

do not get additional money on top of their salaries for two or more months, they decide to leave the factory. That is why they change working place from one factory to another. It is not because they are interested to move from one factory to another. Particularly, the initial wage during employment is not good enough. In general, the wage is not satisfactory. It might be a little bit better when a bonus or incentive are added to the basic salary. However, still due to the high costs of living, the wage is not enough to make a living.” (BLIP-HRM-2021-9)

A HR manager at HIP describes the impact of turnover on the productivity:

“Operator’s turn-over directly impacts productivity; if we see no turn-over and operators are on their work, the amount of the output increases. Therefore, operator turnover has a direct impact on the output and budget of the company. For example, if daily production is 400 [pieces] and if one operator quits the job, it takes time to replace her/him, and even after replacement, we may not get an effective operator as the former one. When we put the unskilled operator on the line the whole production is affected and the daily output amount may decrease to 300. And also training new employees affects or budget directly.” (HIP-HRM-2021-1)

The challenges of replacement is also addressed by this HR manager:

“The major problem is worker turnover. What is very difficult about this problem is that we have to replace the workers. The challenge is that it is difficult to find experienced and skilled workers. Every company is competing for this kind of workers and this makes the problem very severe.” (BLIP-HRM-2020-2)

2.4 Motivations, working conditions, living circumstances and remuneration of workers

The interviews conducted as part of the JLU study show that the main motivation for workers to seek formal employment in the textile and clothing sector is to be financially independent from their families and even to support them. A common statement among employees is: “I want to change myself.” Quite a few work in the factory so that they can study in the city or complete their education. Many workers say that they like the work as such and desire to learn the sewing as a profession. However, the majority of workers surveyed are critical to very critical of their working conditions, especially with regard to their pay.

As already mentioned, regular working times in most textile and clothing companies are six days per week (Monday to Saturday) with 48 hours per week. In addition, there is overtime, which is not mandatory under Ethiopian labor law.

According to the labor law, overtime work may not exceed four hours per day and twelve hours per week (Labor Proclamation No. 1156/2019, § 67.2). Interviews with employees show that the pressure to work overtime is sometimes high, especially during periods of high order volumes. However, there are also employees who categorically reject overtime, for example because they are married and have one (or more) children, or because they need a long time to get home from work. Many female workers say that they do not want to get home in the dark because it is unsafe for them. Other workers refuse to work overtime because they cannot, or just do not want to work more than the regular hours. Still other employees work overtime voluntarily to supplement their income.

For women workers who have a husband or partner who also has an income, the pressure to work overtime may be less strong. At the same time, married women workers who might have also children, tend more to regular working times.

The Ethiopian government has made great efforts to promote industrial development, but has not created enough adequate housing to accommodate the growing urban population. The lack of affordable housing near industrial parks poses a challenge for textile workers. Since many workers who have moved from rural areas to Hawassa or Addis Ababa are unmarried, they share apartments with one or a few colleagues in order to reduce their living costs. According to the information provided in the interviews, rents remain too high in relation to workers' wages. Many workers pay a monthly rent of approximately ETB 480 per person; however, depending on the location it can be significantly higher. A textile worker employed at a company outside the industrial park in Addis Ababa comments:

"How could a person live in Addis Ababa with a salary of 1,500 birr? How could a person paying 1,000 birr for the housing rent survive with 500 birr that is left? What kind of life is this? If somebody eats breakfast in the morning, he/she may not eat lunch. What is being paid [in the company] does not match our efforts." (OutsidelP-Worker-2021-8)

Dispite her dissatisfaction, the woman continues to work in the factory because of her mother:

"This situation even tempts me to migrate from my country. I spent a difficult life in an Arab country, but I still wish to go there as I believe living in Arab countries is better than living in Ethiopia while working here in the factory. I decided to stay in Ethiopia because of my mother. I love my mother and living away from her is so difficult. That is why I am suffering in the factory." (Ibid.)

The workers' accommodations usually consist of a single room with very basic furnishings and running water in the courtyard. Many of the workers surveyed

are dissatisfied with their accommodations. To save on rent, workers often live on the outskirts of the city, but still share accommodations with colleagues. They have to travel long distances to work, partly because long traffic jams are a daily occurrence in Addis Ababa.

For many textile workers living in the outskirts of Addis Ababa, the journey to the industrial park usually involves walking to the taxi rank, where they have to endure long queues. The taxi takes the workers to the bus station, where they are picked up by company buses in the morning and brought back in the evening. Some of the workers interviewed even say that it takes them 1.5 to 2 hours to get to work. With an eight-hour working day, these employees could be busy with their work for eleven to twelve hours per day (not including overtime).

During an interview, an employee points out that the company bus only leaves once all employees who have worked overtime have left the factory. However, it is not clear if this practice is widespread among companies.

Company buses are not available in all areas of Hawassa or Addis Ababa where workers live. Employees who do not live within walking distance of the industrial park are completely dependent on taxis to get to work if there is no bus stop nearby. In such a case, companies pay a lump sum for travel expenses, but according to the workers, this hardly covers the actual costs, as the lump sum does not reflect price increases due to inflation. During the COVID-19 pandemic, taxis could not be fully occupied, causing the cost per person to almost double during this period, which, according to the employees surveyed, was not fully compensated by the companies.

From the worker's perspective, shift work (which is much more common in the HIP than in the BLIP) has advantages and disadvantages. Among the advantages of shift work is that it is more likely to allow worker's to maintain family and social relationships, participation in church life, taking care of personal matters (including the search for an alternative work), pursue individual educational goals (school graduation, college studies), or run a small business alongside the factory work. A negative aspect of shift work mentioned by workers is the lack of safety on the way home in the dark.

Most of the workers surveyed are very dissatisfied with the vacation and sick leave policies of the garment companies. Workers complain about too few vacation days and too little understanding from their supervisors when they request time off around public holidays. Further, workers complain about a lack of recognition by employers for sick leave, which they see as the most common reason for (unauthorized) absence. HR managers, on the other hand, often have a certain distrust when workers claim they cannot come to work due to illness. In case of absence due to illness, workers have to provide a medical certificate to the employer. If this is available, no deductions are made from the salary and the attendance bonus.

Other points of criticism raised by employees relate to the quality of the canteen food (or the lack of canteens), the quality of in-house health centres/clinics, the one-sided working posture (sitting or standing), the lack of movement and the health impairments caused by this (e.g. back pain, swollen legs). A strikingly high number of female employees complain of kidney problems, which they associate with sitting in the same position for long periods of time. However, kidney problems can also be the result of insufficient fluid intake during working hours and overly strict toilet breaks.

In addition, many workers criticize the lack of respect from their superiors (especially “yelling”), communication problems due to language barriers, lack of promotion opportunities, false promises (regarding pay/incentives and promotion opportunities) in the hiring process (many are recruited through the local *kebele*) or in the employment relationship on the part of superiors (“We expect the promises to be kept, but as we count the months, we may not see the promises fulfilled for years.”) BLIP-Worker-2020-4

The initial motivation to earn a living working in the textile factory was disappointed by many of the workers interviewed. In addition, new arrivals are often unaware of the difference between gross and net wages. This could be due to a lack of communication during the recruitment process. Furthermore, workers are often not aware in advance that performance-related allowances, such as attendance or productivity bonuses, are not part of the guaranteed monthly wage but must be earned each month.

A surprising finding from the interviews is that a significant number of employees say they receive financial support from their families (rather than the other way around) – a fact that was also confirmed by the survey.⁵ The main criticism of the employees surveyed concerns remuneration, which they consider to be far too low and insufficient to cover their living costs in the city, which are constantly rising due to high inflation. The perceived discrepancy between pay and performance was a key issue in almost all interviews with employees. They frequently stated:

“There is a mismatch between workload and salary” / “It’s not proportional”

“The salary is just for survival.” / “It’s not more than having the etikett to have a job.”

Despite high frustration levels, the women workers are trying to gain a foothold in the job. If they come from rural areas, they tend not to want to return to their villages. They often say that the job in the factory “better than sitting at home.” It comes up time and time again: the appeal of urban life is enormous. While almost

5 Cf. at the end of this chapter, p. 89.

all respondents complain about the hard work and poor pay, the same interviews also contain statements such as “It’s very hard, but we don’t want to go back home” or “Everything is better in the city.”

Life in the city is usually associated with amenities such as electricity and clean water, a hygienic environment, and opportunities for education and personal development. It is also associated with financial independence and the hope of earning enough to feed one’s family and pay for one’s children’s education.

There are three types of compensation for the machine operators: 1) base pay, 2) variable pay, and 3) non-monetary, in-kind benefits. Meyer et al. (2021: 6) points out that this is in line with the “International Labor Organization’s (ILO, 1998) definition of income related to paid employment, which consists of the payments, in cash, in kind or in services, which are received by individuals as a result of their involvement in paid jobs.” According to the ILO standards, these

“payments include total cash remuneration, including direct wages and salaries in cash for time worked and work done, including all incentive, shift and premium pay, and the monetary value of remuneration in kind and services such as food, drink, fuel, clothing, the imputed rental value of free or subsidized housing, etc.” (ibid.).

Tab. 7: Direct wages and variable remuneration are often used together to pay textile workers. The following table shows the total remuneration and its individual components:

base wage	incentives	non-wage benefits
entry level	productivity/performance bonus	free canteen meals
advanced level	attendance bonus	free bus transportation
	meal allowance	health care centre (some)
	transport allowance	
	loyalty bonus (some)	
	housing allowance (some)	

Companies either offer meal allowance or free canteen meals. The same applies to transportation: workers receive either an allowance or free transportation on the company bus. Sometimes workers can choose between the options themselves.

Posters detailing the remuneration systems for employees are displayed on the walls of the factory buildings. The information is available in English and Amharic (or Sidama in the HIP). However, the information is not always fully translated into the local languages. With more than 80 different ethnic groups living in Ethiopia, linguistic diversity poses a major challenge for companies. The following ta-

bles show examples of such remuneration systems at two textile companies – one in the HIP and one in the BLIP. The remuneration systems within the industrial parks are heterogeneous, but the differences are minor. Nevertheless, employees change companies even for minor improvements.

Salary examples from Hawassa Industrial Park and Bole Lemi Industrial Park:

The following information is drawn from two posters displayed in factories (one in the HIP and another in the BLIP). They present examples of wage systems.

Hawassa Industrial Park (HIP) – information sheet for workers

Tab. 8: Salary breakdown (data in ETB)

Basic salary	Attendance bonus	Tax	Pension contribution (7%)	Total deduction	Net earning
850	250	50	59.50	109.50	990.50
900	250	55	63	118	1,032
950	250	60	66.50	126.50	1,073.50
1,000	250	65	70	135	1,115
1,050	250	70	73.50	143.50	1,156.50
1,200	250	85	84	169	1,281
1,500	250	120	105	225	1,525

Overtime payment:

- hourly wage multiplied by 1.25 (from 6 AM up to 10 PM), by 1.5 (from 10 PM to 6 AM) – on regular working days
- hourly wage multiplied by 2 on Sundays
- hourly wage multiplied by 2.5 on Holidays

Note:

- All allowances are deductible of tax, exept meal allowance.
- Attendance bonus is only payable for employees who are eligible i.e., for employees who are present for the whole month (working days).

Tab. 9: Tax breakdown:

total income	percentage	deductable fee (in ETB)
0-600	0	0
601-1,650	10 %	60
1,651-3,200	15 %	142.50
3,201-5,250	20 %	302.50
5,251-7,800	25 %	565
7,801-10,900	30 %	955
+10,900	35 %	1,500

Tab. 10: pension contribution breakdown:

employer	employee	total
11 %	7 %	18 %

Bole Lemi Industrial Park (BLIP) – information sheet for workers

Tab. 11: Salary breakdown (data in ETB)

Items	Amount
basic salary per month	1,000
attendance allowance per working day	7.691
transport allowance per working day	7.692
housing allowance per working day	5.77
total salary per month	1,550
income tax (10 %)	95
pension contribution (7 %)	70
total deduction	165
net payment	1,385
company pension contribution (11%)	110

Overtime calculation:

- normal OT hours – $1.5 \cdot 1000 / 26 / 8 = 7.22$ birr/hour
- (starting time from 17:20 – 22.00)
- night OT hours – $1.75 \cdot 1000 / 26 / 8 = 8.41$ birr/hour
- (starting time from 22:00 – 6:00 morning)
- Day Off OT hours – $2 \cdot 1000 / 26 / 8 = 9.61$ birr/hour
- Holy day OT hours – $2.5 \cdot 1000 / 26 / 8 = 12.01$ birr/hour
- Overtime calculation is basic salary divided by 26 working days divided by 8 hours*OT hrs.
- E.G., someone working overtime in monthly total 13 normal hrs.
- Assumption 1) 1000.00 basic salary:
- hourly rate is $1000 / 26 / 8 \text{ hours} = 4.722$ is OT hourly rate
- If you find OT hourly rate amount to multiply by total working hours
- solution = $13 \text{ hrs} \cdot 7.22$ OT rate: 93.86 birr

Working days per month (26 days, except the holiday):

- Normal working hours of 48 hours per week. Except rest days and statutory holidays. Monday to Saturday are working days with 8 hours a day. Where urgent work demands, overtime may be worked in compliance with applicable laws.

Attendance:

- Be at work on time.
- Normal shift: 8:00–12:00, 13:00–17:00
- Breakfast time: 7:20–7:50, Lunch time: 12:00–12:50
- Late coming employees are subjected to deduction of his/her salary.
- Absenteeism will be subjected to bonus and daily payment deduction.

Absence deduction:

If any employee is absent from work in a month's period cumulatively (including sick leave, personal leave, maternity leave etc., except absenteeism, annual leave, marital leave, funeral leave etc.), deductions will be made on his/her full attendance allowance in the following solution:

1. day of absence deduction: full attendance allowance *10%
2. days of absence deduction: full attendance allowance *30%
3. days of absence deduction: full attendance allowance *60%
4. days of absence deduction: full attendance allowance *100%

Salary classification usually takes place at the end of the induction period, the length of which varies from company to company. Newcomers are paid based on the company's entry level wage, but sometimes also according to their skills and previous work experience (if a letter of experience from a previous employer is available). Some companies also offer annual salary increases, but from the workers' point of view they are very small and do not really serve as an incentive. The monthly salary is usually increased through productivity/performance bonuses (if employees qualify for them) and regular practical tests to evaluate the efficiency and quality of the delivered work. These tests usually take place every three to four months. Remuneration in the companies is essentially based on skills and performance and has only little to do with the length of employment. In interviews, workers often complain that workers who are relatively new in the factory may receive a higher pay than long-serving employees, which they consider as unfair.

Advancement opportunities are non-existent for the majority of the operators, as companies only need a limited number of jumpers, line managers, product/quality managers or supervisors. The middle management level (human resources managers) is mostly filled with male Ethiopian staff (or expats).

Most of the operators interviewed wish for an increase in the basic wage (not necessarily an increase in incentives). They desire more security, which the incentive system does not provide. Nevertheless, as mentioned before, some workers prefer companies that pay higher incentives in exchange for a lower basic salary. These are mostly unmarried women who hope to increase their earnings in this way through appropriate performance. However, workers do not always qualify for the monthly performance-based allowances. Furthermore, given the six-day working week, many find it difficult to regularly meet the requirements for the attendance bonus. Employers, on the other hand, prefer the system of incentives instead of an increase in the basic salary to secure and to increase the productivity.

The productivity (or performance) bonus and the attendance bonus are the most common types of incentives. Companies pay their workers who qualify for the bonus between ETB 300 and ETB 500 per month (for the productivity/performance bonus) and between ETB 200 and ETB 250 per month (for the attendance bonus). However, the attendance bonus may range between ETB 100 to ETB 500 in the industrial parks. The most common measures taken by employers to respond to absenteeism are reducing or eliminating attendance bonuses or deducting wages. While some companies deduct the entire attendance bonus for one day of absence, others have introduced a sliding scale of deductions from the bonus. The latter is explained by a worker:

"The bonus is 100 birr and if you are absent, for instance, if you are absent for one day it will be 75 birr, and if there is a 2 day absence the bonus will be 50 birr. If there is a 4 day absence, there will be no bonus." (BLIP-Worker-2020-10)

The way companies deal with employee absences varies from company to company: in general, employees seem to assume that no deductions will be made from their bonus if they submit a doctor's note. In reality, however, quite a few employees report that money was deducted from their salary or bonus despite submitting a medical certificate to the HR department.

Workers find it particularly difficult to get time off for funerals without deductions. However, funerals in particular can take several days (including travel time). One worker explains that in case of absence, the attendance bonus, the daily rate of the meal allowance plus a day-salary would be deducted (BLIP-Worker-2020-6). Other workers report that there is no attendance bonus paid by their employer, so money will be deducted from the basic salary only.

A world bank study states that most studies on wages in the industrial parks “only focus on base pay and largely do not take into consideration bonuses as well as overtime and incentive pay, all of which are commonly used in export-oriented manufacturing” (Meyer et al. 2021: 2). However, in the study of the JLU many workers interviewed expressed their dissatisfaction with the bonus and incentive system. On the one hand, this may be related to the above-mentioned problem of non-qualification for the incentives. At the same time, workers express their perception of unfair distribution of bonus payments, some even suspect fraud or assume arbitrariness on the part of HR managers. In addition, a frequent statement is that front-workers would be preferred over those in the packing department in the incentives. In some interviews with female workers, the problem of taking advantage of workers through good (also sexual) relationship with HR managers is addressed. Workers feel dependent on the incentives because their basic wages alone barely cover their living costs. At the same time, they can never be sure that incentives will be paid. As mentioned before, bonuses (productivity bonus, attendance bonus) depend on the individual qualification – and, according to quite a few workers, also on the subjective “goodwill” of the superiors. Belayneh (2020) strongly emphasizes that additional benefits, allowances, and overtime pay should not be considered part of a fair wage on the part of employers.

One particularly critical employee comes to a sobering conclusion. Like most companies, her employer operates a six-day week, with Sundays off. The normal working day is eight hours long. She reports that sitting (or standing) for long periods in the same position is very stressful for employees. Although this is not actually allowed, some line leaders and supervisors (the immediate superiors) allow employees to get up and move around occasionally. She explains that employees must maintain good relations with their supervisors. If managers catch employees walking around, the supervisors and managers are instructed to send them back to their workplace. The supervisors and line leaders are usually former operators (as employees at the bottom of the hierarchy are called) who have been promoted to a higher position. The worker is disappointed about them, especial-

ly since most of them are fellow countrymen. “They should at least feel like we are their own blood. But they do not have such feelings. They do not understand that we are tired or have been working so hard.” That’s what she says. Whenever employees make mistakes, managers would insult them and threaten them with dismissal instead of giving them advice and support. In her view, the human resources managers are no different (“The whole human resource staff is doing this.”). (BLIP-Worker-2020-5)

“When I come to the workplace every single day, I say ‘we come to our prison house.’ Trust me, there is no way even to breath properly. You cannot not say ‘I am suffering,’ or ‘I have a problem,’ while working in this company. You cannot ask questions when there is a deduction from the salary. The other thing which annoys me mostly about Ethiopians is that they are not educated people. In the past, our mothers and fathers were not educated – but they were able to recognize things. The current generation is not able to think or understand anything! We counted letters for nothing. I do not know what to say. There might be many workers with the same resentment like me, or even bigger.” (Ibid.)

Like most other workers, she considers poor wages as the major problem:

“Salary is, of course, the main problem of the workers. At this time, if you want to be employed as a waitress, the starting wage is 1,000 birr. Here it is 800 birr. They say there are some incentives, like food allowance. But it should be mandatory to give us that money. But they give it to us when they want and deny it when they do not want. The bottom line is: our basic salary is 800 birr. They give us a transportation allowance and food allowance based on their best will. The food allowance is 360 birr. [...] If they are willing to pay, they pay us up to 1,400 birr, but still, there are many deductions from this amount. Pension and others are being deducted from our salary. What is added to the basic salary is being taken away. So, the salary is never enough for us. If we miss one working day, they deduct 400 birr from our income. That is 300 birr from the attendance allowance and a one-day salary deduction from the basic salary, as well as a deduction from the daily meal allowance. So, in total, 400 birr will be deducted for a one-day absence.” (Ibid.)

“[...] we incur more cost than what we get. Our salary is mainly for transportation cost, nothing else. That is why the workers leave the factory job.” (Ibid.)

The employee plans to resign from her job, but only once she has gained further qualifications. She believes she is on the right track: “I feel I have acquired the skill of sewing. Within eight months, I can operate all the machines and know how to

sew with them.” Generally, learning about the profession depends on the support of your bosses,” she says. (Ibid.)

Due to constant inflation, it is difficult to assess what would be an appropriate “living wage” for the Ethiopian textile workers. According to a press report published in 2021, “macroeconomic woes, especially inflation and a continuously depreciating birr over the past three years, has lowered household incomes and made the going tough” (Addis Fortune, Aug 7, 2021).⁶ In 2022, the Ethiopian Statistics Service reported an inflation rate of 34.7%, food inflation was even as high as 43.4 % (Addis Fortune, April 7, 2022).⁷ Prices for basic foodstuffs are particularly affected by the steady inflation. In February 2023, the price for teff (a staple grain in Ethiopia) reached above ETB 7,000 per quintal (100 kg) in Addis Ababa, which resulted in a price per kilogram of teff of ETB 70 (The Reporter, Feb 18, 2023)⁸, while the price for 5 litres of cooking oil was ETB 1,200 in November 2022 (The Reporter, Nov 19, 2022)⁹. According to an informant in Wolkite, the price for one liter of edible oil was ETB 220, and the price for 1 kilogram of teff was ETB 60 in February 2023. Housing rents differ widely based on the location, however it can take ETB 4,000 a month to rent a small room in the Addis Ababa (Addis Fortune, Aug 7, 2021). According to data from the National Bank of Ethiopia (NBE), inflation remained high also in 2023 (28.7 % in December 2023). According to the NBE, the annual inflation rate was 29.4 % in January 2024 and 15.5 % in January 2025 (Ethiopian Business Review, June 8, 2025).¹⁰ However, it is important to note that, although inflation has fallen slightly recently, it remains a significant economic challenge, particularly affecting real wages, as rising prices (especially for food and house rent) erode the purchasing power. This is also reflected in the foreign exchange rate: while the basic wage of employees at the time of the study was around US\$26, it stood at US\$10.61 in June 2025.

In a group interview, three female workers who are colleagues in a company in the Bole Lemi Industrial Park calculate their ‘potential’ wages in relation to the amount they believe would be needed to make a monthly living. At the time of the interview, the female employees had been with the company for 1, 3 and 5 years

6 How much monthly income provides decent living? By S. Berhane, in: Addis Fortune, August 7th 202, <https://addisfortune.news/how-much-monthly-income-provides-decent-living-2>.

7 Holiday Markets Daze, Confuse Consumers. In: Addis Fortune, April 22, 2022, <https://addisfortune.news/2022/04>.

8 Teff prices skyrocket, farmers blame authorities, hoarding intensifies. By H. Tesfaye, in: The Reporter, February 18, 2023, <https://www.thereporterethiopia.com/31147>.

9 Ministry seeks disbursement of \$50 mln for crude palm oil import. By S. Bogale, in: The Reporter, November 19, 2022, <https://www.thereporterethiopia.com/28019>.

10 Ethiopia's inflation rate drops, but conflicting reports emerge. In: Ethiopian Business Review, June 8, 2025, <https://ethiopianbusinessreview.net/ethiopias-inflation-rate-drops-but-conflicting-reports-emerge>.

and earned a basic salary of between ETB 1,600 and ETB 1,800. According to them, the entry level basic wage in the company is ETB 1,400. In the group interview, the workers explain:

“In the current job, we could get up to 3,300 birr, including the overtime job. We are working until 6:30 PM and we also work on Sunday. If we do not work overtime, we could earn up to 2,200 to 2,600 birr. We get the 2,600 birr if we do not have any absent days in a month. The amount of salary that would help us make living depends on the way somebody manages his living. But I would say we need a minimum of 5,000 birr to make living.”

“If somebody refuses to work on Sunday while there is an order, the employer will deduct money from our income. They do not pay us the discipline bonus. We could lose up to 1,000 birr if we are absent on Sunday.”

“There will be a deduction from the attendance bonus, performance bonus, and discipline bonus, and we will not be given the lunch allowance for that particular day.”

“Currently we have a lot of orders. Whenever there are such orders, we could get only one day rest throughout the month.”

“There is nothing called rest day. As long as there is an order there is no rest, even though the national calendar says it is an off day. They force us to come to work.” (FGI5-BLIP-2022)

It is not entirely clear from the above whether overtime is also required by the employer in excess of the deductions, which would be contrary to the law.

The overwhelming majority of employee's surveyed rate their own work performance very highly, while managers tend to have the opposite view. A company manager at the Bole Lemi Industrial Park states:

“Their [the workers'] attitude does not match what is required from them as industrial workers. There is a feeling among the workers that they have worked a lot even if they did not work a lot.” (BLIP-CM-2022-4)

In a conversation at the Bole Lemi Industrial Park in 2022, a HR manager stated that although companies had recently increased their productivity, they were not communicating this openly in order to maintain their argument for low wages. He points to another unethical practice in which companies change their names in order to extend their tax-free period and give employees new contracts so that

they have to start from scratch. In this way, the companies could avoid small salary increases for the employees, which in some companies amount to ETB 100 to 200 per year.¹¹

According to a recruiter surveyed, employees lack long-term prospects in their job:

"The work in the garment industry is performance-based. Success comes from the workers' efforts. For instance, if we look at the payment: the incentives have a bigger package than the basic salary. If an operator works hard based on his/her efficiency, he/she can succeed in a short time. I know operators who reached the executive's level. Their payment was small, but now they are getting a bigger salary. So here, one can succeed by working hard only. If one operator meets the daily target, she/he can get a promotion, and the incentive is also based on her/his daily performance." (HIP-Recruiter-2021)

However, for the majority of employees, opportunities for advancement are very limited. Although they are entitled to bonuses and (small) annual wage increases, promotion to a higher position is only available to a few, as demand for such positions is low. The textile industry relies heavily on low wage labor and the production is mainly based on the work of machine operators. It cannot therefore be the actual goal of company management to ensure that as many women as possible climb the career ladder and gradually increase their salaries. It is not for nothing that the sector advertises itself as offering low-threshold jobs for 'unskilled' labor. In the interviews, employees emphatically emphasize their desire for career advancement and learning the profession, while the HR managers usually claim the opposite, like this manager does:

"[T]he problem is that the workers do not see this job as career development. I think one of the reasons for turnover is this issue. They do not have the vision of upgrading themselves in this profession. They come here temporarily maybe until they finish their education or until they finalize the process of the visa to go to an Arab country. And some are coming here just for the sake of being free from living with their families. Some others are coming with the intention of not being dependent on their husbands. These are mostly the reasons why they join the factory. They do not see it as a profession with which they could be able to develop their career." (BLIP-HRM-2021-1)

But managers also have some self-critical perceptions:

11 Conversation with the HR manager during factory visits in the Bole Lemi Industrial Park, Addis Ababa, August 2022.

“It is not the only wage that causes turnover. If the method of handling the human resources is not good enough, the workers leave their job.” (BLIP-HRM-2021-2)

The same HR manager (he works in the BLIP) addresses the importance of canteen food:

“The major change we want to make is on offering food at the workplace. We are planning to offer breakfast as well. Our buyer is a Jew, and he is very positive and human. He says that he does not want to see employees being hungry and work in the factory. He says that ‘please offer them food’ and ‘the workers should never be hungry.’ He is right, if we make a comparison between the workers and a cow, the cow may not give you milk if you do not give her enough food. It is the same in the case of the workers. While the workers are with an empty stomach, they may not deliver how loud you shout or devise a system. So, solving such problems the workers face is the strategy we would like to follow in the future.” (BLIP-HRM-2021-2)

This manager finds it very difficult to expect high performance from workers when he knows that many of them are going hungry. He believes that the Ethiopian government should set a common wage framework for industrial parks, as he knows that workers cannot live on their wages.¹² Demands for a minimum wage have not yet been met, even though they are sometimes voiced by human resources managers themselves. The suffering of the workers is often “heartbreaking,” this HR manager admits. He goes on to explain that the government doesn’t get it when it says that workers in industrial parks have a chance to improve their lives, when in reality their jobs don’t let them build a better life. If wages do not last until the end of the month and workers cannot even feed themselves properly, let alone buy clothes or other everyday necessities, what is the point of this employment, he asks. (Ibid.)

In their research, Oya and Schäfer (2021: 11) point to the existing global framework conditions that conflict with fair wages:

“Many conflicts result from the collision of productivity imperatives on the part of firms tied into demanding, but badly remunerated segments of global production networks with the expectations of workers with limited prior experience in industry, who assumed international firms would pay better.”

From the employees’ point of view, the problem of staff turnover can be solved quite easily. One employee sums it up simply:

12 See also: Ethiopia textile industry faces wage and skill challenges, <https://www.globaltextile-times.com/news/ethiopia-textile-industry-faces-wage-and-skill-challenges>.

"Workers will be happy and there will be no staff turnover if the salary is adjusted and increased, if the working times have changed and if they the [companies] serve healthier food." (HIP-Worker-2020-8)

The central points of criticism are repeated in the interviews with both the women workers and the ex-workers interviewed, e.g:

"I was excited about working in the public sector. Since I was jobless, like everyone else, I was thinking of changing my life. Even if there are people who helped themselves in that situation, the salary was not equivalent to the time and work-force spent there. [...] My expectation and what I found was different. There was labor exploitation, high workload, there was no freedom, everything was tough." (HIP-exWorker-2021-1)

"I joined the factory because of a lack of other alternative jobs in the market. The job is not interesting. It is full of arguments. We stay there from 7:00 AM to 7:00 PM. There is no freedom as well. They [the managers] do not permit the workers to go home even if somebody gets sick at the workplace. [...] Moreover, the payment is very low." (BLIP-exWorker-2021-FCI)

The atmosphere and collegiality in the workplace, as well as the relationship with supervisors, are assessed differently by workers in the interviews. However, there is particular agreement on the main points of criticism regarding the imbalance between workload and pay, as well as dissatisfaction with the canteen offerings.

Implemented measures to reduce turnover and absenteeism

In the past decade, companies implemented various measures in order to reduce the high rates of labor turnover and absenteeism. The measures are partially effective, but have not yet brought the desired success overall. The measures include in particular the following:

- Incentives, additional benefits (productivity/performance bonus, attendance bonus, discipline bonus, free lunch or meal allowance, or free transportation by company busses or transportation allowance)¹³

13 Companies handle non-wage benefits differently. One reason why many companies prefer to offer canteen meals (instead of paying a meal allowance) is to avoid workers saving the allowance and work with hungry stomach, which would increase the risk of workplace accidents and reduce worker productivity.

- Training for employees (for a better understanding of the industrial processes, also training on family planning), training for managers (soft skills, employee retention)
- On the initiative of BLIP, a cooperative was founded in which textile workers can become members. In August 2022, the association counted 5,000 members. The cooperative runs a store on the premises of the industrial park, where food is sold at reduced prices.
- Free accommodation with meals for textile workers on the premises of the industrial park (Shints, Bole Lemi Industrial Park). The Industrial Parks Development Cooperation (IPDC) is trying to motivate more investors to build accommodation for workers on the grounds of the industrial parks.
- Some companies have adapted the attendance bonus so that workers do not lose the whole bonus if they are absent for one day in a month (instead, deductions from the bonus are staggered), so that the workers' motivation to attend is maintained for the rest of the month.
- Construction of an "Education Center" so that workers can complete their secondary education on the grounds of the industrial park (Shints, BLIP)
- (Informal) poaching measures in form of agreements between companies not to hire workers from other companies (not effective, and not legal as workers have the right to choose their work freely)
- Workplace daycare centres for children of employees at the Bole Lemi Industrial Park
- Health care centers for employees
- Human resource personnel: predominantly occupied with Ethiopians to promote cultural sensitivity and good communication
- Introduction of human relations personnel to improve complaint management system
- Modification of working hours by some companies (abolition of night shifts, 5-day week instead of 6-day week with unchanged number of hours: 48 hours/week, work on Saturdays/Sundays is paid on an overtime basis)
- "Informal payments" to keep "good" workers (problematic informal strategy)
- Arrangements/collaboration between HIP and college for examinations to be held on premise of the industrial park
- Support with the search for accommodation (cooperations with communities, or with municipalities that rent out private housing)
- Keeping the training period short (as most of the turnover is linked to the early stage of employment, when workers do not receive incentives/bonus payments)

Key findings from a standardized survey of women workers at Hawassa Industrial Park and Bole Lemi Industrial Park

In the following, some key results of the survey in which 456 textile workers at HIP and BLIP participated are summarized (for the full report see Semela et al., 2023):

Salary

- At the time of the survey, the average (median) monthly base salary is ETB 1,449 (equivalent to approx. US\$26 at the time of the study, and US\$10.6 in June 2025).
- The average starting base salary in textile companies is ETB 864.
- Reported salaries in BLIP are significantly higher than in HIP: while the average starting salary in HIP is ETB 841, in BLIP it is ETB 1,016. The differences in average salary are significant: the mean value of the basic salary is ETB 1,349 in the HIP and ETB 2,110 in the BLIP.¹⁴
- Bonuses and other additional payments from the employer form a significant part of the actual income of the workers. If these are taken into account, the differences between the two IPs still exist: while the average income including bonuses in HIP is ETB 1,770, in BLIP it is ETB 3,012.

Living expenses

However, this difference between the two industrial parks is greatly put into perspective when the average cost of living is taken into account. The average cost of rent and food is significantly higher in Addis Ababa than in Hawassa, as confirmed by the survey. (The average expenses based on all respondents at HIP and BLIP: rent = ETB 479, food = ETB 887, transportation = ETB 277)¹⁵

The majority of the study participants *disagreed* with the statement that the compensation paid was sufficient to cover living expenses: 34.2 % (n=156) selected the response “strongly disagree” and 54.4 %, (n=248) responded “rather disagree.” In addition, the majority of respondents (89.5 %, n=408) agreed with the question-

14 To put this into perspective, however, it should be noted that the survey represents a much greater diversity of companies in the HIP (17 of 22) compared to the BLIP (3 of 10). Most interviews of the survey (396) were conducted at Hawassa Industrial Park, which hosts 22 textile and garment companies (with up to 30,000 workers at the time of the study), while a smaller proportion of the interviews (60) was conducted at Bole Lemi Industrial Park, which hosts 14 multi-sectoral companies (with about 18,000 workers at the time of the study), 10 of the companies producing garment. (Cf. Semela et al., 2023: 77f.).

15 The amounts refer to the actual average monthly expenditures, they do not say anything about what is needed to cover the basic needs.

naire's statement that the cost of living would not be affordable at all without the allowances (incentives, overtime pay, etc.).

Support from families

66.9 % (n=303) of 100 % (n=453) of respondents, despite working in the textile factory, receive financial support from their families (according to the interviews, this is mainly related to rent payments, college fees and transport costs). This applies particularly to workers in the HIP (71.9 %) and less to workers in the BLIP (32.8 %). Only 19.6 % (n=89) stated to provide financial support to their family, while 11.5 % (n=52) of the respondents indicated that there is no mutual support between them and their families.

Employee (dis)satisfaction (concerning the relation between workload and salary)

To the statement "My pay is proportionate to the amount of work I do, my job performance, and the length of my employment" (see Table 10, Semela et al., 2023), 47.8 % (n=128) answered with an emphatic no ("strongly disagree") and 46.5 % (n=212) answered with no ("rather disagree"). That means 94.3 % (n=340) of the respondents were not satisfied with their payment.

Housing

19.7 % of the respondents (n=90) rated their accommodation as "bad" and 24.8 % (n=113) as "very bad." A great majority of workers (70.2 %, n=320) would like to stay in dormitories on industrial park ground if it was offered by the company, although this is not an option for married women.

Turnover intention

The survey also assessed the participants' intention to leave the textile factory (turnover intention). Overall, it is clear that far more than half of the employees surveyed see no future in their current employment relationship (over 60 %).

The statement formulated in the questionnaire "I plan to stay with this company for a long time" was denied by 54.4 % (n=248) of the respondents by choosing the answer category "rather disagree," while 8.3 % (n=38) of the respondents even "strongly disagreed" with the statement.

2.5 Fair and sustainable jobs? Suggestions for the way ahead

Compensation plays a central role in employee retention, albeit not the sole one. So far, this aspect has not yet been seriously addressed by companies. To improve the unstable labor situation, “social sustainability/ social compliance” should be considered in greater depth. The Ethiopian Investment Commission (EIC et al., 2020: 37) identifies the following key problems and challenges of Ethiopia's Textile and Apparel Sector:

- Investors often underestimate the importance and impact of labor and social issues. Only when they have reached full operational strength they try to manage the symptoms of dysfunction, such as absenteeism, turnover and strikes.
- Employers rarely conduct a thorough causal analysis to determine the true causes of conflict and, as a result, operate with low efficiency and profitability.
- Government agencies often fail to provide the necessary social infrastructure for the production site. The initiative to develop investment zones usually comes from the Ministry of Trade or the Ministry of Finance, without sufficient consultation with the ministries responsible for the labor market, housing, transportation and social services.
- Workers have difficulty adjusting to the rhythm and discipline of factory work.

The report concludes that “[e]ven countries that have a statistical oversupply of labour and attractive nominal wage rates may not be able to ensure a competitive supply of labour to zone factories because of dysfunctional labour, housing, transport and other markets” (ibid.).

The following table outlines actor-specific recommendations, which were developed from the research findings. The recommendations are largely in line with those formulated by stakeholders in the Ethiopian textile industry (cf. Mitta, 2023).

Companies

- Increase basic wages to at least living wage level (also against the background of high inflation and presumed increase of productivity in companies); employees should be able to cover their living expenses from their basic salary; employers should not view wage incentives and overtime payments as a fixed component of monthly remuneration; according to interviews with operators, the basic wage is far too low to cover basic living costs in the city; even when incentives and non-wage benefits are included, the vast majority of workers perceive their remuneration as inadequate; companies should also address the