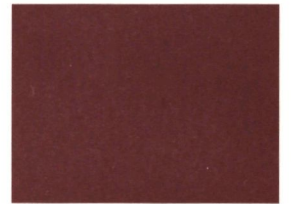


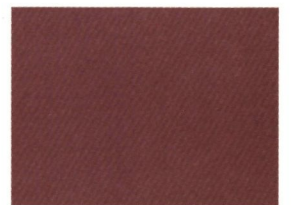
Dezign Inc.:
**A profile of a textile printing
and clothing manufacturer
in Zimbabwe**

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SOMO
januari 1998



s o m o

stichting onderzoek multinationale ondernemingen
centre for research on multinational corporations



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Scope of the research

This study was conducted by Somo, research centre on multinational corporations, for NEWS. Somo was asked to make a company profile of Dezipn Inc, a textile printing and clothing manufacturing company in Zimbabwe along the lines of the Fair Trade Charter, recently signed by the company.

The study was to include labour conditions of the two main supplying companies. This resulted in the company profiles of Kutaura Enterprises (pvt) Ltd and Beekay (pvt) Ltd.

The research on these three companies was conducted as a part of wider study on labour conditions in African clothing industry. In 1997 Somo conducted research on the clothing industry in Mauritius, Kenya, Madagascar and Zimbabwe.

Somo conducted the research through field research which followed a study of the available literature on Zimbabwean clothing and textile industry. In August 1997 interviews were taken from company managers, workers, trade unionists and government officials.

As the Dezipn Inc. case is concerned the information is acquired through interviews with three members of the management, the director, the marketing manager and the environmental manager and 6 workers. The interviews were all taken in the factory during working hours, with full cooperation of the Dezipn Inc. management. Other information is collected from an interview with the Assistant Secretary of the National Trade Union for the Clothing Industry, J. Tanyanyanywa. Other sources were printed matter presented to me by the management of Dezipn Inc. and Artisan du Monde prior to the fieldwork.

Pit Gooskens

The Zimbabwean clothing industry

Industrial development

When Zimbabwe became independent in 1980 it was the most industrialised economy from sub-Saharan Africa except for South Africa. Zimbabwe was colonised by the British and was called Rhodesia, after their political leader Cecil Rhodes.

After Independence Zimbabwe was led by President Robert Mugabe of the Marxist oriented ZANU PF. The economy was run according to socialist closed economy principles.

Inefficient state owned companies and the burden of subsidies and an expensive system of healthcare, education, food provisions and transport together with an overvalued currency, the Zim dollar, resulted in large state debts.

Gradually there were no more means for investment in the industrial sector anymore. IMF and Worldbank were prepared to grant loans but urged an Economic Structural Adjustment Programme (ESAP) in 1991. Zimbabwean economy had to open its borders and allow international competition. The industrial subsidies had to be stopped, the state owned companies were privatised and the Zimbabwean dollar was devaluated.

Due to that process inflation raised to 42% in 1994. Capital was scarce and therefore the interest very high, above 30%.

Initially the ESAP, together with repeating droughts, caused an economic depression: high import duties were introduced and the Zimbabwean dollar dropped considerably. Apart from that capital remained scarce and prices went up. Many industries couldn't cope with these circumstances and went bankrupt, including some big textile and clothing companies.

Textile and clothing industry

The cotton and textile sector sensed a strong crisis in 1992/93 and 1994/95. Due to the droughts, cotton had to be imported, which caused a rising cost of production. Many textile companies went bankrupt. Among them one of the largest mills. Cone Textiles closed in 1995 and 5000 workers lost their job. Another big one was Julie Whyte Textiles: a loss of 1000 jobs. Employment in textile industry (including the clothing industry) lowered from 53.000 in 1990 until 34.000 in 1992. Employment gradually recovered up to 42.000 in 1994, of which 20.000 are working in clothing industry.

The restructuring of the textile industry created a shift from large scale companies into more flexible medium and small scale companies.

The Zimbabwean clothing and textile sector counted 274 registered

companies in 1996, of which 225 companies were clothing factories. The clothing industry is for 98% in hands of local (white) Zimbabweans.

Though the clothing sector is slowly recovering from the depression, high interest rates and high inflation rates still have a major impact. Of the total production only 10% is produced for export (1994). International competition is fierce because labour costs are higher than in exporting countries like Bangladesh, Pakistan, Indonesia and India. The local market in Zimbabwe fluctuates with drought periods.

Total export of clothing industry was 70 million US\$ in 1994 of which 60% was exported to Europe and 15% to the Netherlands. The importance of Zimbabwean clothing in Europe is increasing.

Relatively high labour costs create a difficult position in international competition. Therefore Zimbabwean employers want to keep wages as low as possible. Workers on the other hand still face high inflation, relatively low income and an unemployment rate of 40%. Therefore trade unions demand a wage compensation every year. This situation does not result in a stable climate of industrial relations. Strikes are on and off.

The Strike of the clothing workers

In July 1997 the clothing workers went on a wild strike after the National Union for the Clothing Industry couldn't agree with the employers on a substantial rise of the NEC standard. The National Employment Council sets minimum standards for labour conditions for each economic sector. The employers of the clothing factories called for the Tribunal of the Ministry of Labour and this resulted in a national disclosure order for workers who were not returning back to work in time. As a result 13.000 workers were fired and 11.000 of them were rehired immediately by their employers, but many of them only on a contract basis. This was a major stroke to their job security and meant a serious stroke for the National Trade Union for the Clothing Industry. More so because many trade union representatives and members of the workers committees were not rehired.

The workers of DeZign Inc. did not go on strike, because previously to the NEC negotiations an agreement was met between management and workers on a wage increment of 20%. Later this was raised up to 25%. The management decided to close down the factory during the

strike in order to protect the workers from harrasment by striking workers of other factories.

DEZIGN Inc.

The company profile

Name:	Dezign Incorporated (pvt) Ltd
Directors:	Solly and Lindy Levy
Employment:	150 (including staff and management) 40% of the workers is female; 70% of the management is female
Nature of work:	Textile screenprinting; sewing products: T-shirts; sweatshirts; caps; backpacks; shorts and printed textiles
Minimum wage:	An average Grade 1 worker (sewing department) gets 28% more than the national minimum. ¹ According to the Management the average wage of Grade 1 worker is 1264 Z\$ per month. This average is not checked by the books. According to the management the average worker at Dezign Inc. is earning 36% above the national minimum.
Yearly turnover:	1.55 million US dollar in 1994/95; 1.72 US dollar in 1995/96 and 1.75 million US dollar in 1996/97.
Yearly production:	300.000 pieces (96/97)
Production capacity:	500.000 pieces

¹The Minimum Wages have recently been raised by the National Employment Council for the Clothing Industry with effect from 1st July 1997.

Sales: 50% for export; 50% for the local market
Export to mainly Western Europe: Fair trade organisations. A small percentage to the USA and Japan.
Other customers are WWF, Greenpeace and Otto Versand.

Minimum Age: 18 years

Environment: No AZO dyes; water based paint; waste disposal policy based on maximum reusage. Environment manager sets up a waste disposal programme.

Introduction

Dezign Inc. is a textile screenprinting company in Harare Zimbabwe, which has signed the Fair Trade Charter on labour conditions in clothing industry. The main aim of this study is a detailed company profile on Dezign Inc. especially focussing on issues related to the Fair Trade Charter.

The Fair Trade Charter consists of the following minimal standards:

- freedom of association
- right to collective bargaining
- no forced labour
- no child labour
- no discrimination
- maximum hours of work
- health and safety
- a living wage
- security of employment

Dezign Inc. handprints locally made T-shirts and sweatshirts and unbleached cotton shirts. There is a limited clothing manufacturing department, which produces back packs, bags, caps and recently shorts, made with their own hand printed fabric.

The factory in Harare houses two companies. One is Dezign Inc. the other is Deadly Designs: screen printing cards, postcards, wrapping paper on 100% recycled paper. This study is limited to Dezign Inc., as it is part of the clothing manufacturing sector.

The management of Dezign Inc. consists of 2 production managers and 4 section heads (one for each section). The section heads are often promoted from the shopfloor, most of them are women. In each section they mix colors, printing, quality control, heating and packing. In the CMT section (cutting making trimming) the sewing machines are positioned in lines, followed by ironing and packing.

History of the company

The directors of Dezign Inc. are Solly Levy and Lindy Levy. Solly Levy was born in South Africa. He emigrated to newly independent Zimbabwe in 1986 with his wife Lindy. Both started screen printing as a hobby and combined it with their interest and knowledge of African art. They discovered a local market for their products which later shifted to the alternative trade movement. They started exporting in 1988 and doubled their amount of employees. Dezign Inc. printed 'Trade against Apartheid' and 'Front Line' T-shirts in the 80s and now AIDS awareness messages.

Production

Dezign Inc. mainly prints T-shirts, which they buy from other factories in Zimbabwe. The printing is done by hand, no machine power is used, except for the steamers. In comparison to many other Zimbabwean factories. Dezign Inc. is investing in manual labour instead of machines. Most of the work is done by hand That has a positive effect on the environment as well as on the employment.

Dezign Inc. recently started the printing of woven fabric, with African design. The fabric is mainly used for T-shirts, made by Beekay (pvt) Ltd or for the making of the backpacks, the shorts and the caps, produced by Dezign Inc. itself.

The total production capacity is 50.000 pieces per month. In 1997 the average monthly production was lower: 30.000 pieces per month.

The target net profit margin is 10%. There is a profit sharing system for all employees. Management and administration staff are not eligible for the scheme and eligibility for workers is based on the following:

1. those who have worked for the company for a minimum of 12 months.
2. those who have not been absent from work for more than 21 days within the stipulated 12 months period.

Subsidiaries

The T-shirts are bought from two local companies: Beekay (pvt) ltd. and Kutaura (pvt) ltd., both in Harare. Dezign Inc. comes with regular orders of 30.000 to 50.000 t-shirts at a time. Apart from price negotiations, Dezign Inc. does not interfere into the labour conditions

of their subsidiaries, but they do place demands concerning environmental conditions. Dezign Inc. tells the suppliers which dyes to use and which not to use. According to the director Solly Levy the labour conditions in the subsidiaries are "slightly better than in other Zimbabwean companies".

In this report you will find a company profile of both subsidiaries of Dezign Inc. describing production and working conditions.

Marketing

Dezign Inc. operates in a niche market. The main customers are the Fair Trade Organizations in Europe and a small part in South Africa, USA and Japan. Dezign Inc. also sells to WWF, Greenpeace and Otto (through Gepa) in Germany and occasionally to retailers like the Bijenkorf in the Netherlands (for their Africa Campaign).

The terms of payment are structured according to the type of customers:

ATO's pay 50% in advance with the balance payable within 14 days of delivery (for airfreight); WWF and local customers have a 30 days term and new and smaller customers pay 50% in advance with balance payable on delivery. The marketing managers both visit their customers regularly.

Of the total production in 1996 about 50% is export and 50% is produced for the local market. Dezign Inc. has its own shop in Harare city, focussing on the tourist market. Dezign Inc. wants to get access to the South African market, where there is no such product manufacturing. Due to high import duties of 30% the access to South African market is limited. Zimbabwe is an ACP country and there are no import duties to be paid by EU countries.

According to the director Dezin Inc. made a loss for the last two years. But the expectation is to be profitable again in 1997/98.

Like all Zimbabwean companies Dezin Inc. has a problem of access to capital. The interest rates in Zimbabwe have been up to 38% In october 1997 the rate has come down to 29%. Because the company was in a loss, they had to save capital to cover the costs. Recently Dezin Inc. (august 1997) has become a loan from ECDS in Zeist in the Netherlands at about 10%, which has to be paid back in 5 years.

Competition

Though Dezipn Inc. operates in a niche market, competition is fierce. Also fair trade organisation negotiate on price. The wholesale price of a printed t-shirt is US\$ 6.70 (Z\$ 77.05) for unbleached t-shirts and US\$ 7.30 (Z\$ 83.95) for coloured t-shirts. The local retailers sell it for 120 Z\$. Dezipn Inc. buys the t-shirts for 31.25 Z\$ (white T-shirt; 165 grams) and 38.50 Z\$ (colour t-shirt).

General working conditions

Dezipn Inc. is located in a factory hall under one roof with Deadly Design printing company. It consists of two connecting production halls where the offices, canteens and design rooms are placed in. The colour mixing, the handprinting, the ironing, the cutting, making, trimming and the packing is all done in one hall divided in several sections.

Health and Safety

The hall has enough light and African music is coming from different sound boxes. The workers seem relaxed and are obviously not harassed to speed up production.

The atmosphere is dusty in and around the storing department.

Sometimes a penetrating smell comes from the colouring/printing department and is sensed in the whole production hall. Though the paints are water based, there are still some chemicals used especially for the cleaning of the printing device. It is difficult to judge whether these chemical are dangerous to the health.

The workers do not wear mouth caps although all workers are provided with overcoats or overalls and are supplied with safety equipment such as mouth masks, shoes or rubber boots.

The working pressure is not very high according to both management and workers, except for peak times. Workers, according to their own saying, are not harassed by their supervisors. There seems to be an open and friendly atmosphere in the factory.

For the production workers there is a canteen, where the company provides tea and bread in the morning and free lunch. The lunch is taken in shifts because the canteen space is limited. Members of staff and management take their tea and lunch in a separate canteen.

Extra service for the workers is a free monthly consult of a nutritionist and an AIDS information campaign

Employment and gender

Dezign Inc. employs 150 people (including staff and administration). Of the workers 60% is male and 40% is female, where in the average Zimbabwean factory 90% of the clothing workers is men. 70% of the management consists of women. Women in production do the same jobs as men. Women also work in the printing section, which is unusual in Zimbabwe as well as sewing, which is in Zimbabwe mainly done by men.

Women get opportunities to become section heads or to have another management position. Women are given special privileges during pregnancy. If they want they are given a less strenuous job.

Dezign Inc. acts according to the Labour Relations Act relating to maternity benefits: women are not allowed to work after 9 PM. Women are entitled to 90 days maternity leave at 75% of their weekly wage. The Labour Relations Act stipulates that only 60% of their wage should be paid. Women are entitled to wage increase and bonuses that fall due to maternity leave.

Working hours and overtime

Working hours at Dezign Inc. are from 7.30 AM to 4.30 PM from Monday to Thursday and 7.30 AM to 2.00 PM on Fridays. There are no shifts. Dezign Inc. has a 40 hours working week.

Normally the working week of clothing workers is 45 hours according to the NEC Collective Bargaining Agreement, but the printers have a working week of 40 hours. To make things less complicated the company decided to stick to 40 hours per week for all workers.

In peak times part of the workers make overtime: the company pays 1.5 times basic wage for the first 10 hours of overtime and for more than 10 hours 2 times the basic, according to the Labour Relations Act. Workers are not obliged to do the overwork, they are asked in advance.

Holidays and paid leave

Workers of Dezign Inc. are entitled to 4 weeks paid leave. The company is closed down for 4 weeks every year.

According to the Collective Bargaining Agreement of the Clothing Industry each worker has the right to 1.42 days per 4.33 weeks of service. If someone has worked for a full year (52 weeks) he or she is

entitled to 17 days paid leave (3 weeks and 2 days). The workers of Dezign Inc. therefore are granted an average 3 days more paid leave than is prescribed by law².

Wages

Dezign Inc. pays its workers above the national minimum wage. According to the management the average wage for a Grade 1 worker is 331 Z\$ per week as the minimum wage set by the NEC (National Employment Council) is 251 Z\$. On average Grade 1 workers are earning 32% above the national minimum.

An interviewed Grade 1 worker told gets 251 Z\$ per week (= 22 US\$). This is the national NEC minimum wage for printers and packers Grade 1 (NEC june 1997).

A Grade 2 worker, who works at Dezign Inc. for 4 years, says the legal minimum wage is 256 Z\$ according to the NEC standard of the Clothing Industry. She gets 330 Z\$ per week, which is 28.5% above the national minimum wage. In june 1997 the minimum wages in clothing industry were raised with 25%. She was not granted a wage raise of 25% because her wage was already 28.5% higher than the minimum wage. She got a wage increment of only 15% instead.

Graphic Artists³ are paid 360 Z\$ per week. Most printers earn an average of 300 Z\$ per week. The graphic artists fall under NEC standards for the Printers and Packers. One artist complained about the fact that he was not paid according to the NEC standard for artists. According to the interviewed workers contract workers get the same wage as permanent workers. They find the wage system not transparant, because there are big differences between workers.

A 23 year old packer of Dezign Inc. tells me he earns 1100 Z\$ per month and that it is not enough to live on with his family.

²Collective Bargaining Agreement: Clothing Industry, Statutory Instrument 88 of 1998, Clause 18., Zimbabwean Government Gazette dated the 18th April, 1997, Harare.

³ The artists referred to be distinguished from the artists responsible for actual creating and originating the designs printed on the products. The artist who work within the company are graphic artists whose responsibility it is to colour seperations of original artworks and to prepare artworks for the production process.

Another component of the wages is N SSA, the government pension scheme, which is compulsory for all salary earners in Zimbabwe. 6% of the gross wage/salary is payable to N SSA - 3% is payed by the employee and the other 3% is payable by De zign Inc. This is standard procedure in all Zimbabwean companies. Added to this compulsory scheme, De zign Inc. offers a voluntary pensions scheme through a private pension company. This scheme requires that 11% of the gross salary/wage is contributed each month - the employee contributes 5% and De zign Inc. contributes the remaining 6%.

There is no transport allowance and there are no creche facilities but this is not demanded by the Labour Relations Acts.

One other aspect of wage is relevant: the size of the family. Sometimes 10 people are depending on one salary. The family size of the 6 workers that were interviewed was 3 to 6 people.

To survive people have a parental home in the rural areas. When the harvest is good, they can sell the crops and survive on that money. If the season is poor, the workers in the urban areas have to share with their folks back home. Many workers keep their families in the rural areas, while others bring their wife and kids to the city.

Both management and workers agree to the fact that, though their average wage is higher than NEC standard, it is not a 'living wage'.

To have an idea of the basic needs of an average family in Zimbabwe the National Union for Clothing Industry compiled a 'shopping basket' for one week:⁴

A family of 6 persons needs for one week:

Bread 2 loafs per day	63.00 Z\$
Sugar 2 Kg	12.30
Tea Leaves 125 grams	3.30
Margarine 250 grams	6.30
Mealie meal 8 Kg	24.00
Bath soap	6.50
Vaseline 200 gr	6.00
Detergent soap 500 gr	11.80
2 bars of washing soap	11.80
Cooking oil	14.50
Rent 260 Z\$ per month	60.00
Meat 25 Z\$ per Kg (6 Kg per week)	150.00
Vegetables	15.00
Transport to work	30.00
Milk 500 ml per day (3.70 Z\$ x 7)	27.30
Total:	441.80 Z\$

School fees, medication, clothing and other necessities are excluded.

⁴National Employment Council for the Clothing Industry, 31 July, 1997, Wage Negotiations Dispute: the national Union of the Clothing Industry and the Zimbabwe Clothing Manufacturers' Association, Bulawayo.

Wages compared to other companies

In clothing industry basic wage was 166.44 Zim dollars (one US dollar is 11.4 Zimbabwean dollar) per week for a Grade 1 worker (a machinist) and was recently raised to 208.05 Z\$.

The average industrial worker in Zimbabwe has 205 Z\$ per week (900 per month). Compared to this figure Dezign Inc. pays its workers relatively well: an average Grade 1 worker gets 1264 Z\$ per month. Most of the industrial workers in Zimbabwe are underpaid compared to the cost of living.

Another problem for workers is the high inflation rate of about 20% (1996). Some years ago it used to be 40%. Trade unions have to negotiate on a wage increment every year in order to cope with inflation. The buying power of the wages are getting less every year.

Dezign Inc. pays its workers on average 36% more than the national standard. The NEC standard for clothing workers is 45 hours per week. Dezign Inc. company allows the clothing workers to work only 40 hours per week for the same salary.

Concluding remarks

The management claims to give an average of 36% extra on top of the national minimum wage. Individual workers claim to get no more than the minimum NEC standard wage. The figures given by the workers indicate that there are large differences between and within grades. According to the interviewed workers the logic of the wage system is not always transparent. The interviewed workers observed that some young newcomers get more pay than senior workers. Other workers find themselves trainees for more than one year. They are employed on a contract basis for years, which makes them insecure.

Compared to the average industrial sector Dezign Inc. is paying its workers much more, but it is still not a living wage.

Profit sharing system

The workers of Dezign Inc. get 10% of the pre tax profit, added on a weekly basis. Last 2 years the company suffered losses and there was no profit sharing. (According to the interviewed workers they did not receive a profit share for the last 3 years).

In 1997 the management had a discussion with all the workers on the issue of profit sharing. The workers read in 'the Focus of Africa' that DeZign Inc. was making a profit in the year 1996/97. The workers showed the article and asked for an explanation. The management explained that because of PR reasons, the figures in the articles were twisted. This was not an acceptable explanation for most of the workers. The workers asked questions about the reasons for loss and why the manager had to buy a new car and the like.

DeZign Inc. doesn't have a bonus scheme. The management is thinking of a fair bonus system in order to create an incentive for the workers. On the other hand the bonus systems that are used in the clothing sector, with targets that hardly can be met, create an atmosphere of harassment. "I don't want a too much production driven company. Bonuses should never be the major part of the basic wage. Efficiency on the other hand is good", according the director Solly Levy.

Loan fund

In order to create a possibility for people to cover unusual expenses DeZign Inc. created a loan fund.

An amount of money is saved and every month the workers can apply for a loan upto 500 Z\$ for special occasions like marriages, funeral or school expenses. The loan is given against a low interest of 10%. The workers have to pay it back in 6 weeks. Every Friday (payday), the employees can deliver their application slip. The management decides who gets the loan.

Job security

According to the management 80% of the employees has a permanent status. The labour and working conditions of a contract worker are the same as for a permanent worker. According to the management the contracts vary from one month, to 3 months to annual contracts, depending on the volume of work available.

According to one of the employees some workers are signing their contract every week or sometimes even every day. According to him out of 200 workers, 15 employees have a 6 months contract.

Some employees work on contract for several years and they expect to become a permanent status. The promotion chances are limited according to the interviewed workers.

One of the workers told me she is in service as a trainee for more than 2.5 years, without getting a permanent status. "If they fire you they don't give a pay for your years of service, in order to survive".

According to the management the reason why they keep 20% workers on contract is related to market fluctuations in production capacity and because of seasonal peaks in local tourist industry. Also export orders are not evenly spaced throughout the year. According to the management Dezign Inc. cannot afford to employ all persons on a permanent basis. Apart from the job security contract workers are given the same benefits as permanent staff is provided with.

Communication

In case of grievances or questions concerning labour conditions the workers are first addressed to their section heads and try to sort out a solution. Only if they are not able to solve the problem they can come to the director. There is an atmosphere of open communication according to director, but workers don't always experience it like that. Every year the workers elect the members of the Workers Committee, that liaises between the workers and the management. The Workers Committee meets with workers to decide on issues relating labour conditions: hours, meal times, the code of conduct and so on. Apart from the Workers Committee, the company management organises a monthly get together of all the workers to discuss different matters.

For individual workers it is more difficult to discuss matters with the management. To their opinion the sections heads start harassing them if individual workers start complaining about their wages or their job security. The workers are not supposed to complain. One worker told that if a worker complains to the director about the fact that he or she wants to be paid as skilled and not as semi-skilled worker, they are told: "If you don't like to work here, you can go". The worker told: "We don't feel free to talk about it to the management. Trade Unions should come in."

Though the management seems open and receptive to workers ideas and grievances, this does not appear to be the perception of the workers. They are afraid to forward their complaints and their ideas. "It is still management, and they do have the power".

Collective bargaining

Every worker at Dezign Inc. is free to join a trade union. The management of Dezign Inc. does not always find it easy to communicate with the union leaders, but they usually get to an agreement.

The national unions bargain almost yearly on a new wage agreement with the different employers' associations, justified by the National Employment Council (NEC). This collective bargaining is done sector wise.

Dezign Inc. is registered as a printing company and therefore comes under the National Employment Council of the Printing, Packaging and Newspaper Industry.

The collective bargaining process is done by the Federation of Master Printers (representing the employers) and the Zimbabwe Graphical Workers Union (representing the workers).

Apart from national negotiations the unions negotiates on secondary labour conditions on a company basis. The Dezign Inc. management negotiates with the Zimbabwe Graphical Workers Union on issues like overtime, holidays, health and safety measures.

The CMT workers (cutting, making and trimming) are paid according to the NEC agreement of the Clothing Industry (which is relatively lower than wages for printers and packers), but they work a 40 hours working week in spite of the fact that CMT workers should work 45 hours according to their NEC guidelines. Among the workers there seems to be confusion regarding the fact that two different NEC standards are used, but at the same time negotiations on company level are limited to only one union. According to the interviewed workers this is the reason why most of the CMT workers are not a member of any union.

A representative of the National Trade Union on Clothing Industry, Joseph Tanyanyayiwa, said it is difficult to get access to the Dezign Inc. management, because they want to negotiate with only one union.

Environment and waste disposal management

The director personally believes strongly in a Fair Trade Charter that both protects labour and environment. Both are interlinked. As far as environment is concerned, Dezign Inc. is far ahead in Zimbabwe for almost 8 years.

The company has its own manager of environment, who is recently recruited to structure the input and output of chemicals and waste

disposal in the factory. Dezign Inc. had an independent environmental audit done by Price Waterhouse. Greenpeace for instance wanted independent tests.

The environmental manager is currently working on a waste audit in conjunction with the Cleaner Production Center from Zimbabwe and DNV from Norway. This audit is to establish the effectiveness of the current waste systems and to make appropriate adaptations if necessary.

Dezign Inc. prepared a list of preferential dyes and handed over the list to their providers. Sometimes economic factors can be an issue in choosing the dyeing material.

Dezign Inc. only buys primary colours and mixes all other colours themselves in order to keep better control. The AZO norms are met. The company buys only 4 pigments: blue, yellow, magenta and black. The blue contains some copper, but for the rest they do not contain heavy metal. All pigments are imported from reputed suppliers in Zimbabwe, such as Dy Star. Some of the products are bought in Europe.

Deadly Design is using the same pigments for paper printing. The colours are all water based. 80% of the printing emulsion is water. The softener is biodegradable. Also the binder is biodegradable.

The containers for paint are used as long as possible. When containers are cleaned, the small amounts of remaining printing paste are washed off and collected in a sedimentation tank, that is disposed every three months at the local dumping authority, where you have to pay for certain quantities.

Concerning the disposal of packaging there is a waste percentage of 3%. Waste paper is recycled by Hunyani in Harare as well as plastic packing material. Recycled plastic is used only for the export market. The local market wants new shiny plastic. Dezign Inc. considered to use paper bags, but they turned out to be too expensive (2 Z\$ each).

Long term aims for the company policy on environment is a structure for checking the input and output of chemicals and waste, an environmental management scheme. Dezign Inc. wants to make the heads of the departments responsible for the records and is looking for a way to formalise what is now happening on an unstructured basis.

SUBCONTRACTORS: KUTAURA ENTERPRISES (PVT) LTD AND BEEKAY (PVT) LTD.

Dezign's T-shirts are produced in mainly two factories: Kutaura Enterprises pvt. ltd and Beekay pvt. Ltd. This study also contains information on the conditions in these two subsidiaries.

Kutaura Enterprises (pvt) ltd

The company profile

Name:	Kutaura enterprises (pvt) ltd
Shareholder(s):	Yogesh Patel and Tiki Patel
Employment:	200 employees; 25% is women
Nature of work:	Clothing manufacturing; embroidery; specialised in knitted products.
Minimum wage:	yes
Yearly turnover:	local market: 33 million Zim dollar (estimate 1997) export market: 33 million Zim dollar (estimate 1997)
Daily production:	6500 units (96/97)
Products:	T-shirts; kid's wear; sweatshirts Labels: Closed, Little Woods (UK); Readman (UK); Couples (Germany); BHS (UK); Mothercare; Baby Club (Edgar's); Vroom & Dreesmann (Condress Germany); ABC; Kids First.
Production capacity:	500.000 pieces
Sales:	50% for export; 50% for local market Embroidery export mainly to Germany, East Asia and USA Knitwear: Export to South Africa, UK,

Germany, USA and local market: Edgars Stores (SA) and others

Minimum Age: 18 years, school leavers

Environment: No AZO dyes.

Kutaura started in 1979. Patel took over in 1987 with 8 people. Patels brother owns Canon Textiles, the main provider of fabrics for Kutaura. Canon produces only knitwear.

Production

The company has rapidly expanded and has a modern production system. The turnaround time of production is 2 weeks for the local market, for the export market it takes longer. For smaller orders they can do it in 4 days. Kutaura produced about 100.000 T-shirts for Dezin Inc. in the period 1996\97.

The main products are t-shirts, kid's wear and sweat shirts. Their specialty is rosary or embroidery. The 4 embroidery machines run 24 hours, the workers work in 3 shifts. The embroidery machines (4) each have 18 heads. The machines are computer controlled and can do any design.

Marketing

The marketing is conducted by agents like James for UK (previous) and Christine Mouton (for South Africa). Kutaura is trying to get orders from C&A and H&M. Christine Mouton is the South African Agent for C&A among others.

Quality control

The agents do preproduction quality checks. A quality team of Kutaura does the checking throughout the production: cutters, markers, inline checkers. At the end there is packing and at random inspection: 15 pieces per line. If the quality team finds defects, the whole production is sent back for checking.

Pricing

The wholesale price of a t-shirt is 39 Z\$. The retailers on the local market are charging 45% or 55% extra to their customers.

The relationship of Kutaura with Dezign Inc. now lasts for about 4 to 5 years. The orders vary. Sometimes they go up to 5000 T-shirts at a time. Last year the total production came to about 100.000 pieces.

Dezign Inc. asks Kutaura for the following conditions:

- The type of dyes that should and should not be used. Kutaura acts accordingly.
- The Standard Association does labtesting and Kutaura gets their reports.
- The fabric should be dyed according to AZO standard: Canon Textile works with AZO standards, because they are also doing business with the Germans.

Working conditions

Wages

Recently the basic wages increased 25% after the strike in July 1997. Kutaura pays the minimum wage. Kutaura follows the collective bargaining agreement of the NEC.

For lunch and tea the company deducts 4 Z\$ from the wages per week. There is a canteen. At Christmas they get paid leave. If some overtime has to be done they ask for volunteers. Kutaura does not pay according to skill, is a complaint of the workers. The taping machines for instance are very difficult to handle. They use a compressor. The manager asks machinists to volunteer for these taping machines, but they don't know how to handle them. As a consequence there are a lot of rejects, which effects the bonuses of all people. Taping machinists are paid the same as overlockers, though the first requires more skill.

Production

Kutaura employs 200 workers. About 50 of them are women and they are active in the packing section and they do the checking. Women have a separate canteen and toilet.

The production is organised in 5 production lines. On each line you will find 14 workers with one supervisor. The daily production is about 1500 pieces of garment per line. After the production line comes checking, washing and packing.

The factory consists of two production halls. In one of the halls is the storage of material. Some of the packs are lying there for years and it is dusty. Workers complain to suffer from breathing problems. The cutting, making and trimming (CMT) is done in one hall. Especially the ironing is strenuous work, because it has to be done standing and steam comes of. The ironing job is done by men only.

Working hours

Weekly hours are 45 plus overtime of 12 hours. Overtime is paid 1,5 times basic wage, exceeding 12 hours 2 times, according to the Labour Relations Act.

There are no shifts except for the embroidery department. Women are not allowed to work in night shifts. These shifts are from 6 AM to 2 PM; from 2 PM to 10 PM and from 10 PM to 6 AM

Job security

At Kutaura 45% of the workers is permanent; 55% of the workers is on contract. The duration of a contract is one month. Then they have to sign up again. The contract workers get the same wage as the permanent workers. The permanent workers have more chances to be promoted.

According to the management the aim of the company is to have only permanent workers. They have now recently hired young motivated people who are fairly skilled.

The workers get 21 working days sick leave with full wage paid. If 21 days are exceeded, the workers get payed half the basic wage. The collective bargaining agreement provides for a paid sick leave until 26 working days of illness in one year.

The absentee rate is low because of the teamwork approach. According to the manager Kutaura has motivated people by putting them in production teams and giving them shared responsibility.

Some of the contract workers already work at Kutaura for 8 years, but they never got a permanent status.

The promotion chances are limited. The management recruits supervisors from outside, for instance from the bankrupt Julie White company.

The strike

Kutaura did not dismiss any of its workers after the strike. The manager told: "If you have to rehire new people you don't know what

you will get". The people did not go on strike. They closed the factory for the safety of the workers and the management. "Disposal is demoralising for the employees, in that way the company ruins itself".

General working conditions

The company provides lunch in the canteen, but it is not free. Free tea and bread in the morning; free medical aid and there is a doctor in town, the workers can see him for free.

There is a bonus scheme based on the output of one line. A special department fixes the targets. Through this bonus scheme Kutaura wins a better quality, because it reduces the amount of rejects.

Each production group has its own target from monday to friday. The targets are not always manageable. Previously the electricians were not into the bonus system. They totally depended on the production of the computerised machines. After they complained about it, they were given a fixed bonus.

Pension Scheme: the workers at Kutaura get NSSA on top of their basic wage (compulsory by law). 3% is payed by the company and 3% by the employee. Pension starts at the age of 60.

After 5-10 years of service the workers get a gratuit of 5-10% of their annual wage. After 10-20 years of service they get 25% and after 20 years of service the gratuit goes up to 55%.

Health and Safety

The fire exits are not locked and the fire extinguishers are checked regularly. The workers told that many people suffer from lung diseases. They are sent to the company doctor. If the doctor advises an X-ray, the workers have to pay the X-ray themselves, which they can't afford. The company doctor himself tells the workers that the dust on the company is too much and hazardous for their health. Nothing is done about is. The Kutaura management is not prepared to take the dust away, and to provide caps. Recently two people have died from pneumonia. The lungs of the workers are vulnerable.

Trade unions and workers representatives

At Kutaura there is a closed shop situation: all workers are a member of the union.

Every year a Workers Comittee is elected. The Workers Committee is struggling to be able to negotiate. The director is not bad, but the

production manager does not cooperate. They postpone the meetings all the time. The management takes a long time to react to the grievances of the Workers Committee.

Beekay Manufacturing (pvt) ltd

The company profile

Name:	Beekay Manufacturing (pvt) ltd
Shareholder(s):	Dinesh N. Bhagat and Manoj Bhagat
Employment:	115 (10% women)
Nature of work:	Clothing manufacturing specialised in knitted products: t-shirts, golf shirts and men's trousers.
Minimum wage:	yes
Yearly turnover:	10 to 15 million Zim dollars over the last years (net margin is 45%)
Yearly production:	480.000 (estimate 1996/97)
Sales:	100% for local market
Minimum Age:	18 years, school leavers
Environment:	No AZO dyes.

History of the company

The Bhagat family is already for 30 years in textiles. Right after his MBA Commerce, Dinesh started his own factory in trousers for the local market. From 1993 the import of machines was possible. Then he started the t-shirt production. Trousers are still part of the production, but the production of cotton t-shirts has taken over the majority of production. Apart from that Beekay makes polo shirts.

The main production of Bheekai is cotton t-shirts for the t-shirt printers. Printers like Dezign Inc. put added value and therefore create a market. The company only works for local customers of which Dezign Inc. is the biggest. Sometimes Beekay gets orders from Belgium that are refused: "They want us to produce t-shirts for 1.50 Z\$, that is less than the price of our material!"

The average production for Dezign Inc. is 250.000 pieces per year. Beekay produces 40.000 per month (a total of 480.000 t-shirts per year). The material cost is 68 to 70 percent of the wholesale price. The selling price of a white T-shirt is 29.75 Z\$; the selling price of a colored T-shirt is 37.75 Z\$. (165 grams fabric).

Dezign Inc. asked for specific conditions concerning the dyestuff used in the fabric. The fabrics used by Beekay are AZO certified. They only use dyes from Hoechst. Dezin Inc. did not put forward any conditions concerning the labour situation.

Employment

Beekay employs 115 workers (90% is male). Of the total workforce 50% is permanent and 50% on contract. Contract workers get the same benefits: free lunch, free tea and bread, minimum wage and they have the same chances for promotion, according to the manager. The employment was stable for the last 2 years.

Wages

Beekay pays minimum wages according to NEC standard. The workers get a production bonus monthly based on production output. The average is 10% extra on monthly basic wage. The annual bonus can be 3 to 4 weeks salary. There is a canteen and free lunch is catered. All workers are free to join a trade union but according to the manager only 2 workers are members of the trade union. There is a workers committee that negotiates on labour conditions. According to the manager the workers of Beekay are motivated people. To fill vacant positions Beekay prefers school leavers and provides training on the job.

Working hours

Beekay working hours are according to the Collective Bargaining Agreement of the clothing industry: 45 hours per week divided over 5 working days. At delivery time overtime is done on Saturdays. The main peak times are in January and February.

The production turnaround time of Beekay is 3 to 4 weeks. Dezin Inc. sometimes asks us to produce in 10 days. Beekay usually manages to do so because their providers of fabric also agree to work on a short notice. In that way the business matches well.

Production

The production system at Kutaura is: one line - one garment. There are 7 production lines. Due to this system there is accurate delivery. All workers switch regularly and are skilled to do different jobs. That makes the production flexible, in cases of illnesses or peak times.

The strike

Before the strike of July 1997 by the clothing workers in Zimbabwe, the negotiations with the workers committee and the management of DeZign Inc. led to a 20% wage increase. The workers agreed not to join the strike.

Beekay closed the factory during the strike. The strike lasted for 8 days. Noone at Beekay was dismissed and all the workers came back after the strike. After the strike a 25% wage raise was agreed. Beekay still has to pay the wage increment, which was effective from July 1st 1997.

At Kutaura Noone was dismissed because Noone went on strike. Kutaura closed the factory for safety reasons.

Summary and concluding remarks

This study was done in order to monitor the contents of the Fair Trade Charter.

Along the lines of the Fair Trade Charter Dezign Inc. scores positive on all aspects except for health and safety, a living wage and job security.

Within this study we did not discover any sign of forced labour or child labour: the minimum age at all three companies is 18 years. This goes for the Dezign Inc. as well as for both providing industries Beekay and Kutaura.

No discrimination

There is no sign of discrimination regarding gender, religion and race in all three companies. At Dezign Inc. a positive discrimination of women was supported by the management: women were given special promotion chances.

Regarding race it was observed that higher management and white collar employees were white Africans only (70% white women). Production workers were all black Africans. Lower management positions like section heads were taken by both black men and women.

Freedom of association

There is freedom of association. Workers of Dezign Inc. can freely join a trade union. Though two different wage agreements are used (of the clothing industry and of the graphic industry), only one trade union negotiates with the management: the Trade Union for the Graphic Industry. The National Union for the Clothing Industry claims not to have access to the company. As a result most of the clothing workers at Dezign Inc. (15% of the total workforce) are not a member of any trade union.

The right to collective bargaining

The management of Dezign Inc. regularly negotiates with the Trade Union for the Graphic Industry on secondary labour conditions.

The Trade Union for the Graphic Industry bargains with the Employers Association about primary labour conditions as minimum wages (NEC standards).

Health and safety

The company is taking care of aspects like nutrition and health information and is taking the prescribed safety measures.

In the first quarter of 1997 Dezign Inc. employed the services of an independent Occupational Health Consultancy, specialising in ergonomics, to establish levels of occupational safety. (source: Somo Report - Dezign Inc's response 24/10/97).

Throughout the clothing industry there is a problem of dust, which can have hazardous effects on the lung conditions of the workers. The dust problem is usually caused by cotton lint coming from the sewing machines, the interlocker machines and is concentrated in the store department, where packages of cotton fabric sometimes lie still for years.

The problem of dust is known in all clothing factories in Zimbabwe, but it is equally often ignored, according to the trade union for the clothing industry. According to the management of Dezign Inc. the dust problem has never been brought to the attention of the directors or the environmental manager.

The workers of their provider Kutaura did complain extensively about the dust problem.

Regarding the experience of clothing workers throughout the world, the Dezign Inc. management should and will give attention to the creation of dust in their factory and the protection of workers against breathing in dust. This goes especially for the machinists and the store workers.

A living wage

According to the management wages at Dezign Inc. are 36% higher than the NEC standard for the clothing and the graphic industry. This figure does not specify the wage difference between clothing workers and printing and packing workers. This means that certain workers are earning below and others above this percentage. Sewers in Grade 1 are paid on average 1264 Z\$ per month, this is 28% more than the NEC minimum wage. According to the interviewed workers, the differences in the wage system of Dezign Inc. are not transparent to them.

According to the Code of Labour Practices for the Apparel Industry (October 1997) a living wage is defined as follows:

"Wages and benefits paid for a standard working week shall meet at least legal or industrial minimum standards and always be sufficient to meet basic needs of workers and their families and provide some discretionary income." (ICFTU Code of Conduct).

Though higher than the minimum, wages at Dezign Inc. have not yet reached the level of a living wage. As the example of the 'shopping

basket' of the National Union for the Clothing Industry has shown, a very basic living wage for a family of 6 persons requires 40% more than the grade 1 to grade 4 workers are paid by Dezign Inc.

This also explains the massive strike in July 1997 when the clothing workers demanded a 68% wage rise, where the employers offered 20%. Inflation in Zimbabwe is 20% per year. If wages are not raised accordingly, the effective buying power is diminishing every year.

For a company as Dezign Inc. it is difficult to pay a 'living wage' and be competitive at the same time. A wage rise of 40% of all the workers will cause a rise of production costs. Within this research we did not study the year reports of the company.

In order to draw conclusions about the financial capacity of the company one should know more about the total costs of the company: management salaries, interest paid, capital reservations, investments etcetera. What savings can be made?

On the income side it is interesting to look at the total turnover. If it is necessary to raise prices, how does the market react? Are fair trade organisations in the export countries prepared to consider higher prices and communicate the need of higher prices to their customers?

In other words: is there a market for fair trade products? Or: how can one create a market for fair trade products?

This is a challenge not only to the Dezign Inc. company but also to their fair trade partners.

As far as local market is concerned (50% of the total Dezign Inc. production) Dezign Inc. has a direct link to the consumer market in Zimbabwe and therefore the company can influence pricing of the articles and communication to the customer. The company sells directly to local retailers and Dezign Inc. owns a few shops in Zimbabwe, where the products are sold for retail prices mainly to tourists. Can these become fair trade prices?

Job Security

As job security is concerned: 20% of the Dezign Inc. workers is working on a contract basis of one month, or 3 months to one year. Some are on a contract basis for several years. 80% of the workers at Dezign Inc. has a permanent job and is secured of income. For contract workers this is different. It is an insecure basis for a worker, who has to sustain his or her family, knowing that the unemployment rate is high (40%) and there are no alternatives if you lose your job. There is no social security system for unemployed people in Zimbabwe, apart from the rural homes.

The management admits there are several workers whose contracts have been renewed several times: "We cannot afford, as a company to employ all persons on a permanent basis(.....) As a company selling into the tourist market, we are subject to considerable fluctuations in production capacity (...) even our export orders are not evenly spaced (...) throughout the year". (Source: Somo Report - Dezign Inc's Response 24/10/97)

Maximum working hours

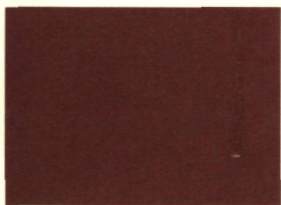
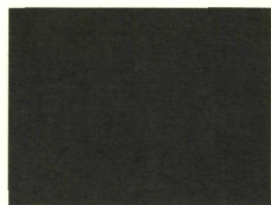
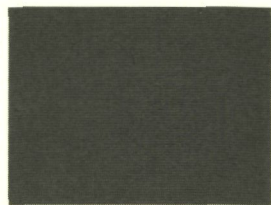
At Dezign Inc workers usually make a normal working week of 40 hours within 5 days, even though the NEC standard for clothing workers prescribes a 45 hour working week. According to both workers and management the company only occasionally asks workers to make overtime. Then they ask workers a few days in advance. Workers are free to refuse. Dezign Inc. pays the legal overtime fee. One of the reasons for little overtime

Subsidiaries

Both Beekay and Kutaura, the main suppliers of Dezign Inc., score positive on most aspects of the Fair Trade Charter, but they also do not meet the minimum standards for health and safety, a fair living wage and job security. Their production units are dusty and workers suffer from lung diseases. Both subsidiaries pay the legal minimum wage and bonuses on top. Working hours are longer than at Dezign Inc. and due to the bonus system the pressure to produce more is higher. At Beekay trade unions are officially allowed, but in practice play no role at the shopfloor at all.

According to both company managers of Beekay and Kutaura, Dezign Inc. does not demand any conditions regarding the Fair Trade Charter.

If the Dezign Inc. company produces along the lines of the Fair Trade Charter, the company should not only feel responsible for their own inhouse labour conditions, but also take responsibility for those workers who produce for them through subsidiaries or providing companies.



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