

## POLICY BRIEF:

# Women, Work & Development Evidence from Better Work



**BETTER WORK**

Better Work policy briefs present the relevance of Better Work's research and impact findings for policy formulation

Women comprise 40% of the world's workforce. In the apparel sector which has been a crucial engine of private sector growth for many developing countries. The vast majority of its workers are female: as of June 2013, 80% of all workers in Better Work participating facilities were women, ranging from 53% in Nicaragua to 91% in Cambodia.

Research from the World Bank indicates that improvements in women's incomes can be transformative, often leading to greater investments in children's health and education that result in better overall human development outcomes<sup>1</sup>. At the same time, persistent gender inequality can hold back macro-economic growth: IMF research suggests that some countries miss out on up to 27% growth per capita due to gender gaps in the labour market<sup>2</sup>.

However, at present the full potential for garment sector businesses to increase their productivity and profitability and assist in broader development gains by improving opportunities for women is not being fully realized.

## 1. CAN GARMENT JOBS BE 'GOOD JOBS' FOR WOMEN WORKERS?

### 1.1. Formal employment in the garment sector can lead to female empowerment

Women's participation in formal employment

<sup>1</sup> World Bank (2012), World Development Report 2012: Gender Equality and Development.

<sup>2</sup> IMF (2013), Women, Work and the Economy: Macroeconomic Gains from Gender Equity, Staff Discussion Note.

can be an important route towards greater empowerment and gender equality.<sup>3</sup>

In most (but not all) countries, the majority of garment factory workers are young women who do not have more than 'average' levels of education.<sup>4</sup> Paid work in the garment sector can provide women with important alternatives to home-based activities, such as unpaid family agriculture or paid domestic service, with potentially positive implications for the personal choices they are able to make.<sup>5</sup> In Jordan, one quarter of workers at Better Work factories are in their first job.

Women often earn more in apparel than they would earn in alternative semi-skilled or unskilled occupations, contributing to poverty reduction.<sup>6</sup> In Cambodia, garment sector employment has grown almost three-fold since Better Factories Cambodia was established. Most of the new jobs created are taken by women workers migrating from rural areas, for whom apparel jobs are attractive as an escape from poverty and the agricultural sector.

<sup>3</sup> N Kabeer, S Mahmud and S Tasneem (2011), Does Paid Work Provide a Pathway to Women's Empowerment? Empirical Findings from Bangladesh, IDS Working Paper No 375.

<sup>4</sup> Lopez-Acevedo, G and Robertson, R (eds) (2012) Sewing Success? Employment, Wages, and Poverty Following the End of the Multi-Fibre Arrangement, World Bank.

<sup>5</sup> N Kabeer (2000), The Power to Choose: Bangladeshi Women and Labour Market Decisions in London and Dhaka.

<sup>6</sup> R Robertson, D Brown, G Pierre, and L Sanchez-Puerta (eds) (2009), Globalization, Wages and the Quality of Jobs: Five Country Studies, World Bank.

These workers have earned up to 35% more than they could have earned in domestic alternatives.<sup>7</sup>

### 1.2. But working conditions are often poor and development gains are not automatic

While there is evidence to suggest that garment jobs can provide important opportunities for women, it has been difficult for women to realize improvements in wages and terms of employment as a result of intense price competition in the sector. Indeed, it has been suggested that the reason for the concentration of women workers in export manufacturing is because in many countries women's wages are typically lower than men's and women are perceived to be a more pliable workforce.<sup>8</sup> In this view, gender inequality appears as the industry's source of competitiveness.

Working conditions are often poor in apparel factories in developing and emerging economies, with low wages and long working hours. Physical conditions are also often difficult, and complaints of poor ventilation and high temperatures very common. Relationships with supervisors may be abusive, and workers' attempts to organise constrained.

### 1.3. Women garment workers face discrimination and sexual harassment

Gender disparities that exist more generally in the world of work are also pronounced in the garment sector. Women tend to be sewers and helpers, while men are usually cutters and mechanics. Gender inequality is also reflected in workplace hierarchies. Better Work Vietnam data shows that men are three times more likely than women to be supervisors.<sup>9</sup>

In addition, women tend to work longer hours than men, receive lower pay and bonuses and are less likely to be promoted or receive

training (even when they have been working at the factory longer than men).<sup>10</sup> Women also report poorer health and less leisure time.

Better Work data suggests that sexual harassment is widespread in the garment sector. Sexual harassment concerns were found to be very high in Indonesia (82% of surveyed workers), and significant in Haiti (38%) and Jordan (34%). Better Work research suggests that misaligned employee incentive structures can make women more vulnerable.

Evidence from Haiti shows that workers in factories where supervisors determine bonuses are 50% more likely to be concerned about sexual harassment than workers in factories with pre-determined production targets. Furthermore, workers in Haiti who report that they receive a pay bonus if their daily production target is met are 25% more likely to report that sexual harassment is a concern in their factory. Better Work data also suggests that sexual harassment is more common in areas where there are fewer factories and therefore less competition for workers.<sup>11</sup>

## 2. BETTER WORK EXPERIENCE

### 2.1. Improving job quality for women is possible, even in new 'starter industries'

Participation in programmes integrated into the global value chain, such as Better Work, has been associated with significant improvements in working conditions in participating factories.<sup>12</sup> This shows that improving jobs for women is feasible, even in new starter industries where profit margins are often tight and production pressure intense.

Although there are still major challenges in terms of factories complying with laws and standards, Better Work factories in Vietnam, Jordan and Haiti have succeeded in improving key conditions over a relatively short period of time. For instance, compliance on gender discrimination in recruitment has improved by 15% in Vietnam.

<sup>7</sup> Robertson, R; Brown, D; Pierre, G; Sanchez-Puerta, L (eds) (2009), *Globalization, Wages and the Quality of Jobs: Five Country Studies*, World Bank.

<sup>8</sup> D Elson and R Pearson (1981). "Nimble Fingers Make Cheap Workers": An Analysis of Women's Employment in Third World Export Manufacturing". *Feminist Review* 7, 87-107.

<sup>9</sup> About 6 percent of men and less than 2 percent of women are working as 'supervisors'. M Fontana and A Silberman (2013), *Analysing Better Work Data from a Gender Perspective: A Preliminary Exploration of Worker Surveys with a Focus on Vietnam*, Better Work Discussion Paper no.13.

<sup>10</sup> Ibid.

<sup>11</sup> Y Truskinovsky, J Rubin and D Brown (2014). *Sexual Harassment in Garment Factories: Firm Structure, Organizational Culture and Incentive Systems*, Better Work Discussion Paper no.14.

<sup>12</sup> D Ang, D Brown, R Dehejia and R Robertson (2012) "Labor Law Compliance and Human Resource Management Innovation: Better Factories Cambodia" *Review of Development Economics* 16(4): 594-607.

Over a longer period, more widespread sectoral improvements have been achieved. In Cambodia, the gender wage gap in the apparel sector has seen a significant drop, in parallel to the growth of the industry. In 1996, women earned 40% less than men, but by 2007, that figure was down to 17%.<sup>13</sup>

## 2.2. The benefits of increased women's labour market participation cannot be assumed in the absence of worker voice and rights

The Better Work experience suggests that the developmental effect of women moving into formal, urban manufacturing employment is important, but this effect is greatly strengthened by support for rights, voice and development. This can help to increase women's individual agency - i.e. the ability to make their own choices and act upon them - and women's collective empowerment. Voice and agency is an area where progress has been lacking for many women: in much of the world, women still have less input than men in decision-making in their households, communities and societies.<sup>14</sup>

Providing a voice for workers at the enterprise level can have a positive impact on women's lives. Workers in Vietnam who view Better Work's Performance Improvement Consultative Committees (PICCs - worker-management committees that work on improving non-compliance issues) as effective tend to have higher earnings and are able to send more money back to their communities through remittances. PICC effectiveness also positively impacts workers' relationships with supervisors, as workers are more likely to believe supervisors follow rules and less likely to think that supervisors pose an obstacle to promotion. In addition, they report that training on worker rights and on health and safety takes place in the factory.<sup>15</sup>

## 2.3. Women workers can act as agents of economic and social development

Improving job quality for women can have positive effects on development beyond the factory. Better Work research shows positive linkages between women's employment in decent jobs and indicators of economic, social and human development.

<sup>13</sup> R Robertson (2011). Apparel Wages Before and After Better Factories Cambodia, Better Work Discussion Paper no.3.

<sup>14</sup> WDR, 2012.

<sup>15</sup> Better Work, Impact Brief: Better Work Vietnam, 2013.

- Improved health and well-being outcomes for individual women: Workers that report the most overall life satisfaction work in factories where compliance—especially on wages, incentives, benefits, training, absence of sexual harassment, strikes and, health and safety—is higher.

The effect of a physically safe, comfortable and healthy workplace is particularly clear, with four times the impact on workers' life satisfaction as any other factor.<sup>16</sup>

- Greater investment in families and communities: In Vietnam, family remittances from workers in Better Work factories are increasing over time: 70% of workers send money to family members, and women send 24% more than men. Families and home communities spend the money received on food, clothes, debt repayment, farm tools, education for children or siblings and family health care. In 2011, nearly 60% of workers sent their families amounts of money that were equal to or greater than 15% of gross national income (GNI) per capita.<sup>17</sup>

## 2.4. Women bear a double burden of paid and unpaid work

In many countries, social and cultural norms mean that women bear primary responsibility for childcare and domestic responsibilities in addition to their paid work. This gendered division of labour within the home can mean that garment jobs create a double burden, whereby women maintain their share of unpaid domestic chores even when they work full-time. For instance, in Vietnam, women workers in Better Work factories report less free time than their male counterparts.<sup>18</sup>

<sup>16</sup> G Domat, P Adler, R Dehejia, D Brown and R Robertson (2013) Do factory managers know what workers want?: manager-worker information asymmetries and pareto optimal working conditions, Better Work Discussion Paper No.10

<sup>17</sup> Tufts University (2013). Better Work Vietnam Impact Assessment: second internal summary report, mimeo.

<sup>18</sup> M Fontana and A Silberman (2013), Analysing Better Work Data from a Gender Perspective: A Preliminary Exploration of Worker Surveys with a Focus on Vietnam, Better Work Discussion Paper no.13.

These norms are often resistant to change. In Lesotho, Better Work focus groups reveal that women workers are increasingly becoming the sole income earners for their families, and supporting more dependents, such as orphaned children or widowed parents. Yet family dynamics tend to stay the same, even when a woman is the sole breadwinner: men remain head of the household, and women are responsible for childcare, cooking and cleaning, in addition to full-time employment.<sup>19</sup>

It is important to recognize that women's experience also varies significantly between different countries, shaping different gender dynamics at work and in the home.

## 2.5 Good jobs for women are good for business

Better Work's research finds that there is a clear business rationale for individual factories to improve opportunities and to create better jobs for women. Benefits may include:

- Greater resilience
- Improved recruitment and retention
- More profitability
- Stronger relationships with buyers

An IFC case study of a Better Work factory in Vietnam shows that creating a more women-friendly workplace can lead to gains for both business and women.<sup>20</sup>

The factory established a kindergarten and a health clinic for workers and their families, promoted dialogue with its workers and aimed to provide more predictable working hours. As a consequence, the business reduced its staff turnover and absenteeism over three years and avoided strikes for nine years, leading to cost savings and sustained productivity.

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<sup>19</sup> Better Work. Lesotho Baseline Report: Worker Perspectives from the Factory and Beyond.

<sup>20</sup> IFC, Investing in Women's Employment: Good for Development, Good for Business, 2013.