



Oversight and Openness: Reflections on brand-supplier interaction from the Better Work Academy

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1. Background

The Better Work Academy is an innovative initiative of the ILO-IFC Better Work programme that aims to build the capacity of brands and other actors to drive positive change in the apparel industry. The Academy provides training to staff working in the sustainability and compliance functions of global brands, building their capacity to implement Better Work's behavioural change methodologies across supply chains and sourcing locations beyond the Better Work programme.

Global brands' staff participating in the Better Work Academy (BWA) are equipped with skills that allow them to carry out training and advisory activities among their supplier base, focused on improving workplace cooperation mechanisms and problem solving, rather than taking a purely compliance-driven approach to their supply chain sustainability efforts. The Academy curriculum encourages strategies to foster more effective communication in factories,

allowing for creative, long-term solutions to address the root causes of non-compliance. In practice, this means that buyer staff are moving away from audit and compliance-based interactions to instead engage with supplier staff in a coaching, communications-driven role. Ultimately, the aim of these efforts is to improve working conditions and increase productivity through better worker-management relations in factories.



¹ This brief is based on the internal report *The Better Work Experience of Chinese Suppliers* by Dr Dimitri Kessler, Founder and Director of the Economic Rights Institute (2021).

Better Work commissioned a qualitative impact study to understand the effects of the Academy training on two levels: among brand staff, in terms of how their mode of interaction with their suppliers has changed; and among workers and managers in factories supplier to these brands, and whether communication and working conditions had improved. Carried out by the Economic Rights Institute between 2019 and 2021, the evaluation built upon past efforts that established the impact of similar workplace cooperation training offered by Better Work and which formed the foundation for the Academy (see box).

Critically, the study took place in China, which allowed for an examination of whether the ways in which brand staff shifted their engagement with suppliers had an effect at the workplace in contexts where Better Work does not have direct operations.

Starting in 2017, two companies with long-standing engagement with Better Work – PVH Corp. and Target Corporation – deepened their collaboration by enrolling in the Better Work Academy. The two companies wanted to better support their suppliers with problem solving, in particular helping managers and workers find constructive solutions to common problems, together. The research summarized here confirms evidence for the potential for positive shifts in the work environment within these suppliers. Through observations and analysis, the findings suggest several principles that buyers and their suppliers can follow to improve problem solving and communication at workplaces in the supply chain.

An earlier study *Impacts on the Shop Floor: An Evaluation of the Better Work – Gap Inc. Program on Workplace Cooperation* (Pike 2020), shows that core to the Better Work Academy's first successful rollout with Gap Inc. was a focus on communication and cooperative work relationships. It demonstrated that improvements in communication can foster more cooperative work relationships (for example, through enhanced confidence; open mindedness; agency, trust, ownership; challenging cultural norms), which enabled managers and workers to better address workplace concerns through productive problem solving, functional grievance channels, and proactive risk assessments. This in turn had a positive impact on motivation, productivity, product quality, turnover and absenteeism.

Better Work's approach to social dialogue

Social dialogue refers to the process of all forms information exchange, consultation or negotiation among representative actors in the world of work.

As a programme, Better Work's initial focus relating to social dialogue was on establishing and strengthening workplace cooperation mechanisms in the form of bipartite committees. Over time, in response to increasing needs and demands of constituents and partners, Better Work has expanded its focus beyond bipartite committees toward more mature systems of industrial relations that support greater ownership by the social partners and an expanded mandate involving trade unions. Further, some country programmes have invested increasing resources in supporting informal conflict resolution between unions and employers, in particular in relation to freedom of association issues, strikes, and factory down-sizing and closures. Country programmes are also increasingly supporting capacity building for employers and unions alike, reflecting growing constituent demand and trust. Better Work also influences changes in policies and practice at both the sectoral and national levels through the relationships built at factory level, the sharing of Better Work's data and experience, the reputation the programme has gained globally, and effective collaboration across the ILO.

2. Study Methodology

To assess the project's effects, six suppliers were involved in two sets of participatory workshop interviews between 2019 and 2021. Adjustments to the methodology were arranged in response to the COVID-19 pandemic. Three of these suppliers had just started with the project when the first set of participatory interviews were conducted, but then faced pandemic-related disruptions and challenges. The other three were well into the project when the first set of interviews were conducted and were also able to complete the second set of interviews before any pandemic-related disruptions. To adapt to this difference between the two groups, in-depth interviews were supplemented with quantitative analysis of a survey exercise which had been used to guide group interviews.

Participants were randomly selected from a full list of workers in non-managerial roles provided by the suppliers and separated into two groups (less/more experienced) of 20-30 each. In total, 511 individuals participated in appraisal/evaluation workshops (on average 85 per factory, though this ranged from 71

participants in one factory to 118 in another). The interviews supported open-ended discussion on workers' experience with the firm, their priorities for improvement, and their view of management's problem-solving efforts.

HIGHLIGHT: DIFFERENT ELEMENTS OF THE WORK ENVIRONMENT CONSIDERED:

- ✓ Management's mindset and perceptions of the business
- ✓ Workers' comfort and ability to express themselves
- ✓ The methods and quality of communication between management and workers
- ✓ How management and workers work together
- ✓ How different tiers of management work together and how this influences management responses to worker concerns
- ✓ How management and workers work together to solve problems
- ✓ Management and workers' ability to identify the source of persistent problems
- ✓ Business conduct which contributes to or helps prevent conflicts
- ✓ Improvements to productivity, OSH issues or wider employment conditions

3. Findings and recommendations

The main finding of the evaluation is that **without a commitment to oversight and openness – conditions found necessary for effective problem solving – improvements will not endure or take place at all**. Two over-arching themes thus emerge from the research conducted: the need for oversight, which is closely linked to the need for openness. Oversight from clients (brands) is needed in their influence and intervention to promote positive workplace relations. Openness is a broad term used in this research brief to capture the openness of suppliers' response to the project, freedom of expression, and worker involvement in problem solving. These two overarching dynamics require building of bridges – between clients (brands) and suppliers, and between management and workers.



MAIN POSITIVE CHANGES IN THE WORK ENVIRONMENT EXPERIENCED BY WORKERS IN CHINESE SUPPLIER FACTORIES OF BETTER WORK ACADEMY BRANDS:



Improvements in the dining service



Improvements of dormitory conditions



Better fire prevention efforts



Workplace temperature (less heat)



Adequate payment of social security contributions

1. SUPPLIERS WERE MORE LIKELY TO COMMIT TO EXPERIMENTING WITH INVOLVING WORKERS IN PROBLEM SOLVING IF THE BUYER ENCOURAGING THESE EFFORTS REPRESENTED A SIGNIFICANT PORTION OF THEIR BUSINESS

Effectively incorporating workers into the process of problem solving is central to any success stemming from the methods promoted by the Better Work Academy. Successful integration of worker input varied according to the factories that were studied and depending on the type of supplier. Without client

oversight and intervention, management is unlikely to experiment with new ways of collecting worker feedback, and problem-solving efforts will remain stifled showing low to non-existent improvement.

An important first step noted in the analysis is to be able to identify different types of factories and then adapt the methodology to fit these types, which could improve supplier willingness to experiment with sensitive elements; prognoses of success; and discussions of how to distribute resources to deliver enduring improvement.

CLIENT INFLUENCE & INTERVENTION

| | | CLIENT INFLUENCE & INTERVENTION | |
|-----------------------|--------|--|---|
| | | STRONG | POOR |
| FREEDOM OF EXPRESSION | STRONG | <ul style="list-style-type: none"> ▶ Employee involvement ▶ More diverse issues ▶ Possibility of sensitive improvements | <ul style="list-style-type: none"> ▶ Less improvement ▶ Opportunities for problem solving do not coincide with management support |
| | POOR | <ul style="list-style-type: none"> ▶ More improvement ▶ Less diverse issues ▶ Limited employee involvement | <ul style="list-style-type: none"> ▶ Questions of oversight ▶ Modest might strengthen management support ▶ Protection from retribution |

Identifying the type of factory helps to identify the barriers to problem solving. For example, in a supplier factory where both client influence and intervention and freedom of expression are poor, it is important to focus on more modest objectives leading to modest improvements. Some examples of these include providing sewing machinists with sitting cushions and providing more electric outlets for commuting workers, or fixing toilet doors. This may not lead to improvement across a diverse set of issues, but it may move the needle somewhat or open the door to initiating more open dialogue between employers and workers.

In one factory, where the client represented only 15 per cent of the supplier's business the supplier still formed a committee, described in positive terms by workers. However, when the HR person in charge of overseeing it and scheduling meetings resigned, the supplier never brought in a replacement. On one hand, it seems that having a 'champion' within management could offset the negative implications

of having low client influence; on the other, improved oversight could have ensured the ongoing presence of a champion with implications for better outcomes.

Where client influence and freedom of expression are strong, management can focus on more diverse or sensitive issues and prioritize the effective functioning of the joint committee, essential for meaningful and enduring improvements. This could involve reference to the explicit principles mentioned above, or the four-point framework (Anner 2017) for ensuring workers are properly elected, fully able to represent workers, while being protected from retaliation and empowered to address serious issues.

Figure 1 illustrates that project effects are linked to client influence (oversight) and freedom of expression (openness). Where there is low client influence, it mattered little whether freedom of expression is open or repressed, or what type of pre-existing system there was – there are but few improvements. In contrast, improvements were evident in factories that had strong client influence.

FIGURE 1.

| SUPPLIER | 1 | 2 | 3 | 4 | 5 | 6 |
|------------------------------|-------------------------------|------------------------|------------------------|----------------------|------------------------|---------------------------|
| Client influence | Strong | Low | Low | Strong | Low | Strong |
| Pre-existing Systems | Progressive | Modestly diversified | Modestly diversified | Modestly diversified | Supervisor dependent | Supervisor dependent |
| Freedom of expression | Open | Open | Repressed | Modest | More open | Repressed |
| Problem solving | Need senior personnel support | Little problem solving | Little problem solving | Genuinely new system | Little problem solving | Genuine management reform |
| Improvements | Extensive | Few | Few | Diverse | Few | Diverse & extensive |

2. HAVING MID-PROJECT TESTS AND CHECK-INS IMPROVES EFFECTIVENESS

Suppliers are more likely to be open to new approaches to workplace communication where the sourcing brand not only has strong business ties but provides consistent interventions, guided events and 'homework'. Mid-project tests helped to identify suppliers with little commitment to the project, for example a supplier who joined the project to demonstrate a willingness to improve but then underperformed throughout, and another that frequently referenced older experiences to give the impression of improvements but had not implemented continuous or new problem-solving practices. The research suggests that such tests could improve the effectiveness of a brand's sustainability efforts either by strengthening the commitment of low commitment suppliers, or by shifting resources to more receptive suppliers.

Buyers themselves and/or management within the supplier should continue to provide ongoing oversight and intervention. In the Better Work Academy case, buyers are trained by Better Work through a Training of Trainers approach, equipping them with the tools and resources they need to better support their suppliers. Both buyers in this study deferred to the Better Work curriculum with their suppliers.

Simply participating in the programme offered by the newly-trained brand staff may help most suppliers in some small way. For other suppliers, there may be greater opportunity for change, in particular where they have the incentive, tools and support to develop proper structures and procedures to ensure genuine worker involvement. Consider the example of one supplier who selected worker representatives with genuine interest in their peers' well-being, who held consistent committee meetings involving middle-tier management and worker reps and gave the committee authority to design and implement solutions if they cost under ¥5,000, allowing them to pursue more genuine and persistent problem solving.

3. APPROACHES TO WORKPLACE COOPERATION NEED TO BE TAILORED NOT ONLY TO SUPPLIER TYPES, BUT ALSO TO THE CONTEXT IN WHICH THEY OPERATE

Refining objectives and methods to suit suppliers of different types could improve their commitment to experiment with new ways of managing their workplace. Beyond a simple reporting on issues raised by management and workers, it is important to consider the context in which work (and discussion about work) takes place. Depending on the context – client influence, supplier size, region of China, pre-existing systems, the environment in which unions operate – this research showed that participants had different perspectives on the degree to which workers should be involved in problem solving, or what is permissible to discuss. For example, suppliers have different pre-existing systems for giving workers voice, including how suppliers engage with unions.

Worker voice is important not just in problem-solving efforts but also in collecting feedback on the impact of efforts to promote workplace cooperation. In this study, workers exhibited signs of repression in the limited scope of issues discussed and nervousness in expressing themselves in the interviews. Workers found it easier to discuss non-sensitive issues, focusing predominantly on the dining service, and avoiding sensitive issues such as excessive overtime, minimum overtime pay requirements, or lack of income records. This should inform the methodology used to explore sensitive issues, including the use of independent observers (with sensitivity and guided discussion), who are in a better position to give workers opportunities to express themselves honestly and anonymously in order to protect them from retribution.

There are, however, some exceptions to this. For example, at least one supplier wanted to keep tighter control over the project's committee and chose to involve HR personnel in the committee rather than involving lower-level workers. HR, however, was then

empowered by the committee to survey workers for their concerns more consciously. Additionally, committee members wore red vests so that workers could easily identify them. Feedback from workers in this supplier revealed that they took some risks in expressing themselves, but that senior personnel/HR also let the scope of discussion evolve, redefining the approach to become more hybrid. Supervisors reported being more comfortable in raising problems because they felt they wouldn't be blamed, as senior personnel were responding more constructively to problems. Though direct worker involvement in this type of problem solving is limited, the evidence suggests some enduring improvements.

This example illustrates how local cultural context can influence supplier response to interventions, and how different types of responses can still lead to positive outcomes for workers. There are, of course, elements of Chinese culture that influence industrial relations, for example attitudes towards unions and worker involvement, and what issues are too sensitive to address. Though the findings of this research are synthesized with the findings from earlier research to amplify a model of workplace improvements (namely, oversight and openness break down barriers to problem solving which leads to improvements), it is important to take this with a grain of salt. The cultural context, for example, could present new opportunities or, on the contrary, barriers that create alternative pathways to workplace improvements.

4. OPENNESS AND STRUCTURED APPROACHES FOR WORKER INVOLVEMENT AND COMMITTEE FUNCTIONING ARE KEY TO OPENING A SPACE FOR JOINT PROBLEM-SOLVING

Improvement of worker involvement structures requires an openness on the part of management. The scope of problems to be solved must include issues prioritized by workers, rather than simply focusing on employer-led issue identification and

improvements. In addition, structural steps must be taken to ensure workers will not face retribution for expressing themselves. Without structures for worker involvement, some suppliers were found to “go through the motions:” for example, showing disinterest and relinquishing control over the selection of worker representatives every two years, instead of extending terms indefinitely. As such, workers' ability to contribute to problem solving would benefit from jointly identifying explicit principles for joint participation. Such principles could include:

- ▶ Making explicit mention of worker representatives' responsibilities to collect the opinions of their peers and the manner in which the selection of worker representatives will influence them in this role
- ▶ Requiring workers from the committee to report outcomes of discussions among peers, to promote knowledge of and involvement in the committees
- ▶ Committing to renew the selection of worker representatives
- ▶ Providing clear induction of new members, to build the groundwork for their functioning beyond the scope of initial committee formation

In addition, employers need to better support worker representatives, as they were commonly found in interviews to be nervous in expressing themselves, defensive, and quick to deny issues. Some specific examples of support might include giving publicity to their contributions, eliminating the fear of retribution, and giving worker representatives skill-building opportunities and time to reflect upon and prepare to better function in their role as a representative.

Finally, structuring not only worker participation but also the functioning of the committee itself was found to be of critical importance. The research found that problem-solving committees would benefit from guidelines requiring a discussion and a written record of key indices of progress.

5. FOCUSING ON NON-SENSITIVE ISSUES AT THE ONSET MAY BE CRITICAL TO ESTABLISH TRUST

With stronger client influence and interventions, requests to implement new systems to involve workers in problem solving are found more likely to succeed. When client influence is low, these requests are less likely to succeed, which suggests the need for more modest objectives or stronger oversight and interventions. Where workers do not express themselves openly, more modest objectives could strengthen management's support for experimenting with new ways of joint problem solving. A more modest objective might include, for example, focusing on non-sensitive issues such as the dining service, collective issues that relate to productivity, or other management concerns. Such groundwork could enhance trust and open a broader space for future discussion.



6. ADDRESSING SENSITIVE ISSUES REQUIRES A FLEXIBLE AND RESPONSIVE APPROACH

Focusing exclusively on methods to involve workers in problem solving will not be sufficient nor appropriate to drive improvements on sensitive issues. The research findings suggested that not all problems can be viewed as equally relevant to be addressed by a workplace cooperation mechanism. Suppliers who addressed issues of excessive overtime, for example, only did so under the pressure of client requirements. Yet evidence from the research conducted suggested overly directive pressure from brands is not always conducive to promoting the ability of suppliers to facilitate long-lasting solutions. The efficacy of initiatives to promote problem solving and workplace cooperation in suppliers should be assessed with a view to which issues are ignored or unresolved. Brands should recognize that a flexible approach is more appropriate, balancing the need of prioritizing the process of joint problem solving with more directive approaches, as well as with other forms of collective representation available to workers.

When considering the recommendations from this research collectively, in addition to the broad themes of oversight and openness, they focus on the structure and process of problem solving as an active tool to develop relationships and tackle workplace issues. However, openness to experimentation is only a stepping stone; properly involving and protecting worker representatives, broader inclusion of issues, and guidelines to facilitate the process – these are all part of getting the engine to get workplace cooperation and problem-solving up and running. When the focus lingers instead on smaller and aesthetic fixes not prioritized by workers, initiatives to promote workplace cooperation are likely to fail.

Conclusion

This research has shed some light on the shifts and improvements in the work environment experienced by Chinese suppliers of brands that have participated in the Better Work Academy. It also sought to understand whether the project's methodology, with brand partners of the Better Work programme delivering support to their own suppliers, is effective enough to implement more widely in other settings where Better Work might not work directly with suppliers.

Workers reported the biggest improvements in the dining service and to some extent the dormitories, though this was confounded by the fact that they felt much less comfortable to address other, sensitive, issues. They also reported some improvements in health and safety (for example, fire prevention, keeping cool, social security contributions). This is largely influenced by the supplier's focus on OSH issues in the committee meetings, as well as in part by pre-existing systems or pressure from government, that is, an external driver of improvement.

Challenges pertaining to the data collection process, including different project timelines across suppliers, COVID-related interruptions to the project, workers' reticence to speak up, make it somewhat difficult to draw strong conclusions.

Previous research examining efforts of Better Work demonstrated that a Training of Trainers approach can change the traditional approach of buyers towards working more collaboratively with suppliers, including by more productively addressing the root causes of non-compliance. Brand representatives have learned skills through the Better Work Academy which have a positive, transitive effect in equipping suppliers with the tools to establish, strengthen, and maintain effective workplace committees. The significance and longevity of the effects remain to be seen, however, given the relatively short lifespan of the project and severe interruptions resulting from the pandemic. Nevertheless, this evaluation provided some evidence that such improvements can continue even in the absence of Better Work.

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