

The Hidden Assembly Line

Gender Dynamics of Subcontracted Work in a Global Economy

Edited by Radhika Balakrishnan, 154 pp

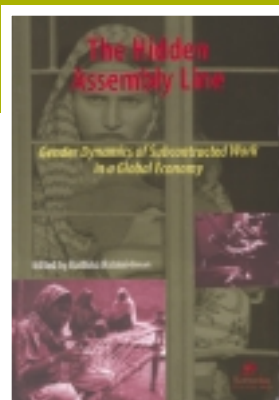
Published by Kumarian Press, 2002

Reviewed by Christy Macy

Community-based organizing is the key to empowering women workers, and subcontracting work, rather than enhancing women's economic status, contributes to their exploitation. These are some of the conclusions drawn from this book, which examines the challenges facing women engaged in subcontracting work in five Asian countries. A useful contribution to the broader debate around the global economy's dramatic impact on workers' daily lives, *The Hidden Assembly Line* offers a series of essays, each written by experts in the field, that seek to illuminate a particular aspect of the relationship between the growing trend toward subcontractors and changes in the world economy.

One essay focuses on the various "push pull" factors that explain why certain industries and countries move toward subcontracting work, with Pakistan as a prime example. Among those factors—a dramatic decrease in some of the traditional costs of production, coupled with the increasing decentralization or "flexibilization" of work through subcontracting that gives companies a competitive edge. There's also clear evidence that a large percentage of women workers in subcontracted labor are new to the labor market, with the location (being close to home and family) being a major determining factor in their joining the informal workforce.

Another essay, about the impact of the financial crisis on subcontracted garment workers in the Philippines, exposes an interesting trend among home-based women who find themselves in stagnant or declining income-producing jobs: they seek to set up their own small businesses, or become subcontractors themselves. Lack of capital, however, continues to be a major factor blocking such endeavors.



Among the book's findings is that the changing character of global production has led to more flexible work arrangements, and that changes in technology make decentralization of that work commercially viable. Yet not surprisingly, subcontract labor suffers from "complete lack of regulation, no consistency in work contracts, difficult working conditions and long work hours, and the difficulty of organizing workers due to their vulnerability and physical location." One of the suggested actions to address some of these problems is for trade unions to include informal sector workers, in particular those who are subcontracted, to ensure they are not "pitted against" organized workers in the formal sector. While the book gives a nod to the growing movement of corporations who are adopting socially responsible practices, the conclusion is that they remain "unwilling to address the central problem, which is their profit-making strategy."

The fact that this book is written by academics, albeit very impressive leaders in the field, means that the writing style is often quite dry, with no real life stories or efforts to put a human face on the problem. There are no workers' "voices" here. On the other hand, these essays offer a rich trove of information, statistics, and insights on the difficult conditions endured by women subcontractors today, and shine a much needed spotlight on this little noticed but growing reality in the global supply chain. "Women are the most marginalized workers in the informal sector," concludes the book, "and it is our hope that the issues raised in this book constitute a starting point for uncovering additional information about the lives of these hidden workers." The authors have surely fulfilled their promise.

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GA connections

fall 2003

Global Alliance
for Workers and Communities



DEAR COLLEAGUES AND FRIENDS,

During 2003 GA has greatly expanded its work in 54 factories as well as with research and multi-lateral agencies and is exploring new approaches to CSR. To better reflect the realities of the countries where GA is present, we have opted to revise our newsletter, offering feature stories and perspectives on issues that affect our work. Our name change—from GA Progress Report to GA Connections—reflects our desire to place GA into a broader context, engage with others who are equally committed to improving the lives of workers and provide a forum for different views and ways of doing things.

This newsletter is a first attempt to move into a more outwardly-focused direction. Please consider this first issue of GA Connections a “work-in-progress” as we strive to develop new ways of sharing our work with you, capturing stories, integrating alternative views, seeking partnerships, and making our work relevant to others who care about similar issues. Your comments, feedback and ideas are most welcome. See back for details.

The main purpose of our quarterly publication remains that of updating you on our work in contract factories. We want to do so by bringing you closer to the people with whom we work and the reality in which we operate. We also want to bring in the voices of national and regional experts who can shed light on issues that matter to workers, managers and businesses in countries where we are present. Corporate Social Responsibility (CSR) is a relatively new field in Western countries and even newer in most developing countries. Understanding our efforts in this context is crucial to pushing forward the CSR agenda at the global, as well as the local level. Given the complexity of this task, we all have an important role to play.

Sincerely,



Carol Michaels O'Laughlin
Executive Director

GA at a Glance

The Global Alliance of Workers and Communities is a partnership of private, public, and nonprofit organizations seeking to improve the lives of factory workers and their workplace environment.

GA is currently active in 54 factories, reaching a workforce of 214,000 workers. More than 101,500 workers have benefited from health and education services, and more than 2,500 Peer Educators have been trained. To improve workplace relations—a major goal for GA—more than 8,100 line supervisors, mid and upper level managers have been trained in such areas as

communications, team building and listening. Besides health and management training, about 3,000 workers have benefited from personal finance and other development programs. Currently, GA has certified a total of 23 trainers who are active in the factories at the country level. In the last six months, GA has undertaken several in-depth studies to further evaluate its programs, assess public/private delivery of quality health care to workers and explore the possibility of setting up banking services. GA is in the process of developing a labor-focused training for workers to complement its already popular management training course.

Empowering Women through Workers' Cooperatives

In many factories across Indonesia, it is not uncommon for workers to pull together their resources into savings and loans groups for the sake of having an emergency fund available in case they are confronted with unexpected expenditures or life adversities. “In a country where women have a hard time borrowing money without the consent of a male relative,” explains Sriyono, HR manager in a garment factory, “these types of informal arrangements are often the only option they have.”

The irony is that many of these women, employed in supply chain factories, have higher salaries than their spouses, a reality that is not always welcome and can lead to increased rates of domestic violence and marital conflict. Sometimes they are the only family breadwinner. Yet, despite their high level of responsibility at home and on the factory floor, these women are often at a disadvantage when it comes to borrowing money or deciding to invest on their own.

The idea of helping women factory workers establish and manage their own cooperative is a challenge that the Indonesian Association for Women's Microeconomic Empowerment (ASPPUK) has been addressing for years. “We come from a very patriarchal society,” explains Tumirianto, founder and member of ASPPUK, a national consortium of NGOs that specializes in increasing economic opportunities for women and a partner of Global Alliance (GA) in Indonesia. “In our country women face five major social injustices: marginalization, subordination, domestic violence, gender bias and the burden of being both a caretaker and an income earner. Female factory workers face the same challenges. Our goal is to make women understand their rights as citizens and expand their horizons as human beings.” GA enables ASPPUK's members to work directly in the factories with both workers and managers, rather than try to reach women outside of where they spend most of their days, and in so doing risk

alienating management. GA and ASPPUK also work with local officials to ensure they too understand and promote basic women's rights. The process of establishing a cooperative is, according to ASPPUK trainers, a mind-opening exercise, in addition to an opportunity for increasing workers' welfare.

“A cooperative is a way of helping oneself in a collective manner,” says Anang Fahmi, regional manager for ASPPUK for the GA program, who is teaching factory workers in

central Java practical lessons on how to run the cooperative, including managing funds, understanding collective principles and the required legal procedures to protect everyone's investment. Even though a cooperative may take longer to get established, some of its advantages over the current savings and loans groups approach is that more resources can be pooled together, borrowing interest rates are lower, repayments can be spread out over a longer period of time, and there is improved management and control over resources. A likely registration fee and a mandatory monthly payment don't seem to deter workers like Darti, who in her previous job, was a member of a workers' cooperative and experienced first-hand the advantages of this arrangement over the savings and

loans groups.

Management's attitudes towards the workers' cooperative can influence its nature and long term sustainability. While some managers are very supportive of cooperatives, others are scared of losing control over their workforce and ultimately not meeting production demands. “Even though global brands may have the power to influence factory managers, it all depends on how factory managers themselves see their own workers,” explains Tumirianto. In some ways, says GA Country Director Palupi Widjajanti, both factory managers and workers must be educated about the pros and cons of cooperatives, especially on the impact such projects can have in the long run on women's self esteem and economic empowerment.



TOP PHOTO: ASPPUK trainer teaching basic concepts in managing workers' cooperatives.

Palupi Widjajanti, GA Country Director for Indonesia, speaks on gender issues at a factory health fair.

GA Case Study in Chinese Business Ethics Graduate Course

Lecturing at a business school in Guangzhou was an eye-opening experience for Ge Youli, GA Country Director for China, about how much more awareness-raising is needed around issues of corporate social responsibility (CSR) in China. She spoke at an Executive MBA program in the business school at Lingnan College, which has a two-year executive program, supported by the Carlson School of Management at the University of Minnesota. The program attracts a diverse group of business professionals from regions across the country. **“My participation as a speaker was the result of a fortuitous meeting with Xu Luodan, Deputy Dean of the College, who teaches a course on business ethics as part of the Executive MBA,”** explains Ge Youli.

Professor Luodan’s interest in Global Alliance stems from her difficulties in finding concrete examples of CSR initiatives inside Chinese factories, as well as her desire to impact the mindset of Chinese business leaders. “Global Alliance is about foreign brands taking responsibility towards their supply chain,” says Luodan, adding that her students were surprised to learn about multinationals’ willingness to invest in such projects. Lin Li, Department Head and Associate Director of the MBA Center at Lingnan College, says that big brands are far ahead in seeking to achieve a balance between rights and responsibilities compared to smaller, Chinese-run firms. **“We need to show our students that CSR is going to be beneficial to their businesses,”** adds Li. **“Yet we struggle to show the correlation between good business practices and results. The truth is that we need more hard evidence to convince our students.”**



Ge Youli, GA Country Director, invited to speak at the Business Ethics course at Lingnan College, Guangzhou.

In a society where the concept of corporate responsibility is still an abstract notion imported from the West, academics and emerging civil society leaders struggle to find ways of instilling a sense of responsibility in up and coming entrepreneurs. A comment made by a student prompted Professor Luodan to reassess her business ethics pitch. **“We are too poor to behave ethically,”** asserted the student. **“After all, it is much easier to behave like a gentleman when one is rich.”** The Professor responded by reminding her students that ethics is everywhere and that it is not a matter related to social status. On a more positive note, another student who took the business ethics class confided to Professor Luodan that the course made her realize how “poor” China is precisely

because it only focuses on economic development rather than seeing that responsibilities go hand in hand with development.

Although CSR is still treated as a peripheral issue not yet integrated into the curriculum of the Executive MBA, Professor Xu Luodan and Department Head Lin Li continue to promote it as a topic in their lectures. They believe that improvements in the workplace will only take place if

business entrepreneurs are committed to the notion of responsibility. **For them, the experience of the Global Alliance serves as a tangible case study for evaluating some of the pros and cons of a fairly unique CSR approach, one that goes beyond code compliance.** Most importantly, it is a case study that gets mid-level Chinese business professionals to discuss these issues. As Professor Luodan put it, “Ge Youli is helping us build a fundamental case for China.”

Tufts University and Global Alliance Launch a Three-Year Long Collaboration

Why should a global brand or a local business invest in Global Alliance and, most importantly, what are they going to get out of it? Why should workers want to participate in a program like Global Alliance, and equally important, how are their lives going to be improved? These are among the most fundamental questions that Global Alliance, and similar CSR initiatives, struggle to answer in a quantifiable and persuading manner. “Making the business case has never been easy for any type of social program,” explains Drusilla K. Brown, Associate Professor of Economics at Tufts University and one of the lead investigators for the GA evaluation. “Positive outcomes are hard to prove because measurable results take time, theories can fail and research may be flawed.”

The Tufts evaluation, which started in June 2003, will take place over the next three years. University researchers want to study the program over time, measure changes in knowledge, skills and behaviors among workers and managers, quantify business benefits to participating factories and assess changes within the factory environment and surrounding communities that may have been impacted by GA initiatives. **“We hope this evaluation will stand as a model so that it becomes routine practice to plan for evaluations at the time programs are conceived,”** says Ann Rappaport, the other lead investigator for the GA evaluation, who is a Professor in the Department of Urban and Environmental Policy and Planning and an adjunct faculty member of the Fletcher School of Law and Diplomacy. “Any program can benefit from periodic evaluation, but an evaluation is particularly important when one is developing and testing novel service delivery ideas, as is the case with GA.”

In the first evaluation year Tufts University will gather information on the overall GA program, with a particular focus on developing a business model, including defining indicators for business success and producing preliminary results. By the end of the first six months, Tufts will recommend specific

indicators for tracking the business and development cases. “This is especially relevant for GA China, as we expand our programs to more factories,” says Ge Youli, GA Country Director for China. “As China is likely to experience more foreign direct investment in the coming years, we need to show that investing in worker development contributes rather than hinders business success.” In order to have baseline data to track throughout the life of the program, GA China will integrate indicators that arise from the Tufts evaluation immediately into its workers’ needs

assessment and subsequent interventions.

The evaluation will contain both a qualitative and a quantitative analysis of the GA program so that gains can be linked both to business benefits as well as to personal and community development. Throughout the three years, Tufts will prepare quarterly reports that summarize key findings related to program implementation, the business and development case, challenges and lessons learned. By the end of the project, the evaluation team will produce three to five case studies on select countries, factories, and/or issues that clearly highlight the business and development case. On a practical note, researchers share a word of caution, “one of the greatest challenges in an evaluation is determining the extent to which a particular program is responsible for producing observed changes,” explains Rappaport. **“The GA is addressing issues that are of increasing interest to companies, governments and the NGO community, but it may be difficult to isolate the effects of GA from other efforts to enhance workers’ lives.”** Nevertheless, this evaluation exercise is being received by all stakeholders with much enthusiasm, and is expected to contribute to making the case for worker development as part of a long-term strategy for local ownership of corporate social responsibility.

“Making the business case has never been easy for any type of social program. Positive outcomes are hard to prove because measurable results take time, theories can fail and research may be flawed.”

Drusilla K. Brown
Associate Professor of
Economics at Tufts University



Ann Rappaport, Professor at Tufts University and co-investigator for the GA evaluation

World Bank and Global Alliance Explore Managed Care Option for Factory Workers

With good health still a luxury for most people living in developing countries, it may not be surprising to learn that less than 13% of the Indonesian population, currently estimated at 220 million, is covered by some form of health insurance. An already faltering health system was further weakened by the economic crisis that hit Southeast Asia at the end of the 90s, a phenomenon that deteriorated existing health systems and infrastructures.

Yet, as more foreign investors do business in this part of the world, there is increasing hope that national governments and businesses will jointly provide some form of comprehensive health coverage to different segments of the population, including factory workers and their families.

It is in this context that the Global Alliance approached the World Bank and the International Finance Institution (IFC) to explore the possibility of establishing some form of privately managed care to provide low cost, quality health services for factory workers and their families in Indonesia. The goal was to demonstrate to the private sector that serving low-income populations can still be profitable as well as useful.

The starting point for this project was the GA participatory assessment of workers' aspirations and needs carried out in 17 Indonesian factories between the years of 2000-01. Here, factory workers identified health care for themselves and their families as their number one concern. However, the survey revealed workers' general dissatisfaction with factory clinics as well as with the quality of care in public facilities.

"When workers experience a health-related problem," reads the survey report, "more than half of them visit facilities other than the health clinic. Almost a third go to a small kiosk, while a quarter visit the herb shop. About 27% go to the factory clinic on a frequent basis, but 58% go there only occasionally."

The World Bank, in collaboration with the IFC, sent a public health consultant to Indonesia to meet with management and workers at four factories that participate in the GA program, government health officials and private insurance providers to determine the supply and demand for a new type of managed care program.

The World Bank report reveals that, in general, health care options available to factory workers are poorly organized, not standardized, inefficiently managed and, most importantly, not responsive to workers' needs. These problems, however, are similar to those faced by comparable income groups across Indonesia. The study states that, "the costs of inpatient care seem very unevenly met and the amount reimbursed to the employee or directly paid to the providers appears to be largely at the discretion of the employers."



Worker taking a blood test at a factory clinic

Extension of coverage to family members is also somewhat arbitrary, especially when it comes to female workers, who constitute the majority in the manufacturing sector. "If the employee is male," states the report, "coverage may be guaranteed to his spouse and children but this does not apply if the employee is female."

According to the study, the Indonesian legislative framework on health care is "extremely weak," and where regulations do exist, they are difficult to enforce. A managed care model is, by definition, a system that integrates the financing and the delivery of contractually defined services to enrolled employees. In order for the system to work, it is necessary to have an appropriate legal framework, available quality providers, and a commitment on behalf of employers and willingness of a large-enough pool of employees to co-share the cost of their health insurance.

The author concludes by saying that the present oversupply of doctors in urban areas and the approximately 225,000 factory workers currently served by GA programs, make it feasible to introduce a private insurance program that provides quality health care to workers and their families.

"Although far from definitive, this report is very promising," says GA Executive Director Carol Michaels O' Laughlin. In the next phase, "we expect the IFC to work with local insurance providers and medical doctors to develop affordable health packages and to test a managed health care program among interested GA factories in Indonesia or in another GA country."

GA China Pilots Personal Finance Course with Factory Workers

How do you know what is the best way to manage your money if you come from a predominantly non-cash, barter-focused economy? How do you recognize financial traps, unnecessary fees and protect yourself as a consumer? What types of insurance programs are available to factory workers and to their families? How do you avoid spending all your money on tempting consumer goods that were never before available to you such as cell phones and fancy clothes? Most importantly, what is the best way to save some money and be able to send a portion of it back to relatives in rural villages without incurring delays and extra fees?

This is the kind of information that factory workers have requested from Global Alliance staff in China. Despite the unusual topic (personal finance for factory workers?), this is a popular one among migrants who come to work in large urban areas for the first time. In other GA countries, experience has also shown that these types of skills—math literacy for instance—are also helpful for reading paychecks, understanding overtime and other salary claims. The course, which consists of 20 hours spread over 10 two-hour-long sessions, aims to provide basic information on personal finance and micro-enterprise development to factory workers. "This type of knowledge has never before been available to rural workers," explains Professor Lihang Zhao of the Guangdong College of Commerce and lead consultant to the personal finance training course offered by GA to factory workers. "People forget where these workers come from and the kind of information skills they need once they settle in an urban area."

After an initial introductory session, the course curriculum covers the following topics: savings, securities and bonds, real estate investment, insurance, micro-enterprise, investment in human capital and development of a life-long financial plan. More relevant topics, such as setting up your own micro-enterprise and learning about insurance programs and purposes, are given additional time (4 hours each). The training program includes 3 counseling sessions open to all factory workers, not

just the ones enrolled in the program. "In these sessions all workers can consult with financial professionals, including a bank representative and an insurance expert," says Wu Hong, GA program coordinator. So far 400 workers have completed the personal finance course, while a total of 650 have benefited from the counseling sessions and received a free booklet to take home. "Interestingly," notes GA Country Director Ge Youli, "factory managers initially signed up for the course, an indication that they too are interested in this type of information."

This is also the first time that traditional academics like Professor Zhao are teaching personal finance to migrant workers—making it necessary to adapt both the content and the teaching approach. "If we want to affect workers' behaviors on financial matters, we need to change our training style and use more appropriate case studies that resonate with our new audience and give them some-

thing to practice with," adds Professor Zhao. Some observers have questioned the usefulness of including topics such as stocks, securities and real estate in this course, even though the amount of time spent on these is limited. Trainers, however, feel that workers must be familiar with such topics as these terms are part of a lexicon of rapidly growing economies and not knowing about them further marginalizes migrants.

The course includes some unusual topics such as investing in an individual's potential and playing the lottery. "In our human development investment session we want factory workers to realize that the most important capital they have is themselves. We want to teach them how to increase the value of that human capital, as well as their life potential and overall skill level," says Professor Zhao. He also explains that while playing the lottery and flirting with luck is a practice common to many people around the world, developing a gambling habit can deplete the pockets of factory workers quickly.



Personal Finance booklet for workers developed by GA China

"People forget where these workers come from and the kind of information skills they need once they settle in an urban area."
Professor Lihang Zhao

The Impact of Phasing Out the Multi-Fiber Arrangement

BY LINDA YANZ
Maquila Solidarity Network, Canada (MSN)

The apparel industry is one of the most globalized industries in the world. Free trade policies and advances in communications technology have facilitated the spread of apparel production to nearly 200 countries around the globe. More than 23.6 million workers are employed in the garment industry worldwide. Close to 75% are women.

A major restructuring of apparel production is anticipated in 2005 when garment and textile export quotas under the Multi-fiber Arrangement (MFA) will be phased out for all 144 member-countries of the World Trade Organization (WTO). The quota system set out in the MFA is being phased out during a 10-year period through December 2004.

Some observers predict that by 2005-06 major textile and clothing buyers will reduce by half the number of countries they source from and by another third by 2010. For example, a survey by the U.S. commerce department, based on talks with firms that currently source from 40 to 50 countries, reveals that these companies are likely to consolidate sourcing in 12-15 countries.

While there has been a great deal of speculation on the impact the MFA phase out will have on investment and sourcing patterns, and which garment producing countries will be “winners” and “losers”, very little attention has been paid to the potential consequences on workers in particular countries, such as the impact on jobs, wages and working conditions, or workers’ ability to exercise and defend their rights. Nor has much attention been given to the need for new strategies and alliances to defend workers’ jobs, standard of living, and rights.

Over the next two years, we at the MSN will be working with the Central American network of independent monitoring groups to monitor the reorganization of the garment industry, paying particular attention to changes in sourcing strategies of northern-based retailers and brand merchandisers as a result of the upcoming MFA phase-out, as well as new regional and bilateral trade agreements. The aim of this project is to increase local activists’ understanding of how the industry is changing, and more importantly, how to make use of potential pressure points to achieve greater respect for workers’ rights.

The project builds on research that MSN has been undertaking over the last four years on the reorganization of the garment industry in the Americas, in collaboration with partner groups in Mexico and Central America. It is also a direct outcome of discussions held during an October 2002 exchange

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BY LARY BROWN
US Congressional Executive Commission on China *

In testimony before our Commission last April, Dr. Ruth Rosenbaum of the Center for Reflection, Education and Action (CREA), a Hartford, Connecticut-based social-economic research organization, pointed out that before placing orders, companies often enjoy significant leverage with factories prior to integrating them into their supply chains. Factory managers are aware that, once they have begun receiving orders from an overseas customer, he or she is unlikely to drop them solely for failure to comply with code of conduct requirements, local law or international labor standards so long as the factory meets cost, quality and shipping requirements. This is important because, when the Multi-fiber Arrangement (MFA) ends in 2005, new orders to China will reshape many companies’ supply chains by concentrating production there even more than it is now. While loss of apparel business will definitely hurt workers in places like Thailand, the Philippines and Mexico that lose market share to China, it is not readily apparent whether shifting production to China will be good, bad or neutral for Chinese workers.

It is no secret that workers in Chinese factories suffer serious, routine and on-going abuse at the hands of their employers. Health and safety conditions in factories often (if not consistently) fail to meet Chinese law or international standards, and workers regularly work illegally long hours for overtime pay that is virtually never calculated according to law. Add to this, frequently harsh disciplinary measures and the use of heavy fines for minor infractions of factory rules, and consumers are right to question whether they want to see even more of the products they buy manufactured in a country that allows its workers to be treated so badly.

As for the impact of increased apparel production on working conditions in China, it will most likely be neutral, unless companies expanding production there seize the opportunity that this significant shift in their sourcing patterns presents to improve conditions in their supplier factories. Buyers should be aware of their unique leverage as new and potential customers and, as they broaden their base of suppliers in China, they must use this position to put their values into practice before they place orders in factories where violations of Chinese law and corporate codes of conduct are routine.

Given China’s huge labor force, high unemployment in its collapsing state-owned industries, and the legal restrictions on forming independent trade unions, any increase in the volume

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Factory Focus

Letter from Indonesia*
by Dewi Iswandono, reporter

The impact of the global supply chain on the daily lives and prospects of factory workers—as well as on factory owners—is reflected in the story of a garment factory in Semarang, Indonesia, located about 400 kilometers east of Jakarta. “The owners decided to establish this factory here because the minimum wage standard is lower than that of Jakarta,” explains William, the company’s director. “We believed that there would be greater profits because it was assumed that efficiency standards would be the same. But instead, we’ve found that workers’ performance here is not as good as in the nearby cities, where everyone works much harder.”

A port city whose economy is based on trading and industry, Semarang draws migrant workers from neighboring cities and communities. Most of the migrants are moving into the city from rural villages, and have a difficult time adjusting to their new urban life. Here, a worker whose monthly wage is only 600,000 Indonesian Rupiah (US\$ 72) is able to save a portion of it. But this is not easy. **“They can save some 100,000 rupiah (US\$ 12) if they know how to run their lives on a shoestring budget,”** says Nur, a 35-year-old single woman factory worker who works in a garment company producing clothes for a variety of global brands.

How does she do it? “I cook for myself everyday for only 3,000 rupiah, and Saturday or Sunday I wash and iron my clothes.” The rent for her room, which she shares with a roommate, is 120,000 rupiah, and since she lives near the factory, she doesn’t have any transportation costs. Even though she is making the lowest wage in the company, she is proud that she is able to send money home to support her family in Salatiga, a nearby town.

A fellow worker, Sri, a 27-year-old woman with a 2-year-old daughter, said that many of the younger workers spend much of their income on entertainment instead of food and lodging. “I think that’s because of their low level of education,” she explains. Workers’ need for greater support services, as well as the factory owner’s realization that workers’ productivity needed a boost, led to the decision to join the Global Alliance. The company, the owner thought, would benefit from GA’s worker development programs in life skills, health, and financial management, as well as the supervisory skills initiative for factory supervisors and managers. “Some companies resist the GA program because you lose time during the working day for

education and training activities that have a cost” says William. “But we believe the GA program is very useful in responding to poor working conditions and workers’ needs.”

There are a number of signs that the GA program is having a positive effect on the workplace. Workers have begun to talk about living with more hope in their lives, and realize that it’s important to be informed about health, gain leadership skills, and learn how to do financial planning. Workers report they are now coming to the factory not only to make money but also to communicate with others and share ideas about how to improve their lives. “The GA program has shown us that planning for the future is a task for every one of us”, says factory worker Sri. “We didn’t understand this before.” Both she and her fellow worker Nur, now spend more of their time engaged in GA activities, and say they understand that taking this time now will benefit them and their families in the future.

Sriyono, the factory’s Personnel Manager, also confirms signs of success as a result of the GA program. **“Before the implementation, our department records showed that the turnover of workers was very high, as were worker absences. Now these are gradually returning to normal.”** He also said that during 2002 and 2003, **“We found that fewer workers asked for absence and leave, in part because they are more engaged with their fellow co-workers and the workplace has improved.”** Both Palupi Widjanti, country director for GA Indonesia, and Oqva Niar Luqumawati, team leader for program implementation, agree that the management is highly committed to the GA program. An example of an improved workplace atmosphere: management is considering offering grants to workers to run a cooperative business.

But the real question is: does the company allocate 270 hours of work time per month, space and food for nothing in return? Of course not. Company Director William underscores that the company is benefiting from the GA program. “Because workers can handle tasks better, and supervisors have more control over the production, the final results for the company are better, and we have an easier time selling our products.”

** For confidentiality reasons, only the first names of factory sources are used.*



LINDA YANZ *continued*

meeting between women labour rights activists from Mexico, Central America and Asia. Given the impact of the U.S. economic downturn on the Mexican and Central American garment export industries over the previous year and the prevalence of media reports on investments and jobs fleeing to lower wage Asian countries, especially China, activist groups felt they needed to learn more about the reality behind the media coverage.

Once import quotas are removed in industrialized countries in 2005, developing countries and worker rights advocates view with varying degrees of alarm the expected emergence of China as the dominant player in world textile and clothing trade. Since China's entry to the WTO in 2001 the volume of U.S. imports into China has risen a dramatic 125 percent. In addition, according to a recent article in *Women's Wear Daily*, "[o]ver the last 12 months, China's share of the U.S. import market has grown to 16.3 percent, which is larger than Mexico's high of 14.5 percent in 1999 and Taiwan's previous high in 1983 of 15.9 percent."

In Central America and Mexico (as in other regions), the question will be how much production will remain in each country and how will it be distributed through the region. The challenge for labour and civil society organizations will be whether labour rights compliance can be promoted as an essential element of the region's "competitive advantage." Of special interest will be the outcome of the negotiations currently underway for a Central American Free Trade Agreement. Already proposals are being presented to push the envelope on labour rights and corporate social responsibility.

Global Alliance Expands Its Program in China

On July 17, after months of anticipation and planning, Global Alliance launched its programs in seven footwear factories and by the middle of 2004, expects to add seven more in China. This first expansion, primarily in Nike contract factories, enables GA to reach over 70,000 workers, conduct in depth survey of workers' needs and start training factory peer educators on issues such as health, personal finance and life skills. GA has already been active in China through its delivery of supervisory skills training for middle and top supervisors and managers, which emphasizes teamwork, communications, and improved worker/supervisor relations.

"This is a very exciting time for GA China," says Country Director Ge Youli. "With the greater public attention that will come with China's hosting of the 2008 Olympics, we have a real opportunity to positively

LARY BROWN *continued*

of China's apparel exports could not possibly tighten the labor market enough to give workers leverage to demand that their employers obey Chinese law. Therefore, unless overseas companies deliberately use their increased orders to demand better conditions, the ending of the Multifiber Arrangement will hurt workers in countries that lose market share to China, at least some of which offer generally better working conditions than China does, while failing to do anything for Chinese workers. This phenomenon would fit the "race to the bottom" pattern of globalization over the last few years, and would also represent yet another lost opportunity for companies that claim to be socially responsible to put their values into practice.

** Mr. Lary Brown is a Specialist on Labor Issues on the staff of the Congressional Executive Commission on China in Washington, D.C. The opinions expressed in this article are his personal views, and do not necessarily reflect the views of the Commission or its individual members.*

influence factory managers in the way they conduct their business and treat their workers." As a result of the program's growth, Ge Youli has hired two additional program coordinators: Wu Hong, a former teacher with strong training skills, and Gao Yan, who comes to GA with a solid business background. In a festive ceremony that marked the launch, Carol Michaels O'Laughlin, GA Executive Director, welcomed the courage of factory managers to embark on this new kind of worker development program and presented them with a GA "pioneering" plaque to hang on their wall to remind them of their commitment.



GA Executive Director welcomes factory manager into the GA program.

Welcome to New GA Staff

GA HQ

BRIAN DOOLAN, *Regional Director for Asia Pacific*

Brian joined GA in June 2003. For the past 10 years he was Country Director of CARE International in Iraq (1993-95) and Vietnam (1995-98 and 2000-2003). Prior to CARE, Brian spent 5 years as Advisor to the Australian Federal Parliamentary Secretary for Education, Employment and Training. He has also worked for more than a decade in Australian Aboriginal controlled organizations. In Vietnam, Brian guided CARE International efforts to establish the first successful work-based initiatives for managing HIV/AIDS. Brian holds a qualification in Adult and Community Education.

JIM PEIRCE, *Director of Operations*

Jim joined GA in February 2003 after working in the private sector for 13 years. In his last professional capacity, prior to joining GA, Jim was based in Singapore and worked as a General Manager for Electrolux. He later left the business world to pursue a career in NGO management. Jim brings passion for GA's work as well as maturity, knowledge and experience in marketing, planning and management. Jim holds a Master's degree in Non-Profit and Public Management and a Bachelor's degree in International Business and Spanish.

BEATRICE M. SPADACINI, *Director of Communications*

Bea Spadacini joined GA in April 2003. Bea has worked as a communications professional for more than a decade in the field of international development. She has strong experience in issue-based media relations having worked as a communication officer for Amnesty International, UNFPA, and the World Bank. Prior to GA, Bea was the Communications Manager for the Hope for African Children Initiative, a public and private sector effort addressing the needs of children affected by HIV/AIDS in sub-Saharan Africa. Bea holds a Master's degree in Communications and International Affairs.

GA India

VIKAS GOSWANI, *Country Director for India*

Vikas joined GA in August 2003. Vikas brings to GA a strong experience in working with both public and private sectors. As a professional anthropologist, Vikas has designed community development programs for multi-national companies involved in CSR, including Coca Cola, Honda and Glaxo SmithKline, British Gas India, Cadbury India and Shell India. Prior to GA, Vikas was Director of the Business and Community Foundation, an indigenous NGO closely associated with the Prince of Wales Business Leaders Forum in the UK. Vikas holds a PhD in Anthropology and a Master's degree in Economic Development.

MR. CHUN CHUN JHA, *Accountant India Delhi Office*

Chun Chun joined GA in May 2003. With a background degree in economics, Chun Chun has worked with NGOs for the last 12 years as an accountant and an administrative clerk. He has received training from various organizations and has traveled extensively in India and Nepal to spearhead handicraft production and organize exhibitions.

MR. SACHIN GUPTA, *Administrative Assistant Delhi Office*

Sachin joined GA in August 2003. He majored in business and was trained in administrative management. He is interested in legislation, personal management and taxation law.

GA China

GAO YAN (GRACE), *China Program Coordinator*

Ms. Gao holds a MBA degree from Zhongshan University where she received training in business leadership, organizational and human resource management. Before her MBA program, Ms. Gao worked in the Guangdong Province financial sector.

WU HONG (FIONA), *China Program Coordinator*

Prior to joining GA China, Ms. Wu taught Economic Management at a local university. She also gained management experience from a variety of organizations and activities she was involved in a part time capacity.

To contact GA staff, please visit our web site at www.theglobalalliance.org. Go to *Contact Us* page.

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