

MARKS & SPENCER

Brands: M&S Collection, Limited Collection, Per Una, North Coast, Portfolio, Indigo Collection, Autograph, Classic, Blue Harbour, Collezione, Savile Row Inspired, Big & Tall



COMPANY POSITION ON THE LIVING WAGE:

“Our public commitment on living wages is detailed in our Plan A commitment 17.1: ‘Implement a process to ensure our clothing suppliers are able to pay a fair living wage in the least developed countries we source from, starting with Bangladesh India and Sri Lanka by 2015.’”

WHAT WE SAY:

Marks & Spencer (M&S) is undertaking significant work to make sure that the prices it pays are enough to ensure the basic needs of its workers are met. The company’s ‘Plan A’ commitment to pay a living wage is commendable. M&S has yet to disclose the figures it is using to benchmark a living wage and much of its model relies heavily on purchasing practices – without real data we remain unsure about the real progress being made.

IN MORE DETAIL:

Has living-wage benchmarks?

Yes, but refuses to disclose these.

Worker empowerment:

M&S says: “Our training commitment 17.2 ‘to work with our suppliers and partners to provide a training and education programme for 500,000 workers by 2015 covers employees roles, responsibilities and rights...’ We have included specific sections to cover freedom of association and collective bargaining in our training modules: Induction training; Rights roles and responsibilities; and our Effective Worker & Management communication programmes. To date over 391,000 workers from around the world have been trained.”



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Training programmes have followed different models in different countries:

India: "... we have developed the Effective Worker Management (EWM) Programme. This programme includes a Freedom of Association module and focuses on creating a conducive environment for exercising rights. This is implemented by the Centre for Responsible Business... GIZ India." This also was delivered in Bangladesh – 38 factories were reached.

Bangladesh: "... we have rolled out the Ethical Model Factory (EMF) programme which includes Worker Rights training and HR systems and Industrial Relations Management training for middle management and HR personnel." This programme also focuses on productivity training and industrial engineering, and has seen a wage increase of 12-42% in participating factories.

Bangladesh and India: "... the Benefits for Business and Workers (BBW) project ... includes a training module focused on the importance of worker/management dialogue."

Turkey and Egypt: A workplace-communication training programme with Partner Africa was cited: "This is a two day course explaining the importance of workplace communication and uses experiences from leading ethical suppliers to illustrate mechanisms for improving workplace communication. A DVD is used to support the training, highlighting how welfare committees and unions have improved communication between management and workers within leading companies."

M&S has worker hotlines in China for workers to express grievances. It is also trialling a mobile-phone feedback mechanism: "Using mobile technology, we are carrying out quantitative surveys direct to workers. Workers listen to questions on their mobile phones in a local language, and respond using their touch-tone keypad. This returns anonymous results ... we have already tested the technology with 13 suppliers in India and Sri Lanka, surveying over 2,000 workers ... we will now roll out the service to 30 factories and 22,500 workers in India, Sri Lanka and Bangladesh, gathering feedback on subjects such as working conditions, job satisfaction and training."

Commitment and practices:

M&S says: "For the last 5 Years we have been using a costing model within our buying practices which breaks down the cost price of garments into every area and specifies Direct and Indirect Labour costs. We have been implementing our cost price model across our supply base in 14 global sourcing countries. The model identifies

and ring fences the actual labour cost during cost price negotiations. It is based on standard minute values, actual work-study minutes taken, efficiency as well as, cost of living and a theoretical wage calculation."

M&S calculates the living wage using the following methodology:

$$\text{Living Wage} = (\text{Basic Food Basket per Person}) \times (1/\text{Fraction of Average Household Income Spent on Food}) \times (\text{Household Size/Number of Wage Earners}) \times 1.10$$

To collect the information required to apply the above formula, for each area in which we carry out living wage research, we:

Surveyed 20 individuals living and working around the factory. Respondents represented a cross-section of the community including factory workers, owners of stalls and small businesses in the area, retired people, housewives etc.

Surveys focused on Household Size; Number of Wage Earners; Contents and cost of an essential food basket; Fraction of average household income spent on food."

M&S also uses wage ladders, updated each year by Impactt Ltd., to monitor progress.

On purchasing practices, it says: "...we have developed a process which awards outstanding factories the status of 'Ethical Excellence'. The process identifies factories which demonstrate world class working conditions and that they pay living wages. This is motivated in the business as the buying teams annual bonus is measured against how many Ethical Excellence factories they have used – this is really driving factories to increase pay to meet this target."

Collaborative approach:

The Ethical Model Factories Programme, Benefits for Business and Workers (BBW) programme and involvement in a piece of research on 'Capturing the Gains' were cited. The BBW programme is a collaborative piece of work involving Impactt, the Department for International Development and eight other brands.

M&S has also been working on a piece of 'financial inclusion' work, where it has provided training to workers in India about savings and the use of bank accounts: "With M&S, geosansar has completed some 60 financial inclusion training programmes inside factories supplying us. This has resulted in educating some 10,000 unbanked workers directly and a further 3,000 indirectly. Approx. 4,500 workers have gone onto open bank accounts and the conversion rate is growing."

Strategy:

M&S says: "...through Plan A we are the first retailer to publish our commitment to implement a process to ensure our suppliers are able to pay a fair living wage by ensuring the cost prices we pay our suppliers are adequate. We have committed to achieve this in Bangladesh, India and Sri Lanka by 2015. We report annually on this in our Plan A Report. It will remain a Plan A commitment for the foreseeable future."

COMMENTS:

M&S has finally sent us its method for calculating a living wage. This reassures us that the work is being done to verify what this really means for the company internally, and that a process is in place to update and monitor whether this is enough for a worker to live on – even if M&S still refuses to give us actual figures. This has, however, raised for us a number of questions. The method calculates a living wage based on figures of what the current average situation is (which from what we know is a poverty level) – why not instead base these elements on what it should be? The number of calories covered by the food basket, which M&S says is based on the Social Accountability International (SAI) extrapolated basket methodology, was not disclosed and is not available on the SAI website. For us, this is also crucial, as recent research has shown that many workers are currently seriously malnourished, due to inability to buy nutritious food.

One of the other concerns that M&S's submission raised for us was about a worrying rhetoric focusing on worker committees rather than work to endorse real freedom of association. No collaborative work in partnership with trade unions, rather than NGOs, was mentioned. This came through in both its involvement in the BBW project and the Ethical Model Factory programme.

Neither project, as part of its worker empowerment focus, seems to have engaged with the trade union movement, and there is no reference to freedom of association or trade unions in the training materials. The BBW programme has focused on "building towards the idea of Freedom of Association" by trying to overcome obstructionist attitudes to collective worker representation in management. This has involved training programmes and getting management to engage with legally required worker-committee models in Bangladesh. Although this may be helpful in the short term, worker committees are not the solution to the worker empowerment issue in our opinion. Engaging in this runs the risk of promoting 'parallel means' to management as a way to avoid engagement with functioning trade union movements. Worker committees do not have the power to collectively bargain on anything aside from fringe benefits or minor wage increases, do not have the right to

Production overview:

Number of suppliers: 2,000 first-tier clothing, food and homeware suppliers globally

Main production countries listed as: M&S did not disclose this information.

M&S does not publish a full public list of the names and addresses of its supplier factories.

take industrial action to back up their position, often can't hold independent elections, and are usually restricted to individual workplaces – meaning members cannot take part in campaigning aimed at improving wages and conditions on a sectoral, national or regional level. All in all, not so great for workers or long-term change. A commitment or strategy to transition the work on worker empowerment in both projects towards collaboration with trade unions would be a good step.

We are also sceptical about M&S's reliance on productivity as a tool for increasing wages from minimum to living-wage level. Both the Ethical Model Factory programme and the BBW project give productivity improvements a primary focus, but as we have always held about productivity gains, very small wage changes are often the only achievement, while big leaps in wage levels are what's needed. For example, the 7% wage increase achieved in Bangladesh by the BBW project is very small, given that the minimum wage was put up by 80% (after this project ended) – and this still isn't anywhere near a living-wage figure. As such, we aren't keen to call this a living-wage project. However, even if the project doesn't achieve a living wage, some of the trust-building exercises carried out with management may yet be preparing the way for improvement.

We are pleased to see M&S has been doing work to make sure there are financial incentives for buyers to source from factories that M&S says pay living wages. This is a good step forward. Although we don't see this as a grievance mechanism, it seems M&S is also doing interesting work on using mobile-phone technology to get feedback from workers.

All in all, interesting progress seems to be being made. It is impossible to judge the real benefit to workers making M&S clothes because no figures have been disclosed. M&S could do a lot more to support wage improvement globally by becoming more transparent in its business practice and by sharing data. This would lead the way for other brands to also commit. Without this, it could all still be smoke and mirrors.