“If you were to ask me, from all the world polling Gallup has done for more than 75 years, what would fix the world—which would suddenly create worldwide peace, global well-being, and the next extraordinary advancements in human development, I would say the immediate appearance of 1.8 billion jobs—formal jobs…This raises an important distinction—not only do we need to create more jobs, we need to increase the number of good jobs.”

–Jim Clifton, Chairman and CEO of Gallup

It is not just the number of jobs created that counts; quality matters. The quality of jobs matters not only for the worker who receives fair wages on time, or the worker who has the correct protective mask—quality jobs are important for all workers and their families, everywhere. This is because a job is a critical pathway out of poverty for most people. Jobs that are good for development contribute to fundamental changes in society by raising living standards and improving social cohesion and productivity. Such societies are conducive to a healthy business environment, which in turn creates good jobs. Furthermore, quality jobs are most effective at maximizing companies’ productivity and efficiency. The emerging business case for compliance with labor standards finds increased profits, sustainable growth, and new market opportunities for compliant firms. Furthermore, compliance improves worker productivity, which results in increased loyalty and low turnover rates, collaborative team dynamics, and reduced workplace accidents and injuries.

Companies have noticeably shifted their focus in the past decade from the desirability of various labor regulations to their effectiveness. Corporate social responsibility initiatives picked up speed in the late 1990s as a response to new challenges presented by economic globalization. This shift has been in part a response to demand-side pressures, with knowledgeable and socially conscious clients and customers increasingly considering the environmental and social practices of companies when conducting business or buying new products.

The most effective way to improve the quality of jobs is a combination of monitoring and tackling the root causes of poor working conditions. Policy-makers and the private sector need to act now to ensure the availability of good jobs in the global labor market at a time when they are needed most.

1. What is a ‘good job’?

A mid-level business manager in Tokyo. A drycleaner in Hamburg. A lady who sells lunches outside factories in Phnom Penh. What does a “good job” mean to these workers?

Despite many longitudinal studies and large-scale national surveys,¹ there has been relatively little exploration of cross-sectional variation in job satisfaction within large socio-economic groups.² In short, the definition of a “good job” depends on whom you ask. The question is part of a large and growing debate about globalization and working conditions, where there is the realization that not all jobs are good jobs.³ Formal private sector jobs tend to offer better wages and working conditions than those found in the informal sector.

Did you know?

More than half the people at work in developing countries are not wage earners. This highlights the role of the private sector to create more formal jobs that tend to offer better wages and working conditions.
When it comes to defining and creating good jobs, many of the metrics commonly used relate to wage employment. However, good jobs can have different meanings, depending on the context. Workers have identified various dimensions of job quality in addition to income, including positive working relations between supervisors and workers, the implementation of occupational, safety and health (OSH) policies, opportunities for career advancement, and flexibility regarding doctors and sick leave.4

Because jobs provide earnings, and often also access to benefits and insurance, they are often the source of broader life satisfaction. Development in large part consists of increasing the positive direct effects of jobs on individuals.5

Interestingly enough, simply having a job does not guarantee high levels of life satisfaction. A study in Vietnam finds workers with higher life satisfaction are more likely to perceive working conditions as good, are not concerned with verbal abuse, have treatment facilities at work for headaches and minor injuries at their workplace, and have received training in the last 6 months. Interestingly, there was no statistically significant finding related to wage levels.6 Factors related to job security are more important than income in some other studies that found levels of earnings variability, job instability, or health and safety concerns affect a person’s well-being.7

For our purposes, we will use the definition of a good job elaborated in the IFC Performance Standard 2 (PS2) on Labor and Working Conditions. IFC PS2 addresses labor and working conditions, and recognizes that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental rights of workers. This understanding is situated in the broader framework of systems-level transformations outlined in the World Development Report (WDR) 2013: Jobs—namely, that good jobs for development are those that do more to support three fundamental transformations in society: social cohesion, living standards, and productivity. (See Figure 10.1.)

Figure 10.1: Good jobs for development

<table>
<thead>
<tr>
<th>DEVELOPMENT</th>
<th>LIVING STANDARDS</th>
<th>PRODUCTIVITY</th>
<th>SOCIAL COHESION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs for the poor</td>
<td>Jobs in functional cities</td>
<td>Jobs that give a sense of fairness</td>
<td></td>
</tr>
<tr>
<td>Jobs that empower women</td>
<td>Jobs connected to global markets</td>
<td>Jobs that link to networks</td>
<td></td>
</tr>
<tr>
<td>Jobs that do not shift burden to others</td>
<td>Jobs that are environmentally benign</td>
<td>Jobs that shape social identity</td>
<td></td>
</tr>
</tbody>
</table>


The connection between good jobs for development and social cohesion is clear. One need only look at recent events—from the uprisings in the MENA region to the riots in London—to see that jobs are how people earn their living by making use of their potential and energy as human beings.8

With regard to living standards, it has been established in earlier chapters that a job is a pathway out of poverty. But we must also ask: how are the gains from growth distributed? And how can they contribute to even higher growth? There is also a need to go beyond growth models to some extent, as jobs affect social outcomes through non-market interactions in households.9 Potential positive economic and social spillovers from the creation of quality jobs include increased household investments in schooling or health, opportunities for investment, skills development, sustainable livelihoods, and better resource allocation.

Having said this, the nature of the jobs with the highest development impact does vary across countries, depending on their phase of development, their endowments, and their institutional features.10 With regard to institutional features, it appears that the productivity-enhancing role of social protection depends on three key characteristics: sound system design, efficient administration, and good governance.11

Many IFC interventions are targeted at the firm level, where all investments have to be compliant with IFC Performance Standard 2 on Labor and Working Conditions. It is through the creation of good jobs at the firm level that positive macro-level transformation can take place within the society and economy. Quality jobs at the firm level help contribute to the creation of global public goods such as respect for rights, increased levels of trust, human capital, gender equality, poverty reduction, and peace. Good societies are conducive to creating a healthy business environment, which in turn creates a virtuous cycle of good job creation.
1.1 IFC’s Performance Standard 2 on Labor and Working Conditions

The requirements of IFC Performance Standard 2 (PS-2, see Box 10.1) have in part been guided by a number of international conventions and instruments, including the International Labour Organization (ILO) and the United Nations (UN). The cross-cutting themes of PS-2 are reflected in the ILO’s Decent Work Agenda (see Box 10.2), which takes into account both the quantity and the quality of jobs created.

IFC’s Performance Standards are practical. It is for this reason that they have become globally recognized as a benchmark for environmental and social risk management in the private sector.

Box 10.1: IFC Performance Standard 2 (PS-2)

PS-2 recognizes that the pursuit of economic growth through employment creation and income generation should be balanced with protection of basic rights for workers.

Objectives:

• To promote the fair treatment, non-discrimination, and equal opportunity for workers
• To establish, maintain, and improve the worker-management relationship
• To promote compliance with national employment and labor laws
• To protect workers, including vulnerable categories of workers such as children, migrant workers engaged by third parties, and workers in the client’s supply chain
• To promote safe and healthy working conditions, and the health of workers
• To avoid the use of forced labor

Source: IFC (2012a)

The wide applicability of the Performance Standards and grounded in the understanding that management systems are a key entry point and crucial driver for continual improvement and ongoing labor standards performance in the supply chain. These management systems also serve as the foundation upon which corporate social responsibility is integrated into a company’s core business activities.12

There is also an awareness built into the Performance Standards of the multilayered structure of employment configurations. To this end, the type of employment relationship between client and worker defines the scope of application of PS2. This includes the following three types of workers: direct workers (those who are directly engaged by the client), contracted workers (those who are engaged through third parties to perform work related to core business processes of the project for a substantial duration), and supply chain workers (those who are engaged by the client’s primary suppliers). This way, everyone is held accountable at various stages of the process.

Most countries in which IFC invests have already ratified ILO conventions, which means their business activities should already be in compliance with local and international law, though this might not always be the case in practice. The Performance Standards express a strategic commitment to sustainable development and are an integral approach to IFC’s risk management. IFC Performance Standards apply during the environmental and social risks and impacts identification process of an investment deal, as well as subsequently during supervision.13

Box 10.2: Four pillars of ILO’s Decent Work Agenda, with gender equality as cross-cutting theme

1. Job Creation: Generating opportunities for investment, entrepreneurship, skills development, job creation, and sustainable livelihoods

2. Rights at Work: Recognizing and respecting the rights of all workers, particularly disadvantaged or poor workers who need representation and laws that work for their interests.

3. Social Protection: Promoting both inclusion and productivity by ensuring that women and men enjoy working conditions that are safe, allow adequate free time and rest, take into account family and social values, provide for adequate compensation in case of lost or reduced income, and permit access to adequate health care.

4. Social Dialogue: Involving strong and independent workers’ and employers’ organizations is central to increasing productivity, avoiding disputes at work, and building cohesive societies.

(ILO 2012)

An example of the application of PS2 with regard to contracted workers can be found in the story about IFC’s client, Antea Cement in Albania.
1.2 Successful incorporation of PS2 requirements: The case study of Antea Cement

IFC provided 29.4 million in financing to Antea Cement in late 2008 to help the company build and operate a blended-cement plant with a capacity of 1.3 million tons in Albania. This project is a good example of interagency collaboration between IFC and the European Bank for Reconstruction and Development (EBRD), a successful foreign direct investment (FDI) in Albania by a Greek company that was contracting Chinese workers, and the successful inclusion of PS2 requirements in firm-level agreements and activities. Antea used IFC and EBRD financing to construct the plant, resulting in the creation of 300 jobs and an additional 500 indirect jobs.

CBMI Construction Company, a member of the Chinese Sinoma Group, had the contract to design, construct, and set up the plant. At the peak of the construction period, CBMI planned to hire approximately 800 Chinese workers and wanted to build worker accommodations for them on site. The risk assessment for labor was included in the Environmental & Social Impact Assessment process. In addition, the development and implementation of human resource policies and procedures were in line with the requirements of PS2. Antea included specific PS2 requirements as clauses into the actual contractual agreement with CBMI and other contractors that it employed. The monitoring program for contractors, including internal and external audits, took place as planned and Antea was able to meet, and be audited against, the widely known Social Accountability (SA8000) standard.

Convincing the sponsor of the importance of managing labor and working conditions with their contractors was difficult at the beginning of the process. But after two years of implementation, the Titan Group and the Sinoma Group are presenting the Antea project as a case example of best practice. The benefits of such cooperation between companies included on-time and on-budget completion of the project, zero accidents, best practice on contractor management, and improvement of labor and working conditions at Sinoma that will create opportunities for them in new European and North American markets.

2. The Equator Principles

IFC’s experience as the largest development finance institution working on the private sector was critical in developing PS2 and making it practical. It is not just an exercise of standards for standards’ sake, but one of developing standards that are useful, practical, and help financial institutions and their clients manage risks. The evidence of this is that the Equator Principles (EPs), which are based on IFC Performance Standards, have been adopted by a large number of financial institutions.

A credit risk management framework for determining, assessing, and managing environmental and social risk in project finance transactions, the EPs are applied in cases where total project capital costs are greater than US$10 million. Project Finance is often used to fund the development and construction of major infrastructure and industrial projects, where the EPs are intended to provide a minimum standard for due diligence to support responsible risk decision-making.

Currently, 77 adopting financial institutions (74 Equator Principles Financial Institutions [EPFIs] and 3 Associates) in 32 countries have officially adopted the EPs, covering over 70 percent of international project finance debt in emerging markets. In this way, the EPs are an example of IFC operating as a thought leader in this space. IFC actions can have potentially large demonstration effects, as the EPs have become the industry standard for environmental and social risk management and financial institutions, clients/project sponsors, and other financial institutions. Some industry bodies even refer to the EPs as good practice. Furthermore, multilateral development banks, including the EBRD, and export credit agencies through the OECD Common Approaches, are increasingly drawing on the EPs in their work.

3. Why should the private sector care about creating good jobs?

At the heart of this discussion is a question about incentives. Conventional wisdom tells us that businesses sometimes consider compliance with labor standards costly. For example, firms are often leery of revamped human resource (HR) policies. However, changes in HR practices are viewed in the literature as another aspect of production technology similar to shop-floor production technologies and may improve firm productivity, performance, and survival. This is just one example of the growing business case for improvements in labor standards compliance.
There has been a noticeable shift in the past decade or so, a relatively short time in the policy world, from the relative desirability of various labor regulations to their efficacy. “Corporate Social Responsibility” (CSR) initiatives picked up speed in the late 1990s as a response to new challenges presented by economic globalization. Particular attention was paid to the monitoring of complex global supply chains, where there was a perceived “race to the bottom” by unscrupulous employers who were taking advantage of workers in faraway low-income countries. As has been mentioned throughout the report, global supply chains and distribution networks tend be where the most jobs are created. It is also in these supply chains that the largest poverty reduction impacts can be seen. It is for this reason that global supply chains demand good jobs.

This shift has been, in part, a response to demand-side pressures from customers. Knowledgeable and socially conscious clients and customers increasingly consider the environmental and social (E&S) practices of companies when conducting business or buying new products. Evidence on consumer behavior from experiments conducted in a major retail store in New York City in 2005 found that sales increased for items labeled as being made under good labor standards, and demand for the labeled products actually increased in spite of price increases of 10-20 percent above pre-test (unlabeled) levels. Studies like these reveal a strong latent consumer demand for improved labor standards. So it matters to brands whether a supplier factory is providing protecting equipment to workers on their assembly line, it matters to customers whether a cotton shirt sold at a famous brand store was made by a child. These considerations have led businesses to consider their social license to operate. It also means targeting markets where consumers care.

This demand-side pull eventually translates into greater understanding by suppliers that there are benefits to providing good working conditions. Emerging evidence from a variety of industries in different countries points to the productivity-enhancing improvements of labor standards compliance as it fosters collaborative team dynamics, increases worker loyalty, and reduces workplace accidents and injuries. In addition, the ability to recruit and retain workers has been shown to have major payoffs for compliant firms. In a study of the garment industry in Laos, an analysis was conducted to understand why the sector remained stuck in a suboptimal equilibrium of low productivity. The study found that workers’ lack of understanding of their contractual obligations, difficulty transitioning from rural to urban areas, and excessive overtime working hours were the main culprits. Furthermore, access to new markets and to different forms of financing was cited as an endogenous benefit to firms that are seeing the value of creating quality jobs.

What interventions work best? The answer is a combination of monitoring and tackling root causes of poor working conditions. A root cause intervention such as enabling suppliers to better schedule their work with an eye toward improving quality and efficiency has been seen to improve working conditions considerably. A forthcoming study from Vietnam finds that firms that pay as promised and do not engage in verbal and physical abuse to elicit work effort earn higher profits than their peers that do not. It seems these two factors together lead workers to be more productive, as they believe their work adds value, and trust they will get a piece of the pie. Building the business case with examples like these involve normative considerations that are harder to quantify.

4. How the private sector can improve labor conditions in distribution networks and global supply chains

It is trickier to track labor conditions in the distribution networks or supply chains associated with formal sector companies. But two examples, one at the firm level and the other at the industry level, show the potential to positively affect change in distribution networks and supply chains as well as their respective industries.
4.1 At the industry level: The ILO –IFC Better Work program and model

Better Work, a partnership program between the IFC and the ILO, combines IFC expertise in private sector development and firm competitiveness with the ILO's knowledge of labor standards and working conditions. The program was launched in February 2007 with the goal of improving compliance with labor standards and competitiveness in global apparel supply chains. Better Work involves both the development of global tools and the implementation of country-level services, with a focus on scalable and sustainable solutions that build cooperation between governments, employers’ and workers’ organizations, and international buyers.

Better Work supports enterprises in implementing the ILO core international labor standards and national labor law. The underlying premise is that compliance with labor standards in global supply chains matters: improving the lives of workers can go hand in hand with success in industry. The Better Work strategy is a mix of practical workplace assessment and improvement activities with effective stakeholder engagement. Currently, the program operates in seven countries: Cambodia, Jordan, Haiti, Vietnam, Indonesia, Lesotho, and Nicaragua.

How does the program work? Better Work operates around three core services: assessment, advisory services, and training. Assessments establish a baseline of compliance with national labor law and ILO core labor standards. This information is then shared with factory management and their often brand-name customers. Better Work then provides advisory service to help factories make improvements through worker-management dialogue, in addition to other ongoing technical advice and inputs. The training services provide a deeper level of instruction in key areas needed by each factory, based on its compliance levels. (See Figure 10.2.)

The incentive structures are at the heart of Better Work’s success story. On one hand, buyers that are global brands like Hanes, Levi Strauss, and Nike are motivated to work with the ILO and IFC on their supply chains as part of their CSR practices. On the other, factories are incentivized to comply with labor standards in order to keep their business relationship with buyers. The strategy is really to leverage buyers’ interests in protecting their reputations to get factories to work on institutional change—long-term sustainable change. An added incentive is the reduction of costs by avoiding multiple labor audits, which can be expensive and time consuming for factories. Over time, Better Work has shifted from the role of an external observer to a vested partner. At the end of the day, improving worker-management relationships is the real sweet spot, and it is the main mechanism that Better Work utilizes.

The Better Work Impact Assessment Study conducted by Tufts University surveyed 80 factories—30 workers and 4 managers per factory. The research team found that employment in factories visited twice, 12 firms total, expanded by 165 percent between 2010 and 2011. Half the factories visited twice added production activities in washing, dyeing, printing, and appliqué, and added jackets and suits to their product lines. In addition, the factories saw a significant increase in the number of nearby competitors.

Figure 10.2: Better Work program factory level services

Surveyed factories reported innovations in production systems, supervisory skills and training, the pay package, grievance procedures, and worker committees. Furthermore, worker-management relations have improved. After one year of participating in Better Work Vietnam, factory managers changed their perceptions about workers—mainly through management dialogue. Unsure or negative initially, factory managers responding to the second round of the same survey unanimously regarded worker committees as somewhat effective or very effective in resolving problems within the factory.

### Box 10.3: The business case for compliance: Better Factories Cambodia (BFC)

The Better Factories project in Cambodia (BFC) started in 2001 and was the predecessor of “Better Work.” At that time, a bilateral trade agreement between the US and Cambodia offered expanded market access to the US, subject to Cambodian apparel industry compliance with workers’ rights.

In 2005, two factors changed the set of incentives faced by Cambodian firms. First, the bilateral trade agreement was made obsolete by the end of the global quota regime. Second, BFC was no longer naming factories that were noncompliant. After these two events, compliance did not decline. In fact, it increased as employment, exports, and factories grew. Evidence from BFC shows that overall compliance is high and has increased consistently (>80 percent) in the Cambodian apparel industry. This is a notable example of the business case for compliance, as factories did not appear to find compliance overly costly or burdensome.

Source: Brown et al. (2011).

### 4.2 At the firm level: The Mindanao Banana Project in the Philippines

In June 2008, IFC Advisory Services in the Philippines launched the Mindanao Banana Project. In acknowledgement of the growing importance of the outgrowers in the supply chain and the challenges that they face, the Agribusiness Linkages Project focused on helping outgrowers comply with certification standards and acquire business management skills. The objective was to strengthen the position of outgrowers in the value chain and ensure the sustainability of the Cavendish banana sector in the Philippines.

Large banana exporters in the Philippines source 50 percent of their bananas from outgrowers, thanks to the implementation of the Comprehensive Agrarian Reform Program (CARP), which mandated land acquisition and distribution to small farmers. As a result, corporate-managed farms are increasingly turned over to outgrowers under CARP.

However, for some export markets like Japan, the quality of the bananas did not meet premium market requirements. This was due to a variety of factors, including poorly managed financial and organizational structures, operational inefficiencies, and lack of information and compliance with social and environmental standards.

The IFC project intended to address the systemic problems of low productivity, poor business management, and poor compliance with environmental and social standards associated with outgrowers. In particular, the project was designed to help outgrowers achieve Rainforest Alliance (RA) certification and acquire management skills to enable them to supply RA-certified bananas to the Japanese premium market through Unifrutti Services Inc. (USI). The resulting impact of the project was improved outgrower income and increased revenue for the lead firm, USI. A win-win situation for all.

The project has resulted in an increased number of certified farms that are implementing high environmental and social standards. It has helped farmers to grow bananas in a sustainable and environmentally friendly way, and outgrowers to manage their business activities more effectively. The project also increased gender-sensitivity in the banana outgrowers community.

Finally, the project provided job opportunities and built the capacities of local RA auditors, who are now preparing to work with RA international auditors in evaluating farms and ensuring they meet the RA standards.

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**That’s Bananas!**

Cavendish bananas contribute significantly to the Philippine economy. Philippine exports of Cavendish bananas in 2007 were recorded at 148 million boxes valued at USD 410 million. These exports went primarily to Asia and the Middle East, with Japan having around 39 percent of export volume. Other major markets include Iran, Korea, Taiwan, the United Arab Emirates and China.

-Pilipino Banana Growers and Exporters Association
A good understanding of intended beneficiaries is key. In this project, it became clear that the reason cooperatives have poorer management and financial structures (some of the outgrower cooperatives were operating at a loss in some years) was in part because of the cooperatives leaders’ lack of political will to implement sound rules and regulations, for fear of not getting reelected. In some cases, the leaders’ unwillingness to implement the required changes is also self-serving, since they are also members, and do not want to be restricted by the rules that they have imposed. One advantage of working with a cooperative is that the benefits are highly dispersed, with each member benefiting from increased savings or improved productivity.

Other advantages from improved labor standards can be seen in documented examples from China to Turkey (see Table 10.1) which include decreased worker turnover and saved working time from a reduction in accidents.

<table>
<thead>
<tr>
<th>Table 10.1: Benefits from Improved Labor Standards; Documented Examples</th>
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<tbody>
<tr>
<td><strong>China</strong></td>
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<tr>
<td>Chai Dai/Ying Xie</td>
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<tr>
<td>Annual worker turnover decreased from 78 to 32 percent in three years</td>
</tr>
<tr>
<td><strong>Cambodia</strong></td>
</tr>
<tr>
<td>A factory in ILO Better Factories program</td>
</tr>
<tr>
<td>Product Rejection rate reduced by 44 percent overall</td>
</tr>
<tr>
<td><strong>Turkey</strong></td>
</tr>
<tr>
<td>Yesim</td>
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<tr>
<td>37 percent decrease in lost time from accidents and sickness</td>
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<tr>
<td><strong>Turkey</strong></td>
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<tr>
<td>Topkapi</td>
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<tr>
<td>Received 2.5 percent larger discount on insurance premiums for casualty and goods in transit</td>
</tr>
<tr>
<td><strong>India</strong></td>
</tr>
<tr>
<td>Esstee</td>
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<tr>
<td>Worker turnover reduced from 75 percent to 35 percent</td>
</tr>
</tbody>
</table>

Source: IFC and Social Accountability International (SAI), 2010

5. Conclusion

IFC’s Performance Standard 2, which in part has been guided by core labor standards of ILO and key United Nations conventions, defines what constitutes a “good job”: A job that guarantees workers’ fundamental rights while paying them a decent and fair wage. The Equator Principles illustrate the wide applicability of Performance Standard 2 on global project finance in developing countries. The case study of Antea Cement in Albania shows how the standard can be incorporated into contractual agreements with positive business results and increased access to new markets. The Equator Principles also point to the importance of better management practices as a key entry point and driver for businesses to maintain and even improve their compliance with labor standards, especially in their supply chain. Evidence from Better Work and the Mindanao banana project corroborate this finding at the industry and company level, respectively.

These case studies provide evidence that interagency cooperation is very valuable in projects that aim to improve working conditions around the world. This can be seen in both the Mindanao Banana project and the ILO-IFC partnership program, Better Work. Such interagency knowledge sharing and collaboration seem to have major payoffs for key beneficiaries who are able to take advantage of each institution’s respective strengths.

The emerging business case for quality jobs points to the endogenous benefits for companies: higher productivity, increased profits, and access to new clients and consumers. There also is evidence that compliant firms are more likely to survive financial crises. In our current political and economic environment, job creation is a key focus of academic institutions, international development agencies and governments alike. Not just any jobs, but jobs that are good for development and that contribute to higher global living standards, social cohesion, and productivity.

Recommendations for policymakers and governments

- Sign core ILO and relevant UN conventions if they have not been signed.
- Encourage private businesses to adhere to national and international labor laws.
- Start at home, and use the public sector as a model of good working conditions.
- Recognize that quality jobs translate into the creation of public goods such as respect for rights, increased levels of trust, human capital, gender equality, poverty reduction, and peace.
Recommendations for the private sector

- Improve occupational, safety, and health conditions in your workplace. While this may entail some upfront costs, these improvements enhance productivity and efficiency in the long run.
- Comply with labor laws, since compliance has been shown to increase both worker productivity and loyalty, and therefore also reduce worker turnover and costly retraining of staff. In addition, compliance opens up access to new markets.
- There is also emerging evidence that compliance helps protect a firm from external shocks such as financial crises or the termination of international trade agreements.

Recommendations for academia

- Conduct more research on the business case for compliance with labor standards.

Recommendations for IFC and other development institutions

- Ensure adequate working conditions for direct workers and—where applicable—for contractors and workers in the supply chain, for example by using the Equator Principles as a reference point.
- Talk to countries or clients about the value of good working conditions for the individual, society, and economy.
- Form partnerships with other development institutions whose goal is to improve working conditions.

References


Several large-scale surveys over time include the General Social Survey in the United States and the British Household Panel Survey which have both inquired about job satisfaction every year since 1972 and 1991, respectively.

Ritter and Anker (2002).

Elliot and Freeman (2003); Polaski (2006); Greenaway, Gullstrand, and Kneller (2008); Berik et al. (2010).

Pike and Godfrey (2012).

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Brown et al. (forthcoming).


IFC (2012).

WDR (2013).

Alderman and Yemstov (2012).

IFC and SAI (2012).

IFC (2012a.).

Since 1997, the SA8000 has been the world’s preeminent labor standard and certification system. It is based on international conventions of the ILO and UN and uses a management systems approach to judge compliance.


Endnotes

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4 Pike and Godfrey (2012).

5 WDR (2013).

6 Brown et al. (forthcoming).


9 IFC (2012).

10 WDR (2013).

11 Alderman and Yemstov (2012).

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16 Ichniowski et al. (2007).

17 Brown et al. (2011).

18 Polaski (2011).

19 Seidman (2007).


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25 Record et al. (2012).

26 Locke et al. (2007).

27 Brown et al. (forthcoming).

28 Based on interviews with Amy Luinstra, Better Work Senior Operations Officer on findings of upcoming study of Better Work Vietnam.

29 Information for this case study draws primarily from interviews with project team leaders, IFC internal project documents, and IFC 2012b.

30 Large banana exporters including Dole Philippines, Del Monte, Chiquita-Unifrutti, Sumitomo, Lapanday Foods Corporation, and Nadar & Ebrahim S/O Hassan (NEH) Philippines.

31 Final job creation numbers are still being finalized, as the project closed in FY12.