

CONTRACTING LIFECYCLE AND LABOUR RISK MONITORING OPPORTUNITIES



Worker Voice Tools

Worker voice tools are solutions for which workers are the primary intended user. They may be designed according to a one-way model – surveying workers to understand their needs or concerns – a two-way model – receiving information from workers while also sharing information, training, responding to concerns – or a horizontal model – enabling interaction and association between workers themselves.³

The application of worker voice tools often focuses on the first tier of a company's supply chain – the suppliers with which the company contracts directly – but can offer additional value when deployed deeper in a supply chain where, historically, companies have had more limited means of gaining insights on working conditions. While workers are the primary group to which such technologies are deployed, the solution can also be applied in the communities supplying local workforces to provide insight into relevant conditions outside “factory walls.”

Risk Assessment Solutions

Risk assessment solutions are another area where technology is increasingly being applied to support companies' commitments to respecting human rights in their supply chains. Using data analytics, often in a proprietary form, solutions providers are able to offer companies assessments covering the inherent human rights risk profile of a potential or existing source country, sector or supplier, with the supplier's risk score typically a combination of country and category risk. Risk assessment solutions can be incorporated into company supply chain due diligence processes to enable prioritization of suppliers for further risk mitigation measures such as self-assessments and audits.

Capacity Building and Training Solutions

Finally, a third prominent technology application meant to help manage supply chain human rights risk enables training and capacity building. One of the obstacles limiting progress on human rights risk management in supply chains is the sometimes-limited knowledge among workers and suppliers concerning what labour rights are and how they can be respected. In order to help close that gap, various technologies are being applied to build worker and supplier capacity on labour rights. Training technology can target either the management teams of suppliers or aim directly for workforces so labourers can be equipped with what they need to understand and even advocate for their rights.

³ *Transformative Technology For Migrant Workers: Opportunities, Challenges, And Risks*; Bassina Farbenblum, Laurie Berg And Angela Kintominas, Open Society, 2018: <https://www.opensocietyfoundations.org/uploads/dfe50370-e15a-4a78-99f9-3954c0e73bb3/transformative-technology-for-migrant-workers-20181107.pdf> Page 1 (Introduction)

2 Positive Impacts of Technology Solutions

Through the application of worker voice, risk assessment and training technology solutions, companies can enhance and augment their ability to protect rightsholders in their supply chains. Each technology application offers specific benefits in that regard.

Worker Voice Tools

Worker voice tools offer several benefits to companies and the supply chain workers whose rights they seek to respect. Because worker voice tools emerged, in part, as a response to some of the shortcomings of traditional social audit programs, many of the tools' benefits can be best described against that backdrop.

For example, worker voice tools can help companies assess the effectiveness of existing social compliance audits and other programs. They do so by testing whether findings align with workers' experiences on the ground, and while auditors are not present; in other words, by removing the "middleman." The tools also offer the potential to reach a wider set of workers through surveys than what would be feasible in a traditional audit with the potential for more accurate data. A representative from a solutions provider interviewed for this report noted that, "In India and Bangladesh, our data shows that one in four workers have experienced harassment – it is hard to get something like that from audit."

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Worker voice tools allow companies to hear from workers in real time on an ongoing basis rather than just once during an audit, thereby allowing for analysis of trends and spotting emerging issues before they become human rights impacts. In this way, they can serve as an early warning system to companies, helping them proactively respond to issues before they become systemic or severe. Intelligence gathered through worker voice tools can also help companies prioritize the highest risk parts of the supply chain for engagement.

Such tools may include horizontal communication functionality, meaning workers can communicate securely with each other through the platform. An opportunity for workers to engage directly offers particular value from a human rights perspective in countries where the right to freedom of association is not protected. The tools may also be designed to provide supply chain workers access to remedy for adverse human rights impacts, and enable better follow up through two-way communication.

Risk Assessment Solutions

Technologies that allow companies to easily integrate human rights risk into their supplier assessments, whether at the prequalification, qualification or performance management stage of the procurement cycle, offer several benefits. Primarily, companies with supplier bases that can number in the tens of thousands must have a means of prioritizing potential and existing suppliers for further due diligence. Without a risk

assessment explicitly focused on understanding inherent human rights risk, companies may either use imperfect proxy variables – such as brand risk or dollars spent with a supplier – or forego attempting to apply a human rights risk lens for lack of adequate resources to manage the process.

Some risk assessment solutions allow companies to focus on specific human rights issues in their supply chains, including risks that may exist outside their first tier of suppliers. These tools use data analytics to produce heat maps of a supply chain, point to areas of higher risk from a country or commodity perspective. These tools can help companies understand where heightened risk of adverse impacts such as human trafficking or infringements on the rights of foreign migrant workers may exist. With that information, companies can then engage suppliers, industry bodies and policymakers in those areas to identify and address some of the root causes contributing to such systemic issues.

Technologies that help companies trace higher risk inputs in their supply chain back to their source also better enable companies to take action on human rights issues that may exist along those chains. Traceability of inputs allows companies to hold suppliers to account for their own sourcing practices, and encourage those firms to implement better policies and processes for managing human rights risk. Traceability systems also have the potential to create a critical mass of companies that choose to avoid sourcing from high-risk regions, which may create enough pressure on policymakers to take the necessary steps to bring investment back to the region.

As risk assessment tools are applied, the process of evaluating suppliers itself becomes a signal to those firms that human rights performance is a measure against which they are being evaluated and considered. Risk assessment tools that establish the importance of this measure early in the process, for example, by asking suppliers about their human rights policies during the pre-qualification stage, have the ability to accomplish this signaling at a broad scale.

Contracting companies can also use the findings of risk assessment tools to engage would-be suppliers in conversations about why their country of operation and product/service category earned them a high-risk score; that engagement may help suppliers begin to consider and address their own human rights risks.

Capacity Building and Training Solutions

One challenge standing in the way of achieving broader respect for human rights on factory floors globally is workers' lack of knowledge of their own rights. By training supply chain workers and management team members on basic labour rights and how they are to be respected, companies can begin to address that challenge. Using technology to deliver such trainings enables companies to reach more workers in their supply chains more easily and more efficiently. They can do so with confidence in the quality of trainings being provided since they are inherently consistent. If designed carefully, for example with centralized progress tracking capabilities and interactive functionality that engages learners, these trainings can also more effectively achieve learning objectives than in-person trainings. Where capacity building technologies include a data tracking aspect to record completion rates, some solutions providers have been able to correlate that data to improved productivity on the factory floor, enabling companies to make a business case to suppliers that these training can actually help improve their bottom line in addition to their human rights performance.⁴

⁴ Telephone interview with Jens Helmerssons, Founding Partner, Quizrr, 13 January 2020

3 Risks to Workers Associated with Technology Solutions

With all the benefits human rights supply chain technologies can offer, it is important to understand the risks these solutions carry for the workers they are meant to support. Only by forming a clear picture of these risks can companies, technology providers, governments and others take the steps needed to protect works against harmful unintended consequences of the tools.

Worker Voice Tools

Worker voice programs have received criticism for several reasons. In some cases, they are seen as contributing to the “standards without enforcement” challenge also presented by social audits. In other words, the tools fail to address the fundamental, systemic power inequity between workers and management that enables non-enforcement of human rights standards⁵. A related risk is that worker voice tools may be perceived by workers or used by supplier management teams as a means to undermine or replace legitimate worker associations. If workers receive the message that all their workplace concerns should be channeled through worker voice tools versus, for example, union representatives, it may have the effect of weakening unions and other forms of worker organizations. As one human rights expert interviewed for this report put it: “Technology cannot replace rights and worker voice tools are not a substitute for unions.”

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There is also concern that these tools have the potential to violate the privacy of workers using the tools, either through sharing of information with supplier management teams or third parties – such as law enforcement – without the consent of the employees providing their input.

The accessibility of these tools has also called their efficacy into question. For examples, as many worker voice tools are mobile-based, the platform may present a barrier to use for workers with lower digital literacy. Even if digitally literate, workers/communities with low access to technology such as phones, electricity, data plans, etc. may still struggle to engage with the tools.⁶

Workers with low trust in their employers may also refrain from utilizing the tools, either because they will worry their input will be used against them, and/or that there will be no meaningful follow up or changes

⁵ Penelope Kyritsis, Prof. Dr. Genevieve LeBaron, Prof. Dr. Mark Anner “New Buzzword, Same Problem: How Worker Voice Initiatives are Perpetuating the Shortcomings of Traditional Social Auditing”, Business and Human Rights Resource Center, March 12, 2019: <https://www.business-humanrights.org/en/new-buzzword-same-problem-how-worker-voice-initiatives-are-perpetuating-the-shortcomings-of-traditional-social-auditing>

⁶ *Technology Solutions for Advancing Human Rights in Global Supply Chains: A Landscape Assessment*; Jesse Nishinaga and Faris Natour; Human Rights and Business Initiative University of California, Berkeley, June 2019

made as a result of their participation. For this and other reason, under-engaging workers in the design of worker voice tools may also limit their effectiveness.

Risk Assessment Solutions

While risk assessment technologies are generally applied early in a company's procurement process, and typically work at a remove from actual labour rights impacts since they primarily identify suppliers' inherent risk as opposed to individual human rights impacts, they can still pose a risk to worker rights if not applied thoughtfully. One concern stakeholders raise about these solutions is the risk that they potentially encourage companies to shun suppliers from certain countries in the world where human rights risk is most heightened, which may ultimately harm workers who then see a decline in employment opportunities.

Country risk is typically one of the key variables these tools use to assess a firm's risk, and country risk is determined largely based on the strength of institutions – government policy, laws and enforcement mechanisms – protections of human rights, or the lack thereof. Companies may therefore be deterred from contracting with suppliers in countries with weak rule of law, rather than opting for the potentially higher investment that would be required to raise the performance of those suppliers in the face of poor institutional protections. The more companies that choose not to invest in high human rights risk countries, the more likely local workers in those countries are to eventually see fewer employment options.

Capacity Building and Training Solutions

Technology enabled trainings targeting supplier management teams and/or workers may present risks to workers, though the likelihood is low. However, one form of risk is if in-person support for the implementation of and follow up to trainings is insufficient to address questions or misconceptions that may arise during the course of a training. If the programed context of trainings produces uncertainties about the rights of workers or how management is meant to respect those rights, the absence of expert support – from either the service provider or company representatives – may result in ongoing confusion and even misunderstanding among both workers and their managers. Subsequently, worker rights may continue to be infringed upon, or new violations may occur as a result of misunderstandings.

If a training successfully provides workers with a clear understanding of their rights and how management is supposed to respect them, risks to workers may emerge as they begin to act upon that knowledge. Specifically, workers who are emboldened to stand up for their rights when they feel they are experiencing violations may be more likely to challenge management or other power holders. In contexts where these stakeholders feel threatened by such challenges, these workers may become more vulnerable to retaliation. Workers may also decide to advocate on behalf of peers whose rights they feel are being harmed without the consent of those peers, thereby potentially exposing others to retaliation as well.

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Stakeholders interviewed for this report also called out the need for building the capacity of intermediary organizations, such as worker rights groups, to use technology solutions in their work including for worker engagement and due diligence support. These organizations are well placed to adopt and implement these tools, but often lack the technical capabilities and resources to do so. Solutions providers also have an opportunity to engage with worker rights organizations in the development of the technology tools. As one human rights advocate interviewed for this report stated: “If there were more

discussion with on-the-ground organizations on how these tools can be more useful and actionable for these civil society organizations, that could make the products better.”

4 Opportunities to Implement Responsibly

To address some of the potential pitfalls of the technology solutions meant to support supply chain human rights, companies and other stakeholders seeking to use such tools to support worker rights should conduct due diligence to identify possible unintended harmful impacts of these tools on workers, as well as carefully plan and execute implementation strategies.

Worker Voice Tools

Worker voice tools in particular require careful due diligence prior to implementation given the direct link to individual workers and their labour rights. Companies seeking to utilize these tools responsibly may consider taking steps to prevent the myriad potential harms the tools may cause or contribute to. One crucial issue to examine is a company's responsibility and best practice for safeguarding personal information and other sensitive data collected from workers, and when and with whom – for example, law enforcement – data can and should – or should not be shared. Minors' privacy rights deserve particular attention due to their unique vulnerability.

To help address data privacy and mismanagement concerns, companies and solutions providers can take several steps. To begin with, workers can be engaged in the solution design process, which is a practice in line with the Worker Engagement Support by Technology (WEST) Principles (see box X). Workers can be asked for guidance on what elements to include or exclude from solutions so that they will be comfortable using the platforms. Workers can also offer input on data management policies and practices, and how implementation can be kept transparent. To protect against intentional external invasions of privacy, the technology itself can employ end-to-end encryption, which is especially valuable if applied in geographies where government has a track record of not respecting privacy rights.

For worker voice tools to be rights compatible, companies might consider including a worker-controlled intermediary step between the individual reporting mechanism and the reporting of issues to management and the company. Workers can be trained and empowered to scrub issue reports for identifiers that could point to individual workers, thereby protecting them from retaliation. For example, if worker voice tools are

WEST PRINCIPLES

The WEST (Worker Engagement Supported by Technology) Principles guide the development of technology-driven efforts to identify and address the risk of abuse and exploitation of workers in global supply chains. Initiated by a group of technology providers, the Principles seek to ensure the use of technology will meaningfully affect workers' lives. The eight principles are:

Design

1. Start with Integrity & Purpose
2. Use Worker-Centric & Inclusive Design
3. Build Trust with Workers

Engage

4. Facilitate Uptake & Ownership
5. Manage Security & Risk

Analyze

6. Analyze Engagement & Impact
7. Inform Decisions & System Changes

Utilize Data

8. Collaborate & Share Learnings

explicitly designed to capture reports of gender-based harassment, violence or assault, a body comprising of female workers should serve at that intermediate process step to help female workers feel more comfortable reporting problems.

Companies may also assess their own and their suppliers' technical capacity – and “political will” – to pursue remediation and even systemic changes when data reveals a need for such responses. Companies

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can examine their ability to respond appropriately when workers report problems at their factories, and in a timely manner that maintains workers' faith that a company will respond to their reports. That assessment may include how far a company is willing to intervene with suppliers, or its suppliers' suppliers. Providing remuneration such as phone credit for workers that participate in worker voice initiatives is another important consideration.⁷ Ultimately, the efficacy of worker voice tools depends on companies' ability and willingness to implement such programs responsibly,

including by following through on remediation commitments. Experts interviewed for this report also voiced concern about inconsistency in closing the feedback loop with workers who participated in a worker voice survey. A representative of a solutions provider stated for example: “After workers have given their input, companies do not always do enough to get back to workers to share findings and commit to steps they will take to address the issues. Too often, companies make this a one-way street.”

Risk Assessment Solutions

While risk assessment technologies generally carry a lower risk of adverse rights impacts, they still have the potential to contribute to adverse impacts on workers, and therefore require careful forethought from companies prior to implementation. The primary factor to consider is how companies will treat country risk scores in their decision-making protocols. By weighting country risk scores appropriately, including by giving weight to other variables such as category risk, companies are less likely to exclude certain high-risk countries from their supply chain outright⁸, which could harm the livelihoods and other rights of workers in those geographies.

Companies can also keep in mind that being based in a low-risk country may not give a full picture of a supplier's individual human rights performance; operating in the context of strong rule of law and institutional protections of human rights does guarantee that local potential suppliers have correspondingly strong human rights performance. Companies may still apply some further due diligence on suppliers in low risk countries based, again, on other variable that may indicate risk. In summary, using risk assessment data as what it is – an indicator of inherent and not actual risk for a given supplier – could help companies apply it in a rights compatible manner.

Capacity Building and Training Solutions

For companies to avoid risks to workers associated with technology enabled rights trainings and capacity building, it is useful to accompany trainings with adequate in-person support during both implementation

⁷ *Transformative Technology For Migrant Workers: Opportunities, Challenges, And Risks*; Bassina Farbenblum, Laurie Berg And Angela Kintominas, Open Society, 2018
<https://www.opensocietyfoundations.org/uploads/df50370-e15a-4a78-99f9-3954c0e73bb3/transformative-technology-for-migrant-workers-20181107.pdf> Pages 6-7

⁸ Telephone interview with Nina Smith, Chief Executive Officer, GoodWeave International, 10 January 2020

and as follow up to delivery. That way, should workers and supplier management teams have any questions about or lack clarity on any of the virtual content, they will have access to answers to help avoid misunderstandings that may ultimately harm worker rights. To ensure all workers are being adequately trained, providing content in local languages is critical, as well as the languages of foreign migrant workers who may not be fluent in the local language where they work.

Perhaps most importantly, as these trainings are meant to help workers feel more informed about and confident to stand up for their rights, companies may consider complementing them with some level of protection to newly emboldened workers who may provoke the anger of their managers or governments by subsequently raising concerns. One solution could be a dedicated grievance mechanism that allows workers to communicate issues not only to their own management but also to the company, but implementation of such a mechanism calls for careful consideration and negotiating agreement with supplier management teams.

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5 Barriers to Impact and Scale

Despite the risks they carry, the emerging cadre of technology solutions designed to support respect for human rights along company supply chains hold much promise, and effort to scale their implementation is warranted. As a first step in that effort, stakeholder must understand the barriers standing in the way of scaling these solutions.

A primary obstacle to scaling these solutions is the level of resources that is often needed to implement many of them. Beyond the monetary cost of a given solution, much time and effort are often required of a company to introduce new technology into its supply chain operations. Whatever individual or team internally is leading the initiative will need to vet and select appropriate solutions, and likely will also need to demonstrate the business case for investing in a tool. As one representative of a solutions provider interviewed for this report stated: “There is probably too much piloting and not enough large-scale adoption of these tools. This may be partly because companies haven’t identified a strong enough business case/reason for the data.”

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In addition, because these tools entail adoption of new risk management processes, or the altering of existing processes, leads will need to secure commitments to operationalize the tool from relevant internal departments/functions such as supply chain and legal teams (companies with more conservative legal cultures may face considerable hesitation from in-house lawyers). Depending on the company’s decision-making processes, approvals from senior management and/or key business units may be required.

Companies will typically need to secure the buy-in of suppliers to implement worker voice and training tools. For worker voice tools, companies may also need the buy-in of tier two or three suppliers with whom they have less leverage but where such tools are more valuably applied than at the tier one level. Implementation of worker voice or training tools may also require involving a third-party civil society partner to lead implementation on the ground. Such an intermediary may be necessary to overcome low levels of trust that target workers or community members may have with regard to the company or supplier management teams. Engaging a civil society organization to lead the work may entail first building the capacity of that organization to do be able to effectively implement the program.

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Further investment may be needed in cases where companies seek to implement worker voice tools in low-income and/or rural communities. As one solutions provider interviewed for this report stated: “We are seeing increased adoption of these tools for Tier 1 suppliers, but that is not where the technology can make the most difference. It needs to go deeper in the supply chains, where the conditions are worse and where we have limited insights. The lower tiers of the supply chain not been captured yet.”

Poor infrastructure, including insufficient or unreliable access to electricity or cellular signals, may render mobile-based technology less effective, and require companies

to offer solutions like phone charging stations or signal boosting equipment.⁹ Low household income levels may also limit the quality of mobile phone workers have access to, as well as their willingness to spend precious mobile data on responding to surveys, etc. Again, in such contexts, companies may need to invest in providing adequate mobile technology and data reimbursement to secure the needed worker participation.

Given all the above barriers to scaling the use of potentially impactful supply chain human rights technologies, companies, solutions providers, civil society and government have an opportunity to carefully examine ways stakeholders can collectively begin to lower these barriers.

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⁹ *Technology Solutions for Advancing Human Rights in Global Supply Chains: A Landscape Assessment*; Jesse Nishinaga and Faris Natour; Human Rights and Business Initiative University of California, Berkeley, June 2019

Key Discussion Questions

Many companies, suppliers, policymakers, technology solution providers, civil society representatives and other stakeholders are increasingly collaborating to address the challenges and opportunities presented by the growing number of supply chain human rights tools on the market. This briefing paper offers the following questions to help further that collaboration:

- With so many supply chain human rights technologies now in the market, what barriers and challenges to their positive impact should be prioritized for collective action in order to address them?
- In the existing technology solutions landscape, is there value in new collaborations, consolidation, or better cooperation?
- Are there still gaps in the market that require additional investment and/or innovation?
- How can companies, solutions providers, and worker rights groups collaborate to increase adoption of worker voice tools in lower tiers of the supply chain?
- How can solutions providers, companies, and worker rights groups ensure that worker voice tools augment rather than replace the work of trade unions and human rights defenders.
- What does effective capacity building look like for suppliers, workers, and worker rights organizations.

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