

FAIR LABOR
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Independent External Assessment Report On Workers' Representation and Participation

Conducted at Factory A (Dhaka, Bangladesh) for
the FAIR LABOR ASSOCIATION

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I. Introduction

Commissioned by the FLA, Rebeka Khatun conducted an Independent External Assessment (IEA) on Workers' Representation and Participation at Factory A (Export Processing Zone, Dhaka, Bangladesh) on 13 October 2010. An Independent External Assessment is an impact assessment that gauges whether the compliance system at a factory is sustainable, and identifies the strong and weak factors of a given compliance issue at a factory. Independent External Assessments analyze the environment at a factory once a training program has been completed, and provide data on a factory's need for further improvement in identified areas. Regardless of the specific compliance issue covered by the training, the IEA critiques the current worker representation structure and workers' participation in management decisions at factory. The IEA consists of findings from the Workers' Survey (SCOPE), focus group discussions, the Management Self-Assessment and a documents review. In this report, findings from the IEA are compared to those from the baseline assessment, which was performed in 2009. This allows identification of improvements and progress of the factory during its capacity building phase.

Table 1. Demographic Characteristics, Surveyed Workers, Factory A

Characteristics	%	Characteristics	%
Gender		Average Value	
Male worker	79.4	Age (Year)	26.1
Female worker	20.6	Length of Service (months)	63.9
Marital status		Educational Background	
Single	22.8	No schooling	3.3
Married	77.2	Primary school	29.5
Children		Middle school	44.4
None	43.3	High school	22.2
One	38.3	University	0.6
Two or more	18.4	Local vs. Migrant	
Home (< 16 years old)		Local	88.3
Big city	2.8	Migrant	11.7
Town	2.8	Living situation	
Small town	3.9	Outside of dormitory	99.4
Countryside/Village	90.6		

Factory A is a garment factory that manufactures trousers and caps. At the time of the survey, the factory had 2,211 workers. Based on the gender, job tenure and origin (migrant or local) of the workforce, a stratified sampling was applied to the workers' survey and 180 workers were selected¹. All of those workers selected in the sample participated in the survey, and all 180 questionnaires were valid. To protect the anonymity of workers, workers did not fill in their names on the questionnaire. Most of the survey workers understood the questionnaires and completed them within 30-45 minutes.

Table 1 presents the demographic characteristics of the surveyed workers at Factory A. The average age is 26.01 years and the average length of service over 5 years (63.88

months). The workforce is mostly male (79.4%), 88.3% are local workers, 90.6% worker grew up in the countryside or a village and about all (99.4%) sample workers reside outside of the factory compound.

II. Findings from the Workers' Survey (SCOPE 2010)

Policy and Procedure, Training and Workers' Representation Structures - Descriptive Results

Policy and Procedure: Of those surveyed, 97.2% mentioned that they knew of the law and policies regarding the establishment of workers' representation structures at factory. The majority of workers (90.0%) knew that they have the right to create workers' representation structures and most (97.2%) knew that they have the right to create workers' association. A large percentage (95.6%) of workers' believed that these structures have the right to negotiate with management at the factory. A fairly high percentage showed awareness of

¹ Sample size was based on (+/-) 7% error range, at 95% confidence level.

workers' participation rights in the factory, with same percentage (95.6%) of respondents reporting that they had right to participate and be elected as a member in workers' representation structures. The survey results confirmed that many workers knew about the detailed steps of the procedure. For instance, 92.2% answered that they were aware of the steps to create workers' representation structures and 91.1% of workers' knew how to join a workers' representation structure. Such findings show that **workers have a sound knowledge of their rights as well as a good grasp of the procedure in workers participation at factory.**

Training: The majority of surveyed (62.2%) workers said they had received regular training and/or information on how to participate in the workers' representation structures. About one fifth (21%) of survey workers said they had participated in training once or more than once, and 16.7% reported that they had never received any training. The topics that were covered under the training are listed in Table 2.² The table shows that the majority (86.7%) of workers who had received training were able to recognize the training issue of 'factory regulations & EPZ law on worker association', and about half of the trained workers reported training topics including 'how to stand for election' and 'how to communicate with management'. The majority (86.0%) of trained workers said that they absolutely or mostly understood the training content and the majority (75.3%) of trained workers answered that they received written documents. Such findings suggest that **training has fairly good coverage and is rather effective, as most of participants could understand. On the other hand, management is advised to arrange refresher training for all workers and to reinforce training on certain topics such as 'how to join workers representation structures' and 'how to communicate with management'.**

Table 2. Ranking of the training issues.

Topics of training	%
Factory regulations & EPZ law on worker association	86.7
How to stand for election	47.3
How to join worker representation structures	41.3
How to communicate with management	40.7

Workers' Representation Structure: The survey results show that all participants were aware of at least one existing workers' representation structure in the factory of whom 13.9% identified one structure, 67.2% two structures, 14.4% three and 4.5% four or more. Table 3 lists the different committees identified by workers and the percentage of workers who recognized each committee. Such findings highlight a sharp difference in workers' recognition of representation structures. Though the majority of workers identified the 'Welfare Committee' and 'Health & Safety Committee', only a small proportion knew the existence of 'Labor Management Council'. Among the surveyed workers, 86.7% felt that representatives of workers' representation structures strongly contributed to the decision-making processes at factory, followed by 8.3% who thought worker representatives participated in such process to a certain extent and 5% of surveyed workers believing that they participated a little bit or did not participate at all.

Table 3. Workers' Representation Structures Recognized by Workers

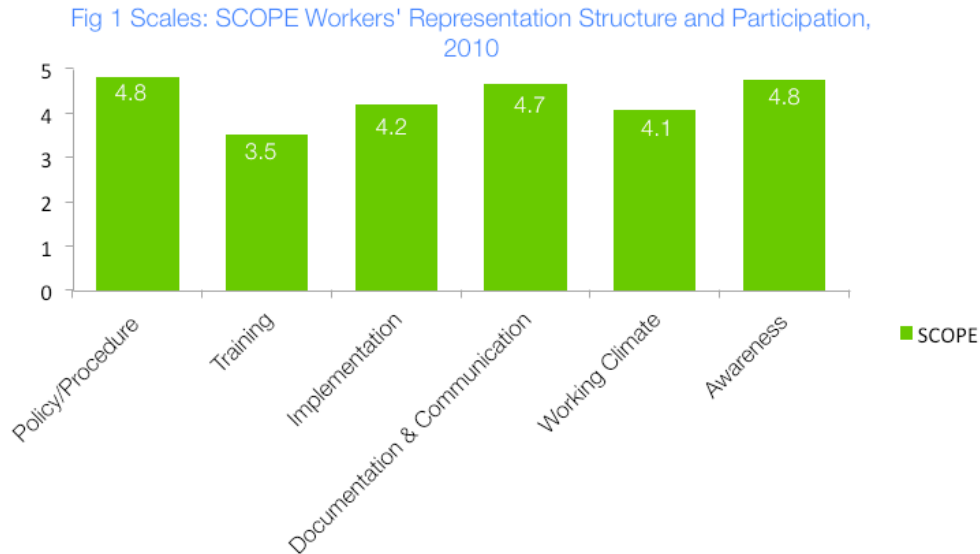
Committee	%
Welfare Committee	88.3
Health & Safety Committee	83.3
Labor Management Council	14.4
Workers' Council	12.1
Workers' Association	11.1

Overview of the factory's performance on Workers' Participation

Figure 1 shows six factors concerning Factory A's

² The ranking is evaluated through number of times a topic was mentioned (indicated in % in the column, % referring to the percentage of those who had received training). Workers could indicate more than one issue that is why the total percentage exceeds 100%. The higher the percentage, the more workers recalled the topic was covered during training.

overall performance on workers' representation and participation from the Workers' Survey. Each factor is measured on a scale of one to five. A score below three represents a poor performance and a score above four represents a very good performance.



The figure shows that the overall results are positive, with five of six assessed factors scoring above four, except in Training. The figure implies that the factory has set up policy and procedure for better implementation of workers' representation structure and that most of the workers have realized the importance of worker representation structure but there is room for further improvement in Training.

Policy and Procedure and Awareness scored the same and highest (4.8) among all, implying that a substantial number of surveyed workers were aware of the workers' representation structure and able to recognize the benefits and importance of workers' integration at factory. At the same time Training received the lowest score (3.5). As mentioned earlier, a closer look at the results shows that certain topics such as 'communication with management' and 'how to join worker representation structures' are not fully covered and should be strengthened in the future training.

The score for Documentation and Communication is second highest (4.7). The findings show that most of the surveyed workers received written information on workers' representation structures. Also the scores for Implementation and Working Climate represented good performance, at 4.2 and 4.1 respectively. In particular, workers' feedback to questions regarding to working climate indicates that a considerable portion of the surveyed workers dared to speak to the manager, felt proud of their working place and highly satisfied with their products. Still there is room for improvement, some (15.0%) surveyed workers absolutely got nervous when management observed them at their job at factory. To keep a sustainable good working environment management needs to take effective steps to remove the feeling of insecurity among the workforce.

Factors related to workers' participation

Highlighting possible relationships between the different factors assessed shows the general trends in the survey data and suggests areas for further improvement. The key findings are as follows:

- There is a positive correlation between Policy and Procedure and Training, and between Documentation and Communication and Training.³ Workers who felt more satisfied with training on workers' representation and participation also had a better knowledge on policy and procedure and felt that the updated achievements and activities of the workers' representation structure were regularly documented and communicated at factory.
- Policy and Procedure positively correlates with Documentation and Communications.⁴ Workers who knew more about the policy and procedures also felt better informed about activities and achievement of workers representation structure by management.
- Awareness is positively correlated with Working Climate⁵. It indicates that workers who understood the importance of existence of workers' representation structures at factory and its activities also felt quite satisfied with the working climate at factory.

III. Findings from Focus Group Discussions and Document Review

Focus Group Discussions

Two focus groups sought to gather qualitative information on the workers' representative structure and participation. One group consisted of four staff from middle management and another one of same number of workers' representative structure members. Middle management included a Worker Welfare Officer, Production Officer, Inventory Officer and a floor officer in charge of production. The other group consisted of four general members of the worker representation structures.

Middle Management: According to middle management, the factory enjoyed a positive working environment, along with an active workers' representation structure. Also they mentioned that due to the training under PREPARE project, the relationship between the workers and management has improved and that workers' were encouraged to interact more with their Supervisors. The welfare officer communicated with the workers, sharing positive and negative feedback with management and the group received training on communication, worker integration, rules and skills of effective management, and problem solving skills. After this training, management and workers could sit together to discuss and solve a problem, the number of suggestions/complains received in the Suggestion Box has increased and workplace cleanliness has improved as well. On the other hand, management felt that the provided training did not cover all the staff and workers in the factory. **Management is advised to invest resources in developing the factory's own training program to share the positive experiences and outcomes gained through PREPARE project with more workers in the factory.**

Worker Welfare Committee's (WWC) members⁶: Workers felt that a sound working environment exists at factory and that they had a good understanding of different policies like allowed leave, benefits, health and safety, and workers' representation. Each worker and staff follows a 'chain of command' to maintain communication between management and staff, and in general, workers have personal contact with the HR Manager, the welfare officer, and their Supervisor. The worker representatives' group felt that the level of worker integration and the relationship between management and workers had improved. The factory invited a worker representative to join in the problem solving process of daily operation and on urgent issues, workers were able to perform their tasks according to the production plan and the turnover rate was very low at this factory. Similar to managers, the group felt there is a need for a refresher training to reinforce the skills

Correlation coefficient between policy & procedure and training is .237 (Correlation is significant at the 0.01 level); correlation coefficient between documentation and communication and training is .218 (statistically significant at 0.01 levels).

Correlation coefficient between policy/procedure and documentation and communication is .525 (statistically significant at 0.01 level).

Correlation coefficient between awareness and working climate is .267 (statistically significant at 0.01 levels);

⁶ All WWC members had participated in the Dialogue program, a series of training provided as core of PREPARE project

and knowledge gained through the previous program. It was also mentioned that, after the PREPARE project, workers were more likely to communicate with management and supervisors as workers were encouraging by WWC members to go to responsible personnel to solve their daily operational problems.

Document Review

The factory provided a hand book containing different policies and procedures of the factory. Policy for the Worker Welfare Committee (WWC) clearly stated the objectives of the committee and responsibilities of a welfare officer and the workers' welfare committee in detail. A note was published on the election process of workers' representation structure at factory during the election period (2008). However, it did not define the formulation process of the committee, nor who and how can be a member of the committee. Furthermore, the existing policy did not ensure any provision of facility and resources for the WWC to function well. In particular, there was no clear guarantee in the policy that workers will not face any retaliation because of participation in the WWC. According to the policy, decisions, conclusions and resolutions of a meeting should be documented but there was no clear statement with regard to dissemination of meeting decisions.

Management is advised to clearly define the voting system, allocate resources for a well functioning worker representation structure, and ensure that there is written communication of meeting decisions.

The factory also submitted the Progress Tracking Charts (PTC) associated with the PREPARE program for review. Progress Tracking Charts use key performance indicators (KPIs) to illustrate the progress and impact of the factory's capacity building measures. Both management and worker representatives from the WWC filled in the PTCs on a monthly basis. PTCs from December 2009 to April 2010 were collected. Table 4 presents a snapshot of the issues about which management consulted with workers during this period.

Based on the records in the management PTCs, factory management consulted with workers on several

Table 4. Feedback from Management and Worker PTCs

Issue	Number of Issues	
	From Management	From Worker Representative
1. Working conditions (e.g. health & safety issues, problems with assignments, working positions, denied leave)	3	2
2. Communication channels in the factory	1	1
3. Training of workers	1	1
4. Disciplinary regulations/rules of the factory	2	1
5. Salary	1	1

issues. It is important for management to make sure that such consultation with workers has effectively involved workers/worker representatives and been recognized by workers. Meanwhile, it is noted that when asked to list the existing worker representation structures in the factory, both files submitted by management and workers' representative only recorded the 'Worker Welfare Committee'. However, findings from workers' survey show that there were at least two committees widely recognized by workers, namely 'Welfare Committee' and 'Health and Safety Committee' and some workers mentioned the 'Labor Management Council'. The factory should look into this and make sure that all the existing workers' representation structures should be recognized by both management and workers, as this is fundamental for such structures to function effectively when representing workers in dealings with management.

Progress Tracking Charts also contain a 'Capacity Building' sheet to capture information on the capacity building activities undertaken by the factory. Workers indicated that a remarkable change has been made in the daily operational procedures due to improved worker integration. For example, misunderstandings

between management and workers were reduced through a dialogue program. Both management and workers representatives listed that there were many administrative and quality-of-life issues that were resolved by the worker representative structure. The subjects and content of training were disseminated to other workers through meetings, interactions with workers and personal communication. However, all documented answers were not fully relevant to the given questions. The management needs to follow the instructions for the progress tracking charts and make the most of this tool to keep track of the activities and development of worker integration in the factory. On the other hand, management is recommended to review and improve the documentation on issues relevant to worker integration, as sound documentation is an integrated element to a well functioning procedure.

IV. The Management Self-Assessment vs. the Workers' Survey (2010)

Comparing the Management Self-Assessment 2010 (SCAT 2010) and Workers' Survey 2010 (SCOPE 2010) further illustrates the factory's status in the area of workers' representation and participation. In this case, analysis revealed gaps in the perception of performance between managers and workers.

Figure 2 shows the disparities between Management Self-Assessment (SCAT 2010) and Workers' Survey (SCOPE 2010) results, giving a complete picture of the prevailing attitudes towards the existing worker representation structure at factory. **The management scored four factors higher than the workers overall, with the exception of Awareness where it was much lower, and Policy and Procedure where it was lower to some extent than workers' opinions.**

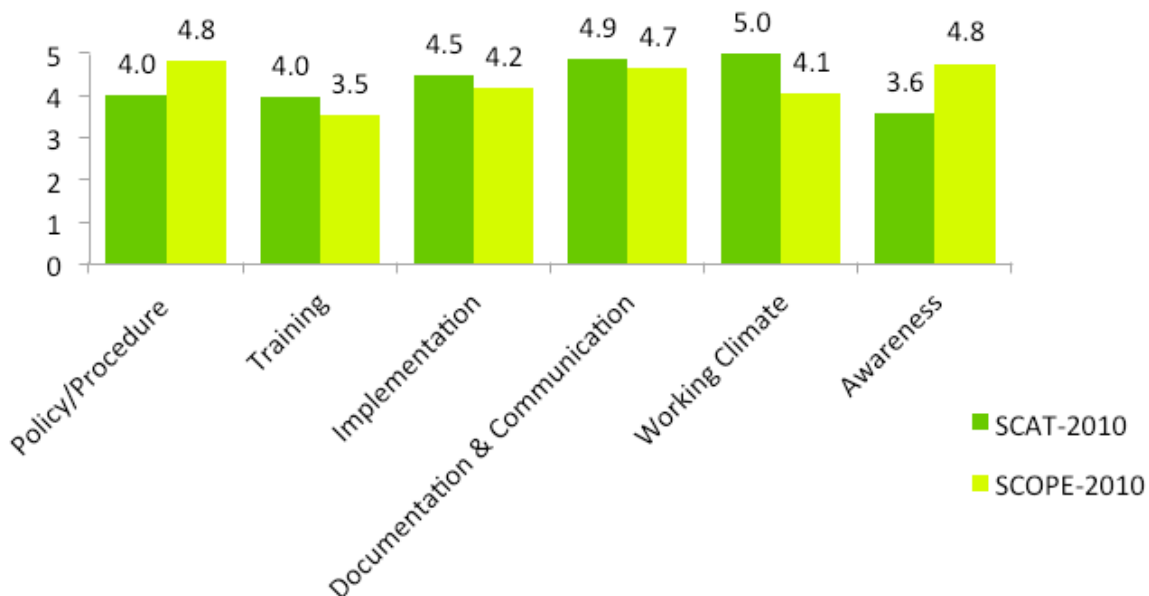
The graph shows that the score of Working Climate for both workers and management is above four, signaling that both workers and management recognized a positive workplace environment. Based on the self-assessment, management demonstrated a relatively low level of Awareness of the rationale to promote worker integration (3.6). A closer look at management's feedback reveals that when asked if it is true that 'Workers' representation structures sometimes have to be controlled by management in order to avoid conflict between workers and management', management absolutely agreed while, management also fully believed that workers should focus on their work and not be distracted by political activities. **Efforts to improve management's awareness of the positive roles of workers' participation in the problem solving process should be made without further delay.** In order to make the consultation, communication and dialogue systems self-sustainable in the factory, it is important to have ongoing dialogue between the workers' representation structures and management instead of trying to suppress different voices.

V. Comparison between SCOPE 2009 (Baseline Assessment) and SCOPE 2010 (Impact Assessment)

A comparison between the baseline and impact assessment results from the Workers' Survey is shown in Figure 3. As seen in the graph, the impact assessment scores of three factors have increased from the baseline assessment and 'Training' decreased slightly while Working Climate and Awareness remained stable

The most obvious change is seen in Implementation, with an increase in score from 3.8 to 4.2. It shows that after a period of training and capacity building activities, the factory has made progress in implementation of

Figure 2. Comparison Between SCAT 2010 and SCOPE 2010



worker integration. The score of Training decreased from 3.7 to 3.5, pointing to further room for improvement in this area. To establish a sustainable workers participation mechanism at factory,

management needs to maintain its strengths while investing resources to address weak areas, such as Training.

VI. Summary and Recommendations

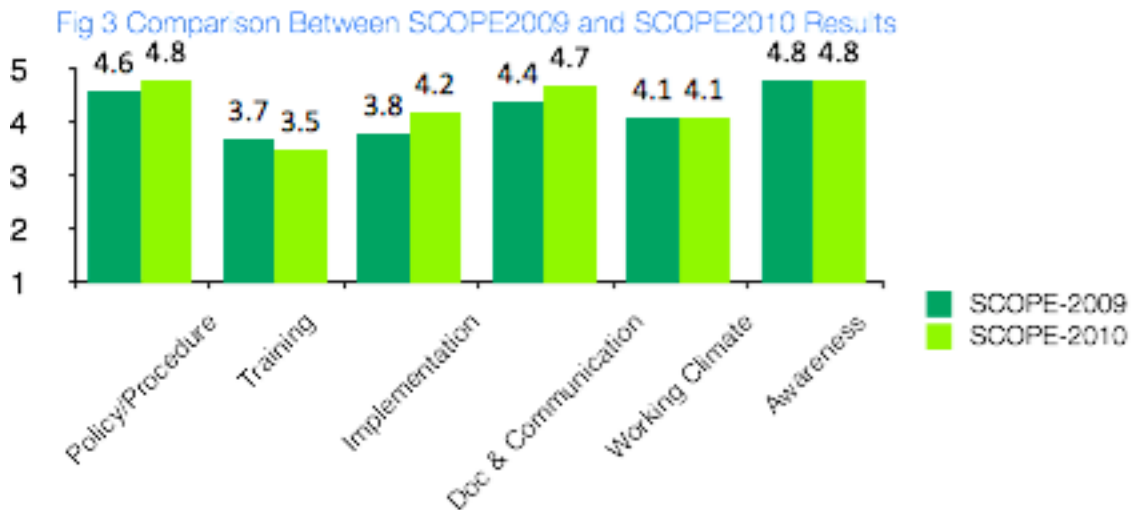
This report presents the findings from Factory A's Impact Assessment on workers' representation and participation, drawing results and observation from Management Self-Assessment, Workers' Survey, focus group discussions and a documents review. Below is our conclusion of key findings and recommendations:

- Since 2009, progress has been seen in different areas to some extent. The majority of the surveyed workers knew about the workers' representation structures, its importance and the associated policy and procedure. But it is seen that the existing policy is lacking clear definition/statement on some essential elements regarding worker integration.

Recommendation: The policy ought to include the formulation process of the WWC, security and facilities of the WWC members and a declaration regarding the communication of the meeting minutes.

- The low score of Training indicates that training on workers' representation and participation did not reach to the entire workforce and certain training topics need to be strengthened.

Recommendation: Management should arrange training/orientation on workers' representation and participation for all new workers and refresher training on a regular basis. Special training on certain topics such as how to join workers' representation structures and how to communicate with



management is recommended.

- Management is also advised to invest resources in developing the factory's own training program to share the positive experiences and outcomes gained through PREPARE project with more workers and staff in the factory.
- The survey results suggest a sound work environment at the factory. To make continuous progress in worker integration, the factory should maintain this strength while making efforts to address its weak areas. There is room for improvement in Implementation.

Recommendation: Measures should be taken to ensure that existing workers' representation structures are recognized by both management and workers, as this is fundamental for such structures to function effectively when representing workers in dealings with management.

- Management's perception of the importance of worker integration and the positive contribution of worker integration at factory needs to be improved. If management fails to realize that workers' representation structures have the right to negotiate with management on working conditions, it is impossible to establish an on-going self-sustainable dialogue between workers and management.