

Improving Female Worker Wellbeing in Ethiopia's Investment Sectors



Learning what works from those on the ground

Prepared by

The Wellbeing, Women and Work (3WE) project



October 2023

Partners



FRONTIER*i*



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Introduction

In its bid to bring about rapid export-oriented industrialization, Ethiopia has sought to position itself as the new global frontier of low-wage labour. This strategy has led to the country's insertion into two global value chains (GVCs): horticulture (cut flowers in particular) and apparel. By 2022, these two export sectors were earning almost half a billion dollars in foreign revenue a year [1,2] and contributed to Ethiopia's status as one of the continent's top destinations for foreign direct investment [3].

When you buy a men's shirt from Tommy Hilfiger or a rose from Interflora, then, there is a good chance that your purchase will have passed through the hands of some of the approximately 62,000 workers in Ethiopia's foreign-owned apparel firms [4] or the 200,000 workers in its export-oriented horticultural farms [2]. The vast majority of workers are young women from rural areas, and for many it is their first experience of wage labour.

This report examines recent attempts to ensure that this employment provides such workers with sustainable livelihoods. Because while Ethiopia's youth employment rate and foreign currency reserves might benefit from the country's participation in GVCs, the day-to-day reality for many workers is often precarious and difficult.

The information presented here was collected by the "Wellbeing, Women and Work" (3WE) project that ran from 2019 to 2023 at Maastricht University (The Netherlands). Our aim was to understand the wellbeing of female workers employed in Ethiopia's foreign-owned horticultural and apparel firms. We did this primarily by interviewing and surveying frontline workers themselves; we supplemented this data by interviewing and conducting a series of workshops with firm managers, advisors, officials from key government ministries, and civil society stakeholders (see p. 15 for further information on our methodology and data).

Our definition of wellbeing is deliberately broad and expansive: we were interested in how people work to construct the kinds of lives they value. Thus we looked not only at material and individual factors (such as wages and employment benefits) but also at intangible and communal factors (such as positive mental health, a feeling of community, a perception of hope and progress, and a sense of security). Our interdisciplinary team of development studies scholars, migration specialists, psychologists and gender experts allowed us to ask about aspects of women's lives that previous studies into these sectors have tended to overlook.

In this publication, we summarise some of the good practices that emerged in our findings and our discussions with stakeholders. One of our key findings was the complex nature of the challenges facing these sectors: severe threats from both the national and international levels imperil the very survival of most foreign-owned factories and farms. There are no "easy fixes." Our aim in this brief document is therefore not to present a prescription for comprehensive change, or an impact pathway that takes all trade-offs and synergies into account. Rather what we wish to do here is to allow stakeholders on the ground to explain, in their own words, and with concrete examples, what they feel has worked to improve and safeguard worker wellbeing.

In presenting these testimonies and good practices, we have sought to privilege the voices of those close to the workforce, be these frontline workers, local supervisors, managers (both Ethiopian and foreign) or advisors from the civil society and government sectors who regularly visit factories or farms. While recognising that not all of these perspectives have an equal insight into women's wellbeing - the workers themselves are the experts on their own lives - we nonetheless believe that snapshots taken from different angles can create a multifaceted picture. Often different kinds of participants cited similar examples of success, corroborating their veracity. Where they disagreed, we note this as well. We avoided simply reproducing firms' own assertions of internal success.

Ultimately, the burdens faced by Ethiopia's female apparel and horticultural workers can be alleviated only by concerted efforts on all sides. Which efforts already seem to have paid off? By bringing greater visibility to these, we hope that they may be up-scaled and serve as inspiration for others.



Good practices in policy & governance

The employers/suppliers were approached in a flexible and supportive way. We refrained from interfering in decision-making, which is often directly or indirectly done in projects, e.g. by enforcing standards. Employers/suppliers became very active and started self-ruled activities like anti-sexual harassment training in the waste picker communities, which was not expected and which is one of the most challenging issues they could have chosen to work on.

Consultant active in apparel

The most important initiatives are the ones which are linked to the European market; especially to Germany. They have the most leverage. Many German buyers say: “there is no minimum wage, so we won’t buy there anymore.”

*INGO representative
active in apparel*

The governance of Ethiopia’s apparel and horticultural sectors is complex and involves many actors. This is particularly true of the former sector, due to the initial eagerness of several employers and INGOs to use Ethiopia as a “test case” for the creation of more sustainable and better-governed GVCs than currently exist in Asia’s current low-wage hubs. In the eyes of stakeholders, this has had certain benefits:

- The International Labour Organisation’s (ILO) “**Better Work Programme**” was regularly highlighted as constructive and sustainable. Employers mentioned feeling supported through their programme of external assessments, root cause analysis, targeted interventions and long-term engagement; they pointed to concrete trainings and worker representation schemes that had resulted from this programme.
- Between 2000 and 2021, the US government provided duty-free access to the American market for Ethiopian exports through the **American Growth and Opportunities Act** (AGOA). This provided an invaluable impetus for the creation of Ethiopia’s apparel sector, and its revocation in 2022 was experienced as a potentially fatal blow for many we spoke to.
- The **Ethiopian Horticultural Producers and Exporters Association** (EHPEA) serves as a forum where foreign investors, local investors and worker representatives share expertise and negotiate common standards.



- Prior to 2018, the **Ethiopian government** provided foreign investors with extensive institutional support. Employers but also certain civil society organisations appreciated the stability and even the regulatory environment present during this era. They expressed disappointment that much of this support had since fallen away: investments in infrastructure have not kept pace with the growth of the sector and political conflict creates an unpredictable climate. Compelling investors to convert much of their foreign exchange into Ethiopian birr (at an overvalued official exchange rate) leaves them unable to import raw materials - yet suitable local materials remain difficult to attain. On the positive side, there is general agreement that most workplace regulations contained in the 2019 Ethiopian Labour Proclamation [5] are enforced, and cases of frontline workers successfully taking their employers to court are not unusual. The Ministry of Women and Social Affairs is an active participant in workplace improvement programmes, while the Ministry of Labour and Social Affairs (now renamed the Ministry of Labor and Skills) is perceived as lacking in capacity.
- Several **multi-sectoral interventions** were mentioned as instances of good practice. One is the Tatari initiative at Hawassa Industrial Park, a saving and loan scheme supported by Mastercard's BRIDGES programme, the government's Industrial Park Development Corporation and local consultants. This culminated in 39 former employees establishing their own apparel firm in 2021. Another example is the regular cervical screenings conducted by the Family Planning Association of Ethiopia at several horticultural farms.

At a general level, employers and many of their collaborators expressed an appreciation for **long-term, qualitative, constructive and integrated engagement** with governance actors. This was seen as preferable to the sudden, intense NGO and media scrutiny that often meets OECD investors when they first enter a market. It was also mentioned as preferable to adding further audits and standards from buyers keen to avoid reputational damage. Several expressed a desire for a robust domestic regulatory environment that would not leave worker protections dependant on the will of individual companies, and that would create transparent expectations across the sector.

Good practices in investing in the workforce

But I think the firm I was at was better than most...It's because I worked there that I was able to get this position I have now...There are a lot of women in management. Most of them are actually women. To be honest, I don't think it had a lot of stressful elements. But the opportunities, their management style, their technology, and the standards they implement allow you to improve and internalize. So, I would say it has more opportunities than challenges

Ethiopian female manager

Male employees are the best people to raise awareness [about sexual harassment] among other male employees – it's important for the men to talk to them in their own language.

Representative of a gender committee in an apparel firm

The challenges of managing a young, diverse and overwhelmingly female workforce in the context of rapid urbanisation, social inequality and civil conflict are significant. These constraints notwithstanding, individual firms and individuals have been able to influence outcomes in a number of ways. Those employers who have been successful at reducing turnover and maintaining productivity have often enacted **policies to invest in the skills and wellbeing of their workforce**. This section details some of the concrete steps that made have a difference.

Often it's not only policy that makes the difference, but also **managerial style**. One of the most important factors that women themselves reported as important for their wellbeing was a feeling of being treated with respect and dignity. Managers and owners with a familiarity with Ethiopian culture, previous experience in the country, a day-to-day presence on the factory floor, and a commitment to recognising management potential among frontline workers were appreciated by workers and other stakeholders alike. This leads to middle management in some companies comprising mainly foreigners and Ethiopian university graduates, while at other companies frontline workers are able to progress more easily to managerial positions. Some of this variation extends up the value chain as well. Some buyers have invested in in-house teams on the workfloors of their suppliers, or in fostering long-term relationships with a small number of firms; others take a more hands-off approach that makes it more difficult to spot labour rights violations and worker dissatisfaction.

Stakeholders agreed that workers can benefit greatly from a variety of **trainings**, but that success depended on a number of factors. Existing trainings mentioned by participants as valuable:

- **On-the-job training** in a variety of different stations, tasks and machinery, ensuring that even frontline workers are able to leave employment with transferable skills.
- Training in **'hard' skills** that are nonetheless not tied to women's particular tasks (such as training in computers, local languages, financial literacy, labour law).
- Training in **'soft skills'** such as awareness of sexual harassment, effective communication in a business environment, adjusting to life in the city and HIV prevention. Sexual harassment trainings that also involve men were seen as particularly helpful.
- Trainings that take place **during working hours** rather than after hours. One stakeholder suggested that local banks, which are required by the National Bank of Ethiopia to spend 2% of revenue on human resource development, increase their level of partnership with FDI firms in order to make this more financially viable.
- **Hands-on** trainings that mimic situations that women are likely to encounter in the workplace or in their lives, rather than taking a lecture- or textbook-based approach.
- Some ambitious trainings effectively **integrate** the above elements. One notable example is the Fairtrade Foundation's Women School of Leadership, which has worked with trade unions and management to offer leadership and rights training to women in six flower farms, thereby also strengthening the gender committees in these workplaces.

I first I thought about opening a hair salon and even started taking training through the company...Our [Fair Trade dividend] is focused on education - like computer training, driving license, cooking school, hair salon. These are some of the things we started before COVID, but now it has stopped.

Frontline worker employed in horticulture

Trainings are not the only ways in which employers invest in their female workforce:

- Several firms provide workers with a percentage of annual profits. Other innovative **incentive structures** exist, often to circumvent peer and government pressure not to raise wages but often also to raise productivity and reduce turnover. Stakeholders deemed it essential that these structures be transparent and well-understood by workers. Sometimes in-kind or **non-financial benefits** (food vouchers, airtime, extra meals) are offered instead of wage increases, This is in part to avoid workers being pressured into giving up their wages to family or community members; whether workers appreciate this latter approach appears to vary from workplace to workplace.
- A number of firms, particularly in the horticultural sector, provide extensive family planning and **health-related counselling**, run vaccination campaigns, work with the Family Guidance Association of Ethiopia to conduct regular cervical cancer screenings, provide sanitary products, and give additional accommodations to workers with medical exemptions.
- Some workplaces provide more than the statutory minimum of maternity leave; a handful of factories and farms have begun to operate on-site creches after it became clear that a lack of **childcare** was preventing some women from returning to work after maternity leave.
- Fairtrade flower farms invest the dividend into extra education (see *previous page*) but also into **subsidised dietary staples** (cooking oil, flour, corn). These benefits were highlighted by several employees themselves as tangible and immediate.

[Two companies in particular] had good gender training due to a very effective female training manager.

Consultant active in apparel

Good practices in social engagement

Some managers who have noticed that the workers go to other towns to visit their relatives during holidays have decided to close the factories during those days. Some of them also provide a transportation service to take these workers to their villages and bring them back. Factories that provide these provisions are seeing lower workers' turnover. Some factories let the workers listen to music/religious speeches while working...how the community views factory work is central.

I like the social life. I learned a lot from others' experiences...spending time with friends like this makes me happy.

frontline worker, apparel

ILO representative

Several elements of the contemporary Ethiopian context make it especially difficult to consider workers separately from their societal obligations and social settings. Most female workers we spoke to experienced their personal relationships inside and outside the workplace as a deep source of comfort and resilience - no other factor was considered as essential for wellbeing. And yet migrating internally to take up waged employment often puts workers' relationships with their families and their communities (both new and old) under immense strain. Our research therefore demonstrated the importance of managers and other stakeholders concerned with the wellbeing of female frontline workers **taking the 'whole person' into account** in policy and practice.

It is also in the interest of firms themselves to foster positive relationships with the wider community and to see employees' wellbeing as relational. Employees who felt understood by managers and accepted by the wider community reported a greater sense of ownership over their work, and managers themselves notice this. Furthermore, one of the greatest challenges faced by firms in Ethiopia's fractious political climate is to be seen as benefiting nearby towns and villages, rather than being associated only with top-down government intervention and far-flung value chains. **Building economic linkages and social ties** helps them to do this and gives legitimacy to their presence in the country. There appears to be variation in the extent to which employers are able to do this: the horticultural sector generally has more resources at its disposal, longer experience and greater physical proximity to the community. But even within sectors, levels of engagement vary considerably.

Some of the specific activities appreciated by workers and noticed by other stakeholders include the following:

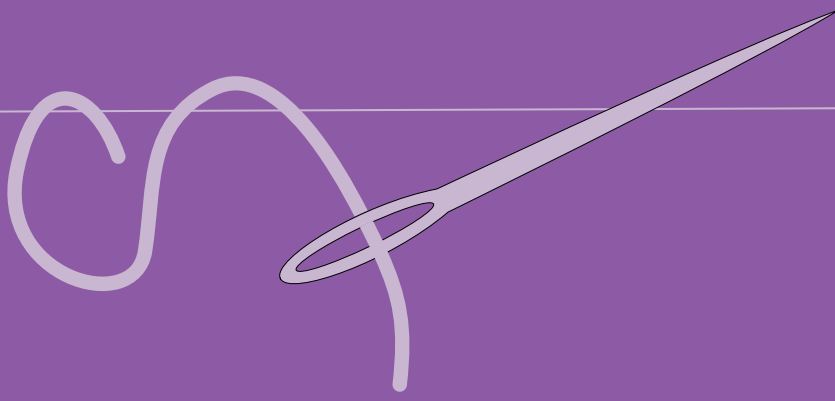
- An Ethiopian nurse employed by one of the industrial parks detailed measures taken to provide distressed frontline workers with what might be called **spiritual or religious leave**: “a transportation service would be arranged to take them to their families or a holy spring before they got too sick...they quickly get them to the holy spring and return them to their families the first day. But after that, they facilitate a system through which the workers can go to the spring and get into work after. Because [the workers] are normal after that. This is how it is.”
- A worker in a flower farm described the importance of the **coffee ceremony** during breaktime at work: “Since we make coffee in turns now - for instance, we are nine in our group. If...tomorrow is my turn, I would go in today with the coffee, roast it, grind it, pack it and leave. And after I light the coal, I would leave at 10 minutes to [leaving her work station 10 minutes early], and I would lay [the coffee cups and other utensils] out, and that is it. When it is 12pm, they would get out of work, we would drink...Since [the managers] know, they do not say anything.”
- Some firms (particularly the larger horticultural farms) have extended the educational and healthcare **services** provided to their workers to the wider community. Others have contributed to road construction, provided discounted agricultural inputs to small businesses and provided drinking water.

The management [at a factory he regards as successful] are a mix of South Asians and Ethiopians who have been there forever. They understand the culture, they understand how Ethiopia works, they've come up with a system that functions. The management speak Amharic so they can communicate...it actually works.

Consultant, apparel

If she was absent yesterday, rather than just immediately giving a written warning or an oral warning, ask her why she was not there yesterday. Try to make her feel like a family, try to make her feel like you care about her and that really makes a difference. When a worker feels like [her] manager really cares about her wellbeing, she will definitely start to rely on the company.

Manager, horticulture



An increasing number of workplaces are making use of “**social dialogue committees**” - groups of worker representatives and managers who meet with community members and leaders to foster dialogue. Topics and meetings include:

- Addressing concerns about the disposal of waste chemicals into the environment.
- In the absence of effective state enforcement of paternity claims, mediating on disagreements around unplanned pregnancies: in the words of one Ethiopian manager, “Most of the workers are coming from the countryside and the primary challenge they face is housing. Due to this, they opt for room-sharing, and unplanned things will happen...After the women get pregnant, the man will get frustrated and leave her alone. Due to this, they will lose hope in their future and terminate [their work] to go back to their family. Nevertheless, we have a social dialogue committee, which closely works to get them back to their work through discussion with their family and relatives...I know this is a personal problem, but we...help the women to get the required support from the man who got her pregnant”
- Familiarising workers’ families with what factory and farm work entails. As one consultant explains, “they also brought in parents to help them understand their daughters’ new lives. They were conscious that there were some challenges for some of the workers, where the parents were worried [and saying] ‘You’re working in this Chinese industrial park. I don’t understand it. I’m nervous for you’...They did it because it was improving productivity on the ground.”

Managing such social challenges without falling into the trap of paternalism is not always easy; finding a balance between respecting a worker’s autonomy and supporting her outside the workplace is key. Sometimes, all that is required of employers is to **support existing initiatives** that are meaningful to women. Many communities in Ethiopia have a strong tradition of *Iddir*, informal communal insurance arrangements. Because some migrant workers lack strong connections to the community, some workplaces have established workplace *iddirs*. These are run (and often established) by workers themselves, but some firms contribute financially or logistically to their functioning by, for example, integrating these with workplace saving schemes.

What's Still Missing?

I feel very happy when I wake up in the morning and recognize that I have a job to do, and I won't have to sit at home the whole day. But there is nothing that I like about the work; I leave my house in a good mood and good spirit but when I set foot in the company I feel depressed. There are no solutions to the problems that we mention; we are not heard and taken seriously”

Frontline worker, apparel

Everyone thought they knew what the workers wanted, and these snippets would go around and everyone would quote them out of context

Corporate social responsibility manager active in apparel

Despite the good practices presented here, our respondents also pointed out many interventions they still felt were lacking:

- Despite considerable work by a tripartite alliance comprising the ILO, social actors and supply chain actors, Ethiopia still lacks a legal **minimum wage**. High inflation, numerous threats to the financial viability of firms and an employment tax for all workers earning a monthly salary equivalent to only 10 USD combine to create a situation where many are still not earning enough to survive on.
- The horticultural sector is missing a **collective bargaining agreement**.
- Workers would benefit from **mentoring programmes** in the workplace, where they could informally receive support from more experienced peers who have faced similar challenges. Managers, too, would benefit from such schemes.
- No forum or mechanism exists for the two sectors **to learn from each others' experiences**.
- More personal development training, employee scholarships and internships, additional childcare and schooling facilities, better data collection on workers' evolving and varied experiences, career development strategies for new workers, more rigorous exit interviews, and on-site shops where workers can buy daily necessities emerged as very specific and concrete suggestions around **human capital development**.

Conclusion

At its best, most stakeholders agree, foreign direct investment in Ethiopia can raise workplace standards across entire sectors: trade union leaders and NGO representatives were only some of the respondents who recounted how certain firms had served as examples to local firms and to others. At its worst, however, this investment can serve to add one further layer to the many challenges that a young Ethiopian woman might face in her quest for autonomy and economic survival.

Many of the firms and farms in the country's apparel and horticultural sectors themselves have less autonomy and fewer prospects for survival than is commonly supposed; the departure of several 'anchor' firms over the past decade attest to this. So it is not our intention here to overstate what firms can feasibly do without sufficient support from buyers and from the government. Initiatives recently announced by the Ethiopian leadership to allow foreign apparel in the industrial parks to sell to the local market are a welcome sign, although numerous problems persist.

As the testimonies and experiences in this report demonstrate, managers and their policies can nevertheless make a difference. Not every firm has approached the constraints it faces in the same manner, hence our conviction that there remains scope for mutual learning within and across sectors.

Firms and value chains are not charitable enterprises, even if individuals working within them bring their own ideas of wellbeing, social obligation and progress to the workforce [6]. Socially sustainable employment makes good business sense while at the same time allowing producers to fulfil their obligations to the Ethiopian women in their employ.



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A note on methodology

Data collection for the 3WE project comprised: 1) 37 qualitative semi-structured interviews conducted with foreign and Ethiopian managers in foreign-owned horticultural and apparel producers, as well as with external consultants and advisors in the field of human resources; 2) 80 qualitative semi-structured interviews with 64 female frontline workers in the same sectors and 3) a survey carried out among 2,515 women in two floriculture clusters and two industrial parks. Data collection was carried out between April 2020 and June 2022, with interviews taking place either online (due to the Coronavirus pandemic) or in-person where possible. Survey data was collected in person by trained local surveyors and all data collected from frontline workers was done so in local languages (Amharic and Affan-Oromo). Ethical approval was obtained from the Maastricht University Ethics Review Committee Inner City Faculties (FASOS: ERCIC_172_22_01_2020).

The findings in this report were drawn primarily from the first two datasets listed above, but supplemented by the more than a dozen stakeholder meetings and fact-finding missions conducted over the course of the project. Participants included local civil society representatives, international governmental and non-governmental organisations, Ethiopian governmental representatives from several ministries, trade unions, gender committee representatives, buyers, consultants, firm managers and firm owners. When presenting the perspectives of these stakeholders, care has been taken to obscure organisational and personal information. This report is one of our ways of 'giving back' to these respondents following their generous collaboration with us.

Credits and Acknowledgements

- This report was drafted by Dr. Elsje Fourie, in collaboration with other researchers on the 3WE team: Dr. Bilisuma Dito, Dr. Konjit Gudeta, Prof. Kai Jonas, Prof. Valentina Mazzucato and Dr. Karen Schelleman-Offermans.
- The 3WE project was funded by the Dutch Science Foundation (NWO) under grant number W 07.30318.015.
- Data was collected in collaboration with Dr. Sindu Kebede and local consultancy firm Frontieri.
- We would like to thank the workers, managers, officials, advisors and other stakeholders who took the time to meet with us, and to trust us with their stories.
- We would also like to thank Maastricht University for co-funding and institutional support.

The 3WE Project



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