Made in Lesotho

Explaining Variation in Labour Standards Compliance in the Global Apparel Industry

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CRIMT, June 2011: MNCs, Global Value Chains and Social Regulation, Montreal, Canada
The Research Project

Q: What explains variation in labour standards compliance in Lesotho’s apparel industry?

DV: Labour standards compliance

IV: Ownership nationality, end-user market, dispute resolution, Better Work Lesotho

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Methodology

• Desktop research
• Collaboration with partners (CtG and BW)
• Key informant interviews with industry stakeholders
• Focus group discussions
• Workers questionnaire
• One-on-one management interviews
Focus group setting

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Focus group discussion

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Worker questionnaire
With the morning group
Industry Snapshot

• Emergence of an industry
  – 1980s restrictions on SA; 1994 MFA; AGOA

• 45 factories
  – 30 in Maseru (Asian ownership, US market)
  – 15 in Maputsoe (S.A. ownership, S.A. market)
Regulatory Environment

• International Labour Standards / ratification of ILO conventions

• The major source of labour law is the Labour Code, 1992
  – it is a major overhaul of the laws established in the 1960s and 70s
  – provisions for protection apply to all contracts of employment

• The Constitution of Lesotho, 1993
  – establishes Lesotho as a “sovereign democratic kingdom”
  – chapter II provides for the protection of the core labour standards (except collective bargaining which comes later in the amendment act)

• Labour Code (Amendment) Act, 2000
  – establishes an Industrial Relations Council (the DDPR)
  – provides for appointment of the President and Deputy President of Labour Court
  – sets forth procedures for dispute resolution (conciliation, mediation, obligation to bargain in good faith)

• Collective bargaining agreements (where applicable/ where in existence)
Enforcement Agencies

- Ministry of Labour
- Labour Commissioner; inspections
- Lesotho National Development Corporation
- Labour Court (enforces DDPR awards)
- Labour Appeals Court
The Regulatory Environment, In Reality

• LNDC does not have an interest in removing those who want to do business in Lesotho

• Government does not want to pressure Asian investors (clothing makes up 75% exports)

• Manufacturers can get around the system
  • inspections, personnel management, shop steward process

• Inconsistent follow-up on DDPR awards

• Few collective bargaining agreements
On Regulation: Workers Voice

- If the Chinese like someone, they’ll make them a supervisor
- Workers are randomly selected to be supervisors yet can’t relate to workers
- “These unqualified personnel shouldn’t accept when workers rights are trampled on, but these people succumb to the whims of employers”
- “DDPR teaches managers about laws but managers deliberately trample on the laws”
- Factory managers bribing inspectors to ‘skip over’ them
- Personnel managers hand-picking shop stewards
Snapshot from the field

• Zooming in on multinationals and emerging forms of social regulation in Lesotho

• What do workers know about their buyers?

• What do stakeholders think about Better Work?
End-User Market

• Out of 61 responses:
  – 21 Gap
  – 10 Levis
  – 7 Jansport
  – 25 Don’t know who the factory supplies to

• Some supply jointly to Gap/Levis or Gap/Jansport
End-User Market, cont’d

- Know what a code of conduct is (52%)
- Seen buyers in the factory (69%)
- Been part of an audit interview (33%)
- Been coached for the interview (16%)
- Seen others check working conditions (43%)
  - Minister of Labour (25%)
  - Don’t know who it was (8%)
  - Other (8%)

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End Market: Workers Voice

• Buyers come through, but they do not come to the workers

• Only when a buyer is coming do we have to clean everything/ get proper machinery/ are given new face masks

• Managers want us to talk nicely about them to buyers, as though they treat us well

• All doors are locked except for when buyers are coming

• The DoL should work with shop stewards because they are the ones who know what is happening

• Potential bribery among managers/inspectors
Better Work (BW)

• Have heard of BW (69%)

• Participate in BW (33%)
  – Don’t know (31%)

• Would like to participate in BW (98%)

• Believe BW will change working conditions (89%)
  – No (2%), Don’t know (10%)

• Believe stakeholders can work together (95%)
  – No (3%), Don’t know (2%)

• Believe there is a need for a neutral third party (85%)

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Better Work: Workers Voice

• “It’s necessary because it can solve the existing problems”
• “We need someone to come between as a mediator”
• “[Someone from BW] will be truthful”
• “What’s needed is a person who knows nothing about the workers”
• “Workers need the help of BW to end discrimination at work”
• “They can help each other by all sides reaching a decision without bias”
What Are Other Stakeholders Saying About BW?
Manufacturers

• “Our expectations are to see a Better Worker. They must participate much more meaningfully and in their interaction with employers.

• Of course we also expect a Better Employer, to create better conditions conducive to productivity.

• Also, a Better Referee [with reference to government being equipped to make people follow the rules]. Sustainability is the most crucial element for employers.

• To Better Work, how do we continue to be sustainable as an industry (i.e. sustain the welfare of workers) and [generate] the profit needed for this?”
Unions

• BW will finally improve collaboration with other unions
  (aka get other unions to see our point of view)

• BW will finally improve collaboration between employers and unions
  (aka make employers listen to our demands)
Government

• Anything that either draws business in or entices current business to stay

• Dependency on a small handful of US MNCs

• If the Chinese are fine with it, so are we
  – And if not? ...partial explanation for delay in implementation of BW Lesotho
Buyers

• Improved social compliance and increase in CoCs through BW dialogue

• Better business climate and building competitiveness (delivery time, quality, etc)

• Easier to engage with local stakeholders when there are structures in place

• Improved/increasing collaboration with other buyers (can pressure/build on each other’s strengths/overlap)

• A decrease in the amount of auditing. Commitment to use BW, then support and build capacity. This leads to change in sustainability.

• Build capacity and knowledge to avoid these problems down the road and not just a quick fix
Reflecting back on the IVs

• Ownership nationality vs. low/mid-level management

• What about dispute resolution? Worker perceived access vs. union representation

• Where it’s going makes a difference (if correlated with factory visits)

• Too early to tell but suspect improvement with presence of BW (not simply by audits but in trainings, education)
Moving on: points to consider

• Need for worker involvement in understanding what is happening and developing an action plan to remedy worst conditions

• Need for ‘neutral’ investment in training (need for investment, period)

• Extension of preferential trade access

• Precariously perched on one node of the global value chain: Is a regional plan possible?
Ha Thetsane

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Sun Textiles factory
Eclat Evergood factory
Lunch stands/shops

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Industrial area
My friend from Formosa Denim Mill
A home visit

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Another view of Ha Thetsane
River adjacent to factories

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Tai-Yuan factory

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FAWU union meeting spot
Sunday, waiting for work
Thank you!

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