

IMPACT BRIEF:

Better Work Vietnam

Programme at a Glance¹ (June 2013)



2009
established



198
factories



231,260
workers
(175,571 female)



24,807
training participants
(including annual OSH event)



442
assessments



2,183
advisory visits

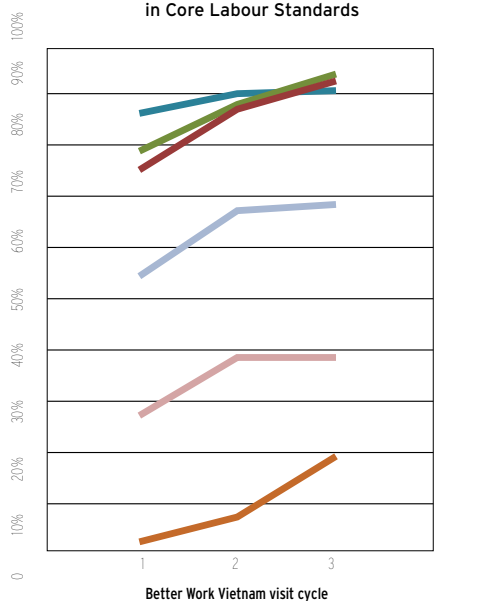


46
buyers

¹ Figures are total since programme launch in 2009.

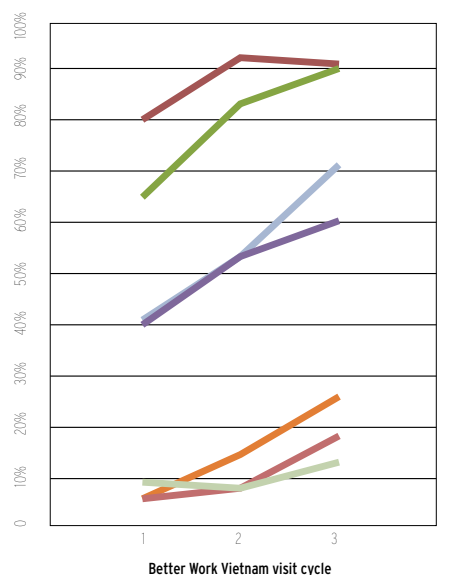
Improvements in compliance

FIGURE 1: Improvement of Compliance in Core Labour Standards



■ Gender Discrimination ■ Collective Bargaining
■ Child Labour/Hazardous Work ■ FoA/Interference and Discrimination
■ Documentation and Protection of Young Workers ■ Other Grounds of Discrimination

FIGURE 2: Improvement of Compliance in Working Conditions



■ Minimum Wages ■ Chemicals & Hazardous Substances
■ Dialogue, Discipline & Disputes ■ Health Services & First Aid
■ Contracting Procedures ■ Overtime
■ Employment Contracts

Better Work Vietnam Impact

Better Work strives to make a significant impact on the rights and in the lives of workers, the business of firms, and the social, human and economic development of countries. Together with Tufts University, we are implementing a rigorous impact assessment methodology to measure the long-term impact of our programme. We have been measuring impact in participating factories in Vietnam since 2010, and results so far demonstrate the positive impact of the programme on workers' rights, wellbeing and livelihoods, as well as on businesses. A summary of the results up to September 2013 is presented below.



BETTER WORK

Better Work Vietnam

What does this mean for workers' rights, wellbeing and livelihoods?

- A 5% improvement in compliance is associated with a 10% increase in worker **income**, 9% increase in the **remittances** that workers send home, and a 3% improvement in workers' **health**. Workers in factories with higher compliance also receive 7% more **training**.
- From 2011 to 2012, the share of workers securing **indefinite or open-term contracts** (as opposed to short- or fixed-term contracts) increased by 21%, a clear indication of increased job security.
- Workers in Vietnam who view Better Work's **Performance Improvement Consultative Committees** (PICCs, worker/management committees that work on improving non-compliance issues) as effective tend to have **higher earnings** and are able to send more money back to their communities through **remittances**. PICC effectiveness also positively impacts workers' **relationships with supervisors**, as they are more likely to believe supervisors follow rules and less likely to think that supervisors pose an obstacle to promotion. In addition, they report that training on worker rights and on health and safety takes place in the factory.
- 70% of workers surveyed in Better Work Vietnam factories regularly or occasionally send money to **family members**, who in turn spend it on **food** (38%), **clothes** (37%), **debt repayment** (37%), **farm tools** (22%), **education** for children or siblings (21%), and family **health care** (13%). Nearly 60% of workers who remit money annually send 4,000,000 Vietnamese Dong per year (USD 192), an amount that represents approximately 15% of gross national income per capita in Vietnam. Furthermore, **women workers** remit 24% more than men.

What does this mean for businesses?

- **Profits** are higher in Better Work Vietnam factories where workers report better working conditions. Things that seem to matter the most are: the absence of abusive behaviour, clear timesheets and workers' trust that they are paid as promised, and workers having access to training and a voice in the workplace. Additionally, a one-percentage point improvement in worker perceptions concerning pay is correlated with a 0.44 percent increase in firm profits. A one percent improvement in worker perceptions of verbal and physical abuse and sexual harassment is correlated with a 1.14 percent increase in profits.
- The **capacity utilization rate** of Better Work Vietnam factories (i.e., the extent to which factories are using their potential productive capacity) has increased by 15%. In follow-up manager surveys, all were reporting a production capacity utilization above 70%. In addition, there is evidence that Better Work Vietnam factories are moving up the value chain, expanding production into **higher value-added products**, such as suits and jackets.
- The **relationship with international buyers** has also been evolving: an increasing percentage of factories in Better Work Vietnam are preferred suppliers in global supply chains, suggesting an increase in the added value of the apparel industry in Vietnam. The proportion of factories that are preferred suppliers or most important customer for their buyers increased by over 20%.
- Case study evidence from three Better Work factories in Vietnam shows that managers report improved **labour productivity** as a result of changes facilitated by the programme. They noted faster production as a result of lower temperatures and increased efficiency following improvements in communication between workers and managers. They also highlight a sharp reduction in **staff turnover**.
- An IFC case study of a Better Work Vietnam factory shows that improvements in working conditions have a direct impact on business performance. Management engaged in dialogue with workers, established a kindergarten and health clinic, and managed to have predictable working hours. As a result, **staff turnover** reduced by one third, there was reduced **absenteeism** and there were no **strikes** in over nine years, translating to high levels of productivity and significant cost savings.

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