

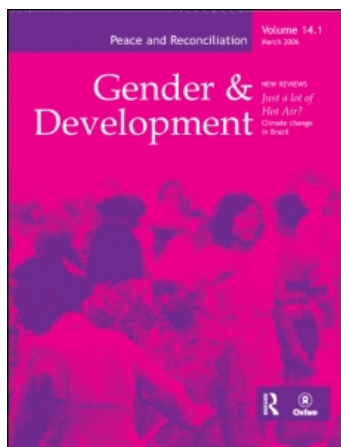
This article was downloaded by: [University of Newcastle upon Tyne]

On: 8 August 2009

Access details: Access Details: [subscription number 788788304]

Publisher Routledge

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



Gender & Development

Publication details, including instructions for authors and subscription information:

<http://www.informaworld.com/smpp/title~content=t713422432>

'Good jobs' and hidden costs: women workers documenting the price of precarious employment

Thalia Kidder ^a; Kate Raworth ^b

^a Labour and Gendered Economics, tkidder@oxfam.org.uk. ^b Oxfam GB, kraworth@oxgam.org.uk.

Online Publication Date: 01 July 2004

To cite this Article Kidder, Thalia and Raworth, Kate(2004)'Good jobs' and hidden costs: women workers documenting the price of precarious employment', Gender & Development, 12:2, 12 — 21

To link to this Article: DOI: 10.1080/13552070412331332150

URL: <http://dx.doi.org/10.1080/13552070412331332150>

PLEASE SCROLL DOWN FOR ARTICLE

Full terms and conditions of use: <http://www.informaworld.com/terms-and-conditions-of-access.pdf>

This article may be used for research, teaching and private study purposes. Any substantial or systematic reproduction, re-distribution, re-selling, loan or sub-licensing, systematic supply or distribution in any form to anyone is expressly forbidden.

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The accuracy of any instructions, formulae and drug doses should be independently verified with primary sources. The publisher shall not be liable for any loss, actions, claims, proceedings, demand or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.

‘Good jobs’ and hidden costs:

women workers documenting the price of precarious employment

Thalia Kidder and Kate Raworth¹

This article describes the precarious terms and conditions of employment experienced by millions of women working in global supply chains in the food and garment industries, and describes the main forces leading to that precariousness. It then presents a typology of costs and determinants of precarious employment, in the form of a matrix, which serves as an analytical framework for documenting the hidden costs borne by women workers. Thirdly, the article presents some of the approaches used by Oxfam International and partner organisations to make calculations of those costs, including the challenges encountered. Lastly, the article suggests several ways in which the matrix could be used and some ideas for further research.

It has been frequently claimed that women workers are among the winners of globalisation. ‘In praise of cheap labour: bad jobs at bad wages are better than no jobs at all’ wrote the economist Paul Krugman, in response to critiques of employment terms and conditions in garment factories around the world (Krugman 1997, 1). Employed at the end of chains that supply fresh produce and garments to major retailers, many are earning cash incomes for the first time and often earning more than they would in alternative employment opportunities.

But there are often hidden costs for women who are employed in these labour-intensive trading sectors, because they are employed in precarious ways. Many are repeatedly hired on short-term contracts, paid by piece rate, lack social security or employment benefits, face long and erratic hours, and are at risk of sudden job loss. Poor management or gender relations have typically been blamed for precarious conditions; however, two other significant factors are shaping employment conditions:

the sourcing and purchasing practices of retailers who demand low-cost, fast, and flexible production in their supply chains, and government policies and practices aiming to make the labour force more ‘flexible’ to meet these retailers’ needs.

As part of an ongoing international campaign to ‘Make Trade Fair’, Oxfam International undertook research with partner organisations in 12 countries as a basis for campaigning for the rights of workers employed in global fresh-produce and garment supply chains. More than 1,300 workers – mostly women – were interviewed, as well as around 130 farm and factory managers, 50 supply-chain agents, 50 NGO and government officials, and 17 retail company representatives.

The aim was to produce evidence of the costs borne by workers as a result of retailers’ sourcing and purchasing practices, and governments’ labour policies and practices. In particular, we aimed to show the costs not only of poor working conditions but of insecure terms of employment which are

shaped by the above factors. The motivation to make these costs explicit was threefold:

- 1 To reveal how workers are bearing the costs of being employed in supply chains which demand greater speed and flexibility, and how government policies weaken, or fail to enforce, national labour laws. Women workers effectively provide a subsidy to production under this business model, and pay the price of government trade strategies that rely on precarious jobs.
- 2 To provide policy makers with a fuller account of the monetary and non-monetary costs incurred by workers as a result of flexible labour-market policies and practices – in the same way that feminist economics has made calculations of the value of unpaid work, and environmental economics has estimated the costs of environmental degradation.
- 3 To provide women workers' organisations with an approach for systematically identifying these costs, so that they can propose ways of removing or reducing them, and hold decision-makers accountable.²

Precarious employment in global supply chains

In both rich and poor countries, women are the ones who cut, sew, and pack clothing, pick and pack fruit, prune and cut flowers. Women constitute 65 per cent of the factory workforce in the Honduran garment industry, 85 per cent in Bangladesh, and 90 per cent in Cambodia. In the cut flower industry, women hold 65 per cent of the jobs in Colombia and 87 per cent in Zimbabwe. In the fruit industry, women constitute 69 per cent of temporary and seasonal workers in South Africa, and 52 per cent in Chile, while women hold only 26 per cent and 5 per cent of the long-term jobs in these countries, respectively. Ninety per cent of home-based workers in the UK

are women (Dolan and Sorby 2003; Oxfam International 2004).

Women's over-representation in labour-intensive industries, and in the more precarious jobs within them, can be attributed to several factors. First, some factory and farm managers adhere to gender-stereotyped ideas that women employees are more dextrous for this 'hand work', more 'flexible' about performing endless repetitive and unskilled tasks, or more 'docile' and therefore less likely to make demands.

Second, more women than men may apply for precarious jobs: women's family responsibilities may leave them unable to turn down daily or temporary jobs, while men may travel in search of better opportunities. Likewise, seasonal or home work may produce fewer conflicts with women's family duties.

Third, the myth persists that women's jobs provide 'extra' income, perpetuating the rationale that it is less important for them to have a stable job, employment benefits, training opportunities, or promotion. In fact, our research affirmed that benefits such as paid leave time, health and maternity coverage, and regular hours are highly valued by women workers because it is precisely those benefits that enable them to balance their paid work with the responsibilities imposed upon them by gender roles for unpaid caring work in the home.

Lastly, women are over-represented in these jobs because there are few better alternatives available to them. '*May God bless the flowers, because they provide us with work,*' say the women in Colombia's flower greenhouses (Oxfam International 2004, 16). Burdened by school costs and medical expenses, women in poor families increasingly depend on earning cash incomes. Many hope to escape rural poverty, declining agricultural incomes, or subordinated family roles, migrating across provinces and countries to do so. And the crisis of HIV and

AIDS makes some families all the more dependent on those who can work, increasing the need for their caring work too.

For many individual women, their jobs on farms and in factories have facilitated personal empowerment, and in some cases economic independence or greater equality in the household. But though these jobs are valued, they too frequently result in precarious terms of employment. Our research found workers' experiences of insecurity, excessive stress, and subordination particularly widespread among the women workers, the vast majority of whom are also the primary caregivers in the family.

Insecurity is a critical issue: women hired repeatedly on short-term contracts provide their employers with the expertise of permanent workers, while systematically being denied access to the benefits of long-term employees. Erratic and excessive overtime forces women to rearrange childcare at short notice, often while being underpaid for these hours. Excessive stress is endemic, and short-term gains turn into long-term losses for workers who get burned out, often ending up with short working lives. Women are typically subordinated through segregation into the low-paid, low-skill jobs, sexual harassment, or intimidation for involvement in union organising.

These factors interact with and exacerbate one another. Workers on insecure contracts have weaker bargaining positions in the workplace, are less able to demand their rights, and are more exposed to excessive production pressures, intimidation, and harassment.

Forces shaping precarious employment

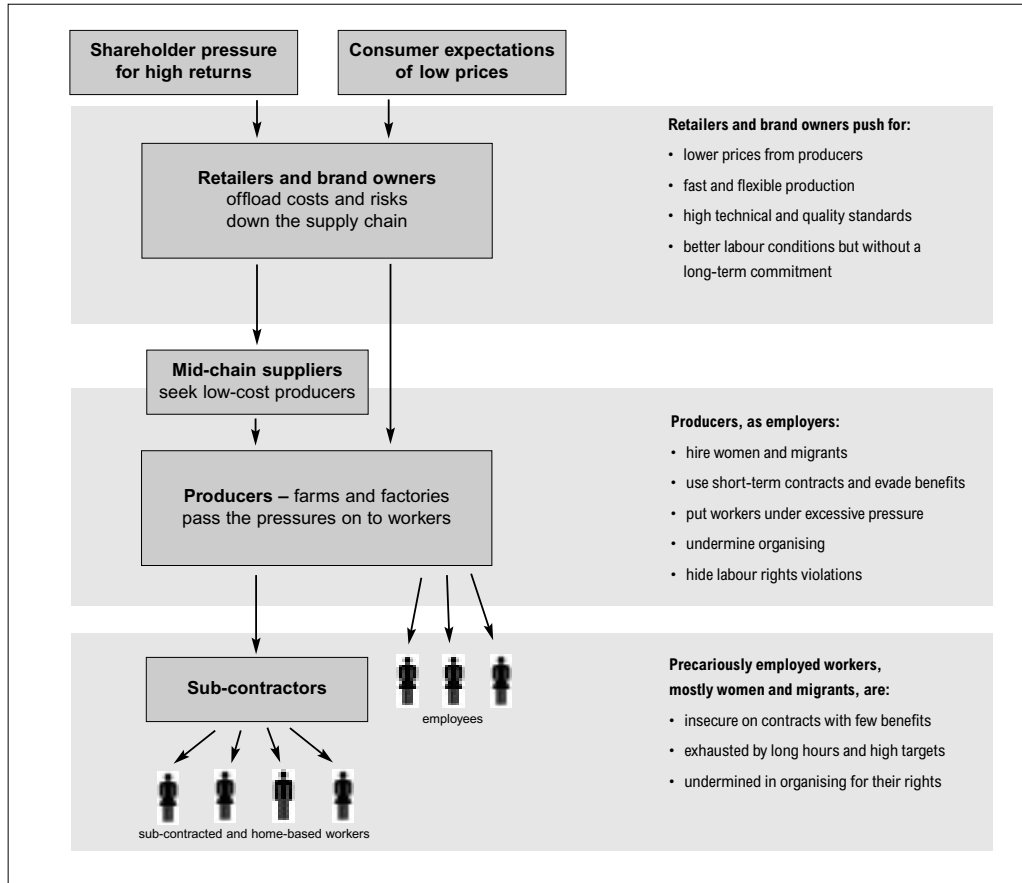
What are the causes of these precarious terms and conditions of employment? Commonly cited and significant causes include gender stereotypes and poor farm and factory management. Yet two other forces play an increasingly influential role:

the purchasing practices of retailers, and governments' labour policies. Food and clothing retailers source their products through extensive global supply chains, with a very strong negotiating position over their suppliers. This enables them to dictate terms and conditions of supply and to create the low-cost, flexible supply chain that they seek. Farm and factory managers interviewed in our research confirmed the increasing pressure from retailers in demanding faster production at shorter notice, more flexibility in order size and spacing, higher quality standards, and tighter specification of the inputs to be used – all at stagnant or falling prices. In the Sri Lankan garment industry, for example, production times have typically fallen from 90 to 45 days over the last three years, while prices to some suppliers have fallen 35 per cent in 18 months (Oxfam International 2004).

Employers in turn pass these pressures on to their workers (Figure 1). Demands for faster delivery – enforced through fines for missing deadlines – turn into excessive overtime for workers, who are forced to stay until the order is completed. 'We have a very young workforce of women,' explained one garment factory manager in Morocco. 'At times the women have to stay up working all night, and they understand perfectly the need for that flexibility' (Oxfam International 2004, 53). Likewise, falling prices are passed on to workers in the form of high production targets and low piece-rate pay; erratic and short-notice orders result in short-term hiring for workers. In effect, the flexibility gained by retailers at the top of the chain results in precarious employment for the women at the bottom of it.

Government policies and practices are too often geared to accommodating, rather than preventing, these excessive supply-chain pressures. Many governments routinely fail to implement existing labour laws, either constrained by a lack of resources or desirous of creating more flexible labour

Figure 1: Supply-chain pressures create precarious employment



practices without changing the law. One labour inspector in Bangalore's garment factories told researchers, 'We have received instructions from above to be lenient in these inspections, as these factories are contributing to the economic growth of the state' (Oxfam International 2004, 63). The failure to protect trade union rights, and sometimes their active sabotage, is particularly damaging, since it undermines workers' ability to defend their rights themselves.

Some governments weaken national labour laws to make the labour market more 'flexible' through easier hiring and firing, extended limits on overtime, and increasing the use of temporary contracts. This trend is

effectively converting once-illegal excesses into legal and accepted practices. In Colombia in 2002, for example, labour law reforms lengthened the working day, cut overtime pay premiums, reduced severance pay, and introduced more flexible contracts. In Indonesia, new legislation in 2003 normalised the previously unregulated use of short-term contracts. Research in 12 shoe, garment, and metal-goods factories in West Java found between 15 and 95 per cent of workers repeatedly hired on three- to twelve-month contracts, despite their employment in jobs not temporary or seasonal by nature. Likewise in the UK, a long-established loophole in the law allows

home-based workers to be paid only 80 per cent of the national minimum wage (Oxfam International 2004).

Many governments are effectively creating a two-tier labour force within the formal economy. In the top tier, employers and the state take responsibility for covering the costs of maintaining a healthy workforce. Compensation ensures that workers are rested and ready for work (through paid leave time), receive a living wage for reasonable working hours, as well as time and expenses to stay healthy (through sick leave and health and accident coverage), and life-cycle needs such as maternity leave and pensions. In the bottom tier, by contrast, jobs are atomised, with employers limiting remuneration to 'production delivered' or 'time actually at work'. By not providing employment benefits, employers and the state are shirking their responsibilities for covering the real costs of creating a healthy, productive society — and women as carers are paying the price.

Defining the hidden costs of precarious employment

Precarious conditions of employment generate many hidden costs for women workers. We refer to these costs as 'hidden' for several reasons. Some are not explicitly recognised by workers to be costs, because they lack information about their rightful benefits under law, or because the costs materialise only in the longer term. Such costs are usually missing from official statistics of export-oriented employment produced by economists and policy makers. In addition, some costs are implicit subsidies of the true cost of production, because women workers are forced to pay out of their own pockets or forgo their rightful earnings.

In order to capture the full range of the hidden costs faced by workers in these sectors, we created a matrix (Figure 2) which brings together various contexts that determine the costs, and the different forms

of costs incurred. We developed this matrix towards the end of our research process and then understood the usefulness of such an analytical tool. We hope it may be of use or inspiration to other researchers and women's organisations addressing these issues.

We have defined four broad categories of 'contextual determinants'. First, *community relations*, such as networks providing child-care and credit, may be weakened when women have little time to participate. Likewise, women's social status may suffer from negative community perceptions: in Sri Lanka, for example, some marriage advertisements in newspapers say 'Garment women, please do not reply' (Oxfam International 2004, 28). Second, *household relations* that determine child-care roles and expectations may influence the redistribution of entitlements within a household once a woman takes on paid work. Male family members who formerly provided women with income support may withdraw it when women start to earn cash (Elson 1999). Third, *labour-law enforcement and compliance* determine, for example, access to maternity leave or health insurance. Employers are responsible for compliance with the law, but governments are ultimately responsible for the law's enforcement. The two interact closely and therefore in this framework they are combined. Lastly, *supply-chain pressures* of short production times, flexible and erratic orders, and low prices push many costs and risks of production on to managers, who pass them on to workers.

We have identified four forms of hidden costs for women workers that result from these contextual determinants. First, *out-of-pocket costs*: money paid out for goods and services required as a result of precarious terms of employment. Workers may expect to pay for bus fares to work or for lunch at work, but not for phone calls home or taxis late at night as a result of overtime at short notice. Likewise, workers may expect to pay for their rent when they migrate to find a job,

but not for a doctor's visit when health contributions are deducted from their salaries. The second form of hidden costs is *income and benefits forgone*: rightful income and benefits not received, such as unpaid overtime or maternity leave. Third are *human development costs* in terms of ill-health due to poor working environment and inadequate time to spend with the family as a result of excessive overtime. Lastly are the costs to *equity and self-esteem* as a result of more unequal gender relations or intimidation in the workplace which undermine an individual's sense of self-worth.

The following quotes demonstrate the variety of hidden costs borne by women workers. The matrix provides a useful tool not only for documenting those already known, but for raising awareness about those that have not yet been identified.

Cost: out of pocket / Context: supply-chain pressures:

'We are often told on the same day that we have to work overtime that evening. It is then our responsibility to make arrangements with the [transport] services we use. We have to pay for the phone call...women who have children have to make special arrangements...We are not given adequate warning to come to work prepared' – Linkie, a South African fruit-packhouse worker (Smith et al. 2003).

Cost: out of pocket / Context: labour-law enforcement and compliance:

'We have asked for protective clothes, but they say it is too expensive for the farm and we should pay for the clothes' – Katryn, South African apple picker (Oxfam International 2004, 75).

Cost: income forgone / Context: supply-chain pressures:

Morocco garment workers put in around 90 hours of overtime in July 2003 under pressure to meet the buyer's tight deadline but the employer counted them not as overtime but as hours required to complete set targets. The women received only 50 to 60 per cent of their rightful pay as a result (Oxfam International 2004).

Cost: human development / Context: household relations:

In Morocco, of women garment workers with children old enough to care for siblings, 80 per cent had taken daughters under 14 out of school to care for younger siblings, sacrificing their education and future prospects (Oxfam International 2004).

Cost: self-esteem and equity / Context: labour-law enforcement and compliance:

'Supervisors abuse us...if we talk, they say, "Shut your beak! Even a child can do your job"' – Lucy, a Kenyan garment worker (Oxfam International 2004, 16).

Figure 2: Determinants and forms of hidden costs for women workers

		Contextual determinant of cost			
		Supply- chain pressures	Labour-law enforcement and compliance	Household relations	Community relations
Form of hidden cost	Out of pocket				
	Income/benefit forgone				
	Human development				
	Self-esteem and equity				

Cost: self-esteem and equity / Context: community relations:

'As a woman you sacrifice your life, your health, your youth...you are downtown at a party, you are shopping and no matter how well dressed you are, you can smell the odour of sulphur and they point at you saying, "There goes a temporary worker, a grapevine worker"' – Anna, a grape picker in Chile (CEDEM 2003, 26).

Documenting the price of hidden costs

The campaign of Oxfam and its partners aims to highlight the impact on women workers of supply-chain pressures and governments' failure to protect labour rights. As a result, we focused on documenting the out-of-pocket costs and the income and benefits forgone specifically as a result of the emerging model of supply-chain flexibility and inadequate government protection. Below, four examples are given, from research conducted with garment workers in Bangladesh, tomato pickers in the United States, home-based workers in the United Kingdom, and garment workers in Honduras.

Bangladesh: forgone income costs of overtime

Women garment workers interviewed from seven factories in 2003 worked on average 80 hours of overtime per month. They knew that they were being underpaid for it, but not one received a written pay slip and so they were not aware of the extent of underpayment. Researchers at the Human Development Research Centre calculated the pay that they should have received with the premium due on overtime. The results showed that their actual pay was just 60–80 per cent of their due earnings, and the loss was equivalent to doing 24 hours of unpaid work per month. In addition, they faced out-of-pocket expenses: workers can walk home in daylight hours but had to pay transport

costs late at night after overtime – costs that were equivalent to 17 hours of unpaid work in a month (Barkat et al. 2003, cited in Oxfam International 2004).

USA: forgone income costs of temporary contracts

In the United States, agricultural workers are excluded from many protections under national labour legislation and are often not covered by state law either. In Immokalee, Florida, three out of four tomato pickers are young Mexican men, many of them undocumented workers, hired on temporary contracts and paid on a piece-rate basis.

Researchers at Oxfam America calculated the value of income and benefits forgone as a result of not being employed as a long-term worker. They first calculated the saving to employers by comparing the cost of hiring a temporary employee with the cost of paying a long-term farm worker to do the same job.

At the height of the picking season, temporary workers work seven days a week, 11 hours a day – that is, 308 hours per month. The piece-rate is 45 cents per bucket, and the average worker can fill 100 buckets per day. The total monthly cost to an employer – and the total income of the worker – is, therefore, 45 cents for 100 buckets for 28 days, that is, \$1,260.

A long-term employee, working 11 hours a day for 28 days, would qualify for 148 hours of overtime per month (paid at a premium) on top of a basic 40-hour working week, paid at the minimum wage. Long-term employees are also eligible for social security and unemployment insurance, towards which employers must pay a contribution. Table 1 shows the total cost.

Table 1: Costs of hiring a full-time farm worker in Florida, USA

Wages and benefits	Calculation	US \$
Minimum wage	5.15/hour x 160	824
Overtime pay	1.5 x 5.15 x 148	1143
Social security tax	7.65% x (wages + overtime)	150
Unemployment insurance tax	6.2% x (wages + overtime)	122
TOTAL		2239

For the employer, then, the saving is \$979 per month, or 44 per cent of a stable employee's costs. For employers, this is efficient cost saving which can then be turned into more competitive wholesale prices.

For workers, though, the hidden costs are substantial. The research covered only the income forgone as a result of being paid piece-rate: \$707 per month. Additional research could include creating data on the frequency of required health visits and the cost of treatment, additional transport or childcare costs because of the hours of work involved, and the value of unemployment insurance for families. Likewise, human-development costs of long hours could be estimated: how many hours fewer would workers choose to put in, given that, as a full-time employees, they could earn the equivalent of their current gross wages in 217 hours, rather than 308 hours, per month? (Oxfam International 2004).

UK: forgone income costs of being a home-based worker

In the UK, manufacturers provide home workers with assembly kits (for making Christmas crackers, for example) that they say will take 14 hours to complete. Home workers are required to sign an agreement to this effect, but report that the kits actually take 40 hours to complete. In addition, UK law has long permitted employers to pay homeworkers only 80 per cent of the national minimum wage.³ Researchers at the National Group on Home Working estimated the savings to

employers and the income forgone to workers due to these policies and practices.

For employers, the cost of a factory-based worker for an eight-hour day is the national minimum wage of £4.50 per hour, plus contribution to national insurance and holiday costs of £3.91, creating a total of £39.91 per day. A home-based worker doing the same work on the actual piece-rate pay described above, and without any requisite benefit contributions, costs the employer only £11.00 per eight-hour day. Hence the employer saves £28.91 per day. The income forgone by workers due to piece-rate pay on the unrealistic time basis is £25 per day. Further research could calculate the value to the individual of the benefits forgone, through data on the value of unemployment benefits and the number of days of paid leave permitted under employment law (Oxfam International 2004).

Honduras: the threat of forgone income and benefits for garment workers

In Honduras the government is currently proposing a new 'temporary work law' which would permit garment factories to hire up to 30 per cent of their workers on temporary, instead of permanent, contracts – driven by the desire to provide the kind of flexible and low-cost labour force that foreign and local investors are seeking. Researchers at the Honduran Alliance for Labour Protection have estimated that, if the law is passed, the industry's employers could switch one worker in three on to such a contract, saving a total of US\$90m over three years. For workers, that would

mean forgoing the income and benefits of paid leave, social security, and an annual bonus, a figure which could be calculated in monetary terms with further research (Oxfam International 2004).

Conclusion: opportunities for further analysis

The matrix and calculations of hidden costs presented above are intended to help to capture the broader consequences of precarious employment for workers in global supply chains. It could be taken forward in several ways.

First, further research could ascribe monetary values to benefits forgone and out-of-pocket expenses, through detailed surveys of the needs and spending patterns of the workers concerned. Second, the matrix could be completed in depth for a particular set of women workers during a focus-group discussion. Identifying and documenting hidden costs in this way could help to raise awareness among those workers of their rights at work and would provide data useful for campaigning. Third, such information could be used by worker organisers to identify which of the hidden costs they can most immediately reduce or eliminate – by demanding, for example, a free phone call each when required to do overtime at short notice. Though this would be a small initial step, it would help to shift the assumptions about who should pay for flexible production. Lastly, the matrix could be extended to include hidden long-term costs to society – for example, by estimating the future public-health costs of failing to enforce laws on health and safety at work today, or by estimating the government revenue forgone – and the health care or education it could have paid for – by providing tax holidays to foreign investors today.

Identifying and documenting hidden costs in the ways suggested above helps to clarify what is at stake when retailers offload costs and risks down their supply chains and

when governments, keen to meet their demands, fail to enforce the law or, worse still, weaken it. It shows exactly who is paying – literally subsidising – production costs in the name of supply chain efficiencies and flexible labour markets. It demonstrates how women – as workers and carers – are paying the price of governments' trade and investment strategies that rely on precarious jobs, with negative consequences for gender equality. We hope that it will also contribute in some way to start reversing this unjust trend.

Kate Raworth is a researcher and policy adviser at Oxfam GB. She is the author of Trading Away our Rights: Women Working in Global Supply Chains (Oxfam International 2004).

kraworth@oxfam.org.uk

Thalia Kidder is Oxfam GB's global adviser on Labour and Gendered Economics. She has worked for trade union networks and women's economic development in North and Central America.

tkidder@oxfam.org.uk

Notes

- 1 Thanks to Mary Sue Smiaroski for helpful comments on an earlier draft.
- 2 Trade unions have also done considerable work for and with workers in precarious employment. Women are the great majority of these workers, and therefore women workers' organisations have often been at the forefront of these struggles.
- 3 At the time of writing, this loophole in UK law was due to be closed by the autumn of 2004.

References

- CEDEM (2003) 'Consequences and Costs of Precarious Employment for Women Workers in the Chilean Agro-Exports Sector', Santiago: Oxfam GB and Oxfam Canada.
- Dolan, C. and K. Sorby (2003) 'Gender and Employment in High-value Agriculture and Rural Industries', Agricultural and Rural Development Working Paper Series No. 7, Washington DC: World Bank.
- Elson, D. (1999) 'Labour Markets as Gender Institutions: Equality, Efficiency and Empowerment Issues', *World Development*, 27(3): 611–627.
- Krugman, P. (1997) 'In Praise of Cheap Labour', <http://web.mit.edu/krugman/www/smokey.html> (last checked by the authors March 2004).
- Oxfam International (2004) *Trading Away Our Rights: Women working in Global Supply Chains*, Oxford: Oxfam GB, www.maketradefair.com (last checked by the authors March 2004).
- Smith, S., D. Auret, S. Barrientos, C. Dolan, K. Kleinbooi, C. Njovu, M. Opondo and A. Tallontire (2003) 'Ethical Trade in African Horticulture: Gender, Rights and Participation', preliminary report presented at a multi-stakeholder workshop, Institute of Development Studies, 26 June 2003.