This toolkit provides practical assistance on how to improve **Productivity, Quality and Workforce Management** – areas which are inextricably linked. People are a core and valuable asset for every business and in order to have an efficient, productive business, employees need to work in good conditions. Partner Africa, through its extensive auditing, training and consulting work have found that workers who are safe, respected and content in their work are more efficient and productive. For instance, productivity is increased by reducing the need for sick days and constant recruitment and onboarding due to high worker turnover. The connection also flows in the other direction: as productivity and efficiency improves, there are opportunities to improve wages and reduce excessive working hours without impacting price.

**Productivity, Quality and Workforce Management** are all essential elements to building a lasting business and a strong partnership with purchasing companies into the future.

The group of companies and organisations behind this toolkit want to share best practice and learning across the industry. This toolkit gives suppliers practical assistance on how to improve productivity, quality and workforce management in production sites. It will enable you to understand each issue and why it matters for your business, what is required, what that means in practice and will also enable you to assess your current situation and provide you with practical tools to make the necessary improvements.

Written and produced by Partner Africa
www.partnerafrica.org | info@partnerafrica.org

Produced by Partner Africa for The Coca-Cola Company, Diageo, ABInBev and Aim-Progress
THE BUSINESS TOOLKIT CONTENTS

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4. TIME MANAGEMENT AND PRODUCTIVITY

**WHY THIS IS IMPORTANT TO YOUR BUSINESS**

Overtime can be a high cost burden to business and may not be paying off. Excessive overtime can indicate that staff resourcing, shift patterns or production planning are not operating efficiently. Your business also has a legal obligation to keep hours within legal limits. Effectively tackling this issue can materially benefit your business through decreased costs and increased employee wellness and productivity.

**THE EXPECTATIONS**

- Employees should not work excessive hours
- Maximum number of working hours must be in compliance with national law, collective agreements and the provisions of the relevant ILO standards
- Overtime must be paid at a premium rate, in accordance with law
- Rest days and breaks must be provided in accordance with law and workers should be allowed a minimum of one continuous 24-hour rest period in every 7 day period (unless legal provisions are higher, e.g. 36 hours in South Africa)
- Best practice: In the absence of applicable laws or collective agreements, normal working hours should not on a regular basis exceed 48 hours per working week or 60 hours a week including overtime
- Working overtime should be seen as the exception, not the norm

**WHO**

Who needs to be informed and involved in tackling this issue?

Senior management, production manager, supervisors, line managers, staff involved with managing payroll and timekeeping.
WHAT THIS MEANS IN PRACTICE

This section explains the details of what this means in practice and can also be used as a tool to self-assess your site.

Put a ✓ if you think that point is in place in your business and put a ✗ if it isn't or needs improvement. You can then create an action plan, to assign and follow up an action for every ✗ (sample action plans are given at the back of the toolkit).

- Know what the legal requirements are in your country for maximum working hours, overtime hours, overtime premiums, rest days and meal breaks
- Keep accurate attendance and hours records for all workers
- This should include clocking times of when workers actually start and stop work
- A measure of total overtime for the site should also be kept and trended to see improvement
- Have a system to communicate what overtime hours will be needed in advance where possible
- Have a system in place for workers to accept or refuse overtime hours without penalty/pressure
- Ensure that overtime hours are all paid at a premium rate and noted on pay slips, in accordance with the law
- Ensure that checks are done on hours records to ensure that you are complying with the law and the requirements listed above and that one rest day is given every 7 working days (unless legal provisions are higher, e.g. 36 hours in South Africa)
- Ensure that the management system for approving overtime is overseen by senior management with an awareness of the need to contain overtime hours
- The business consistently complies with local law on working hours and rest periods
- If excessive overtime hours seem ‘normal’ in your facility you need to assess what is driving that (e.g. lack of sufficiently skilled workers, lack of appropriate machinery, poor balancing in production processes e.g. bottlenecks, poor scheduling or forecasting, poor record keeping etc) and look at the ‘practical tips’ section below to see how you can make changes and move towards reducing excessive overtime
- Managers and business owners understand that excessive overtime is bad for business and will ultimately lead to increased costs and low employee wellness and productivity
- Expectations in terms of working hours and overtime hours should be clearly communicated at the time of hiring new workers
- Policies and procedures are in place stating what the workplace allows in terms of working hours, overtime, rest days and meal breaks. These are communicated to all relevant staff
- Attendance records and hours records for all workers (including timecards with clocking times for all workers) should be kept for the past 12 months at a minimum (it is recommended that the documents are kept for 5 years)
The checklist on the previous page can help you to understand your current situation, as can improving your timekeeping and measurement systems. Before trying to find solutions you need to analyse this information, to find out what are the root causes of any overtime issues.

Using the fishbone diagram tool described in the Productivity chapter (page 21), you can brainstorm the root causes of overtime in your particular facility and identify where you need to focus your actions.

**CASE STUDY**

**CLOCKING IN AND OUT**

There is a difference between clocking IN and OUT at access control at the site entrance and clocking ON and OFF at workstations.

Coca Cola Beverages South Africa (CCBSA) made some changes in this regard:

- Moved to biometric clocking readers to ensure that employees clock (previously access cards sometimes got left at home/lost)
- Made it compulsory to clock in and out properly, failing to do so is an offense (ensures that there are no missing times which cause wrong payments/overpayments)
- Moved the clocking stations around and closer to working stations
- Configured payments by only looking at ON and OFF clocks at the work stations and not at IN and OUT clocks when entering or leaving the site (so an employee can clock OFF at a workstation after a shift and go to the canteen or go to shower or wait for transport in a safe space on site)

*Interview with Zarine Roode, Policies and Governance Specialist, ABI Bottling (Pty) Ltd, CCBSA.*
Reducing overtime hours without reducing output or wage levels is a challenge many production units face. In many countries factory managers feel it is just ‘normal’ to have excessive hours and that it can’t be changed. However, with this toolkit we really want to challenge that presumption. It’s important to note that reductions in overtime are usually gradual, not immediate and that high level and middle management commitment must be present.

OVERALL APPROACH

COMMITMENT AND TEAMWORK

- Create awareness that excessive overtime is a problem and ultimately leads to productivity losses and other problems (high staff turnover, increased costs, decreased employee wellness).
- Build commitment to managing overtime. This is essential to any change being achieved and will include building a local business case and setting targets that all levels of management agree to.

REVIEW AND MEASURE

- Assess the current situation and keep track. Collect and review data to give you a full picture of the current level of the hours issue - total hours in a day, week and month as well as number of rest days, for different departments/activities. Also review data on the current impacts and costs in terms of injuries, absenteeism, turnover, contracted hours, productivity, quality (defects/losses) etc. Keep track of these as you make changes in overtime hours, both for individual employees as well as the site as a whole.
- Assess timekeeping methods. Ensure these give an accurate reflection of hours eg that workers clock in and out at the actual time of starting and finishing work. Ensure records identify regular and overtime hours. Ensure systems are in place for the employer to request overtime, with some notice and for workers to accept or refuse it.

ANALYSE: ROOT CAUSES

- Assess possible root causes of excessive overtime. Take a fresh look at the production facility and review production flow, production planning, unplanned stoppages/breakdowns, shift patterns, worker pay calculation methods/incentives. You can refer to the Productivity and Quality Chapters for more details (pages 8-47). Try to identify areas where delays can be reduced and improvements can be made. The sections below will help with this.

PLANNING

- Ensure legal requirements are built into production planning and processes. All relevant staff need to understand the legal requirements (including young worker restrictions and government waivers) so that they are incorporated into scheduling, shift plans etc.
- Ensure that work patterns and shifts are planned according to the production even if this includes a limited amount of overtime. Never formulate the work pattern to include the full overtime allowance.
- Approval of overtime. Ensure that any overtime must be approved by top management. This creates a healthy check to ask ‘is this overtime necessary?’, and ‘can this work not be done during normal hours?’ In some cases staff will look to maximise overtime due to increased pay rates, where in reality all of the responsibilities can be completed during normal working hours.

IMPROVE: PLAN, TAKE ACTION AND MEASURE IMPACT

(you may wish to use the PDCA cycle introduced in the Productivity Chapter page 22)

- Establish a plan. Develop a plan for gradual reduction in overtime hours and agree it with management. Put monthly tracking in place. Decide how to allocate available overtime hours to workers.
- Effective communication and engagement with employees/unions. Explain why changes need to happen in terms of healthy work-life balance, reduced injuries, increased productivity and legal compliance. Encourage employee involvement and suggestions to achieve targets. Keep in mind that employees who have consistently worked longer hours have become accustomed to the increased earnings from the overtime. Understand any financial impact on employees and develop strategies to offset, which could include transition, one time payments and review of base rates.
- Take actions to address root causes. Sustain focus on and commitment to this, it will take time for improvements to happen.
- Measure impact on hours, pay, productivity, quality, accidents etc and communicate with management and workers where appropriate to encourage continued progress.
CHANGING SHIFT PATTERNS AND EMPLOYING MORE WORKERS

Some direct approaches to tackling excessive overtime include adding a 3rd shift, employing more full-time workers or contract/temporary workers. A cost benefit analysis in the decision making process for these changes, (if they managed to decrease excessive overtime), would need to include, amongst other factors, the increased productivity of workers, lower risk of accidents and absenteeism and the reduction in overtime premiums paid. Monetary values would need to be assigned to these factors by each site (the statistics given at the start of this chapter may help with this).

COSTS ASSOCIATED WITH ADDING A 3RD SHIFT
- Electricity for night shift
- Security
- Wages
- Transport for workers?
- Night work premiums (some countries)

BENEFITS OF ADDING A 3RD SHIFT
- Reduced overtime premium costs
- Increased productivity of workers because of shorter hours
- Lower risk of accidents (less lost production)
- Lower absenteeism

CASE STUDY
Coca Cola Beverages South Africa (CCBSA), Changes in Work Patterns to Reduce Overtime

- Used to be on a 5 day work pattern which led to overtime being paid on weekends
- Moved to 6 day work pattern by shortening the hours worked in the week from 9 hours to 7.5 hours and including Saturdays as part of the normal work week, which meant that the overtime was eliminated
- Also introduced staggered work patterns which started on different days of the week and some would include Sunday in the work week – so where they used to pay double overtime for Sunday, they would now only pay a 1.5 times premium for all Sunday work but everyone still got their legal weekly rest days
- By implementing these work patterns they reduced Overtime and Shift Allowances by 40% and ensured legal compliance on working hours and rest periods

Interview with Zarine Roode, Policies and Governance Specialist, ABI Bottling (Pty) Ltd, CCBSA.

These possible solutions can be important and may be necessary but ultimately they are treating the symptoms rather than the cause of the problem. The most innovative approaches are now tackling the source of the problem and reducing the need for the excessive hours. Often the more direct approaches mentioned above will work best in partnership with the approaches explained below which improve productivity, quality, HR and communications.
IMPROVING PRODUCTIVITY, QUALITY, HUMAN RESOURCES AND COMMUNICATIONS

If you combine the learnings from the earlier Productivity, Efficiency and Quality chapters with your efforts to reduce overtime hours, it is possible to make the same number or more products in fewer hours and therefore bring overtime hours down to a more reasonable level. This can be done by combining productivity/quality improvements with small gradual reductions in overtime each week and introducing more rest days per month.

CASE STUDY
REDUCING OVERTIME HOURS IN CHINA

A study was carried out in Chinese factories, in partnership with 11 purchasing companies and local partners over a period of 3 years, coordinated by Impactt Limited**, to test the theory that by improving a factory’s productivity, human resources management and internal communications, hours can be gradually reduced, while maintaining wage levels.

The project found that improvement is possible and most factories saw increased productivity, reduced reworking, steady or increasing pay, reduced working hours and reduced worker turnover. The success in different factories depended on managers’ commitment, the effectiveness of two-way communication with the workers and a willingness to pass some of the benefits of improvements onto workers. In one factory there was:
• a 30% increase in productivity
• a downward trend in average working hours
• an upward trend in wages (% of workers earning the minimum wage for normal time increased from 40-50% to 95%)
• and a greater sense of teamwork and higher levels of motivation

Some ideas are given on the next pages for changes that can reduce the need for excessive overtime. Some of these suggestions have resulted from three separate pieces of work/resources:
• The Impactt Limited ‘Changing Over Time’ study ** mentioned above
• Suggestions directly from production site managers themselves, shared in the Sedex Supplier Workbook **
• The Coca Cola Company’s Hours of Work Improvement Guide **

You can access the full documents from the links in the endnote references.
**PRODUCTIVITY**

- Improve critical path analysis and production layout. Analyse production process and flow to highlight where the bottlenecks are, to balance product lines and where necessary physically rearrange production flow. Any changes must be well explained to workers. (see pages 14-15 and 30)
- Provide training for supervisors and team leaders on managing production problems and managing production flow so they can spot and resolve issues on the job.
- A database of standard product cycle times can be created to support production planning.
- Machinery. Preventative maintenance in low periods or even capital investment in new machines can reduce unplanned stoppages/breakdowns and reduce processing time (you can include costs of overtime premiums and reduced production during stoppages in the ‘fix or buy planning’)
- Apply visual management techniques and use display boards with production targets and output data so workers can track their progress against targets on an hourly/half daily basis. The boards can also provide workers information on piece rates.

**QUALITY**

- Assess raw material suppliers with a formal supplier appraisal system and focus on those who are able to provide raw materials of the right quality at the right time (this avoids delays waiting for materials which could result in unnecessary overtime)
- Proactive techniques for enhancing quality control. This means that the focus is not on quality checks at the end of the production and then reworking the whole product but checks are made through the production process and workers receive extra training at specific steps/tasks where key issues are found.
- Quality can be boosted by increasing accountability. In the Impactt study in China mentioned above, they hung quality records on each workstation, workers experiencing most problems received extra training or were moved to an easier task and reworking was passed back to the worker who made the mistake in order to increase awareness. This could work with teams rather than individuals in other manufacturing processes.
- Complete a trial run for a new product, including inspection, to allow any problems to be identified and resolved early.
- Boards displaying ‘watch points’ for production can be displayed in each work area, to highlight the common quality issues at that stage and how to avoid them.

**PRODUCTION PLANNING**

- For some businesses it may be helpful to increase your inventory to help level demands.
- Improve production planning. Line managers and supervisors often comment that high overtime hours are driven by overbooking, poor capacity planning and unanticipated customers’ demands.
  - Take a closer look at your tracking of order volumes and timing and see what the patterns are. Could this help you to forecast more accurately?
  - Ensure the orders you are accepting are feasible based on the exact capacity of the factory.
  - Is it possible to improve communication with customers so that production forecasting can improve and reduce the rushes for big last minute orders?
- Staging of production planning, or increasing ‘carry-overs’ from Friday to Monday can assist in reducing overtime. This requires careful production planning as some raw material may ‘expire’ during the carry over period.
- Production targets and schedules based on realistic labour efficiency rates. If measures of worker productivity/efficiency (used to set targets and schedules) are unreasonably set, this will impact timelines and result in overtime hours to complete targets. Labour efficiency rates need to include and consider set-up time and sufficient time for workers to eat, rest, stretch and go to the toilet. Coordinate with Human Resources to ensure capacity planning takes into account the complexity of the process and the workers’ skills. Review the efficiency rates that you use to set production targets and schedules. Do they include these factors and are they actually reasonable?

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In South Africa, a factory started communicating both weekly and daily targets to team leaders and this was passed on to workers and written on a board, in view of the production line, and updated hourly. The workers started to feel a sense of commitment towards achieving the targets and a great sense of team achievement when it was reached. If they were below target in the morning they would speed up in the afternoon to catch up. Excessive hours were reduced because the workers (paid by piece rate) were more motivated to reach targets in reasonable hours.
HUMAN RESOURCES

In one case study given by The Coca Cola Company, in a group of plants in one country, they identified that 80% of their overtime was the result of manpower availability issues, most of which were controllable through improved scheduling, cross-training, or the hiring of additional staff.  

- **Shifting from hourly pay to piece rate** can incentivise increased productivity in reduced hours. This change must be carefully managed to ensure workers’ wages are sufficient, to always meet at least minimum wage, with a realistic piece rate (see the Productivity chapter for more details, page 26-27). It is important that quality checks are maintained or strengthened if a piece rate system is adopted.

- **Giving worker incentives and productivity bonuses.** For example a production bonus can be earned by meeting or exceeding production targets in ordinary time, which gives a strong incentive for workers to work hard in ordinary time rather than pushing work into overtime hours. Due consideration must be given that these incentives are set up fairly, rewarding those who are responsible for the increased performance, without demotivating the rest of the staff. See the Productivity chapter for more details, page 27.

- **Assign high skilled workers to more difficult tasks.** Having a good understanding of which skills are required for each task and placing the correct staff at these locations will greatly assist in achieving efficiency improvements.

- **Continually upgrade workers’ skills through training, mentoring and coaching**
  - Develop systems for assessing skill levels and training needs, developing and implementing training programmes, ongoing skills development, performance evaluation and career development.
  - You could develop a grading system to rank workers according to their skill level and provide training to assist workers to progress to more skilled jobs, with salaries reflecting this progress.
  - Ensuring workers’ skills accurately match their job/task reduces the amount of re-work needed which can reduce the need for overtime.
  - Training multi-skilled workers who are competent in more than one operation allows more flexibility and efficiency in the production process.

- **Establish and maintain a sense of teamwork and high worker morale.** Low productivity of workers can result from them feeling intimidated, dissatisfied (because of low wages and/or long hours), uncomfortable or unhealthy (due to excessive heat, dust, fumes or other hazards). Workers who take pride in their work, feel committed to the business, work in good conditions and are treated well by supervisors and co-workers are more likely to be productive and meet delivery deadlines.

- **Training for middle management, supervisors and line managers.** Increasing awareness and responsibility for worker wellbeing at this level. If workers are shouted at or unfairly treated they are more likely to leave or be less productive. Middle management need to understand the importance of the whole team working together for their section to be successful.

- **Improved working conditions result in better efficiencies.** Creating an environment that is conducive to working efficiently is an important consideration in maximising ‘normal’ time and thereby reducing overtime. For example, working in moderate temperatures, without over exposure to the elements. Ergonomics play an important role to ensure workers are able to perform optimally throughout the day.

  In one of the Chinese factories in the Impactt ‘Changing Over Time’ Study, mentioned on page 61, the worker turnover rate reduced from 140% to 9.6% during the project.

COMMUNICATIONS

Communications can be improved between supervisors and line managers, and between line managers and workers. This can also reduce the need for excessive hours (see the Worker Communication chapter, pages 66-71)

- **Ensure work instructions are clear and easy to follow**
- **Hold work team meetings** where clear instructions can be given, production targets communicated and feedback of any potential issues can be received and resolved. This can reduce errors that could cause delays.
- **Give regular opportunities for workers to give feedback** on how to improve the process and flow. Workers are a source of innovation as they are dealing with the details of production minute by minute and they will spot bottle-necks and other issues and can suggest solutions if given a chance. Workers will only speak up if they are not fearful and feel respected and that their opinions are valued and acted upon.
- **Improving communication and team work between supervisors of different sections** prevents double-working or overlap and inefficiencies.
TACKLING TOUGH SITUATIONS

Even if workers want more overtime, it must be limited to the legal maximum, with a minimum of one day off in 7 (or more if law requires it), even if local law allows her to work 14 days straight. If workers are always wanting more overtime than is allowed you may need to look at the wages chapter and ensure they are being paid a sufficient wage for the legal working hours. The manager should also provide education to the workers to support their understanding of why a day of rest is important to their long term health and well-being.

CASE STUDY
COCA COLA BEVERAGES SOUTH AFRICA (CCBSA)
NEW APPROACHES TO TACKLE OVERTIME HOTSPOTS

- **Hauler drivers** – Because long trips could result in working hour violations, they developed a system of having two drivers on a truck so that one can drive to the destination and the other would drive back. Alternatively if they have empty trucks, they book the driver into a hotel and they get the needed rest. The comparison is between a tired driver which could cause a fatal accident and the cost of a stay in a hotel.

- **Agreements with workers** – In South Africa it is possible for employers to sign ‘60 hour agreements’ with employees whereby they agree that instead of getting 36 hours of continuous rest in a week period (normal legal requirement in South Africa), they will get 60 hours of continuous rest in a 2 week period. This not only allows for extra hours to work over a weekend but also serves as a warning flag. An employee who worked every day in the one week will be picked up as a “potential” working hour violation and management can ensure that their next shift is planned to ensure they do not violate the 60 hour requirement over the two week period. This way there is never a violation of working hours.

- **Learners** – In South Africa, the government has put initiatives in place where companies can employ a learner for a year period in which they get experience in the work place, and the government will pay back the money to the employers in the form of an annual rebate. This has allowed the Company to use these Learners to fill in where there are labour constraints in terms of working hours, to alleviate the permanent employees.

*Interview with Zarine Roode, Policies and Governance Specialist, ABl Bottling (Pty) Ltd, CCBSA.*
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47 The Sedex Supplier Workbook is a free resource produced by Sedex, the world’s largest collaborative platform for sharing responsible sourcing data on supply chains. https://www.sedexglobal.com/sedex-supplier-workbook/


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