



Workers' welfare

Corporate attitude and commitment

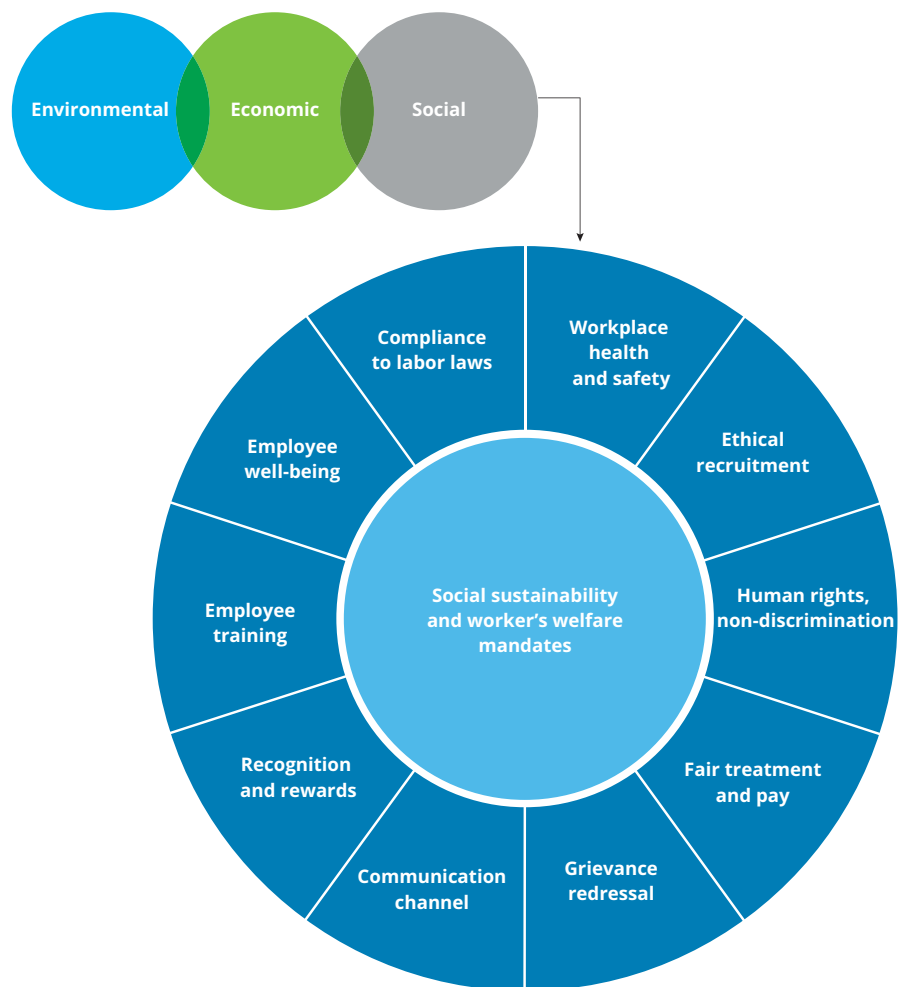
With the issue of sustainability high on the agenda of senior management and boards of directors, this author explains what it means to be truly sustainable today and why ensuring workers' welfare is good for business.

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The concept of sustainability has evolved significantly over the past decade. Whereas initially the focus was primarily on environmental and economic sustainability, such as climate change and financial growth, with an increased focus on labor concerns, the International Labor Organization committee (ILO) has adopted a resolution and a set of action-oriented decisions to bridge the gap between good governance and workers' welfare. Hence, the topic of social sustainability has taken the lead to drive sustainability programs forward, with a focus on the welfare of workers.

As organizations seek to align their businesses with global sustainability practices and introduce sustainability reporting as a form of transparency, most businesses have, over the past decade, shifted their focus from environmental sustainability to aspects of social sustainability. With the solid commitment to workers' safety and health, social sustainability and workers' welfare have become an integral part of the business model.

The three pillars of sustainability



Why it matters...

In the Middle East, the construction sector has become one of the largest and fastest growing in the world, specifically with the upcoming milestones in the Gulf region that have thrown the issue of workers' welfare into perspective as these countries come under the pressure to expand their own infrastructure projects under tight deadlines. This fast growth has strengthened the sector's heavy reliance on migrants to fill gaps in the construction workforce. A large number of companies, both private and state-owned, are protecting these vulnerable workers in their regional operations and supply chains.

Companies engaged in the construction of infrastructure in the Middle East have sought to identify and address worker welfare challenges by creating a detailed compliance framework with contractually binding worker welfare requirements based on the Workers' Charter and the Workers' Welfare Standards. These entities have continuously grown their internal capacity as well, while also seeking external expertise by working with international external monitoring bodies and other stakeholders.

These companies are aware that, as employers, they are only truly sustainable when they ensure the safety, health and welfare of their workers. It is no longer permissible to classify a construction as fully sustainable if there is even one casualty during the construction process at the site, even if other aspects of sustainability have been complied with.

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There is no doubt that the future of workers' welfare is changing dynamically with organizations and regulatory bodies establishing guidelines and standards in this respect by conducting assessments to determine areas of focus in addition to the working and living conditions of workers, which is a central element of overall commitment to workers' welfare. These guidelines and subsequent standards provide detailed understanding to organizations in order to comply with the different aspects of workers' welfare. Accordingly, periodic compliance checks being carried out by the relevant authorities and relevant enforcement mechanism are adopted to ensure fair practices. Workers' welfare compliance checks and inspections are classified into three different areas:

- **Ethical recruitment** inspections aim at ensuring that recruitment practices



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applied by contractors are ethical, whereby workers should not be subject to paying any recruitment fee and the process prevents any potential unlawful practices, defines the working hours, leave balance, air ticket entitlement and ensures that workers are provided with possession of health cards, bank cards, and passports. The process should also ensure that there is clear communication for any grievances of the workers that is raised and actioned.

- **Accommodation inspection** aims at ensuring that appropriate infrastructure facilities are provided i.e. electricity and water and workers are provided with adequate floor area within the bedroom along with necessary facilities i.e. bed, storage, mattress, pillow, blanket, etc. Furthermore, the usage of bedroom should accommodate no more than four workers and use of bunk beds should be restricted. Other facilities should include laundry.
- **Construction site** inspections are primarily focused on providing assurance that workers are working in safe conditions and are monitored on a periodic basis in line with the applicable health and safety standards with adequate drinking water and sanitary facilities that are provided on site. Medical care should also be provided on site as well as the appropriate recreational facilities such as TV room, gymnasium, indoor recreation space and outdoor recreation space. Additionally, it ensures that proper maintenance and facility management is in place for the accommodation.

What it means for business...

In the early stages of industrialization, the scope of workers' welfare was very limited. However recent developments in the field of management along with increased oversight of different global organizations protecting human rights, has augmented the scope of Workers' Welfare Management.

Workers' welfare is an important aspect of industrial relations, giving satisfaction to the worker in a way that even a good wage cannot. Welfare programs are aimed at promoting the physical, psychological and general well-being of the working population. It is a corporate attitude or commitment reflected in the expressed case for employers at all levels. The workers' reaction is neutral towards the facilities provided by the company. If the measures related to welfare are not provided to the fullest extent, the workers' self-interest and motivation decreases and their dedication to the work may decline. Welfare measures in an organization are one of the factors for the workers to stay within the organization and to work towards its success.

Is it working?

Work organization, diversity, compensation and workers' rights can all be classified under the pillar of social sustainability. But whereas the theory is clear, the applicability and implementation of such topics is less understood and has, accordingly, gained less attention. Inadequately implementing the required social sustainability programs/workers' welfare measures has resulted in employers

being exposed to various risks, such as:

- Reputational risks – due to negative incidents. May include highlights of such practices within the industry or media, monitoring by international human rights organizations etc.;
- Compliance risks – such as the inability to comply with the legal and regulatory requirements in respect to corporate sustainability; and
- Financial risks to the organization – which may include penalties, delays in work, increase in costs, etc.

The main challenge is cost

Many businesses view worker welfare measures as a cost rather than an investment. Accordingly, there is the issue of inconsistent workers' welfare reporting among businesses, despite the fact that they regularly consider the topic within their sustainability goals, though perhaps not to the extent required. Many global businesses have made noticeable and rapid progress in sustainability; however, it will be critical to ensure that small and medium enterprises (SMEs) adopt better practices and leading approaches and ensure they can take advantage of these innovative and beneficial strategies despite the cost implications associated with the workers' welfare measures that should be in place.

Opportunities and value additions

A robust methodology towards compliance inspections on workers' welfare has managed to achieve significant improvements to the workforce, specifically in the Middle East, whereby workers are being reimbursed with the recruitment fees paid by them at the point of recruitment as well as

overtime working hours. Overtime working hours are also controlled and monitored to ensure that workers are not working excessive hours. The inspections also defined additional allowances that need to be provided to the workers in respect of annual return air travel expenses.

In light of the above, workers have moved to more livable accommodation wherein they are also provided with recreational facilities, their salaries are being paid on a timely basis, and grievances of workers are being raised to a higher level and are being actioned within an appropriate timeframe.

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What next?

These authors recommend that employers build a risk-based approach to identify the focus for future sustainability work, including surveys and interviews with stakeholders. They should also

employ a roadmap to improve the effectiveness of their efforts to drive compliance with relevant local laws and industry regulations, which includes:

- Working with embassies and relevant ministries;
- Ensuring that workers run effective worker representation mechanisms (Workers Welfare Forums) and grievance mechanisms;
- Premobilization approval for sub-contractors;
- Amplifying workers' voices;
- Communicating with workers;
- Building management skills; and
- Participating in multi-stakeholder initiatives.

In order to ensure and reach a truly sustainable workplace, many organizations are now closing the gap and acting on the matter of understanding the worker and the workplace. Such matters become effective through structured compliance and inspection programs. A true business leader would recognize that many of their sustainability goals may only be achieved through the power of collaboration and welfare of their workers. ●

by **Hisham Zeitouny**, Partner, Risk Advisory and **Dina Fakh**, Principal, Risk Advisory, Deloitte Middle East