



BEST PRACTICE 2016

ALBIRO

CNV-FOUNDED LIVING WAGE PROJECT WITH FWF

COUNTRY Macedonia

LABOUR STANDARDS Payment of a living wage, Freedom of association and the right to collective bargaining.

QUESTION How can an average living wage be calculated and realised at a factory?

MAIN STEPS

1. Find the right factory for pilot: middle sized, privately owned, continuously running product group: workwear trousers. ALBIRO is generally only customer
2. Develop a costing sheet and analyse the costs
3. Define the new wage rate. BUT Piece rate workers would get an increase, but what about supervisors, technicians, and cut and stock workers on a fixed salary? **ANSWER** Increase the salaries for all workers by a fixed amount, calculated following the new wage level.
4. Commit to pay 2/3 of the wage increase and the factory commits to increase productivity to make up for the remaining 1/3 of wage increase. "Only an increase in productivity can finance sustainable wage increases. Factories usually don't have the right tools to do this on their own. So brands need to engage with factory management in an open-minded review of production management"
5. Ensure workers are aware of the changes: this is a regular payment, not a yearly bonus
6. Bring in the money: how to do that without a price increase? ALBIRO brought in the money through a 'letter of intent' developed together with Fair Wear Foundation, creating a contract number for the money transfer. "That kind of payment enabled an immediate wage increase."

A ROCKY ROAD

Fostering dialogue:

The letter of intent was started during the project, but a change of actors made it difficult to continue negotiations. At some point the needs and the commitments became less clear, and this almost led to ALBIRO withdrawing from the project.

Unconditional commitment:

The 2/3 of the payment had not been budgeted for in 2016. The ALBIRO CEO, committed to the project, accepted to add the required amount to the already approved budget.

SIDE EFFECTS

- Workers saw the effect of the wage increase, but were not always aware of the negotiations. Now workers are more open to developing a workers committee and participate in wage discussions and health and safety improvements.
- There is a shortage of workers, and so other factories that pay lower wages have trouble finding and keeping workers.

FUTURE THOUGHTS

The sustainability of the practice for the future and the actual consequences for workers remain to be seen.

ALBIRO

fashion on the job!

