

# Recommendations to Brands, Retailers and Manufacturers with Production in Central America

■ June 2012

The following recommendations to apparel brands, retailers and manufacturers sourcing from and/or producing in Central America<sup>1</sup> are based on a June 2012 comparative study of the garment export industries in Nicaragua and Honduras, entitled *Can National Competitiveness Strategies Include Decent Work?* The study was co-authored by the Maquila Solidarity Network (MSN – Canada), the Honduran Independent Monitoring Team (EMIH) and Professionals for Corporate Social Auditing (PASE – Nicaragua). For a copy of the report, go to: [www.maquilasolidarity.org/competitiveness-decent-work](http://www.maquilasolidarity.org/competitiveness-decent-work)

## Recommendations:

**1** In collaboration with other companies consult with Central American women’s organizations concerning the gender-specific issues and impacts of issues on women workers and how to best address them in your policy and practice.

**2** Strengthen the efforts of your company to prevent and remediate gender-based discrimination in the workplace, including paying increased attention to issues and problems associated with women’s double day, such as establishing or facilitating access to workplace childcare facilities and breaks for breastfeeding; the impacts of long work shifts and high production targets on women’s health, reproductive health and family life; and gender-based discrimination in hiring and promotions.

**3** Assess whether the ways in which production, work shifts and compensation are organized – payment by the piece, individual or group production targets and bonuses, excessively high production targets or pressure to meet such targets, 4X4 and other similar work shifts – are contributing to legal or code violations, such as hours of work and overtime pay

violations, failure to provide lunch and other legal break periods, verbal and physical abuse, and/or work-related injuries and illnesses. Consult with unions, women’s groups and other relevant civil society organizations on possible changes in production, work shift and compensation practices that could help alleviate these problems?

**4** Take steps to ensure that all your facilities and/or supplier facilities are making full and timely contributions to social security and other legally mandated governmental social programs in order that all workers have health care coverage and maternity benefits, as well as full severance pay in the event of a factory closure or layoffs. Ensure that local management and/or suppliers fully understand their obligation to allow workers who suffer an illness or work-related injury to leave work to visit a social security clinic, with no deductions or penalties assessed.

**5** Work together with other companies, governments and trade unions and other appropriate civil society organizations to seek solutions to the common problem of workers being left without severance pay or other legal benefits when their factories are closed.

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<sup>1</sup> Since a number of companies sourcing and/or investing in Nicaragua and/or Honduras are members of the Fair Labor Association (FLA), these recommendations should also be of interest to the FLA.

**6** Pay particular attention to the growing problem of precarious work associated with short-term contracting, use of third-party employment agencies and labour-only subcontracting, including:

- Taking steps to ensure that these practices are not being used to withhold or undercut social security and other legal benefits, seniority rights and/or the right to organize and bargain collectively;
- Eliminating or setting limits on the use of such nonstandard employment, in order to prevent abuse; and
- Effectively communicating to local management and/or your suppliers your company's expectations concerning precarious work, even where government laws and regulations allow for these practices.

**7** Support, encourage and facilitate local management and/or supplier participation in labour rights training programs for management personnel and workers, particularly concerning freedom of association and the right to bargain collectively and gender issues.

**8** Support, encourage and facilitate local management and/or supplier participation in social dialogue with national trade union organizations and governments in order to seek agreement on critical workplace and social issues. In Nicaragua, become a member of and actively participate in the ILO Better Work program, require all of your suppliers to participate in the program, and concretize your support for the program by offering rewards and incentives to suppliers who participate in good faith and show evidence of improved compliance, such as preference in orders, pricing, and commitments to long-term business relationships.

**9** Work with suppliers to put into effect the principle that workers are entitled to wages that meet their basic needs and provide some discretionary income by developing a plan of action to assist your suppliers in achieving compliance with this principle over a set period of time. In addition to examining how productivity improvements could contribute to the payment of a living wage, seriously examine your company's purchasing practices, including whether the prices your company is paying suppliers allow for the payment of a living wage.

**10** Advocate with host governments on behalf of social upgrading as a competitive advantage, and publicly support efforts to increase legal protections for workers, foster constructive social dialogue and improve labour relations and respect for freedom of association and the right to bargaining collectively.

**11** If industry associations to which you are a member advocate for minimum wages that do not meet workers' basic needs and/or reduced legal protections, oppose such positions within those associations and publicly distance your company from those positions.

**12** Together with other companies, industry associations, trade unions, women's groups and other relevant civil society organizations, advocate for trade provisions that recognize and support decent work and social upgrading.