Close-up: Occupational Groups

Garment Workers

Women workers are often considered to be among the relative winners of globalization. Many are earning cash incomes for the first time – often more than they would elsewhere (Kidder and Raworth 2004). But at the bottom end of global value chains that supply fresh produce, garments, shoes or electronic goods to major retailers or manufacturers, there are often hidden costs for women resulting from their work arrangements.

For example, the garment industry employs millions of women workers across the world. Conditions are fiercely competitive, with rapid changes in fashion dictating a severe form of just-in-time production, the consequences of which are well known – low wages, long hours of overtime and an increase in the numbers of industrial outworkers, most of whom are women. The ending of the Multi-Fibre Agreement in January 2005 has introduced further volatility to a complex and rapidly changing industry. The case studies that follow illustrate a continuum of locations and statuses within the garment industry drawn from different countries. These include factory work, contracted or agency work within factories, work as a member of a producer group and homework.

Factory Workers in China. In 1980, a Special Economic Zone (SEZ) was set up in Shenzhen, just across the then border from Hong Kong. At the time, Shenzhen was a small city with around 300,000 inhabitants and fewer than 30,000 recognized workers. By the end of 2000, its total population had increased to over 4.3 million and its labour force to over 3 million. Only 30 per cent of the population is categorized as permanent residents. The other 70 per cent – mainly migrant labourers from rural areas – are classified as temporary residents, a status that until recently has meant that they do not have the official household registration that would entitle them to citizenship in Shenzhen (Ngai 2005).

Garment, electronics and toy-making plants predominate in the SEZ. Designed to attract local and foreign investment, the incentive package offered by the SEZ includes low taxes, low management fees and low rents for large factory compounds. In these light manufacturing industries, more than 70 per cent of the total labour force is female and young (usually under 25 years of age). All of the women workers are classified as rural peasant workers (*mingong*) and do not have the status of formal workers. Because they lack citizenship rights and the cost of rent is high, workers mainly live in dormitories provided by their employers. A recent study assessed the set of factors that situate these workers in an especially precarious position: the practices of international buyers that do not seriously apply corporate 'codes of conduct' to worker conditions in their supplier companies; national and provincial Chinese laws that do not provide basic citizenship rights for non-resident rural migrant workers; and the ready supply of willing female workers who are eager to earn in the years of relative 'freedom' before marriage (ibid.).

With accommodation tied to employment, employers in this 'dormitory labour regime' have control over both the working and living conditions of their employees. Most workers, except management staff, are paid on a piece-rate basis, obliging them to work long hours to produce sufficient quantities to earn good wages. In addition, while workers are entitled to an overtime premium for work done beyond normal hours (40 hours a week), companies take advantage of the fact that workers do not know the terms of Chinese labour law to insist that work done on weekends is not overtime and that workers have no right to refuse to take overtime work. Twelve-hour working days are not uncommon. Rest days are provided only if there is a break in production orders.

To restrict the movements of their migrant workers, companies often keep their identity cards and enforce a system whereby newly hired workers are required to deposit RMB 100 with the company. They also exercise strict discipline and supervision in the dormitories – many of which are crowded, lack sufficient ventilation and lighting, and provide no private or personal space. In 2005, labour shortages were reported in several SEZs in China, suggesting that the supposedly endless pool of women workers willing to work in these zones was drying up (Pun Ngai, personal communication, 2005).

Factory Workers in Bangladesh. In Bangladesh, the export-oriented garment industry in 2000 provided jobs to 1.8 million workers of which 1.5 million were women (Kabeer and Mahmud 2004). But the jobs lack social protection, conditions in many of the factories are below international standards and wage levels are generally lower than those in the rest of the domestic manufacturing sector, that is, informal. This is due both to the presence of a large reserve pool of unskilled female labour in the countryside willing to work for low wages in the garment factories (one of the few modern employment opportunities open to them) and to the absence of collective bargaining or other mechanisms for enforcing the national minimum wage and other labour protections (Bhattacharya and Rahman 2002).

Many of the garment workers work overtime. In 2003, local researchers calculated that women workers in seven garment factories in Dhaka, the capital city of Bangladesh, worked an average of 80 hours overtime per month and that their overtime pay was around 60-80 per cent of what they were due. This under-payment was estimated to be the equivalent of 24 hours of uncompensated work per month. In addition, the women workers faced out-

of-pocket expenses when forced to work overtime at night. Whereas they could walk home in daylight hours, they had to pay transport costs at night that added up to the equivalent of an additional 17 hours of uncompensated work per month (Barkat et al. 2003, cited in Oxfam International 2004). While the women workers knew that they were being underpaid for their overtime, they had not received written pay slips and were not aware of the extent of their under-payment.

Agency Workers in Thailand. In Thailand, a firm called GFB operates in Bangkok producing garments for export (e.g., for Liz Claiborne, Victoria's Secret, Playtex). In 2001 it employed about 1,500 workers, of which nearly all were women. Some were paid on a monthly basis and some on a daily basis. A local union successfully negotiated to obtain cost of living increases, transport allowances and bonuses for workers, as well as financial support from the firm to the union. However, changing conditions in the industry simultaneously led to substantial layoffs and great insecurity among all workers.

GFB called on the services of an employment agency called BVS to supply labour on short-term contracts. Workers applying for employment (some of whom were laid-off formal workers) now had a contract with BVS, which stipulated payment of the legal minimum wage and of overtime. At the same time, it omitted a range of benefits that normally accrued to formal workers, such as annual wage increase, survivor benefit, cost of living allowance and food allowance (Doane et al. 2003).

Specific and less visible costs of the move to contract-based work included the need for workers to buy their own uniforms, and the demand, totally against Thai law, that they place a deposit worth about six days' wages into a 'guarantee fund', which is repaid in full only if the worker stays for six months or more. Agency workers are prohibited from joining a union, one of the core labour standards of the ILO. Finally, although agency workers pay contributions to the Thai social insurance fund, these are sometimes not forwarded to the Social Security Office, resulting in denial of benefits without recourse through the labour court, which in any event is both expensive and time consuming.

Group-Based Industrial Outwork in Thailand. In another part of Thailand, Lampoon province, a group of 10 women produce garments for the local and export markets, working from the private house of the lead member. They work on a piece-rate basis for less than they could earn if they worked in the nearby factory, and they have to cover the cost in time and transport of securing orders from the firm. These industrial outworkers, all women, are quite clear about the benefits to them of this poorly-paid group work. Flexible time allows them to participate in village activities; additionally, no garment production is done during the farming season, when they all have farm responsibilities. Their working collectively has enabled them to co-invest in their own work-based fund for equipment. It also enables them to access loans for their machines from local government, access assistance from the health services for training on occupational health and safety and contribute to the Thai social insurance fund.

Though these workers are paid less than the agency workers in the factory, in some respects their social relationships and working environment are far better, and they are able to combine different kinds of domestic and income-earning activities. This case represents a variation on industrial outwork that is done as a group rather than as isolated individuals at home and seems to suit the needs of these women workers. There appear to be material and social benefits to working collectively. This group-based industrial outwork seems quite prevalent in Thailand in the garment sector.

Individual Industrial Outworkers or Homeworkers. Industrial outworkers who work from their homes fall into a grey intermediate zone between being fully independent and being fully dependent. In the garment industry, the percentage of homeworkers in the total workforce in the mid-1990s was estimated at 38 per cent in Thailand, between 25-39 per cent in the Philippines, 30 per cent in one region of Mexico, between 30-60 per cent in Chile and 45 per cent in Venezuela (Chen et al. 1999). Homeworkers work under what could be considered either an employment or a commercial contract for a sub-contracting firm or its intermediary. While the firm or its intermediary typically supplies work orders, designs and raw materials and markets the finished goods, the homeworker provides the means of production and the workplace.

The homeworkers also have to absorb many production costs – including utilities as well as the maintenance and depreciation of equipment – and associated risks, often without help from the firm/intermediary. For instance, garment homeworkers commonly have to buy and maintain their own sewing machines, replace needles and thread and pay for the electricity to run their machines and light their workspace. Although not directly supervised by those who contract work to them, they are subject to delivery deadlines and to quality control of the products they deliver. If their work orders are suddenly cancelled, if the firm/intermediary does not accept their goods or if they are not paid for months at a time, homeworkers have little recourse. This is because they operate in a legal limbo in which it is not clear whether they are employees and, if so, which firm or individual in the sub-contracting chain is their employer.

Street Traders

Street Traders in Nairobi, Kenya. An estimated 15,000 street traders compete for space and customers in the Central Business District (CBD) of Nairobi, the capital city of Kenya. They sell a range