

Report on the

Research Design Workshop: *Value Chains in the Global Garment Industry after the MFA*

March 31 - April 2, 2000, The North-South Institute, Ottawa Canada

1. Background and Workshop Objectives

The March-April 2000 research design workshop was held approximately one year after the first annual meeting of WIEGO (Women in Informal Employment: Globalizing and Organizing). Members of the garment sub-sector group in WIEGO's global markets programme also met then, and identified a better understanding of value chains as one important area for further research.

This workshop was funded by the International Development Research Centre (IDRC), WIEGO and the Canadian International Development Agency's (CIDA) Southeast Asia Gender Equity Program (SEAGEP), and organized by the North-South Institute, as a practical way to advance work on value chains analysis in the garment sector. One objective was to encourage the development of research proposals that would adopt value chains analysis, or some components of that methodology, for consideration by WIEGO. Other important objectives were to build and extend the network of researchers and activists engaged in garment sector work, since the existence of a network can help draw attention to issues at the policy level. The workshop also provided an important opportunity to share information and experiences.

- ***Women in Informal Employment: Globalizing and Organizing***

WIEGO is a worldwide coalition of individuals from grassroots organizations, academic institutions, and international development agencies concerned with improving the conditions and advancing the status of women in the informal sector of the economy, through better statistics, research, programmes, and policies. WIEGO's second annual meeting will take place in Boston, May 21-24, 2000.

The objectives of WIEGO's **Global Markets Programme** are to:

- analyze the impact of globalization on women workers and producers in the informal sector so as to minimize threats and maximize opportunities; and,
- develop and test strategies which enable women producers in the informal sector to link directly with emerging markets.

The programme has two components:

A. Research and Advocacy

- at the **national level**, on gender budgets and women workers in the informal sector;
- at the **regional level**, addressing the impact of trade and investment policies within the context of specific regional trade blocks (NAFTA, COMESA/SADC, ASEAN/APEC, SAFTA/SARC);
- at the **international level**, through analyses of women workers in specific value chains within the context of globalization (garments, food processing, non-timber forest products).

B. Action and Demonstration

- Linking women producers with emerging markets, for example, a pilot women's trading corporation in India (SEWA, WIEGO, CIDA)

- ***HomeNet***

HomeNet International is a grassroots solidarity network for homebased workers which was formally set up in 1994. It brings together trade unions, NGOs, cooperatives, women's groups and researchers who directly or indirectly support homeworker organising. HomeNet member organisations recruit and develop leadership among homeworkers, whether piece-rate or own-account, urban or rural, in the North and the South. Its main goals are:

- to encourage and support the development of new homework organisations;
- to raise the visibility of homeworkers through exchanges, information and publications;
- to develop policy and represent homebased workers at national, regional and international levels through advocacy and campaigning work.

Homeworkers are an important component in manufacturing, performing much labour intensive work in a variety of industries (garments, footwear, electronics, for example). Even when homeworkers are recognized as important, they are usually seen as a developing country phenomenon. However, homeworking is increasingly a northern issue too. In the clothing industry in Australia, for example, research has shown that for every factory worker there are about 15 homeworkers, making a total of about 330,000 in 1995. The garments industry is the largest employer of homeworkers worldwide.

Why is HomeNet concerned about subcontracting chains?

- to be strategic – to identify intervention points to advocate for employer responsibility. While the primary responsibility for employment and employment conditions should be with whomever is closest to the worker, sub-contracting firms are constrained by competitive pressures. So activists are shifting their forces to major retailers who buy from sub-contractors.
- to be pro-active – to understand the broader economic context of international trade and the impact of regional trade agreements on homeworkers;
- to develop North-South links, for example, building on earlier research carried out by the European Homeworking Group (part of HomeNet) on global chains.

Studies that have been useful to HomeNet have included both homeworkers and organizers. HomeNet is interested in developing alliances with international researchers who share its grassroots agenda.

- ***HomeNet Southeast Asia***

HomeNet Southeast Asia developed from an ILO/DANIDA project on informal sector workers that identified three critical and inter-related issues facing homeworkers: invisibility (absence of homeworkers' organizations; failure by governments to include homeworkers in national statistics with the resultant lack of integration into national budgets, programs and policy); lack of access to productive resources, and lack of social protection.

HomeNet Southeast Asia has focussed on grassroots organizing (eg, PATAMABA in the Philippines) to develop schemes for economic and political empowerment, as well as pilot projects. HomeNet Southeast Asia lobbies for social insurance for homeworkers; assists homeworkers to develop lobbying and advocacy skills for themselves; and provides economic aid and financial assistance directly to homeworkers to organize.

HomeNet Southeast Asia's achievements include:

- a pilot project with WIEGO to enumerate homeworkers in the Philippines;
- agreement by the Thai government to undertake statistical work on homeworkers and set up homeworkers unit in the Department of Labour;
- the Philippines government is planning a national policy on the informal sector
- in Indonesia, work on forming local and national networks of homeworkers is ongoing
- Presentations by HomeNet Southeast Asia on the impact of the financial crisis on homeworkers to APEC (brochure in cooperation with SEAGEP) and the Women Leaders Network in 1998, in an effort to put the informal sector on the APEC agenda.

Priorities for HomeNet Southeast Asia are leadership training and documenting best practices in the informal sector. A key policy concern is understanding the impact of trade liberalization to identify points for advocacy.

- ***The North-South Institute***

A policy-oriented research institute, the North-South Institute (NSI) is the only independent research institute in Canada focused on international development. NSI undertook a study on worker health and safety issues in Bangladesh's garment industry in 1998, and will continue to work with the Bangladeshi women's organization, NUK, to develop research and advocacy capacity. In 1999, the Institute developed a background issues paper for WIEGO, *A Common Thread: Issues for Women Workers in the Garment Sector*. The Institute's gender program incorporates a strong focus on gender and trade issues, including work on NAFTA, APEC, and a new focus on Central America.

- ***International Development Research Centre***

IDRC is committed to supporting research on value chains analysis of the garment sector as part of its Trade, Economics and Competition program and the Gender and Sustainable Development program. The advantages of a value chains framework for a coordinated programme of research are threefold:

- a way forward to understand change in trade and the impact on workers;
- potential for assisting activists to exercise leverage;
- a research framework that has relevance to many different backgrounds.

2. Setting the Context for A Value-Chains Analysis of the Impacts of the MFA on the Global Garment Industry

Garments and Trade Liberalization

The purpose of this session was to explore the likely implications of changes in the international trade regime, notably the phasing out of the Multifibre Arrangement (MFA), for conditions in the garment industry in different countries and regions. There is evidence that some manufacturers have responded to increased competition in the world market by intensifying production or extending the workday without increasing wages commensurately. Others have shifted production to the informal sector: sweatshops and homeworkers; or to other countries with lower production costs. A third response has been to increase productivity through investment in machinery and/or workers, sometimes in the production of higher quality garments.

Mustafizur Rahman, Centre for Policy Dialogue, Bangladesh

(Bangladesh's Apparel Sector: Growth Trends and the Post-MFA Challenges, Debapriya Bhattacharya and Mustafizur Rahman)

There has been rapid growth in Bangladeshi exports of clothing, driven by quota-hopping. The export market is bifurcated: woven products are sold to the US and Canada, and knitwear to the EU. With limited supplies domestically of inputs, the bulk has to be imported, as a result of which only 25-30% of the value of woven exports is added in Bangladesh (40-60% for knitwear).

The industry faces various challenges:

- the government introduced cash compensation to encourage the use of domestic raw materials but this will have to be phased out to conform with WTO subsidy rules;
- the EU gave Bangladesh and other LLDCs a 12.5% tariff margin by removing duties on imports of clothing, but this will soon be conditional on goods meeting tough rules of origin – difficult for Bangladesh and other LLDCs to meet as a result of their limited backward linkages;
- China is emerging as a competitor in products in which Bangladesh has had a comparative advantage;
- with the end of the MFA, Bangladesh might face higher prices for textiles/yarn if exporting countries redirect their textiles/yarn to their own garment industries;
- increasing insistence on quick delivery places Bangladesh at a disadvantage as it has a longer lead time (120-150 days, compared to 12 days in India);
- narrowing the productivity gap;

- only a few companies with capital deepening are likely to be able to compete, and these tend to train men rather than women;
- non-trade issues are important – after eliminating child labour, the US is increasing pressure on Bangladesh to allow trade unions into its EPZs ;
- this would be linked to zero tariff access to the US market.

Saad Belghazi, National Institute of Statistics and Applied Economics, Morocco:

(Business environment in Morocco: Speeding the Restructuring Process. Paper presented to the workshop, "Mediterranean Forum II", Marrakech, September 3-6, 1998, Saad Belghazi)

The new Moroccan government (March 1998) has sought to improve democracy, protect human rights, enhance civil society participation and private sector involvement in the economy. Morocco joined the World Trade Organization (1994) and agreed to establish a free-trade area with the European Union (1996). Under these agreements, the pace of protection tariffs reduction rose in the late 1990's . The process will continue until 2012. The trade and exchange rate policies jeopardize industrial competitiveness and threaten the development of the export sector, which employs the bulk of female workers.

A recent study of three export sectors (carpets, knitwear and garments) identifies the following emerging challenges:

- both factory- and home- (especially rural) based carpet production is in crisis;
- dualism is a key constraint to the diffusion of innovation;
- knitwear is produced in both large factories and small workshops;
- clothing had been doing well but is beginning to suffer from competition;
- wages are 2-3 times higher than in Bangladesh and tend to be sensitive to foreign prices, though are not always able to respond immediately to lower prices;
- wages, however, are not the main factor determining competitiveness – there is room to upgrade skills and products, and to achieve economies through industrial clustering;
- there is increasing female participation in trade unions and strikes.

Juthatip Patrawart, Kasetsart University and HomeNet Southeast Asia, Thailand

(Subcontracting Chains in the Thai Garment Industry; The Impact of Economic Crisis toward Home Workers (outline))

For Thailand, GSP in foreign markets and domestic investment incentives had been important, but from 1992 to 1996, exports fell, while imports rose.

A number of problems have emerged:

- the industry is still very dependent on raw material imports which account for 30% of the production costs – domestic raw materials amount to another 44% of costs and labour, 14%;
- there is a lack of human resource capacity to manage exports;
- the phaseout of the MFA is expected to increase competitive pressures, as will the reduction of Thai import tariffs to 0-5% by 2001 under AFTA.

Some of these issues will be examined further in an ILO-WIEGO study on the impact of the financial crisis on homeworkers scheduled for completion in mid-2000. The study will focus on the garment and artificial flower sectors in Thailand, the Philippines and Indonesia. It includes an analysis of strengths, weaknesses, opportunities and threats facing homeworkers (SWOT analysis), including economic and social factors, government trade policies (at the national and regional levels), other laws, and the links between producers, contractors, and workers. The researchers have developed a value chain, setting out the chain of production and distribution from homeworker to retailer.

Auret van Heerden, ILO, Geneva

In 1996, the ILO established an action program on EPZs, where the garment industry is the predominant sector. Among its research findings:

- With the MFA, the garment industry spread to remote locations like the Maldives. In such places production is by very small businesses which lack expertise, capital and secure contracts. Their future in the global production chain post-MFA is in some doubt. Already it is clear that retailers shift production rapidly from one country to another very quickly, with little financial or administrative cost.
- In the global production chain, a brand-name retailer appropriates a large share of the value-added, while producers/subcontractors compete with each other for contracts, often on price, by intensifying work and increasing pressure on workers.
- ILO studies have shown that improving working conditions may help producers increase their market share. For instance, *Victoria Secrets*, which changes its product designs and colours frequently, requires responsive, just-in-time producers – it cannot afford factories where workers are too tired to distinguish colours or have no time to be trained in new designs.
- The ILO has tried to identify why some factories decide to improve working conditions, and to encourage other companies to adopt "good practices". It is trying to convince producers that investment in human resources (training, social conditions) will improve productivity (calculated to include worker turnover and absenteeism). Gender analysis is key to developing gender sensitive policy, that would, for example, require firms to upgrade, improve the organization of work, introduce more modern equipment and train workers, provide transport and child care, etc.
- The information society is helping to improve conditions. Competition in the industry can help to improve working conditions: global media scrutiny, for example, has increased transparency about what is going on in factories, contributing to increased consumer action and pressure for codes of conduct.
- Failure by governments to enforce labour policies is coming under greater scrutiny. Bureaucratic constraints are a factor; for example, the GSP is administered by trade departments rather than by labour departments, resulting in inconsistent approaches.
- Human rights could be the "next trade barrier", so countries are looking around now for codes of conduct that will allow them to maintain access to US markets.
- Regional trade blocs, for example, NAFTA, could have as important an impact on regional industries as the phase-out of the MFA.

Discussion

- Some retailers are consolidating their supply chains in order to avoid problems with codes of conduct—they prefer to deal with large factories where conditions can be monitored.
- There could be a danger of surplus production if many countries try to maintain their market share by moving into new product niches like knitwear or silk products
- Developing countries considering the production of services for the world market should consider how importing countries' commercial policies influence the architecture of global supply chains in the garment industry.
- Trade union priorities do not always match those of young women workers, let alone homeworkers; other organizations (NGOs, cooperatives, women's groups) might be better placed to work with them.
- Some companies have adopted codes or standards that are impractical – for instance Nike agreed to limit exposure to toxic chemicals to US (OSHA) standards for air quality, but implementing this at plant level in developing countries will be extremely difficult.
- In the future, producers with the most stable labour relations, as well as lowest unit labour costs, will attract the most sourcing by retailers as well as the most market access; the development of EPZs will not depend on wages alone.
- Producers face multiple pressures: from protectionist groups, NGOs, importing governments' rules on GSP, and consumer codes. "Constructive engagement" is needed, i.e. producers need to be shown that investing in workers paid off.

William Erlich, Department of Foreign Affairs and International Trade, Canada

The MFA phaseout under the WTO agreement on textiles and clothing (ATC) is to enter its third stage in 2002, and its final stage in 2004. At the November 1999, Seattle WTO meeting, developing countries sought more action on garments, but developed country governments were concerned that reopening the ATC could allow domestic interests to request further delays in liberalization.

Seattle also underlined the pressure to link market access to labour standards. This was felt to be best addressed within the ILO, where incentives could be used rather than sanctions. The US has linked accelerating the growth in its quotas on Cambodia's exports to certain labour standards, and the ILO is to certify their implementation for 3 years, while developing capacity in the Cambodian Department of Labour to do this subsequently. The ILO could play a role more generally by alerting investors on the state of labour standards in different countries.

There was discussion in Seattle about granting LLDCs tariff free access, e.g. through the GSP/GPT. But in the case of garments, this would be conditional. Canada was prepared to be fairly flexible, though some domestic industry groups oppose a comprehensive approach to tariff reduction and the government itself has not determined what degree of market penetration by imports is desirable. There has been some restructuring in Canada, with investments in high technology production processes, but it will be a long time before the tariff is completely eliminated.

Linking Research with Strategies for Action

The purpose of this session was to discuss how research can support efforts to improve working conditions. A value chains analysis methodology helps situate informal sector garment workers in the global value chain, illuminating key issues of who does what, who gets what, and who pays what. The issues to be addressed in WIEGO's garment sub-sector work are organizing, pushing up visibility and voice of workers in the value chain, and pushing down social protection. Research can empower workers by helping to raise confidence and improve their ability to bargain.

Jeemol Unni, Gujarat Institute of Development Research, India

(Subcontracted Women Workers in the Global Economy: Case of Garment Industry in India, Jeemol Unni, Namarata Bali, Jignasa Vyas)

The SEWA-Gujarat Institute of Development Research project is an example of bringing together different fields of expertise in research. The project asked "what is the contribution of the informal sector to the economy, the value-added in the garment industry, and employment"? The study found that informal sector workers in Ahmedabad accounted for 77 percent of employment and 44 percent of value-added. Standard labour force and national accounts statistics were found to be inadequate to capture this contribution, and the research team developed an alternative measure. The 1999/2000 national labour force survey will include questions developed by SEWA to better capture the size and significance of the informal sector.

Considerations for WIEGO research project design:

- The MFA is not necessarily the most significant factor affecting the garment trade and garment sector workers in India, where there is a large industry producing for the domestic market. This industry is not directly linked to the MFA.
- Not all homeworkers are involved in global value chains.
- Not all garment sector trade is North-South, to the EU or US. There is increasing trade with developing countries (eg: homeworkers in India producing Punjabi suits for export to the Middle East).

Application of research:

- Statistics that demonstrate that homeworkers are an important sector empower workers and help them in their negotiations.
- Statistics can be used to support claims for social security benefits.
- At the international level, SEWA represented the Delhi Group at ILO meetings to define and develop statistics on informal work.

Dilek Hattatoglu, Working Group on Women Home-Based Workers in Turkey

(The Working Group on Women Home-Based Workers in Turkey; Some Observations from Turkey on Linking Research with Strategies for Action, Dilek Hattatoglu and Simel Esim)

The Working Group on Women Home-Based Workers in Turkey is an informal network of interested individuals who are professionals, researchers and activists. The Working Group was formed following a

workshop on women home-based workers in Turkey in October 1999 by some organizers and participants from the workshop held in collaboration with ICRW, HomeNet, SEWA and four women in Istanbul.

Its main objective contributing to increased visibility of women home-based workers in Turkey among public, key stakeholders including trade unions, related state organizations and ministries, and researchers. More specific goals included:

- introducing the ILO convention on home-based work as a standard for home-based work in Turkey for research and national policy.
- creation of a national policy around home-based work is a key area that the working group is concerned with.
- helping women home-based workers to create and develop their own organizations

Research issues identified by the group:

- A focus on the worker, not necessarily the garment sector, since the same sub-contractor can provide different kinds of work;
- "Cheap labour" isn't the only explanation for why companies produce in a given location--skill is a factor too;
- Need to clarify the links in a supply chain, so workers know where they are
- New trends: child labour is widespread; factories are employing children permanently throughout the year; working conditions and wages are dropping;
- A shift in production from urban to rural areas affects organizing strategies.

Linda Shaw, Women Working Worldwide, UK

WWW is a small UK voluntary organization working with a global network of women worker organizations. It focuses on the ways in which women workers are organising in the face of an increasingly deregulated world market economy. Its current project is looking at how to support workers' rights in the context of trade liberalization. Women Working Worldwide also co-ordinates the "Labour Behind the Label" network which campaigns for improved conditions in the international garment industry.

Research interests:

- WWW is undertaking a research study on the feasibility of codes of conduct in China.
- Gender issues in codes of conduct (most codes contain an anti-discrimination clause. Some women workers in Nicaragua have written up their own code, which includes harassment issues);
- Gender implications of trade standards;
- Workshops and conferences with unions and NGOs from different points in the chain on how to organize;
- Looking more at work in the UK, since jobs in the UK are disappearing quickly as production is shifted offshore. How to develop organizing strategies along the supply chain? How to get UK unions to move on this? Example of the Australian Garment Workers initiative.

Lynda Yanz, Maquila Solidarity Network, Canada

MSN is a Canadian solidarity and campaign network formed in 1995. It works with groups in the North and South. Its goals are, working in alliance with other groups, to improve standards for women garment workers. In Canada, MSN is involved in campaigns to influence Canadian retailers and Canadian policy to ensure garment workers have access to internationally accepted labour rights, including the right to organize and earn a living wage.

Main areas of work:

- campaigns aimed at making large retailers accountable for the working conditions of those who make their products;
- codes of conduct and related government policy;
- focus on the garment sector: the re-structuring underway and integral role of homework in the industry;
- MSN acts as the secretariat for the Ethical Trading Action Group, civil society's representative in negotiations with industry for a Canadian Base Code of Labour Practice;
- MSN tries to build links between groups, for example, between groups in Central America and Mexico, and between Asia and Latin America;
- promoting North-South alliances between workers groups, and
- organizing around issues.

Roles for Research:

- MSN is engaged in research to provide policy options to improve working standards, and to support organizing and advocacy.
- Groups involved in campaigning should do research--MSN is developing a kit which includes a tool on "Researching the Labour Behind the Label."
- MSN has found that groups in the North and South want to better understand their supply chains;
- NAFTA is having a bigger effect than originally anticipated in relation to garments--this is another important focus for research.

Discussion

- Research results must be translated into easy, useable language so that it will be useful to workers; research should be translated into different languages.
- Research should be linked to organizing.
- A strong gender focus should be maintained in value chains analysis.
- HomeNet Southeast Asia has developed a "vision of homework in 2005", to help in developing strategy, using a "SWOT" analysis that looks at the external environment (opportunities and threats) and internal environment (strengths and weaknesses);
- Different regions and countries have different issues. Nigeria, for example, has an industry producing for the local market. The major threat is from second hand garments imported from the North. The upper classes buy better fabric from Europe. There is increasing informalization within the formal sector (de-unionization, use of contract workers), not only sub-contracting.
- What are the issues around which to galvanize workers? PATAMABA used health and safety as issues to gain access to work premises.
- Expertise is needed from different fields of research (for example, more people from business research interested in social impacts).

Please see Appendix 3: *Linkages between Research and Action: Summary of Discussion on Day One.*

4. Workshop on Value Chains Analysis Methodology, April 1, 2000

A workshop on applying value chains methodology to the garment sector was led by Hubert Schmitz, Institute of Development Studies, Sussex, UK, facilitated by Carole Houlihan. A global value chain describes the sequence of activities required from initial conception of a product to its final consumption. A value chain "map" provides a visual framework to illustrate the impact of change in external policy at different points on the chain. A map helps show how homeworkers fit into the local and global production and distribution system, and can help practitioners identify points along the chain where intervention would be most cost-effective. They can help identify data needs and identify leverage points for joint action.

Please see Appendix 4 for the workshop agenda and materials.

Florence Palpacuer, University of Montpellier, drew on her research of the New York garment industry to illustrate how value chains analysis focuses attention on labour market dynamics underlying competitiveness in the sector, rather than on industrial, or demand side dynamics. It is important to integrate industrial dynamics (demand side) and labour market dynamics (supply side) for a complete picture. For organizing purposes, it is important to understand labour market dynamics (industrial relations and labour law; gender/age/ethnic characteristics of the labour force; education; availability of labour). Industrial dynamics (significance of skilled workers; market segments; value chains; networks) are important to understand when the goal is to increase access to employment for women and demand accountability by retailers.

Value chain analysis can help identify to what extent gender is a factor in wages and returns to different sectors in chains and across chains. Hussaina Abdullah, Centre for Social Science Research and Development, Lagos, Nigeria, and Susan Joeques, IDS and IDRC, led a discussion on gender aware research methodology; questions to be asked, data requirements and principles and problems in collecting data on gender and homework. Labour supply issues include time availability, incentives and transparency. There are gender differences in the notion of "skill" and resulting wages inequities.

Value chain methodology trades off a degree of "academic rigour" in exchange for timeliness. The key is using a range of methods to get information: interviews with key informants (NGOs, buyers, unions, intermediaries, governments, business associations, trade journalists; groups engaged in organizing homeworkers, the homeworkers themselves); use secondary sources; questionnaire surveys, case studies; participant observation, to find out the structure of the value chain, the number of workers in the various chains and their functions, earnings by chain and function, leverage points. A simple map can then be constructed and participants asked to fill in missing components. Conventions are needed if research is to be comparative internationally.

The workshop identified a range of research questions that could be addressed through a value chains analysis (Appendix 5: *Research Questions that Value Chains Analysis Could Address: Summary of Discussion on Day 2*).

Sub-sector maps sketched by participants, based on their own work, are included as Appendix 6.

- South Africa
- India, Ahmedabad Domestic Market for Chaniya Choli
- MSN: Value chain of a Canadian retailer
- Morocco: 5 market segments
- Thailand: 2 types of chains--industrial and commercial
- UK, Littlewoods (a retailer)
- Turkey: A preliminary guess on value chains

5. Summary of April 2, 2000

Based on the methodology workshop of the previous day, the focus for the final day of the workshop was to identify how value chains analysis could contribute to research and activist goals. The workshop broke into small groups to sketch preliminary collaborative proposals that could be submitted to WIEGO. The following early proposals were presented. They will be developed further for discussion at the time of the WIEGO annual meeting May 22-24, 2000:

1. Proposal to investigate the position of homeworkers in the South African clothing industry. Team members: Tanya Goldman, with links to the Southern African Clothing and Textile Workers Union (SACTWU), University of Natal; Sally Baden, IDS (linking proposed South Africa work on homeworkers with an analysis of impacts of changes in EU/regional trade policy, market restructuring and ethical trade initiatives), ILO.
2. Value chain analysis for various products, initially focussing at the domestic level, subsequently looking at linkages with international chains, in collaboration with HomeNet UK, Linda Shaw. Initial team members: ICRW, Simel Esim; Working Group on Women Home-Based Workers in Turkey, Dilek Hattatoglu and Ergul Ergun.
3. Maquila Solidarity Network, NSI, Linda Shaw, Sally Baden, ILO - value chain analysis in Central America to examine impact of codes of conduct.
4. Bangladesh/India collaboration - a tentative proposal for collaboration in developing statistics methodology, between Centre for Policy Dialogue, Bangladesh and the Gujarat Institute of Development Research, India. The CPD is also interested in applying value chains analysis to RMG and woven garments exported to the EU and US; applying value chains analysis to understand the gender dimension of wages, technology in the garment sector.
5. Institut national de statistique et d'économie appliquée, Morocco/Florence Palpacuer - modified project to apply value chain analysis to understand wages; relationship between improving labour relations and changing women's status.

Marilyn Carr reviewed principles for WIEGO garment sector research project proposals, as follows:

- projects should clearly meet the needs of workers/producers and their associations and include them clearly in the submission;
- they should have clear implications for policy;
- they should be academically respectable and be based on value chain analysis;
- the methodology should include collaboration between workers' associations and researchers and should be multidisciplinary;
- the proposal should be set within the global context and include MFA or other major changes in the environment for garment workers.

Submission of proposals to WIEGO does not imply that WIEGO will fund the proposal. Indeed, WIEGO has no funds for project implementation. Submission does mean that WIEGO will assist with the development of the proposal and also with fund-raising, including through use of the WIEGO name.

The deadline for submission of proposals to WIEGO is May 12, 2000. Proposals should be submitted to Simel Esim or Marilyn Carr and should specify: timing (projects should start in September 2000), level of analysis, what resources and expertise are available and are still needed; product line of focus (eg: knitwear/woven; high fashion; mass market; men/women, etc.); team members and organizations.

As a result of the Workshop, WIEGO will also undertake the following tasks:

- In the short term, WIEGO will develop a "reader" on additional resources/readings on (a) estimating homebased workers and understanding conditions of homebased work; and (b), methodologies and experiences in using value chain analysis (Marilyn Carr, Sally Baden, Florence Palpacuer);
- In the longer term, WIEGO will develop a manual on value chains methodology, applying it to garments and homebased workers (Hubert Schmitz, Sally Baden, Susan Joeques).

Heather Gibb
North-South Institute
May 18, 2000

Appendix 1

Subcontracting/Value Chains in the Global Garment Industry after the MFA A Research Design Workshop

**March 31, April 1-2, 2000
North-South Institute, Ottawa**

Agenda

Friday, March 31

9:00 am Introductions and welcome (Chair: Heather Gibb)

Why are we here: Objectives for the Workshop

- Marty Chen/Marilyn Carr, WIEGO
Update on WIEGO global markets program
- Anibel Ferus-Comelo, Lucy Lazo, HomeNet
HomeNet activities and interests
- Ann Weston, North-South Institute
NSI's role
- Susan Joeekes, International Development Research Centre
IDRC's research interests

9:45 Discussion

10:30 Coffee/tea break

10:45 Garments and Trade Liberalization (Chair: Ann Weston)

What do we know about the likely impacts of the phase-out of the MFA on the global garment industry? What else do we want to know?

- Prof. Mustafizur Rahman, Dhaka University, Bangladesh
- Saad Belghazi, INSEA, Morocco
- Prof. Juthathip Patrawart, Kasetsart University, HomeNet, Thailand
- Auret van Heerden, ILO

Discussion

12:30 Catered lunch

Speaker: Bill Erhlich, Deputy Director, Textile Division, Export and Imports Control Bureau, Department of Foreign Affairs and International Trade, Ottawa

2:00 Linking research with strategies for action
(Chair: Cathy Blacklock)

How are activist organizations linking research with initiatives to improve working conditions? What else do we need to know?

- Jeemol Unni, The Gujarat Institute of Development Research, India
- Dilek Hattatoglu, Working Group on Homebased Workers in Turkey
- Linda Shaw, Women Working Worldwide Network, UK
- Lynda Yanz, Maquila Solidarity Network, Canada

Discussion

4:00 Summing up the day's discussion; orientation for the next day

4:30 Break for the day

Saturday, April 1

9:30 Workshop on subcontracting/value chains analysis
Hubert Schmitz, IDS, Sussex; Carole Houlihan, facilitator

Please see separate agenda

Note: Integrating gender specific issues to value chains analysis will be addressed during the workshop

1:00 Catered lunch

2:00 Applying value chains analysis

- *How can value chains analysis methodology advance our research objectives?*
- *Is value chains methodology useable in various degrees?*
- *Are there researchers or groups of researchers interested in trying out the methodology in different parts of the world?*

4:30 Wrap-up and orientation to the next day

Sunday, April 2

9:30 Where do we go from here? Facilitator: Carole Houlihan

Plenary discussion

Next Steps: Break-out groups

12:00 Plenary

- *A Framework for Value Chains Research in the Global Garments Industry after the MFA*

12:30 Adjourn/catered lunch

Appendix 2

RESEARCH DESIGN WORKSHOP ON VALUE CHAINS ANALYSIS IN THE GLOBAL GARMENT INDUSTRY AFTER THE MFA OTTAWA, MARCH 31-APRIL 2, 2000

WORKSHOP PARTICIPANTS

ABDI, Tahir - International Development Research Centre (IDRC)
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Dr Abdullah's current research focuses on coping and survival strategies of Nigerian women during the years of economic crisis and structural adjustment. The main focus of her study is on female factory workers in the textiles and garment, food and beverage and chemical sub-sectors of the Nigeria's manufacturing industry. The intention of the study is to examine their coping and survival strategies in the workplace (that is the factory), household and the community. The overarching goal is to identify relevant issues at the three levels around which policy reform and advocacy work could be organized in order to transform the working and living conditions of the women for the better.

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Sally Baden is an economist and gender specialist who has worked on the gendered impacts of macroeconomic policy reform, including labour market effects. She currently runs the MA programme in Gender and Development at IDS. As part of a new programme of work on accountability to women at IDS, she is currently developing research on corporate accountability, gendered employment practices and the governance of value chains in garment production with a focus on Central America and South Africa. Specifically, she is interested in examining: 1. How the insertion of firms (or countries) into the garments value chain in different ways is associated with particular sub-contracting and employment practices, and the gendered causes and consequences of these arrangements. 2. In which types of value chains, and in what segments of these value chains voluntary self-regulation (codes of conduct) has been adopted in the garments sector and the implications and impact of this, specifically for corporate accountability to women 3. How changes in the governance of value chains are related to pressures from civil society organizations, particularly women's organizations, and how such changes affect the scope of different actors to negotiate with corporate actors and hold them accountable.

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Dr Belghazi is currently working on a project that is designed to contribute to the strengthening of the capacities of female factory workers in the garment and agro-exporting industries. His project has three components: consciousness-raising of company managers concerning the advantages of better production relations; research concerning the culture of the company and the living conditions of the factory workers; and the implementation of activities which enable factory workers to acquire communication skills and knowledge about the production process.

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Cathy Blacklock is Senior Researcher at the North South Institute, and is presently engaged in research on the gendered effects of globalization. Dr. Blacklock's previous research focused on popular civil society organizations in Central America, and the issues of democratization, human rights, citizenship, and neo-liberalism in Latin America.

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Marilyn Carr is the Coordinator of the Global Markets Programme at WIEGO. She is a development economist with over 25 years experience working in Africa and Asia. She holds a D. Phil in Development Economics and an M.Sc (Econ) from the London School of Economics. Throughout 1999 she was a Senior Research Fellow at the International Development Research Centre from which base she helped to develop WIEGO's Global Markets Program. For the 10 years preceding this she was Senior Economic Advisor at UNIFEM, first at the regional office in Harare and then at headquarters in New York. Dr. Carr will continue to work on global value chains from the Radcliffe Public Policy Centre where she has been offered a Fellowship for 2000-20001.

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Martha Chen is a Lecturer in Public Policy at the Kennedy School of Government, a Development Advisor at the Harvard Institute for International Development (HIID), and coordinator of WIEGO. An experienced development practitioner and researcher, her areas of specialization are gender and development, poverty alleviation, and non-governmental organizations. She has long-term resident experience in Bangladesh and India. She has written several books and numerous articles on the economic roles of women and the coping strategies of households. Dr. Chen received a Ph.D. in South Asia Regional Studies from the University of Pennsylvania.

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Dr. Esim's work with ICRW focused on business development services for women's business growth, adolescent livelihoods, and women in the informal sector with a focus on home-based workers, and gender sensitive budgets. Dr Esim's research and advocacy work in Turkey has been primarily on women in the informal sector in general and home-based workers in particular. A founding member of the Working Group on Home-Based Workers in Turkey, in October 1999 Dr Esim worked with local researchers and activists to coordinate a workshop, "Home-based Work in Turkey: Issues and Strategies for Organizing". The workshop aimed to increase knowledge on the topic as well as the 1996 ILO Convention on Homework. It also initiated discussions on how to best provide support for women home-based workers at both regional and national levels. Since then, Dr. Esim in ICRW and the Working Group on Women Home-Based Workers in Turkey have engaged in developing a proposal on subcontracting chains in the garment industry in Turkey.

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Heather Gibb is Senior Researcher at the North-South Institute, where she is developing a research program on worker's rights. Her previous work at the Institute focused on gender issues in human resource policy in the context of the Asia Pacific Economic Cooperation (APEC forum), most recently looking at linkages between paid and unpaid work in human resource policy. She has also served as a consultant to APEC on gender mainstreaming initiatives.

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Tanya Goldman's research entails a comparative study of homeworking in the garment industry in South Africa's two major garment-producing centres. The aim of the research is to document (largely through in-depth interviews) the experiences of women working in homeworking operations and how the informal sector feeds into the garment industry supply chain, with a special focus on organizing opportunities for informal workers. She will also be contracted by the Southern African Clothing and Textile Workers' Union (SACTWU) to provide research support for the Union's 'Industry Database Project'. The project

aims to gather labour, production and trade information about all firms, suppliers and customers in the clothing and textile industry. As part of it, the Union hopes to compile a register of all clothing and textiles homeworking operations.

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Dilek Hattatoglu is a sociologist who has been involved in home-based work since 1994, engaging with women activists, women's groups, trade unionists, workers, and women home-based workers who are themselves involved in home-based work as an organizational issue. Her PhD thesis is on the solidarity dynamics and organizing grounds among women home-based workers, in the case of Avcilar, Istanbul. Since 1995, she has been working closely with women home based-workers on organizing, in solidarity with women from Jiyan Kurdish Women Center. She was one of the coordinators of a workshop held in Istanbul, Turkey, in October 1999, Women Home-Based Workers in Turkey: Issues and Strategies for Organizing.

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Dr Palpacuer is currently involved in a research project on agro-business, looking at the relative influence of competitive dynamics and governance systems of firm's organizational strategies to manage the value chain. Her previous research includes work with the ILO on the changing dynamics and structure of global commodity chains and their implications for industrial upgrading and employment. Prior to her work with the ILO, she conducted a two-year field research in the New York garment industry to analyse how firms' competitive positions within the industry related to their organizational strategies for managing both interfirm relations within the value chain, and intrafirm employment relations. Dr Palpacuer is interested in exchanging ideas about methodologies that would link together competitive and social perspectives on the garment industry.

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Marie Powell is a gender analyst for Asia Branch, CIDA. She is currently working on a paper on codes of conduct in the garment sector, and is also interested in WTO rules and their implications for initiatives to support women in the garment sector.

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Currently Dr Rahman is involved with an ongoing research programme on *Bangladesh Monitoring the Impact of WTO* which is being implemented by the Centre for Policy Dialogue (CPD). He has also been involved in a research work on Female Employment Under Export-propelled Industrialisation which was part of an UNRISD study. He has worked extensively on trade related issues, especially on export-oriented industries such as Ready Made Garments (RMG), technological capability of RMG sector of Bangladesh etc. He has also been involved in a number of research studies related to the RMG sector in Bangladesh. Dr Rahman has a strong interest in globalization-related issues, especially as they impinge on the trade interest of the LDCs.

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Dr Schmitz is a development economist at the Institute of Development Studies at the University of Sussex. His areas of specialisation include: industrialisation and employment, trust and economic performance, industrial clusters and collective efficiency, global traders and local producers, small scale

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Dr. Shaw is based at the Centre for Continuing Education at the University of Manchester as the Programme Head for Women's Studies and Development Studies. She is a member of the International Centre for Labour Studies at the university and is currently working with Working Women Worldwide (WWW). At WWW she is working on an ongoing project focused on international subcontracting chains. This project aims to encourage debate on international mechanisms for protecting worker's rights. She is also working on several joint initiatives with WWW's partners that are focused on codes of conduct such as the Labour Behind the Label campaign, the Clean Clothes Campaign and work in Asia on women worker education. Linda Shaw has also worked on the NGO/labour movement interface over codes and social clauses.

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Dr Singh is an economist working on women and trade issues at NCAER. NCAER conducts research on the Indian economy, regional development, household income, consumption, savings and investment. Most of its studies involve huge primary data collection from households, institutions and industry.

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Dr. Unni is an economist, currently an Associate Professor at the Gujarat Institute of Development Research (GIDR), Ahmedabad, which is an autonomous social science research institute. Her research interests include: informal sector, rural labor markets, non-farm employment, national income and social sectors, particularly education and social security. In all these areas her work always has a special focus on gender. She works closely with the trade union/NGO Self Employed Women's Association to bring the women in the informal sector into focus in national statistics and policy. She recently completed a draft report on sub-contracted women workers in the garment value chains in India. Her report focussed on the following areas: national and international policies affecting the garment sector in India; garment sub-contracting chains in Ahmedabad city; working conditions of the women workers, and the impact of sub-contracted work on the women's gender roles in the household.

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Auret Van Heerden's work focuses on Export Processing Zones, particularly the labour relations problems of women workers. He has experience working with the employers in these industries trying to convince

them to improve the working environment through respect for labour standards. He has also worked with enterprises that are upgrading to remain competitive in the global market. One issue of concern is that a lot of garment factories in EPZs are only there because of quotas and they might move after the expiry of the MFA unless they can upgrade to be more competitive. Human resource development and labour relations will be critical to that effort.

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Kimberly Vilar is currently working with Rosalia Cortes on a new project on the impacts of trade liberalization on female labour. She is also working in the cabinet of advisors for the national government's Minister of Social Development and Environment, specifically on the Ministry's new integrated targeted social program and new applications for sustainable livelihoods strategies.

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Lynda Yanz coordinates the Maquila Solidarity Network (MSN), a Canadian solidarity and campaign network formed in 1995. It works with groups in the North and South. Its goals are, working in alliance with other groups, to improve standards for women garment workers. In Canada, MSN is involved in campaigns to influence Canadian retailers and Canadian policy to ensure garment workers have access to internationally accepted labour rights, including the right to organize and earn a living wage.

Appendix 3

Linkages between Research and Action: Summary of Discussion on Day One

1. Objectives of Research

- Organizing: identifying issues around which to organize informal workers
- Increasing Access: identifying strategies to increase "voice", resources, social protection
- Demanding Accountability: identifying strategies to demand accountability of lead firms

2. Research Principles

- Focus on Workers/Producers
- Timeliness
- Women's Visibility
- Relevance to Workers + Activism
- Joint Research: Activists + Researchers

3. Research Options

- Unit of Analysis: individual, product, firm, chain
- Levels of Analysis: local, national, regional, global
- Sources of Data: secondary (macro vs. micro); primary (interviews, focus groups, surveys)
- Disciplines: industrial relations, labor economics, gender relations

4. Alternative Frameworks

In addition to "mapping" the global value chain, alternative frameworks might be applied to analyzing selected points in the chain, including:

- Internal vs. External Environment
- Industry vs. Labor Market Dynamics
- Cost-Benefit: who does what, who gets what, who pays for what?

Appendix 4

Homeworkers in Global Value Chains Agenda for Saturday, April 1, 2000

Breaking the ice – logging on

1. Question to participants: what do you expect from this session?

General Analysis

2. Homeworkers in the global economy: what are the issues?
3. What is a global value chain?
4. Why is value chain analysis important?
5. Homeworkers in chains: types of home workers, trends in homeworking

Analysis of Garment Chains

6. Types of garment chains
7. Lean retailing and the transformation of manufacturing.
8. Lean retailing and implications for homeworkers.
9. Core homeworkers and peripheral homeworkers: earning opportunities and joint action.

Methodology

10. Getting to know the chain(s) – drawing preliminary map of the value chain(s)
 - draw together secondary data (no. of enterprises, sales, exports, employment)
 - obtain rough indication of significance of homeworking through interviews with key informants
 - list functions: who does what, starting from design and sourcing of material to retailing –based on secondary material and interviews
 - obtain initial idea of main production and knowledge flows through interviews with key informants
 - mapping conventions
 - participants: draw map of the garment chain(s) you are most familiar with
13. Refine the value chain map and quantify key variables
14. Interview representative participants of all important parts (functions) of the chain
15. Collect data or obtain estimates by chain and function on: enterprise numbers, employment, percentage of female employment, output, sales/output, earnings, seasonality
16. Investigating the gender dimension of value chains with particular reference to homeworkers: discussion led by Susan Joeke and Hussaina Abdullah.
 - What are the questions?
 - What data do we need?
 - Principles and problems in collecting data on gender and homework.
15. Learning from global buyers - tapping the know of the key actors with questions on:
 - Strengths and weaknesses of local producers compared with producers in country x,y,z (use of star diagrams)
 - Trends: growth and decline of relevant competitor countries and chains
 - Driving forces responsible for growth and decline.
16. Learning from manufacturers
 - Assessing advantages and risks of internalising and externalising operations
 - Assessing trends in core and fringe of homeworkers
17. Comparing the views of buyers and producers (and of homeworkers and their customers) on strengths and weaknesses: use of star diagrams

18. Working out gearing ratios and identifying leverage points
19. Identify potential for alliances across the divides of public/private sectors, buyers/producers, formal/informal sector, local/global players
20. Upgrading programmes for homeworkers: documenting change and identifying lessons through participant observation.

Finale and Logging Off

21. Question to all participants: did you learn anything new? If yes, what are the three most important points you take away from this session?

Note on studying homeworkers in global value chains:

The above agenda gives you an idea of the topics to be covered in the course of our session. My brief is to give most attention to the question of methodology, i.e. how to proceed in empirical research. The method one uses depends on (a) what one wants to find out, and (b) the availability of secondary data. On (a) I shall want to hear from you what questions you want to answer. On (b) secondary data on homeworkers is generally very poor if non-existent. Moreover, there do not seem to be good role models for studying homeworkers in global value chains. I had hoped to find one or two good studies which embody the kind of product we are after (in terms of analytical links, empirical coverage and policy relevance). What I have been able to find is good material on homeworkers (on the one hand) and global value chains (on the other) but little that brings the two together in a satisfactory way.

This does not mean that we have to start from scratch. There are tested approaches that we can build on but we need to develop them further. One of those building blocks is the subsector approach developed by Gemini. The following article gives a good idea of this approach: James Boomgard, *et al.*, 1992, *A Subsector Approach to Small Enterprise Promotion and Research*, World Development, Vol. 20, No 2, pp.199-212. We need to complement this approach with the insights offered by the global value chain approach. One of the best articles is Garry Gereffi, 1999, *International Trade and Industrial Upgrading in the Apparel Commodity Chain*, Journal of International Economics, Vol. 48, No 1, pp. 37-70. Copies of both articles will be given to you at the workshop. If you have time for advance reading, try the web pages of IDS-Sussex on value chains: www.ids.ac.uk/ids/global/valchn. Other IDS web pages that might interest you include: www.ids.ac.uk/global/conf/globwks and www.ids.ac.uk/bridge/index.

Based on these two approaches we will – in our session – construct value chain maps. Such maps help us to show how the homeworkers fit into the local and global production and distribution system. They also help us to identify our data needs and identify leverage points for joint action. We will discuss in detail how to collect such data and from whom, and how to present data in ways which is useful for both analytical and political purposes.

Note: Workshop materials provided by Hubert Schmitz and Florence Palpacuer are available in hard format only.

Appendix 5

Research Questions that Value Chains Analysis Could Address: Summary of Discussion on Day 2

- A. How chains work; how many people in the chain; what are the main chains; relative importance of formal/informal sector; change over time**
- Time series and trends
 - Where has the homeworking gone; why and where did it shift?
 - Why do some enterprises use wage workers rather than homeworkers?
 - Who are the homeworkers; why are they homeworkers?
 - Country-level map of value-chain (s)
 - Global level of magnitude of how many homeworkers are involved
 - Analysis of value chain of specific products - concrete examples
- B. Returns to labour (capital, wages/wage inequality - compare wages along the chain)**
- Can information from value chain analysis illustrate relationships which determine profitability (of the firm, sub-contractor, wage)?
 - How is income distributed in the process of production and exchange?
 - How do homeworkers link into the value chain and what market segment?
 - Firm/network level - what determines quality of employment
- C. Impact of external change (technological change, impact of trade expansion)**
- How has technology affected homework?
 - How has trade expansion changed the well-being of homeworkers and their role in family budgets?
- D. Political use of the data (leverage; useful in a bargaining situation): how useful is the data in bringing about change?**
- How can corporations be held accountable?
 - How are women inserted into value chains and how can codes of conduct help to promote accountability?
 - Can value chain analysis inform consumer boycotts?
- E. Upgrading and improvement**
- Harmonizing policies, for example, labour policy and industry policy
 - Documenting good practice, for example, pushing benefits down the value chain

Appendix 7

Value Chains in the Global Garment Industry after the MFA: A Research Design Workshop Background and Contributed Papers

Abdullah Hussaina. *Gender Analysis in Research*. Notes for the Research Design Workshop: Value Chains in the Global Garment Industry after the MFA, Ottawa: North-South Institute, March 31-April 2, 2000.

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Belghazi, Saad. *Business Environment in Morocco: Speeding the Restructuring Process*. Paper presented to the workshop, "Mediterranean Forum II", Marrakech, September 3-6, 1998.

Bhattacharya, Debapriya and Mustafizur Rahman. *Bangladesh's Apparel Sector: Growth Trends and the Post-MFA Challenges*. Paper presented to the BIDS. OXFAM, Bangladesh national seminar, *Growth of Garment Industry in Bangladesh: Economic and Social Dimensions*, January 21-22, 2000.

Boomgard, James J., Stephen P. Davies, Steven J. Haggblade and Donald C. Mead. "A Subsector Approach to Small Enterprise Promotion and Research". *World Development*, (20), no. 2, 1992, p. 199-212,

Economic Commission for Latin America and the Caribbean (ECLAC). "The Apparel Industry: Foreign Investment and Corporate Strategies in Latin America and the Caribbean", in *Foreign Investment in Latin America and the Caribbean, 1999 Report*. Santiago, Chile.

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--- *The Role of Female Labour in Industry Restructuring: New Production Processes and Labour Market Relations in the Istanbul Clothing Industry*, in *Gender, Place and Culture*, Vol. 6, No. 3, 1999, p. 259-272. Taylor & Francis Ltd.

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Harrison, Glenn W., E. Elisabeth Rutstrom and Saad Belghazi. *Expansion of Trade Liberalization in Morocco: A Quantitative Assessment*. December 1999.

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Joekes, Susan. 1999. *Bringing Gender Analysis into the Value Chain Approach*. Paper presented to the "Workshop on the Spreading of the Gains from Globalisation" Brighton, UK: Institute of Development Studies, September 15-17, 1999.

Palpacuer, Florence. *Development of core-periphery forms of organization: Some lessons from the New York garment industry*. Geneva: International Institute for Labour Studies, 1997.

--- *Competitive Strategies, Competencies Management and Interfirm Networks: A discussion of current changes and implications for employment*, paper presented to the workshop, "Global Production Systems and Labour Markets", Geneva: International Institute for Labour Studies, May 22-23, 1997.

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