

BSCI Footprint n°2

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BSCI celebrates its 10 year anniversary in 2013

Illustrating its commitment towards improving working conditions in factories and farms worldwide



Employee forum at Gold Emperor.

In their words

« Through employees' consultations, the company and its workers reached agreements on various employment terms, including insurance and welfare but also working hours and wages, », Mr Abel Hu, Sales Manager at Gold Emperor.

References

SA 8000, ISO 26000, BSCI, ETI.

Reference texts

ILO Conventions 11, 84, 87, 98, 135, 141, 151, 154; UN Universal Declaration of Human Rights ('48); International Convention on Economic, Social and Cultural Rights ('66); International Convention on Political and

Freedom of association and collective bargaining

Is productivity driven by social dialogue?

Open communication and direct engagement with workers is crucial. This impacts workplace conditions; workers' buy-in to the company's policies and in turn the productivity of the whole workplace. Freedom of association and the right to collective bargaining are fundamental labour rights recognised by the International Labour Organisation and included in the BSCI Code of Conduct.

In China, the most popular sourcing country of BSCI Participants, freedom of association is restricted by law. Workers do not have the possibility to join independent trade unions, not affiliated to the Communist Party. In this context, BSCI favours 'parallel means'; . informal association, trade unions or workers' councils, whatever the form, all solutions are good as long as a respectful and balanced dialogue is open between workers and their managers. A supplier of Deichmann, the shoe company, Gold Emperor developed its own formula of social dialogue in China.

The risk of silence, the price of the voice

Carried away by the daily business, company leaders may lose track of what happens on the ground. Without a reality check with the workers in their own factory, managers risk taking decisions that are detrimental to the working conditions, wilfully or not.

This can affect the business environment and lead to weaker competition: skilled employees are a source of competitive advantage; not involving them, not taking their opinions into account or discriminating workers' representatives, leaves space for internal issues and conflicts and slows down continuous improvement of quality and innovation.

Cases of management abuse take place too: without counter power, some managers force working conditions that can lead to poor health and safety situations, worker discrimination, excessive working hours, unfair compensation and even forced labour.

From a human and a reputation perspective, creating grounds for a

Civil rights ('66).

Useful links

Gold Emperor Group:
www.goldemperor.com

Deichmann:
www.deichmann.com

dialogue on potentially risky situations is essential. Although sensitive issues like wages and hours often remain the hardest to put on the table of the discussions...

Gold Emperor sews a tailor-made dialogue for its workers

The Gold Emperor Group (GE) is a major shoe producer in China, based in Wenzhou City, Eastern coast. GE is a labour-intensive company employing 5.000 workers, among which 90% of migrant workers. For over ten years, it has produced for the leading German shoe retailer, Deichmann.

GE underwent a BSCI social audit in 2004 upon request from Deichmann. The social audit revealed that the dialogue between the company and its employees was very limited and mainly confined to general meetings and written contacts.

"Without the evaluation of an independent external auditor, it would have been impossible to establish how the 'local climate' was at GE. The corrective action plan provided a roadmap to establish a long-term learning process and improve the social dialogue", explains Andreas Tepest, Head of Quality Management at Deichmann.

GE agreed on the importance of improving its worker-management dialogue. It organised various seminars and training sessions to explain the benefits for both workers and the company. Eventually, participation to these seminars increased. *"This process led to the establishment of new and multiple channels of communication between the workers and their management. We have a workers' representative forum, in which participants can either be elected or proposed by the company. We also developed a General Manager's hotline and mailbox, new staff service hotline and wages hotline channels. The emphasis is put on the equality between workers and managers."* adds Abel Hu, International Sales Manager at GE.

Win-win for company, workers and beyond...

Today, meetings between workers' representatives and management take place every month. Through these consultations, the company and its workers reach agreements on labour issues, including better accommodation, enhanced health protection, reduced overtime... Social dialogue is indeed at the crossroads of numerous labour issues.

Remarkably, GE gave an important role to trade unions to establish mechanisms for collective bargaining of wages. *"Employees' revenue have steadily improved in the last 3 years of 10% per year. They are much higher than the local legal minimum wages",* says Mr Abel Hu.

As a result, the employees' satisfaction raised and the company is able to attract and retain employees. A stronger corporate culture is shared among the workers, who increasingly take part in staff awareness sessions about participation.

From a business point of view, social audits were integrated, in order to make them self-running. *"And last but not least, the product quality and our business are also getting better over the years",* concludes Abel Hu.

"The social benefits for GE's employees are evident", confirms Andreas Tepest. Through its important input in maintaining the local social stability, the company won the Award of 'Dynamic and Harmonious Enterprise' in Wenzhou City for a number of consecutive years.

Significant learning outcomes

The Deichmann-Gold Emperor project produces great learning outcomes for all companies facing freedom of association and collective bargaining issues in their supply chain:

Gold Emperor's key success factors

- Make social dialogue part of the company's values
- GE's Chairman and owner's personal involvement in a people-oriented and a 'home and family' mindset
- Set up of ad hoc teams to translate BSCI and Deichmann expectations in the local language and culture
- Transform the social audit protocols into a daily management tool

Deichmann's key success factors

- Trust the BSCI's approach combining audit and capacity building activities
- Use social dialogue as a trigger for quality product
- Reward efforts through a long-term business relationship



The Business Social Compliance Initiative is a leading business-driven initiative for companies committed to **improving working conditions** in factories and farms worldwide. We **unite more than 1000 companies** around a development-oriented system applicable to all sectors and sourcing countries. For more information, go to: <http://www.bsci-intl.org>