included in the sample. Rather, this should be seen as a report of the specific working conditions in these participating factories.

In addition, unusual circumstances in 2020 and 2021 may have led to abnormal compliance violations as factories adapted to the changing landscape and new requirements and priorities stemming from the Covid-19 pandemic.

Finally, detailed factory assessment reports are based solely on what is observed, investigated and analysed during assessment visits. Before the reports become official, factories are given five working days to provide feedback and clarifications, which in some cases impacts the language in the final report. Certain issues remain difficult to assess and verify independently. Due to the pandemic, the majority of assessments in 2021 were conducted following a hybrid model – one day of in-factory touring, and pre and post visit virtual interviews and document review. This may have further complicated identification of compliance violations.

## ► Compliance findings

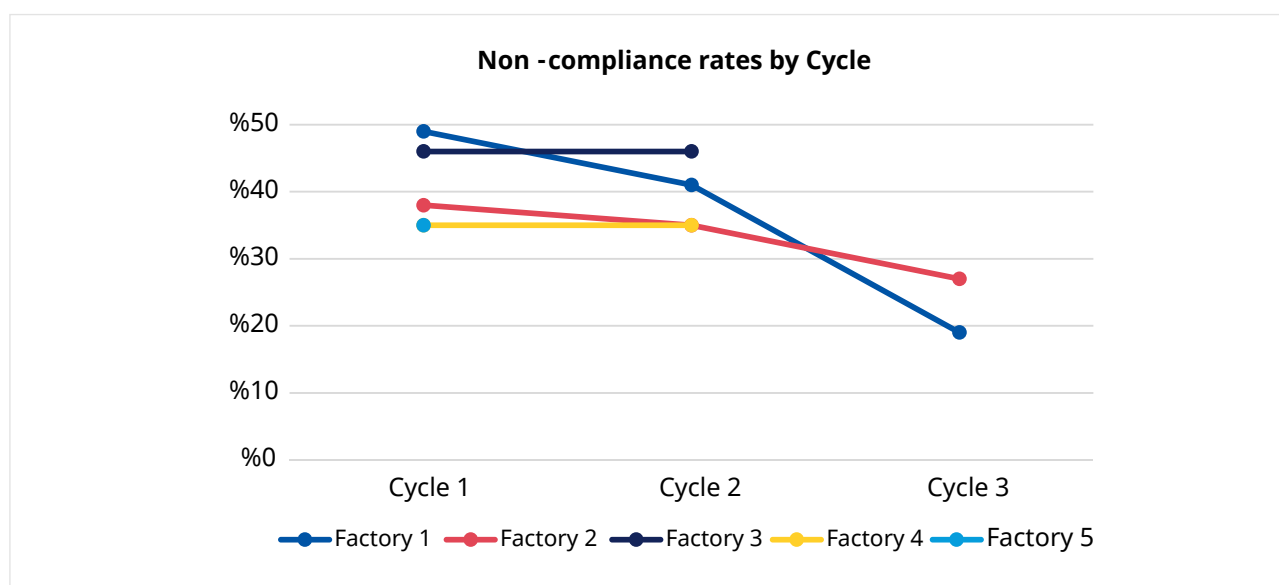
Overall, there are significant compliance violations in the five factories where Better Work Jordan has conducted assessments, although there is some evidence that the compliance situation has improved over the course of participation in the programme, especially for those factories where management is actively engaged.

There is an average non-compliance rate of 41% in the first year of participation in the programme (cycle 1) across the five factories that have been assessed once (see **Table 2**). From cycle 1 to cycle 2, two factories saw improvements, while two of the factories did not have any aggregate changes in non-compliance rates (however the specific compliance violations may have changed).



► **Table 2. Non-compliance (NC) rates by cycle**

Factory	Cycle 1 NC	Cycle 2 NC	Cycle 3 NC
Factory 1	49%	41%	19%
Factory 2	38%	35%	27%
Factory 3	46%	46%	
Factory 4	35%	35%	
Factory 5	35%		
<b>Average NC Rate Overall</b>	<b>41%</b>		
<b>Average NC Rate (two assessments)</b>	<b>42%</b>	<b>39%</b>	
<b>Average NC Rate (three assessments)</b>	<b>43%</b>	<b>38%</b>	<b>23%</b>



The two factories that had improvements from cycle 1 to cycle 2 were active and engaged participants in the Better Work Jordan programme and took concrete steps to improve working conditions to bring them into closer alignment with international labour standards and national labour laws. Improvements were noted in the areas of Compensation, Contracts and HR, and Occupational Safety and Health.

The two factories that had no change in non-compliance rates from cycle 1 to cycle 2 faced issues for different reasons. In Factory 3, management has been very reluctant to engage with Better Work Jordan and the Ministry of Labour and is not willing to substantively change systems or practices. This factory, which had 46 per cent non-compliance in cycle 1, persisted with this same high non-compliance rate even after a year of engagement from Better Work Jordan. The story for Factory 4 is more complex, as the factory was heavily affected by the Covid-19 pandemic and essentially shut down their business for over a year. The two assessments in this factory were conducted two years apart, and both found 35 per cent non-compliance, relatively low compared to the situation in other non-garment factories.

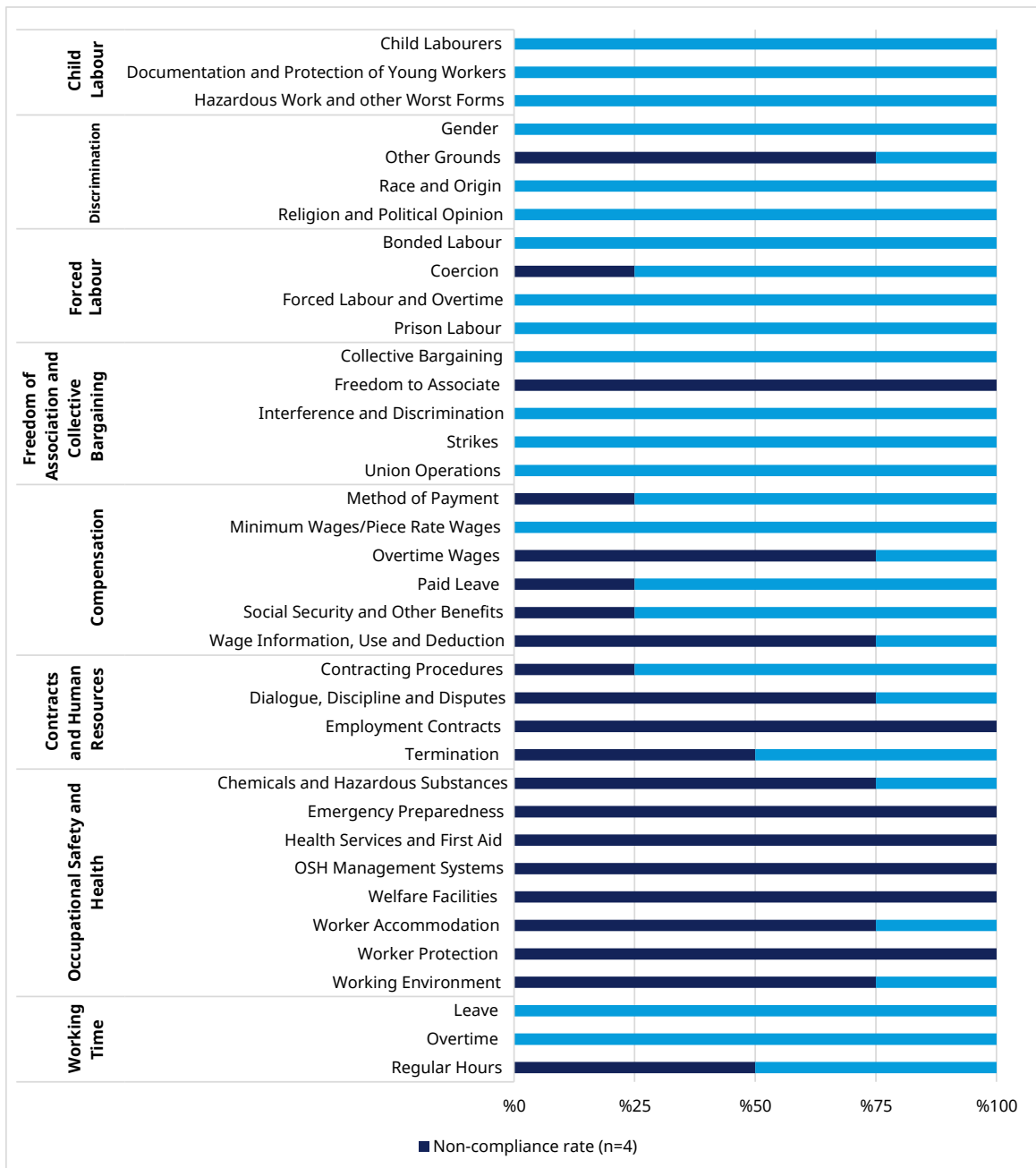
Factories 1 and 2 have been assessed three times, and the third assessment for both factories showed substantial improvements from the previous two assessments. This is a positive trend and shows that



working conditions can improve when factory managers are willing to engage and make changes in their workplaces.

The below compliance findings will look at the four factories with assessments in Cycle 2 (see **Figure 2**). For most factories, this assessment took place in 2021, while for one factory it took place in 2022. Where there were meaningful changes in compliance from cycle 1 to cycle 2, these are highlighted. While non-compliance is high in all factories, there are some signs of improvement from cycle 1 to cycle 2. Improvements were observed in some areas of OSH, including emergency preparedness and working environment.

► **Figure 2: Non-compliance rates by Compliance Point - Cycle 2 Non-garment factories**





## ► International labour standards

Overall, there were not many compliance violations observed in cycle 2 for the four clusters under international labour standards. The four clusters under international labour standards are child labour, discrimination, forced labour and freedom of association.

### *Child Labour*

To date, there have not been any violations related to child-labour detected in any of the participating non-garment factories. According to the Jordanian Labour Law, 16 is the legal minimum age for employment, and workers under the age of 18 are considered juveniles in Jordan. Employment of children under age 16 is one of the issues covered by the zero-tolerance protocol (ZTP) according to Better Work Jordan's collaboration agreement with the MoL. When detected, Better Work Jordan is obliged to report such cases to MoL, who then follows up with the appropriate institutions and organizations. Child labour is difficult to detect and prove, especially as underaged workers may use forged passports or other documents.

### *Discrimination*

Freedom from discrimination is a fundamental human right. ILO Discrimination (Employment and Occupation) Convention No. 111, 1958 defines discrimination as any distinction, exclusion or preference made on the basis of prohibited grounds (i.e., race, colour, sex, religion, political opinion, national extraction or social origin), which has the effect of nullifying or impairing equal opportunity or treatment in employment and occupation. The Convention also allows for countries to identify additional grounds of discrimination requiring protection.

Better Work Jordan looks at discrimination under four categories – gender, race and origin, political and religious, and all other areas. Better Work Jordan assesses discriminatory behaviour in factories through observation, interviews, and review of documents. Identifying instances of discriminatory behaviour is more difficult in some areas than in others.

Better Work Jordan did not find evidence of discrimination on the basis of gender, race and origin, or religion but did find non-compliance for discrimination based on ability. The Jordanian government sets quotas for hiring workers with disabilities, and three out of four factories failed to hire the required number of workers with disabilities. A total of six workers with disabilities were employed across three of the four factories in cycle 2. Unlike in the garment sector, the calculation for the required number of workers with disabilities is based on the total workforce, not the number of Jordanian workers.

### *Forced Labour*

Certain forms of forced labour are considered zero-tolerance issues in Better Work Jordan factories. Any cases of passport confiscation by management or extended cases of coercion from management, such that workers are forced to work, is immediately reported to the Ministry of Labour per the ZTP. BWJ looks at forced labour from four angles: coercion, forced labour and overtime, bonded labour, and prison labour. Non-compliance was observed under the coercion cluster, but not in the other areas.

One factory was cited as non-compliant for denying migrant workers access to their passports. This





is a significant violation of workers' rights and was reported to the Ministry of Labour following the Zero Tolerance Protocol. The same factory was also cited as non-compliant in cycle 1 and tried to hide the issue from assessors during the second assessment – interviews with Indian workers confirmed that their passports had been returned to them on the same day as the Better Work assessment visit. Another factory was cited non-compliant for withholding passports in cycle 1 but had no non-compliance in cycle 2.

### ***Freedom of Association and Collective Bargaining***

As Jordan is yet to ratify ILO Convention No. 87 on the Freedom of Association and Protection of the Right to Organize, all factories assessed are non-compliant on workers' ability to freely join and form unions. Jordanian Labour Law stipulates a single trade union structure, which restricts workers from forming unions of their choosing. Article 98 of the Labour Law states that trade unions may be formed but sets conditions that restrict the right to establish a union. The legislation requires the MoL's approval and at least 50 Jordanian founding members to establish new unions. Better Work Jordan has not seen evidence of any union engagement or attempts at union engagement in the five non-garment factories it is working with. There is no collective bargaining agreement in any of the non-garment factories.

## **► National labour laws**

There are significant non-compliance violations related to national labour laws. These are primarily related to Occupational Safety and Health (OSH) and Contracts & HR, but there are also violations related to compensation and working time.

### ***Compensation***

BWJ monitors many aspects of compensation beyond basic wage payments. Workers are entitled to several different aspects of compensation, including overtime wages, annual leave and sick leave. It is also important that workers are paid accurately and on time. Because the compensation schemes are often complicated, Better Work Jordan looks at all aspects of compensation closely to make sure that all workers are compensated fairly and accurately for their work.

The minimum wage in these sectors follows the national minimum wage policy (unlike in garment sector where minimum wages are lower). The minimum wage is 260 for Jordanian workers and 245 for non-Jordanians (migrant workers and Syrian refugees), as of 1 January 2022. The minimum wage for non-Jordanian workers increased in 2022 from 230 and will increase in 2023 to 260, at which the point there will no longer be a nationality-based difference in minimum wages. Many workers in the non-garment sector earn above minimum wage, especially those in more technical jobs. However, many factories only report the minimum wage to the Social Security Corporation, which means that both the employer and worker contribution to social security are less than they should be and that the worker benefits are subsequently lower. This has led to several non-compliance issues:

- **Three** out of four factories failed to keep one accurate payroll
- **Three** out of four factories failed to pay regular overtime correctly (125% of salary)
- **Two** out of four factories failed to pay special overtime correctly (150% of salary)

Non-compliance did improve marginally for some areas related to compensation from cycle 1 to cycle 2.



### *Contracts and HR*

Several key aspects of working conditions fall under the Contracts and Human Resources compliance point, including the employment contracts themselves, the way that contracts are enforced, relationships between workers and management, and termination policies. In addition, some issues of worker-manager dialogue and treatment of workers on the factory floor are captured under this compliance cluster and they are integral to working conditions.

- ▶ **Four** out of four factories did not have bylaws that 1) met the legal requirements and 2) were communicated to workers.
- ▶ **Three** out of four factories did not have meetings twice a year between worker and manager representatives.
- ▶ **Two** out of four factories failed to provide workers a copy of their contract
- ▶ **Two** out of four factories improperly compensate workers for unused annual leave upon termination.

Non-compliance improved in some areas of contracts and HR. Notably, all factories now have a personnel file for each worker, whereas two factories did not have a personnel file in cycle 1. One factory started worker-management meetings where none had previously been conducted. This is an important step to increasing worker engagement, facilitating worker voice in the factory, and hopefully improving social dialogue at the factory level.

### *Occupational Safety and Health*

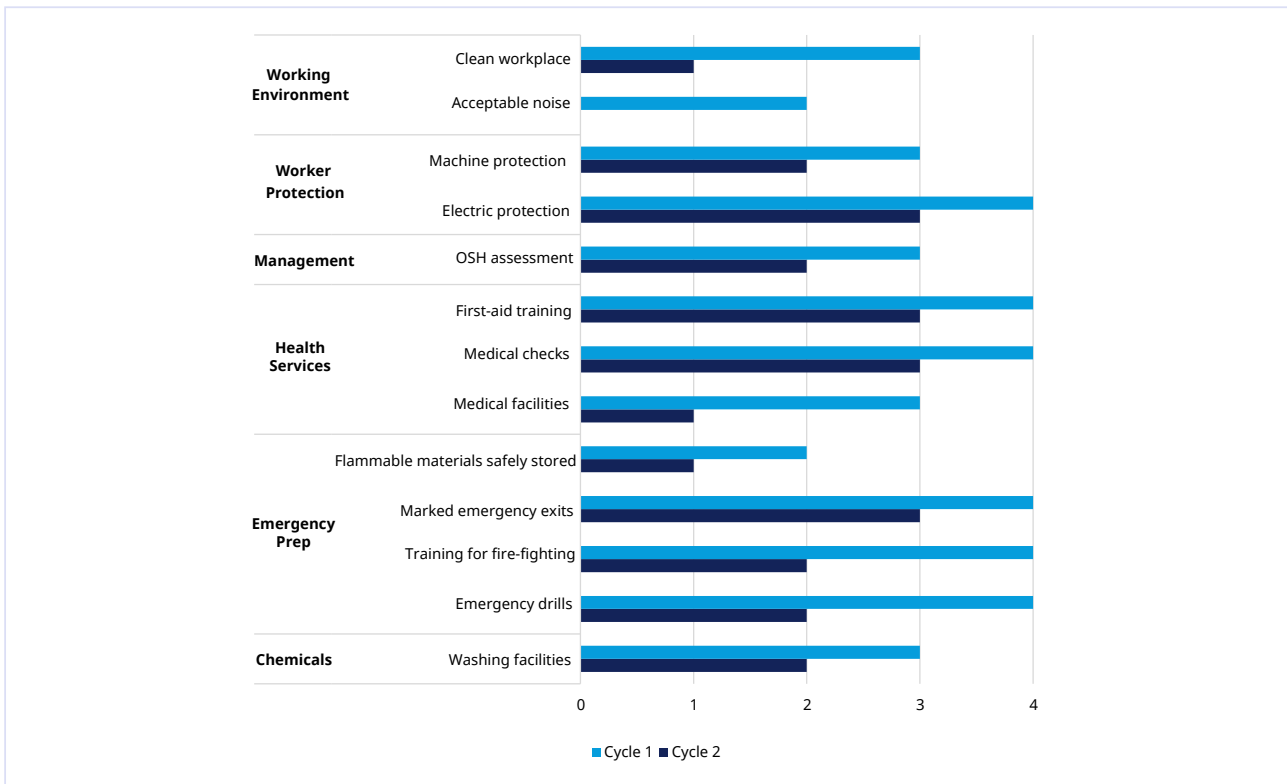
By far the highest rates of violations are for issues related to Occupational safety and health. High rates of non-compliance were observed for chemicals and hazardous substances, emergency preparedness, health services and first aid, OSH management systems, and worker protection. The following points were cited as non-compliant in all four factories in cycle 2:

- ▶ Are workers effectively trained to use the personal protective equipment and machines?
- ▶ Does the employer provide workers with all necessary personal protective clothing and equipment?
- ▶ Does the employer have written plans for OSH programs?
- ▶ Does the employer record work-related accidents and diseases?
- ▶ Has the employer ensured that there are a sufficient number of readily accessible first aid boxes/supplies in the workplace?
- ▶ Does the workplace have adequate and accessible fire-fighting equipment?

However, OSH is also an area that has seen some improvement from cycle 1 to cycle 2. Improvements were noted in six of the eight OSH clusters (see Figure 3). Yet, much remains to be done as many compliance violations persist.



► **Figure 3. OSH improvements from Cycle 1 to Cycle 2 (Number of factories non-compliant)**



### Working Time

There were very limited compliance violations related to working time. The only non-compliance cited was for two factories that did not have accurate working time records. According to working hours data reviewed for 56 employees from four factories over three months, employees work an average of 41 hours per week. Men work on average slightly longer hours than women – 43 hours per week, compared to 38 hours per week for women.

### ► Conclusion

Better Work has successfully applied its core service model of assessments, advisory and training in garment factories around the world. Since 2019, Better Work Jordan has adapted this model to non-garment factories that export to the EU under the relaxed Rules of Origin. There were several challenges with adapting this model and with scaling the programme as not many factories export using the RoO scheme. The five factories participating in Better Work Jordan started with significant non-compliance issues, particularly with regards to OSH and management systems. There is preliminary evidence that participation in the programme can improve the compliance situation, however, this is conditional on factory management being willing to make changes and work constructively with workers. When factory management is uncooperative, there is little Better Work Jordan can do. In the garment sector, factory managers have an incentive to cooperate with the programme because international buyers put pressure on them. However, there are not many international buyers sourcing from non-garment factories in the programme, and so far, BWJ has not seen much engagement on the issue of working conditions from local buyers. More work remains to be done to address the compliance violations and ensure decent working conditions across all sectors in Jordan.

