

Dialogue for Sustainability



GIZ PROJECT IMPROVED CONDITIONS OF 20,000 TEXTILE WORKERS IN PAKISTAN

The 'Dialogue for Sustainability' as part of the GIZ-project 'Improvement of labour and social standards in the Pakistani textile industry' supported businesses in the textile and garment industry in Pakistan. GIZ helped organizing change management processes with employees and managers to improve the compliance with labour and environmental standards and boost productivity. As a result, the working conditions of 20,000 employees were improved and companies were able to considerably increase productivity. The project also contributed significantly to an increase in salaries by 9 to 10 percent of about 7,000 workers.

Country: **Pakistan**

Implemented by: **Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH**

Project name: **Improvement of labour and social standards in the Pakistani textile industry**

Project number: **2016.2029.3**

Project Partner: **Government of Punjab - Labour & Human Resource Department**

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Commissioned by: **German Federal Ministry for Economic Cooperation and Development (BMZ)**

Financial volume: **EUR 12.050.000**



BACKGROUND

The textile and garment industry with its large clusters in the Punjab is Pakistan's most important manufacturing sector. It accounts for about 54 percent of export earnings and 8.5 percent of GDP and provides an income for about 15 million people nationwide. The working conditions in the sector are dominated by poor workplace safety, low wages, as well as a lack of co-determination at company level. The responsible state institutions, such as the labour inspectorate, are not sufficiently capable of enforcing compliance with international labour standards. The private sector itself hardly assumes its responsibility for improving working conditions and the associated potential for competition. Pakistan's almost duty-free access to EU markets is linked to the implementation of international labour and environmental conventions through the Generalised Scheme of Preferences Plus (GSP+).

PROJECT DESCRIPTION

Objective: The project was part of the DC-programme 'Promoting sustainable economic development' and aimed for improving the prerequisites for compliance with labour and environmental standards in the province of Punjab. A special focus was given on linking improvements in compliance with labour and environmental standards with an increasing productivity of textile and garment factories.

Activities: In 2018 the project developed its own advisory approach called the 'Dialogue for Sustainability'. It helps businesses organising change management processes for improving compliance with

labour and environmental standards and productivity to internalize the principle of continuous improvement.

Step by step approach:

Change Management Teams are formed in the participating companies including heads of departments, senior operational managers & shop floor workers on the same table. In a 2-day workshop, following a six-step approach (see Figure), problems are identified, analysed, and put into an action plan towards implementing change. Once a solution is identified, tasks are defined, teams are assigned, and a deadline is set with a mutual understanding of the members. Regular meetings are planned to monitor the progress of the implementation. Wherever needed, value added training, on-site coaching and other support measures are provided by consultants.



Picture 1: Group work during Change Management Team Workshop.
Source: GIZ Pakistan.

RESULTS

Since 2017, more than 24 companies were supported through the Dialogue for Sustainability. Change Management Teams were institutionalised in all 24 factories to establish a culture of continuous improvement. The process led to a learning culture and an increase of ownership among the factory management as well as workers. Workers' experience, views and knowledge became part of decision making processes. While workers improved their self confidence, the increase cooperation between management and workers also helped building trust. Factories identified both quick wins and low cost solutions to improve the working conditions as well as measures of strategic long-term relevance for the company.

For an estimated number of 20,000 people, numerous small measures contributed to better working conditions, such as:

- › Installation of First Aid boxes and availability of a medical attendant
- › Regular evacuation drills
- › Provision of safe drinking water and hygienic and subsidized lunch
- › Installation of improved ventilation systems and lighting
- › Provision of personal protective equipment

The Dialogue for Sustainability did not just improve the immediate work environment, but also boosted the business performance and efficiency among textile and garment factories. Even more importantly, with the Dialogue for Sustainability livelihoods of workers were improved at large.

The project contributed significantly to:

- › increasing salary for approximately 7000 workers by 9 to 10 percent,
- › creation of more than 1316 Jobs in 10 partner factories,
- › a 6 to 10 percent growth of export-oriented factories compared to an average GDP-growth of 4.46 percent between 2014 – 2019.
- › In doing so, the mainly project contributed

In doing so, the mainly project contributed to SDG 8 – decent work and economic development, but also to further goals (SDG 1 – no poverty, SDG 3 – good health, SDG 5 – gender equality, SDG 6 – clean water and sanitation and SDG 12 – responsible consumption).

MONITORING & EVALUATION APPROACH

The results presented here were measured using the key performance indicators the factories had selected for monitoring performance improvements. The factories had set their own targets concerning 1. productivity and 2. compliance with labour and environmental standards. Furthermore, key informant interviews, focus group discussions and most-significant change stories were used to conduct a contribution analysis.





LESSONS LEARNED

- › A baseline prepared in a participatory approach using carefully chosen key performance indicator, plus allowing the factories to set their own targets increased ownership and helped drawing the attention on progress as well as challenges and risks.
- › Compliance is usually related to increased costs. By showcasing increased productivity and cost-beneficial impacts of increased compliance with labour and environmental standards, the factories' engagement increased.
- › Consultants conducting the Dialogue for Sustainability need to be highly experienced and well capacitated in process consultancy and change management, while being subject matter experts in labour standards and HR, resource efficiency and environment and industrial engineering. Hence, using the Dialogue for Sustainability for the development of sustainable business models for local consulting firms remains a challenge for the future.
- › It is highly important to include the top management of factories. Some factories would only send their middle management which causes lower ownerships among all participants.
- › Change management processes have largely been institutionalized in the factories and were reported to continue even after the project ended. Nevertheless, refresher workshops were necessary to maintain the quality and increase learnings.
- › The approach needs to be adjusted to the size of the factories. Smaller factories have less capacities but can operationalize improvement more quickly and there is more room for improvement in comparison to bigger, mainly export-oriented factories.

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