



# Frankly Speaking:

C&A Foundation's  
Sustainable Supplier Programme

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C&A Foundation

ADVICE ON **Giving Evidence** BASED ON

# About Giving Evidence

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**Giving Evidence** is a consultancy and campaign, promoting charitable *giving* based on sound *evidence*.

Through consultancy, Giving Evidence works with funders of all kinds and in many countries to help make their giving as effective as possible by ensuring that it is based on sound evidence. We help them to understand their impact, and find ways to increase it. Through campaigning and thought-leadership, we show what evidence is available, what is needed, and drive up the quality of evidence which is gathered and used.

Giving Evidence was founded by Caroline Fiennes, a former award-winning charity CEO, and author of *It Ain't What You Give*. Caroline speaks and writes extensively about these issues, e.g., at the Skoll World Forum, in the Stanford Social Innovation Review, Freakonomics, and the Daily Mail. She is on boards of The Cochrane Collaboration, Charity Navigator (the world's largest charity ratings agency), the US Center for Effective Philanthropy and the Center for Global Development.

Dr. Leonora Buckland has worked for a variety of organisations and projects in social entrepreneurship, social investment and philanthropy and has a hybrid background in the private, public and social sectors.

**C&A Foundation** is an independent charitable foundation that believes that the apparel industry has tremendous potential to be a force for the greater good. The foundation aspires to see a fair and sustainable apparel industry that is based on respect and financial wellbeing and that is in balance with nature, so everyone touched by the industry – from farmer to consumer – can thrive. C&A Foundation works to identify agents and ambassadors of change, and inspire, engage and convene them throughout the apparel industry to help deliver lasting, positive change.

[www.giving-evidence.com](http://www.giving-evidence.com)

[www.candafoundation.org](http://www.candafoundation.org)

*Please note that this document can be found on:  
<http://giving-evidence.com/ssp>*

# 1 Introduction and document purpose

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C&A Foundation has partnered with Giving Evidence, an independent organisation campaigning for evidence-based giving and improved transparency in the social sector, to share findings, successes, failures and learnings from its Sustainable Supplier Programme (SSP). This programme tested a new capability-building approach to improve productivity and working conditions in C&A's supplier factories. Throughout this document, we speak from the perspective of the C&A Foundation, although Giving Evidence has been instrumental in analysing the programme and creating this document.

We are sharing our experience with the SSP as a first step to catalyse a broader conversation within the garment industry about a) what brands and other players are learning in this field and b) how the industry may collaborate better on key issues in our supply chains. Whilst we do not have a silver bullet solution to improving working conditions in factories, we have some insights into what has worked for us and what remains challenging.

We are sharing this information now as there is a growing impetus to improve the social and environmental standards of the industry. The garment industry is increasingly committed to better managing its supply chains and to improving conditions for workers in factories from which it sources. It is recognising the limitations of an audit and compliance approach to tackle issues such as non-discrimination, freedom of association, collective bargaining and excessive hours. Moreover, the recent tragedies in factories in Bangladesh point to the need for extra vigilance in ensuring safe working conditions. Meanwhile, suppliers are becoming keener to collaborate on capability-building approaches as they understand the benefits in terms of increased business performance and longer-term relationship with their buyers.

In the context of these issues, this document is also a call to greater transparency and action. Although the SSP was generally successful, we found that what can be achieved by individual brands is limited. We believe that the industry (including retail brands, their corporate foundations and other players such as donors and multilateral agencies) needs to collaborate more on key issues in our supply chains such as wages and overtime. Firstly, we can share what has been done so far and proven effective to avoid duplication of efforts. Secondly, we can join together on capacity-building programmes for shared suppliers where multi-brand scale can increase leverage and impact, and reduce training fatigue and duplication. Finally, a unified industry voice is required to improve the industry as a whole.

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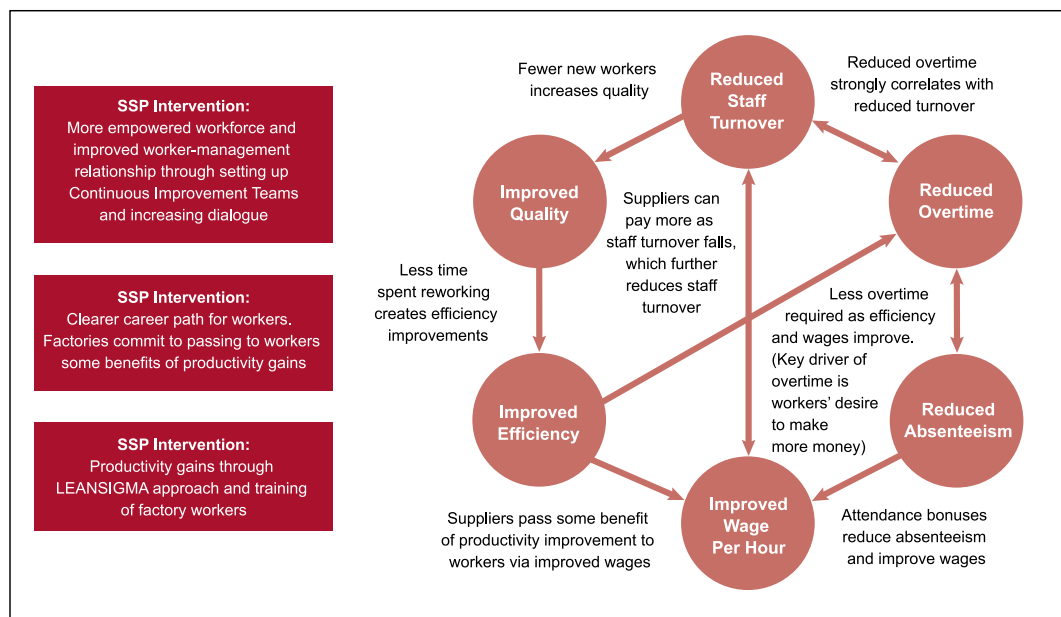
# 2 Summary

## 2.1 What did we do?

During 2011-2013, C&A Foundation sponsored a programme to improve worker conditions and productivity in 18 garment factories in Bangladesh, China, Cambodia, India and Indonesia encompassing 22,599 workers. We anticipate that the programme can be scaled across suppliers supplying to C&A and others, if it proves scalable, cost effective and successful. The programme was part-funded by C&A Foundation with some financial contribution from each participating factory.

The philosophy of the programme – which we believe is innovative – was to create a virtuous circle in each factory by working on both **productivity** and **working conditions** (which many other programmes address separately). The SSP empowered workers, improved productivity and reduced stressful working conditions, which enhanced worker loyalty. In turn, this lowered staff turnover and absenteeism, reducing labour disruption and further increasing production efficiencies. Where productivity improved, take-home wages also improved in general.

The diagram below shows the interventions in the SSP and the intended effect on productivity and working conditions, and relationships between them.



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## 2.2. Was it successful?

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Broadly speaking, yes. However, some aspects worked better than others.

### Highlights

- There was a significant improvement in both productivity and working conditions across the factories. For example, on average across all factories, sewing efficiency<sup>1</sup> improved by 20%, total take home wages excluding overtime increased by 15%, and worker turnover reduced by 24%.<sup>2</sup>
- A virtuous circle between productivity improvements and working conditions improvements started in many factories. Most factories improved on most or all of the productivity indicators and most or all of the working conditions.
- A significant correlation was noted between productivity improvements and increase in take-home wages for workers, illustrating the positive wage impact of capability-building programmes such as the SSP.
- The programme generated significant cost savings. Based on an external assessment by Solutions Matrix which modelled the business case of the SSP, estimated savings for each factory were €450,000.
- The pilot gave C&A Foundation and C&A teams an opportunity to test a model and share learnings to collaborate on future projects.

### Lowlights

- Factory recruitment was much harder than expected, which significantly increased the cost per factory as we were unable to achieve economies of scale in cost.
- Performance across the factories was very variable. For example, changes in sewing efficiency ranged from -15% to +72%, and the change in worker turnover ranged from -71% to +64%. There was more scope for improvement with suppliers starting at a lower baseline in India and Bangladesh, while operations were further refined with more advanced suppliers in Indonesia, China and Cambodia.
- Improving working conditions requires a longer-term engagement and culture change: the improvements here were slower and more challenging than anticipated.
- The programme was not scalable, as originally intended, because of its high cost. This was due to the low number of factories and the intensive nature of the intervention as each factory received a customised programme and in-factory consultation.

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1. Sewing efficiency means the actual rate of production relative to the expected rate of production for a particular production line. It is the key indicator the factories use to measure their productivity.

2. Consolidated data for each factory collected by implementers before the programme (baseline) and after the programme (using a three-month average).

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## 2.3. What did we learn from the programme?

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- Whilst the virtuous circle between productivity improvements and better working conditions started in many factories, the relationship was hard to establish and was not achieved in all factories. Somewhat surprisingly, factories that most improved productivity were not always the ones which improved working conditions. This illustrates the importance of other factors besides productivity gains in factories' ability or willingness to move the needle on working conditions. Indeed, across the programme, there was no significant correlation between improvements in productivity and improvements in working conditions beyond take-home wages.
- Although it was hard to gain improvements in working conditions, factories that did so tended to improve on all of them, indicating a strong relationship between social conditions in the factory. As workers reduce their hours or receive better wages, they are more likely to stay in their jobs. Indeed, in the SSP, reducing overtime correlated strongly with reducing worker absenteeism and staff turnover, showing how stressful overtime can be for workers and the importance of preventing it.
- Based on more anecdotal evidence<sup>3</sup>, positive changes in working conditions were particularly driven by the attitude of the top management and their commitment to this part of the programme.
- Whilst the differing levels of engagement of factory management explains some of the variability of factory performance, we believe that other factors also influenced outcomes, such as the general conditions in each country and the methodology and quality of programme implementation.

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<sup>3</sup> We didn't have a baseline KPI for top management involvement (at the supplier level).

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## 2.4. Challenges in programme design and management

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We faced a few key challenges in designing and managing the SSP. Whilst we do not have all the solutions to these challenges, particularly those that are rooted in complex industry dynamics rather than project management best practice, we can see some different ways that we might have approached them to improve overall programme performance.

- *Challenge 1: Clarify parameters of involvement and align incentives of stakeholders.* A complex programme such as the SSP required a strong, multi-stakeholder management approach since stakeholder interests are divergent and even conflicting. We had five stakeholders: C&A, C&A Foundation, programme implementers, factory management and factory workers. Although many stakeholder sensitivities are rooted in long-term industry-wide issues and are hard to tackle, with hindsight we were not proactive enough in managing these and locking down, as far as we could, our expectations of each stakeholder.
- *Challenge 2: Create a programme that generates impact, is scalable and has clear performance data to inform decisions about scale-up.* The programme's complexity (five countries, two implementers) and small number of factories made it hard to draw rigorous conclusions about its effectiveness. Moreover, due to the high cost per factory, the programme was not scalable in its current form.

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## 2.5. Implications and next steps

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We have outlined a few options for tackling some of the tricky issues we encountered, notably: low factory recruitment; difficulty achieving change in working conditions; high programme cost; and limited ability to influence sectoral-wide industry issues. These options are:

- *More multi-brand collaborations:* these can address issues of scale, cost and ability to influence suppliers although they have their downside. Individual brands will need to continue to build in-house capability.
- *Increasing commitment amongst individual brands to improving working conditions in factories and developing a long-term partnership approach with suppliers:* there needs to be a greater push from brands to convince suppliers of their intent in these matters and the partnership between suppliers and brands needs to move to a new level of trust and engagement<sup>4</sup>. Buyer ordering behaviour and design processes could evolve to reflect a more collaborative approach to helping suppliers improve productivity and working conditions. In essence, buyers need to change as well as suppliers.
- *Focus on sustainability of capability-building programmes:* achieving changes in working conditions is a long-term process in the factory requiring culture change. The sustainability of intensive interventions such as the SSP needs to be prioritized.
- *More industry dialogue and information sharing bringing together actors in the garment industry supply chain:* these can be modelled on the successes achieved in other industries such as electronics through cross-sectoral dialogue.

C&A Foundation would like to convene an industry roundtable to discuss these ideas.

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<sup>4</sup> Building capabilities of the suppliers being a key component in building the capacity of suppliers to create and sustain change in their factories.



## 3 How the programme worked



### 3.1. Programme outline

During 2011-2013, C&A Foundation sponsored a deep Sustainable Supplier Programme (SSP) with eighteen factories across Bangladesh (five factories), China (two factories), Cambodia (two factories), India (five factories), and Indonesia (four factories) encompassing 22,599 workers. The programme was innovative in working holistically on raising both productivity and working conditions, aiming for a reinforcing relationship between the two. The programme lasted 12-18 months, depending on the implementing partner.

Factories were invited to participate. This was voluntary, required factories to contribute financially, and was not tied to C&A's purchasing decisions.

We used two implementing agencies, and whilst they shared a goal, their methodology varied. Implementer A was more focused on improving factory productivity and passing these gains to workers through increased wages or better working conditions. Implementer B was more focused on empowering the workforce, which would translate into improved productivity and better working conditions. A key part of both approaches was training a team in each factory responsible for driving through the changes.

Implementer A took each factory through a four-stage process:

- Stage 1: Building the plan which included developing a go-forward plan and launching
- Stage 2: Building the foundation which used *kaizen* methodology to create productivity improvements whilst conducting training to build self-sustaining capabilities on the shop floor
- Stage 3: Building the sustainment system which created infrastructure for a self-sustaining initiative
- Stage 4: Organisational development which built a self-managed continuous improvement team

Implementer B worked on developing a constant dialogue with the top management of the factories and establishing institutionalised internal communication channels. In addition, cross-departmental ‘Change Management Teams’, including production managers, HR managers and workers took an intensive 18-month training schedule on topics such as dialogue, management of overtime, absenteeism, turnover and measures to improve productivity and quality.

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## 3.2. Programme aims and key performance indicators

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These were:

- To improve factory **productivity** as measured through: improved quality; improved output; reduced processing time; reduced shipping costs; reduced reject rate; improved overall equipment effectiveness; reduced lead time.
- To improve **working conditions** as measured through: improved wages; reduced overtime; reduced absenteeism; reduced worker turnover; increased woman’s participation; decreased discrimination; improved dialogue; improved health and safety.

## 4 Was it successful?

Overall, broadly yes. In general, there were significant improvements in both productivity and working conditions in the factories.

### 4.1. Highlights

#### 4.1.1. Productivity improvements<sup>5</sup>

KPI	Baseline (pre-SSP)	Three-month average (post-SSP)	% Change
On-time delivery %	77.1%	83.6%	+8%
Sewing line defect rate %	6.1%	3.4%	-44%
Efficiency (sewing line) <sup>6</sup> %	57%	68%	+20%

- *Sewing line efficiency*: improved significantly across all but a few factories (13 out of 16 factories showed significantly rising productivity). In some cases, improvement was dramatic with sewing efficiency increasing by well over 50%. Bangladesh and Indonesia were particular success stories with productivity increasing on average 29% in Bangladesh and 38% in Indonesia.
- *Sewing line defect rate*: showed a significant reduction with particular improvements in Cambodia and China.
- *On-time delivery*: improved somewhat. The strongest increase was in India which started from a very low baseline.

#### 4.1.2. Working conditions improvements<sup>7</sup>

KPI	Baseline (pre-SSP)	Three-month average (post-SSP)	% Change
Absenteeism rate %	12%	13%	9%
Turnover rate %	7%	6%	-24%
Monthly overtime as % of total hours	18%	14%	-20%
Total take-home wages	\$148.3	\$174.4	18%
Total take-home wages without overtime	\$120	\$138	15%

\*Some rounding errors.

- *Take home wages*: there were strong wage increases in Bangladesh which started from the lowest baseline, and Indonesia. The wage increases in Bangladesh occurred before the recent mandatory wage increase but the wage upswing in Indonesia was partly driven by an increase in the statutory minimum wage. Across all countries, the SSP was successful in getting factories to use more bonuses to supplement basic pay.

<sup>5/7</sup> Averages across all factories, collected by implementers before the programme (baseline) and afterwards.

<sup>6</sup> Sewing efficiency means the actual rate of production relative to the expected rate of production for a particular production line. It is the key indicator the factories use to measure their productivity.

- *Worker turnover*: reduced across the factories significantly. Since worker turnover is a proxy for worker satisfaction, this suggests that the programme was positive for workers. Particular success in reducing turnover was seen in Bangladesh, where it fell by 43%, from 7% pre-SSP to 4% post-SSP.
- *Overtime*: reduced substantially, despite challenges. Particular success in reducing overtime occurred in India, although in Bangladesh where overtime in general is higher, the issue proved harder.
- *Absenteeism*: did not improve overall. However, it improved significantly in India (-15%), where absenteeism is rife and very problematic, and also in Bangladesh (-49%).

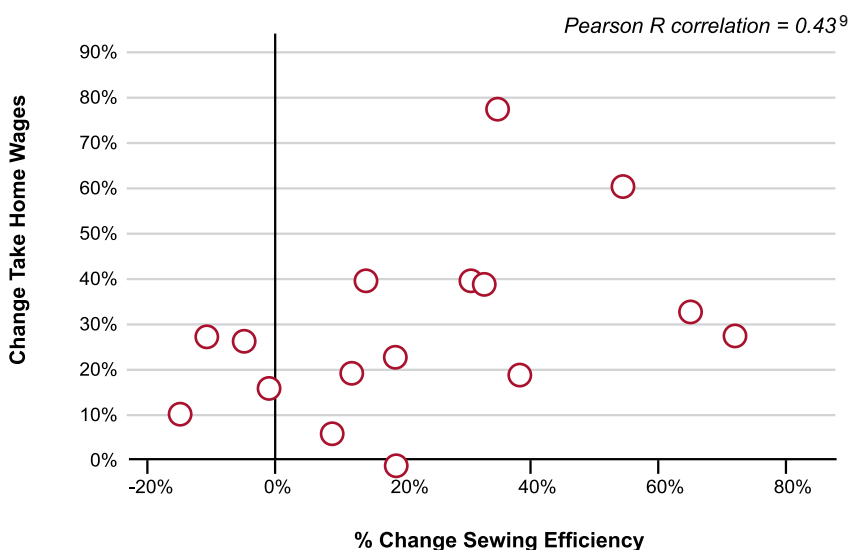
### 4.1.3. Virtuous circle between improved productivity and improved working conditions

At its heart, the programme was testing a hypothesis about improving productivity and working conditions together. Though this virtuous circle did not start in every factory, it did start in some. The SSP empowered workers, improved productivity and reduced stressful working conditions, which enhanced worker loyalty. In turn, this lowered staff turnover and absenteeism, reducing labour disruption and further increasing production efficiencies. Where productivity improved, in general take-home wages also improved.

### 4.1.4. Correlation between productivity improvements and increase in take-home wages for workers

There was a good correlation across the programme between improvements in sewing efficiency (the key measurement for productivity in the factory) and take-home wages for workers, as shown in the graph below. This suggests that suppliers were passing on some of the benefit of increases in productivity to their workers. The SSP strongly encouraged suppliers to share the benefits of productivity gains through sewing-line production bonuses as well as attendance bonuses.

Percentage change in sewing efficiency and take-home-wages by factory<sup>8</sup>



<sup>8</sup> Source: consolidated data for each factory collected by implementers before the programme (baseline) and after the programme.

<sup>9</sup> This correlation is not statistically significant, largely due to the small sample size. The p-value is 0.097.

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### 4.1.5. Financial performance of the programme

Based on an external assessment by Solutions Matrix which modelled the business case of SSP, the return on investment of the programme was 118%, (counting both the investment by C&A Foundation and the factories) with a payback period of less than a year. (These estimates are from modelling the labour cost and material cost reductions in nine factories, based on a series of assumptions. Due to the small sample size, the results are indicative.)

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## 4.2. Lowlights

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### 4.2.1. Factory recruitment

- This was a major problem. Of 34 factories targeted to join the programme, 18 suppliers were recruited, of which 16 finished the programme. These small numbers made the programme expensive since various costs were fixed, such as the implementer having a presence in-country.
- Reasons for the low recruitment were that the programme was voluntary and there was no obvious / immediate commercial benefit in terms of increased orders from C&A and indeed the programme required a financial contribution from factories. Another key reason was that the business benefits to the factories in terms of improved productivity and profitability were not clear at the recruitment stage. Meanwhile, some factories had been through similar programmes sponsored by other brands, were reluctant to share sensitive data or did not feel sufficient urgency to experiment with a new approach since their order books were full.
- Difficulty in factory recruitment illustrates the wider issue of a lack of external or internal pressure felt by suppliers to improve working conditions. Many suppliers are not committed to sustainable improvements and the reality is that suppliers who most need the programme are often the least likely to join. This is a strong reason for the industry to share its data more widely and openly on these programmes, to emphasise their benefits for factory owners/managers and encourage suppliers to be more open to them, as significant factory cost savings are achieved as well as a more stable workforce.

### 4.2.2. Changes to working conditions

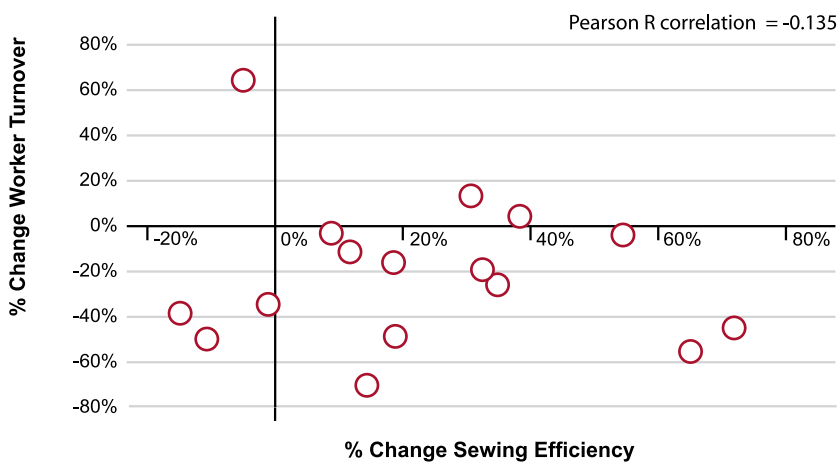
- Overtime, absenteeism and turnover in several factories continued to be problematic, despite the intensive interventions of the SSP:
  - In five factories, overtime did not go down
  - In three factories, turnover did not go down
  - In five factories, absenteeism did not go down.

## 5 What did we learn from the programme?

### 5.1. Relationship between productivity gains and improvements in working conditions

Factories that improved productivity were not always the same ones that improved working conditions, other than take-home wages (see page 12 for correlation between productivity and take-home wages). Indeed, there were no strong correlations between productivity improvements, such as enhanced sewing efficiency, and reductions in overtime, worker turnover and worker absenteeism. As an example, see the scatter diagram below showing the relationship by factory between changes in sewing efficiency and worker turnover.

Percentage change in sewing efficiency with worker turnover by factory<sup>10</sup>



This illustrates that capability programmes such as the SSP which aim to link productivity and working conditions need to take into account the many variables determining whether productivity gains actually translate into gains for workers themselves (beyond pay). The relationship is not automatic and is connected to our finding that such a programme is the beginning of a long-term culture change for factories, and that the appetite for this journey is different for each supplier, depending on a range of conditions.

### 5.2. Factory performance variability

#### 5.2.1. Examples of variability of factory performance

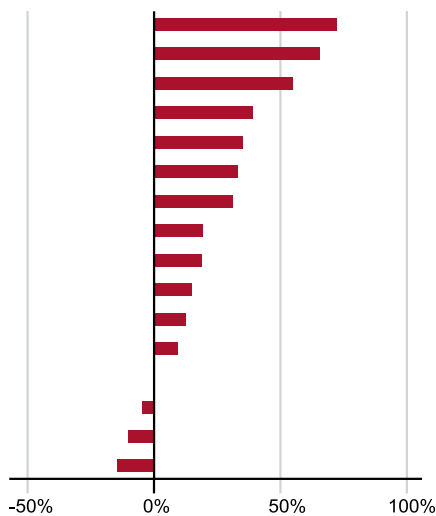
Performance varied significantly between factories on most indicators tracked, apart from take-home wages which most factories increased significantly and for which there was less variation in performance. The charts below are example of where performance on key KPIs differed significantly. (Charts rank factories by performance on each indicator: hence are not in the same sequence in each graph.)

<sup>10</sup> Source: consolidated data for each factory collected by implementers before the programme (baseline) and after the programme.

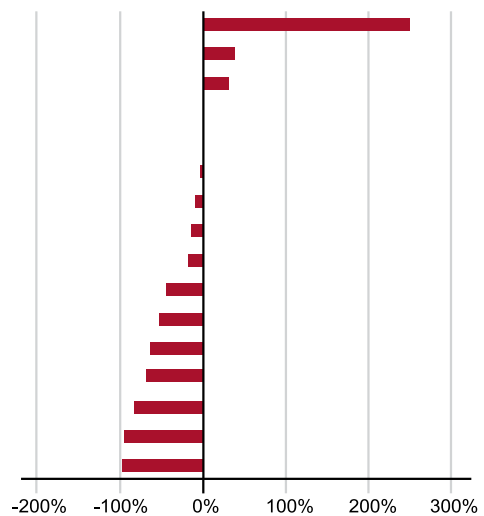
For example, whilst some factories improved sewing efficiency by over 50%, other factories struggled to improve productivity and four factories decreased sewing efficiency during the programme. Poor performance on sewing efficiency resulted from internal factory issues such as lack of senior management support for the programme, as well as external issues such as worker unrest and strikes that affected worker morale and productivity.

Meanwhile, just under half the factories halved overtime. However, overtime continued to be a significant issue for some factories due to problematic management of orders. For one outlier, overtime as a percentage of total hours worked increased from 7% to 24%.

**Percentage change in sewing efficiency by factory<sup>11</sup>**



**Percentage change in overtime by factory<sup>12</sup>**



### 5.2.2. Reasons for variability of factory performance

It is hard to draw robust conclusions from a sample of just 18 factories. Even other supplier capability-building programmes where sample sizes are larger struggle to definitively identify key drivers of individual factory performance in each country. However, we drew some tentative hypotheses:

- *Methodology and implementation matters*
  - The implementer with the more socially-orientated approach, focusing primarily on worker empowerment, achieved slightly greater traction on social performance indicators. These included: wages, overtime, turnover and absenteeism, although these changes often took time due to a lengthy trust-building process. Furthermore, the approach was more expensive.
  - The implementer with the more productivity-orientated approach improved productivity rapidly, which quickly gained buy-in of factory management.
  - The quality of the implementing team matters. Geographical proximity of the factories to the implementer matters too, since it determines how often the implementer can pay factory visits for consultations. For example, the concentration of factories in Dhaka, Bangladesh, enabled the implementer to deliver more intensive interventions which appears to have improved results.

<sup>11/12</sup> Source: consolidated data for each factory collected by implementers before the programme (baseline) and after the programme.

- *Factory engagement matters*

Performance on working conditions was heavily influenced by the engagement of factory owners and management. Engagement was driven by the urgency for change felt by factory management, which was often the result of a family member of the second generation backing the programme as a way of modernising and keeping ahead of competition. It was also influenced by contextual factors in each country. For example, in China relatively high labour costs compared to other countries make such productivity-enhancing programmes more important, resulting in increased engagement from factory management. Implementer B also observed that factory management in Bangladesh was more open to change than in India.

- *External factors affect outcomes: there is only so much that a programme such as this can change*

Many external events and factors limited the SSP's effect. For example, where the minimum wage went up (Indonesia), suppliers were less likely to experiment with additional bonuses as their wage bill had already increased significantly. Where absenteeism is extremely low and attendance bonuses widespread (China), there was little scope for improvement.



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## 6 Challenges in programme design and management

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We faced a few challenges in designing and managing the SSP. Though we do not have solutions to all of them, particularly those rooted in complex industry dynamics, we suspect that the following changes might have improved the overall programme performance.

### **Challenge 1: Clarify parameters of involvement and align incentives of stakeholders**

There were some key stakeholder management issues we encountered whilst implementing the programme which we could have managed differently to develop the appropriate partnership required. In particular, these were:

- *Dynamics between the donor (C&A Foundation) and C&A*
  - Although it made sense for the C&A Foundation to sponsor the SSP as a pilot approach for the industry as a whole, C&A Foundation, being a charitable foundation, lacked leverage with suppliers. C&A sourcing teams were involved at the country level, however, the foundation could have had a deeper engagement with C&A to develop a partnership model with suppliers. So what would we do differently? As a charitable organisation, the foundation is unable to provide material incentives for suppliers to participate. But there is a strong business case for buyers to invest in such programmes by taking a mandatory approach to factory recruitment or tying purchasing decisions to supplier performance.
- *Dynamics between the supplier and C&A Foundation*
  - Changing working conditions was more challenging than anticipated partly because it was tricky to find the right way to influence suppliers on these sensitive issues. For example, the programme required us to build trust with the suppliers over time to find a sustainable solution for their factories. As a result, it was hard to have an up-front agreement as to how suppliers could share the dividends of increased productivity with workers, which was a key objective of the programme.
  - Whilst asking factories to co-pay for the programme aligned incentives between the funders of the programme, it may have reduced the number of suppliers willing to sign up.
  - So what would we do differently? We would have an earlier and more open conversation with factory management about expectations around wage increases after productivity improvements. We would also design the co-pay differently, recognising that participation is a leap-of-faith for suppliers. For example, factories' payments could have been staggered to increase when results were realised. We would have also shared the business benefits of the programme more explicitly during recruitment and throughout the course of the programme. This may have encouraged more factories to sign up.
  - However, broadly speaking, for a programme such as the SSP to truly reach its potential, the relationship between supplier and brand may need to move beyond a transactional relationship to a long-term, trust-based partnership. Working with a small group of strategic suppliers may be one way of maximising impact.

- *Dynamics between C&A Foundation and the implementers*
  - We lacked sufficient resources within C&A Foundation to closely manage the implementers from the recruitment stage.
  - Having two implementers made it hard to ensure consistency. With hindsight, rather than having separate committees overseeing each implementer, we would have a steering committee of both implementers to align approaches and impact measurement, and share lessons.

**Challenge 2: Create a programme that generates impact, is scalable and has clear performance data to inform decisions about scale-up**

- *Reduce cost and complexity*
  - Due to the global nature of the supply chain, C&A Foundation was keen to test the programme in various countries and to explore the effect of different programme approaches with two implementers. Yet there was a cost to this complexity, in terms of money spent (for example, one implementer needed to create office/infrastructure in each country), management time (for example, aligning approaches and ensuring consistency across the two implementers) as well as deriving statistical information about the programme's effectiveness. Ultimately the high cost of the programme meant that it was not scalable.
  - One way to reduce complexity would be to create a more cost-effective programme focusing on one or two countries initially, moving onto further countries once effectiveness had been proven. The trade-off would be that the programme would take much longer to cover C&A's global supply chain and to understand particular country-level issues and levers of change.
- *Ensure that enough outcome information is generated to inform programme management and the decision about whether and how to scale-up*
  - The SSP was neither a pilot nor an evaluation, as defined in the table below. It would be difficult to pursue a more scientific approach to collecting data (and indeed this was not the purpose of the programme), since constructing a robust counterfactual would be tough and many factories do not have adequate baseline data in the first place. For statistical significance, we could probably have needed over 30 factories. Though there was extensive data collection and outcome monitoring during the programme, there were too many variables (e.g., countries and implementers) and too few factories to rigorously evaluate the programme's effect.
  - Data on cost savings could have been collected in real-time, rather than being modelled retrospectively and hypothetically.
  - There could have been a stronger feedback loop whereby data was continuously collected and results shared and incorporated into programme design and implementation.

### Purpose of monitoring and evaluation at the various stages of a programme

Stage of programme development	Purpose of the stage, and useful information to gather
<b>1. Research and Development</b>	By definition, there won't be 'hard' evidence at the outset, since the work is exploratory. Nonetheless, since very little innovation is totally unprecedented, there will almost certainly be relevant evidence from some analogous situation.
<b>2. Pilot</b>	<p>The aim here is to prove that the programme is feasible and that there is demand, and to establish the resource requirements and to surface management challenges. For example, if the programme is a school breakfast club, questions for the pilot include: how much cereal is needed, how many staff are needed to wash up etc. Monitoring data should be collected for example on beneficiary reaction, cost, and cost-effectiveness.</p> <p>At this state, we're not investigating a causal link between the programme and the intended outputs.</p>
<b>3. Evaluation</b>	<p>Now that the programme is stable and manageable, we can investigate whether the inputs cause the intended outcomes, e.g., whether the breakfast club improves learning outcomes.</p> <p>Ideally, evaluations should be full and rigorous: for service delivery, the evaluation can have a control group (i.e., compares the outcomes amongst people who got the service with people who didn't) and the choice of who gets the service should be made randomly so that the groups are genuinely comparable. It should also have a big enough sample to be robust. Ideally evaluations should be conducted independently of the entity running the programme.</p>
<b>4. Scale-up/ Delivering Services</b>	Here, the programme is known to be effective and can be scaled up. We don't need to evaluate it again, so can just monitor it to ensure that it's working as expected. For instance, monitor beneficiary views, uptake, measurable results (e.g., test scores), and cost.

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## 7 Implications and next steps

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Whilst the SSP was successful in many ways and illustrates the potential of capability-building programmes, particularly those that holistically address both productivity and issues of working conditions, we found challenges which need additional thinking and alternative approaches. These challenges are:

- *Factory recruitment:* factories are often resistant to change around working conditions and will not sign up to such programmes. This is particularly the case for factories that can benefit the most from the programme.
- *Gains in working conditions:* even if productivity in factories improves, it is difficult to achieve significant improvements in working conditions. For this, culture change at factory level is required which is a long-term process needing more time than the deep-dive SSP.
- *Programme costs:* intensive interventions to shift the status quo are expensive and may be hard-to-scale.
- *Sectoral-wide change:* some issues such as overtime and wages may need an industry-wide discussion and response.

Options to address these challenges include:

- *More multi-brand collaborations.* These would build on the achievements of current multi-brand approaches including those led by U.K.-based consultancy, Impactt, which has illustrated how powerful such approaches can be, as they can achieve scale which individual brands cannot achieve alone. Whilst intensive capability-building programmes are very expensive for individual brands, as part of a multi-brand approach the cost per factory becomes more manageable. Moreover, they start to create industry-wide pressure for change. This is not to suggest that a multi-brand approach is the only solution since it takes longer to get alignment across multiple entities. Furthermore, it is likely that brands included in such an approach will not share all suppliers and therefore will need to build in some in-house support to uplift their entire supplier base. But a multi-brand approach could be cost-effective and persuasive for larger suppliers. Such collaboration also becomes attractive to additional funders.
- *Increasing commitment amongst individual brands to improving working conditions in factories and developing a real partnership approach with suppliers.* The nature of the garment industry where buyers constantly change their design needs and contracts with suppliers are short-term has impeded the creation of strong, long-term strategic partnerships seen in other industries. However, without such partnerships and changes in buyer behaviours which can contribute to issues such as overtime it will be hard to create the changes in supplier practices that the industry would like to see. There also needs to be increased urgency amongst brands to help suppliers improve working conditions in factories.
- *More industry dialogue and information sharing.* Bringing together brands, suppliers, multi-lateral agencies, donors, NGOs and platforms. Cross-sectoral dialogue along the supply chain has helped to significantly improve working conditions in the electronics industry and agricultural sector. For example, the electronics industry has banded together to create the Electronics Industry Code of Conduct, a set of standards on social, environmental and ethical issues in the electronics supply chain.

C&A Foundation is currently involved in several follow-on initiatives from the SSP. These include experimenting with a multi-brand approach and taking the SSP to China with a combination of in-factory productivity trainings and out-factory trainings on social and HR issues.

We are also keen to convene a roundtable to start the industry dialogue and information sharing and we will be reaching out to key peers in the coming months.

We would be delighted if this review of the C&A Foundation SSP resulted in other industry players sharing information about their programmes and perspective on these issues. Please contact us with any ideas, opinions or feedback, to C&A Foundation Director Leslie Johnston on [l.johnston@candafoundation.org](mailto:l.johnston@candafoundation.org)

