

We're in business! From Better Factories to Better Work

The ILO's work with the private sector is not new. But in recent years there have been some interesting developments in ILO support to companies in their CSR-related activities. World of Work looks at a country project that grew into a major global programme, and interviews Ros Harvey, the Better Work Global Programme Manager.

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GENEVA – Global supply chains are the way the world does business. They bring gains, but also challenges. Consumers, investors, workers, employers, activists and media are taking a closer look at the impact of global supply chains on workers and their communities.

There is a growing worldwide demand for:

- the protection of workers by labour standards
- safer and higher quality products
- industries that are environmentally sustainable

The Better Factories project in Cambodia is now in its eighth year. Aimed at improving working conditions in textile and garment industries, this unique programme of the ILO combines monitoring, remediation and training in a virtuous cycle of improvement. Working with the Government of Cambodia, the Garment Manufacturers' Association in Cambodia (GMAC) and unions, it benefits workers, employers and their organizations as well as consumers in Western countries. It is helping to reduce poverty in one of the poorest countries of the world.

International buyers representing 70 per cent of Cambodian exports in apparel are now actively participating in the project. The government decided that participation in the programme should be a condition for export, and the country has successfully created the "Cambodia Brand", which in turn has boosted competitiveness of the country's industry. Exports have grown by 10 per cent in volume and 20 per cent in value. Dialogue amongst key stakeholders – government, employers, workers as well as international buyers – has been crucial to its successes, which include the generation of over 30,000 jobs, 43 per cent unionization rate, and a decrease in child labour to below 1 per cent.

The success of the Better Factories project has inspired the creation of a major new global programme: *Better Work*, a partnership between the ILO and the International Finance Corporation (IFC), the private sector arm of the World Bank Group. *World of Work* spoke to Ros Harvey, ILO and IFC *Better Work* Global Programme Manager.

World of Work: What is the new *Better Work* programme all about?

Ros Harvey: The *Better Work* programme is about fairer globalization and reducing poverty in developing countries. It is designed to improve the working conditions in global supply chains while also improving competitiveness and the business case. International buyers have a critical role in this process by supporting improvements in their own supply chains.

Better Work has designed three pilot country projects in Jordan, Lesotho and Viet Nam for implementation in 2008. The projects combine independent assessments of labour standards at the factory level with training and capacity building. These pilot projects alone will directly benefit nearly 800,000 workers. The project in Jordan was launched in February 2008. We are now focusing on agriculture in Africa as the next step.

Imagine...

... international buyers using the Internet to see how supplier factories in developing countries are treating their workers.

... local plant managers getting information and training to help them improve compliance with labour standards and increase their productivity.

... the lives of millions of workers and their families improved by raising labour standards.

World of Work: What are the benefits and challenges of implementing labour principles in supply chains?

Ros Harvey: As global competition increases, countries need to find ways to keep and develop their markets. They have to adopt a holistic strategy improving working conditions and compliance with labour standards, increasing productivity and promoting dialogue. Cambodia's success in attracting international buyers and increased orders has provided an example of how compliance with labour standards is good for business. Improving labour standards in supply chains is good for business but it is also good for workers and their communities. It shares the benefits of trade to some of the poorest people in the world by making sure that they get paid properly, have decent working conditions and have their rights respected.

World of Work: What support can the ILO and IFC provide for business and labour?

Ros Harvey: The ILO's Declaration on Fundamental Principles and Rights at Work contains "the Four Freedoms of Labour": workplaces free from child labour, forced labour and discrimination, and that promote freedom of association and collective bargaining.

Other ILO tools to assist in promoting decent workplaces include the ILO's Tripartite Declaration on Multinational Enterprises and Social Policy, which marked its 30th anniversary last November; the tripartite agreement at the International Labour Conference in June 2007 on what constitutes sustainable enterprises and how to promote them, and a series of "action programmes" organized by sector where employers, unions and governments work together in industries such as tourism and textiles.

IFC has its Performance Standards which set social and environmental compliance standards for its investments. Performance Standard 2 sets out standards for IFC's clients on labour issues. It includes the ILO's core labour standards as well as a range of other labour standards.

IFC, often in partnership with organizations such as the ILO, also develops tools, projects, good practices notes, and other guidance for the private sector to go beyond compliance in their labour standards performance. *Better Work* is one such example of these tools.

Measuring impact and improving performance

Better Work measures its impact on workers, enterprises, industries and economies. A comprehensive monitoring and evaluation framework measures:

- **Impact on workers.** Are workers and their families better off? Have their working lives, health and access to education for their children improved?
- **Impact on enterprises.** Are enterprises improving productivity and quality? Do they save money by retaining more qualified workers? Have they accessed new markets?
- **Impact on industries and economies.** Is the industry growing? Are more people employed? Have the quantity and value of exports increased?

World of Work: There are many corporate social responsibility (CSR) initiatives worldwide. What is the comparative advantage of a programme like *Better Work*?

Ros Harvey: The broad range of stakeholders gives the new programme a high degree of credibility. *Better Work*'s tools and country-specific programmes will enable us to work together with government, international buyers, employers' and workers' organizations on shared models that promote sustainable impact at the national level. *Better Work* combines independent assessment of labour standards with capacity building and training. It is not enough to ask what is the problem. We also have to work together to find solutions. The future rests with the collaboration of partners at the national level together with international buyers. Only through broad-based engagement can we find practical tools and solutions which are based on actual experience. We need to measure what we do, identify what works, and what doesn't. Through this process we will build support for change.

World of Work: What are the strengths that the IFC and ILO bring to their partnership for *Better Work*?

Ros Harvey: IFC and ILO bring their expertise to the table. *Better Work* builds on the respective strengths of the IFC and the ILO. The IFC is the private sector financing arm of the World Bank. It has performance standards on labour for its investment clients. The ILO is the specialized labour agency of the United

Nations. *Better Work* combines expertise of the ILO in social dialogue, labour standards and their application, with those of the IFC in private sector development. As international organizations they bring strong credibility and experience to the programme.

World of Work: There was a session on labour during the Global Compact Leaders' Summit 2007. In what way was the relationship between business and labour principles discussed?

Ros Harvey: Participants heard directly from both the CEOs and representatives of labour, employers and civil society as they discussed the relationship between business and labour principles. Moderating a panel that included representatives from the private sector, international and major trade union and employer organizations, ILO Director-General Juan Somavia emphasized the role of labour principles in business. According to Mr. Somavia, respect for fundamental rights at work, sound industrial relations and collective bargaining are all part of being a successful and sustainable enterprise.

For more information please visit www.betterwork.org.

Global tools - Local solutions

Better Work builds a global pool of resources searchable by language, industry and country. Some of these include:

- a framework for assessing compliance with core international labour standards and national labour law, allowing enterprises to track the impact on quality and productivity.
- STAR - an information system that captures data on compliance and remediation (see sidebar on page 13).
- virtual communities for sharing knowledge among all stakeholders in the supply chain.
- training resources on workplace cooperation, quality assurance, health and safety, productivity, working conditions, human resource management and other local priorities.
- proven techniques that raise worker awareness on their rights and responsibilities through media such as comic books, radio and television soap operas.
- workbooks to solve problems in small and medium enterprises.
- model policies and good practice guides to address common challenges for enterprises.

What they're saying about Better Work...

"*Better Work* supports the empowerment of workers in some of the poorest countries of the world. Through achieving real freedom of association the lives of workers and their families will be improved."

Sharan Burrow, President, International Trade Union Confederation

"Compliance with national labour law lies at the heart of labour and social improvement in a globalizing world. *Better Work* offers on the ground help to employers to comply... Through compliance, employers are able to improve their economic performance and access to global markets."

Brent Wilton, Deputy Secretary-General, International Organisation of Employers

"*Better Work* represents a significant breakthrough in raising labour standards...We believe it will be invaluable as it strives to improve the working conditions for people making our products."

Michael Kobori, Vice President, Supply Chain Social and Environmental Sustainability, Levi Strauss & Co.

"Here in Lesotho, *Better Work* underscored that all social partners are interdependent and their goals overlap. It is helping us move forward on a common vision."

Thabo Tshabalala, African Regional Secretary, International Textile, Garment and Leather Workers' Association

"*Better Work* Jordan establishes a partnership based on the principle that decent work conditions and the production of quality products at competitive prices can go hand-in-hand."

Bassem Khalil Al-Salem, Minister of Labour, The Hashemite Kingdom of Jordan

"*Better Work* is a great opportunity for companies...We want it to start in apparel and then expand to all other sectors..."

Farham A. Ifram, Chairman, Jordan Garments Accessories & Textiles Exporters Association

"*Better Work* is a practical and effective tool that helps us build capacity among workers and managers at our suppliers' factories."

Ingrid Schullstrom, CSR Manager, H&M

"*Better Work* is a comprehensive approach that embraces labour administration, capacity building in its widest sense and social dialogue in an effort to make social compliance a key element of global competitiveness."

Neil Kearney, Secretary General, International Textile, Garment and Leather Workers' Federation