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## Improving working conditions for women in African industrial parks

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Female employment and political empowerment during the Ethiopian reform process.

## Gender Inequality

In Sub-Saharan Africa, as well as in other poor regions, fewer women than men are engaged in industrial jobs.<sup>1</sup> This implies a potential for more female jobs as women traditionally take on jobs in labour intensive industries. Manufacturing employment tripled between 2000 and 2018 in 18 countries covering 64% of the Sub-Saharan African population, albeit from a low starting point.<sup>2</sup> This led to an increase in the share of employment in manufacturing from 7.2% to 8.4%. Yet there is a concern that manufacturing is becoming more capital intensive and will thus contribute less to creation of jobs. Still, they argue that the garment sector has potential for employment growth.

## Industrial Development

A popular policy to generate employment has been industrial parks, with large amounts of foreign aid invested to stimulate industry development and attract foreign manufacturing companies. The World Bank, provided US\$425 million for the development of two of the newest parks in Ethiopia, and across Africa, 37 out of 54 countries have industrial parks.<sup>3</sup> Several industrial parks are focussed on textile and garment industries, where the majority of workers are often female. In Ethiopia, 9 out of 10 operational parks produce textiles, garment and shoes. A survey of industrial parks in 30 African countries found that more than a third of factories' workforces were women<sup>4</sup> – a larger share of women workers as compared to the national average even in countries with very low female labour participation. However poor working conditions and labour restrictions are pushing many women away from working in these parks.

### Key Findings

- The income from factory work for women contributes to poverty reduction
- Female factory jobs in industrial parks in Ethiopia do not empower women when it comes to political efficacy and participation
- Female factory jobs have no effect on women's ability to resist intimate partner violence
- The harsh working conditions and managers' lack of respect for workers contribute to disempowerment and high turnover.

## Projects in Ethiopia

The ambition of the Ethiopian government and its development partners was to invest US\$1 billion annually in industrial parks over a ten-year period to stimulate labour intensive manufacturing for export.<sup>5</sup> Since the first industrial park was established in 2013, around 100,000 jobs had been created by 2020,<sup>6</sup> and 74% of the workers were young women.<sup>7</sup> Most of the women had no experience with formal employment, and in several places these jobs created new opportunities. In areas with few alternative job opportunities and high poverty rates, we see a large poverty reducing effect of the factories with many women earning much more than they would have without such factory employment.<sup>8</sup>

Jobs for women may improve their position within the household (World Bank, 2013). Studies from Asian countries have found that improved employment opportunities for women increase their human capital, delay fertility, increase decision making power in the household, mobilize career aspirations and improve mental health.<sup>9</sup> In rural Bangladesh, employment outside their husbands' farms contributes to women's autonomy, but not employment per se. This contrasts with Ethiopia where we, in our project, find no positive impact on empowerment of female workers.<sup>10</sup>

## Disempowerment in Industrial Parks

On the contrary, there seems to be a disempowering effect of employment in industrial parks in Ethiopia. In this project, we find demeaning and harsh management styles, suppression of labour unions, and restriction on labour mobility have been found to negatively impact worker political efficacy and participation.<sup>11</sup> Moreover, the jobs did not make them less vulnerable to intimate partner violence.<sup>12</sup> It may also be the case that these jobs can have a more general disempowering effect beyond the political engagement. Such harassment of workers is also against the labour law of Ethiopia. This area provides a low-hanging fruit for interventions to improve the situation of the women workers as it would likely be beneficial not only for the workers but also for the factories through improved employee-satisfaction, which could lead to lower turn-over and higher productivity.

The industry's focus on low-value commodities with minimal profit margins implies a sharp focus on cost minimising strategies, compromising wages and labour.<sup>13</sup> Formal jobs have had short run negative health impacts and most workers quit within the first year of employment.<sup>14</sup> Exposure to chemicals, noise and hazardous tools and machinery compromises

occupational safety in the industrial parks. 40% of the workers were dissatisfied with working conditions and only 22% indicated that they intended to continue working in the industry within three years.<sup>15</sup>

Finally, the wages are low in industrial parks, but comparable to wages outside of the parks. In Ethiopia, the wages are sufficiently high to lift a person out of poverty. The gap between women and men wages is large in Ethiopia; women's salaries are 1/3 lower than men's.<sup>16</sup> There have been several initiatives to discuss the introduction of a minimum wage in Ethiopia, many of them supported by the International Labour Organisation (ILO),<sup>17</sup> but low worker productivity in the factories has led to questions of whether such a measure is warranted. The very low wages are nevertheless up for discussion, and the question is how to ensure a decent salary.

### Decent work

One of the core targets of Norwegian development cooperation under the job creation umbrella is decent work,<sup>18</sup> which is also one of Norwegian Agency for Development Cooperation's (Norad) thematic portfolios.<sup>19</sup> Interventions and regulations in support of decent work in poor countries has been extensively discussed in literature: decent work means to 1) in fact have a job that 2) gives an acceptable income, and 3) meets minimum labour standards.<sup>20</sup>

There will often be a trade-off between the number and quality of jobs,<sup>21</sup> simply because quality is costly. If labour standards were not costly, then we should expect everyone to meet them. One may argue that consumers are willing to cover the extra costs by paying more for better labour standards. Thus, industries that can provide certificates, or potentially face the threat of consumer boycotts, may profit from good standards. Normally only selected products get international attention, and even in those cases the higher prices may drive down demand, and the costs of meeting the standards will reduce supply. As a result, there will be fewer jobs, as described by the decent work frontier.

### Minimum standards

There are good arguments for minimum labour standards that can be implemented by local governments preferably in collaboration with labour unions. The latter assumes that the unions cover the majority of the labour force in each sector to avoid an insider-outsider problem, which is not common in poor countries. The minimum part of the labour standards is to avoid excessive costs both for

the firms and the monitoring agencies, which in turn would lead to a decline in employment in the regulated part of the economy. Minimum standards can be easier to enforce, as compared to more extensive labour laws, in the large informal sector as a lack of compliance with minimum standards can be more easily monitored. Examples are regulation of the use of insecticides in agriculture, machine safety in manufacturing, and prohibitions against child labour in eateries, brick industries, stone quarries, mines, etc.

### When developing policies:

There is significant potential to enhance the benefits of working in the industrial parks for women:

- Maximise poverty reduction by locating the industrial parks in areas with few employment opportunities.
- Empower women workers and teach factory managers acceptable behaviour in the workplace.
- Support programs for improving the physical and psychological work environment.
- Support initiatives to ensure decent wages.

### Notes

- 1 The share of female employment in industry is lower than for male workers. In Sub-Saharan Africa they instead work in the service sector, while in other poor countries they work in agriculture, according to World Development Indicator data (WDI databank).
- 2 (McMillan and Zeufack, 2022)
- 3 (UNCTAD, 2021, page 35)
- 4 (UNCTAD, 2021, page 138)
- 5 (Getahun and Villanger, 2019)
- 6 These figures are from before the Tigray war broke out and the COVID-19 pandemic set in. The number of jobs in the industrial parks declined during the war and the pandemic.
- 7 (McMillan and Zeufack, 2022, page 17)
- 8 (Getahun et al. 2024)
- 9 Getahun and Villanger, 2018; Jensen, 2012; Heath and Mobarak, 2015; Hussam et al. 2022, Anderson and Eswaran)

- 10 (Kotsadam and Villanger, 2023).
- 11 (Aalen et al. 2024)
- 12 (Kotsdam and Villanger, 2023)
- 13 Standards (Aalen et al. 2024; Abebe et al. 2020)
- 14 Blattman et al. (2022)
- 15 Getahun and Abebe (2019)
- 16 (World Bank, 2017)
- 17 See for example ILO: Discussion heightened towards setting minimum wage in Ethiopia | International Labour Organization (ilo.org)
- 18 Chp 162, Post 70, page 156 of the annual budget that is referred above
- 19 [www.norad.no/en/front/funding/norads-thematic-portfolios/](http://www.norad.no/en/front/funding/norads-thematic-portfolios/)
- 20 Fields summarises this on page 246 under the headline "The operationalization of decent work" in Fields (2003).
- 21 Fields (2003)

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