



# FINAL REPORT

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## Assessment of Workers' Satisfaction and HR Structure of Factories in the Hawassa Industrial Park

October 2017

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## About Sustainability Agents SUSA GmbH

Sustainability Agents SUSA GmbH provides consultancy and training services for the improved implementation of social, labour and environmental standards at production sites from a wide range of industries worldwide. With more than 15 years of experience in worker-manager dialogue, SUSA has provided services to more than 700 factories from diverse industries – including electronics, garment, retail, furniture, jewellery, toys and leather goods – in Turkey, India, Pakistan, Bangladesh, Ethiopia, Vietnam, Cambodia, Laos, Myanmar, China, Germany, Czech Republic, Georgia, Romania and Bulgaria.

Our two-pronged approach drives change through a combination of top-down and bottom-up strategies:

- We work with companies to integrate sustainability into their procurement process.
- We provide trainings at supplier factories to empower workers and managers to solve problems jointly, generating sustainable improvements at the workplace.

## 1. INTRODUCTION

### 1.1. Background and Objectives of the Study

In the last decade, the Ethiopian economy has been one of the most thriving in the world, with an average of 10.8% growth per year (World Bank, 2016). One of the most important reasons for this impressive double-digit economic growth has been the government-led development and expansion of the textile industry. As part of its development strategy, the Ethiopian government has been actively promoting the textile and garment industry. They have done this by implementing sector development plans and offering incentive schemes to foreign investors, which has made Ethiopia an attractive country for apparel companies who face constant pressure to keep up with competitive pricing. A result of these development efforts is the recently inaugurated Hawassa Industrial Park (HIP) –the biggest eco-industrial Park in the country that has already attracted significant foreign investment and has been operating since 2016.

The positive development of the textile and garment manufacturing industry in Ethiopia, however, has not been without any challenges. Despite the implementation of best practices and lessons learned from other Industrial Parks in the country, foreign investors currently operating in the HIP have already reported several challenges, including high rates of tardiness and absenteeism, high turnover rates and dissatisfaction among their workers. In order to better understand these challenges, the potential reasons behind them, Enterprise Partners (EP) commissioned Sustainability Agents SUSA GmbH to carry out a study on workers' satisfaction from 19 July to 5 August 2017. The main purposes of the study were:

- To identify the main causes behind the workforce-related challenges currently faced by the factories in the Hawassa Industrial Park
- To understand how those challenges, impact the factories' operations and production,
- Based on the results of the study, design specific interventions in the area of HR in order to address such challenges

### 1.2. Methodology

To achieve the aforementioned objectives, the study combined desktop review, worker's surveys, focus group discussions with workers and supervisors and in-depth interviews with HR and top management. It also included a review of the human resources framework and specific policies in order to understand the specific framework of each factory; to analyse the results of the study

taking into account the factory's context rather than making arbitrary judgements; and to identify strengths and areas for improvement.

In order to ensure that the research tools accurately address the concerns of the factories, first, a workshop was conducted with the HR managers and representatives. In the workshop, participants jointly identified the most important and pressing topics to be addressed by the research tools. Based on their feedback, the team of consultants developed the following research tools:

- Analysis of Human Resources' procedures and documentation

The analysis was conducted by a team of consultant who went through the factory HR policies, including recruitment policy and procedure, grievance procedure, disciplinary procedure, termination policy, maternity leave, paid leave, overtime, salary structure and increment, medical services, performance bonuses, social benefits, pension, health insurance, unemployment, career development including trainings, promotion, working hours, communication channels, sexual harassment and discrimination, lunch time, shifts and personal protective equipment (please see Annex 1 A.1. for the template). The current practices were assessed taking into consideration both national laws and policies as well as international standards on HR practices.

- Focus Group Discussions with Workers

The objective of the focus group was to gain a deeper understanding of the needs, motivations, expectations of the workers; in relation to their work in the factory and the HIP. The focus group discussions were composed of 3-6 workers and conducted by the team of consultants with the help of a translator.

- Workers' Survey:

The survey was administered to a small sample of workers (max. 10 workers) in each factory with the purpose of obtaining data about their level of understanding of factory rules and procedures, their satisfaction with working conditions, e.g. salary, health and safety, training and career development, etc. In total, 114 workers were interviewed in all factories. Although the sample was designed to include 10 workers from each factory, in some of them less workers participated in the survey due to production pressure. The total number of workers participating in the survey from each factory was as in the table below.

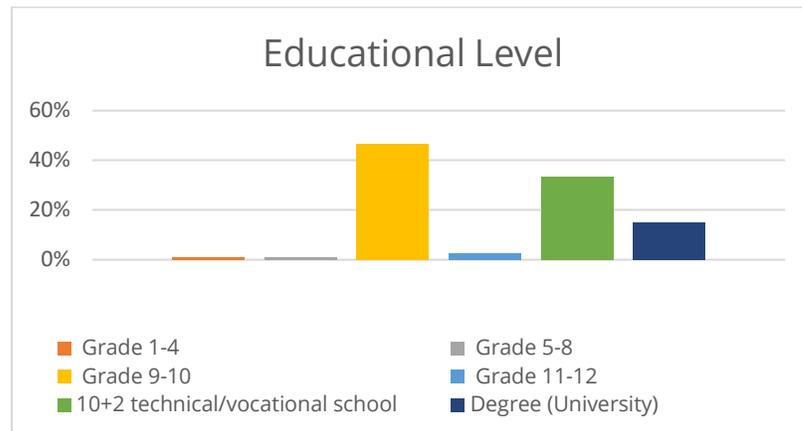
<b>Number of Workers Participating in the Survey per Factory</b>	
PVH	10
Isabella	10
TAL	10
Everest	10
JP Textile	10
Raymond	10
Ontex	4
Epic Group	10
Hidramani	10
Hela Indochine	10
Indochine	10
PTU Century Garments	7
Quadrant <sup>1</sup>	-
Chargeurs	3

Table 1. Workers Participating in the Survey

The average of the workers who participated in the survey was of 24 years old, 87% of them were female. The majority of them are single (88%) and 11% are married. Only 10% have children.

Considering that almost half of the sample (48%) has either finished university or technical-vocational school, we can consider that this is a highly educated group in relation to the type of work done in the factory. This might be due to a biased selection since workers were selected by the factories. Most of the remaining workers (46%) had finalized grades 9-10.

<sup>1</sup> Since at the moment of the study Quadrant still had no workers, the factory participated in the management interviews and in the final workshop.



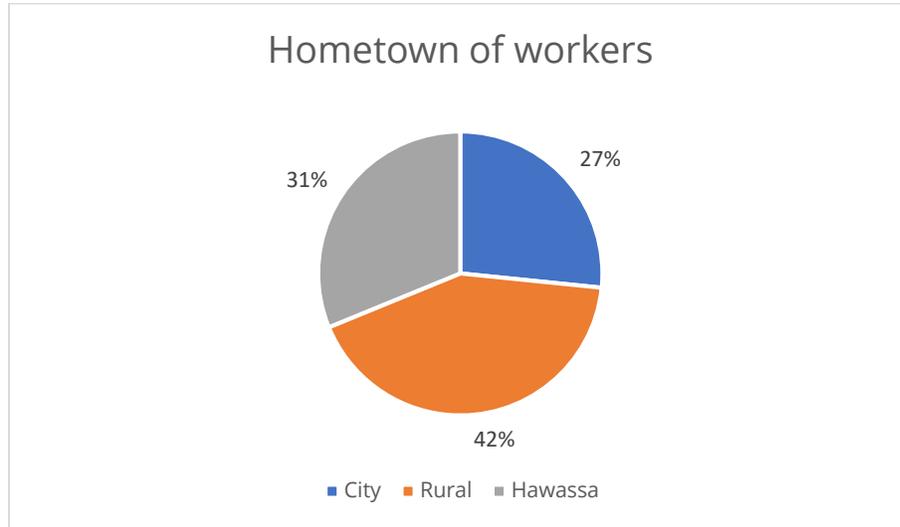
Graphic 1. Educational Level of workers.

The workers who participated in the survey came from different towns and regions.

Hometown	Number of workers	Hometown	Number of workers
Addis Ababa	2	Hawassa	26
Addisu Gebeya	1	Holeta	1
Agere Selam	1	Houmach	1
Alaba	2	Kembata	2
Aleta Wondo	7	Kibre Mengiste	2
Arbe Guna	2	Konta	1
Atote	1	Leku	1
Bahel Adarash	1	Mary Joy 01	1
Bensa Daye	6	Mekele	2
Boditi	1	Morrocho	1
Bona	1	Shashemene	1
Chefe	2	Shebedion	4
Choko	4	Shemena Kedido	1
Dale	1	Tabor	2
Dara	1	Teferi Kela	1
Dilla	2	Walkite	1
Dire Dawa	1	Wara	1
Dore Bafena	3	Wolaita	6
Doro Erbata	1	Woliso	1
Gemeto	1	Wollega	1
Hadero	2	Wondo genet	2
Hagere Selam	2	Wukro	1
Haikdar	1	Yirgachefe	1
Harar	1	Yirgalem	6

Table 2. Hometown of workers

Most of them came from urban areas, either from Hawassa (31%) or from other cities. There is however an important proportion of workers coming from rural areas (42%).



Graphic 2. Hometown of workers.

Finally, the workers who participated in the survey reported to currently live in the following locations:

Current home	Number of workers	Current home	Number of workers
Addis Ketema	3	Gudumale	1
Addis Meneharia	1	Hawassa	15
Addisu Gebeya	4	HIP	1
Addisu Maremia	2	Hiteta	1
Addisu Meneharia	1	Kebele 01	6
Adule Negele	1	Kebele 02	1
Air Marefia	1	Kebele 03	1
Alamura	7	Kebele03	1
Alito	4	Keble 01	2
Amora Gedel	1	Kejeha	1
Ansageal	1	Meneharia	1
Arab serfer	1	Monopol	4
Atena Tera	1	Nigiste Fura	2
Atote	4	Piassa	1
Bahel Adarash	2	Referral	1
Chefe	2	Sefere Selam	1
Chefe Shell chaf	1	Shell Chaf	1
Circle	2	South Spring	2
Daka 01	1	tabor	2

Dato	11	Tikur Wuha	1
Dese Ber	1	Tilte	1
Doro Erbata	2	Worancho	1
Gemeto	2	Wukro	4
Gorgwada	1	Yeshi	1

Table 3. Current home of workers

- Focus Group Discussion with Supervisors:

The focus group discussion with supervisors was conducted with 2-6 supervisors. This depended on the factories' availability to provide supervisors and their needs. The group discussion aimed to understand the background of the supervisors, their understanding of their role, their needs, challenges they face in their daily work, their motivation, expectations from their current position and future career plans.

- Individual Interview with the HR Management:

The interviews were designed to provide insight on the current challenges and needs of the HR department, it's development since the factories started operating, their knowledge about international standards and national laws and regulations, and the expectations they have from mid-level management and from the workers.

- Individual interview with the Top Management:

Interviews were conducted with top management (e.g. the general manager, the production manager, the owner of the factory, the CEO) in each factory. The interviews aimed to gain a deeper understanding of how the identified challenges impact the factories' operations and production, the perception of such challenges from the point of view of the management and the willingness of the management to change current procedures in order to tackle them. They will as well provide understanding of the management working culture and expectations, their previous experience and the development of each factory so far.

Once the research tools were developed, the consultants visited each factory for one day and with the collaboration of the factory management, conducted the aforementioned activities according to the following schedule:

Date	Factories Visited
24.07.2017	PVH Corp.
	Isabella
25.07.2017	TAL Apparel
	JP Textile
26.07.2017	Hela Indochine
	Ontex
27.07.2017	Raymond Silverspark
	Indochine
28.07.2017	Quadrant
	Chargeurs
	Everest Textile
29.07.2017	PTU Century Garments
	Hidramani
31.07.2017	EPIC Apparel Plc
	Arvind <sup>2</sup> (Cancelled)

Table 4. Factory Visit Schedule

After the factory visits were completed, and analysis of all the collected data was carried out. Based on the results of the analysis, a workshop was conducted on 8-9 August 2017 in order to present the main findings and recommendations of the study and have the participants design specific interventions (i.e. action plans) to tackle the most relevant challenges identified.

The following chapters contain the main findings of the study. Chapter 2, i.e. Findings and Recommendations, presents the general results of the 15 factories combined, each followed by a set of recommendations. The results are divided into: HR rules and procedures, management's perspectives, workers and supervisors. Chapter 3 describes the final workshop that was conducted after the study and includes the 5 action plans developed by the stakeholders who participated in the activity. The conclusions are presented in Chapter 4.

All the research tools are included in Annex 1. Annex 2 presents the results of the survey and a comparison between factories on questions regarding worker's satisfaction and living conditions.

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<sup>2</sup> Arvind initially agreed to participate in the study. However, due to production constraints they withdraw their participation on the day of the factory visit.

## 2. FINDINGS AND RECOMMENDATIONS

### 2.1. HR Rules and Procedures

#### 2.1.1. HR Manual

All factories visited were aware of the importance of having an HR Manual and most of them had already developed an HR Manual/Employee Handbook or were in the progress of doing so. Although some factories were newly developing their factory's HR policies, due to their extensive experience in the garment industry in other countries, many factories based their HR policies and procedures on the ones already developed abroad.

There was a general awareness on the importance of translating the documents into Amharic and on the importance of ensuring that the policies are in accordance to the Ethiopian Labour Law – which was reflected in the fact that most of the factories were in the process of adapting the policies, translating the documents or undergoing internal review and approval.

#### **Recommendations**

- *It is highly recommended that factories in the HIP cooperate with one another in the development and adjustment of their HR policies and manuals. The factories would benefit from this cooperation by sharing knowledge on HR best practices and creating a common ground that can help avoid potential workers' dissatisfaction or unrest.*
- *The HR departments should ensure that the manuals are translated into the main languages of the region (i.e. Amharic and Sidama) and that the workers have easy access to this information e.g. creating posters or print outs with the main policies relevant to the workers and posting them on notice boards, giving a copy of the employee's handbook to all employees and creating informational leaflets on important and complicated policies.*

#### 2.1.2. Recruitment and Induction

The recruitment policy for operators has been standardised for garment factories in HIP. The process starts with the government offices in each city or town where people can register as unemployed. The office publishes the job vacancy and contacts registered people. The potential applicants then go through the screening process, which is composed of aptitude tests and a mandatory training on soft skills, i.e. the 'HIPSTER Project' or Hawassa Industrial Park Sourcing and Training Employees in the Region.

As for supervisors, the recruitment is made independently by each company. Most of the factories have a clear and standardised procedure that includes interviews and sometimes exams. Some factories have special agreements with universities to conduct orientations on campus to recruit university graduates for supervisor positions.

Once the workers are recruited, the factories carry their own process of induction. The induction training varies greatly among factories. Most provide training on HR topics and although some factories do have soft skills training for operators, most do not provide this type of training, as it is considered as covered by the HIPSTER program.

### **Recommendations**

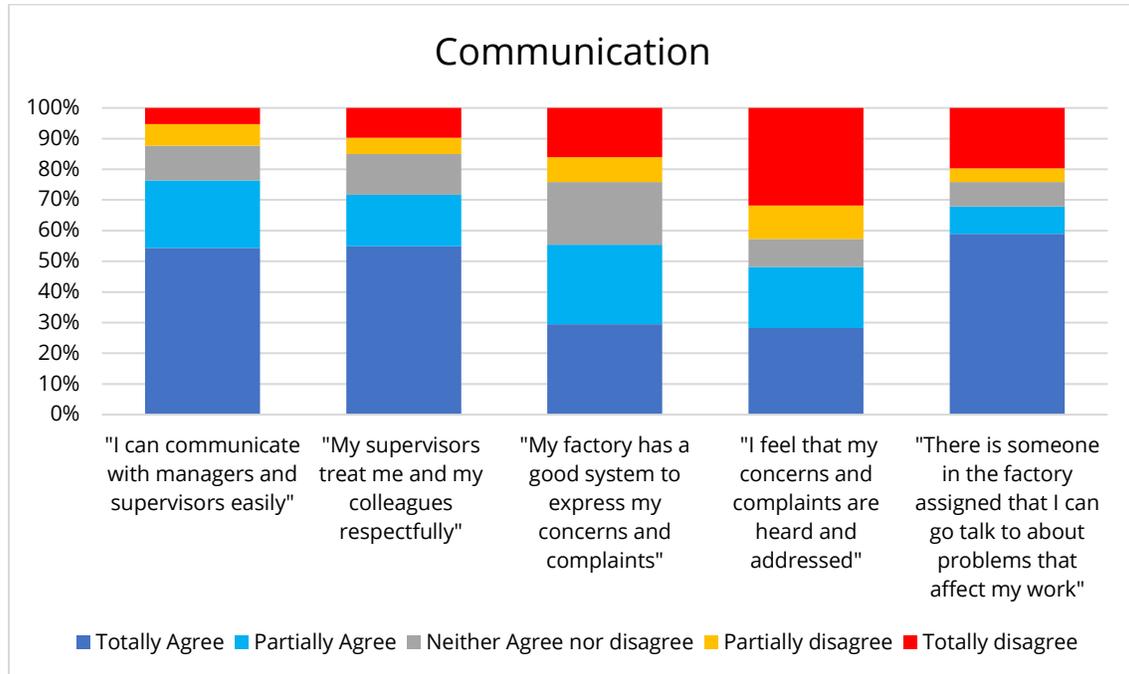
- *It is highly recommended that factories give a refresher training on soft skills once the workers are recruited. Topics for the soft skills training can include personal and general hygiene, communication, time management, respect in the workplace, cooperation with other cultures etc.*
- *As with the HR manual, factories would benefit if they cooperated on joint actions and agree on a standardised HR induction training that includes, at the minimum level, the following topics:*
  - *Introduction to the company (not only to explain basics but should also aim to generate a sense of pride and ownership)*
  - *Products of the company and clients*
  - *HR Policies: Company disciplinary and termination rules, basic salary calculation (including factors influencing the calculation) with specific examples, incentives (if provided) and how they work, promotion and factors affecting promotion.*

### **2.1.3. Communication Channels and Grievance Procedure**

Most of the factories had established communication channels through which the workers could express their concerns. In some cases, there were grievance boxes or worker´s committees, but in most of the factories the procedure only involved direct communication with a supervisor or an HR officer. Usually, in the cases where communication was verbal, the handling of grievances was not documented.

Although according to the survey (see Graphic 1 in the next page) most workers considered that communication in the factory was good (especially with supervisors), in general, it seems that many

did not have a clear idea about the channels through which they could communicate grievances or they considered that the system to communicate them is not efficient. Only about 55% of the workers answered that the system to express concerns and complaints was good in their respective factory. A considerable proportion of workers perceived that their complaints and concerns were not being heard. This clearly points out at the need to create awareness among workers about the available communication channels.



Graphic 3. Survey Results on Communication

## **Recommendations**

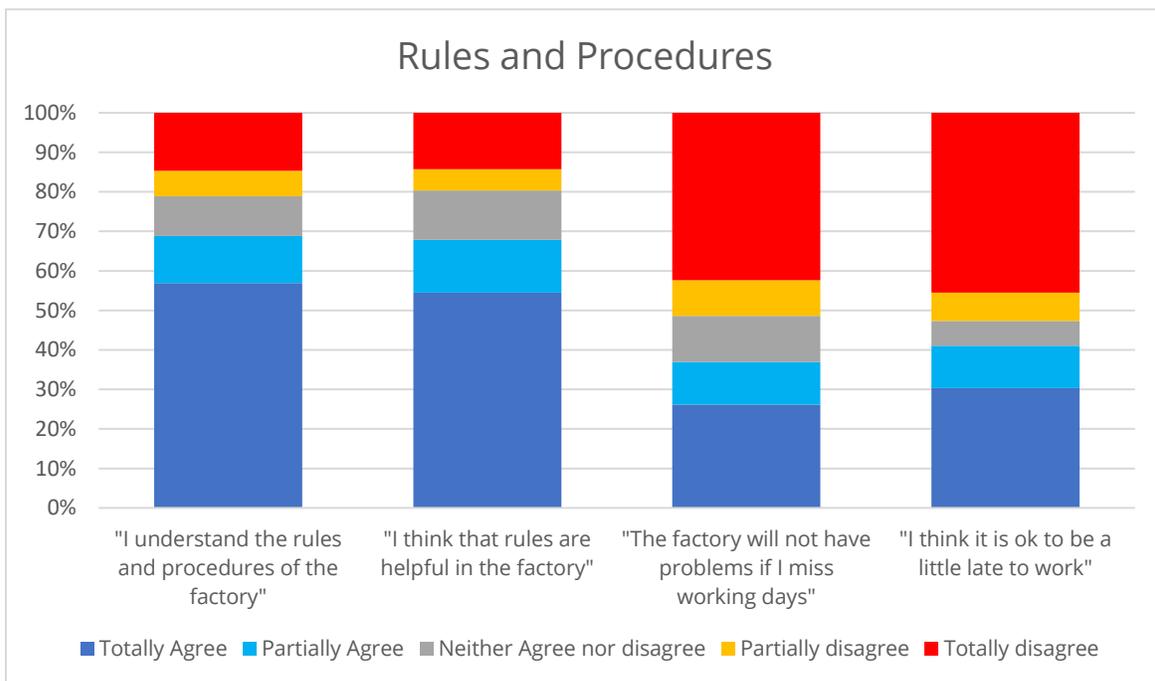
- *It is highly recommended that the HR departments establish clear, simple and structured grievance procedures that guarantee anonymity of the workers. This will make it easier for them to understand the different channels available and will enable them to communicate their concerns without any worries.*
- *Factories and workers would benefit from the development of channels through which anonymity is ensured, such as a workers committee. The workers committee should be regularly trained to be able to perform their duties effectively and gender representation should be ensured.*
- *A professional counsellor who can act as intermediary between the workers and the management would also be beneficial for the factories. Considering that almost 90% of the workers interviewed were female, a female counsellor could take over the function along with dealing with cases of gender discrimination and harassment.*
- *Factories' HR departments should keep records of all the grievances, register how they have been handled and post the outcomes and actions taken where workers can clearly see the results. This will not only generate trust among the workers, but also encourage them to further communicate their grievances.*
- *Whereas the establishment of certain grievance procedures can be achieved in the short to medium term (grievance boxes, the establishment of a system for recording grievances, etc.), long term solutions that overall improve the communication between workers and managers are recommended. Projects that have implemented a dialogue approach have achieved successful results. Through a dialogue process in which workers and managers jointly work to find solutions to factories' problems, the stakeholders acquire the skills and knowledge to effectively communicate with each other, to enhance cooperation and improve their mutual understanding, and to integrate participatory organisational structures that ensure sustainability into the factories' existing structures. This has resulted not only in consensus-building regarding improvements to both labour-management relations and economic conditions, but also in an increased sense of ownership and higher likelihood of implementation of the measures. Sustainability Agents SUSA GmbH has implemented this approach to target problems in areas such as OHS, fire safety, compensation, productivity and communication in several countries including Bangladesh, Cambodia, Myanmar and China.*

### 2.1.4. Disciplinary Procedure

As a result of the HR Manual Review, it was discovered that most of the factories have a written disciplinary procedure in accordance with the Ethiopian Labour Law. In some factories, although a general procedure had been developed, the specifics necessary for its clear implementation were not very clear e.g. which amount of times a violation had to be committed to proceed to next step in the disciplinary procedure and sometimes even the procedure itself was not evident.

In spite of such procedures being in place, most of the companies reported that the work ethics and discipline of workers is a big problem. The management believed that workers don't understand the importance of discipline and work ethics and how they relate to productivity. Such impression was partially corroborated in our talks with the workers, who recognised that some of the workers lacked discipline and time management skills.

The survey also seemed to support this overall impression of workers lacking work ethics and discipline. Although the majority of workers claimed to have a good understanding of the rules and procedures of the factory and their importance, a significant number also thought that the factory would not face significant problems if they missed working days or if they were a little bit late to work. This shows that there is a gap between what workers believe and what the reality is i.e. workers believe that they fully understand the rules of the factory but this seems not to be the reality.



Graphic 4. Survey Results on Rules and Procedures

### **Recommendations**

- *The rules and procedures of the factory must be specific and clear, adapted to the local language and clearly communicated and explained to the workers. This has to be achieved on the short term so as to prevent conflicts and misunderstandings coming from the lack of clear procedures.*
- *If the factory has set specific rules and communicated them to the workers, the HR department and managers need to enforce them from the beginning. Some factories were not yet fully enforcing the rules and were being flexible about them mainly due to them understanding that workers need time to adapt and transition (in most cases) from rural to urban life. Though it is understandable that in the beginning the companies show some flexibility, this initial period of flexibility should be limited and clearly communicated to the workers. Otherwise, they will be confused about the rules or think that although the factory has certain rules, it does not really enforce them -which can lead to their repeated disregard of rules.*
- *Extra attention has to be given to explaining issues related to time (tardiness, absenteeism) as the workers need to understand them not only as a matter related to discipline, but as a matter that has negative consequences for the factory and for their co-workers. This can be done by organizing regular trainings applying action learning methods, where workers deal with complex issues, develop solutions, take empowered action, learn from each other and engage in reflection.*
- *The factories can consider establishing a tardiness reduction bonus through which workers get some extra money if they are not late.*

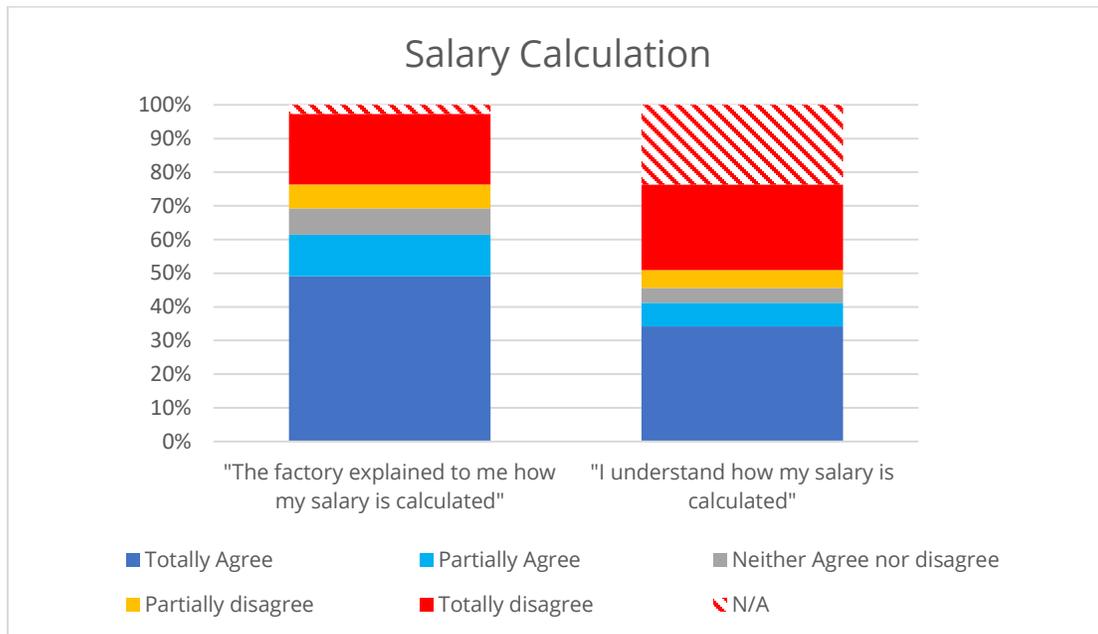
### **2.1.5. Salary and Incentives**

#### *Salary*

According to the HR Manual Review, the basic salary is almost the same (i.e. 650 ETB) in all the garment factories of the HIP and the differences in the amount of money received by the operators is mostly determined by the allowances.

According to the survey, in most of the factories, workers agree that the factory has explained them how their salary is calculated. However, in some of them workers disagreed and said that the factory had not clearly communicated this salary calculation.

What is important, however, is that regardless of whether the workers say they have received an explanation on the salary calculation or not, the majority of the workers (up to 70%) still do not seem to understand how their salary is calculated. Even among workers who said that the factories had explained the salary structure, there was a feeling of not understanding it. Only, in very few factories did most of the workers say that they understand how their salary is calculated.



Graphic 5. Survey Results on Salary Calculation

### Allowances

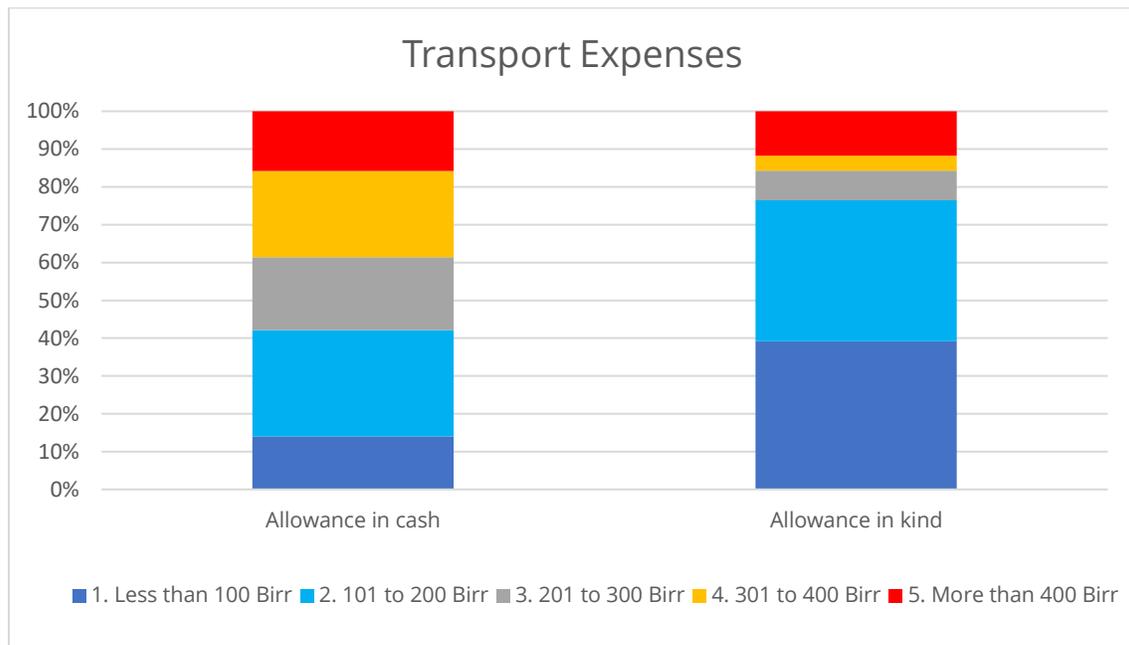
In the HR Manual Review, it was found that some factories provide allowances in kind and others in cash and that when the amounts are in cash, the amount varies among the factories.

- **Food:** When the allowance is given in cash, it ranges from 200 to 400 ETB; when it is given in kind, managers calculate that the meals provided equals to 300-400 ETB per month.
- **Transport:** When the allowance is given in cash, the amount given is between 150 to 230 ETB
- **Housing:** Although most of the factories do not provide such an allowance, the factory that currently provides it gives around 300 ETB per month.<sup>3</sup>

When the allowances were compared with the monthly living costs reported by the workers in the survey, it was found that:

<sup>3</sup> The information about the housing allowance was received but could not be confirmed due to the unavailability of the management at the time of the factory visit.

- Food: Most of the workers spend more than 500 ETB in food.
- Transport: Differences were observed within workers from factories that provided allowance in cash and those which provided allowance in kind. In general, the survey found out that 80% of the workers receiving in kind transport spend less than 200 ETB per month on transport. In contrast, only 42% of the workers receiving cash allowance spent less than 200 ETB and 38% spend more than 300 ETB per month. This shows that workers benefit more from in-kind transport than by cash - especially in the cases in which the cash allowance provided is not proportionate to the transport expenses.



Graphic 6. Survey Results on Transport Expenses

### Incentives

Most of the factories offer incentives. Attendance allowances range from 100 to 250 ETB (for full attendance). Some of the factories only provide the bonus for full attendance whereas some others still provide the bonus with a slight deduction per absent days. The production incentives vary greatly among factories, with some of them still not providing any. Among those who provide this incentive, there are different methods such as competition among the lines and productivity schemes considering different criteria. The delivery of the bonus was mostly done along with the payment of the salary, but in one case it was done separately in the middle of the month, and in another, weekly. Some also provide bonuses to only specific departments.

Regarding the workers' understanding of their incentive schemes, although there are differences amongst factories, in most of them, there is confusion regarding the attendance bonuses. Only in 2 factories did most of the workers agree that if they come to work every day on time they will have

more money. In the rest, more than half of the workers seemed to be confused. Considering that the big majority of the factories already have an attendance allowance, there is a gap that needs to be closed.

Workers are more aware of the effect of higher production in their earnings (even though some factories do not have productivity allowance yet). In the factories that already have an incentive, at least 50% agree that if they produce more, they will get more money. In addition, it seems that the workers have a better understanding of the productivity incentive as an incentive and not as part of their salary, when these incentives are awarded and paid separately from their salary i.e. on a separate day.

### **Recommendations**

- *It is highly recommended to provide the food and transport allowance in kind rather than in cash. As seen in the results, workers benefit more from the allowances in kind than in cash as in most cases the allowance given in cash is not proportionate to the actual expenses incurred.*
- *Clarity in the salary calculations has to be guaranteed from the beginning. A general explanation of the salary structure during induction period may not be enough and therefore it may be necessary to reinforce their understanding periodically. In this way, feelings of unfairness and confusion about the salary calculation can be avoided.*
- *If incentives are provided, they also have to be clearly explained to the workers as they sometimes confuse the allowance and bonuses as part of their basic salary. Participatory trainings can help workers to better understand the incentive system in the factory.*
- *Separate payment of the productivity incentives can help the workers understand that this is not part of their base salary but a bonus that they receive depending on their performance. Factories in the HIP have already implemented this method that had proved to be successful among workers.*

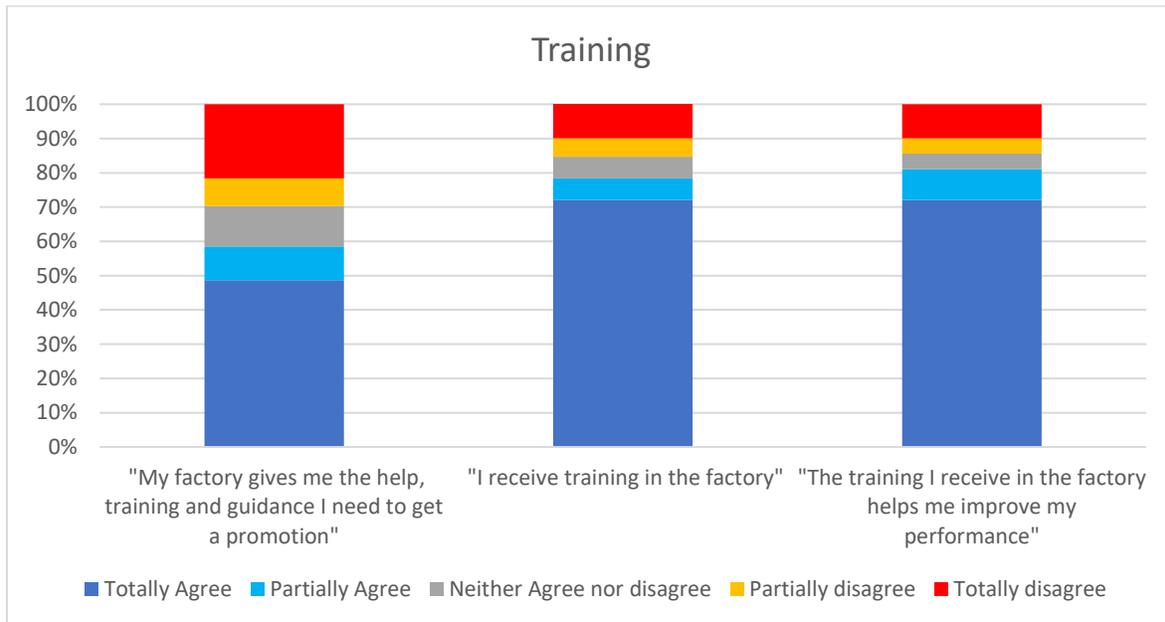
### **2.1.6. Increments, Career Development and Training**

The criteria for the salary increments vary vastly among factories. 4 out of 14 factories still have not developed a salary increment policy. The remaining 10 factories have schemes with different levels of complexity and composed of mainly the following criteria: performance, time of service in the factory, and external factors e.g. inflation, costs of living, etc.

According to the survey, some workers have accurately understood that there might be increases in their salary depending on exports, factory and individual performance. However, in most cases

the salary increase was expressed more as a wish than as a fact, which suggests that they might lack a clear understanding about how their increment works and which of the increment criteria are under their control.

As for their career development, there is great variation in the training programs provided by the factories. However, in most factories, it seems that there is no long-term training plan for operators besides induction and technical skills. While managers expressed that the training was constantly done on the line and workers consider the training in the factory as helpful, it seems that an important proportion of operators have the impression that the factory does not provide the support necessary for their career development and that there is no career path within the factories (which was reflected in the fact that a significant number of workers interviewed did not consider building a career in the factory as an option).



Graphic 7. Survey Results on Training

Regarding the training for the mid-level management, visible differences in the training programs were found. Some factories provide an overseas training for supervisors in order to support them in their career development. It seemed, however, that there is a gap between the expectations the supervisors have about what the outcome of such trainings should be and what the management expects from them after those trainings. Managers expect supervisors to come back with more ownership, commitment and with the purpose of delivering results. However, they reported that what often ensues is a high turnover or higher expectations regarding promotion and salary by the supervisors.

From the HR Manual Review, it was learned that most of the factories do not provide proper ongoing training on leadership and soft skills for supervisors and this was reflected in the fact that during the focus group discussions, with the exception of few supervisors, most considered their main role to be more technical than about management and leadership. However, it is worth noting that some of them were aware of the necessity to receive such training and expressed their desire to take part in leadership, management and soft skills trainings.

### **Recommendations**

- *Promotion systems have to be developed by the HR department, clearly communicated to the workers and visibly enforced by the factories.*
- *Workers need to have a clear idea of how they can advance in the factory, how they can get a promotion or a salary increase. Therefore, once the promotion systems are settled by the factory, it is highly recommended to provide training to the workers and clearly explain to them how they can achieve this by giving specific examples.*
- *As with the incentives, participatory trainings can be conducted so that workers can better appropriate the information, can develop a sense of ownership, and can clearly envision how their career path could look like in the factory.*
- *Language was mentioned as one of the main barriers for communication, since many workers have limited understanding of Amharic. If necessary, resort to preparing visual and written communication materials that can make it easy for them to understand e.g. hand-outs, flyers, cartoons, storytelling through video, etc.*
- *Training is an effective tool for workers to improve their performance, but can also be used to generate behavioural changes, increase ownership, motivate workers and improve workers' satisfaction. Moreover, since Ethiopian workers are new to the industrial culture, regular participatory training programmes in topics such as role perception, behaviour at work, discipline, self-motivation, work-life balance, family budgeting and team and work dynamics, etc., can contribute to build up this knowledge. SUSA's experience in different countries including factories in Ethiopia reveal that to achieve behavioural change through training, intensive and long-term support is necessary. It is imperative to have the commitment from top management as they act as drivers within the factory by motivating workers and providing the necessary resources to implement measures; and to tailor the training to the cultural context of the factory and to the factory's specific needs in order to increase ownership.*

### 2.1.7. Medical Services

Regarding medical services, some factories have a medical care station or are in the process of constructing one within the factory. For factories who have a medical care station within their premises and who do not have such facilities, the standard procedure in most of the cases is to send employees to the HIP's clinic to handle cases of accidents/sickness. In the former, the employees are sent there when the resident nurse or doctor cannot handle the case, whereas in the latter, sending the employees to the clinic is the procedure for most cases. In most, if not all factories, there was a clear policy and procedure on how to handle serious cases and there were first aid kits with people trained on first aid as well.

### 2.1.8. Sexual Harassment and Discrimination

Most of the factories have a sexual harassment and anti-discrimination policy, however, while most factories have a policy, in many there were no specific policies or procedures for sexual harassment.

#### **Recommendations**

- *Topics related to sexuality and reproductive health are considered to be taboo among the Ethiopian workforce. For these reasons, it is necessary to generate awareness among workers to break these taboos and to create an atmosphere in which, gradually, employees could feel comfortable to discuss sexual harassment. Trainings on these topics have helped build the foundation for raising awareness not only about sexual harassment itself but also gender discrimination and discrimination in general.*
- *It is highly recommended that factories develop and set not only a clear sexual harassment procedure ensuring protection for the victim of sexual harassment but also to ensure that appropriate channels are established to guarantee the confidentiality necessary for the employees to report cases without fear of retaliation or stigmatisation. This task can be undertaken by the HR departments.*
- *Specifically, it is recommended that all factories assign a counsellor with relevant background as an additional communication channel for reporting such cases. This has proven to be successful in other textile and garment factories, which have established processes and hired female representatives to especially handle cases and provide counselling.*

## **2.2. Management's Perspective**

### **2.2.1. Perceived Challenges**

#### *Language and Cultural Barriers*

Communication was considered one of the main challenges for the managers. While, in some companies the language barriers were perceived as problematic, in those factories where translators and supervisors helped translate, the management did not consider it as a big problem.

Although the cultural differences were not explicitly mentioned as a challenge in the conversations with management, it seemed that most had some difficulties to fully understand the local culture. Such feeling was corroborated in the discussions with workers and supervisors. They mentioned that they felt that there were cultural barriers between the Ethiopian employees and the foreign managers and as a result, the management seemed not to understand Ethiopian workers. This lack of understanding was leading to confusion and frustration from both sides and in some cases even aggressive situations. There seems to be, however, awareness of this problem among most of the management and most were also willing to make an effort to understand the culture and improve. Some of the factories were providing foreign language training e.g. Chinese for staff, and in some of them the managers had begun to learn Amharic.

#### *High Turnover Rates and Absenteeism*

The management of most factories reported that they are struggling with high turnover rates. While some have turnover rates of less than 5%, most have 10% on average. In some factories, the turnover rate is reported to be higher among supervisors.

Absenteeism was perceived as a challenge in most factories. Most of them reported that the operators' absenteeism was at most 10%, but the average is less than 5% due to some factories having lower rates. Absenteeism did not show a strong correlation to the provision of transport by the factory.

#### *Lack of Work Ethics and Discipline*

Work ethics and discipline was seen as a problem in most companies. The management thinks that workers do not seem to understand the importance of discipline and work ethics and their relation to productivity. A lack of time management skills and tardiness were identified as big issues by the management in all companies as well. This perception was supported by the survey results, in which a significant percentage of the workers surveyed answered that they did not believe there would be problems for the factory if they missed working days and also said that

they believe it is ok to be a little bit late to work. In the focus group discussions, it was observed that even workers themselves seem to sometimes recognise that there is a lack of discipline and work ethics among operators.

### *Personal Hygiene*

Some factories mentioned that general and personal hygiene were a challenge initially. They reported that operators seemed to be unaccustomed to using the style of toilets in the factories. They mentioned that it was necessary to provide training to the workers on the topic. However, after having received the training improvements were observed.

### *High Expectations and Lack of Ownership of Mid-Level Management*

Dealing with mid-management, i.e. supervisors, was mentioned as one of the most important challenges faced by managers in the majority of the factories. Managers in general perceived the expectations of mid-management as too high and not grounded in the quality of their work, their performance and efforts. They also considered that their salary and promotion expectations were too high considering the mid-management's level of expertise, skills and work experience. Managers reported that it seemed that supervisors had high expectation based solely on the fact that they had completed university studies or because of the training received abroad while working in the factory. This was true, since even after the training, they were not performing to the expected levels.

Through the analysis of the discussion with mid-level management, it was found that this perception is accurate. In the focus group discussion with the supervisors, it was generally found that their expectations were very high. Even after spending just a few months in the factory, they seemed to expect increases in salary. This was found to be true even among the supervisors with salaries higher than average (i.e. 7,000-12,000 ETB per month).

In addition to these high expectations, all managers agreed that one of the biggest challenges they were facing was also the supervisors' lack of soft skills, including leadership skills, discipline and responsibility but, most of all, ownership. This perception was also partially corroborated through the focus group discussions. Although awareness about a lack of ownership was not found, the supervisors also felt that they need further soft skills training e.g. leadership skills.

### **Recommendations**

- *In order to address the cultural and language barriers perceived by top management, it is recommended to provide them with cultural and language training on the local culture and languages. This will greatly contribute to their better understanding and therefore dealing with the cultural differences, which, in turn, can contribute to reduce conflicts.*
- *Regarding the challenges with the work ethics, as mentioned previously, it is necessary to provide trainings to the workers not only during the induction period but also periodically in order to reinforce their understanding and learnings.*
- *To address the issues of the personal and general hygiene, it is recommended that all factories conduct a thorough induction training which includes these topics as well. It should be noted, however, that the problem of personal hygiene was to be found to be quite complex, as sometimes the lack of personal hygiene is not due to the workers' ignorance or negligence but due to their being unable to afford renting a home with proper showering facilities.*
- *Regarding the expectations of mid-level management, it is recommended that the HR departments re-evaluate the current recruitment procedures in order to set realistic expectations from even before joining the company. In this way, the supervisors will know exactly what to expect from the beginning and, if they decide to join the company, they would be agreeing to those conditions (but this has to be made explicit to them as well).*
- *Finally, regarding the issues with ownership and motivation among supervisors, it is recommended to conduct intensive soft skills training for them from the beginning. The trainings should explicitly communicate and explain the goals of the training and the expected outcomes so that they can understand what will be expected from them afterwards. Otherwise, misunderstandings regarding the expectations might continue to take place.*

### **2.2.2. Factory Expectations**

#### *Expectations regarding Workers*

During interviews with the top management of the factories, it was observed that most of them seemed to have both positive and negative expectations before coming to Ethiopia and the Industrial Park. In general, however, whenever there was a negative expectation e.g. low productivity rate, the management was more understanding due to their awareness of the context of the Ethiopian workers i.e. without any technical skills, new to the industrial work culture and probably coming from rural areas and the fact that the industry itself is new to the country.

Among the positive aspects, it was mentioned several times that the Ethiopian workers were fast learners and could produce quality garments if they really put their mind to it. However, they mentioned that often there is a lack of concentration skills and ownership, and therefore, the quality of the production is largely inconsistent.

Some of the managers mentioned that they expected ownership and motivation from the workers but that from their observations this expectation was far from the reality. They also mentioned that, contrary to what they expected, the workers seemed to lack a vision for their future. The findings of the study, however, did not find any strong evidence supporting these observations. Regarding motivation, the study found out that workers were, contrary to the management's perceptions, generally very motivated about the work in the factories. They expressed that they really like what they do and their job. They also had long term goals and a vision albeit often not within the factory, e.g. one participant said: *"I am happy working here. At first, I started working just to avoid staying at home. Now I am happy because I can see my future"*. Most of them wanted to continue with their education or eventually become self-employed.

### *Future Expectations*

Overall, the management has a positive vision about the future of the factories and the HIP. However, they were also conscious about several challenges. Workforce-related problems were seen as a potential challenge, including competition for labour and shortage of workforce. The management was also aware that the wages and transport are main problems that need to be solved urgently. Some also perceived the lack of engagement of the community as a potential issue in the future.

### **Recommendations**

- *In order to prepare for future workforce-related challenges, it is highly recommended to conduct a market analysis of the available workforce and design a strategy accordingly.*
- *Regarding the lack of engagement of the community, it is recommended that the HIP conducts a study to find out the impact of the HIP on the community and how the community itself views the HIP and its impact on them in order to avoid potential discontent. If there is discontent and it is left unaddressed, there might be a potential escalation to overall unrest.*

## 2.3. Workers

### 2.3.1. Living Conditions

#### Income

The reported average income of garment factory workers<sup>4</sup> was 1,024 ETB per month. From the workers surveyed, 75% reported earning less than 1,200 ETB per month but 50% of them reported earning less than 989 ETB.



Graphic 8. Survey Results on Salaries Reported by Workers

After asking the workers how much money they spent in food, housing and transport, it was calculated that the reported average expenditure of these workers (considering only their basic needs) is of 1,030 ETB per month –which clearly exceeds the amount earned by many of the workers. Not surprisingly, this was found to be the most pressing issue for workers, who reported that the biggest challenge for them was the fact that the salary they receive every month is not enough to cover their basic needs. Although there were slight differences between factories, most of the workers (70%) reported their expenditure to be higher than their income and only 30% of them reported that they had some

*"Many operators came from rural areas and were not informed that the cost of living would be high. For this reason, they rent a room and shared it with 3 others (total 4 in the room). The work is good but the living conditions do not allow us to survive and live happily" - Worker*

<sup>4</sup> Ontex was not considered for this specific calculation because: a) it is not producing garments and b) the operators are highly skilled.

remaining income but it was only very marginal max. 260 ETB). In all factories, workers repeatedly mentioned that the salary was too low to cover their basic expenses.

### **Recommendations**

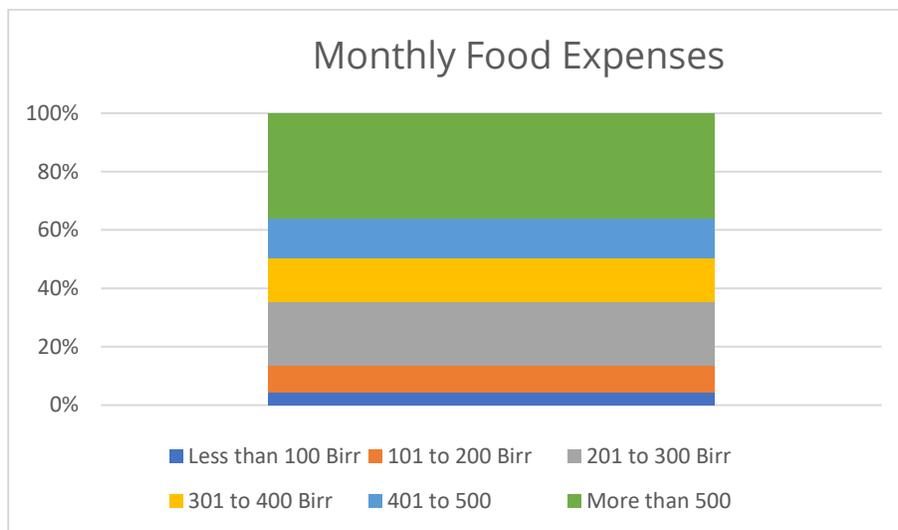
- *It is recommended for the HIP to establish a system that monitors inflation in Hawassa at least every year so that the factories can, at the minimum, take into consideration inflation in their salary increments.*
- *It is recommended to have an agreement among factories on a joint basic increment procedure, e.g. annual wage increase to balance local inflation.*
- *Develop payment systems based on wage groups so as to prevent wage irregularities and inequalities in the factories, ensuring that wages are paid fairly and equally. SUSA has assisted textile and garment factories with over 5000 workers in the development, evaluation and organization of job profiles into structured wage groups, based on mental and physical requirements of the position, responsibility and working conditions. This process has helped to bridge the gap between the salaries of underpaid and overpaid employees and to level these to the established salary range in the wage group system. The establishment of payment systems has proved to be fundamental to guarantee transparency and to generate trust among workers regarding their career progression and responsibilities in the factory. The wage groups allow as well a transparent evaluation of the employee's performance and set the basis for collective bargain.*

The following conceptualization of **fair wages** can be considered to guide the calculation of wages:

- **Payment of wages:** A wage which is regularly and formally paid in full to the workers, on time and following the legal stipulations.
- **Living wages:** A 'living wage' is the minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family, including some discretionary income. This should be earned during legal working hour limits (i.e. without overtime). Agreement on a 'living wage' should be reached through good-faith negotiations between the employer, employees and their legitimate representatives, preferably through collective bargaining at both industry and national levels.
- **Prevailing wage:** A wage which is comparable to wages in similar enterprises in the same sector
- **Payment of working hours:** A wage that does not generate excessive working hours beyond the legal limit and in accordance with ILO standards, and that properly rewards normal working hours and overtime.
- **Pay systems:** A wage that leads to a balanced wage structure or composition between the basic wage and additional bonuses and benefits. A wage that is perceived by the worker as in accordance with the value of his/her efforts. I.e. that reflects different levels of education, skills, and professional experience, as well as rewarding individual and collective performance. A wage that complies with regulations on social insurance payments, paid sick leave and paid holidays and is not dominated by disciplinary wage sanctions.
- **Communication and transparency:** A wage on which workers receive sufficient information in advance (through an individual work contract), in the course of the production process (through regular communication channels) and at the time of the wage payment (with a detailed paid slip). A wage system which ensures transparency concerning the criteria on which workers are paid and that enables workers to compare their performance with that of their co-workers, as well as with themselves over time.
- **Social Dialogue:** A wage that is negotiated individually (with individual employers) and collectively – notably through collective bargaining– between the employer and the workers' representatives who are freely accepted in the company. A wage which is regularly reviewed.
- **Wage Discrimination and wage disparity:** A system of equal wages for equal work that does not lead to wage discrimination and that does not generate unjustified, too high and too rapidly growing wage differentials within the company.
- **Real wages:** A wage that progresses at least in proportion to price increases.
- **Wage share:** A wage that progresses proportionally along with enterprise sales and profit growth and which does not lead to a fall in the wage share in enterprise performance growth.
- **Wage costs:** A wage whose progression does not lead to a dramatic reduction in wage costs within total production costs and as a percentage of employment.
- **Work intensity, technology and up-skilling:** A wage that progresses along with changes in intensity at work, technological contents and the evolving skills and tasks of the labour force.

## Food

Regarding food, the workers reported to spend, on average, around 400 ETB per month. When the reported food expenditure was compared to the food allowance, there was no clear trend found on whether the amount spent on food had a relation to whether the food allowance provided in cash or in kind. What was clearly revealed, however, was that, in most cases, the food expenses are much higher than the food allowance (which, as mentioned previously, ranges from 200 to 400 ETB). This was further corroborated when taking into account the expenses that the factories reported to incur in when providing the food allowance in kind: When the factories provided the food allowance in kind, they calculated food costs to be approx. 300 to 400 ETB per person for one meal every working day in a month and, thus, if workers were to buy food for dinner, they would have to spend (at the very least) a similar amount to the one the factory calculated for lunch.



Graphic 9. Survey Results on Food Expenses Reported by Workers

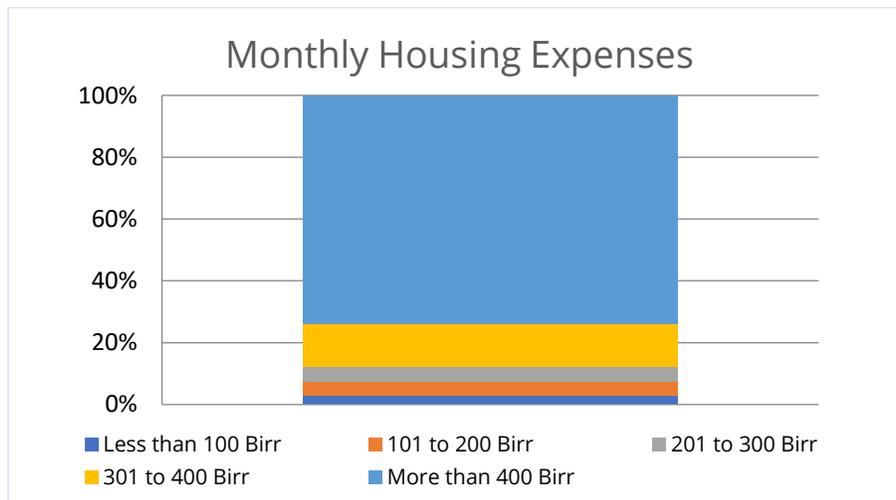
Such results might partially explain why workers from factories where the food allowance was provided in cash, seemed to not eat properly, were fainting and feeling weak (especially in the second half of the month). The cash allowance was probably not enough to buy sufficient food to eat two meals per day, and therefore, workers were not eating well.

### Recommendations

- *It is recommended to provide good quality food instead of giving cash allowances that workers might use for other purposes.*
- *It is recommended to set up canteens to provide the food allowance in kind rather than in cash. The canteens can be set up as individual canteens servicing each factory or as canteens servicing a group of factories (e.g. one big canteen servicing five sheds).*
- *A good solution for helping workers cope with the high costs of food is setting up a fair shop at HIP where workers can buy staples and basic food items at price costs/wholesale price.*
- *In order to ensure that workers are eating well, provide training regarding nutrition (e.g. regular meals, economic but healthy meals, etc.).*

### Housing

The housing situation in Hawassa has been recognised as a problem by workers, supervisors, managers and the community in general. With the arrival of the HIP, housing prices have raised and, due to the lack of governmental regulations, they are already unaffordable for workers.



Graphic 10. Survey Results on Housing Expenses Reported by Workers

On average, 74% of the workers reported that housing costs were more than 400 ETB per month (at the very minimum in housing that might be compliant with ILO standards<sup>5</sup>; only workers renting a room according to the government subsidy scheme pay 350 ETB per month). This was consistent with the findings of the focus group discussions, where workers reported that the cost for renting a room (4x4 sqm room with shared kitchen and toilet) relatively close to the industrial park was about 700- 800 ETB.

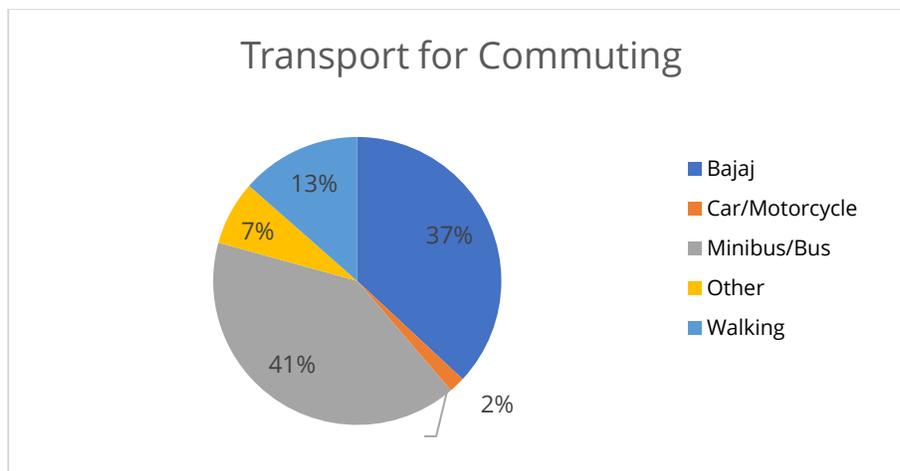
*“Renting a house near the industrial park is expensive, more than 800 ETB, so the people live far away and it takes time to come because there is no transport.” - Worker*

### Recommendations

- It is highly recommended that relevant stakeholders agree on and develop minimum housing standards (kitchen, sanitary facilities, light, ventilation, space per worker) for rooms that are rented out to workers.
- It is highly recommended that relevant stakeholders develop a scheme to regulate housing prices (specifically, rent) in order to avoid overpricing and to prevent that workers do not benefit from future wage increments due to their paying higher rent prices to the landlords.

### Transport

Workers reported that, in general, they commute to work either in the company bus (if provided), by foot and/or by Bajaj.



Graphic 11. Survey Results on Transport Used for Commuting

<sup>5</sup> For information on ILO recommendations on Workers' Housing Standards, please see [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---multi/documents/publication/wcms\\_116344.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_116344.pdf)

The lack of good and affordable public transportation system and the long distances from the workers' houses to the factory, made transport one of the biggest challenges reported by workers. When the workers reported that the factory provided transport services, the transport problem was found to be partially solved as the workers had a reliable service to commute to work. However, it was also found that the provision of transport services by the factory did not necessarily mean that workers did not face transport problems. Since many workers were living in remote suburban areas due to their being unable to afford rent in urban areas closer to the HIP and the factory buses covered a limited area, workers still had to often walk the remaining distance home. This was problematic specially for the night shift, as many workers felt afraid to walk home alone due to reported incidents of robbery, hyena attacks and even rape.

When transport was not provided by the factory, most of the workers reported taking a Bajaj or walking to work. As explained above, most of the workers reported living in remote suburban areas and, as they came walking due to the lack of affordable and reliable transport services, they reported being sometimes late to work. They reported that being late to work after the effort put

*"People who live here have to live outside the city and it is easy to come late. We usually take a Bajaj but when we don't have money we walk. Sometimes we come late for that, even if we wake up early. It is worst when it rains." - Worker*

to come often made them feel discouraged, and as a result, they lost motivation to come to work. The lack of transportation was also mentioned as a reason why the workers were reluctant to do overtime, since they would have to go back by foot in the dark.

While in both cases (transport provided and not), the workers seemed to have security concerns, it was found that for the workers from factories in which transport is not provided, the lack of transport

services led to a loss of motivation and a significant financial impact (most of the workers in factories where transport services are provided spend between less than 100 ETB and less than 200 ETB for transport per month, whereas for factories in which the transport is not provided, the people spend from 200 to 400 ETB per month on average).

### **Recommendations**

- *It is highly recommended that relevant stakeholders develop a transport system for workers that is cheap and safe, instead of giving an allowance which workers might use for other purposes.*
- *It is recommended to explore and develop ideas for green transport, e.g. the usage of bicycles.*

### Other expenses

Most workers (80%) reported to have other monthly expenses besides transport, housing and food. More than half of the workers, spend on average 449 ETB monthly in clothes. The next most common expenses were sanitation, telephone, household and hair care.

Item	% of Workers	Average money spent monthly (ETB)
Clothing	55%	449
Education	1%	750
Hair and Sanitation	2%	150
Hair care	8%	94
Hair care and Clothing	1%	550
Hair care and Sanitation	1%	700
Hair care and Telephone	4%	200
Household	19%	409
Leisure	3%	333
Medical	11%	329
Other	8%	409
Sanitation	26%	246
Sanitation and Clothing	1%	500
Sanitation and Telephone	1%	250
Telephone	10%	155
Telephone and Leisure	1%	200

Table 5. Survey Results on other expenses<sup>6</sup>

More than a quarter of workers reported to spend, on average, 246 ETB per month in sanitation, most likely in sanitary pads. Although not reflected in the data, it is likely that the percentage of workers spending part of their salary in sanitary pads is higher, due to the fact that most of them are young females. However, it is also likely that many of them have no possibility to buy sanitary products. Considering the reports on the housing situation, it is possible that they also do not have access to a clean and private space in which to change menstrual cloths or pads and to wash. Studies in Bangladesh have shown that 60% of women were using rags from the factory floor for menstrual cloths, leading to

<sup>6</sup> The total adds more than 100% because the answers correspond to a multiple response question.

infections among the workers. Projects in which menstrual pads were provided reported to generate drops of absenteeism of up to 3%.<sup>7</sup>

### **Recommendations**

- *Factories can consider setting up distribution points on site, and providing or subsidizing sanitary pads.*

### **2.3.2. Safety and Health**

On the topic of safety, the survey found out that 60% of the workers feel safe working in the factories. During the focus group discussions, it was found that a big concern the workers are the night shifts. As briefly mentioned above, the workers reported that in the night shift many of them have to walk home from the asphalt road to their homes (which are most likely in remote areas as rent is lower) late at night, which is dangerous for the workers due to potential robbery, hyena attacks and even rape. The fear stemmed from the fact that cases had already been reported and the information spread by word-of-mouth. Such fear did not only make the workers feel unsafe but, when the information reached their families, they also felt worried to the point of sometimes putting pressure on the workers to come back home. All of these factors combined seem to be a factor that contributes to the workers considering resignation.

On the topic of health, the workers reported having health problems after starting work in the Industrial Park due to the long hours spent either standing or sitting, or due to the limited times they can visit the toilet (in only some factories). In the case of workers who work standing, they reported people had problems with their kidneys (kidney infections) and also with blood clotting. Upon some research, it was found out that the kidney problems are not related to standing per se, but most likely to a lack of water intake. This lack of water intake might be due to being unaccustomed to drinking enough water regularly, problems with the supply of drinkable water, mistrust of the water provided or reducing water intake to avoid visiting the toilet. In addition to the kidney-related issues, a few workers reported that people working in the factory sometimes had bladder problems, most likely due to their avoiding going to the toilet for fear to ask for permission.

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<sup>7</sup> WSSCC (Editor) (2013): Celebrating Womanhood: How Better Menstrual Hygiene Management is the Path to Better Health, Dignity and Business. London: Water Supply & Sanitation Collaborative Council (WSSCC)

The health problems reported by the workers, seem to have a direct relation to their water intake, which as mentioned above, seems to be insufficient at the moment. Evidence was found that part of the reasons why workers may not be drinking enough water is an overall mistrust regarding the condition of water provided in the factories. Both supervisors and workers mentioned a lack of drinking water as a challenge. However, from the discussions held during one of the meetings of investors association, it seemed that potable, drinkable water is being provided already. The fact that people still think there is not drinkable water within the factories when the authorities claim that it is being provided clearly shows that there is a trust problem that might be leading to the workers avoiding drinking water during their shifts.

### **Recommendations**

- *In order to reduce safety concerns, transport issues need to be addressed urgently –especially in the case of night shifts, as they pose great dangers for their workers and create a negative reputation for the Industrial Park within the community.*
- *In addition to an induction training with all topics related to HR policies and soft skills, it is highly recommended to include a comprehensive OHS training either before the workers join the factories (i.e. together with the soft skills training provided during the recruitment period) or right after they join in order to raise the right expectations about the hazards that the workers should expect and how to react to them. This will avoid the problem of having them panic when they hear an unknown sound or when something seems to be happening in the factory.*
- *To increase water intake by workers, it is recommended to improve the trust in the water provided by conducting regular studies of the quality and disclosing the results to the workers. It is also recommended to provide training to workers regarding nutrition (e.g. reducing salt intake, etc.) and proper hydration to increase water consumption.*

### **2.3.3. Culture and Family**

#### *Workers' Perception of Other Local Cultures and Foreigners*

Most of the workers who participated in the focus group discussion stated that relations between different local cultures were based on respect and there were no major problems in terms of working together. When taking a look at the surveys, however, the results contradicted what had been found in the workers group discussions as many agreed with the statement "*It is difficult to get along with people from other local cultures.*" Upon closer examination of the reasons provided for agreeing with this statement, most of the workers said that it was due to the language barriers.

Therefore, there was no strong evidence in the study to support the management’s impression that there are conflicts between local cultures. This might be either because the workers respect other cultures and cooperate as they stated, or because the workers are not conscious of the possible bias that they might have regarding other local cultures.

*“They (foreigners) taught us the value of time. Before, we used to spend time at home for nothing, just chatting. But now, I even use time strictly when meeting my friends.” - Worker*

Regarding the workers’ perception of foreign managers, the results were varied not only from factory to factory but also within the factories. Most workers

*“We have come from school so we have no work experience. For this reason, we make mistakes but they do not consider that. When we make mistakes, they say that it is because we only know how to eat and not work. They minimise us. What they take into consideration is their image of Ethiopia, a country with starvation. They underline that to make us feel ashamed.”- Worker*

acknowledge and appreciate the fact that they have acquired new skills and gained new knowledge from the foreign management. The knowledge is not only technical: Workers recognise and appreciate that they have learned about time management, discipline and work ethics. Furthermore, in cases in which the expats had strong anger management skills and assumed the role of a mentor and coach, the view was mostly positive as the workers felt that the foreigners not only teach them new skills and knowledge, support them and counsel them but also want to help them grow. However, in cases in which the expats had more difficulties controlling their emotions, the workers had a more negative view. If the expression of frustration and anger was work-related (content-wise) and did not get personal (i.e. commenting on things not directly related to work), then the workers felt less negative as they understood that sometimes the management was under much stress (and therefore lost control of their emotions) and felt less disrespected. When the expression of frustration went beyond work-related topics, the workers felt attacked, disrespected and even insulted, and therefore, their view of the expats was very negative.

### *Family*

When asked about how they felt about living away from their family, most of the workers said that at first it was difficult being away from them because they had no experience with managing finances and being responsible for themselves. However, they said that with time it became ok and they try to cope with it by speaking on the phone or going to visit. They also said that in spite of the difficulties, being away from their family has taught them independence, which they appreciated.

*“Our families are happy that we are working here. My family visits me. They are happy that I am independent and supporting myself.” - Worker*

On the family's side, most workers reported that, in general, the families are happy with the fact that their daughters are working in the Industrial Park. They feel that this is a big opportunity for the workers and appreciate that they are working and not idle. They also feel happy because they see how their

daughters are becoming more independent. However, the workers also reported that the families worry about their health but, most of all, about their not being able to make ends meet with their current salary (especially because in many cases they still provide the workers with food). Therefore, the workers said that some families discourage the workers from continuing work in the Park.

Based on these results, the study shows that the family context is not a main cause for leaving work. The hypothesis about workers resigning due to their family putting pressure on them to stay home can only be considered very marginally true. The results evidenced that this is often not the case and when the families do put pressure, is mainly due to concerns about the workers' health and living standards (and not family duties).

Although families initially had a positive image about the HIP, workers mentioned that this image turned as soon as they started to report about their wages and working conditions to their family. Hence, guaranteeing that the living conditions of workers in the HIP are improved is a must for the industrial park to have a positive reputation outside Hawassa. If workers continue to spread a bad image of the industrial park in the surrounding areas, this will impact the recruiting process, since less and less young workers will be willing to move to the city to work in the HIP.

### **Recommendations**

- *It is highly recommended that foreign management receive not only stress and anger management trainings but also cultural trainings. This will help them better understand the Ethiopian workers and, as a result, be better able to handle them (which can lead to less frustration on both sides).*
- *Addressing the cases of physical and verbal abuse are of paramount importance. The workers do not have a negative preconception of foreigners so the image that they have about them is dependent on the treatment they receive. If the treatment is positive and mostly based on respect, the workers acknowledge the benefits of working with the foreign management and feel grateful and empowered thanks to the transfer of knowledge and skills. However, when the treatment involves regular verbal and physical abuse, their impressions are very negative - even to the extent of perceiving the workplace not as a place where they can get empowered and improve their lives, but as a place of oppression. The abusive treatment leads not only to low motivation and dissatisfaction but in some cases also to the workers learning to take things seriously only when the person screams at them. Therefore, they also need to be trained from the beginning on respectful working relations to know what is expected from both sides (employee and employer).*
- *The perceptions that families, and thereby the community in general, have about the HIP is of vital importance for its reputation and for the future recruitment of workforce. Addressing the pressing problems of workers in the HIP is necessary to maintain and improve the reputation of the HIP in the community.*

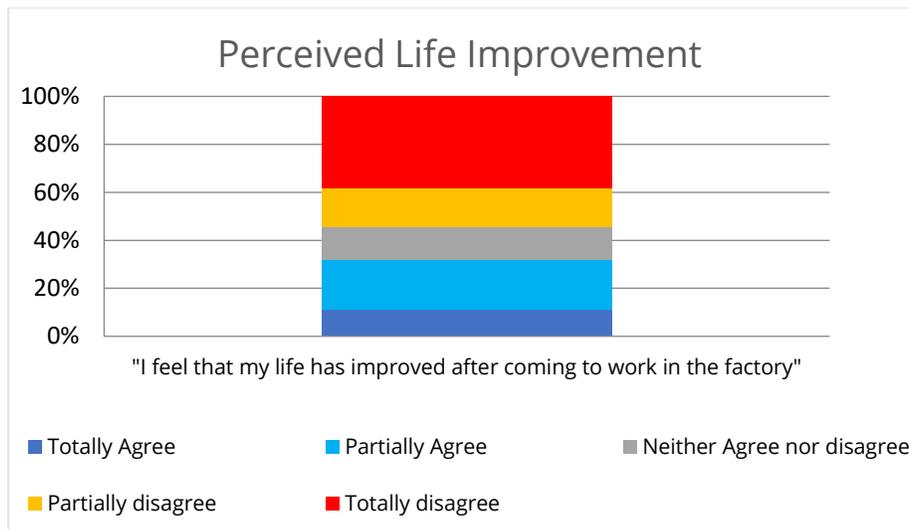
### **2.3.4. Expectations and Perceived Life Improvement**

In the focus group discussions, it was found that before coming to the HIP, most of the workers expected to acquire new skills and gain new knowledge. In that regard, they felt that those expectations had been fulfilled when coming to the HIP. The workers were happy with their job in the factory and that they showed appreciation for the opportunity to learn new skills.

Another big expectation that found out in the focus group discussions, was the expectation of workers to improve their and their families' lives/living conditions and, related to that, the expectation earning a high salary (i.e. around 1,500 ETB base wage). Regarding these expectations, there was strong dissatisfaction due to the fact that the salary did not allow them to even cover for their most basic expenses (i.e. food, housing, transport). The workers felt that the salary received is not aligned with the workload and with the costs of living and, as they could not even support

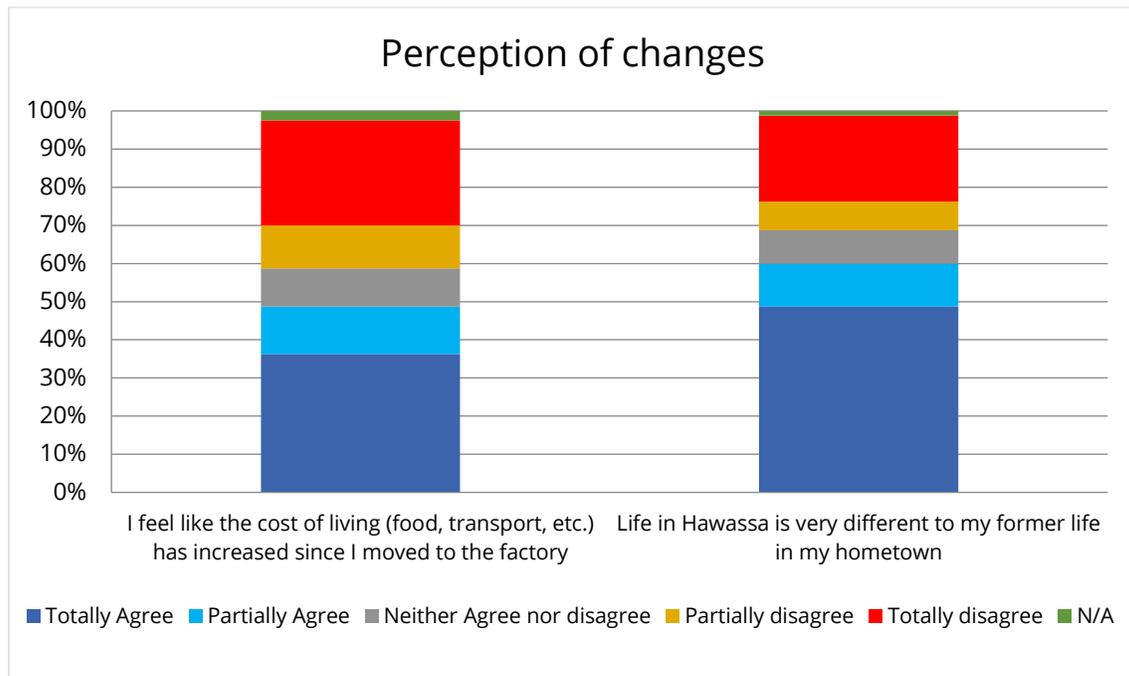
themselves, they felt that they were nowhere near fulfilling their dreams of having a better life for themselves and their families.

In some cases, it was found that there was even a feeling of deterioration in their situation as the cost of living had increased (many found costs in Hawassa to be higher and also they had no so much experience paying for food, housing and transport themselves as they lived with their family before), the housing had to be shared with many people and sometimes lacked basic facilities (such as kitchen or shower), the salary was low and instead of offering financial help to their families, in many cases it was them who were still getting support from them. Such feelings were also reflected in the survey. When asked if they feel that their life has improved after coming to work in the factory, more than half of the surveyed workers responded that they did not feel that their life had improved after joining the HIP. From the remaining 50%, 30% responded that they did see their life improve. When taking into account the focus group discussions, it is likely that respondents were referring to the fact that they felt they had acquired new skills (many workers mentioned this in the focus groups discussions) and the fact that they felt that they were now more independent not only financially but also by being able to take care of themselves and make their own decisions).



Graphic 12. Survey Results on Workers' Perceived Life Improvement

In order to evaluate how workers who previously lived in other locations and had moved to Hawassa perceived their current live in comparison to their previous one, workers were asked to compare their lives before and after they moved to the factory. The following chart reflects the answers coming from workers whose hometown was not Hawassa, representing 69% of all workers who participated in the survey.



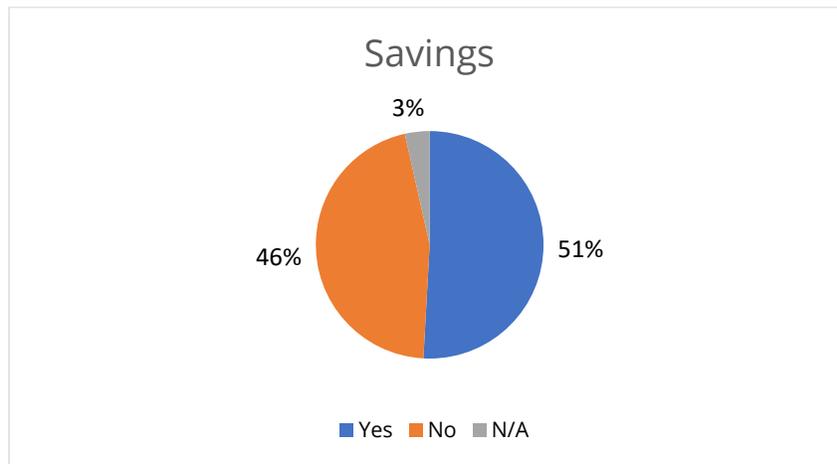
Graphic 13. Survey Results on Perceptions of changes (workers coming from other locations than Hawassa)

Half of the workers coming from other locations feel that the cost of life has increased, however almost 40% do not agree with this statement. Considering that most of them used to live with their families, it is possible that some of them were previously unaware of the costs of living by themselves. Moreover, 60% of the workers feel that life in Hawassa is different than in their hometowns. As expected, most workers consider that moving to Hawassa has significantly changed their lives.

To sum up, physiological needs are to be addressed for employees to feel fully satisfied with their work conditions. When workers' compensation cannot pay bills and cannot be converted to cover living expenses, dissatisfaction and hence absenteeism and turnover will be the result. Dealing with the cause is better than the symptom for sustainable effect.

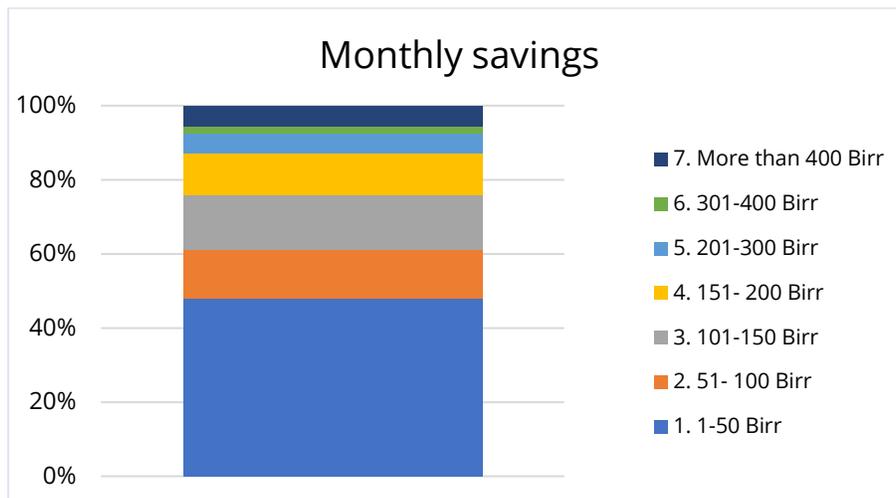
### 2.3.5. Saving strategies

Despite the difficulties expressed in relation to their current earnings and their living expenses, 51% of the workers reported to save money every month.



Graphic 14. Survey Results on Savings

Out of this 51%, 48% save from 1 to 50 ETB per month, 13% save from 51 to 100 ETB and 15% from 101 to 150 ETB. In other words, half of the workers save some money per month, and out of them half save only 1 to 50 ETB. It is important to highlight that workers do have awareness of their savings even with as little as less than 50 ETB.



Graphic 15. Survey Results on Monthly savings

Out of all the workers who participated in the survey, only one of them had ever taken a loan (the loan was granted by the Commercial Bank of Ethiopia).

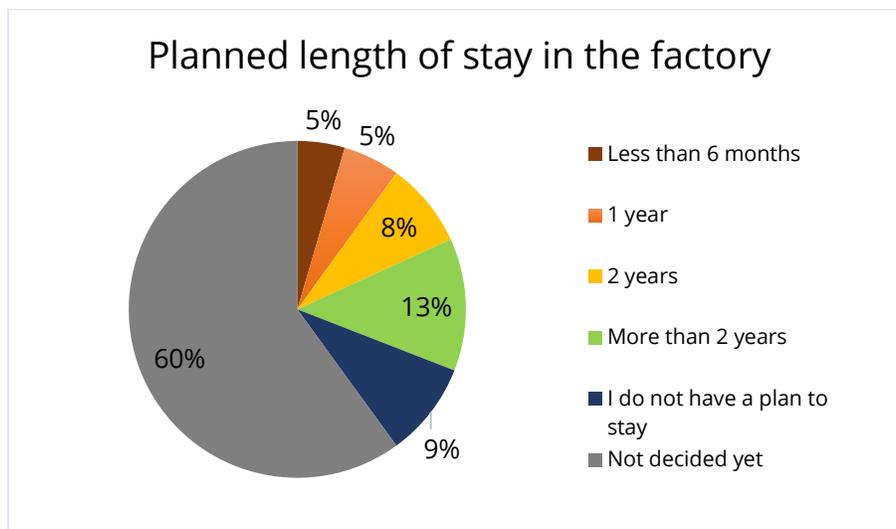
### 2.3.6. Future Plans and Dreams

On the topic of future plans and dreams, most of the surveyed workers (60%) were undecided as to whether to continue working in the factory or not. This might be due to several reasons. On the one hand, the respondents may feel that the decision depends on external factors, such as salary

increases in the future. There was a general hope that although the salaries were low at the moment, they would increase in the future when the factories start exporting and making profits. On the other hand, it seemed that although the workers did have some ideas as to what they want to do in the future, there was a lack of detailed, long-term career planning among the workers, which might also contribute to the indecision.

This indecision has positive and negative implications. On the positive side, it means that, although there is general dissatisfaction among the workers, some of the workers might be considering staying given that certain conditions are met (e.g. a salary increase). On the negative side, this points out that the workers either lack a long-term vision or that there is no clear idea about what to expect from the factory in the near future and therefore, the workers find it difficult to plan (for example, if the workers were more or less certain that next year their salary would be increased or that there are clear opportunities for promotion, then they might plan to work hard and stay for longer to achieve those goals).

The fact that most respondents expressed intentions of continuing with their education or be self-employed may also partially explain this indecision and the lack of motivation observed by managers. As the workers do not see a future within the factory and, therefore, may have no plans to stay, they may feel less motivated to improve their performance.

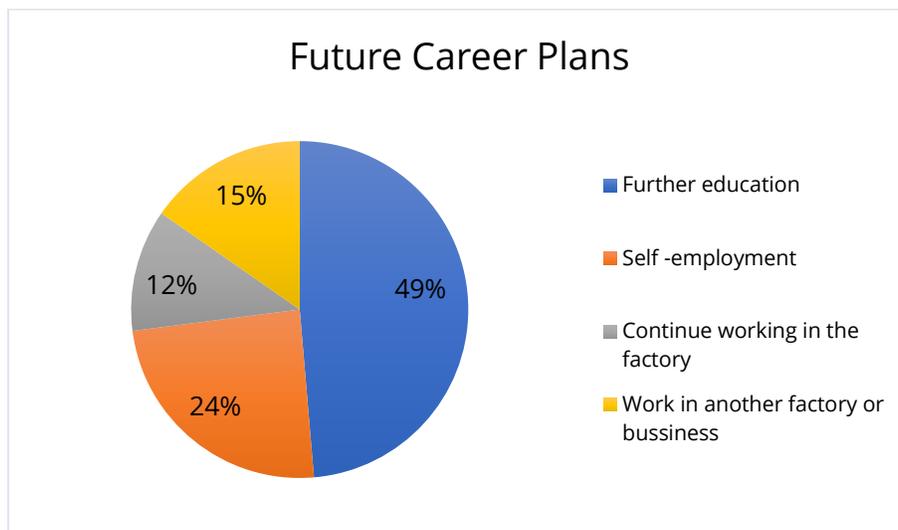


Graphic 16. Survey Results on How Long Workers Plan to Stay in the Factory

When asked about their future career plans, almost 50% of the workers surveyed answered that they want to continue their education so that they can improve their lives. This option was a top choice of workers in all factories, and this was reflected both in the survey and in the focus group discussions. In addition, consistent to the workers' plans to continue with their education, in the focus group discussions, it was found that a large number of workers were students who worked during the day and studied at night. The survey also showed that 50% of the workers have finished

either technical/vocational school or university studies –a high percentage when compared to other countries in which most of the operators have, at most, finished high school. This high percentage of relatively highly educated operators can also explain the survey results that show an overall strong desire to continue studying among workers and their lack of interest in staying in the factories.

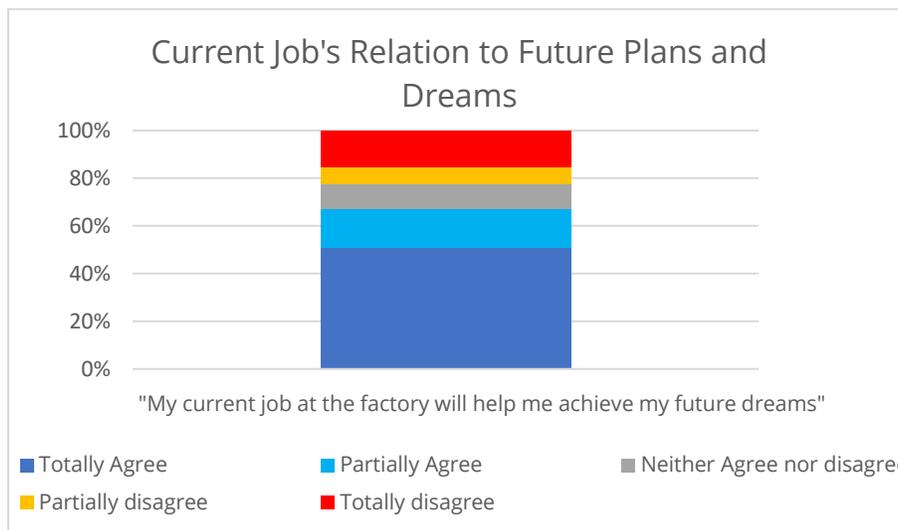
When the workers did not opt for continuing with their education, they chose self-employment as the second-best option. In the survey, 24% of the workers said that they wanted to, eventually, be self-employed. Only 15% of the workers said that they wanted to work in another factory or business and even less (12%) said their planned to continue working in their current factory. It should be noted, however, that in some factories in which the promotion system was found to be strongly enforced, most of the workers who participated in the focus group discussion, expressed their interest in staying in the factory and working towards getting a promotion. This was most likely because they had witness people go up the ladder, and saw this as a real opportunity for themselves.



Graphic 17. Survey Results on Future Career Plans

In the focus group discussions, after talking about their dreams, workers were asked about what they thought they need to achieve those dreams. "Working hard" was the most mentioned requirement, followed by "strength", "courage", and "money/financial resources." This shows that, contrary to the misconception of workers as not understanding the value of hard work, the workers *do* think that they must work hard to achieve their goals. However, it seems that there is either a gap between the conception that managers have of working hard and the workers' understanding that same concept, or a conscious decision from the workers to work hard only when they can see clear and proportional rewards to their efforts.

Finally, workers were asked both in the survey and in the focus group discussions whether they felt that their jobs at the factories were contributing to the achievement of their future career plans. The survey showed that most of the workers (67%) appreciate their job in the factory and see it as a mean to achieve their dreams. The main reason why workers felt that their current job helped them achieve their dreams was due to the fact that they are acquiring new skills and knowledge that can be useful in their future careers. In that sense, it can be said that despite the fact that workers do not yet see a career within the factories, the results reconfirm that workers do appreciate their current job positions and see the opportunity of working in the HIP as a door-opener.



Graphic 18. Survey Results on Workers' Views on How their Current Job Contributes to Achieving Dreams

This information reflects partly a lack of engagement of workers towards their job and company. An "engaged employee" is commonly defined as one who is fully absorbed by and enthusiastic about his/her work and so takes positive action to further the organization's reputation and interests. On the one hand, workers appreciated the opportunity of working in the HIP. They felt privileged to earn their own income, being independent, working towards the betterment of their lives and that of their families. They also appreciated when managers developed a cordial relationship with the workers and when they gave especial interest to sharing their knowledge with them. However, this was watered down by the difficulties to cover their living expenses with the salary they earn by working in the park.

### **Recommendations**

- *Considering the importance given to education in their future career plans, developing educational/training schemes could have a positive impact on worker´s retention. Factories can consider providing an exclusive training scheme for workers at HIP, either in cooperation with schools/universities and/or at the HIP compound. This would give workers the opportunity to continue with their education and build a career in the HIP at the same time.*
- *As previously mentioned above, promotion systems have to be developed by the HR departments, clearly communicated and enforced by the factories so that workers can clearly see a future within factories and know the steps to follow to advance in their careers. The enforcement of such promotion system as soon as possible is of paramount importance, as role models are created within the factory and workers can witness that the promotion scheme goes beyond just a procedure written on paper.*
- *It is important to develop management practices that empower the employees, teaching new skills, teaching them using time effectively, using positive reinforcement, addressing physical needs first before expecting commitment and productivity, being patient with newly acquiring skills and creating cordial relationship amongst workers and the management.*

## **2.4. Supervisors**

### **2.4.1. Background and Perceived Role as Supervisors**

The supervisor position (including its name, requirements, recruitment, previous experience required, etc.) varies greatly among the factories. However, most of the supervisors were found to be university graduates with degrees on mostly technical careers and often with limited or no job experience.

In general, their understanding of their role as supervisors was mostly related to technical and production-related tasks (e.g. balancing the lines, making sure that the line achieves its targets, check the quality of the product, etc.). Only in a few factories did the supervisors mention managing people as their main role. This showed that there is lack of understanding of the supervisor position as, largely, a management role in which people need to have not only technical knowledge and skills but also, and very importantly, knowledge on management, leadership and other soft skills.

### **Recommendations**

- *Standardise recruitment procedures and selection criteria for supervisors between the factories.*
- *It is necessary to train the supervisors in soft skills to improve their understanding of their role not only as technical but mostly, and more importantly, as a leadership position in which they have to act as managers, decision makers and leaders.*

### **2.4.2. Main Challenges**

When asked about the main challenges they face in their daily work, most of the supervisors talked about the situation of the operators first. They expressed that one of their biggest challenges was the living conditions of operators (i.e. housing, salary, food) because it generated a dissatisfaction and unhappiness among the workers, as well as other difficulties (such as being too tired from walking 3 hours a day to come to work and to go back home, the lack of energy and fainting due to the workers not eating properly because they cannot afford to eat two meals per day, etc.).

Another important challenge mentioned by supervisors was gaining the respect from workers. It seemed that due to their lack of work experience and the fact that some of them are also just learning technical skills, the operators challenged their authority and sometimes disrespected them ("Ethiopians don't respect other Ethiopians"; "Because we started together, they don't respect me"). This challenge, however, was not only in relation to the workers, but in many cases, also to the top management as well. The supervisors found challenging also their relation with the managers as they felt that did not respect them due to their lack of work experience and did not trust them ("they don't respect us", "there is negative communication with the managers because even if they know that we can do things, they are not accepting our ideas").

A last main challenge was mentioned in regards to the different local languages. Supervisors perceived the different languages as a general challenge, since, often, they could not communicate with Sidama-speaking workers. They tried to solve this issue by asking people proficient in both languages to translate but it was still perceived as a difficulty.

As for their needs, most supervisors mentioned that they feel it is necessary to receive soft skills training in order to better deal with operators (leadership, conflict resolution, management skills, inter-cultural training).

### **Recommendations**

- *To address the challenge of gaining respect of the operators, it is recommended that the factories provide supervisors with training not only on technical skills, but also on management and leadership. This will help them manage difficult situations and know how to better position themselves so that operators respect their authority. In addition, training may be provided to operators during the induction period on respectful working relations in the factory so that they also understand that disrespectfully challenging others is not acceptable and that there are better ways of communicating their disagreement.*
- *Work on the communication among managers and workers (including supervisors) through trainings, regular meetings and providing them support.*

### **2.4.3. Work Motivation and Future Dreams**

As perceived by the managers, in most of the factories supervisors expressed to be dissatisfied with their salaries and duties, which lead to them being demotivated. When asked about what motivated them, the top answer (not surprisingly) was that a salary increment would give them motivation. However, they also mentioned other things as being a source of motivation, such as:

- The feeling that they are acquiring new skills and gaining knowledge and work experience
- A positive work atmosphere, in which there is good communication and working relations
- The feeling that people trust and believe that you can do a job
- Being appreciated and commended for their work
- Achieving production targets
- Seeing that the workers are happy (“When operators are happy about their salaries and perform well”)

On the topic of dreams and future plans, supervisors in general had a very clear vision of what they wanted to be or do in the future: most of them wanted to achieve managerial positions in their field of work (Production Manager, General Manager, Quality Manager, etc.) or have their own business/factory; and most of them felt that their current job position helps them in achieving their dreams by giving them the opportunity to acquire technical knowledge and skills, relevant work experience and soft skills (such as teamwork and communication skills).

### **Recommendations**

- *It is recommended that factories carry out a more in-depth analysis of what motivates supervisors. From the study, it is clear that although their motivation is largely dominated by financial incentives, it is by no means limited to economic aspects but rather encompasses psychological aspects (e.g. sense of achievement, sense of being appreciated, etc.) as well. Only in that way can the factory develop an effective approach to keep supervisors motivated.*
- *In order to motivate supervisors, help them better understand their work and the industry and also show the potential and opportunities they can have by following a career path in the factory, provide training about global supply chains, how they work, the relation of product flow, flow of demand, and cash flow, customer orientation, etc.*

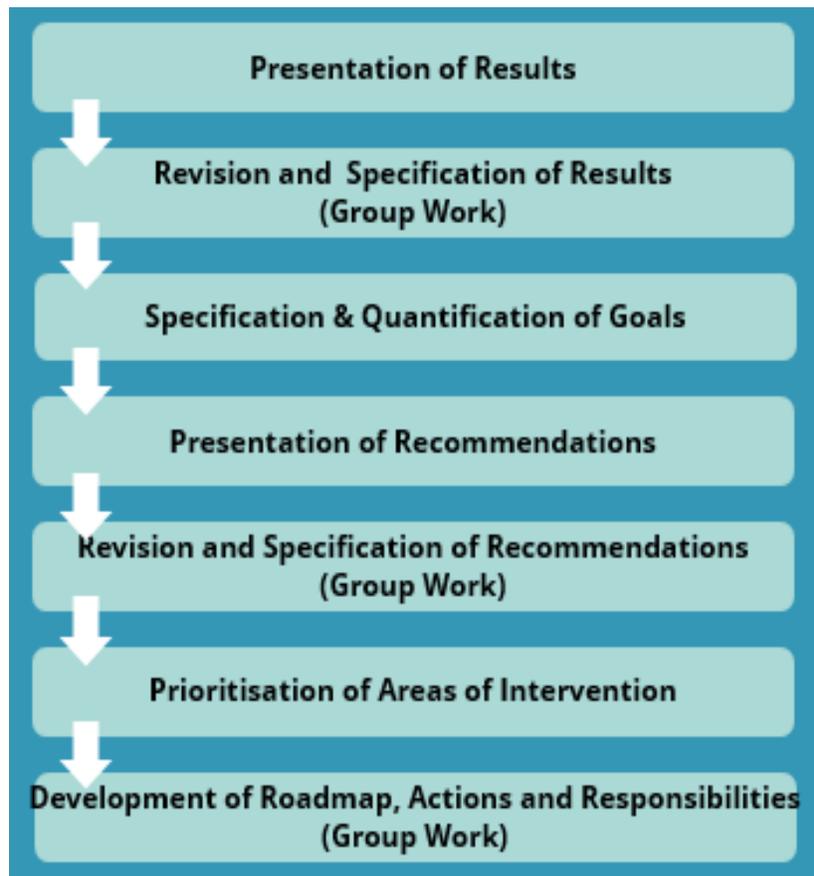
### 3. WORKSHOP

Based on the findings, a workshop was conducted on 8-9 August 2017 in order to present the main findings and recommendations of the study and to engage the participants in the design of specific interventions (i.e. action plans) that aim to tackle the most relevant challenges identified.

The main goals of the workshop were:

- To define intrinsic and extrinsic factors driving employee's behaviour, attitude and motivation
- To assess how best to tailor international HR management practices to reflect the Ethiopian context
- To propose a set of interventions to address identified challenges

In order to reach these goals, the following methodology was followed:



After the presentation of results and recommendations, the participants prioritized areas of intervention by voting on the different topics that had been addressed and in which the participants could take action.<sup>8</sup> The results were the following:

Topic	Votes
Wages	21
Rules and Regulation	17
Training	16
Communication Channels	15
Counselling	11
Induction training	9
Grievance procedure	8
HR Manuals	8
Cross cultural training	8
Water	8
Supervisors	6

As a next step, 5 action plans were developed by the participants based on the most pressing topics identified: wages, rules and regulations, training, communication channels and counselling. IT is recommended that once an action plan is completed, the relevant stakeholders meet to design actions on the pending topics that could not be considered due to time constrains.

Action Plan 1: WAGES				
Measure	Actions	Responsible	Deadline	Status/ Comments
Understand and Harmonize wage increments in HIP	1. Discuss the needs of the study in the IA meeting and share the cost-impact of conducting the study.	IA	September 2017	

<sup>8</sup> Challenges such as housing, transport, food, security, medical services, where not considered since not all the stakeholders that must be involved in the discussion and definition of solutions regarding these topics were present during the action plan development session.

	2. Undertake the study after go-ahead of stakeholders with the help of external consultant and provide the necessary resources to consultants. The study will undertake a salary matrix: salary bench marking within: industry, outside industries, related industries, cost of living, inflation, etc.)	IA, EIC, ETIDI, MOLSA/ Consultant - external agencies	October /November 2017	
	3. Discussions with the IA and other stakeholders about the outcome of study. Final decision.	IA, Stakeholder	December 2017	

### Action Plan 2: RULES AND REGULATIONS

Measure	Actions	Responsible	Deadline	Status/ Comments
1. Working conditions	1. Define working time 2. Defining penalties	HR work stream	September 15 2017	
2. Leave Management	1. Setting sick leave procedure 2. Linking to the insurance system 3. Other leave procedures	HR work stream	September 15 2017	Selecting and contracting with particular health institution
3. Disciplinary management	1. Similar template for similar offences and actions	HR work stream	October 15 2017	
4. Workers' migration	1. Implementing common practices and policies across the HIP	CEO's, GM, HIPOM	August 30 2017	
5. Grievance handling	1. Standardized grievance handling 2. Establishing committees	HR work stream	October 15 2017	Committee including worker's council

6. Termination procedure	1. Designing similar template	CEO, GM, HR WS	October 30 2017	
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<b>Action Plan 3: TRAINING</b>				
<b>Measure</b>	<b>Actions</b>	<b>Responsible</b>	<b>Deadline</b>	<b>Status/ Comments</b>
Soft Skills training	1. Training needs analysis and prioritizing needs, plus impact analysis	IA and ETIDI + Funding organization	August 31 2017	
	2. Make proposal	IA and ETIDI	September 15 2017	
	3. Presentation and funding organisation and security fund	IA and ETIDI	September 30 2017	
	4. Developing training curriculum and manual	IA and ETIDI	October 31 2017	
	5. Make pool of trainers	IA and ETIDI	November 15 2017	
	6. Training plan	IA and ETIDI	November 25 2017	
	7. TOT	IA and ETIDI	December 1 2017	
	8. Start training	IA and ETIDI	December 2 2017	
	9. Evaluation	IA and ETIDI and Funding organizations	May 25 2018	

<b>Action Plan 4: COUNSELLING</b>				
<b>Measure</b>	<b>Actions</b>	<b>Responsible</b>	<b>Deadline</b>	<b>Status/ Comments</b>

Welfare officer services / Employee Satisfaction	1. Centralized counsellor/ consulting systems	I. A.	September 20 2017	It can be discussed in the IA meeting 20/08/17
	2. Recruit "Welfare officer" and "Counsellor"	Individual factories	September 30 2017	
	3. Develop job description and flowchart of employee approach	Individual factories	September 30 2017	
	4. Awareness programs on balance between work life and personal life	Individual factories	Continuous after recruiting	
	5. All welfare officers and counsellors will be trained by the centralized counsellor	Individual factories	Continuous after recruiting	

<b>Action Plan 5: COMMUNICATION CHANNELS</b>				
<b>Measure</b>	<b>Actions</b>	<b>Responsible</b>	<b>Deadline</b>	<b>Status/ Comments</b>
Improve our ability to communicate in Sidama	Identify operators that are able to speak in Sidama and have them translate.	Factory Level	end of August 2017	
	Recruiting supervisors that are able to speak Sidama.	Factory Level	end of August 2017	
	In recruitment, identify Sidama speakers so that we can assist them.	Factory Level	end of August 2017	
	Translate core, basic information to Sidama so that employees can understand.	Factory Level	mid of September 2017	

Improve availability and variety of communication channels.	Develop suggested evaluation criteria for communication channels.	Communication Team	ready	Completed.
	Develop a best practice suggestion for use based on factory needs.	Communication Team	end of August 2017	SMS, counsellors, suggestion boxes, committees.
	Communicate these information to the employees	Factory Level	mid of September 2017	
Improve our ability to proactively seek information from our employees.	Develop periodic anonymous surveys to obtain information.	Factory Level	end of September 2017	
	Ask supervisors to obtain information informally about worker's needs and concerns.	Factory Level	end of August 2017	
	Establish committees to obtain information from workers.	Factory Level	mid of September 2017	
	Identify social influencers and engaging with them.	Factory Level	end of August 2017	
	Develop strong documentation system for employee needs.	Factory Level	end of August 2017	
Standardize basic information which we have to communicate to our employees	Basic information should be made available easily in the factory: factory opening and closing, salary period, salary payment days, overtime reasons and pay.	Factory Level	Mid of August 2017	
	Develop an induction program template that explains general information about our program here, basic information, and general do and don't.	Communication Team	end of August 2017	

	Periodic short refresher courses on this basic information.	Factory Level	end of August 2017	
	Use of PA system to communicate basic information and concerns.	Factory Level	end of August 2017	
	Standardized supervisor briefings regarding basic information and concerns.	Factory Level	end of August 2017	
Improve our ability to respond to employee concerns.	Communicate directly about specific problems to specific impacted people until satisfaction is reached.	Factory Level	mid of September 2017	
	Communicate general concerns through notice boards, supervisor announcements, PA announcements.	Factory Level	mid of September 2017	
Training	Train our supervisors to be effective communication channels: define problems, communicate realistic expectations, ensure accurate information.	Communication Team	mid of September 2017	
	Supervisor should be trained to communicate standardized information.	Communication Team	mid of September 2017	
	Develop do and don't for ethical and sensitive communication with our employees.	Communication Team	end of August 2017	
Counselling	Identify a Counsellor who is trained to counsel employees for industrial environment.	Factory Level	end of September 2017	

## 4. CONCLUSIONS

The present study aimed to understand the worker's level of satisfaction and the current HR rules and procedures of the factories in the industrial park in order to gain deeper insights on the main challenges that they are currently facing, namely: high levels of absenteeism, tardiness and turnover in addition to a general dissatisfaction among workers. The assessment was conducted at the initial stage of production and was very timely to curb problems before they escalate further. This also means, it is expected to have start-up issues until systems are in place and work processes are well established creating belongingness on the part of the workers. Based on the insights, the study sought to provide recommendations on which a final workshop was conducted with stakeholders to collaboratively design effective specific interventions tackling the most pressing problems, and thereby, improve production levels and generate a better working environment in the factories.

Through the surveys, interviews and focus group discussions, the study found out that a pressing challenge and the main source of dissatisfaction and a demotivating factor among workers is their living and working conditions. In their current situation, most workers are not able to cover their basic needs, i.e. shelter, food and transport. Different factors were found to contribute to this situation; however, the most prominent were the current wages and the high cost of living (especially of housing and food) of Hawassa. Therefore, food, transport and housing were identified as challenges that have to be urgently addressed by all stakeholders involved. Holistic and long-term solutions that allow workers to cover their basic needs and actually improve their lives (which their main expectation from coming to work in the HIP) without further increasing living costs and inflation in the region have to be designed. Chained behavioural effect will result once existential issues are addressed. This is also believed to address absenteeism, tardiness and high turnover issues.

The study also found that, in the area of HR policies and regulations, there is a great variation within the Industrial Park. The 13 factories that participated in the study had different levels of development with regards to the HR procedures and communication. Whereas some were implementing international standards, others were still in the first steps of developing HR rules and procedures, and in-factory communication channels. In spite of these differences, there is, however, agreement among HR managers on the need to establish HR structures within the factory. They and other top management also have a good understanding about the most pressing issues and most showed a strong willingness to take the necessary measures to address them.

Surprisingly, in spite of the workers' overall dissatisfaction with their current wages and living conditions, it was found that most of them have a positive attitude regarding their work in the factories –they often perceived it as an opportunity to acquire new skills and knowledge, and to eventually, have a better life. Taking the necessary measures to improve their living conditions will

prevent this positive attitude from fading away and will improve the perception towards the HIP by both the workers and the community.

For mid-level management, the study confirmed that there is a general need of soft skills training, due to the mostly technical background of the people in these positions. The development of these skills will help them to have better working relations with both management and the operators and will strengthen their capacities as managers and leaders.

The study confirmed the perception of management regarding supervisors having high expectations and low motivation. Although motivational aspects in this segment were found to be strongly salary-related, it was also found that there was an overall dissatisfaction about a mismatch between other non-salary related expectations and what they found to be the reality in the factory. Due to the limited amount of time available for the focus group discussion with the supervisors, however, it was not possible to investigate this issue in-depth. Therefore, further research is recommended to gain a deeper understanding on their motivations and expectations.

Finally, during the final workshop the stakeholders developed action plans which would help them act on the current challenges identified on the factory levels. However, the remaining challenges that need to be addressed -i.e. affordable housing for workers, inexpensive and safe transportation, provision of food in the industrial park, security and living costs in Hawassa- will require the collaboration and compromise of the factory management, the government and the community, as well as all institutions involved in the HIP to guarantee their success.

Recommendations have been provided for all the challenges identified in the study. This includes, challenges at the factory level, at an industrial park level and those that require a more general approach since they are linked to the living conditions in Hawassa. The factories in the HIP along with all stakeholders involved are to decide on a strategy to follow the recommendations given. All in all, we can identify two approaches that can be taken. One strategy would be that stakeholders tackle their problems independently, applying the measures that they consider necessary to improve workers' satisfaction and productivity in the factory level. Factories can individually work on improving their HR policies, on fostering communication between workers and managers, and on providing their own solutions to the abovementioned challenges.

The other one, with more far-reaching impacts, would be that stakeholders join efforts to address the common challenges faced by all the factories in the industrial park. An option within this path would be the creation of a service zone in the park which provides centralized services to the factories in order to support them in achieving their production goals. The organization and management of the service zone would guarantee that common standards are set, regulated and monitored. The services provided would collaborate to the sustainability of the park, ensuring that workers benefit from the industrial and technological development and that factories can focus on their export goals. Services that could be centralized include: canteen services, childcare centres, counselling and training centres, central compliance departments, inspection services, assistance

to HR departments, PPE equipment centres, and other services that might arise in the future. This approach would require participatory methods to commonly identify and prioritize the most pressing problems, exchange information, establish actions and responsibilities, and to establish ownership among all stakeholders involved. A project for centralizing services in the HIP could serve as a model to replicate in other industrial parks across the country.

## ANNEX 1: RESEARCH TOOLS

### A.1. HR Checklist Template

#### HR Checklist

Factory Name:

Contact:

Phone Number:

Email:

Reporter:

Date:

	Is there a procedure? Yes- No	<b>Description</b> <i>(how did they develop the procedure; who developed it; is it adjusted to the factory/country context; is it specific enough; do they use flowcharts; is it implemented; how is it communicated; are there forms to fill in; who receives these forms; is there a follow up process implemented; is it available in all the relevant languages)</i>	<b>Comments</b>
HR Manual			
Recruitment Policy (for other than workers)			
Induction/ onboarding procedures			
Grievance Procedure			
Disciplinary Procedure			
Termination Policy			
Maternity leave			
Paid leave			
Overtime			
Wage structure and increments			
How are wages paid (bank, In person, etc.)			
When are wages paid (at night?, when in the			

month, how many times)?			
Medical Services			
Bonus scheme (performance, attendance, etc.)			
Social benefits (food allowance, transport allowance, etc.)			
Health insurance			
Unemployment			
Career development (incl. Trainings)			
Promotion procedures			
Working hours			
Communication channels			
Sexual harassment and discrimination policies			
Lunch time			
Shifts			
PPE			

**A.2. Workers Survey (English)**

**Workers Survey**

Please cross the answer that applies to you

**1. Age:**

**2. Gender :**  Female  Male

**3. Maximum educational level achieved**

- Grade 1 - 4
- Grade 5 - 8
- Grade 9 – 10
- Grade 11- 12
- 10 + 2 technical/ vocational education
- Degree (University)

**4. Where do you come from? (town)**

.....

**5. Where do you live now (current home)?**

.....

**6. Previous job/activity before HIP**

- agriculture- farming
- manufacturing (factories)
- student
- construction
- other: .....
- no previous job

**7. What is your marital status?**

- Single  Married
- Divorced  Widowed

**8. Do you have any children of your own?**

- Yes If yes, how many.....
- No

**9. Please rate how much you agree with the following statements from 1 to 5 and explain your opinion.**

- 1 = Totally disagree
- 2 = Partially disagree
- 3 = Neither agree nor disagree
- 4 = Partially agree
- 5 = Totally agree

Item		Level of agreement (1 to 5)	Why?
<b>Example:</b>			
N/A	I understand how to fill in this survey	5	They provided an explanation that was easy so I feel I can answer it well.
<b>Questions</b>			
9.1	I can communicate with managers and supervisors easily		

9.2	My supervisors treat me and my colleagues respectfully		
9.3	My factory has a good system to express my concerns and complaints		
9.4	I feel that my concerns and complaints are heard and addressed		
9.5	It is difficult to get along with people from other local culture		
9.6	There is someone in the factory assigned that I can go talk to about problems that affect my work		
9.7	I feel that my life has improved after coming to work in the factory		
9.8	Life in Hawassa is very different from my former life in my hometown		
9.9	I feel that the cost of living (food, transport, etc.) has increased since I moved to work in the factory		
9.10	I understand the rules and procedures of the factory		
9.11	I think that rules are helpful in the factory		
9.12	The factory explained to me how my salary is calculated		
9.13	I understand how my salary is calculated		Write what aspects affect your salary calculation:
9.14	I can earn more money every month if I come to work every day on time		
9.15	I can earn more money if I produce more than what my supervisor asked me		
9.16	The factory will not have problems if I miss working days		
9.17	I think it is ok to be a little bit late to work		
9.18	I feel safe working in the factory		

9.19	My factory gives me the help, training and guidance I need to get a promotion		
9.20	I receive training in the factory		
9.21	The training I receive in the factory helps me improve my performance		
9.22	My current job position will help me achieve my future dreams		

**10. How much money do you earn currently? ..... Birr**

**11. How much money do you spend every month in**

11.1 Food:  Less than 100       101 - 200 Birr       201 – 300 Birr  
 301 - 400 Birr       401 - 500 Birr       More than 500 Birr

11.2 Transport:  Less than 100       101 - 200 Birr       201 – 300 Birr  
 301 - 400 Birr       More than 400 Birr

11.3 Housing:  Less than 100       101 - 200 Birr       201 – 300 Birr  
 301 - 400 Birr       More than 400 Birr

11.4 Other: 1) ..... Amount in Birr .....  
2) ..... Amount in Birr.....

**12. How do you go to work every day?**

Walking       Minibus/bus       Car /Motorcycle  
 Bicycle       Bajaj       Other.....

**13. Do you save money?**

Yes       No

13.1 If yes, how much of your wage do you save every month?

1 – 50 Birr       51 - 100 Birr     101 – 150 Birr       151 - 200 Birr  
 201 – 300 Birr       301 – 400 Birr       More than 400 Birr

**14. Have you ever taken a loan from a financial source?**

Yes       No

14.1 If yes, please specify from which financial source: .....

**15. How long do you plan to stay in the factory?**

- Less than 6 months
- 1 year
- 2 years
- More than 2 years
- I do not have a plan to stay
- Not decided yet

**16. What are your future career plans?**

- Continue working in the factory
- Further Education
- Work in another factory or business
- Self-employment



9.3	ፋብሪካው ጥሩ የሆነ የሀሳብ ወይም የቅሬታ ማቅረቢያ አሰራር አለው		
9.4	የማቀርባቸው ሀሳቦችና ቅሬታዎች ተቀባይነት ያገኛሉ እንዲሁም ተገቢ ምላሽ ይሰጥባቸዋል።		
9.5	ከሌላ አካባቢ ከሚመጡ ሰራተኞች ጋር ለመስራትም ሆነ ለመግባባት ይከብደኛል		
9.6	በስራ ላይ ችግር ሲገጥመኝ ችግሩን ለመፍታት የተመደበ የፋብሪካው ሰራተኛ አለ		
9.7	በፋብሪካው ውስጥ መስራት ከጀመርኩበት ጊዜ ጀምሮ ኑሮዬ እንደተሻሻለ ይሰማኛል።		
9.8	በፊት ከነበርኩበት አካባቢ አንፃር ሀዋሳ ውስጥ ኑሮ በጣም ይከብዳል		
9.9	በፋብሪካው ውስጥ መስራት ከጀመርኩበት ጊዜ ጀምሮ ኑሮ ( ምግብ፣ መጓጓዣ ወዘተ) የተወደደ ይመስለኛል።		
9.10	የፋብሪካውን ደንብና አሰራር ተረድቻለው		
9.11	የፋብሪካው መተዳደሪያ ደንብ /ህግ ጠቃሚ እንደሆኑ አስባለሁ		
9.12	ደመወዜ እንዴት እንደሚሰላ ፋብሪካው ገለጻ አድርጓልኛል/		
9.13	ደመወዜ እንዴት እንደሚሰላ ግንዛቤ አለኝ።		የደመወዝ/ሽ ስሌት ላይ ተጽእኖ የሚያሳድሩ ምክንያቶችን ከታች ዘርዝር/ሪ
9.14	በየቀኑ ወደ ስራዬ ሰአት ጠብቄ በመግባቴ በወሩ መጨረሻ ተጨማሪ ክፍያ ማግኘት እችላለሁ		
9.15	አለቃዬ እንዳመርት ካዘዘኝ በላይ ካመረትኩ ተጨማሪ ክፍያ ማግኘት እንደምችል ተድቻለሁ		
9.16	እኔ ከሥራ በመቅረቴ ምክንያት በፋብሪካው ስራ ላይ ችግር አይፈጠርም		
9.17	ንሽ ባረፍድ በፋብሪካው ስራ ላይ ችግር የለውም ብዬ አስባለሁ		
9.18	በፋብሪካው ውስጥ በምሰራበት ወቅት የሥራ ደህንነቴ የተጠበቀ ነው።		
9.19	ፋብሪካው ለስራ ደረጃ እድገት የሚረዳ ስልጠናና ድጋፍ ያደርግልኛል		

9.20	በፋብሪካው ውስጥ ስልጠና ወስኛለሁ		
9.21	በፋብሪካው ውስጥ የምወስደው ስልጠና የሥራ ችሎታዬን እንዳሻሽል ይረዳኛል		
9.22	በፋብሪካው ውስጥ እየሰራሁ ያለሁበት የሥራ ድርሻ የወደፊት እቅዴን፤ ራይዮን ለማሳካት ይረዳኛል።		

10. አሁን እየሠራ/ሽ ባለሀው /ሽው ስራ በወር ምን ያህል ታገኛለህ/ሽ? ..... ብር

11. በፋብሪካው ውስጥ ሰርተህ/ሽ ከሚከፈልህ/ሽ ወርሃዊ ክፍያ ላይ ምን ያህል ታወጣለህ/ሽ

- 11.1 ለምግብ:  ከ100 ቦታች  ከ101 እስከ 200 ብር  ከ201 እስከ 300 ብር  
 ከ301 እስከ 400 ብር  ከ401 እስከ 500 ብር  ከ 500 ብር በላይ
- 11.2 ለትራንስፖርት:  ከ100 ብር ቦታች  ከ101 እስከ 200 ብር  ከ201 እስከ 300 ብር  
 ከ301 እስከ 400 ብር  ከ 400 ብር በላይ
- 11.3 ለሌሎች ኪራይ :  ከ100 ብር ቦታች  ከ101 እስከ 200 ብር  ከ201 እስከ 300 ብር  
 ከ301 እስከ 400 ብር  ከ400 ብር በላይ
- 11.4 ሌሎች ወጪዎች: 1) ..... የገንዘብ መጠን .....  
 2) ..... የገንዘብ መጠን.....

12. ወደ ስራ ለመምጣት ምን አይነት መጓጓዣ ትጠቀማለህ/ሽ ?

- በእግር  ሚኒባስ/ባስ  የግል መኪና /ሞተር ሳይክል  
 ሳይክል  ባጃጅ  ሌላ ካለ.....

13. ገንዘብ የመቆጠብ ልምድ አለህ/ሽ?

- እቆጥባለው  አልቆጥብም

13.1 የምትቆጥቡ/ቢ ከሆነ , በፋብሪካው ውስጥ ሰርተህ/ሽ ከምታገኘው/ኛው በወር ውስጥ ምን ያህል ትቆጥባለህ/ሽ?

- ከ1 እስከ 50 ብር  ከ 51 እስከ 100 ብር  ከ101 እስከ 150 ብር  ከ151 እስከ 200 ብር  
 ከ201 እስከ 300 ብር  ከ301 እስከ 400 ብር  ከ 400 ብር

14. እስከዛሬ ድረስ ከገንዘብ አብዳሪ ተቋማት ገንዘብ ተበድረህ/ሽ ታውቃለህ/ሽ?

- አውቃለው  አላቅም

14.1 ተበድረህ/ሽ የምታውቅ/ቁ ከሆነ ከየት ገንዘብ ተቋም እንደሆነ ግለጽ/ጸ: .....

15. በፋብሪካው ውስጥ ለምን ያህል ጊዜ ለመሰራት ታስባለህ/ሽ?

- ከ 6 ወር ቦታች  ለ 1 አመት  ለ 2 አመት

- ከ 2 አመት በላይ
- ለመቆየት እቅድ የለኝም
- እስካሁን አልወሰንኩም

**16. ከሰራህ/ሽ ጋር በተያያዘ የወደፊት እቅድህ/ሽ ምንድን ነው?**

- በፋብሪካው ውስጥ እየሰራሁ ለመቀጠል
- የማሻሻያ ትምህርት መማር
- በሌላ ፋብሪካ ውስጥ ተቀጥሮ መስራት/ በሌላ የቢዝነስ ስራ ላይ ለመሰማራት
- የራሴን /የግሌን ስራ ለመስራት

## A.4. Workers Survey (Sidama)

### Lossanote wonsho

Konne worooni uynonni xa´ mo garuuni wonshe

**1.diro:**

**2.kootte:**  senne  labbahu

**3. rossote kiffile dera**

- kiffile 1 - 4
- kiffile 5 - 8
- kiffile 9 – 10
- kiffile 11- 12
- 10 + 2 (preparatoro woy muyyunna teqqniqate collage)
- Degree (universsite)

**4. daginnoni dagga? (kattami)**

.....

**5.xaa he´ dinnanni basse?**

.....

**9. worronni kaynsooni hajjara yattokki 1-5**

**norre giddo gerra dorrote worri**

- 1 = cirranka ditesmam´emo
- 2 = gimashshate ditesma´emo
- 3 = yemorri dino´e
- 4 = gimashshate tesmam´emo
- 5 = denbatte tesmama´emo

**6. bashshote losso/hip albanni lossinannire**

- battote losso-
- manufacturing (factori)
- rossanno
- mi´nate losso
- wolle .....
- lossu dino´e

**7. ass´innonnisso ?**

- diassiro  assiromo
- tirromo  reeyttino woy reyinno

**8.osso nohe?**

- ee´ noherro, meé:.....
- dino´e

Lannanni coye		Sumu yittinonni gerra (1 - 5)	Korkkatta
<b>Lawishsha</b>			
N/A	Wonshinanni gerra lellino´e	5	Wonshinanni gerra halla´lladuni kulltinoohurra wonshshinnanni doggo lellino´eha labbannoé.
<b>Xa´mo</b>			
9.1	Mannagerettenna supervisorette leddo kallalettanni teggbaba´emo		

9.2	Supervisoricha´ya annenno eko ledoyya lossaano lossano gerunni amadanoo		
9.3	Lossemoo basse qarrayaanoo iko wole noo´eha hassabe maccishshanoo doggo noossi		
9.4	Kaayisoomo xa´mo iko hajjo woy qarra macishantyohanna qarrayara dawarro affirmoha laba´e		
9.5	Wolle bude affidinoo osoo ledoo tasmama´e lossa lowo gesha qarrisanoo		
9.6	Lossi mini´ya losso´ya anna qarru heda wote mar kulemoo manna urrissinoo		
9.7	Konni lossi minirra euumo kaba heshshoya lowo gesha woyaabinoo		
9.8	Hawassi heshsho birre qae´tte heshsho ledoo lowo badoshshe affidhinoo		
9.9	Herratte yinne fushshinnanni woxe(saggalette, transportette, wkl )konne lossi minirra euumo kaba lexittinooha labbe lella´e		
9.10	Campanette gashshonna harranshsho danbette lelltino´e		
9.11	Campanette gashsho lowo horro nonssahaa laba´e		
9.12	Lossi mini´ya demozza´ya hitto lonsanniro kullanke		
9.13	Demozza´ya hitto lonssanirro danbette affomo		Demozzakki kissanoo richo mattiroo borressi
9.14	Aganna mulla yannatte ille lossomorro techemarre woxe affiraa danddemo		
9.15	Supervisorichaya xa´minno allenni lossa dandumorro affiremo woxe ledanno´e		
9.16	Losso gatumorro campaneya anna illano qarri dinno		
9.17	Lossote sate shima geyya sayissa qarra daffidhino		

9.18	Lossote anna daganno qarrira gargadha no´eha labanno´e		
9.19	Lossi minniya lowo basse illemo gedee kalloshshe, sillixanna na sajjo uyta´e		
9.20	kampannettenni sillxanna affirommo		
9.21	Kampannettenni affirromo sillxanni lossiya anna lowo gesha ka´llittino´e		
9.22	Xaa lossemo basse albbilicho qixaaworra kallitanno´e		

**10.xaa yannara me´e affiratto ?** ..... Birr

**11. agannunni me´e birre fushshatto**

11.1 saggelette:  100 worronni  101 - 200 Birr  201 – 300 Birr  
 301 - 400 Birr  401 - 500 Birr  500 Birre allenni

11.2 Transporttette:  100 worronni  101 - 200 Birr  201 – 300 Birr  
 301 - 400 Birr  400 allenni

11.3 minneho(kirrayette):  100 worronni  101 - 200 Birr  201 – 300 Birr  
 301 - 400 Birr  400 Birre allenni

11.4 wollerichirra: 1) ..... illittanno Birre .....  
 2) ..... illitanno Birre.....

**12. lossoho ducha wote hittonni hadhinnanni?**

lekkate  Minibustte/busetenni  mekinunni/moterrete  
 cykellete  Bajajete  wolle norro.....

**13. woxe wodhato(donatto)?**

ee  denni

13.1 wodhatoro, demozzetenni agannunni me´e ?

1 – 50 Birr  51 - 100 Birr  101 – 150 Birr  151 - 200 Birr  
 201 – 300 Birr  301 – 400 Birr  400 Birre allenni

**14. konni albanni liqqo hadhitte egnotto?**

ee  denni

14.1 hadhotorro, hikkiuynni woxe liqqisanno dirrijittenitti (megistette ikka nose): .....

**15. kobicho me´ e yannarra keshshatorra hedotto?**

- 6 agenna worronni                       1 diro                                       2 diro
- 2 diro allenni                       keshshatte hedo dino´ e                       xaa gesha diwessanommo

**16. albichokirra maa lossatorra hedotto?**

- koye losso anna keshshate                       rosso hannafatorra
- wolle bayicho lossate woy dadallatora                       umikki losso hannafatorra

## **A.5. Interviews with Management**

### **Interview with HR Manager**

Factory:

Date and time:

Interviewer:

#### **Module I - Basic Information (5 min)**

1. Interviewee's name:
2. Education level:
3. Work experience in HR (years):
4. Time of service in the factory:

#### **Module II - HR Department**

5. How many people are in the HR Department? What previous experience do they have in HR?
6. What do you think the role of the HR Department is in the factory?
7. What do you think your role is as an HR Manager?
8. What aspects do you think that should be improved in HR?
9. To understand better the specific situation of this factory, how are wages calculated (wage structure) and is there a bonus + allowance scheme? If so, could you briefly explain it to us?

#### **Module III - Factory Achievements and Challenges**

10. What are the main achievements of HR so far?
11. What are the main challenges you face in this factory? Specifically, about
  - .... the workers?
  - ... the managers?
12. Why do you think those challenges arise?
13. What is the current:
  - Absenteeism rate:
  - Employee turnover rate:
  - Employee tardiness rate:
  - Number of complains (if recorded):
- 13.a. Have you applied any measures to address those issues? If yes, what measures?

#### **Module III - Expectations**

14. What did you expect from Ethiopian workers? (What does the factory give and what does it get in return?)

15. What was the reality when you came? What surprised you positively? What did you not expect?
16. What do you expect for the future?

### **Interview with Factory Management**

Factory:

Date and time:

Interviewer:

Interviewee' name:

Position:

Relevant work experience (yrs):

Country:

Time of service in the factory:

1. When did the factory start its production?
2. What did you expect when coming to Ethiopia?  
What was the reality when you came? What surprised you positively? What did you not expect?
3. Did you receive any kind of cultural training before coming? After coming?
4. Where do most of the management staff come from?
5. What previous experience does the management staff have?  
Does the management have any previous experience working in Ethiopia?  
Do you communicate directly with the workers?
6. What are the main challenges the factory is facing?
7. How are these challenges different in Ethiopia (when compared to other countries)?  
What do you think are the main causes behind the current challenges faced by the factory in relation to workers?
8. What measures have you taken so far to tackle this problem? What other measures would you consider for addressing the problems?
9. What do you hope for the future? How do you see the HIP in 5 years?

## **A.5. Focus Group Discussion with Workers**

### **Focus Group Discussion with Workers**

Factory:

Date and time:

Moderator:

Participants:

	<b>Gender (F-M)</b>	<b>Age</b>	<b>Department</b>	<b>Time in the factory (months)</b>
1				
2				
3				
4				
5				
6				
7				

#### **I. Guiding questions**

##### **Module 1 - Expectations + Factory (30 min)**

1. How do you feel working in the factory?
2. How do you feel about what you have to do in the factory (tasks and duties)?
3. Tell us about the recruitment process (how did you get know about the job, what were the steps, did you get to choose, etc.). How did you feel about it?
4. Tell me about why you wanted to work in HIP (expectations before starting work in the factory – working conditions, life improvement, effort, etc.)
5. Tell me about what you feel now about your previous ideas about how it would be like to work in HIP.
6. Related to the previous question, is this related to why people are absent? If yes, how? *(if salary is mentioned, ask about if they are aware about attendance allowance).*

##### **Module 2 – Culture (15 min)**

7. How do you feel working with foreigners?

8. In your opinion, how do you think foreigners feel about working with locals?
9. How do you feel about working with people other local cultures?

**Module 3 – Family (15 min)**

10. How do you feel about being away from your family?
11. How does your family feel about you working in HIP?

**Module 4 – Change (20 min)**

12. How was your life before working in HIP (e.g. living conditions, household, different understanding of time)?
13. How has your life changed after starting working in HIP (e.g. new needs, time management)?
14. Describe us your routine on a typical day of work (tardiness).

**Module 5 – Motivation(20 min)**

15. Let's talk about the future, what is your dream?
16. What do you need to achieve this dream?
17. What personal characteristics, skills do you need to achieve that?
18. How does this job help you achieve your dream?

**II. Notes relevant to the session**

*(other members of the staff present in the room, interruptions or any other particular event that could be relevant to analyse the information afterwards)*

**A.6. Focus Group Discussion with Supervisors**

**Focus Group Discussion with Supervisors**

Factory:

Date and time:

Moderator:

Participants:

	<b>Gender (F-M)</b>	<b>Age</b>	<b>Section</b>	<b>Time in the company (months)</b>
1				
2				
3				
4				
5				
6				

**I. Guiding questions**

**Module 1 – Motivation + Career (30 min)**

1. Tell me about what you do in the factory (duties)
2. Tell me about how you joined this company (recruitment process)
3. What was your experience previous to joining the company?
4. Why did you join the company?
5. Why did you want to become a supervisor?
6. What do you think your main role is as a supervisor?
7. What kind of workplace environment do you aim to create in the factory?
8. What motivates you about your work and factory?

**Module 2 – Communication (15 min)**

9. What are the most common challenges you face daily?
10. How do you solve conflicts?
11. How is the communication with the workers?
12. How is the communication with managers?