Lesotho’s Apparel Industry: What is the role for Better Work?

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1. Introduction

National legislation, along with enforcement by government inspectors, is the primary means whereby the standards of workers in most countries are protected. This is supplemented by rights that allow workers to associate and bargain collectively with employers, which can complement and raise legislated standards. In many developing countries, however, labour legislation is weak and enforcement capacity virtually non-existent. Not surprisingly, trade unions struggle to establish themselves in such countries and very little collective bargaining takes place.

The rapid spread of the apparel industry to developing countries under the Multi-Fibre Arrangement (MFA) highlighted the inadequacies of national legislation and enforcement. At the same time, the fact that the main markets for the spreading industry were the US and EU provided a means for addressing this problem. Exposure of terrible conditions in the apparel factories in developing countries led to campaigns by consumer groups, unions and NGOs that put growing pressure on retailers and brand manufacturers. The objective was to force the latter to take more responsibility for working conditions in their supplier factories located in developing countries around the world. The means that most retailers and brand manufactures have adopted has taken the form of codes of conduct that they require their suppliers to adhere to as a condition of continued orders. Compliance with these codes is enforced by audits conducted by the retailers and brand manufacturers or by NGOs on their behalf.

The results, however, have been somewhat uneven and less than satisfactory for workers. First, the codes of conduct generally require compliance with the existing national labour standards. This means that they seek only to enforce standards rather than improve standards. Second, while retailers and brand manufacturers may keep a record of who they are sourcing from, their suppliers often outsource production to sub-contractors and source fabric from other factories which are not known by the retailer/brand manufacturer. Hence the structure of the global value chain itself poses an issue for enforcement (Gereffi et al., 2005). Secondly, the auditing procedures they employ are not always effective; for example, inaccurate reporting or top-down policing that does not result in sustained improvements in working conditions (Locke et al., 2007; O’Rourke, 1997; Yimprasert and Candland, 2000). Furthermore, the ultimate penalty for non-compliant suppliers is to stop orders, which generally has the contradictory consequence of hurting workers the most.

Locke has argued that the literature on labour standards in global supply chains has focused too narrowly on debates over what should be included in the code of conduct, what auditing procedures should be used to monitor the codes, and whether audits are more transparent when conducted by the firm, government, or NGOs. He demonstrates that two different approaches, which he labels as ‘compliance focused’ and ‘commitment oriented’, taken by the auditing

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1 The contents of this paper reflect the views of the authors and do not necessarily represent the official views, statements or policies of Better Work Lesotho.
agencies in addressing workplace issues produce different outcomes in labour standards compliance (Locke, 2009). The first depicts the auditor as policing for violations and applying penalties, which creates an ‘us vs. them’ environment and does not provide an incentive for managers to make sustained improvements in labour standards. The commitment approach, on the other hand, involves engaging in root-cause analysis and joint problem-solving to get at the bottom of issues and address them in a way that remedies the problem. This approach depicts the auditor as an educator and mentor who sees violations as an opportunity to engage with managers to assist them to improve their practices. Locke shows that this method has been successful in helping factories realize sustained improvements in labour standards and working conditions.

Locke argues that if the process of information collection from audits was used by labour inspectors to engage in root-cause analysis, joint problem-solving, information sharing and diffusion of best practices, the mutual interest of suppliers, auditors and MNCs could be met (Locke et al., 2007). He further argues that the two approaches – compliance focused and commitment oriented – are both needed in order to effect real change in working conditions. Where such a combination exists a more efficient form of internal monitoring takes place that allows all stakeholders to participate in improving their individual and collective gains. Bardach and Kagan support this contention, stating that “a strategy that could induce cooperation would reduce the basic inefficiencies associated with regulatory standards and therefore be more effective than the basic deterrence strategy that simply enforces by the book” (Bardach and Kagan 1982).

Recent literature on social dialogue has added weight to the argument for a more synergistic approach to protecting workers rights, stressing that no real change can take place unless all stakeholders are on board together (Jamali, 2007; Jamali et al., 2008). Much of this literature finds its roots in network theory and instrumental theories of corporate social responsibility (CSR). One of the assumptions of network theory is that firms can achieve competitive advantage by developing mutually supportive interactions with other firms and that social activities are a means for corporations to achieve better economic results (Garriga and Mele, 2004). Forming alliances with other stakeholders not only lessens the risk they will defect but also builds trust allowing for greater opportunity and mutual advantage. Network theory predicts that firms will develop strategic alliances with other firms to the extent that it helps them achieve their goals. But they will participate with other stakeholders only if they believe everyone is involved, as it does not make business sense for one firm to raise standards if others are able to get away with weaker enforcement and greater productivity (Jarillo, 1988; Lorenz, 1988; Powell, 1990; Thorelli, 1986).

The Better Work programme is an example of a collaborative, multi-stakeholder approach that directly engages multi-national corporations with unions and manufacturers, national governments and NGOs. This kind of social dialogue facilitates greater transparency, accountability, and incentive for stakeholders to forge mechanisms for improvements in compliance with labour standards. In this study we examine the Better Work Lesotho program.

The early successes of Better Work’s multi-stakeholder approach to enforcing compliance with labour standards has drawn a lot of attention from academics, unions, businesspersons and
policy-makers, adding fuel to the debate on the value and viability of emerging forms of social regulation. A multi-stakeholder initiative such as Better Work has the potential to create the middle-ground needed to effect improved compliance and improved efficiency. By eliminating multiple brand audits, monitoring in factories becomes less disruptive and also less biased. By directing resources to educating and training non-compliant managers, the ultimate sanction of stopping orders is mitigated. The overall risk of job loss is therefore lessened and the capacity for compliance is improved.

The launch of the Better Work program into other developing countries supplying the global apparel industry has subsequently become a matter of great interest – a model that many are keen to monitor and possibly replicate. Better Work Lesotho is at the beginning of implementation in Lesotho. Set-up of the program began in May 2009 with the hire and placement of a country program manager in the capital city of Maseru. The official launch of the program took place in December 2009. Better Work Lesotho is now fully functional with four enterprise advisors, a training officer, translators, and twelve voluntary subscriptions by factories in Maseru. The program continues to solicit the participation of remaining factories in Maseru as well as factories in Maputsoe. It is expected that there will be 20 participating firms within the next month or two.

Because this research has been done at such an early stage of the Better Work programme in Lesotho it cannot provide a before-and-after story or monitor and evaluate its impact. Instead, the aim of the research is to provide a largely qualitative baseline, a picture at the start of the programme of the circumstances of the apparel industry in Lesotho, the labour standards with which it is required to comply, and current levels of compliance. The question it sought to answer was, given the circumstances of the industry and the state of compliance with labour standards, what would be the best role that Better Work could play. However, preliminary research on the industry suggested that there was a prior question that needed to be answered. The initial research highlighted one key feature of the Lesotho clothing industry, namely that it is an entirely ‘expatriate’-owned and run industry. There is not one Lesotho-owned clothing firm and there are very few Lesotho citizens in positions higher than the supervisor level in the industry, other than a handful in human resources management. Furthermore, the industry was ‘created’ by and continues to be heavily dependent on international trade preferences, in particular the African Growth and Opportunities Act (AGOA). Lesotho is currently the beneficiary of an AGOA rules of origin special dispensation for ‘less developed countries’ that will end in 2012, while AGOA is scheduled to end in 2015. Given its dependence on these benefits the Lesotho apparel industry seems doomed. The prior question alluded to above is therefore: is there a point to implementing the Better Work programme in Lesotho?

The paper focuses on answering these two questions. It starts by dealing with the future of the Lesotho apparel industry and whether there is any role that Better Work can play. This requires an examination mainly of factors external to the industry that pose challenges to the industry itself, including the role of trade governance and the regional embeddedness of the industry. Our conclusion is that the industry does have a future, which poses the second question, which requires an examination of the factors internal to the industry in order to determine how best Better Work should position itself in order to maximise its impact. In particular, it examines some of the features of the industry – origin of investors, end-markets and type of products – that
could influence variation with respect to compliance with labour standards in the workplace. Our research focuses on three issues that seem to be important for the implementation of Better Work, namely the relationship between workers and line supervisors, the need for more investment in training, and the importance of worker involvement in the identification and resolution of non-compliance issues.

In the next section we briefly discuss the methodology we have used and in the subsequent sections we discuss our findings with regard to each of the two questions respectively. Our aim is to use this discussion as a foundation to identify the challenges facing Better Work in Lesotho and to make some tentative suggestions as to how the programme should proceed.

2. Methodology

This study draws on research that is being conducted at all 12 of the apparel firms that have subscribed to the Better Work programme, as well as interviews at some firms that have not. Semi-structured interviews have been conducted with factory management, including but not limited to managing directors, human resource managers, production managers and financial managers. The interviews were arranged with the assistance of the Better Work programme staff in Lesotho. The feedback from these interviews is complemented by interviews with workers. To avoid the problem of managers hand-picking employees to be interviewed, which could lead to bias in our sample, we have conducted focus group discussions and administered a questionnaire to a sample of workers outside of the factory setting. Off-site focus group interviews were arranged with groups of 6-10 workers representing different factories and different unions. The arrangements were made with the unions and workers were selected by the unions, although participation was voluntary. So far we have held 10 focus group discussions with a total of 87 workers. The questionnaire was administered to 60 workers on a Sunday, at a location arranged by our research team and the Better Work Lesotho training officer. Two groups of workers were invited to complete a questionnaire (translated into Sesotho) that covered issues such as their work experience, health and safety in the workplace, training opportunities, gender and discrimination, wages, hours, and other conditions of employment. Fifty workers were invited to each session although only 35 arrived for the morning session and 25 in the afternoon. They completed the questionnaire themselves but were taken through it in Sesotho by the Better Work Lesotho training officer, assisted by a researcher from our team.

The data we obtained from management and workers is complemented by interviews with all the major stakeholders in the industry, including government officials, trade union officials, office bearers of the main industry employers’ organisation, officials of the Lesotho National Development Corporation and the head of the Skills Development Centre. Secondary research on the industry has also been done.

3. External threats and opportunities facing the Lesotho apparel industry: is there a role for Better Work?

Lesotho is a small country with a population of less than 2 million. It is landlocked and enclosed entirely within South Africa. There is very little manufacturing industry in Lesotho. Most of the population is engaged in subsistence agriculture (Silici et al., 2007) and its main export
historically was migrant labour to the South African mines (Murray, 1981). More recently it has become a major supplier of water to South Africa and has begun a mining industry of its own. Its apparel industry is therefore something of an anomaly. It sprang up in the 1980s as a result of the MFA, which imposed quotas on the quantity of apparel that developing countries could export to developed countries. The limits imposed by the quotas caused apparel manufacturers in certain countries to move operations to countries with unfilled quotas, a practice known as quota-hopping. This was the catalyst for the development of the apparel industry in Lesotho and saw a number of East Asian-owned firms locating subsidiary operations in the country. The industry was given a further boost by the US's African Growth and Opportunity Act (AGOA), which came into effect a couple of years before the ending of the MFA. The rapid growth of the industry was halted when the MFA expired on January 1, 2005 and it shrank quite sharply thereafter, until the advent of AGOA brought some stability and South African-owned firms began to locate operations in Lesotho. The low labour standards and wages in Lesotho are also an important attraction for East Asian-owned firms but these are not unique to Lesotho. It must therefore be emphasised that without AGOA, or even the current rule of origin dispensation (single transformation for less developed countries such as Lesotho), there would probably be no East Asian-owned firms in Lesotho.

As should be evident from the above, trade governance has huge implications for the Lesotho apparel industry. And, given the significance of the industry in Lesotho, it is very important for the development of the country as a whole: the apparel industry accounts for more than 19% of the country’s GDP and approximately 75% of its total exports. Lesotho has very high unemployment and almost half the population lives below the poverty line, which makes the government heavily reliant on the industry for jobs and tax revenue, and anxious for further investment. This probably explains the government’s conservative approach to labour standards and the moderate wage increases that are decided upon by its wage setting machinery.

Low labour standards are a primary reason for South African firms locating to Lesotho. The South African clothing industry is well organized by a powerful trade union (SACTWU). Collective agreements for the industry are negotiated in a national bargaining structure and applied to the entire country, with some wage differentiation between the main metropolitan regions and significant differentiation between them and what are termed the non-metropolitan areas. With the steep lowering of import tariffs in South Africa after 1994 its clothing industry has been in crisis and decline, with China having captured a large proportion of the domestic market and South African firms making little headway in export markets. Because the labour regulatory framework in South Africa effectively closes off the option of increasing competitiveness by pushing wages down, there has been an exodus of firms from the metropolitan areas to non-metropolitan areas within the country, and then to either Swaziland or Lesotho. The areas in South Africa around Lesotho are all classified as non-metropolitan areas,
with much lower minimum wages than the metropolitan areas, but the non-metropolitan wage
rates for a qualified machinist are more than double the minimum wage rate for machinists in
Lesotho. This difference significantly outweighs lower efficiency levels in Lesotho and
additional transport costs. Furthermore, unlike most South African clothing firms, clothing
factories in Lesotho are not well organised by trade unions.

The above emphasises the point made in the opening section, namely that the Lesotho apparel
industry is entirely ‘owned’ by East Asian and South African investors. This clearly places the
Lesotho government in a precarious position in trying to maximise the developmental benefits of
the industry for the country. As indicated above, the motivations for locating clothing factories in
Lesotho differs between East Asian-owned firms and South African-owned firms. The main
attraction for the East Asian-owned firms was originally ‘quota-hopping’ under the MFA regime
and subsequently to reap the benefits of AGOA, as well as the Duty Credit Certificate (DCC)
scheme introduced by the South African Customs Union (SACU). Low labour costs are a
secondary, albeit important, factor. The East Asian firms are therefore tenuously rooted in
Lesotho through the medium of the current trade governance regime. If its benefits are reduced,
even marginally, they will pack up and leave Lesotho. It is a threat of which the Lesotho
government is constantly aware.

The opposite is probably true for the South Africa-owned firms. Their primary consideration for
locating in Lesotho is the low labour costs and limited trade union organisation. The fact that
South Africa and Lesotho are both members of SACU is clearly an important consideration
because it means that the South African-owned firms can export duty-free back to their
traditional retail customers in South Africa, but it is less important than the low labour costs.
AGOA, however, is not a factor for most of the firms; only a few are utilising the benefits of
AGOA to export to the US. If AGOA were to end now it would not concern the vast majority of
the South African-owned firms. The South African firms constitute an opportunity for Lesotho.
The ongoing crisis in the South African industry and the upward pressure SACTWU is exerting
on wages is leading to a large number of South African clothing manufacturers queuing to move
into Lesotho. The main barrier appears to be that the Lesotho authorities cannot build factory
‘shells’ fast enough to accommodate them. The ending of AGOA’s special dispensation for ‘less
developed countries’ could therefore conceivably be off-set by South African firms moving into
Lesotho and employing the workers of departing East Asian-owned firms. This would stop the
industry shrinking in the short-term and could see it growing in the medium- to long-term.

The Lesotho government is clearly not in a position to favour one group of investors over
another. It needs to keep on good terms with all existing and potential investors. But it obviously
has more control over labour standards in the country and more influence within SACU than it
has with US legislators and other major importing countries. So it would not be surprising if it
began to show a preference for the more sustainable opportunity offered by South African firms,
for which labour costs and proximity to retailers are so important. However, this does not mean
that the government has a lot of room to manoeuvre. It needs to moderate wage increases in
order to maintain its attractiveness to the South African firms. It will also need to face a potential

3 The Lesotho currency, the Moloto, trades on a one-to-one basis with the South African currency, the Rand.
4 The DCC scheme ended recently, which according to a number of interviewees directly resulted in the almost
immediate closure of two East Asian-owned firms in Lesotho.
backlash from South Africa within SACU, given that it is gaining apparel jobs at the expense of South Africa. The first sign of this backlash could be the recent ending of the DCC scheme after it had been extended a number of times over the last few years. In South Africa it was replaced by a ‘rescue plan’ for the apparel sector that provides significant benefits to participating firms. The ‘rescue plan’, however, is not a SACU-wide initiative so Lesotho’s apparel industry has been left without any form of assistance. Its significance is evident from the fact that a number of interviewees mentioned that two East Asian-owned firms closed down very soon after the DCC scheme ended.

Our conclusion with regard to the first question is therefore that the Lesotho clothing industry is sustainable, despite the imminent ending of AGOA and uncertainty regarding its extension. The main reason is that the industry is increasingly shifting from a global value chain and positioning itself within a regional value chain. Although this makes the industry sustainable in the medium-term it throws up challenges, particularly with regard to labour standards. The question is what this means for the Better Work Lesotho programme.

4. Labour standards and the changing orientation of the Lesotho apparel industry

4.1 National labour standards and compliance

Compliance with labour standards is considered by Better Work to be a combination of compliance with core international labour standards as well as the national or local labour law in a given country. Lesotho has been a member of the ILO since 1966 and has ratified 23 conventions, including those that cover the four fundamental principles and rights at work: freedom of association and the right to collective bargaining (C.87&98); elimination of all forms of forced labour (C.29&105); abolition of child labour (C.138&182); elimination of discrimination in respect of employment and occupation (C.100&111).

The body of laws governing labour and employment in Lesotho is contained in the Labour Code of 1992. In 1988 the government sought the advice of an expert in the field who would assist them in updating and revising their existing legislation, which at the time was “dispersed and rather piece-meal, making it difficult for all concerned to find and apply the law in force” (ILO, 1990). The existing laws covered certain areas, such as the establishment of trade unions and the recruitment of international workers, but did not deal with some crucial issues such as women in the workforce or proper protocols for health and safety. In 1990 a technical memorandum was issued by the ILO to the Government of Lesotho entitled Mission to Advise on the Reform of Lesotho Labour Law. The memorandum was in effect a draft Labour Code. It had three main features: it regrouped existing and newly-formulated legislative provisions by topic, reinforced tripartism, and called for the establishment of a Labour Court to resolve disputes. It also had proposals for how to address wage-fixing and for standards in respect of hours of work, weekly rest periods, public holidays, unfair labour practices, the settlement of disputes, occupational health and safety, and so on. Much of what was proposed in the initial draft was retained in the final Labour Code Order, 1992. A number of amendments have since been made, such as the Labour Code Amendment Act of 2000, which established the Directorate for Dispute Prevention and Resolution, and Labour Code Amendment Act of 2006, which introduced provisions on
HIV/AIDS and transferred jurisdiction for certain types of employment disputes from the Labour Appeals Court to the Labour Court.

The Labour Code provides for a Wages Advisory Board that meets once a year to set the wages for different sectors in the country. Representatives from government, business, and labour sit on the Board. The wage schedules provide minimum wage rates for key occupational levels within each sector. The following illustrates the minimum wages in the clothing, textile and leather manufacturing sector, as of September 2010.

<table>
<thead>
<tr>
<th>Employees with less than 12 months continuous service with the same employer</th>
<th>Monthly</th>
<th>Weekly</th>
<th>Daily</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile General Worker</td>
<td>M778.00</td>
<td>M194.00</td>
<td>M41.00</td>
</tr>
<tr>
<td>Textile Machine Operator</td>
<td>M837.00</td>
<td>M209.00</td>
<td>M43.00</td>
</tr>
<tr>
<td>Textile Machine Operator Trainee</td>
<td>M778.00</td>
<td>M194.00</td>
<td>M41.00</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Employees with more than 12 months continuous service with the same employer</th>
<th>Monthly</th>
<th>Weekly</th>
<th>Daily</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trained Machine Operator</td>
<td>M916.00</td>
<td>M230.00</td>
<td>M47.00</td>
</tr>
<tr>
<td>Textile General Worker</td>
<td>M863.00</td>
<td>M214.00</td>
<td>M45.00</td>
</tr>
</tbody>
</table>


As noted above, the standards in the Labour Code are complemented by the codes of conduct of the major retailers and brand manufacturers. But these codes generally require no more than compliance with the national labour standards. They do not compel suppliers to improve on these standards. Managers at the 12 firms participating in the Better Work programme reported a high level of compliance with core labour standards. This was confirmed in general terms by interviews with workers, although the stories told during focus group discussions have been painting a more nuanced picture of non-compliance in a number of areas. This is discussed in more detail later in the paper. We suggest that the main reason for the high level of compliance is that the wages in the Lesotho apparel industry are so low and other standards are very moderate. Firms therefore comply because the standards are fairly easy to meet.

This argument clearly needs to be justified, but this is a difficult exercise. One way would be to compare wages and the main conditions of work with those in the apparel industry in other developing countries. But this is not a simple comparison. First, wage levels need to be modified by their purchasing power in order to be properly compared. Second, conditions of

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5 The exercise also gets one into a ‘race to the bottom’ measurement mentality, i.e. labour standards in Lesotho are not low because there are even lower standards in Vietnam or Cambodia or some other country. This distracts one from the fact M230 a week is not much to live on for a person putting in 45 hours of work a week.
employment are too complex to compare. For example, is a 45-hour week and three weeks paid annual leave but no protection against dismissal better or worse than a 48-hour week and two weeks annual leave but protection against dismissal? Comparing conditions of those in Lesotho with those in South Africa could lead us to also encounter these kinds of methodological problems. In very broad terms, however, such a comparison would support our argument that standards are low in Lesotho simply because the difference between them and standards in the South African industry just across the border is stark. As noted above, the weekly wage in the non-metropolitan areas of South Africa (the lowest wage level in the apparel industry in South Africa) is well over double the weekly wage in Lesotho. If one were to compare the labour cost of a worker, the difference is even greater because South African apparel employers make contributions to a number of social benefit schemes on behalf of workers, while this is not the case in Lesotho.

Further support for our argument can be found in the fact that it seems very unlikely that apparel firms are complying with standards because they are being rigorously enforced. Interviews with managers in Lesotho indicated that they are seldom visited by government labour inspectors. Some indicated that they might see a labour inspector once every six months, others possibly once a year, while a couple could not recall when last they had seen an inspector. When inspectors do visit, the impression we get is that the inspection is quite perfunctory. Audits to enforce compliance with codes of conduct also do not seem to be a major concern to managers. These seem to be more frequent and more comprehensive than the labour inspections but are generally planned in advance. If firms were not complying with one or more standards, they therefore have time to rectify this before the audit occurs. Interviews with workers spell out the various steps that are commonly taken in order to get the factory ready for an audit, including forbidding workers to talk to buyers and auditors (see further below). The worker interviews therefore point to certain areas of non-compliance but it seems that these are easily rectified in order to meet the requirements of the audit.

4.2 Factors that could influence compliance

When we were planning our research in Lesotho we anticipated more non-compliance and variations in levels of compliance. In fact, as indicated above, we found very little non-compliance, as reported by managers. Interviews indicated that there was complete compliance with the Lesotho Labour Code and the minimum wages set annually by the Wages Advisory Board for the apparel industry, as well as with the relevant codes of conduct. We also found very little variation with regard to compliance across the quite different segments of the industry in Lesotho. We will briefly discuss these segments because they are important for understanding the industry in Lesotho and it also indirectly supports our contention that compliance is high because standards are low.

Apparel firms in Lesotho can be placed in three broad categories. First, according to nationality of ownership, there are significant differences between the East Asian-owned firms and the South African-owned firms. Nationality of ownership generally translates into nationality of management. So, almost all management and many supervisors at the East Asian-owned firms are East Asian and almost all management at the South African-owned firms are South African. Second, within the East Asian-owned firms one can see differences between those firms that
have a head office located in, for example, China or Taiwan, and those firms that are entirely Lesotho-based. Third, this ownership differentiation mirrors an end market differentiation. Almost all the Chinese-owned firms are exporting primarily to the US, including those that are Lesotho-based. The buyers include major US retailers such as Gap Inc., Levi Strauss, Wal-mart, Kmart, Kohls and The Children’s Place. Almost all the SA-owned firms are exporting back into SA, generally to retailers with which they have longstanding relationships. These include Woolworths, Edgars and Foschini. It is important to note, however, that this end-market distinction is beginning to blur. A few of the East Asian-owned firms have in recent years started to export a small proportion of their output to South Africa and a couple of the South African-owned firms are starting to export small quantities overseas. There is also a geographical difference: almost all the East Asian-owned firms are located in Maseru, the capital of Lesotho, and all the South African-owned firms are in Maputsoe, about 80 kilometers to the north of Maseru. Importantly, Maseru and Maputsoe are right on the border with South Africa and opposite fairly large towns in South Africa. Almost all the managers in all the firms live across the border in South Africa, commuting to work each day.

### A snapshot of the apparel firms in Lesotho

<table>
<thead>
<tr>
<th></th>
<th>Firms</th>
<th>Firm HQs</th>
<th>Export Market</th>
<th>Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maseru</td>
<td>27</td>
<td>16 Taiwan, 9 China, 1 Lesotho, 1 Mauritius</td>
<td>23 USA, 3 Lesotho, 1 SA</td>
<td>Gap, Levis, Kmart, Childrens Place, Kohls, etc.</td>
</tr>
<tr>
<td>Maputsoe</td>
<td>15</td>
<td>13 SA, 1 Taiwan, 1 China</td>
<td>11 SA, 4 USA</td>
<td>Mr. Price, Foschini, Edgars, Woolworths, etc.</td>
</tr>
</tbody>
</table>

There are also distinctions in terms of type of product and sizes of orders (i.e. production runs) that can be mapped onto the ownership and end-market differentiation. In general the East Asian-owned firms are producing very long runs of basic products (children’s and sportswear for the lower end of the market) whereas the South African-owned firms are producing shorter runs of somewhat more complex garments. The East Asian-owned firms are also generally much larger than the South African-owned firms, but whereas the East Asian-owned firms have stable or declining employment, almost all the South African-owned firms are expanding their operations (something the Chinese-owned firms are not doing, probably because of uncertainty regarding AGOA).

Nationality of owners, end-markets and types of garment therefore do not appear to influence compliance in Lesotho. But these variables do have other influences on the factory floor and within the firm. South African-owned firms generally appeared to have a greater commitment to the region. This is not surprising. Lesotho is entirely enclosed within South Africa and locating firms or operations there is not much different for South African apparel manufacturers to relocating within South Africa. Their primary focus remains the South African domestic market.

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6 This snapshot was compiled from a database supplied by the Lesotho National Development Corporation. It is almost certainly a bit out of date now.
7 It is important to note that South African-owned firms are also being audited by the South African-based retailers that they supply.
and managers had a concern with development and employment creation within the region. This commitment sees South African-owned firms in general more actively promoting Lesotho citizens up into higher positions in the firm. The most visible example is the supervisor position. In most East Asian-owned firms there are two types of supervisor. There are East Asian supervisors, generally responsible for two or three lines, that focus on technical issues, and there are Basotho supervisors, who appear to have picked up few technical skills and who focus on communication to workers on the lines, problem-solving and ‘motivation’. According to the workers’ interviews we conducted, ‘motivation’ is a somewhat euphemistic management term that can be interpreted as driving workers hard to increase their output. The two types of supervisor are, according to managers, on the same level in terms of formal hierarchy, but in practice the Basotho supervisors are subordinate to the East Asian supervisors because of the skills of the latter. In most of the South African firms, on the other hand, there is less use of South African supervisors and management. At some firms all supervisors are Basotho and only certain key personnel are South African citizens.

The regional commitment of the South African-owned firms and the fact that they are generally producing slightly more complex garments seems to have resulted in greater efforts with regard to training, although more research on this issue is needed. For the most part clothing firms in Lesotho do on-the-job training. The external provision of training has not been well managed and is seen by most managers as ineffective. The overall impression, however, is that East Asian-owned firms do the minimum training possible, with the main emphasis on just getting skills up to the level needed to get production out. The South African-owned firms also do on-the-job training but their efforts appear more concerted because they are seeking to upgrade the types of products they are producing in Lesotho.

5. Workers’ Voices

5.1 General perspectives on compliance

Focus group discussions with workers revealed that changes made by managers in anticipation of an audit are often short-lived, if changes are made at all. Workers felt that any improvements were merely a quick-fix response to immediate threats by buyers who are unable to hold firms accountable by regular follow-up visits. They understand that buyers have clout and that their employers will take all precautions to satisfy them. As one worker remarked:

“Levis is like a semi-God to the Chinese” (Factory Worker 4M1GG).

The changes only take place where necessary and when there is pressure to do so:

“When buyers come, we are given new masks, otherwise we use the same old and dirty ones.” (Factory Worker 5F3TY)

“The machines we use [as operators] don’t have the tubes which would normally suck out the dust. Only when buyers come do the managers give us bags which collect the dust.” (Factory Worker 5M2PX)
“There are hazardous chemicals in the washing area, which are always hidden when buyers come.” (Factory Worker 4F2CY)

“All the doors are locked with padlocks and they only open the doors when the buyers come” (Factory Worker 10F4HK)

While it is often the case that nothing beyond minimum requirements is addressed, there are instances where management do make changes they are committed to and which endure over time. Workers from one factory reported that their owner buys them new gumboots every year (as a side note, it turns out it was workers from only one section of the factory, adding to the issue of inconsistency). Workers in Maputsoe get Friday afternoons off, as a result of negotiations between unions and management because workers insisted that their working hours made it impossible to withdraw their earnings at the end of the month and that they needed this time to take care of other personal and home-related matters. Management agreed to this and acted by adding one additional hour per day, Monday through Thursday, allowing an afternoon off at the end of the week.

At another extreme is blatant non-compliance that is covered up when audits take place or buyers visit, demonstrated in the following remark by one worker during a group discussion:

“When buyers come, some sections are closed and locked [such that the buyers don’t even see these areas].” (Factory Worker 5M2PX)

“They close the painting section when buyers come.” (Factory Worker 4M5GG)

These are usually the spraying and sandblasting sections, which evidently involve the use of both unsafe equipment and hazardous chemicals, which workers (including some pregnant women) in neighbouring sections are exposed to.

Compliance with the minimum wages and main conditions of employment is therefore not the major issue for most workers. What is important for workers is how factory owners go beyond the minimum expectations, how they interact with workers, what opportunities they provide them with, and whether they afford them a safe and healthy working environment. The field work for this study has highlighted the importance of training (both craft and supervisory skills), the end-market with whom the factory is engaged, and the importance of the relationship between workers and line supervisors, in particular the role that race plays in that dynamic.

5.2 The supervisor/worker interface and culture

Our initial hunch was that the presence of Basotho supervisors would facilitate a better working environment. They can speak the same language as the workers and understand better the cultural nuances (for example raising one’s voice is a deep affront to the Basotho, whereas Chinese managers tend to speak loudly when conducting business – in many instances even shouting at workers). It was our suspicion that having Basotho supervisors in place would
moderate the flow of instruction from Chinese mid- and upper-management and provide for a more productive working environment. During group discussions with workers, however, these impressions started to change significantly. Workers revealed that the Basotho supervisors generally selected are the ones whom management believes will be tougher on the workers. One worker described such a supervisor as being the one who is quite mean with workers, rude in how they speak, and only ever doing what the Chinese management asks of them:

“There is currently a personnel woman who used to be on the production line. She is a Masotho and she does not talk nicely with the workers. She was a sewing operator but is now doing personnel work because of her unclean language.” (Factory Worker 5F6HK)

The interviewee felt as though the Masotho supervisor was more a friend to the Chinese manager than a friend to workers despite sharing the same culture as the rest of the workers. In a recent focus group discussion with another set of workers, one woman told a story about a Masotho supervisor being friendly with the workers and then being fired for doing so. In support, her entire line of 65 workers stood up and demanded to know why the supervisor was dismissed. The response they received was for two people to be randomly selected from the line and dismissed. The supervisor was not taken back and is now waiting for her case to be heard at the DDPR. Workers in general felt that Chinese managers made their selection of supervisors based on an assumption that these particular Basotho would drive their fellow workers to get the job done. But it is not the skin colour or dialect that appeals to workers; it is the manner in which they are treated.

An interesting difference between East Asian-owned and South African-owned firms was that almost all the former paid a production bonus while none of the latter paid a production bonus, preferring to pay a moderate percentage above the minimum wage. We believe that this could relate to the way in which the East Asian firms are using supervisors because, often, how the bonus is paid out is left to the discretion of the Basotho supervisors. This gives them power to reward those they want to and punish others. The interviews with workers tended to support this view. Workers voiced a concern that the distribution of small rewards and bonuses are often inconsistent and unpredictable. One line may be awarded cooking oil for reaching a certain target while others who reached the same target are not, or some workers are allowed to take their leave when they want, while others are told to take leave when it’s convenient for management. Some people are paid for sick leave (if they can show a slip from an approved doctor) while others are not and, while pay increases are given to some but not others.

In addition to local Basotho being appointed as line supervisors, they also occupy the position of human resource (HR) manager in virtually all firms. Not only has this allowed Basotho to operate in management positions but it has reduced the language barrier (especially in East Asian-owned firms). It has also provided a route for workers or their shop stewards to go for help, to file complaints, and to resolve issues directly. When asking workers about the role that HR managers play in addressing workplace disputes, most agreed that the majority of workplace issues are heard and resolved at the level of HR. They voice their concerns to their shop stewards who then address it directly with HR. It is for this reason that many workers appeared somewhat indifferent about the efficacy of the Directorate for Dispute Prevention and Resolution (DDPR),
although some workers thought it was useful. By comparison, the shop-steward-to-HR path is seen as more effective for resolving disputes.

On the other hand, many workers complained that HR managers tended to side with management and that they are often ill-equipped to deal with both the workers and the upper management to which they report. One woman reported that there are both men and women in the personnel office, including a man who is supposed to do the job but doesn’t, which means that the women have to do it instead. She continued:

“The personnel office contributes to oppression by Chinese. I voluntarily spoke to one of the buyers without being selected and was then taken to the personnel office where I couldn’t leave until I signed a warning sheet. [Furthermore] the HR manager handpicks shop stewards and these are the ones who are called whenever an employee does something wrong – not the shop stewards who are properly elected.” (Factory Worker 5F4TY)

Nearing the end of the same group discussion, when asked if anyone had anything to add, one worker raised his hand and said that unqualified personnel create problems because they are unable to face the factory managers:

“These unqualified personnel shouldn’t accept when workers rights are trampled on, but these people succumb to the whims of employers.” (Factory Worker 5M1CG)

The interviewee also mentioned that when the DDPR makes awards to employees the factory owner will tell the HR manager to pay out of his or her own pocket. This echoed a comment made earlier by another worker:

“Personnel managers are lying to factory managers, otherwise they won’t pay the award.” (Factory Worker 5F4TY)

Otherwise, they are assumed to be responsible for whatever occurred and the owner refuses to pay. As long as upper management signs the check, then HR is off the hook. When this kind of pressure is put on HR by upper management regarding the DDPR, that also puts pressure on workers who want to pursue that track for filing a complaint. As one worker put it:

“DDPR teaches managers about laws but managers deliberately trample on the laws” (Factory Worker 5F4TY)

Although the above paints a picture of the DDPR as something that managers scoff at, it is evident that it has had an important impact, particularly with regard to managers’ behaviour regarding dismissals. They appear to now think twice before they lay people off. Most of the awards issued in the last 10 years have been in favour of employees and generally require the employer to pay compensation in respect of lost wages and/or to reinstate the employees. Initially this might have appeared to be just a rap on the knuckles but repeated incidents of cases
filed and won by employees started to add up and have influenced one aspect of the employment relationship. There are undertones to this, however, and that mainly involves the issue of contracts.

Workers do not always have their contracts explained to them at the time of hire, if they have a contract at all. Some were not sure if it was a contract they signed and others had no idea what the length of the contract was. If and when an employer calls them in to be dismissed, only then are they shown the contract and come to understand how they may have violated it. Should they then choose to take the case to the DDPR, their case is quite weak:

“Contracts aren’t explained to you when you’re hired but after there’s a dismissal or something, management will point out details in the contract which explain why.” (Factory Worker 2F3BL)

One way in which a program like Better Work can help to address this issue is to make sure as part of training that workers understand the importance of having their contracts explained to them. If there is nobody in management who speaks English or Sesotho, someone should be hired to take on this task when new workers are brought into the firms. Better Work can also help by collaborating more closely with DDPR to learn what types of cases are being filed, what the main issues are, how the cases are being dealt with, and what kind of follow-up there is for making sure awards are issued.

5.3 Training

Based on previous work (Morris, Staritz & Barnes, 2011), we suspected that the more complex products being produced by South African firms meant there would necessarily be a commensurate investment in training and skills development. Factory workers in Lesotho are equipped with the basic training (mostly on-the-job) needed to operate a sewing machine. However, if one is to move beyond the basic cut, make, and trim operations, their skill base needs to be diversified. In theory this should lead to a more well-rounded worker and would eventually be the tide that could raise all boats – for the workers, the industry, and the country’s economy. But the current practice is simply to equip workers with one very specific skill which they use over and over again. He or she becomes expert at one task and in most cases workers are hired only for these specific jobs according to their past experience. With better coordination of training, the same workers could be trained in multiple tasks and add more value to the firm and the industry. They would also be happier because they would have the skills needed to move around to different jobs within the firm, rather than doing the same single task year after year.

“People should be trained on different aspects of the job so that they are not just always doing the same thing over and over again. Having different skills is important so that you can move around the factory. I have been working for 27 years [in this industry] and I can do any job in the factory and I am happy.” (Factory Worker 6F6ST)

This comment was one of very few that indicated workers wanted training in technical skills. Where they did suggest a need for that kind of training, they said it would be for the purpose of
eventually leaving their job and starting their own business. Primarily, they indicated a desire to receive training in the law, workers rights, human rights, and what they are allowed or entitled to.

“People don’t understand what amount of money for wages is normal. They are told by their bosses that these are the same wages as elsewhere and that, if they don’t have a job and stay at home, they won’t earn anything. The workers feel it is better to be paid that much than to stay at home.” (Factory Worker 8F7TS)

“I want to attend workshops, to learn about laws, human rights, how to deal with conflicts.” (Factory Worker 9F7S)

“I would want training on human rights and freedom of speech.” (Factory Worker 10M1PR)

“Training should be offered to people who have joined unions because it will set an example and they will want to join.” (10F5TZ)

Earlier research has shown that investment in training can have a positive impact on a country’s long-term development. In part this is because training equips people with the skills they need to take part in the labour market, earn a living wage, and contribute to the economy. At the core of it, training allows people to both provide for themselves and be productive. According to more recent literature on global value chains, training can also equip workers with the skills needed for firms to move up the value chain. If an industry – which in the case of Lesotho is near synonymous with the country’s economy – is to sustain itself, then it must be able to perform more functions in the production process without creating significant extra costs. However, it is understandably difficult for manufacturers to make commitments to investment in training in a place they are unsure will remain an affordable option to continue doing business – in particular where profitability hinges largely on one piece of unilateral trade policy with a short lifespan. The question this poses is what role can Better Work play in this regard, when the long-term outlook for the industry is so uncertain?

5.4 The need for worker involvement in monitoring and addressing non-compliance

Two main points emerge from the interviews with managers and workers. First, we argue that compliance with national labour standards is relatively high because the standards are so low. Second, given general compliance with minimum wages, hours, etc., workers have a different set of concerns about their working lives that go beyond formal standards. These concerns relate to how they are treated by supervisors, consistency with regard to rewards for achieving targets, having improvements to conditions that are sustained, and so on. These are all issues not covered by national labour standards and not dealt with in buyer audits. One reasons is that the people in the best position to comment tend to be neglected in the enforcement of compliance altogether, or are offered compromised forums for doing so (i.e. within sight or earshot of their supervisors).

This study steps outside factory gates and brings together groups of workers who are able to share their experiences and develop dialogue around the issues they face in the workplace.
These group discussions complement the baseline assessment that Better Work is doing of compliance with core labour standards and national labour laws. By spending time with workers in a space where they do not feel scrutinized or pressured to return to work immediately, a rich conversation has unfolded. This feedback should be taken seriously, not only because it serves as a balance against the feedback provided by management, but because it lends insight to the immediate concerns of the workers, the challenges they face both on and off the job, and ideas they have about what will allow them to be better workers.

It should be noted that Better Work does take a more nuanced approach to assessing conditions in supplier factories. They look not only at compliance with core labour standards, wages and hours, but at other aspects of work such as contracts, human resources, and occupational health and safety. The opinions expressed here are not intended as a criticism of the approach that Better Work is taking to ensure compliance but rather as a probe to broaden the platform on which we discuss the issue of social regulation.

From the vantage point of workers, work is made better through things like positive relations with supervisors, realistic targets, witnessing changes that are sustained, being able to approach buyers, and having proper safety equipment. While the last point is included in the process of assessing compliance with labour standards, workers rarely perceive there to be any sustained improvements in the area of health and safety. Many said that they are only required to wear personal protective equipment (PPE) when someone, such as a buyer, is coming through the factory. Or they are given masks but the chemicals are so strong that they still end up inhaling the chemicals through the masks.

"The gas mask filters are changed only after one month but you can see the chemicals immediately. The filter is not strong enough for the chemicals. All four people (in that section) have itchy nostrils. My nose feels blocked, like I have the flu." (Factory Worker 4M3GG)

There is also inconsistency in improvements, for example in the area of increases and promotions. Several workers alluded to the fact that pay increases are awarded arbitrarily and suggested that they are given on the basis of favouritism. Others were more concerned with the fact that the selection process for supervisors is informal and biased.

"If the Chinese like someone, they’ll make them a supervisor."
(Factory 3F4TZ)

"Workers randomly get selected to be supervisors and then become a problem because they don’t know how to relate to the workers."
(Factory 3F5PS)

In addition, there are relatively minor benefits that some factories provide, including transportation for workers, which seem generous on the surface but are not uniform and well thought through. For example when transport is provided to workers they are often dropped off on main roads so that they must walk quite a distance to their homes in the villages. Given that it gets dark early, especially in winter, this can be dangerous, particularly for women (i.e. the
majority of workers). While the night staff can get to work with this transportation, it does not continue to operate during the night. If a worker on the night shift sustains an injury, they are required to wait there until morning for the first round of taxis.

“For those who work the night shift, if you are injured, you must carry on until tomorrow when there is transport. Or if you use [the manager’s] car it will cost you R350. Once a man drank the chemicals thinking it was water. It totally burnt his insides. He just stayed the whole night and then left in the morning when there was transport.”

(Factory Worker 4M1GG)

The same worker who told this story during our group discussion sent me a text message the following morning, which read:

“Morning Kelly! This morning as I report to my work, I met with a friend of mine who was working night shift. He has been crushed by washing machine right on one of his left hand fingers. But they did not take him to hospital by that time because it happened yesterday around ten p.m.”

(Factory Worker 4M1GG)

Workers’ perspectives ‘from below’ provide an important antidote to managers’ views but also highlight that labour standards constitute only a part of what they would consider to be a better working environment. Their involvement is therefore important in the design and implementation of any programme dealing with compliance with labour standards that seeks to generate decent work.

6. Conclusion: some suggestions as to how Better Work should position itself

Our preliminary research on the apparel industry in Lesotho posed two questions for us. We believe, with regard to the first question, that the emergence of a regional value chain stemming mainly out of the location of South African-owned manufacturers in Lesotho, signals that Better Work does have a role to play. The question of what sort of role is more complex. Our research, which is still ongoing, suggests that compliance with minimum wages and core labour standards is not the main issue in Lesotho. One important question is how those standards could be improved, given that low wages and working conditions are a key attraction for further investment in the industry. A second important question, which we focus on in this paper, is what areas should Better Work focus on outside of wages and core conditions. We believe that there are two priority areas on which Better Work can make a significant impact. The first is with regard to training and the supervisor/worker interface. The second has to do with worker involvement in the compliance assessment and enforcement process.

6.1 Training and the supervisor/worker interface

Training is an obvious area that Better Work can focus on, especially given that there has been such a limited transfer of skills from expatriate managers and supervisors to local employees. Training must therefore not deal only with machinist skills but with skills for supervisors and
managers. Importantly, however, our research suggests that the latter training needs to focus on ‘soft’ skills (intrapersonal and interpersonal) as well as technical skills. An important theme emerging from group discussions with workers was the lack of training that their supervisors had in dealing with them. The interviews with managers tended to support this finding, although one needed to read between the lines of the explanation of the need for two sets of supervisors, one East Asian and one Basotho. When we began our research we anticipated that the ‘style’ of the East Asian supervisors might be perceived as abrasive by workers, but our interviews revealed that most of the complaints were directed at Basotho supervisors.

“A Masotho supervisor shouldn’t be appointed at all. The Chinese are actually good people, they are just being spoiled by the Masotho supervisors.” (Factory Worker 7F5TZ)

These findings led us to inquire further as to what Better Work Lesotho is currently doing with regard to training. According to the programme’s training officer, Better Work has been conducting a Training Needs Assessment since July 2011 at firms that have registered with Better Work Lesotho. It is an ongoing process as they do an assessment at every factory that joins the program, so as to ensure the training will address individual factory needs. Some of the courses that the programme has already developed include workplace cooperation, occupational health and safety, human resource management, and workers’ rights and responsibilities. Furthermore, in the next couple of months Better Work will be offering supervisory skills training in Chinese, Sesotho and English to supervisors and human resource managers. The courses cover topics such as supervisory roles and responsibilities, management styles, communication skills, and influencing people. In addition, Better Work is providing training courses in occupational health and safety, including awareness of policies, safety standards, and the management of a safe and healthy workplace.

An emphasis on ‘soft’ skills departs from the common perception that training should focus on technical skills in order to impact on productivity and ultimately contribute to economic development. But it is evident that technical skills can only go so far in the Lesotho apparel industry, probably providing no more than a one-off improvement. Better interpersonal, communication and motivational skills will, on the other hand, provide a more cooperative space within which supervisors and workers can engage to continuously improve productivity and quality. This would also lay a basis for firms tackling more complex products and possibly moving up the value chain. And, from workers’ perspectives, it will mean a much better working environment.

6.2 The need for worker involvement

We believe that Better Work should continue to incorporate a qualitative channel for assessing not only compliance with labour standards but improvements in conditions of work. Specifically, it will be important to find ways in which groups of workers can meet to discuss their experiences, both positive and negative, away from the factory and the scrutiny of managers. This would provide an opportunity for open and honest feedback that will surface those issues that are most important to workers. Finding neutral territory to meet as a group, letting workers define the issues, and setting aside ample time for the discussion to develop and
grow, are elementary yet crucial components to tracking the actual betterment of work in the apparel firms. Such meetings can, furthermore, be validating for workers, can let an individual worker know they are not alone, and provide glimpses of hope to those at the end of their tether.

We recommend that Better Work identify one or two local staff members who can assist researchers in the focus group discussion process. Having a local person to translate and provide insight on important cultural nuances allows for a conducive and respectful environment to have a discussion. It also allows him or her to become familiar with the logistics, the process and the issues involved. In time, outside researchers may withdraw or continue on in different directions but local staff will be able to sustain ongoing engagement with workers.

We are still working through data from our interviews and further fieldwork is planned in Lesotho. Our insights sketched out above are therefore preliminary. However, we believe that we have identified some important issues that can inform Better Work as they finalise the design and implementation of the programme in Lesotho. In general terms, the research points to the value of conducting some research at an early stage in a programme such as Better Work. It provides a baseline against which findings from research done further down the line can be compared and also can usefully inform the fine-tuning of the programme itself. Such research has the added benefit of being able to tap into workers’ perceptions regarding labour standards, compliance and other issues that impact on their working lives. These perceptions can be easily overlooked in an overly formal approach to monitoring compliance with standards, yet are crucial for understanding the areas in which work can be made better for those whose livelihoods are in question.
**References**


