

Capacity building in supply chains: NGO Perspectives

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Why Oxfam is involved in supply chain and labour issues:

- 1.4 billion people at work but still live below the US\$ 2 a day poverty line
- Employment conditions and rights of workers are key issues for global poverty reduction
- Business/private sector could be a significant force in poverty alleviation and providing people with the necessary elements to attain their right to a sustainable livelihood



Role of Oxfam – critical and constructive engagement with business

- **To encourage business to work in ways which enable people to realize their rights**
- **Challenge actions that threaten the well-being of poor and vulnerable communities**
- **Enlarge multi-stakeholder collaborations with NGO partners, trade unions, student and youth groups, progressive businesses etc. for positive change**



買
要公平
工人權利倡議運動

MAKE
TRADE
FAIR

保障工人權利 企業責無旁貸
Make Companies Responsible for Workers' Rights



每天工時
Hour Shift



時薪2元
HK\$2/hour



無勞工保障
No Protection

100% 不公平
Unfair

貧窮國家製造
香港出口

Made in poor countries
Exported by Hong Kong

反轉 件衫睇清楚

Let's turn the garment
industry inside out!



Make Trade Fair – Labour Campaign

- Objective: Draw attention to how unfair global trade practices impact the livelihoods and rights of workers
- Released the report “Let’s turn the garment industry inside out” exploring workers’ conditions and purchasing practices in garment production and trade
- Focused on the garment industry - one of the earliest industries to globalize its supply chain, majority are women workers
- Illustrated how market power enabled big companies to demand that their suppliers cut prices, shorten delivery times, and adjust rapidly to fluctuating orders.

The Crux of the Problem...

Purchasing practices

Pressure on Time

- Fashion seasons have increased from 2-4 to 6-8 seasons /year
- Production lead times have fallen from 3 months to 2 months or less in the last 3 years

■ **Pressure to undercut (race to the bottom)**

- Prices fallen 30% in the last 3 year (labour costs are only 2% of retail price)
- 20% of orders do not bring factories any profits at all

Transmitted down the supply chain to workers

- Overtime (basic working hours: 168 hours per month , OT 150 hours , no holidays)
- 30% workers below minimum wage



Brands should review purchasing practices

- Integrate “labour standards” commitment into sourcing and purchasing practices
- Set adequate delivery times and review company’s procedure for placing orders
- Ensure that price negotiations do not undermine the feasibility of the supplier complying with labour standards
- Promote workers’ empowerment- to ensure that better sourcing practices result in better conditions for workers
- Adopt a clear commitment, at the highest level of corporate management, to respect international labour standards throughout the supply chain



How can brand do more?

- Codes of Conduct are there
- Audit systems are there

BUT

Do these ensure labour rights?

(faking, coaching, bribing, lack of information)

BECAUSE

Lack of motivation to enforce

Lack of effective participation of workers



From Auditing to Capacity Building of Workers

- Auditing by itself (often) fails and does not address the roots of the problem
- Workers must have a voice: from a top-down to a bottom-up approach
- Workers are the most important stakeholders
- One key lesson learnt for the success of any monitoring mechanism is to put workers at the center stage

Sustainable ways to improve labour standards:

Building capacity of workers

- Only if workers are encouraged and supported to take an active role in the whole process
- Only if workers have a good understanding of codes and the rights they aim to uphold
- Believe workers have the Right to Know & the Right to Participate; important to build up workers' confidence in speaking out their needs
- Only if effective systems are put in place at the factory level to monitor, with workers as key players



Invest in educating workers: brand companies should do more

- Work extensively with third party independent organizations to implement workers' training initiatives
- Provide sufficient basic information for workers on code of conduct, occupational health and safety, labour law, women's rights etc.
- Build channels for workers to participate, monitor and air grievances, through, for instance, help-line pilot projects
- Share the costs of CSR



Future collaboration or partnership

- NGO partners are willing to engage and collaborate in such types of capacity building programs for workers
- Piecemeal, pilot projects are not extensive enough, brands must expand these programs
- NGOs have capacity to expand the programs, with relevant input from companies to cover the cost
- For example: one partner has a record of training 30,000 to 40,000 workers per year; at maximum capacity, one trainer could cover 50,000 to 100,000 workers per year
- For bigger impact: encourage companies to open up the whole supply chain for worker training



Thank You!

For more information, please visit:

www.maketradefair.org.hk

www.oxfam.org.hk