

<b>on-the-job factors</b>	<b>T/A</b>
unethical practices of some textile companies: change of company name in order to 1) avoid taxation of income after tax-free period (tax-exempt period is extended in this way); 2) undermine salary increases for long-term employees as employees are given new contracts when the company changes its name lack of transparency on the part of companies regarding productivity/efficiency gains in order to keep workers' wages low involuntary termination: dismissal by the employer (e.g., due to inefficiency or lack of discipline on the part of the employee; dismissals apparently also in breach of contract)	T

Tab. 6: external causes (T/A = turnover and absenteeism)

<b>off-the-job-factors</b>	<b>T/A</b>
number one: poor work ethic among employees (and thus low productivity, which justifies low wages)	T/A
agricultural background of employees (different work habits in agriculture); lack of experience with formal wage labor (duties, rights, contracts, regularities, formalities such as medical certificates in case of illness, timely application for leave); problems adapting to factory work (punctuality, regularity)	T/A
park-internal competition (poaching), "They will change for 50 birr"	T
religious holidays, cultural festivities	A
pride/sensitivity of the Ethiopians (workers hardly tolerate harsh tone or other disrespectful treatment by superiors)	T/A
education (school graduation, college studies)	T/A
social, family responsibilities (marriage/motherhood, nursing, childcare, funerals, weddings)	T/A
pressure from families to terminate job in the factory	
migration to another area	T

## 2.3 Experiences of management personnel and (women) workers

For the textile companies, high rates of (unauthorized) employee absences are a major challenge. To compensate for the daily absences, the companies use "jumpers" who are trained on different machines and can therefore be used flexibly. A human resources manager in a garment company at Hawassa Industrial Park explains:

"One production module has 20 employees. So out of 20 employees, 18 employees are machine operators. If one of them is absent, you have jumpers to cover. But, let's say, the percentage of jumper's is around 3 to 3.5%. So let's say, the absentee-

ism is more than 3.5%, then we cannot balance, so the line has to stop. So still we don't know the correct equation for Ethiopia." (HIP-HRM-2020-2)

According to the same HR manager, absenteeism rates tend to be lower in companies that operate on a shift basis, as employees have more time to attend to their personal matters such as family commitments or college classes.

"The first fundamental challenge is employee turnover; the other major challenge is absenteeism," says another HR manager at HIP. He compares the situation to Asia, where, in his opinion, female workers understand industrial work processes, unlike Ethiopian workers. He believes that many female workers at HIP work in the factory while studying in the city. He believes that unexcused absences are often related to female employees attending college courses, taking exams, and studying for their degrees, which causes them to be absent from work for days at a time. He reports that companies sometimes dismiss employees because of their frequent unexcused absences. The company he works for operates with a six-days-week (48 hours). For example, if the absence rate on Saturdays is 20% because employees are continuing their studies, this poses a major challenge for the company, he says. (HIP-HRM-2021-4) Interviews with other managers and employees (especially in the HIP) confirm that many employees study alongside their work.

There are various reasons for the high absenteeism rate among employees. On the one hand, employees do not always seem to adhere to company rules and do not ask for permission when they want to take time off. Instead, they stay away without giving any reason, which means that the employer has no way of planning ahead for their absence and compensating for it.

Employers try to raise awareness among employees of the necessity and procedures involved in formal employment through training courses. However, the employees surveyed stated that requests for leave (e.g. for family reasons) were rejected by their employers in most cases, especially during busy periods. According to interviews with employees, this is one of the main reasons for unexcused absences. They say that even in cases of illness, absences are often not recognized by employers. The following statements from HR managers point to another problem that leads to absenteeism (and turnover):

"Unauthorized leave is when a person disappears for a day and comes the next day with reasons. So, to avoid this, we try to tell them to use the authorized way as much as possible. We motivate them by giving annual leaves. Some companies do not do this, but here, based on their service, we provide annual leave." (HIP-HRM-2021-4)

"The law says that a person has to work for at least five months before being allowed to use the annual leave days. But, when we see they [the workers] have a

genuine problem, we allow them to make use of the annual leaves. One of the reasons for turnover is not allowing the workers to use their annual leaves. Some workers may have to go to their families when somebody passes among their relatives. When they go to their families, they may stay there for a week, or some may stay until forty days.” (BLIP-HRM-2021-2)

Apart from the fact that employees sometimes stay away from work for weeks at a time without permission, which is unacceptable from a company's point of view, the handling of annual leave – especially in the first year of employment – is of great importance when it comes to identifying the causes of staff turnover and absenteeism. Apparently, companies handle the holiday regulations differently. Not all companies seem to comply with the legal provisions according to which workers are also entitled to leave in proportion to their length of service in their first year of employment. The Ethiopian Labour Proclamation states that workers are entitled for 16 days of holiday in the first year of service and one additional day of holiday for every additional two years of service (77.1, a and b, Labour Proclamation No. 1156/2019). The proclamation also regulates vacation entitlements in the first months of employment: “[w]here the length of service of a worker is below one year, the worker shall be entitled to an annual leave proportional to the length of his service” (section 77.5).<sup>3</sup>

Another HR manager believes that the problem of unauthorized absences could be reduced by providing more intensive training for operators to make them more aware of the industrial work system:

“They come back and ask if they could continue. But it is impossible to re-join after a long period of absence. The problem is that the workers did not get enough soft skill training, and some do not have an awareness about the company. A company has rules and regulations, and the rules should be obeyed. When they go to their families, the labor law allows them to stay for three days if a person passed away who was related to them to the extent of an uncle or aunt. Yet, the worker does not obey the laws. They might go to Wellega or Gonder and come again after fifteen days. They come again after we have removed them from our employee list. One of the reasons for turnover is this. The problem is that they do not bring any confirmation letters when they go to their families for reasons related to mourning. If they bring a letter [from the *kebele*<sup>4</sup>], we might allow them to get back to work, but

3 Labour Proclamation No. 1156/2019, <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/109825/136386/F-1056558301/ETH109825.pdf>.

4 A *kebele* (Amharic ቀበሌ *qäbäla*) is the smallest type of administrative district in Ethiopia and usually consists of only one village unit.

they do not bring any letter. The workers do not have an awareness of the rules and regulations.” (BLIP-HRM-2021-2)

Even if the HR manager’s reasoning is understandable, such training cannot resolve fundamental conflicts of interest between employers and employees regarding their different needs when it comes to vacation planning. According to most of the HR managers and company managers surveyed, absenteeism and staff turnover are particularly high after the holidays. Employees often return to work days or weeks after their vacation without giving any reason. Managers report that employees sometimes do not return to work at all after their vacation. Both employees and managers say that families often persuade employees to give up their jobs at the factory and stay with them or find other work in the city.

A worker at a company at BLIP explains her view on the problem:

“Absenteeism is very common during spiritual holidays. Epiphany, Easter, and Christmas are the holidays in which absenteeism is so high. Previously, we attempted to make up for two days of rest during a holiday by working extra hours or working on the weekend. However, absenteeism continues to be a major issue. As a result of these factors, our bosses are no longer willing to let us work compensation before holidays. The problem is that most of the workers are going to families located far away and during the holidays it is quiet difficult to find transportation access. Due to this, they may not be available for a few days after the end of the rest days.” (BLIP-Worker-2021-9)

Certainly, non-compliance with formal rules can be partly attributed to the fact that many employees have no experience of formal employment. However, employees’ behavior could also be interpreted as a lack of commitment to the company, which may be due to difficult working conditions. This interpretation is based on numerous interviews with employees who work six days a week (Monday to Saturday) and find this to be a very high workload, especially when overtime and/or Sunday work are added to regular working hours and daily work pressure is also taken into account. When employees want to visit their families in rural areas, many have to plan a whole day for the trip. In interviews, employees report that they often do not have reliable transportation to get to their families. The long distances to their families and the lack of transportation options, combined with very limited vacation days (16 days of annual leave or little to no vacation in the first year of employment), also appear to be important reasons for the high absenteeism and dropout rates.

Some employees actually tell their employer that they are leaving the company. Interviews with employees reveal that employers sometimes try to cushion the impact of staff turnover by withholding the reference letter for the departing

employee (and thus their departure) until a replacement has been found. One HR manager comments on this as follows:

“For example, many workers come to our companies for employment and argue that they have experience in one of the companies operating in the industrial park. When we ask them for their work experience, they tell us that the company is not willing to give the letter of experience. But the law says every worker is allowed to ask and be provided with the experience letter when they ask for it. But the workers do not know about their rights and responsibilities. They do not ask for it. In our company, what we do is that we give their work experience while they are working. But in some companies they do not give the workers their experience letter even after they left the company.” (BLIP-HRM-2021-2)

According to HR managers' estimates, most job terminations (approx. 80%) occur within the first three months of employment. After six months of employment, workers are more likely to join the regular workforce, whose employment may last for years. Many drop-outs occur directly after the training period. During this period (which varies among companies but can take up to 45 days), trainees receive only the basic wage and no performance-related bonuses. Out of disappointed expectations and because of the difficulty of living on the basic wage alone, many workers apparently take the training but leave the company immediately after completing the training. Keeping the training period as short as possible is therefore also a strategy for companies to reduce the number of dropouts, as a HR manager tells in the interview:

“Last year it [turnover] was 4%, which is very good for me. Now it will be around 6% because we are on the training and they are not getting incentives, so I think this is making them look for other options. We are trying to speed up the training pace and start production soon to reduce the turnover.” (HIP-HRM-2021-4)

A similarly difficult situation exists in the case of maternity leave. During this four-month break, workers naturally receive no attendance bonus, no performance-related allowances and no meal allowance (or free meal). (Also during the pandemic lockdowns in 2020, many companies sent parts of their workforce on paid leave. Again, workers received only their basic salary, with no allowances or incentives.)

A worker at a company in the Bole Lemi Industrial Park describes the generally difficult situation for newcomers who usually get paid on an entry-level basic wage and do not yet qualify for incentives:

“When somebody gets employed, the salary is around 850 birr. The newly joined workers do not have any kind of incentives apart from their salaries. When they

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.