

# Are wages, working hours and decent work better in factories supplying brands associated with CSR?

Kea Tijdens and Nii Ashia Amanquarnor, WageIndicator Foundation

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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
  - ▷ These organisations urge their members to improve working conditions in the supplying factories
- ▶ 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, working hours and decent work in supplying factories

# Research Question and Method

## Research questions (RQ)

- RQ1      Are wages, hours and decent jobs better in factories that supply to international Brands compared to national production?
  
- RQ2      Does CSR membership of a Brand affect the wages, working hours and decent jobs of workers in the factories supplying these Brands?

# Research methods

- ▶ Data used
  - ▷ Data Decent Work Check survey of workers in garment factories in Ethiopia and Indonesia, as detailed in this session
  - ▷ Membership lists of five CSR organisations:
    - ▷ Fair Labor Association (FLA),
    - ▷ Platform Living Wage Financials (PLWF),
    - ▷ Fair Wear Foundation (Fairwear),
    - ▷ Ethical Trading Initiative (ETI),
    - ▷ ACT on Living Wages (ACT)
- ▶ 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 if they supply an international brand and which ones
  - ▷ For each brand, we know whether they are a member of the CSR organisations

# RQ1: Are wages, hours and decent work better in factories supplying international brands?

- ▷ Wages NOT higher in factories supplying international brands (ETH + IDN)
- ▷ Working hours LONGER in factories supplying international brands (ETH + IDN)
- ▷ Decent work BETTER in in factories supplying international brands (ETH + IDN)
- ▷ Based on regression models with data of 2,716 (Indonesia) and 744 (Ethiopia) workers

	Higher wages		Longer hours		More DWC compliance	
	IND	ETH	IND	ETH	IND	ETH
Factory supplies international brand	+	+	+	+	+	+
Covered by collective agreement	+		-		+	+
Agegroup (1=<20,...,5=>50)	+	+	-		+	+
Small firmsize		-	-	-		+
Being female		-	-		-	
Low educated		-	-			-
Working in capital region	+	+		+	+	
Working in Central Java / Oromia	-		+	+	-	

# RQ2: Are wages, hours and decent work better in factories supplying CSR members?

- ▷ Wages NOT higher in factories supplying CSR members vs non-members ( IDN)
- ▷ Working hours LONGER in factories supplying CSR members vs non-members (IDN)
- ▷ Decent work BETTER in in factories supplying CSR members vs non-members (ETH + IDN)
- ▷ Based on regression models with data of 2,567 (Indonesia) and 359 (Ethiopia) workers, selection: workers in factories supplying international brands

	Higher wages		Longer hours		Better DWC compl	
	IND	ETH	IND	ETH	IND	ETH
<b>Brand member of at least one CSR</b>			+		+	+
<b>Covered by collective agreement</b>	+		-		+	
<b>Agegroup (1=&lt;20,...,5=&gt;50)</b>	+	+	-	-	+	+
<b>Small firmsize</b>			-		+	+
<b>Being female</b>		-	-		-	
<b>Low educated</b>		-	+			-
<b>Working in capital region</b>	-	+	-	+	+	
<b>Working in Central Java / Oromia</b>	-		+		-	+

# Conclusions

- ▶ Workers in factories supplying international brands have more decent work, but longer working hours, whereas their wages are not affected
- ▶ If these international brands are a member of one or more CSR organisations, the workers have even better decent work, but longer working hours (Indonesia), whereas wages are not affected
- ▶ Our study shows that improving wages are challenged by other factors than the supply chain characteristics
- ▶ Our 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?
- ▶ WageIndicator website – [www.wageindicator.org](http://www.wageindicator.org)
- ▶ [k.g.tijdens@uva.nl](mailto:k.g.tijdens@uva.nl)
- ▶ [niiashia@wageindicator.org](mailto:niiashia@wageindicator.org)