

Wages, working hours and decent jobs, evidence from the Decent Work Survey

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Corporate Social Responsibility (CSR) in the global value chain

- **CSR organisations urge Brands to act on CSR**
 - E.g. ILO Better Work Programme , Platform Living Wage Financials (PLWF), ACT (Action, Collaboration, Transformation)
 - Quite some Brands are member of one or more CSR organisations
- **Can Brands affect the wages and working conditions in their supply chain?**
 - Suppliers do not have an employment relationship
 - Influencing wage and working conditions of workers in supplying factories will have to be part of the supply contract
- **This study aims to explore the impact of CSR membership of Brands on the wages and working conditions in supplying factories**

Research Question and Method

Research questions

1. Do wages, working hours and decent jobs relate to workers' personal or sector characteristics?
2. Are wages, hours and decent jobs better in factories that supply to international brands compared to national production?
3. Does CSR membership of a Brand affect the wages, working hours and decent jobs of workers in the factories supplying these Brands?

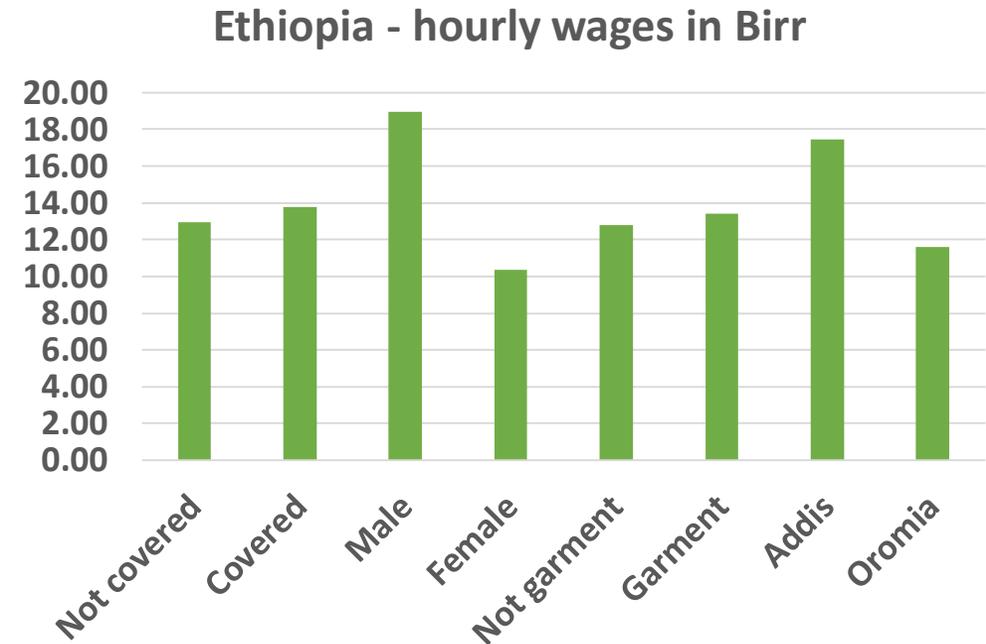
• Research method

- Data-analysis of the Decent Work Check survey of workers and HR in factories
- This survey has been detailed in previous presentations in this session
- CSR: Database of international brands and their membership of 13 CSR organisations

Data used

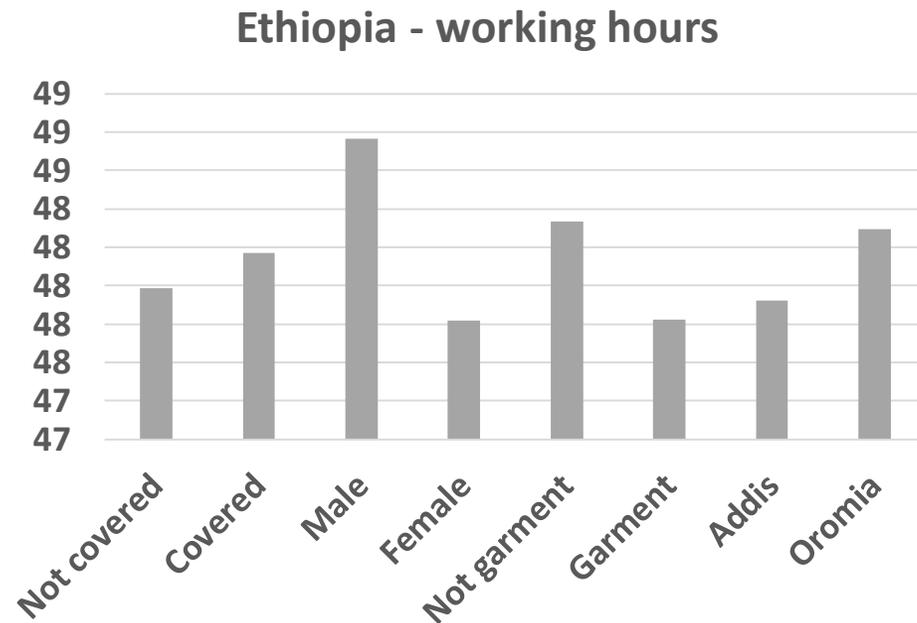
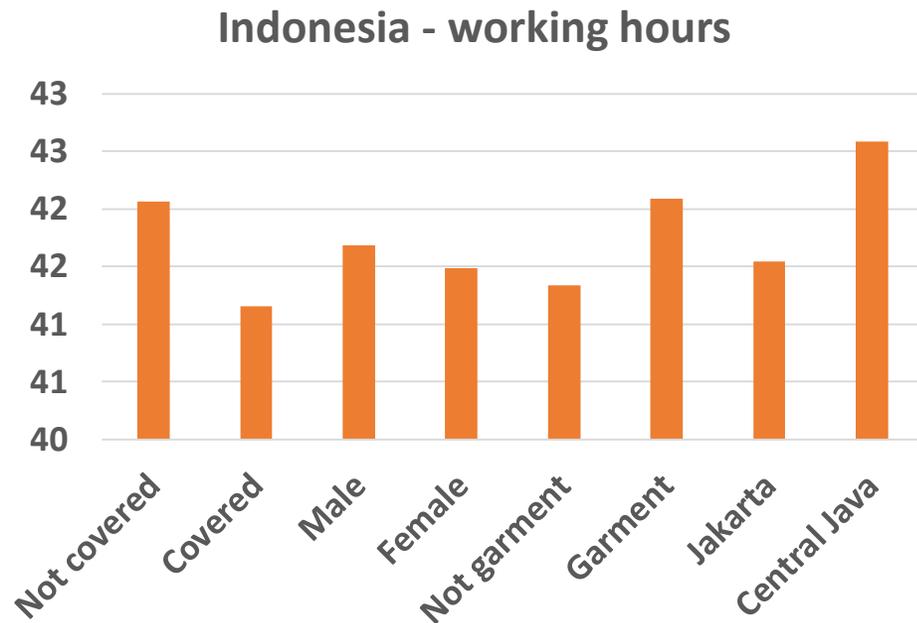
- **Workers, their factories, the brands, and the CSR membership**
 - For each worker in the survey we know the name of the factory they work for
 - For each factory we know the names of the brands they supply
 - For each brand we know of which CSR organisations they are affiliated
- **Analyses restricted to**
 - Countries: Indonesia 6117 workers (46% F), Ethiopia 1924 workers (69% F)
 - Sectors: textile, RMG, leather
 - Period: JUL 2017 – JAN 2022

Q1a) Do wages relate to a workers' personal or sector characteristics?



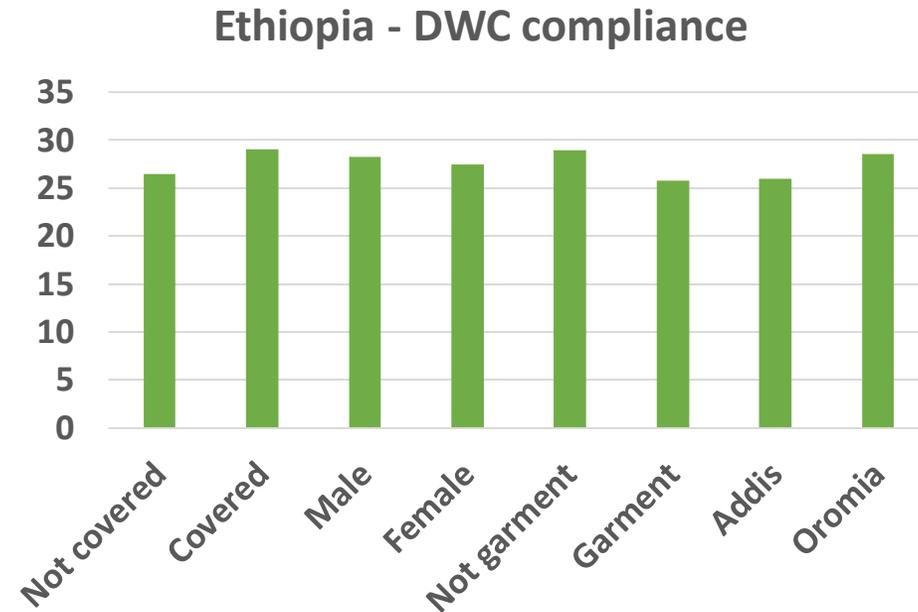
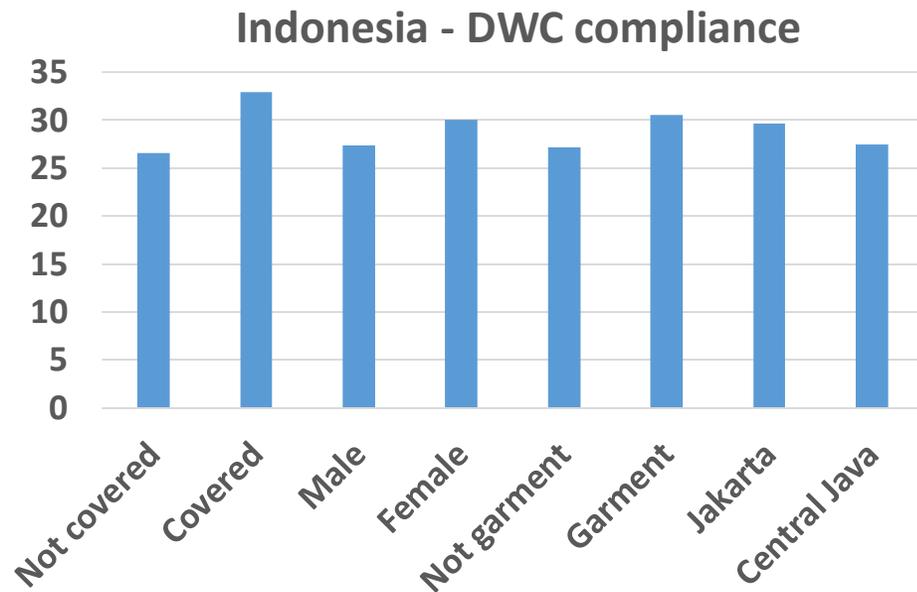
- Indonesia: hourly wages are higher for Jakarta region
- Ethiopia: hourly wages are higher for bargaining coverage, males and Addis region

Q1b) Do working hours and DWC compliance relate to a workers' personal or sector characteristics?



- Working hours in Ethiopia are much longer compared to Indonesia
- Indonesia: working hours are long for workers not covered, garment and Central Java
- Ethiopia: hours are long for males, textile&footwear and Oromia region

Q1c) Do decent jobs relate to a workers' personal or sector characteristics?



- DWC compliance = Decent Work compliance, range 1=very low, 41=very high
- Indonesia: DWC compliance low for workers not covered, males, not garment
- Ethiopia: DWC compliance low for workers not covered, garment and Addis

Q2) Are wages, working hours and DWC compliance better in factories supplying international brands?

- In Indonesia working for international brands increases wages and compliance, in Ethiopia it leads to more hours and less compliance
- In Indonesia bargaining coverage leads to higher wages, less hours and more compliance, in Ethiopia to more compliance
- Based on OLS regression models with data of 6117 (Indonesia) and 1924 (Ethiopia) workers

	Higher wages		Less hours		More DWC compliance	
	IND	ETH	IND	ETH	IND	ETH
Factory supplies international brand	+			-	+	-
Being covered by collective agreement	+		+		+	+
Age (12-75)	+	+	+		+	+
Firmsize (small-large)	+	+	-		+	+
Being female		-	+	+		
Working in garment sector		+	-	+	+	-
Working in capital regio	+	+		-	+	-
Working in Central Java / Oromia	-	+	-	-	-	-

Q3) Does CSR membership of a Brand affect the wages, working hours and DWC compliance of workers in the factories supplying to these Brands?

- Effect of 10 CSR membership: mixed findings: 26 times a positive effect (green), 16 times a negative effect (orange), 18 times no effect (blank)
- Based on OLS regression models with data of 2337 (Indonesia) and 382 (Ethiopia) workers, selection: workers in factories supplying international brands

	Higer wages		Less hours		Better DWC compliance	
	IND	ETH	IND	ETH	IND	ETH
Fairwear	-		+	+	-	+
Ethical Trade Initiative	+	-	+	-	+	
Fair Labor Assoc.	+		-	+	+	
SA8000 Soc. Accnt. Init.	-	-	+			+
Bus. Social Compl. Init.		+	-	+	+	+
ACT		+	-	+	-	+
Fair Wage Network	+		+			
ILO Better Work			+	+		+
IndustriALL GFA		+	-	+	-	
Platf. Living Wage Fin.	-	-		-	+	-

Conclusions

- **Large variation with respect to wages and working hours, less variation regarding decent jobs**
- **In Indonesia working for factories that supply international brands is associated with higher wages and DWC compliance, in Ethiopia it is associated with more hours and less compliance**
- **Mixed findings regarding effect of brands' membership of 10 CSR organisations: more often positive effect than no or negative effect**
- **The study shows that a supply chain can be disentangled, using data that allows to identify workers in their factory and the brands that these factories supply, and brands' CSR membership**

Thank you for your attention

- Questions, comments?
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