

# Worker Well-Being: Moving Beyond the Audit

By RICHARD BRUBAKER

Supply chains are the backbone of our global economy; they deliver the goods and services we use around the world, spanning geographic, industry and cultural boundaries. As these interconnected webs of supply and demand become more complex, how they are managed has major implications for the well-being of the workers that produce those goods, as well as society and the environment at large.

Consumers now hold manufacturers, brands and other stakeholders accountable more than ever for their impact on society and the environment. This accountability causes businesses to risk losing their social license to operate due to single case of labor abuse. Therefore, managing risk and transparency in supply chains has become critical to business' legitimacy and success. But further than this, emerging trends suggest that tangible and lasting improvements in working conditions and investment in workers not only mitigates risks, but also contributes to driving business success.

## Beyond the Business Case

Rather than focusing on the business case for the benefits of worker well-being such as increased productivity, reduced turnover, and a more stable workforce, we instead look at the benefits of worker well-being from the perspective of factory management. Engagement from factory management, particularly the HR team, can make or break programs, as these are the people who will be responsible making such initiatives happen on the ground.

While worker well-being initiatives are by no means new to the manufacturing industry, in recent years there has been a shift towards such programs that are shaping industry standards and moving beyond audits for compliance that address issues relating to labor standards, like working conditions and wages, and more towards investing in the well-being of workers.

Such initiatives including female worker empowerment, career development, parent worker training, on-site summer programs for migrant parents and community-focused programs. Some of these programs extend beyond the factory walls to supporting elderly parents and children of workers.

This shift is lifting industry standards from something that used to be a voluntary CSR project to one that is more towards mandatory actions. There is a move from compliance-driven models in which companies periodically police supplier factories to see if they are complying with minimal standards, towards a more holistic business model which acknowledges that investing in happy workers make for a better workplace and higher business performance.

One recent example of this shift can be seen in the Social & Labor Convergence Project (SLCP), a project that aims to develop a framework for social and labor compliance in the apparel and footwear supply chains. This project moves the industry away from excessive audits and towards more sustainable social and labor improvements, and is expected to accelerate positive impact in the supply chain by allowing stakeholders to identify opportunities for improvement and track progress.

Additionally, as highlighted by our recent research in Southern China, supporting families whose children have been left behind, is a great opportunity to not only relieve the pressures for factory workers, but to also build culture on site. However, be it for space limitations or the inability to place these children in local schools, we have seen best in class manufacturers invest in 8-12 week on-site summer camp programs.

Run with the support of external non-profit organizations like CSR CCR, or through private companies, these programs can provide a safe and affordable alternative for families to spend more time together.

## Challenges and Opportunities

From our work, and insights gained through interviews with brands, factory management, and workers, five key areas of challenge and opportunity for brands engaging in worker well-being have been identified:

- Alignment to existing worker well-being projects
- Factory buy-in and brand senior leadership buy-in
- Reach to subcontracted factories and tier two suppliers further along the supply chain
- Programs embedded into the company's strategy so that efforts generate true value
- Measuring impact in terms of scope and reach and carrying out continuous, long-term improvements

As more companies and brands position themselves as leaders in the area of worker well-being in supply chain evolution, there is much more work to be done.

## Keys to Success

To overcome the challenges that are embedded in management practices, we find there are five keys to developing (and delivering) a successful program

1. **Long-term vision** – Regardless of how the specific vendor relationships are structured, and how much flexibility that structure allows for, a long-term vision for how the program will be delivered across the supply chain must be at the core.
2. **Local approach** – While global standards are vital to help set the overall direction, ensuring that these programs are aligned with local needs is vital to the short- and long-term success of the program. Without it, firms may find resistance within their local teams and vendors, or worse, may find at the end of the year that the results fell short of expectations.
3. **Vendor engagement** – Engaging vendors, particularly those who are already participating in multiple programs, can be difficult, but it is essential. Starting small, with only a few key vendors, and then building a business cases around the success of those programs, will help provide an incentive to others along the way.
4. **Partnerships** – Organic growth at the speed and scale required is a difficult proposition, which is where the partnerships with other brands, government agencies, and industry associations can help amplify the impact across the industry.
5. **Monitoring & Evaluation** – Measuring the impact, on the factory floor as well as at the factory level, is vital to the long-term success of the program and the ability of the program to grow and iterate as needed.

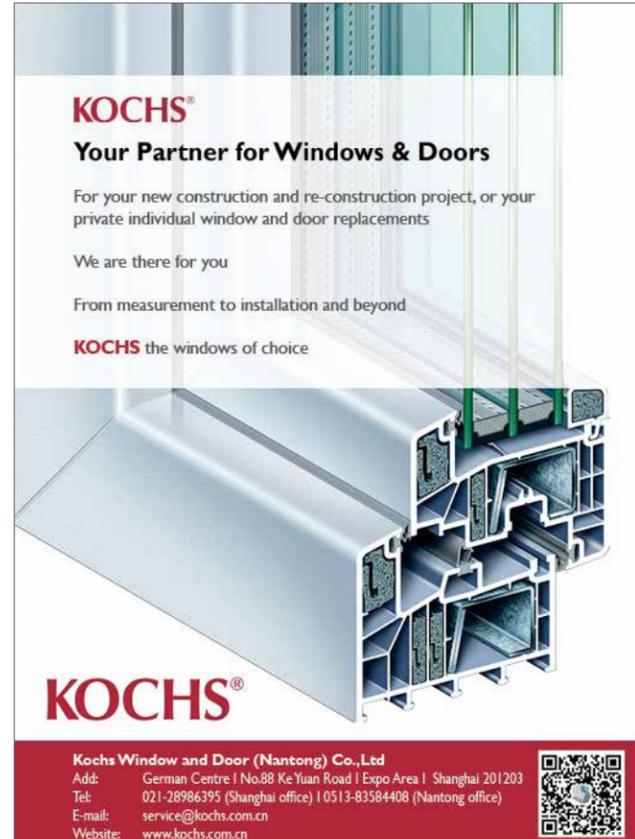
## Moving Forward

While impressive steps in worker well-being are underway, there is still very much a need to ensure compliance beyond first-tier suppliers via traditional auditing. Workers in factories across the globe still face threats to their health and safety, and labor abuses still take place.

From consumer pressure driving brands to do more than pay lip-service to the global socio-environmental impact of their supply chains, worker well-being will play an increased role in the overall supply chain strategy.

Supply chain strategy is no longer about mitigating risks, but about an operational change in the way in which companies gain and maintain competitive advantage in profit, society, and the environment.

Driven by the belief that change begins with a single step, **Richard Brubaker** has spent the last 15 years in Asia working to engage, inspire and equip those around him to take their first step towards sustainability. Currently, as Founder of Collective Responsibility and Executive Volunteer of HandsOn, Rich focuses on building platforms that promote long-term organizational capacity to address the economic, environmental and social hurdles that are faced in Asia as the region's economic growth accelerates. He can be reached under rich@coresponsibility.com.



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E-mail: service@kochs.com.cn  
Website: www.kochs.com.cn

