



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

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

Prepared by Ms. Rebeka Khatun
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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 C (Savar, Dhaka, Bangladesh) on 14 October 2010. 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 the capacity building phase.

An Independent External Assessment is an impact assessment that gauges whether the compliance system at a factory is sustainable, identifies the strong and weak factors of a given compliance issue at a factory, analyzes the environment at a factory once a training program has been completed, and provides 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), the Focus Group Discussions, the Management Self-assessment and a documents review.

Factory C is a garment factory mainly manufacturing trousers and caps. At the time of the survey, the factory had 210 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 66 workers were selected¹. All of the workers selected in the sample participated in the survey, and all 66 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. Demographic Characteristics, Surveyed Workers, Factory C

Characteristics	%	Characteristics	%
Gender		Average Value	
Male worker	30.3	Age (Year)	22.97
Female worker	69.7	Length of Service (months)	44.42
Marital status		Educational Background	
Single	68.2	No schooling	16.7
Married	31.8	Primary school	33.3
Children		Middle school	39.4
None	62.1	High school	10.6
One	22.7	University	-
Two or more	15.2	Local vs. Migrant	
Home (< 16 years old)		Local	69.7
Big city	13.6	Migrant	30.3
Town	15.2	Living situation	
Small town	6.1	Outside of dormitory	100
Countryside/Village	65.2		

Table 1 presents the demographic characteristics of the surveyed workers at Factory C. The average age is 22.97 years and the average length of service about 3 years (44.42 months). The workforce is mostly female

¹ Sample size was based on (+/-) 10% error range, at 95% confidence level.

(69.7%), 69.7% are local workers, 65.2% worker grew up in the countryside or a village and 100% of the 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, 98.5% mentioned that they knew of the law and policies regarding the establishment of workers' representation structures at factory. The majority of workers (83.3%) stated that they have the right to create workers' representation structures and a considerable number of workers' (71.2%) believed that these structures have the right to negotiate with management on working condition at factory. A fairly high percentage showed awareness of workers' participation rights in the factory, with 90.9% and 92.4% of respondents reporting that they have right to participate and be elected as a member in workers' representation structures. The survey results in detailed steps of the procedure confirmed that about two third workers knew about it. For instance, two thirds were aware of the steps to create workers representation structures and about the same percentage (63.6%) 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: Among the workers surveyed, 39.4% said they had never received any training and/or information on how to participate in the workers' representation structures. About half (47%) of survey workers said they had participated in training once or more than once, and 13.6% reported that they had received regular training on this. The topics that were covered under the training are listed in Table 2.² The table shows that the majority (80%) of workers who had received training were able to recognize the training topic of 'factory regulations & EPZ law on worker association', and about two thirds of the trained workers reported training topics including 'how to stand for election' and 'how to communicate with management'. Meanwhile, above half (57.5%) of the trained workers said that they absolutely or mostly understood the training content and the majority (70.0%) of trained workers answered that they received written documents. **Such findings suggest that training/information on worker representation and participation has yet to reach to the whole workforce and the training quality needs to improve to be more effective.** On the other hand, management is advised to reinforce training on certain topics such as how to join workers representation structures how to communicate with management and how to stand for election.
- Workers Representation Structure: **The survey results show that all participants were aware of at least one existing workers' representation structure in the factory: 3%**

Table 2. Ranking of the training issues

Topics	%
Factory regulations & EPZ law on worker association	80.0
How to stand for election	65.0
How to communicate with management	65.0
How to join worker representation structures	47.5

Table 3. Workers' Representation Structures Recognized by Workers

Committee	%
Health & Safety Committee	98.5
Welfare Committee	97.0
Workers' Association	16.7
Workers' Council	12.1
Labor Management Council	10.6

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.

of surveyed workers identified one structure; 77.2% two, 7.6% three and 12.2% 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 'Health & Safety Committee' and 'Welfare Committee', only a small proportion knew the existence of 'Workers' Association', 'Workers' Council' and 'Labor Management Council'. Among the surveyed workers, 48.5% felt that representatives of workers' representation structures strongly contributed to the decision-making processes at factory, followed by 34.8% who thought worker representatives participated in such process to a certain extent and 16.6% of surveyed workers believing that they participated a little bit or did not participate at all.

Overview of Factory's Performance on Workers' Participation

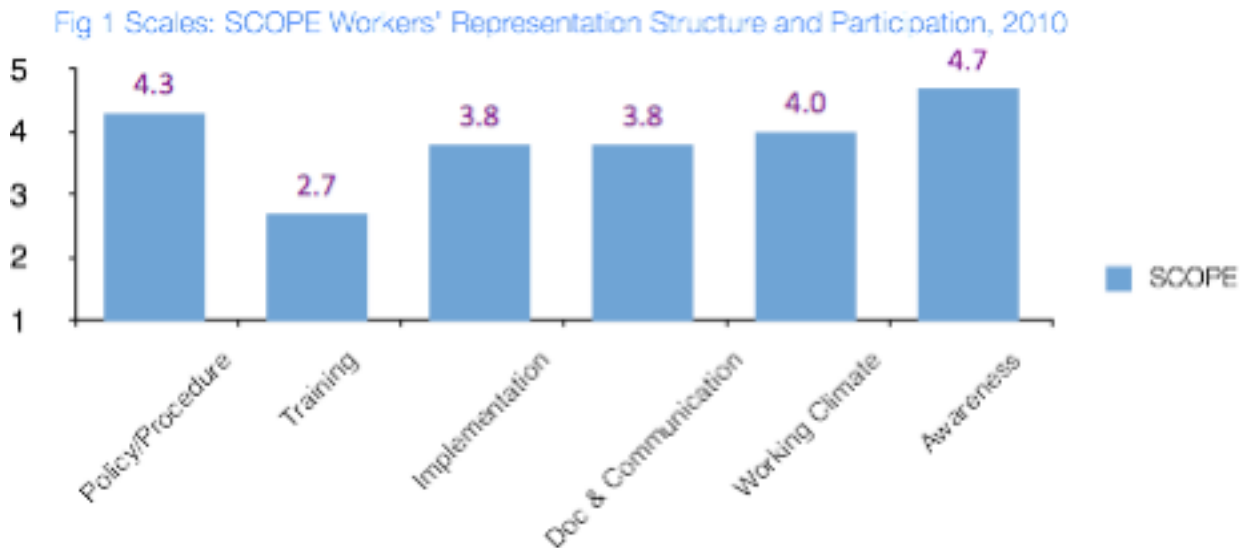


Figure 1 shows six factors concerning the factory's overall performance on workers' representation and participation from workers' survey. Each factor is measured on a scale of one to five. A score below three indicates insufficiency and a score above four represents a very good performance.

The figure shows that the overall results look fairly good, with three of six assessed factors scoring a four (4) or above, and another two scores very close to four. The figure implies that the factory has set up policy and procedure for better implementation of workers' representation structure. Also most of the workers have realized the importance of worker representation structure.

The score for Awareness is the highest (4.7) among all assessed factors. In other words, the majority of surveyed workers recognize the benefits and importance of workers' representation structure. This indicates good communication and dialogue between workers and the workers' representation structure at factory. On the other end, **Training received the lowest score at (2.7), implying insufficiency in this area.** Given the fact that nearly half (40%) of the surveyed workers did not receive any training on this area, the high level of awareness displayed here is more likely an outcome of the dynamic communication system between workers and workers' representation structure at factory and/or an outcome of the external socio-activities.

The score for Working Climate represented good performance (at 4.0). Findings from the survey show that majority of the surveyed workers dared to speak to the manager and felt proud of their working place. But still one third (30.3%) of the surveyed worker got nervous when managers walked through to observe them at their job. To keep a sustainable good working environment management needs to take effective steps to remove the feeling of insecurity as soon as possible.

Scores for Implementation and Documentation and Communication are slightly lower, both at 3.8. A closer look at the workers' feedback regarding the implementation of workers' representation and participation points to area for improvement: some (15.0%) of surveyed workers fear for negative consequences of joining in worker representation structures. On Documentation and Communication, about a quarter of respondents had never seen any update or written information on the outcome or achievement of the worker representation structures, neither had they received written information on decisions made between management and the worker representation structures. Having transparent and systematic documentation in place contributes to efficient implementation; furthermore, sharing information with workers on a regular basis shows tangible results and achievements of workers' representation structure to workers.

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:

- Awareness, Working Climate and Implementation are positively correlated with Training.³ In other words, workers who were more satisfied with training they received on workers' representation showed a higher level of awareness of the important role of the workers' representation structure in problem solving, were more satisfied with the working environment and demonstrated a better grasp of the structures and activities of the workers' representation structures.
- Policy/procedure, Documentation and Communication, and Awareness are positively correlated with implementation of workers participation in factory's daily operation.⁴ In other words, workers who knew more about the policy and procedures regarding workers participation, those who felt better informed about activities and achievement of worker representation structure and those who identified with the rationale behind promoting workers' participation, also displayed that they were more aware of the structures and activities of the workers' representation structures than others.
- Awareness is positively correlated with Working Climate.⁵ Workers who demonstrated a higher level of awareness of the positive role of workers' participation also felt more integrated into the factory. i.e., they were proud of the working place and the quality of the factory's products.

III. Findings from Focus Group Discussions and Document Review

Focus Group Discussions

Two focus groups sought to gather qualitative information on the workers' representation structure and participation. One group consisted of four staff from middle management and another one comprised of same number of workers' representation structure members. Middle management included a Finishing Inspector, Accounts Manager, Cutting Supervisor and a Nurse from medical center of factory. The other group consisted of four members of the Worker Welfare Committee's (WWC).

Middle Management: According to middle management, the factory has a sound working environment, along with an active worker representation structure. The Compliance Manager communicates with workers about their work schedule, sharing positive and negative feedback with management (to General Manager as well). Also it is mentioned that the relationship and communication between workers and middle management improved after participated in the training activities under the PREPARE project. The training

³ Correlation coefficient between Awareness and Training is .257 (statistically significant at the 0.05 level); correlation coefficient between Working Climate and training is .319 (statistically significant at 0.01 level); correlation coefficient between Implementation and training is .307 (statistically significant at 0.01 level).

⁴ Correlation coefficient between Policy/Procedure and implementation is .579 (statistically significant at 0.01 level); correlation coefficient between Documentation and Communication and Implementation is .418 (statistically significant at 0.01 level); correlation coefficient between Awareness and Implementation is .381 (statistically significant at 0.01 level).

⁵ Correlation coefficient between awareness and working climate is .327 (statistically significant at 0.01 level).

had different impact and outcomes such as, workers felt more confident to come to the compliance manager or their direct supervisors to bring forward their issues or problems, the number of suggestions/complaints submitted to the suggestion box has increased and workplace cleanliness has improved. Meanwhile, managers also felt that problems are being solved more efficiently, communication between staff becomes more easily and workers have become more aware of their rights. However, it was mentioned that as the Managing Director (MD) hardly invited middle management and workers in the decision-making process on issues concerning betterment of operational arrangement at factory, this created a substantial barrier to implement the dialogue between management and workers in the factory. Due to the language barrier (the MD is not Bangladeshi), communication between the MD and workers is difficult. Managers who had participated in training under PREAPRE recommended that similar training should be reached out to all staff and workers along with the top management. **Factory is advised to invest resources in developing its own training program to share the positive experiences and outcomes gained through PREPARE project with more workers and staff.**

Worker Welfare Committee's (WWC) members⁶: Workers felt that the work environment improved after the training activities of the PREPARE project commenced. After receiving PREPARE training, workers felt more confident to come to the compliance manager or direct supervisors to raise their issues or problems. Training had different outcome including that salary and food allowance was increased, and the level of worker integration and relationship between middle management and workers have improved. Apart from that workers gained a good understanding of the benefits of worker representation structure, health and safety measures as well as communication skills. It was mentioned that there is a suggestion box at factory and it is opened fortnightly. However, workers never received responses to complaints submitted in the complain box. Furthermore, the group pointed out that if the suggestion box would be functional, problems in relation to the factory's daily operation would be more easily and effectively solved. The communication barrier between the top management (the MD) and workers (the WWC) was also brought up by workers. **The experience of the factory highlights the importance of support from the executive management to ensure a successful and effective dialogue between factory management and worker representation structures.**

Document review

The factory provided a copy of written policy for the Worker Welfare Committee (WWC) and a hand book. The policy clearly stated the objectives of the committee, the committee formulation process, who can be a member of the committee, and procedures and actions. However, it did not define how members would be elected. Such ambiguity in policy is echoed in the survey findings that workers were not clear about how to join the worker representation structure. 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. There was no clear statement with regard to documentation and dissemination of meeting decisions. **Management is advised to define clearly on the voting system, allocate resources for a well functioning worker representation structure, and ensure documentation and dissemination of meeting decisions in the written policy and procedure. Also the constitution of Workers Welfare Committee should be incorporated in the handbook of the factory.**

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 representative from the WWC were asked to fill in the PTCs respectively on a monthly basis. However, managers only submitted two month of PTCs, namely November and December in 2009; workers submitted three PTCs from December 2009 to February 2010. It is noted that when asked to list the existing worker representation structures in the factory, workers' representative recorded the 'Worker Welfare Committee', 'First Aid Team', 'Fire Fighting Team' and 'Rescue Team'. As management did not fill up the KPIs, we cannot compare the answers from

⁶ All the participated members at group discussion received training under PREPARE project.

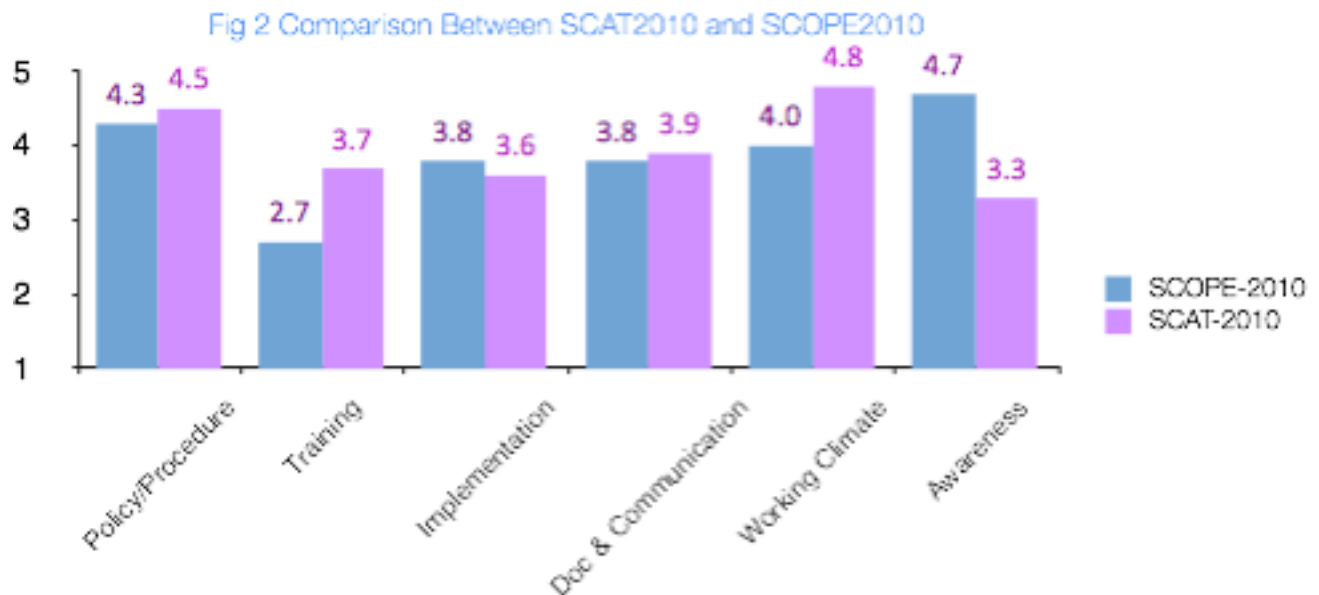
workers to those from management. Factory management should be aware that all the existing workers' representation structures should be recognized by both management and workers, as this is fundamental for such structures to function effectively when representing workers in dealings with management.

Progress Tracking Chart also contains another sheet to capture information on the capacity building activities undertaken in the factory. In this sheet, both workers and management listed many administrative and quality-of-life issues that were solved by the worker representative structure. Another issue was recorded that mid level management can not make any decisions because all decisions are made by the top management; and there is a substantial communication gap between workers' representation structure and the top management. It is noted that 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. Especially, given the language barrier between staff and the top management, factory staff is encouraged to be more creative in improving communication and documentation.

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

Comparing the Management Self-Assessment 2010 (SCAT 2010) and Workers' Survey 2010 (SCOPE 2010) further illustrates Factory C'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 each factor higher than the workers overall, with the exception of Implementation and Awareness, especially in Awareness where**

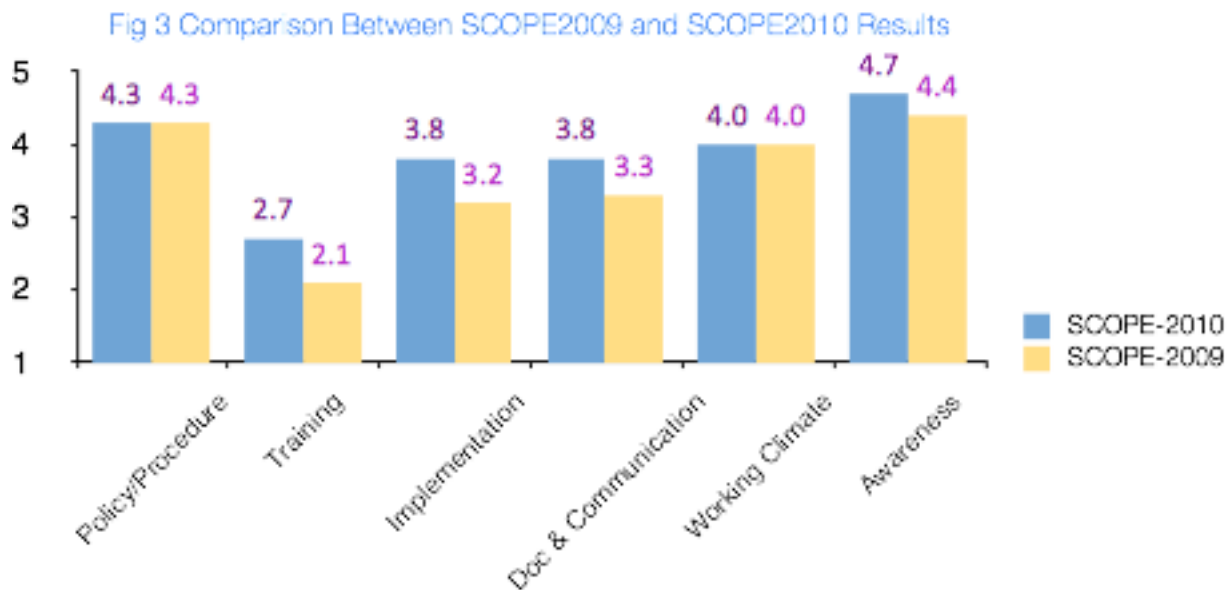


management's evaluation was much lower than that of workers.

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 (3.3). **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 shown in the graph, the impact assessment score of each factor has increased to some extent from the baseline assessment except in ‘Policy and Procedure’ and ‘Working Climate’ where it remained



stable. The highest changes are seen in Implementation from 3.2 to 3.8 and in Documentation/Communication from 3.3 to 3.8. Such findings indicate that communication between the workers and (middle) management improved at factory. The score of Training increased from 2.1 to 2.7. Although a certain level of progress was seen in Training area, SCOPE 2010 implied insufficiency and further room for improvement. To maintain a strong record for all factors measured, management should increase the number of trainings and increase the level of worker integration into factory politics and communication at factory.

VI. Summary and Recommendations

This report presented the findings from Factory C’s impact assessment on workers’ representation and participation, drawing results and observation from management self-assessment, workers survey, focus group discussions and documentation review. Below is our conclusion of key findings and recommendations:

- In comparison to 2009, progress has been seen in different areas to some extent. It is observed that majority of the surveyed workers knew about the workers' representation structures. There are some weakness seen in the existing policy and procedure, such as the voting system, facility and security of the members of WWC as well as dissemination of meeting minutes not mentioned in the policy.

Recommendation: It is necessary to enhance workers' knowledge on the operation of the workers' representation structure. The policy ought to be included voting system security and facilities of the WWC members and a declaration regarding propagation of the meeting minute.

- According to the survey findings, training has yet to reach to the entire workforce and the training content and method were not effective to workers.

Recommendation: Management should arrange training/orientation for new workers and refresher training for all workers. Meanwhile, make training material available to all those who receive training and improve the quality of training by making the training content easy to understand and applying interactive training methods.

- 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 working environment at factory. To make continuous progress in worker integration, factory should maintain its strength while make efforts to address the weak areas. There is room for improvement in implementation. More efforts are needed to address the communication gap between workers and the top management.

Recommendation: A suggestion/complaint box is available fortnightly. If a complaint from a worker simmers for 15 days, it may become a larger problem than if it had been immediately addressed. The factory should make the complaint box available once a week and update the Policy for the complaint box accordingly. The executive management is advised to get familiar with the concept and subjects of the dialogue program and invest resources to remove the language barrier in communication with workers.

- Despite the progress achieved in Documentation and Communication, it is a relatively weak area. A considerable proportion of the surveyed workers did not receive updates and written information on the outcomes and achievement of the worker representative structures.

Recommendation: Management is recommended to review and improve documentation of issues relevant to worker integration, as sound documentation is an integrated element to a well functioning procedure.

- 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 the importance of workers' integration, it is not possible to implement and sustain a compliance system at factory.