

Stabilizing the value of labour via compliance mechanisms: evidence from Ethiopia and Indonesia

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Special stream: Labour and/as value in the context of global crisis: ethnographic insights

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Aim of the paper

Research Questions

How to understand, reproduce and stabilize the value of labour in the garment industry?

Can compliance checks, implemented in different local conditions, help stabilizing the value of labour at the end of the supply chain?

Value of labour - the economic, social, and cultural worth attributed to the work performed by workers in the garment industry (e.g., compensation for work, working conditions, employee rights)

Method to stabilize the value of labour - compliance surveys implemented at the factory level, facilitated/mediated consultations between unions and employers based on the survey outcomes, monitoring improvements

Evidence: improvements in working conditions achieved via the above intervention, argument that the understanding of value of labour stabilized upon external intervention across different local contexts

Conceptual framework

Challenges to the garment industry:

1. Globalization
2. Pandemic



both have/had an effect on the value of labour.

Globalization and the integration through global value chains possibly facilitates effects of convergence on the creation of value

BUT

Local embeddedness of perceptions (societal ideas about the value of labour are still tied to local conditions)

The global health and economic crisis has likely introduced a **counter-movement to these globalization-induced convergences.**

Cases: Ethiopia and Indonesia

- Empirical investigation of how the value of labour has been understood, reproduced and stabilized in the **garment industry**
- Case studies: **Ethiopia and Indonesia**
- Factories in Ethiopia: 68 (2319 workers interviewed)
- Factories in Indonesia: 367 (14356 workers interviewed)
- While both countries are integrated into the **global garment supply chains**, there are differences in factory-level processes to improve working conditions and in the role of trade unions to stabilize the value of labour
- Timing: before, during and after the global Covid-19 pandemic
- Methodology: **decent work check surveys** in factories serve as compliance mechanisms, facilitate a bipartite discussion between the factory management and trade unions, under the mediation of an external party

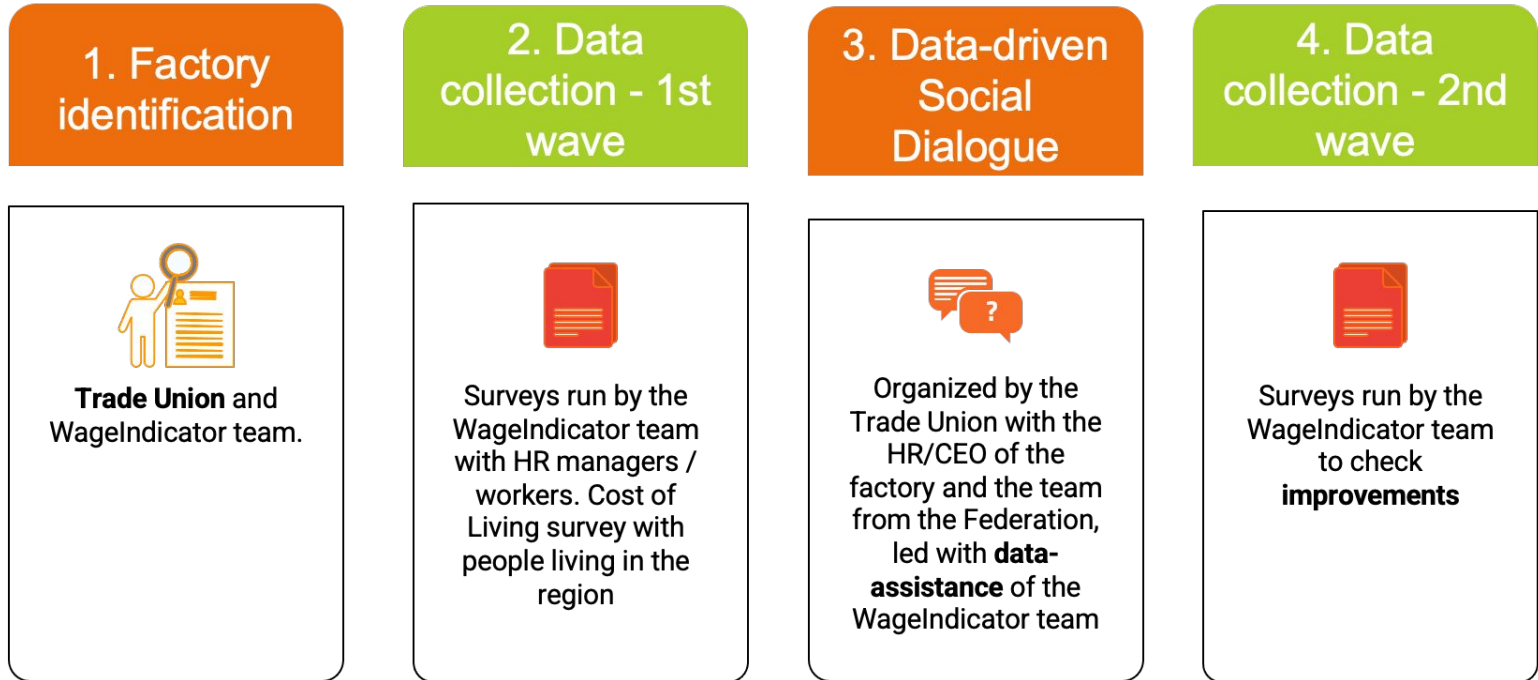
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Starting point - comparison of the GTFL sector conditions in Ethiopia and Indonesia

	Ethiopia	Indonesia
Number of workers in Garment, Textile, Footwear & Leather	260000 (2021)	3.6 million (2019)
Factories mapped	about 200	more than 1200
GTF Industry started growing in:	2006	1980s
Role of trade unions	One Textile Federation in the country with workers' representatives in factories	Tens of Trade Unions in the sector, more than one in each factory
Minimum Wage	No	Yes, very complex structure (geography-based)
Collective bargaining	At factory level, less common	At factory level, very common
Understanding the value of labour	Localized - embedded in local perceptions	Localized - embedded in local perceptions

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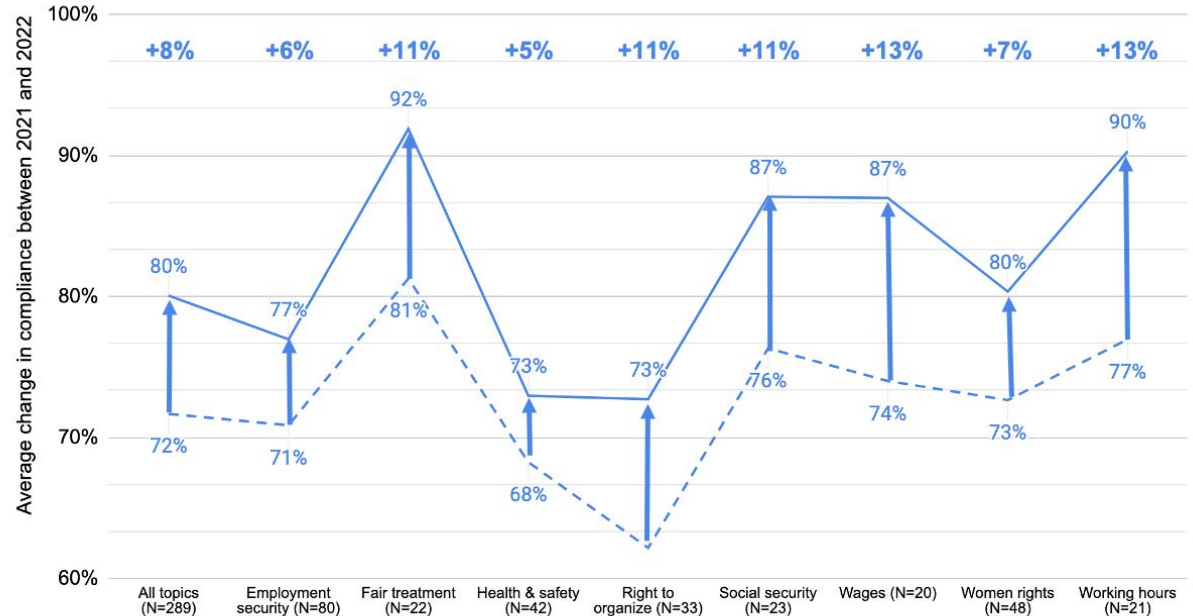
Flow of the approach



Results in Indonesia

- Results from Decent Work Check (DWC) Surveys show categories in local regulations that are being implemented in the factory – according to workers
- The data is accessible to stakeholders, where it can be used to trigger social dialogue within a factory.
- DWC effect in factories with less than 90% compliance between 2021 and 2022. Of all topics, increased by an average of 8 percentage points. **The highest increase in compliance is in wages and working hours.**

On average, factories with less than 90% compliance improved by 8ppt, when comparing 2022 with 2021



Findings and conclusions

- The study found that compliance mechanisms can help ensuring that workers are treated fairly, even when factories are located in different local contexts at the end of a global supply chain
- Compliance interventions helped to improve working conditions and introduced laws related to social security and facilitated the emergence of social dialogue
- The compliance mechanism helped to raise awareness of rights and privileges on both employer and employee side
- Conceptual/theoretical implications: embedding of the outcomes into theoretical debates on how such compliance mechanisms help creating and stabilizing the value of work at the end of a global supply chain

Thank you for your attention

Comments and suggestions welcome

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