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**ETHICAL TRADING INITIATIVE IMPACT
ASSESSMENT : INDIA WORKSHOP**

**COMPANY CODES AND LABOUR PRACTICE IN
INDIAN GARMENTS**

**INSTITUTE OF SOCIAL STUDIES TRUST
23, NOVEMBER, 2004
NEW DELHI**

Ethical Trading Initiative Impact Assessment: India Workshop

WORKSHOP PROGRAMME (India)

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|---------------|---|
| 10.30 – 11.00 | Registration, coffee and tea |
| 11.00 – 11.20 | Brief Introduction to Ethical Trading Initiative Impact Assessment Project |
| 11.00 – 12.00 | Preliminary findings of impact of ETI company codes of labour practice in Indian Garments |
| 12.00 – 1.00 | Discussion and recommendations for learning and improvement |
| 1.00 – 2.00 | Lunch |

Company Codes and Labour Practice in Indian Garments

WORKSHOP PROGRAMME (India)

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|-------------|--|
| 1.00 – 2.00 | Lunch and Registration |
| 2.00 – 3.20 | Introduction to Ethical Trading Initiative Impact Assessment Project: General: IDS Team Skill Development and Post-Training: experiences in garment sector in Delhi: ISST |
| 3.20-3.40 | Tea/Coffee |
| 3.40- 4.30 | Improving the implementation and impact of ETI company codes of labour practice |
| 16.30 | Close |

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Experiences of garment sector women workers in Delhi

Institute of Social Studies Trust
23 November, 2004
New Delhi



Contents

- Brief Profile of Workers
 - Brief introduction to Gandhinagar – garment production units for the domestic market
 - Trained workers for export production – ILO study
 - Case Study
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Profile of workers

- For women residing in slums home based work is one of the major sources of income.
- These women are approximately 20-35 years of age (East Delhi slums, ISST 2003-04)
- 67.77 per cent of women in slums have had no education (Survey data, ISST 2002).
- Primarily construction labour households.
- These have now diversified into other areas.
- Other than garments, domestic help and sap sorting are the other sources of employment for women.

Brief Background to the field work and ILO study

- The findings are based on ISST's field experiences from factories in Gandhinagar, Delhi.
- A study ISST conducted on behalf of **ILO-SRO New Delhi**
- The purpose of the study was to review the skill training 'Decent Employment for Women in India' Programme.
- **Objective of the ILO Programme:**
Promotion of productive and remunerative employment as key strategy to overcome women's poverty, social exclusion and low bargaining power. Decent job opportunities for women enhance equality of opportunities and treatment between men and women at work in the informal sector of the economy.

Gandhi Nagar: Garments for the domestic market

- One of the biggest markets in Asia.
- Credit for production and sale in domestic markets is easily available.
- Caters to garment demands all over India.
- Also a source for countries like Dubai, Malaysia, Nepal, and Thailand .(Approximately 25 % of the total produce)
- As a worker there is no way of determining whether the product is for sale in domestic or international markets.
- Workers found to shift from factory to home based work and back.

The Gandhinagar field experience

- Worker or the work environment is not as important as finishing the order.
- The factories primarily cater to domestic demands for clothes.
- Shift to mechanisation of many skills such as embroidery and knitwear production – excluding women.
- Demand for overtime growing.
- Women not the first or obvious choice- for factory work.

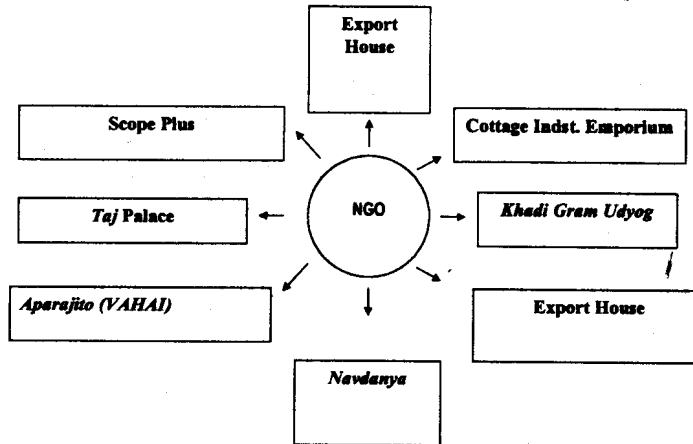
Decent employment for Women in India

- The programme is an ILO funded project to help poor women living in selected slum clusters in Delhi and Bangalore to acquire the skill and capacity to attain decent employment.
- On the project there are a total of 11 partner NGO's – 6 in Delhi and 5 in Bangalore.
- The programme brought a number of traditional and non-traditional skills within reach of poor women.
- The most popular were hand embroidery & garment construction and beauty culture training in Delhi.

NGO involvement

- Providing space and trainers for the skill training programme.
- Providing a number of support services such as crèche for children, health care, awareness on workplace and workers rights and legal aid.
- Some managed to organise women around micro-credit and SHG's.
- Few Ngos managed to provide more or less regular work to women after training.
- Other than that the workers were unable to organise themselves to address issues related to their rights as workers.

Formation of Business Links by NGOs



The Skill Training Programme

- The project was successful in boosting the morale of several women who had not had such an opportunity in the past.
- The project was successful in helping Ngos build business links with export houses and factories and production units to generate employment in the post training period.

Main Findings from the ILO study

- Discrimination at work place – in hiring, compensation, and gender.
 - Export houses terminated employment after 6-7 months work.
 - Employment benefits were absent in most export house jobs.
 - As a result large number of trainees preferred home-working arrangements.
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Findings

- Many women trained for **six months** in hand embroidery & garment construction skills.
 - Large number of women trainees were eager to either join **garment export houses** or keen on **home-working arrangements**.
 - They found employment as thread cutters or **assisting (male) master trainers** in their work places.
 - Based on experiences of **only assisting master tailors** or **cutting thread** women were very keen on home-working arrangements.
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Findings

- Women working in export houses found work mainly as cloth checkers.
 - Women working at export houses were unavailable for interviews.
 - One day holiday results in **cut in salary** for that day.
 - Women found work for only six months in export houses.
 - Six months later they were asked to submit their contact details and **leave** their job.
 - Not all women who are employed at export houses could avail of bonus and other employment benefits.
-

Case Study

Savita lives in an urban village on the periphery of Delhi. She found work with an **export house** on completion of her six month skill training in stitching. The work hours were good and she even received a bonus and all employment benefits.

Having worked for **7 months**, she was asked to **leave** and wait till the export house contacted her about a new opening.

Given her family circumstances she was compelled to look for a new job. She found one in another export house. This one expected her to work **12 hours a day** as an **assistant** to a master tailor and got **no** bonus or other employment benefits.

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Ethical Trading Initiative - Base Code

(www.ethicaltrading.org)

Underpinning all our work is the **ETI Base Code** and the accompanying **Principles of Implementation**, both of which were negotiated and agreed by the founding trade union, NGO and corporate members of ETI. The Base Code contains nine clauses which reflect the most relevant international standards with respect to labour practices ([ILO Conventions](#)). The Principles of Implementation set out general principles governing the implementation of the Base Code.

The Base Code and Principles of Implementation have two related functions:

1. They provide a basic philosophy or platform from which ETI identifies and develops good practice
2. They provide a generic **standard** for company performance. We believe that the labour standards incorporated in the Base Code constitute a minimum requirement for any corporate code of labour practice. When they join ETI, our corporate members commit to implementing our Base Code in their supply chains and reporting annually on their progress in doing so.

Ethical Trading Initiative

1. EMPLOYMENT IS FREELY CHOSEN

- 1.1 There is no forced, bonded or involuntary prison labour.
- 1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

3. WORKING CONDITIONS ARE SAFE AND HYGIENIC

- 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

4. CHILD LABOUR SHALL NOT BE USED

- 4.1 There shall be no new recruitment of child labour.
- 4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labour" being defined in the appendices.
- 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- 4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

5. LIVING WAGES ARE PAID

- 5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time

that they are paid.

- 5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

6. WORKING HOURS ARE NOT EXCESSIVE

- 6.1 Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.
- 6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

7. NO DISCRIMINATION IS PRACTISED

- 7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

8. REGULAR EMPLOYMENT IS PROVIDED

- 8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- 8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

9. NO HARSH OR INHUMANE TREATMENT IS ALLOWED

- 9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

The provisions of this code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying this code are expected to comply with national and other applicable

law and, where the provisions of law and this Base Code address the same subject, to apply that provision which affords the greater protection.

The Base Code Principles of Implementation

ETI has developed a code of labour practice - the 'Base Code' - reflecting the most relevant international standards with respect to labour practices which will be used as the basis of its work.

ETI member companies are expected to adopt this Base Code, or to adopt their own code so long as it incorporates the Base Code. The Base Code which is accompanied by a set of general principles concerning implementation, provides a foundation for ETI's philosophy of learning.

Principles of Implementation:

The purpose of ETI is to identify, develop and promote good practice with respect to implementing codes of labour practice.

Critical areas include monitoring and verification, and transparency and disclosure, to determine and communicate whether standards embodied in the code are being achieved. ETI members accept the following as general principles upon which to develop or refine their search for best practice.

1. Commitment

- 1.1 The company gives its membership of ETI, the code and its implementation process an informed and explicit endorsement.
- 1.2 This commitment is communicated throughout the company and to its suppliers and sub-contractors (including closely associated self-employed staff).
- 1.3 A member of senior management is assigned responsibility for the implementation of compliance with the code.
- 1.4 The code and the implementation process is integrated into the core business relationships and culture.
- 1.5 The company will ensure that human and financial resources are made available to enable it to meet its stated commitments.

2. Monitoring, independent verification, and reporting

- 2.1 Member companies accept the principle that the implementation of codes will be assessed through monitoring and independent verification; and that performance

with regard to monitoring practice and implementation of codes will be reported annually.

- 2.2 Companies will engage with other members in the design, Implementation and analysis of pilot schemes to identify good practice in monitoring and independent verification and share this experience with other members.
- 2.3 Company members will draw on this experience in establishing where relevant with other ETI members' work plans to implement programmes of monitoring, independent verification, and reporting, and will report progress against these programmes to and through the ETI in a format and timing to be agreed.
- 2.4 Workers covered by the code shall be provided with a confidential means to report failure to observe the code and shall be otherwise protected in this respect.

3. Awareness raising and training

- 3.1 All relevant personnel are provided appropriate training and guidelines that will enable them to apply the code in their work.
- 3.2 Suppliers are made aware of the code, and the company's commitment to sourcing from suppliers who observe the standards in the code.
- 3.3 Workers whose work is covered by the code are, where possible, made aware of the code and implementation principles or procedures.

4. Corrective actions

- 4.1 Member companies commit themselves, on the basis of knowledge gained from monitoring to; (a) negotiate and implement agreed schedules for corrective actions with suppliers failing to observe the terms of the code, i.e. a continuous improvement approach; (b) require the immediate cessation of serious breaches of the code, and; (c) where serious breaches of the code persist, to terminate any business relationship with the supplier concerned.

5. Management procedures, pricing and incentives

- 5.1 Negotiations with suppliers shall take into account the costs of observing the code.
- 5.2 Understanding and implementation of company policy with respect to its code of labour practice shall constitute a positive performance measure when assessing appropriate personnel.

Appendix A: Relevant International Standards

With respect to human rights the most comprehensive standard is the United Nations Universal Declaration of Human Rights. The most comprehensive and universally applicable standard directly addressing the responsibilities of business operating internationally is the International Labour Organisation's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

Another comprehensive standard addressing the responsibilities of business operating internationally, and one that is applicable to all businesses operating internationally in or from the United Kingdom, is the Guidelines for Multinational Enterprises developed by the Organisation for Economic Co-operation and Development (OECD). Another relevant standard ratified by almost every member state in the United Nations is the United Nations Convention on the Rights of the Child.

Responsibility for setting international labour standards is given by the international community to the International Labour Organisation (ILO) which was established for this purpose. The tripartite structure of the ILO, involving both employers' and workers' representatives as well as governments, together with the technical expertise of this organisation in all matters relating to the world of work, make the ILO the authoritative and legitimate source of international labour standards.

ILO standards are set in Conventions, having the force of international law and binding for states that have ratified them and in Recommendations which provide additional guidance to governments. ILO member states must provide regular reports on the application of ratified Conventions to the ILO. The findings of ILO supervisory bodies form ILO jurisprudence.

With the adoption in June 1998 of the ILO Declaration on Fundamental Principles and Rights at Work, all 174 ILO member states have an obligation, regardless of ratification, to respect, promote and realise the principles contained in the core ILO Conventions.

These core Conventions and their accompanying Recommendations comprise:

- ILO Conventions 29 and 105 & Recommendation 35 (Forced and Bonded Labour)
- ILO Convention 87 (Freedom of Association)
- ILO Convention 98 (Right to Organise and Collective Bargaining)
- ILO Conventions 100 and 111 & Recommendations 90 and 111 (Equal Remuneration for male and female workers for work of equal value; Discrimination in employment and occupation)
- ILO Convention 138 & Recommendation 146 (Minimum Age).
- ILO Convention 182 & Recommendation 190 (Worst forms of Child Labour)
- ILO Convention 81 (Labour Inspection)
- ILO Convention 122 (Employment Policy).

Although not core ILO conventions, other ILO standards especially relevant to the work of ETI include:

- ILO Convention 135 & Recommendation 143 (Workers' Representatives Convention)
- ILO Convention 155 & Recommendation 164 (Occupational Safety & Health)
- ILO Convention 159 & Recommendation 168 (Vocation Rehabilitation & Employment/Disabled Persons)
- ILO Convention 177 & Recommendation 184 (Home Work).
- ILO Convention 190 & Recommendations (Safety and Health in Agriculture)
- ILO Convention 154 (Collective Bargaining)
- ILO Convention 131 (Minimum Wage Fixing)
- ILO Convention 175 (Part time work)
- ILO Convention 183 (Maternity Protection).

Appendix B: Definitions

Child: Any person less than 15 years of age unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply. If however, local minimum age law is set at 14 years of age in accordance with developing country exceptions under ILO Convention No. 138, the lower will apply.

Young person: Any worker over the age of a child as defined above and under the age of 18.

Child labour: Any work by a child or young person younger than the age(s) specified in the above definitions, which does not comply with the provisions of the relevant ILO standards, and any work that is likely to be hazardous or to interfere with the child's or young person's education, or to be harmful to the child's or young person's health or physical, mental, spiritual, moral or social development.

ETI Research Projects

ETI Impact Assessment

| | |
|-------------------------------|---|
| Issue: | <i>Assessing and improving the impact of corporate members' implementation of the ETI Base Code</i> |
| Industry/sector focus: | <i>Garments and food</i> |
| Country focus: | <i>Global but with in-depth case studies in 4 countries (to be decided)</i> |
| Start date: | <i>August 2003</i> |
| Project status: | <i>Current</i> |

Introduction to project

Corporate codes of labour practice came about as a means of getting companies to take responsibility for labour conditions in their supply chains and as a way of reassuring consumers. Yet a code may do both these things while making little difference to the lives of workers and their families. Making real improvements to workers' lives will only come about if good policies and intentions are followed through with well-informed and appropriate actions.

When companies decide to join ETI, they make a commitment to implementing the ETI Base Code in their supply chains and to investing necessary resources to do so effectively. Our trade union and NGO members support this process by providing guidance and support in identifying how best to implement the code. Five years on, we feel it is time to take stock and find out whether and how member companies' efforts in implementing the code are making a difference to workers, and identify ways of improving impact. This two-year project has been set up to address these issues in a systematic way.

Project purpose and objectives

This project has two related purposes:

Primary purpose: to find out what impact implementation of the ETI Base Code is having on the lives of workers in the supply chains of member companies, and to identify how the impact on these workers can be improved.

Secondary purpose: to find out whether implementation of the Base Code is having positive or negative impacts on other individuals or groups, eg, workers' families, local communities, and wider society, and to identify how any negative impacts can be minimised and positive impacts improved.

The specific **objectives** of the project are to:

1. Establish the impact of implementing the ETI Base Code on the lives of workers, and the indirect impacts on workers' families, communities and wider society
2. Identify how the impact of implementing the Base Code can be improved
3. Develop a strategy and tools for on-going monitoring and assessment of impact
4. Share learning gained from the study with those involved in implementing ethical sourcing.

Who will carry out the research?

We have contracted the Institute of Development Studies (IDS) at the University of Sussex, an independent research organisation, to conduct the study. The five-strong team at IDS have extensive experience of carrying out research and advisory work on labour issues and codes of practice in both the garment and food sectors in Asia, Africa and Latin America.

Project plan

The project is divided into three phases:

- **Phase 1**, to be completed in January 2004, will synthesise members' perspectives on where codes have had an impact and where difficulties remain, and produce a working model characterising the different types of management approaches used by companies for code implementation.
- **Phase 2**, to be completed in December 2004, will look in detail at the impact of code implementation at a cross-section of supplier sites in four countries, in both the food and garment sectors. This will involve intensive fieldwork with workers, suppliers and other local stakeholders in these countries, and will explore possible negative as well as positive impacts.
- **Phase 3**, to be completed in September 2005, will bring together findings from Phases 1 and 2, and produce some conclusions on the nature and level of impact of code implementation, and guidance on how to monitor and improve impact in the future.

Progress and preliminary findings will be shared with members and key external audiences throughout the three phases of the project.

Key achievements:

The project is only in its early stages, and we have not yet started carrying out "field work" in supplying countries. Nevertheless, during Phase 1 we have made significant progress with the following:

- Raised awareness, understanding and interest in the project across the membership. We believe this is critical to ensuring that findings from the impact assessment will be taken up by members.

- Developed a draft framework for understanding and analysing different approaches taken by companies to implementing the ETI Base Code. Amongst other things, this has provided us with a simple, visual way of describing/presenting the different ways that companies are implementing the Base Code.
- Developed a framework and criteria for selecting locations for in-depth work during Phase 2, and narrowed down possible locations and sectors for our case studies.
- Broadened our understanding of the scale and scope of companies' code implementation activities, through a questionnaire survey.
- Collated members' perceptions of key successes and challenges in code implementation, based on experience to date.

Key challenges:

There is no doubt that this is an ambitious and challenging project. The challenges are both technical and political. *Politically*, the project faces the challenge of balancing and managing quite different expectations from both within and beyond the membership. *Technically*, we are tasked with generating good quality, reliable findings in the context of a combined supply base spanning tens of countries and thousands of supplier sites, and where many different factors other than code implementation can have an influence on changes in labour practices.

Which ETI members are involved?

The following organisations sit on the Impact Assessment Steering Group:

Companies: Chiquita International Brands, Debenhams Retail Ltd, Levi Strauss & Co, Madison Hosiery, Next plc, Premier Foods, The Body Shop International

Trade union organisations: Trades Union Congress (TUC)

Non-governmental organisations (NGOs): Africa Now, Central America Women's Network (CAWN), Traidcraft Exchange